

No. 260

DATA INFORMATION REQUEST

Utilicorp United/St. Joseph Light & Power
CASE NO. SM-20-292

Requested From: John McKinney
Date Requested: 04/07/00
Information Requested: See Attached

Exhibit No. 730
Date 7-14-00 Case No. EM-2000-292
Reporter DURBIN

Requested By: Chuck Syneman

SEE ATTACHED

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. EM-00-292 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Utilicorp United/St Joseph Light & Power office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies of data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control within your knowledge. The pronoun "you" or "your" refers to Utilicorp United/St Joseph Light & Power and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By:

Date Response Received:

Prepared By:

DATA INFORMATION REQUEST

No 260

Attachment

Utilicorp United/St Joseph Light & Power

CASE NO. EM-00-292

Requested From: John McKinney

Date Requested: 04/07/00

Information Requested:

1. Please provide the date when the November 1996 employee stock option issuance was first discussed by the board of directors and the Company's management.
2. Please provide the date when the November 1998 employee stock option issuance was approved by the board of directors or the Company's management.
3. What day in November 1998 was the employee stock options issued?
4. Please provide a copy of the communications used to notify the employees of the November 1998 stock option issuance (employee newsletters, etc.).
5. If the Company was required to make a filing with any regulatory agency because of the 1998 employee stock option issuance, please provide a copy of that filing.

UTILICORP UNITED
DOCKET NO. EM-2000-292
DATA REQUEST NO. SJLP-260

DATE OF REQUEST: April 7, 2000

DATE RECEIVED: April 7, 2000

DATE DUE: April 27, 2000

REQUESTOR: Chuck Hyneman

QUESTION:

1. Please provide the date when the November 1998 employee stock option issuance was first discussed by the board of directors and the Company's management.
2. Please provide the date when the November 1998 employee stock option issuance was approved by the board of directors or the Company's management.
3. What day in November 1998 was the employee stock option issued?
4. Please provide a copy of the communications used to notify the employees of the November 1998 stock option issuance (employee newsletters, etc.).
5. If the Company was required to make a filing with any regulatory agency because of the 1998 employee stock option issuance, please provide a copy of that filing.

RESPONSE:

1. The all employee stock option plan was raised by Rick Green as a grant he would like to issue in July of 1998. Preparations then ensued involving UtiliCorp's legal counsel, Shareholder Relations and Human Resources to determine the timing and design of the grants.
2. The UtiliCorp Board approved the issuance of options on August 4, 1998.
3. Non-qualified stock options awarded November 2, 1998.
4. See Attached.
5. Copies attached.

ATTACHMENTS: 4. Copy of letter format, brochure and prospectus sent to all employees plus October 1998 InfoNet article.
5. Regulatory filing

ANSWERED BY: Bob Browning

November 20, 1998

UTILICORP UNITED
ENERGYONE

«FIRST_NAME» «LAST_NAME»
«ADDRESS_1»
«ADDRESS_2»
«ADDRESS_3»
«CITY», «ST» «ZIP»

Dear «FIRST_NAME»:

UtiliCorp's stock price is the most visible sign investors use to monitor the daily valuation of our company. As an employee-shareholder, you should understand that our individual performance each day greatly impacts our stock price and UCU's attractiveness to investors. To heighten our collective focus on UtiliCorp's stock price, your senior management team and Board of Directors have approved a plan to grant stock options to U.S. and Canadian employees (excluding those who receive stock options under executive plans), including union and part-time employees.

Effective Nov. 2, 1998, you were granted «OptionsAwarded» non-qualified stock options. This means that you have the opportunity to buy a specified number of shares at a particular "strike" price, regardless of the current market price. The strike price for these options is \$36.031, which is the fair market value of UCU's stock on Friday, Oct. 30, 1998. You will become fully vested in this plan on Nov. 2, 1999, at which time you may exercise your options at any time during the following nine-year period. Detailed information about the stock option plan is attached. If you have questions after reviewing the material, contact Pat Blanton (816-467-3513) or Kay McMillan (816-467-3087) in Investor Relations.

In 1992, UCU granted options under a similar plan. Since then, slightly more than 50 percent of employees have exercised their options, and nearly 100 percent of participants elected a cash payout late last year when our stock price inched near \$40 per share. Besides receiving a financial benefit, these employees gained an increased understanding of the company's market position.

As our industry reacts to the ebb and flow of deregulation, our employees will continue to be our greatest competitive strength. The employee stock option plan is an opportunity to say thank you for the fine work you do and an encouragement for you to remain active participants in your company's success.

Sincerely,



Richard C. Green, Jr.

The UtiliCorp Stock Option Plan

This plan is an exciting new opportunity for you to benefit if the price of UtiliCorp stock increases.

What is a Stock Option?

A stock option is the opportunity, or "option," to buy a share of stock in the future at a set price that is determined on the day the option is awarded (exercise price). With these options, you can buy UtiliCorp stock - "exercise your options" - anytime between November 2, 1999 and November 2, 2008 at the exercise price. No matter how high the market price of UtiliCorp stock is during that time, you can still buy stock equal to your options at the exercise price.

Who is Eligible?

Almost everyone at UtiliCorp is eligible. UtiliCorp full-time employees (with 1,040 hours of service in 1998) and part-time employees working 20 or more hours per week (with 500 hours of service in 1998) will receive stock options. However, if you already participate in a UtiliCorp annual stock option plan, you are not eligible for this plan.



How Does The Plan Work?

You have the option to buy shares of UtiliCorp stock in the future at the exercise price. If the stock price increases, you can benefit by buying the shares of stock at the lower exercise price. The choice of timing, and whether to exercise the options at all, will be yours. There is no requirement to buy anything. While the option guarantees that you can buy shares of stock at a certain price during a specific timeframe (nine years) in the future, the option is only the right to purchase shares of stock in the future. A stock option is not stock.

The Number of Options

For the 1998 option period, you will receive stock options according to this chart.

Permanent, Full-Time Employees		Permanent, Part-Time Employees	
Your Base Salary on October 30, 1998	Number of Options You Receive	Your Base Salary on October 30, 1998	Number of Options You Receive
\$0 - \$24,999	100 Options	\$0 - \$24,999	50 Options
\$25,000 - \$34,999	150 Options	\$25,000 - \$34,999	75 Options
\$35,000 - \$44,999	200 Options	\$35,000 - \$44,999	100 Options
\$45,000 - \$54,999	250 Options	\$45,000 - \$54,999	125 Options
\$55,000 - \$64,999	300 Options	\$55,000 - \$64,999	150 Options
\$65,000 - \$74,999	350 Options	\$65,000 - \$74,999	175 Options
\$75,000 and Up	400 Options	\$75,000 and Up	200 Options

The Price

The price at which your options are granted is based on the average of the high and low sales price of UtiliCorp common stock on the New York Stock Exchange on October 30, 1998.

The Option Period

You must exercise your options within the option exercise period, or they will expire and be worth nothing. Options may not be exercised until one year from the date of grant. You can then exercise your options at any time during the following nine years. Your option exercise period is reduced if you leave UtiliCorp.

How Often Are Options Granted?

How Options Work: An Example		
Granted	Exercise 50 Options	Exercise 50 More Options
\$20	\$30	\$40
<p>Say you are granted options to buy 100 shares of stock at an exercise price of \$20. Three years after the option is granted, the stock is selling for \$30 a share. You decide to exercise 50 options, so you pay \$20 a share for 50 shares of stock (\$1,000) now worth \$30 a share (\$1,500). Three more years go by, and the stock is selling for \$40 a share. You exercise your other 50 options, so you pay \$20 a share for 50 shares of stock (\$1,000) currently selling for \$40 a share (\$2,000). You can keep the shares of stock, receive dividends and, if the price goes up, the value of your holdings also increases. Or you can sell your shares immediately and keep the net profit.</p>		

There is no schedule for regularly granting stock options. UtiliCorp may offer them at its discretion and there is no guarantee of any future grants of options. UtiliCorp is one of very few companies to offer stock options to all levels of employees. Most companies offer stock options only as an executive benefit.

What Happens to My Options If UtiliCorp Stock Splits?

If UtiliCorp common stock splits, the number of your options will increase proportionately, and the option price will decrease proportionately. For example, if you have options for 100 shares at an option price of \$20 a share and UtiliCorp common stock splits two-shares-for-one, you will have options for 200 shares at \$10. The value of your stock options remains constant at \$2,000.

What Are My Shareholder Rights?

If you exercise your options and keep the shares of stock, you will have the same rights as other shareholders. That includes the right to vote on all issues that come before shareholders, and the right to receive dividends.

Unexercised stock options do not have any shareholder rights and you may not vote those options nor receive dividends on them.

How Do I Exercise My Options?

It's easy to exercise your options. You can work with your own broker or you can take advantage of an arrangement UtiliCorp has established.

To exercise your options, complete the Stock Option Exercise Form, available from UtiliCorp's Shareholder Relations Department (800-487-6661 or 816-467-3513) or, if you have access to Microsoft Exchange, through Microsoft Exchange>All Public Folders>UtiliCorp United Corporate>Investor Relations>New Stock Option Exercise Procedures and Forms. On the exercise form, indicate the number of shares you want to exercise and how you're planning to pay for them. You must exercise at least 50 shares at a time.

How Do I Pay for the Stock?

When you exercise your options, you may pay for your stock with a personal check, money order or cashier's check, or you can use one of the special methods arranged for you by UtiliCorp which do not require you to pay any cash. Here are the three methods for exercising your options.

Purchasing Shares Without Cash

You can exercise your options through UtiliCorp or your own broker and keep a portion of the shares of stock without paying cash. A portion of your shares are immediately sold to cover the cost of your option exercise plus taxes and brokerage commissions. You may keep the remaining shares for as long as you wish, and begin receiving dividends and voting rights on those shares.

Purchasing Shares Without Cash: An Example

You exercise your option on 50 shares at your exercise price of \$20 per share; so to purchase the shares, you owe:

\$1,000

But at the time you exercise, those 50 shares are now worth \$40 per share, or:

\$2,000

25 shares are sold to purchase the shares at your exercise price ($25 \times \$40 = \$1,000$). Let's assume your total taxes and brokerage commission are \$320. An additional 8 shares are sold to pay these costs ($8 \times \$40 = 320$). So, from your original 50 shares, 25 shares were sold to pay your option cost (\$1,000), 8 shares were sold to pay your taxes and commission (\$320), and you receive 17 shares of UtiliCorp stock. All without ever taking out your checkbook! You can keep those 17 shares, receive dividends, and sell the shares whenever you wish.

Purchasing Shares With Cash

Another option is to pay cash to purchase the shares at the exercise price. You may exercise your options this way directly through UtiliCorp. To purchase your shares, submit your Stock Option Exercise Form to the Shareholder Relations Department. A Shareholder Relations representative will contact you the day after exercise to advise of the total amount due to UtiliCorp. Total amount due equals the exercise price times the number of shares you wish to purchase and the taxes due on the options exercised. Your check (payable to UtiliCorp) must be received by the Shareholder Relations Department before your stock is issued.

Selling Your Shares and Receiving Cash

You can exercise your options, sell your stock right away, and pocket the after-tax profit without using any of your own money. This may be done by your broker, or through an arrangement established by UtiliCorp which would buy and sell all of your shares, withhold taxes and return the profit to you.

In the example above, instead of keeping the 17 shares, after the shares were sold you would receive a check for the price of those shares.

What Are the Tax Effects of Stock Options?

There are no tax consequences associated with holding stock options. You may owe some taxes, however, when you exercise your options and when you sell your stock. Here are some very general tax guidelines.

When you exercise your options, the difference between your exercise price and the market value on the date you exercise the options is ordinary income and will be reported on your W-2 in the year the options are exercised. It is subject to the same taxes as your wages: federal, state, Social Security and any local taxes. You must pay these withholding taxes to UtiliCorp before you receive your stock certificate or cash.

When you sell your stock (whether to pay for your option exercise, pay taxes, or realize a cash profit), or if you keep your stock and sell it at any time in the future, you will be taxed on the difference between the fair market value on the date of exercise and the amount realized on your sale. You will receive a 1099B tax form from the broker who processed the sale. You will need to report this on your federal tax form as a short-term or long-term capital gain or loss.

You should consult your own tax advisor on the consequences of any stock transaction, including exercise of options.

Other Important Information

What If I Leave The Company?

If you leave UtiliCorp during the one-year period before you are eligible to exercise your options, you will lose the right to exercise the stock options. If you leave after the one-year vesting period, you will have the opportunity to exercise your options within a certain time frame as indicated in the table below.

If You Leave UtiliCorp One Year or More After Being Awarded Stock Options

Reason For Leaving:	Your Options Must Be Exercised Within:
Retire	Three Years
Become totally and permanently disabled	One Year
Die	One Year
Terminate for other reasons	Three Months

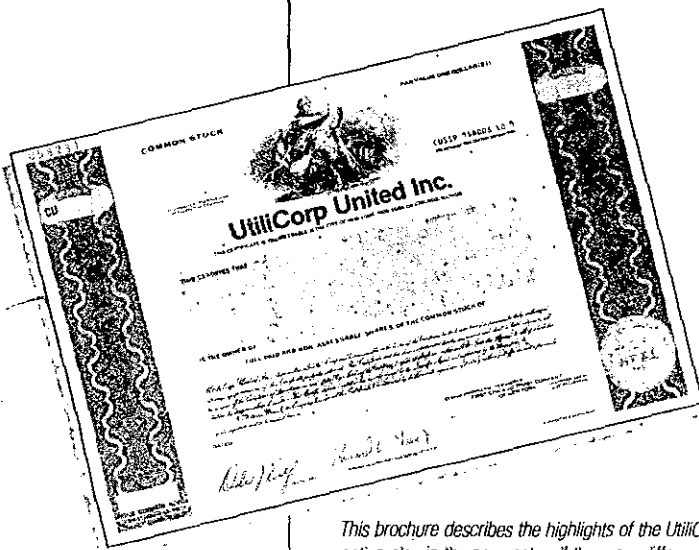
What Should I Do Now?

You don't need to do anything right away. Check the market price for UtiliCorp stock occasionally and think about your personal strategy for taking advantage of this new benefit. Starting one year from the date your stock options are granted, you will be able to begin exercising your options at your discretion.

Through a commitment to excellence, we can increase our success in the marketplace, as well as investors' confidence in UtiliCorp and the value of our company. This can increase the price of our stock, which will have a direct influence on your financial future. Of course, there is never any guarantee that the market price will increase, and past performance of UtiliCorp stock cannot be taken as an indication of future performance.

What If I Have Questions?

If you have any questions now or in the future, contact your Shareholder Relations representative at 1-800-487-6661 or 816-467-3513.



This brochure describes the highlights of the UtiliCorp United Inc. prospectus dated October 28, 1998. You can find a complete description of the stock option plan in the prospectus. If there are differences between the information in this brochure and the prospectus, the prospectus will prevail.