

LAW OFFICES OF
**ANDERSON, BYRD, RICHESON,
FLAHERTY & HENRICHS**
A Limited Liability Partnership

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JOHN L. RICHESON
JAMES G. FLAHERTY
DEE A. HENRICHS

OF COUNSEL:
RICHARD C. BYRD

R. SCOTT RYBURN
DANIEL D. COVINGTON

ROBERT A. ANDERSON
(1920 - 1994)

March 19, 2002

Mr. Jeffrey S. Wagaman
Executive Director
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604-4027

STATE CORPORATION COMMISSION

MAR 19 2002

Re: UtiliCorp United Inc.
Docket No. 02-UTCG-701-GIG

Jeffery S. Wagaman Docket
Room

Dear Mr. Wagaman:

Pursuant to the Order issued in the above captioned matter on March 11, 2002, enclosed is a copy of all documents filed with the SEC on behalf of UtiliCorp United Inc.

Sincerely,



James G. Flaherty
jflaherty@abrflh.com

JGF:rr
Enclosure

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

STATE CORPORATION COMMISSION

SCHEDULE 13D/A
Under the Securities Exchange Act of 1934
(Amendment No. 23)

MAR 19 2002

Quanta Services, Inc.

(Name of Issuer)

Jeffrey S. Wagoner Docket Room

Common Stock, \$0.00001 par value

(Title of Class of Securities)

74762E102

(CUSIP Number)

Leslie J. Parrette, Jr., Senior Vice President, General Counsel and

Corporate Secretary

UtiliCorp United Inc.

20 West Ninth Street, Kansas City, Missouri 64105 (816) 421-6600

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

March 12, 2002
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f), or 13d-1(g), check the following box. / /

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Section 240.13d-7(b) for other parties to whom copies are to be sent.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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AMENDMENT NO. 23 TO
STATEMENT ON SCHEDULE 13D

INTRODUCTION

All information herein with respect to UtiliCorp United Inc., a Delaware corporation ("Utilicorp"), and the common stock, par value \$0.00001 per share (the "Common Stock"), of Quanta Services, Inc., a Delaware corporation

("Issuer" or "Quanta"), is correct to the best knowledge and belief of UtiliCorp. The Schedule 13D originally filed on October 4, 1999 on behalf of UtiliCorp and twenty-two amendments thereto filed on October 8, 1999, October 14, 1999, October 20, 1999, October 26, 1999, November 9, 1999, January 13, 2000, April 27, 2000, May 25, 2000, June 20, 2000, July 17, 2000, May 23, 2001, October 1, 2001, October 4, 2001, October 11, 2001, October 19, 2001, October 30, 2001, November 13, 2001, November 28, 2001, February 8, 2002, February 25, 2002 and March 7, 2002 respectively, on behalf of UtiliCorp are incorporated by reference and amended as follows.

ITEM 4. PURPOSE OF TRANSACTION.

On March 12, 2002, UtiliCorp delivered a letter to the stockholders of Quanta, a copy of which is attached hereto as an exhibit.

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ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Letter to stockholders of Quanta from UtiliCorp dated March 12, 2002.

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SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned hereby certifies that the information set forth in this statement is true, complete and correct.

Dated: March 12, 2002

UtiliCorp United Inc.

By: /s/ Leslie J. Parrette, Jr.
Name: Leslie J. Parrette, Jr.
Title: Senior Vice President,
General Counsel and Corporate
Secretary

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Downloaded By: Yabo Lin

Company: UTILICORP UNITED INC
Company: QUANTA SERVICES INC
Form Type: SC 13D/A SEC File #:
Document Type: EX-1
Description: LETTER TO STOCKHOLDERS
SEC File Date: 03/12/02

LIVEDGAR Information Provided By:
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1-800-669-1154
or Visit Us on the World Wide Web at
<http://www.gsionline.com>

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March 12, 2002

Dear Fellow Quanta Stockholder:

For those of you who do not know us, UtiliCorp United Inc. is a leading multinational energy solutions provider based in Kansas City. We are an 85-year old company with a proven track record of maximizing stockholder value. We are also the largest stockholder of Quanta Services, Inc. with a 38.6% interest in Quanta. Please take time to learn more about us and our business philosophies and strategies by visiting our website at WWW.UTILICORP.COM.

As you may know, we have notified Quanta of our intention to propose an alternative slate of directors for election at Quanta's next annual meeting. We believe, given Quanta's disappointing financial performance, that the interests of all stockholders would be better served if our nominees are elected. All of our nominees are experienced business people with a wide range of knowledge and expertise, and three are independent of us and will qualify to serve on Quanta's Audit Committee under applicable New York Stock Exchange standards. Our nominees are fully committed to protecting the interests of all Quanta stockholders by pursuing initiatives that will enhance the value of Quanta's shares.

In the near future, we will be sharing information with you about our nominees and our definitive plans for increasing stockholder value. Along those lines, we are currently working with our financial advisor, Salomon Smith Barney, to evaluate a full range of options, including actively seeking investors that will advance Quanta's strategy, implementing a stock repurchase program or putting Quanta up for sale. We encourage you to contact our investor relations department at the number set forth below to share your views or suggestions on how to increase the value of your investment in Quanta.

Recently, Quanta's management has turned up the level of rhetoric, charging us with malicious intentions such as "trying to steal" the company. These accusations are completely unfounded and are simply designed to divert your attention from management's disappointing performance. You can rest assured that we will not engage in similar mudslinging or hyperbole. Instead, our focus will be economic, and we will use our time and resources to develop and present a sound program that will deliver value to all stockholders.

In a few weeks, we will be sending you proxy materials that will describe the backgrounds of our nominees and the details of our program for enhancing stockholder value. We will also seek your support of our nominees. Please carefully review and consider this information. If you have any questions or comments, please call our investor relations department at 816-527-1409 or Morrow & Co., Inc., our proxy solicitor, at 1-800-607-0088.

Please note that on March 15, 2002, we intend to change our name to Aquila, Inc. As a result, future communications from us will be under the Aquila name.

We look forward to working with you.

Very truly yours,

Robert K. Green
President and Chief Executive Officer
of UtiliCorp
Director of Quanta

MAR 19 2002

Roby S. Wagoner Docket Room

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SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12.

QUANTA SERVICES, INC.

(Name of Registrant as Specified In Its Charter)

UTILICORP UNITED INC.

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Explanatory Note

UtiliCorp United Inc., a Delaware corporation ("UtiliCorp"), is filing the materials contained in this Schedule 14A with the Securities and Exchange Commission (the "SEC") on March 12, 2002 with respect to the solicitation of proxies for electing nominees to the board of directors of Quanta Services, Inc. ("Quanta") at the 2002 annual meeting of stockholders of Quanta (the "Quanta Annual Meeting").

March 12, 2002

Dear Fellow Quanta Stockholder:

For those of you who do not know us, UtiliCorp United Inc. is a leading multinational energy solutions provider based in Kansas City. We are an 85-year old company with a proven track record of maximizing stockholder value. We are also the largest stockholder of Quanta Services, Inc. with a 38.6% interest in Quanta. Please take time to learn more about us and our business philosophies and strategies by visiting our website at www.utilicorp.com.

As you may know, we have notified Quanta of our intention to propose an alternative slate of directors for election at Quanta's next annual meeting. We believe, given Quanta's disappointing financial performance, that the interests of all stockholders would be better served if our nominees are elected. All of our nominees are experienced business people with a wide range of knowledge and expertise, and three are independent of us and will qualify to serve on Quanta's Audit Committee under applicable New York Stock Exchange standards. Our nominees are fully committed to protecting the interests of all Quanta stockholders by pursuing initiatives that will enhance the value of Quanta's shares.

In the near future, we will be sharing information with you about our nominees and our definitive plans for increasing stockholder value. Along those lines, we are currently working with our financial advisor, Salomon Smith Barney, to evaluate a full range of options, including actively seeking investors that will advance Quanta's strategy, implementing a stock repurchase program or putting Quanta up for sale. We encourage you to contact our investor relations department at the number set forth below to share your views or suggestions on how to increase the value of your investment in Quanta.

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We look forward to working with you.

Very truly yours,

Robert K. Green
President and Chief Executive Officer of UtiliCorp
Director of Quanta

UtiliCorp United Inc. plans to file a proxy statement with the Securities and Exchange Commission relating to UtiliCorp's solicitation of proxies from Quanta stockholders with respect to the Quanta Services, Inc. 2002 annual meeting of stockholders. UTILICORP UNITED INC. ADVISES SECURITY HOLDERS TO READ ITS PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. UtiliCorp's proxy statement and other relevant documents will be available free at www.sec.gov. You may also obtain a free copy of UtiliCorp's proxy statement, when it becomes available, by writing to UtiliCorp United Inc. at 20 West Ninth Street, Kansas City, Missouri 64105 or by contacting Morrow & Co., Inc. toll free, at 1-800-607-0088. DETAILED INFORMATION REGARDING THE NAMES, AFFILIATION AND INTERESTS OF INDIVIDUALS WHO MAY BE DEEMED PARTICIPANTS IN THE SOLICITATION OF PROXIES OF QUANTA'S STOCKHOLDERS IS AVAILABLE IN THE SOLICITING MATERIALS ON SCHEDULE 14A BEING FILED BY UTILICORP WITH THE SEC ON MARCH 12, 2002.

IMPORTANT INFORMATION

UtiliCorp plans to file a proxy statement with the SEC relating to UtiliCorp's solicitation of proxies from the stockholders of Quanta with respect to the election of directors at the Quanta Annual Meeting. UTILICORP ADVISES SECURITY HOLDERS TO READ ITS PROXY STATEMENT WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. UtiliCorp's proxy statement and other relevant documents will be available for free at www.sec.gov. You may also obtain a free copy of UtiliCorp' proxy statement, when it becomes available, by writing to UtiliCorp United Inc. at 20 West Ninth Street, Kansas City, Missouri 64105 or by contacting Morrow and Co., Inc. toll free at 1-800-607-0088.

INFORMATION REGARDING PARTICIPANTS

UtiliCorp and certain directors and executive officers of UtiliCorp may be deemed to be participants in UtiliCorp's solicitation of proxies in connection with the election of directors of Quanta at the Quanta Annual Meeting (the "Solicitation"). The current directors and executive officers of UtiliCorp that may be deemed to be participants in the Solicitation (the "Individual

Participants") are: Robert K. Green (President and Chief Executive Officer and a director), Edward K. Mills (Senior Vice President), R. Paul Perkins (Senior Vice President, Corporate Development), John A. Shealy (Senior Vice President, Corporate Development), Keith G. Stamm (President and Chief Operating Officer, Global Networks Group), and Daniel J. Streek (Senior Vice President and Chief Financial Officer).

In addition, individuals nominated by UtiliCorp for election to the board of directors of Quanta (the "Nominees") are deemed participants in connection with the Solicitation. The Nominees deemed to be participants in the Solicitation are: Terrence P. Dunn, Robert K. Green, Richard C. Kreul, Robert E. Marsh, Edward K. Mills, R. Paul Perkins, Bruce A. Reed, Keith G. Stamm and William H. Starbuck, Ph.D. In addition to the Individual Participants, Messrs. Krueel (Vice President, Energy Delivery) and Reed (Senior Vice President and General Manager of Aquila Inc.'s Capital Group) are officers of UtiliCorp.

UtiliCorp has an interest in the Solicitation from its beneficial ownership of 3,444,961 shares of Series A convertible preferred stock, par value \$0.00001, of Quanta (the "Series A Convertible Preferred Stock") and 12,018,374 shares of common stock, par value \$0.00001, of Quanta (the "Common Stock"). Robert K. Green has an interest in the Solicitation from his beneficial ownership of phantom stock units with respect to 26,768 shares of Common Stock and options to purchase 30,000 shares of Common Stock, and Terrence P. Dunn has an interest in the Solicitation from his beneficial ownership of 5,000 shares of Common Stock and options to purchase 15,000 shares of Common Stock. In addition, Robert K. Green and Terrence P. Dunn are also directors of Quanta and receive customary compensation from Quanta in exchange for their services. Information regarding the interests and affiliations of Robert K. Green and Terrence P. Dunn with Quanta is contained in Quanta's Annual Report on Form 10-K for the year ended December 31, 2000 and its proxy statement

 for the annual meeting of stockholders of Quanta held on May 24, 2001, which are filed with the SEC. Finally, UtiliCorp appointed Keith G. Stamm as a director of Quanta to replace James G. Miller (who retired in November 2001) as one of three directors on Quanta's Board exclusively elected by the owner of the Series A Convertible Preferred Stock; however, Quanta has not recognized such appointment.

In addition, the Individual Participants and the Nominees who are officers of UtiliCorp have interests in the Solicitation from their positions as directors and/or officers of UtiliCorp, for which they receive customary compensation from UtiliCorp in exchange for their services. Information regarding the interests and affiliations of such Individual Participants and Nominees with UtiliCorp is contained in UtiliCorp's Annual Report on Form 10-K for the year ended December 31, 2000 and its proxy statement for the annual meeting of stockholders of UtiliCorp held on May 2, 2001, which are filed with the SEC. The Individual Participants and the Nominees also have interests in the Solicitation as stockholders of UtiliCorp. The beneficial ownership of the Individual Participants and Nominees of common stock and stock options of UtiliCorp is set forth below:

Name of Director/Officer	UtiliCorp Common Stock	UtiliCorp Stock Options (1)
-----	-----	-----
Terrence P. Dunn	--	--
Robert K. Green	2,650,189(2)	490,096
Richard C. Kreul	27,303	11,938
Robert E. Marsh	--	--

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SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Jeffrey S. Wagoner Docket Room

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12.

QUANTA SERVICES, INC.

(Name of Registrant as Specified in Its Charter)

UTILICORP UNITED INC.

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was

paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Explanatory Note

UtiliCorp United Inc., a Delaware corporation ("UtiliCorp"), is filing the materials contained in this Schedule 14A with the Securities and Exchange Commission (the "SEC") on March 15, 2002 with respect to the solicitation of proxies for electing nominees to the board of directors of Quanta Services, Inc. ("Quanta") at the 2002 annual meeting of stockholders of Quanta (the "Quanta Annual Meeting").

News Release UtiliCorp United

Media Contacts:

Judith Wilkinson / Eden Abrahams

Joele Frank, Wilkinson Brimmer, Katcher--(212) 355-4449

Investor Contact:

Ellen Fairchild

UtiliCorp United--(816) 527-1409

UTILICORP RESPONDS TO QUANTA'S LATEST SELF-SERVING ACTIONS

Kansas City, MO, March 14, 2002--UtiliCorp United Inc. (NYSE: UCU) today issued the following statement in response to the announcement made this morning by Quanta Services, Inc. (NYSE: PWR).

Keith Stamm, President and Chief Operating Officer of UtiliCorp's Global Networks Group, said: "As Quanta's largest stockholder, we are deeply concerned about the most recent self-serving actions taken by a committee of Quanta's board and management. Without the participation of a full board including UtiliCorp's representatives on the board, Quanta has authorized an employee compensation trust having no apparent business purpose that effectively sets aside eight million newly-issued shares for voting by Quanta management in exchange for a trust note. This move significantly dilutes the holdings of all stockholders, including UtiliCorp, while enriching Quanta's management. These actions by Quanta's management clearly demonstrate that they are prepared to entrench themselves in a way that could materially impair the value of the company at the expense of all Quanta stockholders. Quanta's public stockholders should share our concerns. We look forward to presenting our program for increasing stockholder value to Quanta's stockholders and urge them to carefully read and consider our forthcoming proxy materials."

Mr. Stamm further noted that these latest actions continue a pattern by Quanta of ignoring basic corporate governance principles of fairness, act as vehicles to entrench existing management and are in violation of existing agreements with UtiliCorp. UtiliCorp is currently reviewing all of its options with respect to

the actions taken by Quanta, including possible litigation.

About UtiliCorp

Based in Kansas City, UtiliCorp United is an international electric and gas company with energy customers and operations across the U.S. and in Canada, the United Kingdom, New Zealand, and Australia. Its Aquila subsidiary is one of the largest wholesalers of electricity and natural gas in North America. Aquila also provides wholesale energy services in the U.K. and has a presence in Scandinavia and Germany. At December 31, 2001, UtiliCorp had total assets of approximately \$12.0 billion and 12-month sales of \$40.4 billion. Additional information is available at www.utilicorp.com.

Important Information

UtiliCorp United Inc. plans to file a proxy statement with the Securities and Exchange Commission relating to UtiliCorp's solicitation of proxies from Quanta Service Inc. stockholders with respect to the Quanta's 2002 annual meeting of stockholders. UTILICORP UNITED INC. ADVISES SECURITY HOLDERS TO READ ITS PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE

IT WILL CONTAIN IMPORTANT INFORMATION. UtiliCorp's proxy statement and other relevant documents will be available for free at www.sec.gov. You may also obtain a free copy of UtiliCorp's proxy statement, when it becomes available, by writing to UtiliCorp United Inc. at 20 West Ninth Street, Kansas City, Missouri 64105 or by contacting Morrow and Co., Inc. toll free at 1-800-607-0088. DETAILED INFORMATION REGARDING THE NAMES, AFFILIATIONS AND INTERESTS OF INDIVIDUALS WHO MAY BE DEEMED PARTICIPANTS IN UTILICORP'S SOLICITATION OF PROXIES OF QUANTA'S STOCKHOLDERS ARE AVAILABLE IN THE SOLICITING MATERIALS ON SCHEDULE 14A FILED BY UTILICORP WITH THE SEC ON MARCH 12, 2002.

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Explanatory Note

UTILICORP RESPONDS TO QUANTA'S LATEST SELF-SERVING ACTIONS

IMPORTANT INFORMATION

MAR 19 2002

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Room

As filed with the Securities and Exchange Commission on March 15, 2002

Registration No. 333-29657

 UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO
 FORM S-3
 REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

AQUILA, INC.
 (Exact name of registrant as specified in its charter)

DELAWARE 44-0541877
 (State or other jurisdiction of (I.R.S. Employer Identification No.)
 incorporation or organization)

20 West Ninth Street
 Kansas City, Missouri 64105-1711
 (816) 421-6600
 (Address and telephone number of registrant's principal executive offices)

LESLIE J. PARRETTE, JR., ESQ.
 SENIOR VICE PRESIDENT, GENERAL COUNSEL AND CORPORATE SECRETARY
 AQUILA, INC.
 20 WEST NINTH STREET
 KANSAS CITY, MISSOURI 64105
 (816) 421-6600
 (Name, address, including zip code, and telephone number, including area code,
 of agent for service)

WITH COPIES TO:

TRACY D. MACKEY, ESQ.
 BLACKWELL SANDERS PEPER MARTIN LLP
 2300 MAIN STREET, SUITE 1100
 KANSAS CITY, MISSOURI 64108
 (816) 983-8000

Approximate date of commencement of proposed sale to the public: From
 time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered
 pursuant to dividend or interest reinvestment plans, please check the following
 box.

If any of the securities being registered on this Form are to be
 offered on a delayed or continuous basis pursuant to Rule 415 under the

Securities Act of 1933, other than securities offered only in connection with dividend or interest investment plans, check the following box. y

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information contained in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion dated March 15, 2002

Prospectus

AQUILA, INC.

Dividend Reinvestment and Common Stock Purchase Plan

7,500,000 Shares of Common Stock
(Par Value \$1.00 Per Share)

We are offering you the opportunity to participate in our Dividend Reinvestment and Common Stock Purchase Plan. The Plan is a convenient way for you to:

- Purchase shares of Aquila's common stock.
- Reinvest all or some of your cash dividends in additional shares at a 5% discount (subject to change).
- Deposit your stock certificates for safekeeping.

o
Direct deposit of dividends into a designated bank account.

The Plan is an amendment and restatement of UtiliCorp United's Dividend Reinvestment and Common Stock Purchase Plan. This prospectus reflects the name change from UtiliCorp United Inc. to Aquila, Inc. and certain other administrative changes to the Plan. If you are enrolled in the UtiliCorp Dividend Reinvestment and Common Stock Purchase Plan your enrollment will continue uninterrupted in the Aquila Plan.

The Plan is administered by UMB Bank, n.a. For optional cash purchases of Aquila shares the Plan administrator may buy shares of common stock on the open market (New York Stock Exchange) or directly from Aquila. Aquila shares purchased on the open market will be priced at the weighted average price per share of all shares purchased for that investment period plus a nominal purchase fee (currently \$1 per investment) and an additional brokerage commission fee (currently \$.04-\$.10 per share depending on volume of share purchases) (see Question 12). For shares purchased directly from Aquila, the price will be the average of the high and low prices of the common stock for the date on which shares were actually purchased as reported on the New York Stock Exchange plus a nominal purchase fee (currently \$1 per investment). Historically, Plan shares have been purchased from Aquila for optional cash investments.

For dividend reinvestment purchases, the Plan administrator may purchase shares from Aquila or on the open market. If the Plan administrator purchases shares from Aquila or on the open market the purchase price per share of common stock purchased with reinvested dividends is currently 5% (subject to change) below the market price of the common stock (see Question 18). For open market purchases, the purchase price would also include the brokerage commission fee. Historically, Plan shares have been purchased from Aquila for dividend reinvestment purchases.

We have registered 7,500,000 shares of our common stock (adjusted for the 3 for 2 stock split effective March 12, 1999) for sale under the Plan. You should keep this prospectus for future reference.

Aquila common stock is traded on the New York, Pacific, and Toronto Stock Exchanges under the symbol "ILA". Prior to _____, 2002, our company was named "UtiliCorp United Inc.", and traded on the New York Stock Exchange under the symbol "UCU". The closing price of the common stock on _____, 2002 on the New York Stock Exchange was \$ _____ per share. Of the initial 7,500,000 shares reserved for issuance under the Plan, approximately _____ shares remain available for use under the Plan.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is _____, 2002

AQUILA, INC.

Aquila, Inc. is an international energy and risk management company, incorporated under the laws of the State of Delaware, which consists of wholesale energy marketing and trading, natural gas gathering, processing and

storage, independent power projects, risk management, and electric and natural gas utility operations. Our activities are managed through two primary businesses: Aquila Merchant Services and the Global Networks Group. Aquila has its principal executive offices at 20 West Ninth Street, Kansas City, Missouri 64105, telephone number 800-487-6661. Our common stock is listed on the New York, Pacific and Toronto Stock Exchanges. The closing price of our common stock on _____, 2002, as shown by The Wall Street Journal, was \$ _____.

USE OF PROCEEDS

The proceeds from the sale of common shares purchased by the Plan administrator directly from Aquila will be applied to Aquila's general funds for repayment of short-term debt used for acquisitions, construction and/or for working capital and other corporate purposes. We will not receive any proceeds from purchases of common shares by the Plan administrator in the open market.

DESCRIPTION OF THE PLAN

The Plan

This prospectus reflects recent amendments to the Plan, including (i) a change in the name of our company, (ii) a change in the Plan administrator, (iii) an expansion of the optional cash investment opportunities, and (iv) the provision of nominal fees for investments and if applicable, brokerage commissions on open market purchases. This prospectus updates our prior prospectus relating to the Plan to reflect these amendments and other changes to the Plan.

The following, in question and answer format, sets forth the provisions of and constitutes the Dividend Reinvestment and Common Stock Purchase Plan.

PURPOSE

1. What is the Plan's purpose?

The purpose of this Plan is to provide our current stockholders and other eligible investors in our common stock with a convenient method of investing cash dividends at a discount from market price (see Questions 16 - 20) and optional cash deposits in shares of our common stock (see Questions 9 - 12). The Plan is intended for the benefit of investors in Aquila and not for individuals or investors who engage in transactions which may cause aberrations in the pricing or trading volume of common stock. Nothing in this prospectus or other Plan information represents a recommendation by Aquila or anyone else that any person buy or sell Aquila common stock. We urge you to read this prospectus thoroughly before you make your independent investment decision regarding participation in the Plan.

The value of Aquila shares may increase or decrease from time to time. There is no assurance whether, or at what rate, we will continue to pay dividends. Investment in shares held in the Plan is no different than such investment in directly held shares in that such participant bears all risk of loss that may result from market fluctuations in the price of common stock. Neither Aquila nor the Plan administrator can guarantee that shares purchased under the Plan will, at any particular time, be worth more than their purchase price. The Securities Investor Protection Corporation, the Federal Deposit Insurance Corporation, or any other entity does not insure Plan accounts.

Plan shares are subject to escheat to the state in which the participant resides in the event that such shares are deemed, under such state's laws, to have been abandoned by the participant.

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Participants, therefore, should notify the Plan administrator promptly in writing of any change of address. Account statements and other communications to participants will be addressed to them at the last address of record provided by participant to the Plan administrator.

ADVANTAGES AND DISADVANTAGES

2. What are the advantages of the Plan?

Plan participants can:

- o automatically reinvest all or part of their common stock dividends in additional shares of common stock at a discount (currently 5% from market price);
- o invest additional cash on a weekly basis, subject to minimum and maximum investments, in shares of common stock;
- o fully invest cash dividends in additional common stock because fractional shares can be credited to participants' accounts;
- o pay only nominal brokerage fees for shares purchased on the open market;
- o pay a minimal fee per transaction (currently \$1) for optional cash investments;
- o avoid safekeeping and record-keeping costs through the free custodial service and periodic reporting provisions of the Plan.

3. What are the disadvantages of the Plan?

- o No interest will be paid on dividends or optional cash deposits held pending investment or reinvestment.
- o If you send in a payment for an optional cash investment, the price of the common stock may go up or down before the purchase is made.
- o Discounts to the market price on dividend reinvestments may result in additional taxable income to the Plan participant.

PARTICIPATION

4. Who is eligible to participate?

Any U.S. person or entity can participate in the Plan if they follow the steps described under "ENROLLMENT" below.

If you wish to participate in the Plan and your shares are currently held in "street name" with a broker or other agent, you must instruct your broker or agent to transfer your shares into the Plan. Contact the Plan administrator for assistance.

Persons who reside in jurisdictions in which it is unlawful for Aquila to permit their participation are not eligible to participate in the Plan.

Regulations in certain countries may limit or prohibit participation in this type of plan. Therefore, persons residing outside the United States who wish to participate in the Plan should first determine whether they are subject to any governmental regulation prohibiting their participation.

If you are enrolled in the UtiliCorp Dividend Reinvestment and Common Stock Purchase Plan your enrollment will continue uninterrupted in the Aquila Plan.

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We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible investors in order to eliminate practices which are not consistent with the purposes of the Plan.

ENROLLMENT

5. How does a person or entity enroll in the Plan and become a participant?

You need not already be an Aquila shareholder to participate in the Plan. You can purchase your first Aquila shares through the Plan by completing an Enrollment Form and making an initial minimum cash investment of at least \$250. A nominal purchase fee (currently \$1 per investment) will be deducted from this amount prior to investment. If shares are purchased on the open market, a brokerage commission (currently \$.04-.10 per share, depending on the aggregate number of shares purchased by the Plan administrator on a given day) will be applicable.

If you are already an Aquila shareholder, you can enroll by completing an Enrollment Form and sending it to the Plan administrator. You can also deposit your Aquila shares for safekeeping or reinvest all or some of your Aquila dividends in Aquila common stock.

You can make purchases in various ways--by check, automatic deduction or dividend reinvestment. Your investment dollars (minus the \$1 purchase fee on optional cash purchases) are fully used to purchase Aquila shares. If shares are purchased on the open market, a nominal brokerage commission (currently \$.04-.10 per share) will be applicable.

6. What does the Enrollment Form require?

Read the prospectus carefully. If you are eligible and want to enroll in the Plan or if you are a current Plan participant and wish to change your Plan options, complete and sign an Enrollment Form and return it to the Plan

administrator. You may obtain an Enrollment Form at anytime by written request to the Plan administrator or Aquila or by phone, at the addresses and phone numbers set forth under the heading "CONTACT INFORMATION." To participate in the Plan, you must elect to do one or more of the following on the Enrollment Form:

- Deposit certificate(s) representing one or more shares with the Plan administrator for safekeeping.
- Elect to reinvest cash dividends paid on Aquila shares in additional shares.
- Make an initial cash investment or optional cash investment of at least \$250 and no more than \$10,000 unless a waiver is granted (see Question 8). A nominal purchase fee (currently \$1) will be deducted from this amount prior to investment. If shares are purchased on the open market, a nominal broker commission (currently \$.04-.10 per share) will be applicable.

Other Available Options:

- Automatic monthly deductions to purchase common stock
- Direct deposit of dividends into a designated bank account

After the Plan administrator approves your enrollment and receives your funds or securities, your participation in the Plan begins. Any changes to your Plan options will become effective upon acceptance by the Plan administrator.

7. When may an eligible investor enroll in the Plan?

Eligible investors may enroll in the Plan at any time. Once enrolled, participants remain enrolled until they discontinue their participation or until the Plan is terminated.

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8. When is a participant's enrollment in the Plan or change in investment options effective?

For enrollment or a change in investment options to be effective with respect to a particular dividend, an Enrollment Form must be received by the Plan administrator on or before the record date established for such dividend. The reinvestment of dividends will begin on the next dividend payment date after the dividend record date immediately following receipt of your Enrollment Form by the Plan administrator. An investor may also enroll in the Plan through delivery of an Enrollment Form and an optional cash deposit.

Funds received for the initial and optional cash purchase of Aquila common stock are normally invested no later than five business days after receipt of the optional cash payment, but in no event later than 30 days after such receipt. See Question 13 for a discussion of automatic monthly investments. No interest is paid on funds held by the Plan administrator pending investment. All investments must be in U.S. dollars and are subject to collection by the Plan administrator of full face value.

INITIAL AND OPTIONAL CASH INVESTMENTS

9. How may an eligible investor make a cash investment?

Whether or not you are an Aquila shareholder, you may enroll in the Plan by making an initial investment of at least \$250 and no more than \$10,000 (unless a waiver is granted). A nominal purchase fee (currently \$1) will be deducted from your funds prior to your initial investment. If shares are purchased on the open market, an additional nominal brokerage commission (currently \$.04-.10 per share) will be applicable.

After you enroll, you can make weekly optional cash investments in any amount from a minimum of \$50 per week to a maximum per month of \$10,000 (subject to waiver), less the nominal purchase fee (currently \$1). Optional investments of less than \$50 and that portion of any optional investment which exceeds the maximum monthly purchase limit are subject to return, without interest. Additionally, you may choose to have a monthly amount deducted from a designated bank account to purchase shares (see Question 13). You have no obligation to make optional investments.

You can make your investments by personal check or money order payable to "UMB Bank-Aquila." Return your payment to the Plan administrator at the address listed in Question 28 with a completed Enrollment Form or the tear-off Remittance Form included with your statement of account. Do Not Send Cash.

10. When is a Request for Waiver required?

Participants may make optional cash deposits of up to \$10,000 each month without the prior approval of the company. Optional cash deposits in excess of \$10,000 may be made by a participant only upon acceptance by Aquila of a written Request for Waiver from such participant. Such prior acceptance of a Request for Waiver, with respect to the amount of the optional cash deposit, must be obtained at least five business days prior to the next purchase date by the Plan administrator.

You may contact Aquila directly at the address listed under the heading "CONTACT INFORMATION" to receive a Request for Waiver form.

Requests for Waiver will be considered on the basis of a variety of factors, which may include our current and projected capital needs, the alternatives available to us to meet those needs, prevailing market prices for common stock and our other securities, general economic and market conditions, expected aberrations in the price or trading volume of our securities, the number of shares of common stock held by the participant submitting the Request for Waiver, the aggregate amount of optional cash

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deposits for which such Requests for Waiver have been submitted and the administrative implications associated with granting such Requests for Waiver. Grants of Waivers will be made in our sole and absolute discretion.

11. When will initial or optional cash investments be made?

The initial and optional cash investments are made once per week. Funds received for the initial and optional cash purchase of Aquila common stock are normally invested no later than five business days after receipt. UMB Bank will determine the actual investment date for initial and optional cash investments.

No interest is paid on funds held by the Plan administrator pending investment. All investments must be in U.S. dollars and are subject to collection by the administrator of full face value.

The Plan administrator will try to purchase shares no later than five business days after the investment date or as soon as practicable, but will not purchase shares later than 30 days after the investment date.

There is a \$20 charge for each check, electronic funds transfer, or other investment that is rejected due to insufficient funds. When you enroll in the Plan, you authorize the Plan administrator to deduct this charge from your Plan account, if necessary.

12. What is the price to purchase shares with an initial or optional cash investment?

Plan shares will be purchased either (i) directly from Aquila as authorized but unissued shares, (ii) on the open market by the Plan administrator or its agent, or (iii) through a combination of (i) and (ii). Historically, Plan shares have been purchased from Aquila for optional cash investments.

The price of any shares purchased from Aquila for an initial or optional cash purchase including automatic monthly investments (see Question 13) will be the average of the high and low sale prices as reported on the New York Stock Exchange on the transaction date, less the per transaction purchase fee (currently \$1). Shares purchased on the open market for a particular investment period are credited to your Plan account at the weighted average price per share of all shares purchased for that investment period, less the purchase fee (currently \$1). A nominal brokerage charge (\$.04-.10 per purchased share) will also be applied to the purchase price.

The Plan administrator may combine all participants' funds for the purpose of making purchases and may offset purchases of shares against sales of shares for the same investment period under the Plan, resulting in a net purchase or sale of shares.

You do not have control or authority to direct the price or time at which common stock is purchased or sold for Plan accounts. Therefore, you bear market risk associated with fluctuations in the price of common stock.

AUTOMATIC MONTHLY INVESTMENTS

13. Can the participant have funds automatically invested?

You can automatically invest a specified amount (not less than \$50 and no more than \$10,000 per month) deducted directly from your U.S. bank account each month by completing the Automatic Monthly Deduction section on the Enrollment Form and returning it to the Plan administrator. Funds will be transferred from your account on the eleventh day of each month or the next business day if that day is not a business day. The Plan administrator will try to purchase shares no later than five business days after the funds transfer date or as soon as practicable, but not later than 30 days after such date. You can change or stop automatic monthly investments by completing and returning a new Automatic Monthly Deduction section on the Enrollment Form or by sending written notification to the Plan administrator. If the Plan administrator

receives your instructions and authorization less than ten business days prior to the next scheduled purchase date, your automatic monthly investments will not begin, change or terminate until the following month.

DIVIDEND PAYMENT

14. What dividend payment options are available?

Full Reinvestment--If you choose this option, all of your dividends will be reinvested to purchase additional shares of Aquila common stock.

Partial Reinvestment--You may reinvest dividends on a specific percentage of shares for an account. Dividends on remaining shares will be paid to you by cash or direct deposit.

Optional Cash Investment Only--All dividends will be paid to you in cash unless you direct otherwise.

15. Can cash dividends be electronically deposited directly to a participant's bank account?

Any cash dividend that is not being reinvested can be electronically deposited directly into your bank account if you complete the direct deposit section on the Enrollment Form and return it to the Plan administrator. You can change direct deposit account information or terminate direct deposit by sending written notice prior to the dividend record date to the Plan administrator. To be effective for a particular dividend period, the Plan administrator must receive your instructions fifteen calendar days prior to the record date for the dividend.

DIVIDEND REINVESTMENT

16. What are the record dates and investment dates for dividend reinvestment purchases?

For the reinvestment of dividends, the record date is the record date declared by the board of directors for such dividend. Likewise, the dividend payment date declared by the board of directors constitutes the date on which dividends will be reinvested except that if any such date falls on a date when the New York Stock Exchange is closed, the first day immediately following such date on which the New York Stock Exchange is open will be the purchase date. Dividends will be reinvested on the purchase date based on the average of the daily high and low sales prices (computed to four decimal places) of the common stock reported on the New York Stock Exchange for the last five trading days prior to the dividend payment date, less any applicable purchase price discount (see Question 17). In the past, record dates for quarterly dividends on the common stock have preceded the dividend

payment dates by approximately three weeks. Dividend payments dates have historically been the 12th calendar day of March, June, September and December.

There can be no assurance as to the declaration or payment of dividends,

and nothing contained in the Plan obligates us to declare or pay any dividends. The Plan does not represent a change in our dividend policy or a guarantee of future dividends, which will continue to be determined by the board of directors based upon our earnings, financial condition and other factors.

17. What is the purchase price discount associated with the reinvestment of cash dividends?

The purchase price for shares acquired through reinvestment of dividends may be reduced by a purchase price discount. The purchase price discount for the reinvestment of cash dividends is currently 5%. The purchase price discount is subject to change from time to time at our sole discretion. The purchase price discount is not expected to ever exceed 5%, but may be reduced to zero. We will notify the Plan administrator of any changes to the purchase price discount with respect to reinvestment of cash dividends at least 3 business days prior to the relevant record date. Neither Aquila nor the Plan administrator is required to provide any written notice to participants of changes to the purchase price discount, but current information regarding the purchase price discounts may be obtained by telephoning the Plan administrator toll-free at 866-235-0223 or Aquila at 800-487-6661.

18. What will be my price per share to purchase shares with reinvested dividends?

Your purchase price per share of common stock purchased with reinvested dividends is the average of the daily high and low sales prices, computed to four decimal places, of the common stock on the New York Stock Exchange for the last five trading days before the dividend payment date, less the purchase price discount (currently 5%). We have historically paid dividends on the 12th calendar day of March, June, September and December.

19. How will the number of shares purchased by dividends be determined?

Dividend reinvestment accounts will be credited with the number of shares, including fractions computed to four decimal places, equal to the amount of dividends paid on the number of shares authorized by the enrollment form, divided by the purchase price per share, as calculated. There is no maximum number of shares that can be issued pursuant to dividend reinvestment.

The Plan administrator will try to purchase shares no later than five business days after the dividend payment date or as soon as practicable, but not later than 30 days after the dividend payment date.

20. What is the source of common stock purchased for dividend reinvestment under the Plan?

Plan shares will be purchased either (i) directly from Aquila as authorized but unissued shares, (ii) on the open market by the Plan administrator or its agent, or (iii) through a combination of (i) and (ii). Historically, Plan shares have been purchased from Aquila for dividend reinvestment purchases.

SELLING PLAN SHARES

21. How can a participant sell Plan shares?

You can sell some or all of the shares held in your Plan account by completing the Remittance Form or by sending written instructions to the Plan administrator. Sales are processed within 2 business days of receipt. Sale

proceeds, less a sale fee of \$15 (subject to change) and the applicable brokerage commission deductions (currently \$.04-.10 per share) and any withholding required by law, are paid by check. A request to sell all shares in your account will terminate your Plan account. You may also close

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your Plan account, withdraw your shares (see Question 25) and resell your shares in another manner outside the Plan.

CERTIFICATES AND SAFEKEEPING OF SHARES

22. Can shares a participant already holds be deposited for safekeeping?

Protect your Aquila stock certificates from loss, theft or damage by depositing your common stock certificates with the Plan administrator for safekeeping. To take advantage of this feature, send your share certificates to the Plan administrator by registered, insured mail along with a completed Certificate Deposit Form, or written instructions. Do not endorse your certificates.

The Plan administrator will transfer your safekeeping shares into its name or the name of its nominee and deposit the shares in your Plan account in book-entry form. Safekeeping of your certificates will not affect your dividend reinvestment election.

23. Will stock certificates be issued?

The Plan administrator holds shares purchased through the Plan in safekeeping in book-entry form. You can request a certificate for all or some of your Plan shares by sending a written request to the Plan administrator. Certificates for fractional shares will not be issued. Instead, you will receive cash payment for any fractional share or you may request that your fractional shares continue to be held in book-entry form. The issuance of a certificate does not affect dividend reinvestment. You may not pledge shares of stock held in book-entry form by the Plan administrator in your Plan account as collateral for a loan or otherwise assign those shares.

TRANSFERRING SHARES

24. Can shares be transferred to another person or entity?

If a participant wishes to change the ownership of all or part of his or her Plan account through gift, private sale or otherwise, the participant may effect the transfer by mailing a properly completed and executed stock power form to the Plan administrator. Transfers of less than all of a participant's Plan account must be made in whole share amounts. No fraction of a share may be transferred. All transfers are subject to the requirement of a Medallion Signature Guarantee. Forms are available upon request from the Plan administrator.

Shares transferred from a Plan account will continue to be held by the Plan administrator under the Plan. An account will be opened in the name of the transferee, if he or she is not already a Plan participant, and such transferee will automatically be enrolled in the Plan. All dividends on shares transferred to the transferee's Plan account will be reinvested under the terms of the Plan.

The transferee will receive a statement showing the number of shares transferred to and held in the transferee's Plan account.

CLOSING A PLAN ACCOUNT

25. How does a participant close a Plan account?

You can close your Plan account at any time by sending written notification to the Plan administrator or by electing to sell or withdraw all shares on the Remittance Form. Electing to sell or withdraw all shares from your Plan account automatically terminates your Plan participation. If you close your Plan account by withdrawing all shares, the Plan administrator will issue you a certificate for all whole shares and the cash value of any fractional share will be paid to you by check.

Instructions to close a Plan account after the record date for a quarterly dividend will be processed as soon as practicable after any dividend disbursement is allocated to your Plan account. After you close an account, you cannot make future investments through the Plan without re-enrolling.

Aquila or the Plan administrator, on Aquila's behalf, has the right to deny, suspend or terminate your participation in the Plan on grounds of excessive enrollment and termination. This is intended to minimize administrative expense and encourage long-term investment.

INDIVIDUAL RETIREMENT ACCOUNT (IRA)

26. May a participant set up an Individual Retirement Account (IRA)?

Participants may establish a "self-directed, single investment" traditional or Roth IRA in Aquila's common stock. You can also roll over funds from other IRA investments into this account and may be eligible to make additional annual contributions. All dividends paid on common stock purchased for an IRA Plan account will be reinvested in additional shares of common stock. You may not choose to have your dividends paid directly to you. An annual administrative fee will be charged for maintaining an IRA Plan account. The annual fee will be deducted from your IRA Plan account at the beginning of each year for services provided in the previous year by cashing out any shares or fractions of shares sufficient to cover the amount of the fee. To get further information, an IRA Enrollment Form and an IRA Asset Transfer Form, contact the Plan administrator toll-free at 800-760-4727.

REPORTS

27. What kind of reports will a participant receive?

You will receive a statement of your account reflecting the amount invested, the purchase price, the number of shares purchased, deposited, sold, transferred, or withdrawn, the total number of shares accumulated and other information quarterly or whenever your account has a transaction activity. The quarterly statement consolidates all shares, certificated as well as book-entry shares. You should keep your statements for income tax and other purposes. If you need a replacement statement you should contact the administrator.

All notices, statements and reports will be mailed to the latest address on record with the administrator. Address changes may be made in writing or by telephone to the administrator.

ADMINISTRATION

28. Who is the Plan Administrator?

UMB Bank administers the Plan. The Plan administrator serves as our transfer agent, registrar and dividend paying agent. In addition, the Plan administrator receives and invests all cash investments by

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participants, maintains participants' Plan account records, issues periodic account statements and performs other duties relating to the Plan. If you have questions about the Plan, you may contact the Plan administrator at:

UMB Bank, n.a.
Securities Transfer Division
P.O. Box 410064
Kansas City, MO 64141-0064
Phone: (866) 235-0223 Toll-free
(816) 860-7891 International Callers
Fax: (816) 860-3963

We may adopt rules and regulations to facilitate administration of the Plan. We have the right to replace the Plan administrator at any time.

STOCK DIVIDENDS AND STOCK SPLITS

29. How will shares be treated if Aquila issues a dividend payable in stock or declares a stock split?

Stock dividends or split shares on your Plan shares will be credited to your Plan account. If you have elected partial dividend reinvestment, the Plan administrator will adjust your election so that you continue to reinvest cash dividends on approximately the same percentage of your Aquila shares prior to the split.

VOTING RIGHTS

30. Will the Plan Administrator vote shares credited to a Plan account at stockholders' meetings?

No. You can vote all whole and fractional shares of common stock held in your Plan account in person or by the proxy card sent to you. If you do not vote in person or by proxy, your shares will not be voted.

FEDERAL INCOME TAX CONSEQUENCES

31. What are the income tax consequences of participation in the Plan?

Aquila believes the following is an accurate summary of certain federal tax consequences of participation in the Plan as of the date of this prospectus.

This summary is for general information only and may not reflect every possible situation resulting from participation in the Plan; therefore, participants should consult their own tax advisers to determine particular tax consequences, including state income tax consequences, which vary from state to state and which may result from participation in the Plan and subsequent disposition of shares acquired pursuant to the Plan. Income tax consequences to participants residing outside the United States will vary from jurisdiction to jurisdiction. This summary is based on current law and authorities, which are subject to change that may affect the tax consequences described below.

Treatment of Initial or Optional Cash Investments

Shares of common stock purchased on the open market will have a cost basis equal to the purchase price per share, including brokerage commissions. Common stock purchased from Aquila will have a cost basis equal to the price paid for the shares. This will be the price at which the Plan

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administrator credits shares to your account. The holding period of such shares will begin on the day following the date on which the shares are acquired by the participant's account.

Treatment of Fully or Partially Reinvested Dividends

As more fully described below, assuming that Aquila has sufficient earnings and profits, a participant in the Plan who fully or partially reinvests dividends in Aquila shares pursuant to the Plan will be considered to have received a dividend, taxable as ordinary income, equal to the sum of (i) any cash dividend retained, and (ii) the aggregate fair market value of the shares acquired through the reinvestment of dividends pursuant to the Plan on the date that the shares are acquired by the participant's account. The participant's basis in such shares initially will be the fair market value of such shares on such date. The holding period of such shares will begin on the day following such date.

In general, the full amount of cash dividends paid to you by Aquila is considered taxable income whether received in cash or reinvested under the Plan. Participants in the Plan will also be treated for federal income tax purposes as having received, on the dividend payment date, a dividend in an amount equal to the fair market value of the shares acquired with reinvested dividends, less the net purchase price of such shares. For federal income tax purposes, the fair market value of shares acquired with reinvested dividends under the Plan will be equal to 100% of the average of the high and low sale prices of shares on the date that the shares were acquired by the participant's account. It should be noted that the fair market value on the date that the shares are acquired by the participant's account is likely to differ from the purchase price (not including any purchase price discount) used to determine the number of shares acquired. (See Question 18)

The following example may be helpful to illustrate the federal income tax consequences of the reinvestment of dividends. As used in this table, "Market Price" means the average of the daily high and low sales prices, computed to four decimal places, of the common stock on the New York Stock Exchange for the last five trading days before the dividend payment date.

Cash dividends reinvested		\$100.00
Fair market value on the date that the shares are acquired for the participant's account*	\$20.00	
Market Price under Plan*	\$19.00	

Less 5% discount per share	(0.95)
Net purchase price per share	\$18.05
Number of shares purchased (\$100.00/\$18.05)	5.540
Total taxable dividend resulting from transaction (\$20.00 X 5.540)	\$110.80
Total basis in shares	\$110.80

 *
 These prices are assumed for illustrative purposes only, and will vary with the market price of common stock.

You will generally not realize gain or loss for the U.S. federal income tax purposes upon the withdrawal of shares in certificate form from the Plan, but will generally realize gain or loss on the sale of any whole or fractional shares.

If your dividends are subject to U.S. backup withholding, the administrator will cause dividends, less the appropriate amount of tax required to be withheld, to be reinvested in common stock, or sent by check or direct deposit. The filing of any documentation to obtain a reduction in U.S. withholding tax is your responsibility. If you are subject to such withholding, you should contact your tax advisors or the Internal Revenue Service for information. Aquila cannot refund federal income tax withholding amounts.

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 The above may not apply to certain participants in the Plan, such as tax-exempt entities (e.g., pension funds and IRA's) and foreign shareholders. These participants should consult their tax advisors concerning tax consequences.

LIMITATION OF LIABILITY

32. What are the responsibilities of Aquila and the Plan administrator under the Plan?

Aquila, its directors, officers, employees, and the administrator and its representatives are not liable for anything done in good faith or good faith omissions in administering the Plan. This includes any claim of liability based on the prices or times at which shares are purchased or sold or any change in market price of shares or for the payment or amount of any future dividends on common stock. This is not a waiver of rights you may have under applicable securities laws.

SUSPENSION, MODIFICATION OR TERMINATION OF THE PLAN

33. May the Plan be suspended, modified or terminated?

Aquila can change, suspend or terminate the Plan at any time, in whole or in part, or may terminate the participation of any participant. Aquila reserves the right to close your account if you do not own at least one whole book-entry or certificate share of record. In that case, notices will be mailed to your last known address, along with a check for the cash value of any fractional share.

In the event that the Plan is terminated for the purpose of establishing another dividend reinvestment and common stock purchase plan, your account will

be automatically enrolled in such other Plan and shares credited to your account will be credited automatically to such other Plans, unless notice to the contrary is received by the Plan administrator.

Aquila and the Plan administrator also reserve the right to terminate any participation in the Plan at any time for any reason including, without limitation, trading, transactional profit activities or excessive enrollments and terminations which may cause excessive costs or aberrations in the price or trading volume of common stock.

PLAN INTERPRETATION

34. How is the Plan interpreted?

Any question of interpretation arising under the Plan will be determined by Aquila, and any such determination will be final. We may adopt rules and regulations to facilitate the administration of the Plan. The terms and conditions of the Plan and its operation will be governed by the laws of the State of New York.

MISCELLANEOUS INFORMATION

Legal Opinions

Certain legal matters with respect to the Common Stock offered hereby will be passed upon for Aquila by Blackwell Sanders Peper Martin LLP, Two Pershing Square, 2300 Main Street, Kansas City, Missouri 64108.

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Experts

The financial statements and schedules included in the Company's latest Annual Report on Form 10-K, incorporated by reference in this prospectus, have been audited by Arthur Andersen LLP, independent public accountants, and have been so incorporated on the authority of such firm as experts in auditing and accounting.

CONTACT INFORMATION

To Contact Plan Administrator:

UMB Bank, n.a.
Securities Transfer Division
P. O. Box 410064
Kansas City, MO 64141-0064
Telephone: (866) 235-0223 Toll-free
(816) 860-7891 International Callers
Facsimile: (816) 860-3963
Internet: <http://www.umb.com> Click on Business Services, then Shareholder Services

To Contact Aquila, Inc.:

Aquila, Inc.
Investor Relations

P. O. Box 13287
Kansas City, MO 64199-3287
Telephone: (800) 487-6661 Toll-free
(816) 467-3579
Facsimile: (816) 467-3435
Information Line (888) 828-2000 Toll-free
Internet: <http://www.aquila.com> Click on Investor Relations

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any materials that we file at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We file information electronically with the Commission. The Commission maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. The address of the Commission's Internet site is <http://www.sec.gov>. Our Internet address is <http://www.aquila.com>.

The Commission allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934:

- a.
Annual Report on Form 10-K for the fiscal year ended December 31, 2000.
- b.
Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2001, June 30, 2001 and September 30, 2001.

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- c.
Current Reports on Form 8-K dated February 2, 2001, February 23, 2001, November 7, 2001, February 25, 2002 and February 27, 2002.

- d.
The description of common stock contained in our Registration Statement on Form 8-B dated May 5, 1987 and the description of the preference stock purchase rights set forth in Registration Statement on Form 8-A dated March 4, 1997.

You may request a copy of these filings, at no cost, by telephoning or writing to us at the following address:

Investor Relations
Aquila, Inc.
20 West Ninth Street
Kansas City, Missouri 64105
800-487-6661

This prospectus is part of a registration statement we filed with the Commission. You should rely only on the information contained in this prospectus and in any prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is not an offer to buy or sell any of these securities to any person in any State where it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus nor any sale made shall, under any circumstances, imply that information is accurate subsequent to the date of this prospectus.

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Dividend Reinvestment and
 Common Stock Purchase Plan

PROSPECTUS

March , 2002

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The aggregate estimated expenses, other than underwriting discounts and commissions, in connection with the issuance and distribution of the securities registered by this registration statement are as follows (all amounts except the Commission's filing fee are estimated):

Securities and Exchange Commission registration fee	\$ 41,100
Stock Exchange listing fees	34,000
Accounting fees and expenses	15,000
Printing fees	70,000
Legal fees and expenses	10,000
Transfer Agent, Registrar and Trustee fees	150,000
Total	\$320,100

Item 15. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law confers broad powers upon corporations incorporated in that state with respect to indemnification of any person against liabilities incurred by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other business entity. The provisions of Section 145 are not exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement or otherwise.

The Certificate of Incorporation of the registrant contains a provision that eliminates the personal liability of the registrant's directors to the registrant or its stockholders for monetary damages for breach of fiduciary duty to the fullest extent permitted by the Delaware General Corporation Law.

The registrant has a dual phase insurance policy providing directors and officers with indemnification, subject to certain exclusions and to the extent not otherwise indemnified by the registrant, against loss (including expenses incurred in the defense of actions, suits or proceedings in connection therewith) arising from any negligent act, error, omission or breach of duty while acting in their capacity as directors and officers of the registrant. The policy also reimburses the registrant for liability incurred in the indemnification of its directors and officers.

The Bylaws of the registrant entitle officers and directors to be indemnified by the registrant against costs or expenses, attorneys' fees, judgments, fines and amounts paid in settlement that are actually and reasonably incurred in connection with an action, suit or proceeding, including actions brought by or in the right of the registrant, to which such persons are made or threatened to be made a party, by reasons of their being a director or officer. Such right, however, may be made only as authorized by (i) a majority vote of a quorum of disinterested directors, or (ii) if such quorum is not obtainable or, if obtainable, a majority thereof so directs, by independent legal counsel, or (iii) by the stockholders of the registrant, upon a determination that the person seeking indemnification acted in good faith and in the manner that he or she reasonably believed to be in or not opposed to the registrant's best interest, or, if the action is criminal in nature, upon a determination that the person seeking indemnification had no reasonable cause to believe that such person's conduct was unlawful. This provision also requires the registrant, upon authorizations by the board of directors, to advance costs and expenses,

including attorneys' fees, reasonably incurred in defending such actions; provided, that any person seeking such an advance must first provide the registrant with an undertaking to repay any amount as to which it may be determined such person is not entitled.

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Item 16. Exhibits.

Exhibit	Description
4(a)*	Certificate of Incorporation (Exhibit 3(a)(1) to UtiliCorp United Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2001).
4(b)*	Bylaws (Exhibit 3.1 to UtiliCorp United Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
4(c)*	Form of Rights Agreement between UtiliCorp United Inc. and First Chicago Trust Company of New York, as Rights Agent. (Exhibit 4 to UtiliCorp United Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 1996).
4(d)	Amendment to the Rights Agreement between Aquila, Inc. and UMB Bank, N.A., as successor Rights Agent dated March 15, 2002.
5*	Opinion of Blackwell Sanders Matheny Weary & Lombardi LLP (Exhibit 5 to Registration Statement No. 333-29657).
23(a)	Consent of Arthur Andersen LLP, Kansas City, Missouri.
23(b)*	Consent of Blackwell Sanders Matheny Weary & Lombardi LLP (included in Exhibit 5).
24*	Powers of Attorney (Exhibit 24 to Registration Statement No. 333-29657).

*
Incorporated by reference pursuant to Rule 411(c).

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during the period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i)
To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii)
To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of a prospectus

filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii)

To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment to the Registration Statement No. 333-29657 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on March 15, 2002.

AQUILA, INC.

By: /s/
DAN STREEK

Dan Streek
Chief Financial Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment has been signed below on March 15, 2002 by the following persons in the capacities indicated:

Signature Title

/s/
RICHARD C. GREEN, JR. Chairman of the Board

Richard C. Green, Jr.

/s/
ROBERT K. GREEN* President, Chief Executive Officer and Director
----- (Principal Executive Officer)
Robert K. Green

/s/
DAN STREEK Chief Financial Officer (Principal Financial and
----- Accounting Officer)
Dan Streek

- Richard C. Green, Jr.*
- Robert K. Green*
- John R. Baker*
- Irvine O. Hockaday* A majority of the Board of Directors
- Stanley O. Ikenberry*
- Robert F. Jackson, Jr.*
- L. Patton Kline*

*By: /s/
RICHARD C. GREEN, JR. As attorney-in-fact for the above-named directors pursuant to powers of attorney duly executed by such
----- persons
Richard C. Green, Jr.

INDEX TO EXHIBITS

Exhibit	Description
4(a)*	Certificate of Incorporation (Exhibit 3(a)(1) to UtiliCorp United Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2001).
4(b)*	Bylaws (Exhibit 3.1 to UtiliCorp United Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
4(c)*	Form of Rights Agreement between UtiliCorp United Inc. and First Chicago Trust Company of New York, as Rights Agent. (Exhibit 4 to UtiliCorp United Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 1996).
4(d)	Amendment to the Rights Agreement between Aquila, Inc. and UMB Bank, N.A., as successor Rights Agent dated March 15, 2002.
5*	Opinion of Blackwell Sanders Matheny Weary & Lombardi LLP (Exhibit 5 to Registration Statement 333-29657)
23(a)	Consent of Arthur Andersen LLP, Kansas City, Missouri.
23(b)*	Consent of Blackwell Sanders Matheny Weary & Lombardi LLP (included in Exhibit 5).
24*	Powers of Attorney (Exhibit 24 to Registration Statement No. 333-29657).

*
Incorporated by reference pursuant to Rule 411(c).

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Company: UTILICORP UNITED INC
Form Type: POS AM SEC File #: 333-29657
Document Type: EX-4.(D)
Description: AMENDMENT TO THE RIGHTS AGREEMENT
SEC File Date: 03/15/02

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EXHIBIT 4(d)

AMENDMENT TO THE RIGHTS AGREEMENT

This Amendment to the Rights Agreement (the "Rights Agreement"), originally dated December 31, 1996, between UtiliCorp United Inc., which on March 15, 2002, changed its legal name to Aquila, Inc. (the "Company"), and First Chicago Trust Company of New York ("First Chicago"), is entered into as of March 15, 2002, by and among the undersigned parties.

Recitals

I. On December 31, 1996, the Company and First Chicago entered into the Rights Agreement under which First Chicago agreed to act as rights agent (the "Rights Agent") of the Company.

II. On February 25, 2002, the Company terminated First Chicago as rights agent in accordance with Section 4.4 of the Rights Agreement.

III. On February 28, 2002, UMB Bank, N.A. ("UMB Bank") agreed to act as the Company's Rights Agent under the then existing Rights Agreement, subject to the Company's covenant to negotiate in good faith with UMB Bank to amend the Rights Agreement.

NOW, THEREFORE, Company and UMB Bank, as the Company's Rights Agent, agree to amend the Rights Agreement in the following manner:

A. Delete in its entirety the first paragraph of the Rights Agreement and replace it with the following:

"THIS RIGHTS AGREEMENT is originally dated as of December 31, 1996, and amended as of March 15, 2002, between UtiliCorp United Inc., which on March 15, 2002, changed its legal name to Aquila, Inc. (the "Company"), and First Chicago Trust Company of New York, whose rights and obligations hereunder were assumed in their entirety by UMB Bank, N.A. on March 15, 2002 (the "Rights Agent," which term shall include any successor Rights Agent hereunder)."

B. Delete in its entirety Section 2.1 of the Rights Agreement, titled "Legend on Common Stock Certificates," to be replaced with the following:

"2.1 Legends on Common Stock Certificates. Prior to the earliest of the Distribution Date, the Redemption Date or the Expiration Date, certificates of Common Stock shall evidence one Right for each share of Common Stock represented thereby and shall have impressed on, printed on, or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the rights agreement (the "Rights Agreement") originally dated of December 31, 1996, and as may be subsequently amended, between the "Company" and the Company's "Rights Agent," as defined in the Rights Agreement, the terms of which are hereby incorporated herein by reference and a copy of which is on a file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be

redeemed, may expire, or may be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement without charge within five days after receipt of a written request therefore. Under certain circumstances, Rights issued to, or which are or were Beneficially Owned by, Acquiring Persons or their Affiliates or Associates (as such terms are defined in the Rights Agreement) and any subsequent holder of such Rights may become null and void.

Certificates representing shares of Common Stock issued and outstanding at the Record Date or issued after the Record Date without the foregoing legend shall evidence one Right for each share of Common Stock evidenced thereby notwithstanding the absence of the foregoing legend and the transfer

of any of such certificates representing shares of Common Stock shall also constitute the transfer of their Rights associated with the Common Stock represented by such certificates."

C. After the last sentence of Section 4.3(g) of the Rights Agreement, add the following:

"Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than ten Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application specifying the action to be taken or omitted. Further, should the Rights Agent take any action, or omit to take any action, in accordance with such application by the Rights Agent for written instructions in the absence of a response from the Company, the Rights Agent will notify the Company of such action or omission of any action."

D. Add the following Section 4.3(j) to the Rights Agreement:

"(j) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has not been completed, the Rights Agent shall not take any further action with respect to such requested exercise of transfer without notice to, and receiving written instructions from, the Company."

E. Add the following Section 4.3(k) to the Rights Agreement:

"(k) The Rights Agent shall have no responsibility to the Company, any holders of Rights, any holders of Common Stock or any holders of Preferred Stock for interest or earnings on any monies held by the Rights Agent pursuant to this Agreement. Unless otherwise stated, such interest or earnings shall be deemed to be property of the Company."

F. Delete in its entirety Section 5.9 of the Rights Agreement and replace it with the following:

"5.9 Notices. Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any rights to or on the Company shall be sufficiently given or made upon receipt if delivered by facsimile transmission, receipt confirmed, or sent by registered or certified mail, postage prepaid, return receipt required, addressed (until another address is filed in writing with the Rights Agent) as follows:

Aquila, Inc.
Attn: Corporate Secretary
20 West 9th Street
Kansas City, MO 64105
Fax: (816) 783-5175

Notices or demands authorized or required by this Agreement to be given or made by the Company or by the holder of any rights to or on the Rights Agent shall be sufficiently given or made upon receipt if delivered by facsimile transmission, receipt confirmed, or sent by registered or certified mail, postage prepaid, return receipt required, addressed (until another address is filed in writing with the Rights Agent) as follows:

UMB Bank, N.A., as Rights Agent
Attn: Corporate Trust Department
2401 Grand Blvd
Kansas City, Missouri 64108
Fax: (816) 860-3029"

IN WITNESS WHEREOF, the parties hereto have caused the Rights Agreement to be duly amended as set forth above and executed as of March 15, 2002.

AQUILA, INC.

By:

/s/

LESLIE J. PARRETE, JR.

Leslie J. Parrette, Jr.
Senior Vice President

UMB BANK, N.A.

By:

/s/

FRANK C. BRAMWELL

Frank C. Bramwell
Senior Vice President

QuickLinks
AMENDMENT TO THE RIGHTS AGREEMENT
Recitals

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Company: UTILICORP UNITED INC
Form Type: POS AM SEC File #: 333-29657
Document Type: EX-23.(A)
Description: CONSENT OF ARTHUR ANDERSEN
SEC File Date: 03/15/02

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EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Form S-3 Registration Statement to register 7,500,000 Aquila, Inc. common shares, of our report dated February 5, 2002, included in Aquila, Inc.'s (formerly known as UtiliCorp United Inc.) Form 8-K dated February 25, 2002 and to all references to our Firm included in this registration statement.

/s/ Arthur Andersen LLP

Kansas City, Missouri
March 15, 2002

QuickLinks
CONSENT OF INDEPENDENT ACCOUNTANTS

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

STATE CORPORATION COMMISSION

MAR 19 2002

Filed by the Registrant /X/
Filed by a Party other than the Registrant / /

Check the appropriate box:
/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule
14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to §240.14a-12

Patty S. Wagoner Docket Room

AQUILA, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) -----
Aggregate number of securities to which transaction applies:

(3) -----
Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) -----
Proposed maximum aggregate value of transaction:

(5) -----
Total fee paid:

/ / Fee paid previously with preliminary materials.

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 15, 2002

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Aquila, Inc., formerly UtiliCorp United Inc. The meeting will be held at 2:30 p.m. on Wednesday, May 1, 2002, at the Starlight Theatre, 4600 Starlight Road, Kansas City, Missouri, 64132. The shares eligible to vote at this meeting were determined on the record date of March 4, 2002.

The official notice of the meeting follows on the next page. In addition to the formal, required business, we will discuss Aquila's 2001 and first quarter 2002 performance and answer your questions. Enclosed with this proxy statement are your proxy card and Aquila's 2001 Annual Report.

There are several ways to vote your shares. You may vote over the telephone using a toll-free number or, if you have Internet access, you may vote on-line. Please see the voting procedures on page 2 for details. You may also still choose to return your proxy card using the enclosed, postage-paid envelope.

If you plan to attend the meeting, please check the appropriate box on your proxy card to allow us to plan appropriately. No admission card is necessary.

We will be providing light refreshments prior to the meeting, beginning at 2:00 p.m. Please take this opportunity to visit with our management.

I also want to remind you of our Shareholder Information line. Through this interactive service you may obtain our current stock price, hear about our recent developments and request information about our company. To access this service, dial 1-888-828-2000. Your vote is important. We encourage you to read this proxy statement and to vote your shares.

Sincerely,

Richard C. Green, Jr.

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Aquila, Inc. will be held at 2:30 p.m. (Central Time), on Wednesday, May 1, 2002, at the Starlight Theatre, 4600 Starlight Road, Kansas City, Missouri, 64132, to consider and take action on the following:

1. To elect three Directors: Herman Cain, Robert K. Green, and Robert F. Jackson, Jr.;
2. To approve the Aquila, Inc. 2002 Omnibus Incentive Compensation Plan; and
3. To transact such other business as may properly come before the meeting and at any adjournments or postponements of the meeting.

The record date for the Annual Meeting is March 4, 2002. Only shareholders of record at the close of business on that date may vote at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Leslie J. Parrette, Jr.

Senior Vice President, General
Counsel
and Corporate Secretary

March 15, 2002

COMMON QUESTIONS REGARDING OUR ANNUAL MEETING AND PROXY STATEMENT

1. WHAT IS THE PURPOSE OF THE ANNUAL MEETING?

At our annual meeting, shareholders will act upon the matters outlined in the notice of meeting on the cover page of this proxy statement, including the election of directors and approval of the Company's 2002 Omnibus Incentive Compensation Plan. In addition, management will report on our performance during 2001 and respond to questions from shareholders.

2. WHO IS ENTITLED TO VOTE AT THE MEETING?

Only shareholders of record at the close of business on March 4, 2002, the record date for the meeting, are entitled to receive notice of and to participate in the annual meeting. If you were a shareholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting. In connection with our solicitation of proxies for the annual meeting, we are mailing this proxy statement to shareholders on or about March 15, 2002.

3. WHAT CONSTITUTES A QUORUM?

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the record date will constitute a quorum, permitting the meeting to conduct its business. As of the record date, 141,494,172 shares of common stock, representing the same number of votes, were outstanding. Thus, the presence of the holders of common stock representing at least 70,747,087 votes will be required to establish a quorum.

Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting.

4. WHAT METHODS CAN I USE TO VOTE?

(a)

In Writing: All shareholders can vote by written proxy card.

(b)

By Telephone and Internet: All shareholders of record also can vote their proxies by touchtone telephone from the U.S. and Canada, using the toll-free telephone number on the proxy card, or by the Internet, using the procedures

and instructions described on the proxy card and other enclosures. Street name holders may vote by telephone or the Internet if their bank or broker makes those methods available, in which case the bank or broker will enclose the instructions with the proxy statement. The telephone and Internet voting procedures, including the use of control numbers, are designed to authenticate shareholders' identities, to allow shareholders to vote their shares, and to confirm that their instructions have been properly recorded.

(c)

In Person: All shareholders may vote in person at the meeting (unless they are street name holders without a legal proxy).

5. HOW CAN I REVOKE A PROXY?

A shareholder may revoke a proxy by any one of the following three actions:

(a)
giving written notice to the Secretary of the Company,

(b)
delivering a later-dated proxy, or

(c)
voting in person at the meeting.

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6. WHAT ARE MY VOTING CHOICES WHEN VOTING FOR DIRECTOR NOMINEES, AND WHAT VOTE IS NEEDED TO ELECT DIRECTORS?

In voting on the election of three Director nominees to serve until the 2005 Annual Meeting of Shareholders, shareholders may vote in one of the following ways:

(a)
in favor of all nominees,

(b)
withhold votes as to all nominees, or

(c)
withhold votes as to specific nominees.

Directors will be elected by a plurality. This means that the three nominees who receive more votes than any other nominee will be elected to office. Because there are three positions to be filled on our board, if, as we expect, there are only three nominees presented at our annual meeting, a nominee that receives any votes will be elected to office.

The Board recommends a vote "FOR" each of the nominees.

7. WHAT ARE MY VOTING CHOICES WHEN VOTING ON THE APPROVAL OF THE COMPANY'S 2002 OMNIBUS INCENTIVE COMPENSATION PLAN?

In voting on the approval of the 2002 Omnibus Incentive Compensation Plan, shareholders may vote in one of the following ways:

(a)

in favor of the plan,

(b)
against the plan, or

(c)
abstain from voting on the plan.

The proposal to approve the 2002 Omnibus Incentive Compensation Plan will require approval by a majority of the shares represented in person or by proxy at the meeting and entitled to vote on the proposal.

The Board recommends a vote "FOR" this proposal.

8. HOW DO I VOTE MY 401(k) PLAN SHARES?

If you participate in the Retirement Investment (401(k)) Plan, you may vote an amount of shares of common stock equivalent to the interest in Aquila common stock credited to your account as of the record date. These shares are represented on your proxy card. You may vote by following the voting procedures outlined in question 4 above. If you do not vote your proxy, the share equivalents credited to your account will be voted by the trustee "FOR" the election of each director nominee and "FOR" Proposal 2.

You may revoke previously given voting instructions by following the instructions outlined in question 5 above.

9. WHAT ARE THE BOARD'S RECOMMENDATIONS?

Unless you give other instruction on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board's recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

for election of the nominated slate of directors (see Proposal 1); and

for approval of the 2002 Omnibus Incentive Compensation Plan (see Proposal 2).

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We do not know of any additional matters to be acted upon at the meeting. With respect to any other matter that properly comes before the meeting, the proxy holders will vote in their own discretion.

10. WHAT VOTE IS REQUIRED TO APPROVE EACH ITEM?

Election of Directors: The affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked "WITHHOLD AUTHORITY" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

Approval of the 2002 Omnibus Incentive Compensation Plan: The

affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked "ABSTAIN" with respect to such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

If you hold your shares in "street name" through a broker or other nominee and you have not provided specific voting instructions with respect to Proposal 2, your broker or nominee will not be entitled to vote your shares with respect to Proposal 2.

11. WHAT IF A SHAREHOLDER DOES NOT SPECIFY A CHOICE FOR A MATTER WHEN RETURNING A PROXY?

Shareholders should specify their choice for each matter on the enclosed form of proxy. If no instructions are given, proxies that are signed and returned will be voted FOR the election of all Director nominees, and FOR the approval of the 2002 Omnibus Incentive Compensation Plan.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement to "Aquila", "we," "our", "us," or similar references mean Aquila, Inc. (formerly UtiliCorp) and its subsidiaries.

DIRECTOR INFORMATION

Name	Year Term Expires	Principal Occupation or Employment and Position with the Company	First Year Elected or Appointed	Age
*Herman Cain	2002	Chairman of the Board of Godfather's Pizza, Inc., Omaha, Nebraska	1992	56
*Robert K. Green	2002	President and Chief Executive Officer of the Company	1993	40
*Robert F. Jackson, Jr.	2002	Retired President of CharterCorp, Kansas City, Missouri	1981	76
Richard C. Green, Jr.	2003	Chairman of the Board of the Company	1982	47
L. Patton Kline	2003	Retired Vice Chairman of Marsh & McLennan, Inc., New York, New York	1986	73
Gerald L. Shaheen	2003	Group President of Caterpillar, Inc.	2001	57
John R. Baker	2004	Retired Vice Chairman of the Board of the Company	1971	75
Irvine O. Hockaday, Jr.	2004	Retired President and Chief Executive Officer of Hallmark	1995	65

Cards, Inc., Kansas City,
Missouri

Dr. Stanley O. Ikenberry	2004President of the American Council on Education, Washington, D.C.	1993 67
Heidi E. Hutter	2004Chief Executive Officer and Principal of The Black Diamond Group, LLC	2002 44
Avis G. Tucker	N/ADirector Emeritus	1973N/A

*
Nominee for election as a Director.

Biographies

Richard C. Green, Jr. has served as Chairman of the Board of the Company since February 1989 and was also Chief Executive Officer of the Company from May 1985 through December 2001. Mr. Green also served as President of the Company from May 1985 through February 1996. Mr. Green is a director of BHA Group, Inc. and Yellow Corporation.

John R. Baker retired as Vice Chairman of the Board of the Company in December 1995, a position he held since May 1991. He also served as Senior Vice President of Corporate Development of the Company from May 1985 through December 1992.

Herman Cain has been the Chief Executive Officer of T.H.E., Inc., a leadership consulting company since 1996. He has continued to serve for the past 16 years as Chairman of the Board of Godfather's Pizza, Inc. in Omaha, Nebraska, and serves as a director of Hallmark Cards, Inc., Retail DNA, Reader's Digest Association, Inc., and the Whirlpool Corporation.

Robert K. Green has served as President and Chief Executive Officer of the Company since January 1, 2002. He was the President and Chief Operating Officer of the Company from February 1996 to December 2001 and earlier served as Executive Vice President of the Company from January 1993 to February 1996. Mr. Green held several executive positions at the Company's Missouri

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Public Service division since 1988, including two years as President. Mr. Green serves as Chairman of Aquila Merchant Services, Inc., and as a director of United Energy Limited and UnitedNetworks Limited (affiliates of the Company). Mr. Green also serves as a director of Quanta Services, Inc., eScout.com, and UMB Bank, n.a.

Irvine O. Hockaday, Jr. retired in December 2001 as President and Chief Executive Officer of Hallmark Cards, Inc., positions he held since January 1986. He also served as Executive Vice President of Hallmark Cards, Inc. from 1983 through December 1985. Mr. Hockaday serves as Trustee of the Hall Foundation, is a Trustee of Princeton University and is a director of Sprint Corporation, the Ford Motor Company, Crown Media, Inc., Dow Jones, Inc., and Estee Lauder.

Heidi Hutter is Chief Executive Officer and a principal of The Black Diamond Group, LLC. Prior to this, she was chairman, president, and CEO of Swiss

Reinsurance America Corp. from 1996 to 1999, and managed the Equitas Project of Lloyd's of London from 1993 through 1995. Ms. Hutter is a Fellow of the Casualty Actuarial Society and a member of the Board of Overseers of the School of Risk Management at St. John's University.

Stanley O. Ikenberry, Ph.D., has served as President of the American Council on Education since 1996. Dr. Ikenberry is also a Regent Professor and President Emeritus of the University of Illinois. He previously served as President of the University from 1979 to 1995. Dr. Ikenberry serves as a director of Pfizer, Inc., as a member of the board of the Smithsonian's Museum of Natural History and as President of the Board of Overseers of the Teachers Insurance and Annuity Association College Retirement Equities Fund.

Robert F. Jackson, Jr. retired in July 1985 as president of CharterCorp of Kansas City, MO (through mergers, now Bank of America Corporation). Mr. Jackson's long career in banking included a number of executive positions and service as a director of banks and banking associations.

L. Patton Kline retired in 1988 as Vice Chairman of Marsh & McLennan, Incorporated (an international insurance brokerage company), a subsidiary of Marsh & McLennan Companies, Inc., a position he held for four years. He was President of Marsh & McLennan Companies, Inc. from 1980 to 1985. Mr. Kline served as a director of Marsh & McLennan Companies, Inc. from 1975 to 1988.

Gerald L. Shaheen has been Group President of Caterpillar, Inc., since 1998. Prior to that, he was managing director of Caterpillar Overseas S.A. and then vice president of the company's Engine Products Division. He joined Caterpillar in 1967. Mr. Shaheen also serves on the board of directors of National City Corporation and is a member of the boards of Bradley University, the Mineral Information Institute, Inc., the National Chamber Foundation and the U. S. Chamber of Commerce.

Avis G. Tucker was appointed Director Emeritus of the Company in May 2000. She previously served as Chairman of the Board of the Company from May 1982 through February 1989 and as a director from February 1989 through May 2000. Mrs. Tucker has been editor and publisher of The Daily Star-Journal in Warrensburg, Missouri, during the past five years and previously served as a director of United Telecommunications, Inc., now Sprint Corporation.

Richard C. Green, Jr. and Robert K. Green are brothers and are nephews of Avis G. Tucker.

 Meetings of the Board and Committees of the Board

During 2001, our Board met five times. Our Board has five standing committees and the duties of each committee are described below. All directors attended at least 75% of the meetings of the Board and the committees on which they served and for the period in which they held office, with the exception of L. Patton Kline, who attended 60% of the Board meetings.

Committees of the Board	Duties of the Committee	Committee Members	Number of meetings held in 2001
Audit	Reviews management's independent accountant selection and makes recommendations to the Board based on that review. Reviews and approves audit plans, accounting policies, financial statements	Jackson* Baker Ikenberry Shaheen	4

and financial reporting, internal audit reports and internal controls.

Pension & Benefits	Establishes and administers our retirement plan and certain other related employee benefit plans.	Baker* R.K. Green Jackson	2
Compensation	Reviews and makes recommendations to the Board regarding policies, practices and procedures relating to compensation of key employees. Establishes and administers our compensation programs and plans.	Cain* Hockaday Ikenberry	4
Nominating	Considers and recommends nominees for directors including those directors nominated by the shareholders.**	Ikenberry* Baker Cain Hockaday	0
Executive	Exercises the authority of the Board, when the Board is not in session, on such matters as are delegated to it by the Board from time to time.	R.C. Green* R.K. Green Hockaday Jackson	0

*
Indicates Committee Chairperson

**
Shareholders desiring to suggest candidates should advise the Secretary of the Company in writing by December 31 of the year preceding the annual meeting and include sufficient biographical information to permit an appropriate evaluation.

Director Compensation

Directors who are employees do not receive fees or any other compensation for their services as directors. Directors who are not employees receive an annual retainer of \$45,000, plus \$1,250 for each Board meeting they attend. Non-Employee Directors also receive an annual fee of \$3,000 for each Board Committee on which they serve, and an annual fee of \$3,500 for any committee of which they are chairperson. They may choose to defer all or part of their fees under our Capital Accumulation Plan. In addition, Non-Employee Directors are reimbursed for expenses, including travel, they incur in connection with attending meetings. Non-Employee Directors receive \$50,000 in shares of common stock each year pursuant to the 1990 Non-Employee Director Stock Plan. Receipt of shares of common stock may be deferred under the terms of the Plan.

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STOCK OWNERSHIP INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

The rules of the Securities and Exchange Commission require our directors and executive officers to file reports of their holdings and transactions in our common stock. Based upon our records and other information, we believe that all required filings were made in a timely manner.

Stock Ownership Guidelines

Your Board of Directors adopted stock ownership guidelines for our executives in 1995. The chief executive officer is expected to own common stock having a value of at least five times his annual base salary. Senior vice presidents of the organization are expected to own common stock with a value of at least two times their annual base salary and vice presidents are expected to own stock having a value of at least their annual base salary. If stock ownership levels are not met, the officers' payout under the annual and long-term incentive plans are paid in restricted stock or restricted stock units. If their target ownership levels are met, the officers may take their payout in cash or a combination of cash, restricted stock or restricted stock units. Any restricted stock issued under the plan cannot be sold for at least one year after it is issued.

Stock Ownership of Directors and Executive Officers

In general, "beneficial ownership" includes those shares a director or officer has sole or shared power to vote or transfer, and stock options that are currently exercisable or that are exercisable within 60 days. On January 31, 2002, the directors and executive officers of Aquila beneficially owned a total of 7,825,799 shares of our common stock.

Name of Beneficial Owner	Issued Shares Beneficially Owned	Exercisable Stock Options	Total Beneficial Ownership	Percent of Class(1)
Richard C. Green, Jr.	3,123,664 (2) (3) (4)	711,598	3,835,262 (2) (3) (4)	2.8%
Robert K. Green	2,669,856 (2) (5)	485,446	3,155,302 (2) (5)	2.3%
John R. Baker	229,064 (3)	--	229,064 (3)	--
Herman Cain	10,180	--	10,180	--
Irvine O. Hockaday, Jr.	9,398	--	9,398	--
Heidi Rutter	--	--	--	--
Stanley O. Ikenberry	11,112	--	11,112	--
Robert F. Jackson, Jr.	38,747	--	38,747	--
L. Patton Kline	18,360	--	18,360	--
Gerald Shaheen	295	--	295	--
Edward K. Mills	77,577	74,700	152,277	--
Dan J. Streek	9,836	5,600	15,436	--
Keith G. Stamm	95,330 (6)	77,829	173,159 (6)	--
Directors and Executive Officers as a group (17 persons)	6,395,752 (2) (3)	1,430,047	7,825,799 (2) (3)	5.6%

(1) Percentages are omitted for Directors and Executive Officers who own less than 1% of common stock.

(2) Includes 2,117,599 shares held by the Green Family UCU Limited Partnership of which Richard C. Green, Jr. and Robert K. Green are general partners with shared voting and investment power.

(3) Includes 193,089 shares held in trust, of which Mr. Richard C. Green, Jr. and Mr. Baker are trustees with shared voting and investment power.

(4)

Includes 537,222 shares held by RNG Investments, L.P. of which Richard C. Green, Jr. is a general partner.

(5)

Includes 480,296 shares held by Greenway Capital, L.P. of which Robert K. Green is general partner.

(6)

Includes 29,324 shares held by Stamm Family, L.P. of which Keith G. Stamm is a general partner.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Set forth below is the only person or group known by us to be the beneficial owner of five percent or more of our common stock on January 31, 2002.

Name, Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
PrimeCap Management Company 225 S. Lake Avenue Pasadena, CA 91101	10,300,000	7.42%

Green Family Ownership and Employee Ownership

Richard C. Green, Jr., Robert K. Green, and members of their family and trusts for the benefit of members of the Green family owned as of January 31, 2002, 4,792,243 shares or approximately 3.46% of our common shares outstanding. This number includes shares held by the Green Family UCU Limited Partnership.

We encourage employee ownership of our common stock. We believe that employees who have a vested interest in the Company make decisions in their daily work that are in our best interest and in the best interest of our shareholders. As of January 31, 2002, employees owned, either directly or beneficially, approximately 14,427,000 shares or approximately 10.4% of our then outstanding common shares. This includes the Green family ownership described above.

REPORT ON EXECUTIVE COMPENSATION

Our Compensation Committee submits the following report on executive compensation:

As members of the Compensation Committee (the "Committee"), we consider providing oversight and guidance for the administration of executive compensation as our most important role. While performing this role, we want to make sure that the compensation policies and practices support the achievement of the Company's short-term and long-term goals along with maintaining the Company's organizational values, and most importantly, supporting the on-going creation of shareholder value.

As three independent, non-employee directors, we maintain an impartial view as we oversee the Company's executive compensation activities. Impartiality is important as we approve the design of the compensation programs, assess the programs effectiveness, and oversee the administration of the programs. We also review and approve all salaries and other forms of compensation for the Company's executives, and evaluate the Company's executives' performance along

with other related matters.

Compensation Philosophy

Our overall philosophy is to ensure the Company's executive pay is competitive with similar companies, while rewarding executives based on how successful they are at achieving certain goals. We chose this philosophy because the Company must compete with many companies to attract and develop a talented group of employees. At the same time, we know it is important to achieve financial success. Therefore, our compensation philosophy is built on the following principles:

- o Total compensation should provide a competitive advantage over companies competing for management talent;
- o Heavy emphasis is put on incentive pay linked to achievement of goals;
- o Compensation programs are designed to support the achievement of the Company's business strategy; and
- o Executives' long-term compensation is closely tied to the total return on the Company's common stock.

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We seek advice from an independent compensation consultant to ensure we are accurately comparing the Company's executive compensation levels to those of similar companies. Some of the factors we consider are: business operations, sales, market values, employment levels, and lines of businesses. The group of companies that we use for comparing compensation levels is not the same group of companies that is used in the Stock Performance Graph in this proxy statement. The reason for this difference is that the Company's most direct competitors in attracting and retaining executive talent are not always the same companies that make up the Company's typical industry peer group.

Elements That Make Up Total Compensation For Executives

The Company's total compensation consists of the following components: base salary, annual incentives, long-term incentives and benefits. Each of these elements is described below. We consider these components as integral parts of an executive's compensation package. Other pieces we look at are severance plans and retirement benefits. We want to make sure the total compensation package is competitive.

o Base Salary

We review each executive officer's base salary annually. Base salaries are targeted to approximate the average base salaries paid to executives of similar companies for each position. To make sure each executive is paid appropriately, we consider the executive's level of responsibility, prior experience, overall knowledge, executive pay for similar positions in other companies, and executive pay within the Company.

Base salaries represent the amount executives are paid on a regular

basis (as opposed to an incentive, which is only paid when certain goals are achieved). Therefore, this part of an executive's pay is a very important tool in attracting and retaining talented people. The flexibility in our base pay program allows us to reward individual executives for superior work that may not be immediately reflected in financial measurements, but is important to every day business operations.

When evaluating individual performance, we look at the executive's efforts in promoting the Company's values; participation in on-going education and management training; improving project quality; strengthening relationships with customers; developing relationships with strategic partners and employees; demonstrating leadership abilities with co-workers; and other goals. Overall, executive base salaries were increased in 2001 at a rate similar to increases provided by other companies with which the Company competes.

o
Annual Incentives

Another major part of each executive's total compensation is the annual incentive. The amount awarded to each executive is targeted to be above the average of what the Company's competitors would award their executives for targeted performance because we believe the Company sets aggressive incentive targets that are above the average of those of its competitors. The targeted award amount is based on advice from an independent compensation consultant. The actual award will vary, and may not be paid at all, based upon the Company's financial results for the year. If an award is earned, it is paid in cash, restricted stock, or restricted stock units at the election of the executive.

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If an executive decides to take all or part of the annual incentive in stock or stock units, the stock or stock units he or she receives is restricted. All amounts paid in restricted common stock or restricted stock units are increased by 33% over the cash-equivalent amount.

o
Long-Term Incentives

Long-term incentives are provided according to our Annual and Long-Term Incentive Plan. We determine if an executive is eligible for participation in this plan based on prior experience, performance measures, and compensation practices of the Company's competitors. Only executives who have an on-going, company-wide impact are eligible to participate in this plan. We also have the authority to grant restricted stock, and restricted stock units to reward special performance or to retain key executives.

The long-term incentive for the three-year performance cycle ending 2001 was awarded in the following proportion: 90% performance units and 10% stock options. The objective of this design is to pay long-term incentive awards each year that are above the average of what similar companies would pay their executives for targeted performance. We regularly review the companies used for comparison, decide on the performance criteria, and receive advice from an independent compensation consultant to ensure a fair, appropriate program.

For each three-year performance-unit cycle, we compare our Total Shareholder Return ("TSR") results to either a published or special index. These indexes may include the Standard & Poor's 500 Stock Index or a specific group of companies in business lines and/or operations similar to ours. The group of companies that we used as a comparison group for the Long-Term Incentive Plan cycle ending December 31, 2001, consisted of CMS Energy, Dominion Resources, Enron, Pacific Gas & Electric, Duke Energy, Entergy, American Electric Power, Reliant Energy, Cinergy, Southern Co., Xcel Energy, and Kinder Morgan, Inc. (formerly KN Energy). For the three-year period ended December 31, 2001, the average TSR of the group was 6.4% and the Company's TSR was 15.41% ranking it 6th out of 13 companies. To minimize the effect of year-end price spikes, the TSR calculation uses the average closing price for the 30 calendar days of the beginning and ending of the three-year cycle.

o

Performance Units

Performance units are designed to tie executives' long-term compensation directly to specific corporate performance measures. Each performance unit is equivalent in value to one share of the Company's common stock on the last trading day of the three-year cycle plus the dividends paid over the preceding three-year cycle. The cycles for the years 1999-2001, 2000-2002, and 2001-2003 are based on TSR as compared to a specific group of companies in business lines and/or operations similar to ours ("peer group").

Based on the Company's TSR results for the 1999-2001 cycle and its subsequent placement as compared to its peer group, we approved a pay-out of 132% of targeted performance units.

Payments made under the three-year performance cycles are in the form of restricted stock or restricted stock units until the executive has accumulated certain targeted shareholdings of the Company from any source excluding any unexercised options. Once the executive has exceeded the targeted share ownership, compensation from the plan will be paid in cash, restricted stock, or restricted stock units at the option of the executive. If an executive elects to take all or a portion of his or her long-term incentive in the form of restricted stock or

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restricted stock units, the amount of the award taken in restricted stock or restricted stock units will be increased by 25% in a fashion similar to our annual incentive plan.

o

Stock Options

We grant stock options every year to the Company's executives who are eligible to participate in the Annual and Long-Term Incentive Plan. The stock options are priced at the fair market value of the Company's common stock on the date of the grant. Therefore, these stock options only have value to the executives if the stock price goes up following the date of the grant. This is intended to make sure the executives are focused on creating long-term shareholder value. The stock options vest over a four-year period. The reason for this four-year vesting period is to create a mechanism to provide an incentive for the executives to stay

with the Company during that period.

o
Benefits

The benefits we offer key executives serve a different purpose than the compensation programs described above. In general, they provide some level of protection against the chance of an executive having financial difficulties as a result of illness, disability, or death. The benefits offered are usually comparable to those offered to all other employees with some differences based on tax and employee benefit laws.

Chief Executive Officer (CEO) Compensation

We review the Chief Executive Officer's base salary every year. In doing so, we compare his pay to the pay of other CEO's in comparable companies. For 2001, Richard Green's salary was lower than the average level of pay for CEO's of comparable companies.

Mr. Richard Green's annual incentive compensation was based on achievement of goals associated with an increase in the Company's earnings per share and an assessment of how well Mr. Green managed the Company. Diluted earnings per share ("EPS") in 2001 were \$2.42 which represents a 9.5% increase. In addition, we set a 2002 EPS growth plan of 10%, which is above the announced growth rate of our peers and yielded a maximum payout for the growth plan element of the 2001 Annual Incentive Plan. These financial results and growth plan, when combined with our evaluation of Mr. Green's management performance earned him an annual incentive award of \$1,267,500. Mr. Green decided to take this award in the form of restricted stock. As a result, he received an additional 33% of the value of the shares in the form of restricted stock for a total value of \$1,685,775.

Mr. Richard Green was also awarded performance units because he participated in the Annual and Long-Term Incentive Plan for the three-year cycle of 1999-2001. When compared to the list of competitors, the Company's relative shareholder return ranked at a level that allowed Mr. Green to receive 87,120 (targeted performance units of 66,000 X 132%) performance units. Each performance unit was worth the value of one share of our common stock on the last trading day of the three-year cycle, plus dividends paid over the three-year cycle. Mr. Green elected to receive his award of \$2,427,163.20 in restricted stock. As a result, he received an additional 25% of the value of the shares in the form of restricted stock for a total value of \$3,033,954.

In addition to the performance units, Mr. Richard Green was granted a stock option for 65,000 shares under the 1986 Stock Incentive Plan at a price of \$28.415. These options vest over a four-year period as described above. He was also granted an option for 153,656 shares of Aquila Merchant Services, Inc. which vests fully on the fourth anniversary of the grant date.

Finally, the Company has experienced substantial growth over the past several years. The primary driver of that growth in recent years has been the performance of Aquila Merchant. The year ending December 31, 2001 was a year of exceptional performance for Aquila Merchant in which financial

performance expectations were significantly exceeded. As a result of Mr. Green's below market position in terms of compensation and excellent financial performance of the Company, the Committee has elected to make a discretionary

award of \$4,500,000, of which \$3 million will be paid in cash and \$1.5 million will be paid in restricted stock. This discretionary award is in recognition of his contribution in establishing and cultivating the merchant services business to become the primary contributor to the company's current and future growth potential.

A new three-year performance cycle started in 2000 and will be completed at the end of 2002. Another three-year cycle started in 2001 and will conclude at the end of the year 2003. An independent compensation consultant assisted us in determining the number of performance units that may be granted following each cycle. Our goal was to make sure that our Chief Executive Officer's total compensation would equal what our competitors pay their Chief Executive Officers, if the Company meets its financial targets. However, if the Company doesn't meet the minimum level of performance associated with these goals, our Chief Executive Officer won't be paid anything under this Plan.

Effective January 1, 2002, Robert K. Green became Chief Executive Officer of Aquila.

Internal Revenue Code 162(m) Considerations

In designing the compensation programs, the Committee's primary consideration is the Company's achievement of strategic business goals that serve to enhance shareholder value. Section 162(m) of the Internal Revenue Code, as amended, limits a company's ability to deduct compensation paid in excess of \$1 million to the Chief Executive Officer and the next four highest paid officers in any year, unless the compensation meets certain performance requirements. Both the Annual and Long-Term Incentive Plans currently meet the performance requirements under Section 162(m). The Committee continues to be committed to making awards that qualify as deductible compensation under section 162(m) of the Code whenever possible. However, where granting awards is consistent with the strategic business goals of the Company, the Committee reserves the right to make awards that are non-deductible where it believes it is in the best interest of the Company.

Conclusion

We believe the executive compensation programs we have described to you serve your interests as shareholders. These programs are designed to motivate the executives to help the Company succeed both today and in the future. We will continue to monitor the effectiveness of our total compensation programs to ensure they promote the needs and goals of the Company.

Herman Cain
Irvine O. Hockaday, Jr.
Dr. Stanley O. Ikenberry

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	SALARY YEAR	BONUS \$	OTHER ANNUAL COMP \$	RESTRICTED STOCK AWARDS		STOCK OPTIONS (#)		LTIP PAYOUTS		ALL OTHER COMP \$
				(2) \$	AQUILA, INC.	AQUILA MERCHANT SERVICES (1)	\$			
Richard C. Green, 2001	1972,1163,000,000		22,050	3,185,775	65,000	153,6563,033,954		92,801	(3)	

Jr.	2000886,8852,000,000	30,380	2,556,100	65,000		--1,820,280	91,861
Chairman	1999768,678	--	30,145	1,134,756	195,000	--1,965,551	36,758
Robert K. Green	2001869,0383,000,000	30,316	3,012,875	59,000		184,3872,427,163	77,869 (4)
President and CEO	2000709,8652,000,000	45,521	2,244,880	52,000		--1,456,224	67,586
	1999630,194	--	19,138	912,114	156,000	--1,572,441	58,981
Dan Streek	2001208,2691,524,000	4,625	--	--		81,289 183,876	23,705 (5)
Chief Financial Officer	2000172,558 444,844	2,775	82,917	5,000		-- 37,923	16,875
	1999118,366 50,895	122	--	7,500		-- --	7,760
Edward K. Mills	2001304,2174,310,000	6,317	--	--		153,6561,103,256	28,558 (6)
President & COO,	2000280,0283,377,056	40,660	425,000	21,000		-- 567,000	34,433
Aquila Merchant Services	1999263,626 636,600	36,146	--	70,500		-- 174,055	25,120
Keith G. Stamm	2001323,0774,310,000	8,024	--	26,178 (8)		184,387 482,675	37,828 (7)
President & COO,	2000268,6142,339,066	3,333	557,297	39,699		-- 284,419	51,683
Global Networks Group	1999187,085	--	8,266	--	35,982	-- --	32,602

1)
Aquila Merchant Services, Inc. is a wholly owned subsidiary of ours. From April 24, 2001 until January 7, 2002, shares of Aquila Merchant Services were publicly traded on the New York Stock Exchange. On January 8, 2002, each share of Aquila Merchant Services, Inc. was converted to .6896 of our shares.

2)
Restrictions lapse at various times following the first or third anniversary of the grant. Dividends are paid on restricted stock awards at the same rate as paid to all shareholders. As of December 31, 2001, the total shares and value of restricted stock held by the above officers is: Mr. Richard C. Green, Jr. (381,783 shares; \$9,609,478); Mr. Robert K. Green (475,646 shares; \$11,972,010); Mr. Streek (2,784 shares; \$70,073); Mr. Mills (66,539 shares; \$1,674,787); and Mr. Stamm (25,709 shares; \$647,096). All market values are determined as of December 31, 2001. Grants made on March 15, 2002, for 2001 service are included in the market value totals described in the "Restricted Stock Awards" column above, representing restricted stock granted in lieu of annual bonuses.

3)
Consists of employer contributions to the Capital Accumulation Plan of \$58,327, a lump-sum payment of perquisite allowance for 2001 of \$20,000, premium paid for term life insurance and AD&D insurance equivalent to 3 times salary of \$3,519, and an allowance of \$10,955 representing the company contribution to the flexible benefits program on behalf of officer.

4)
Consists of employer contributions to the Retirement Investment Plan of \$10,200, employer contributions to the Capital Accumulation Plan of \$41,942, a lump-sum payment of perquisite allowance for 2001 of \$15,000, premium paid for term life insurance and AD&D insurance equivalent to 3 times salary of \$1,595, and an allowance of \$9,132 representing the company contribution to the flexible benefits program on behalf of officer.

5)
Consists of employer contributions to the Retirement Investment Plan of \$8,762, employer contributions to the Capital Accumulation Plan of \$4,707, a lump-sum payment of perquisite allowance for 2001 of \$5,000, premium paid for term life insurance and AD&D insurance equivalent to 3 times salary of \$410, and an allowance of \$4,826 representing the company contribution to the flexible benefits program on behalf of officer.

6)
Consists of employer contributions to the Retirement Investment Plan of \$15,300.

a lump-sum payment of perquisite allowance for 2001 of \$5,000, premium paid for term life insurance and AD&D insurance equivalent to 3 times salary of \$766, and an allowance of \$7,492 representing the company contribution to the flexible benefits program on behalf of officer.

7)

Consists of employer contributions to the Retirement Investment Plan of \$9,485, employer contributions to the Capital Accumulation Plan of \$15,000, a lump-sum payment of perquisite allowance for 2001 of \$5,000, premium paid for term life insurance and AD&D insurance equivalent to 3 times salary of \$739, and an allowance of \$7,604 representing the company contribution to the flexible benefits program on behalf of officer.

8)

26,178 shares granted in lieu of annual incentive bonuses for service in 2000.

SEVERANCE AND EMPLOYMENT AGREEMENTS

The employment agreements of Richard C. Green, Jr. and Robert K. Green entitle them each to an annual base salary of at least \$990,000. In addition, Richard C. Green, Jr. will continue as Chairman and Robert K. Green will continue as President and Chief Executive Officer for the term of the agreements. Each will also continue to participate in our benefit and incentive plans during the term of the agreement.

If either is terminated without good cause or if either quits for good reason, we will continue to pay his base salary for three years following the date of termination. In addition, we will pay a one-time amount equal to three times the highest incentive compensation award he would have received for the year terminated if all targeted goals in effect on the date of the termination are exceeded. Each will also receive certain other amounts consistent with what he would have received as an active employee.

With the exception of Richard C. Green, Jr. and Robert K. Green, the people listed in the Summary Compensation Table have entered into severance agreements with the Company. The agreements give the executives certain severance benefits following a change in control of the company and are designed to avoid an interruption of management following a change in control. If, within twelve months of a change of control, the executive is terminated without good cause or if either quits for good reason, we will pay a lump sum equal to 2.99 times base salary and average annual incentive bonus for Mr. Stamm and Mr. Mills and a lump sum equal to two times base salary and average annual incentive bonus for Mr. Streek. Each will also receive certain other insurance benefits for a period of time, ranging from two to three years after the date of termination, the vesting of equity compensation awards, and payment of any deferred compensation.

OPTION GRANTS IN LAST FISCAL YEAR
By Aquila, Inc.*

Name	# of Shares Underlying Options Granted(#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price(\$/Sh)	Expiration Date	Grant Date	Present Value \$(2)
Richard C. Green, Jr.	65,000	7.8%	28.4150	01-31-11\$		318,500(3)

Chairman						
Robert K. Green President and CEO	59,000	7.1%\$	28.4150	01-31-11\$		289,100(3)
Dan Streek Chief Financial Officer	0	--	--	--		--
Edward K. Mills President & COO, Aquila Merchant Services	0	--	--	--		--
Keith G. Stamm President & COO, Global Networks Group	26,178	3.1%\$	29.785	03-09-04\$		118,325(4)

*
See footnotes below Aquila Merchant Services, Inc. table.

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OPTION GRANTS IN LAST FISCAL YEAR
By Aquila Merchant Services, Inc. (1)

Name	# of Shares Underlying Options Granted(#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price(\$/Sh)	Expiration Date	Grant Date	Present Value \$(2)
Richard C. Green, Jr.	153,656	3.8%\$	24.00	04/24/11\$		1,774,727(5)
Chairman						
Robert K. Green President and CEO	184,387	4.5%\$	24.00	04/24/11\$		2,129,670(5)
Dan Streek Chief Financial Officer	81,289	2.0%\$	24.00	04/24/11\$		999,042(6)
Edward K. Mills President & COO, Aquila Merchant Services	153,656	3.8%\$	24.00	04/24/11\$		1,888,432(6)
Keith G. Stamm	184,387	4.5%\$	24.00	04/24/11\$		2,266,116(6)

President &
COO, Global
Networks Group

(1)

Aquila Merchant Services, Inc. is a wholly owned subsidiary of ours. From April 24, 2001 until January 7, 2002, shares of Aquila Merchant Services were publicly traded on the New York Stock Exchange. On January 8, 2002, each share of Aquila Merchant Services, Inc. was converted to .6896 of our shares.

(2)

Black Scholes Assumptions. The estimated present value on the date of grant reflected in the above table is determined using the Black-Scholes model.

(3)

The material assumptions and adjustments incorporated in the Black-Scholes model in estimating the value of the options reflected in the above table include the following:

o

an exercise price on the option of \$28.415, equal to the fair market value of the underlying stock on the date of grant.

o

an option term of ten years.

o

an interest rate of 5.16 percent that represents the interest rate on a U.S. Treasury security on the date of grant with a maturity date corresponding to that of the option term.

o

volatility of 25.79 percent calculated using daily stock prices for the three-year period prior to the grant date.

o

dividends at the rate of \$1.20 per share representing the annualized dividends paid with respect to a share of common stock at the date of grant.

o

reductions of approximately 16.62 percent to reflect the probability of forfeiture due to termination prior to vesting, and approximately 8.46 percent to reflect the probability of a shortened option term due to termination of employment prior to the option expiration date.

Options were granted on January 31, 2001, and 25% can be exercised after the second anniversary, an additional 25% can be exercised after the third anniversary, and the final 50% can be exercised after the fourth anniversary of the grant date.

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(4)

The material assumptions and adjustments incorporated in the Black-Scholes model in estimating the value of the options reflected in the above table include the following:

o

an exercise price on the option of \$29.785, equal to the fair market value of the underlying stock on the date of grant.

o
an option term of three years.

o
an interest rate of 4.43 percent that represents the interest rate on a U.S. Treasury security on the date of grant with a maturity date corresponding to that of the option term.

o
volatility of 25.77 percent calculated using daily stock prices for the three-year period prior to the grant date.

o
dividends at the rate of \$1.20 per share representing the annualized dividends paid with respect to a share of common stock at the date of grant.

o
reductions of approximately 4.00 percent to reflect the probability of forfeiture due to termination prior to vesting, and approximately 1.44 percent to reflect the probability of a shortened option term due to termination of employment prior to the option expiration date.

Options were granted on March 9, 2001, and will vest on the third anniversary of the grant date. These totals represent options granted in lieu of annual bonuses.

(5)

The material assumptions and adjustments incorporated in the Black-Scholes model in estimating the value of the options reflected in the above table include the following:

o
An exercise price on the option of \$24.00, equal to the fair market value of the underlying stock on the date of grant.

o
An option term of ten years.

o
An interest rate of 5.14 percent that represents the interest rate on a U.S. Treasury security on the date of grant with a majority date corresponding to that of the option term.

o
Volatility of 50.00 percent calculated using daily stock prices.

o
Reductions of approximately 15.07 percent to reflect the probability of forfeiture due to termination prior to vesting, and approximately 13.73 percent to reflect the probability of a shortened option term due to termination of employment prior to the option expiration date.

Options were granted on April 24, 2001, and will vest on the fourth anniversary of the grant date.

(6)

The material assumptions and adjustments incorporated in the Black-Scholes model in estimating the value of the options reflected in the above table include the following:

- An exercise price on the option of \$24.00, equal to the fair market value of the underlying stock on the date of grant.
- An option term of ten years.
- An interest rate of 5.14 percent that represents the interest rate on a U.S. Treasury security on the date of grant with a maturity date corresponding to that of the option term.
- Volatility of 50.00 percent calculated using daily stock prices.
- Reductions of approximately 9.61 percent to reflect the probability of forfeiture due to termination prior to vesting, an approximately 14.61 percent to reflect the probability of a shortened option term due to termination of employment prior to the option expiration date.

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Option were granted on April 24, 2001 and will vest 25% per year beginning on the first anniversary of the grant date.

The ultimate values of the options will depend on the future market price of the Company's stock, which cannot be forecast with reasonable accuracy. The actual value, if any, an optionee will realize upon exercise of an option will depend on the excess of the market value of the Company's common stock over the exercise price on the date the option is exercised.

AQUILA, INC. OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES*

Name	Shares Acquired on Exercise (#) (1)	Value Realized (\$) (2)	Number of Shares Underlying Value of Unexercised	
			Unexercised Options at FY-End (#) Exercisable/Unexercisable	In-The-Money Options at FY-End (\$) (2) Exercisable/Unexercisable
Richard C. Green, Jr. Chairman		0\$	0	644,648/343,750 \$806,598/\$3,716,077
Robert K. Green President and CEO	2,550	35,169	384,096/282,000	2,141,007/645,278
Dan Streek Chief Financial Officer	0	0	2,475/10,625	4,602/41,963
Edward K. Mills President & COO, Aquila Merchant Services	25,650	402,824	34,725/90,975	64,263/264,764
Keith G. Stamm President & COO, Global Networks Group	18,776	199,829	48,447/93,873	217,320/265,138

 *
 See footnotes below Aquila Merchant Services, Inc. table.

AQUILA MERCHANT SERVICES, INC. (3) OPTION EXERCISES IN LAST FISCAL YEAR
 AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#) (1)	Value Realized (\$) (2)	Number of Shares Underlying Unexercised In-The-Money Options at FY-End (#)		
			Exercisable/Unexercisable	Value of Unexercised In-The-Money Options at FY-End (\$) (2)	
Richard C. Green, Jr. Chairman		0\$	0	0/153,656	\$0/\$0
Robert K. Green President and CEO		0\$	0	0/184,387	\$0/\$0
Dan Streek Chief Financial Officer		0\$	0	0/81,289	\$0/\$0
Edward K. Mills President & COO, Aquila Merchant Services		0\$	0	0/153,656	\$0/\$0
Keith G. Stamm President & COO, Global Networks Group		0\$	0	0/184,387	\$0/\$0

 (1)
 Option holders may surrender shares to pay the option exercise price and tax withholding requirements. The amounts provided assume no shares were surrendered.

(2)
 Calculated on the basis of the fair market value of the underlying securities at the exercise date or year-end, as applicable, minus the exercise price.

(3)
 Aquila Merchant Services, Inc. is a wholly owned subsidiary of ours. From April 24, 2001 until January 7, 2002, shares of Aquila Merchant Services were publicly traded on the New York Stock Exchange. On January 8, 2002, each share of Aquila Merchant Services, Inc. was converted to .6896 of our shares.

LONG-TERM INCENTIVE PLAN AWARDS IN LAST FISCAL YEAR

Name	Number of Target Performance Units	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans		
			Threshold (\$)	Target (\$)	Maximum (\$)
Richard C. Green, Jr. Chairman	110,000	12/31/2003	\$ 682,000	\$ 3,410,000	\$ 6,820,000
Robert K. Green President and CEO	100,000	12/31/2003	620,000	3,100,000	6,200,000
Dan Streek Chief Financial Officer	-- (1)	12/31/2003	--	--	--
Edward K. Mills	-- (1)	12/31/2003	--	--	--

President & COO, Aquila
Merchant Services
Keith G. Stamm
President & COO, Global
Networks Group

-- (1) 12/31/2003 --

(1)
Not eligible for Aquila, Inc. long-term incentive awards in this payment cycle.

The long-term awards are expressed in the form of performance units. Each performance unit is equal in value to one share of common stock on the last trading day of the three-year cycle plus the dividends paid over the three-year cycle. Payments are based on the following: threshold payment, 22% of the target performance units; target payment, 100% of the target performance units; and maximum payment, 200% of the target performance units.

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PERFORMANCE GRAPH

The graph compares the cumulative total shareholder return on our common stock for the last five fiscal years with the cumulative total return of (1) the S&P 500 Index and (2) the Edison Electric Institute Combination Gas and Electric Utility Index.

The graph assumes that the value of the investment in our stock and each index was \$100 on December 31, 1996, and that all dividends were reinvested.

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PENSION PLAN

We maintain the Aquila, Inc. Restated Retirement Income Plan (the "Retirement Plan"). Employees do not make contributions to this plan and the benefits are paid based on an employee's years of service and final average compensation. Final average compensation is defined in the Retirement Plan as total base salary excluding overtime payments, bonuses, amounts deferred to non-qualified deferred income plans and any other extraordinary compensation. Final average compensation does include employee contributions made to the Aquila, Inc. Retirement Investment Plan and the flexible spending plan. Final average compensation is computed using an individuals' four highest consecutive year's salary.

Provisions of the Internal Revenue Code limit benefits payable from the Retirement Plan. We maintain an unfunded supplemental retirement plan to provide for the payment of retirement benefits calculated in accordance with the Retirement Plan, which would otherwise be limited by the provisions of the Code.

The years of credited service for the following officers named in the Summary Compensation Table are as follows: Richard C. Green, Jr., 23 years; Robert K. Green, 13 years; Keith G. Stamm, 17 years; and Dan Streek, 10 years.

The following table sets forth the estimated annual benefits payable to people in specified remuneration and service classifications assuming retirement in 2002 at age 62:

Final Average Compensation	Years of Pension Service					
	15	20	25	30	35	40
\$ 200,000	\$ 35,520	\$ 51,560	\$ 67,600	\$ 83,640	\$ 88,140	\$ 92,640
\$ 300,000	\$ 59,970	\$ 85,760	\$ 110,800	\$ 135,840	\$ 142,590	\$ 149,340
\$ 400,000	\$ 84,420	\$ 119,960	\$ 154,000	\$ 188,040	\$ 197,040	\$ 206,040
\$ 500,000	\$ 108,870	\$ 154,160	\$ 197,200	\$ 240,240	\$ 251,490	\$ 262,740
\$ 600,000	\$ 133,320	\$ 188,360	\$ 240,400	\$ 292,440	\$ 305,940	\$ 319,440
\$ 700,000	\$ 157,770	\$ 222,560	\$ 283,600	\$ 344,640	\$ 360,390	\$ 376,140
\$ 800,000	\$ 182,220	\$ 256,760	\$ 326,800	\$ 396,840	\$ 414,840	\$ 432,840
\$ 900,000	\$ 206,670	\$ 290,960	\$ 370,000	\$ 449,040	\$ 469,290	\$ 489,540
\$ 1,000,000	\$ 231,120	\$ 325,160	\$ 413,200	\$ 501,240	\$ 523,740	\$ 546,240
\$ 1,100,000	\$ 255,570	\$ 359,360	\$ 456,400	\$ 553,440	\$ 578,190	\$ 602,940
\$ 1,200,000	\$ 280,020	\$ 393,560	\$ 499,600	\$ 605,640	\$ 632,640	\$ 659,640

Edward K. Mills was covered under a separate plan for employees of Aquila Merchant Services, and has 9 years of credited service. The following table sets forth the estimated annual benefits under the plan payable to Mr. Mills assuming retirement in 2002 at age 62:

Final Average Compensation	Years of Pension Service					
	15	20	25	30	35	40
\$ 100,000	\$ 16,320	\$ 23,860	\$ 31,400	\$ 38,940	\$ 41,190	\$ 43,440
\$ 150,000	\$ 25,920	\$ 37,710	\$ 49,500	\$ 61,290	\$ 64,665	\$ 68,040
\$ 200,000	\$ 35,520	\$ 51,560	\$ 67,600	\$ 83,640	\$ 88,140	\$ 92,640
\$ 250,000	\$ 45,120	\$ 65,410	\$ 85,700	\$ 105,990	\$ 111,615	\$ 117,240
\$ 300,000	\$ 54,720	\$ 79,260	\$ 103,800	\$ 128,340	\$ 135,090	\$ 141,840
\$ 350,000	\$ 64,320	\$ 93,110	\$ 121,900	\$ 150,690	\$ 158,565	\$ 166,440
\$ 400,000	\$ 73,920	\$ 106,960	\$ 140,000	\$ 173,040	\$ 182,040	\$ 191,040

These benefits are applicable to employees retiring after December 31, 2001, at age 62 and have been computed on the basis of a straight-life annuity.

OTHER INFORMATION

Report of the Audit Committee of the Board

Our Audit Committee submits the following report:

Each of the members of the Audit Committee is independent as defined under New York Stock Exchange listing standards. The Audit Committee operates under a written charter adopted by the Board.

The Audit Committee of the Board has received from Arthur Andersen LLP, our independent public accountants, a letter that discloses all relationships between the Company and Arthur Andersen LLP that may be thought to bear on the independence of Arthur Andersen LLP from the Company. The Audit Committee has discussed the contents of this letter with Arthur Andersen LLP as well as the matters required to be discussed by Statement on Auditing Standards No. 61. The Audit Committee has reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2001, with our management.

Arthur Andersen LLP was paid by the Company the following amounts in the year 2001 for services provided to both Aquila, Inc. (formerly UtiliCorp) and Aquila Merchant Services, Inc. while it was publicly traded:

Audit Fees	\$2.4 million
Financial Information Systems Design and Implementation	none
All Other Fees*	\$15.6 million

*

Other fees include limited assistance and other services rendered in connection with our own internal audit services, \$700,000; registration statement filings, \$200,000; tax and accounting consultation, \$1.0 million; tax compliance and research, \$2.4 million; compensation and benefit plans, \$100,000; and merger and acquisition activities, \$11.2 million.

The Audit Committee has considered whether Arthur Andersen LLP's performance of services other than the audit is compatible with maintaining the independence of Arthur Andersen LLP from the Company.

Based upon the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board that the financial statements of Aquila audited by Arthur Andersen LLP be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

The foregoing report is furnished by the Audit Committee of the Board.

Robert F. Jackson, Jr.
John R. Baker
Stanley O. Ikenberry
Gerald L. Shaheen

Relationship With Independent Public Accountants

We retained Arthur Andersen LLP as our independent public accountants for 2001. Arthur Andersen LLP has audited our financial statements since May 1992.

Representatives of Arthur Andersen LLP are expected to be present at the annual meeting and will have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions.

The Audit Committee of the Board of Directors recommended that we retain Arthur Andersen LLP as our independent public accounting firm for the year 2002.

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Proposals of Security Holders

If you want to submit proposals for possible inclusion in our 2003 proxy statement, you must do so on or before November 15, 2002. It is anticipated that the proxy statement and form of proxy relating to that meeting will be mailed to you on or before March 20, 2003.

Also, if you want to bring a matter before the 2003 annual shareholders meeting, our bylaws require you to notify us in writing at least 60 days prior to the meeting. Our 2003 annual shareholders meeting is scheduled for May 7, 2003. Accordingly, we must receive all notices by March 7, 2003.

Notices and proposals should be sent to our principal executive offices located at 20 West Ninth Street, Kansas City, Missouri 64105, Attention: Corporate Secretary.

Solicitation of Proxies

We are making this solicitation by mail, but our officers or employees may also solicit proxies by telephone or in person. We may reimburse brokerage firms and others for their expenses in forwarding soliciting material to the beneficial owners. We have hired Morrow & Co. to assist in the solicitation. Their fees will be \$7,500 plus reimbursement of out-of-pocket expenses.

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ITEMS FOR VOTE

PROPOSAL 1

ELECTION OF DIRECTORS

Three Class B Directors of the Company are to be elected to hold office for the term indicated below. The following persons have been designated as nominees for the office:

Herman Cain	Class B3 years
Robert K. Green	Class B3 years
Robert F. Jackson, Jr.	Class B3 years

Unless marked to the contrary, all proxies received will be voted "FOR" the election of each of the nominees for director. The abstention or failure to vote shares do not count as a vote "against" a nominee. Only a plurality of votes cast is necessary to elect a director.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH NOMINEE FOR DIRECTOR.

PROPOSAL 2

APPROVAL OF THE AQUILA, INC. 2002 OMNIBUS INCENTIVE COMPENSATION PLAN

The Aquila, Inc. 2002 Omnibus Incentive Compensation Plan (the "Plan") was approved by our Board on March 5, 2002, subject to the approval of the stockholders of the Company. The Plan is intended to replace, on a prospective basis, the 1986 Stock Incentive Plan the 1990 Non-Employee Director Stock Plan, and the Annual and Long Term Incentive Plan. This summary is qualified in its entirety by reference to the full text of the Plan, a copy of which has been filed with the Securities and Exchange Commission. Copies of the Plan may be obtained at www.sec.gov or by contacting Aquila's Investor Relations Department at 800-487-6661.

Purpose

The purpose of the Plan is to promote the interests of the Company and its stockholders by strengthening the Company's ability to attract, motivate and retain eligible persons, and to provide an additional incentive for such individuals through stock ownership and other rights that promote and recognize the financial success and growth of the Company.

Types of Awards

The Plan authorizes the award of stock options, stock appreciation rights (SARs), restricted stock/stock units, stock awards, performance units/shares, cash-based awards, and annual incentive awards (individually, an "Award").

Administration of the Plan

The Plan will be administered by the Board. Among other powers, the Board has the discretion to determine persons who will be granted Awards, the size and types of such Awards, and the terms and conditions of such Awards, subject to certain limitations set forth in the Plan. The Board may delegate all or a portion of its responsibilities and authority under the Plan to a committee of the Board, which will consist of two or more persons who satisfy the requirements for a "non-employee director" under Rule 16b-3 of the Securities Exchange Act of 1934, as amended and/or the requirements for an "outside director" under Section 162(m) of the Code. The Board or designated committee may delegate certain of its responsibilities to one or more officers of the Company. Any Award granted to members of the Board who are not employees shall be determined by the entire Board.

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Shares Subject to the Plan

The number of shares of the Company's common stock authorized to be issued under the Plan is 9,000,000, no more than 2,500,000 of which may be granted in the form of an Award other than stock options or SARs. If an Award expires or is cancelled without having been fully exercised or vested, the unvested or cancelled shares will be available for grants of future Awards. The number of shares available for grant under the Plan, as well as outstanding Awards and the numerical limits for individual grants, will be adjusted as appropriate to reflect any stock splits, stock dividends, consolidations, mergers, recapitalizations, reorganizations or other corporate event or transaction affecting the capital structure of the Company.

Eligibility for Awards

Awards may be granted under the Plan to members of the Board and to officers, employees, consultants, and advisors of the Company, its subsidiaries and affiliates.

Stock Options

The Board may grant nonqualified stock options or incentive stock options ("ISOs"). ISOs are options that are designated as such at the time of award and which meet certain requirements under section 422 of the Code and the regulations thereunder. Any option that does not satisfy these requirements will be treated as a non-qualified stock option. Only employees of the Company and its subsidiaries within the meaning of section 424 of the Code may receive ISOs. No optionee may be granted options for more than 1,000,000 shares during any fiscal year of the Company. The exercise price per share cannot be less than 100% of the fair market value per share of the Company's common stock on the date of grant (or in the case of an ISO, 110% of the fair market value per share if the optionee, on the grant date, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries). In addition, the aggregate fair market value of the shares

(determined on the grant date) covered by ISOs which first become exercisable by any optionee during any calendar year may not exceed \$100,000. No option may be exercisable later than the tenth anniversary of its date of grant.

Stock Appreciation Rights (SARs)

SARs may be granted in conjunction with an option (a "Tandem SAR"), or may be granted on an independent basis (a "Freestanding SAR"), or any combination of the foregoing. No participant may be granted SARs for more than 1,000,000 shares during any fiscal year of the Company. The exercise price of a Freestanding SAR shall not be less than the fair market value per share of the Company's common stock on the date of the grant of the SAR and the exercise price of a Tandem SAR shall be equal to the option price of the related option. No SAR may be exercisable later than the tenth anniversary of its date of grant. Upon exercise of a SAR, the participant will receive payment from the Company in an amount determined by multiplying (1) the difference between the fair market value of a share of Company's common stock on the date of exercise and the exercise price per share, by (2) the number of shares with respect to which the SAR is exercised. Proceeds from SAR exercises may be paid in cash, shares or a combination of both.

Restricted Stock/Stock Units

The Board may grant awards of restricted stock or restricted stock units. Restricted stock awards are awards of the Company's common stock which are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or the occurrence of other events), as set forth in the terms of the participant's award agreement. Restricted stock units are similar to restricted stock awards except that no shares of common stock are actually awarded to the participant

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on the date of grant. At the time of payment, restricted stock units may be paid in cash, shares or a combination of both. No participant may be granted more than 500,000 shares in restricted stock/stock units during any fiscal year of the Company.

Stock Awards

The Board may grant other types of equity-based or equity-related awards (including the grant or offer for sale of unrestricted shares) in such amounts and subject to such terms and conditions, as the Board shall determine. No participant may be granted more than 500,000 shares in stock awards during any fiscal year of the Company.

Performance-Based Awards

Performance-based awards (e.g., performance units/shares and cash-based awards) consist of a conditional right to receive cash, shares of the Company's common stock, or other property upon the achievement of specified performance goals during one or more performance period. The maximum number of performance-based shares that may be granted to participant during any fiscal year of the Company shall be equal to the value of 500,000 shares of the Company's common stock determined as of the date of pay-out or vesting. The maximum aggregate dollar amounts of performance-based units and cash-based awards granted to any "covered employee" within the meaning of section 162(m) of the Code are \$7,500,000 for any fiscal year of the Company.

Annual Incentive Pay

For each fiscal year of the Company, an incentive pool equal to seven percent (7%) of the Company's consolidated operating earnings for such year will be available for award to executive officers of the Company who are considered "covered employees" for purposes of section 162(m) of the Code. The Board will determine at the beginning of each fiscal year a percentage of the total incentive pool to be allocated to each designated officer for such year, provided that in no event shall the incentive pool percentage for any one person exceed forty percent (40%) of the total pool. A separate incentive pool or other incentive structure may be established with respect to participants who are not "covered employees" for purposes of section 162(m) of the Code. Annual incentive awards may be paid in cash, shares of the Company's common stock or a combination of both.

Section 162(m) of the Code

Section 162(m) of the Code contains special rules regarding the federal income tax deductibility of compensation paid to the Company's Chief Executive Officer and to each of the other four most highly compensated executive officers. The general rule is that annual compensation paid to any of these specified executives will be deductible only to the extent that such compensation does not exceed \$1 million. The Company can preserve the deductibility of certain compensation in excess of \$1 million, however, if the Company complies with conditions imposed by section 162(m) of the Code, including (1) the establishment of a maximum number of shares with respect to which Stock Options and SARs may be granted to any one executive during a specified time period, and (2) with respect to other Awards under the Plan, the inclusion of specified performance goals which must be achieved prior to payment. The Plan sets forth specific performance measures upon which Awards may be based. The Plan has been designed to permit two or more "outside directors" of the Board to grant Awards that satisfy the requirements of section 162(m) of the Code.

The performance measures upon which such Awards may be based include the following: net earnings; revenues; earnings per share; net sales growth; net income (before or after taxes); net operating profit; return measures (including, but not limited to, return on assets, capital, equity, or sales); cash flow (including, but not limited to, operating cash flow and free cash flow); cash flow

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return on investments, which equals net cash flows divided by owner's equity; earnings before or after taxes, interest, depreciation and/or amortization; internal rate of return or increase in net present value; dividend payments to parent; gross margins; gross margins minus expenses; operating income or margin; share price (including, but not limited to, growth measures and total shareholder return); expense targets; working capital targets relating to inventory and/or accounts receivable; planning accuracy (as measured by comparing planned results to actual results); comparisons to various stock market indices; comparisons to the performance of other companies; EVA(R); level of dividends; quality or cost of service; units sold; and operating company contribution. or purposes of this Plan, EVA(R) means the positive or negative value determined by net operating profits after taxes over a charge for capital, or any other financial measure, as determined by the Board in its sole discretion. (EVA(R) is a registered trademark of Stern Stewart & Co.)

Taxation

The following discussion is intended to provide an overview of the U.S. federal income tax laws that are generally applicable to Awards granted under the Plan as of the date of this Proxy Statement. Persons or entities in differing circumstances may have different tax consequences, and the tax laws may change in the future. This discussion is not to be construed as tax advice.

Nonqualified Stock Options: The granting of a nonqualified option to an individual is not ordinarily a taxable event. Upon exercise of the option, the optionee will recognize ordinary taxable income equal to the excess of the then fair market value of the shares over the exercise price. The Company will be entitled to a tax deduction equal to the ordinary income recognized by the optionee. Upon disposition of the acquired shares, the difference between the sale price and the optionee's basis in the shares will be treated as a capital gain or loss and generally will be characterized as long-term capital gain or loss if the shares have been held for more than one year at their disposition.

Incentive Stock Options: Neither the granting of an ISO nor its exercise are ordinarily a taxable event to the optionee. Instead, the optionee recognizes taxable income upon the sale of the acquired shares. The tax treatment to the optionee and the Company will depend primarily upon whether the optionee has met certain holding period requirements at the time he or she sells the shares.

If an optionee exercises an ISO and does not dispose of the shares received within two years after the date such option was granted or within one year after the transfer of the shares to him or her, any gain realized upon the disposition will be characterized as long-term capital gain.

If the optionee disposes of the ISO shares either within two years after the date the option is granted or within one year after the exercise of the option and transfer of shares to him or her, such disposition will be treated as a disqualifying disposition and an amount equal to the lesser of (1) the fair market value of the shares on the date of exercise minus the exercise price, or (2) the amount realized on the disposition minus the exercise price, will be taxed as ordinary income to the optionee. The excess, if any, of the amount realized upon disposition over the fair market value at the time of the exercise of the option will be treated as long-term capital gain if the shares have been held for more than one year following the exercise of the option.

Except in the case of disqualifying dispositions, there will be no federal income tax deductions allowed to the Company upon the grant, exercise, or termination of an ISO.

Stock Appreciation Rights: The recipient of a Freestanding SAR will not recognize any taxable income at the time the Freestanding SAR is granted. Instead, the appreciation inherent in the Freestanding SAR will be taxable as ordinary compensation income at the time it is received by the participant. If the participant receives the appreciation inherent in the Freestanding SARs in stock rather than cash, the participant will recognize ordinary compensation income equal to the excess of

the fair market value of the stock on the day it is received over any amounts paid by the participant, if any, for the stock.

With respect to Tandem SARs, if a holder elects to surrender the underlying option in exchange for cash or stock equal to the appreciation

inherent in the underlying option, the tax consequences to the participant will be the same as discussed above relating to Freestanding SARs. If the participant elects to exercise the underlying the option, the holder will be taxed at the time of exercise as if he or she had exercised a nonqualified stock option (discussed above), i.e., the participant will recognize ordinary income for federal tax purposes measured by the excess of the then fair market value of the shares over the exercise price.

In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of Freestanding SARs or Tandem SARs. However, upon the exercise of either a Freestanding SAR or a Tandem SAR, the Company will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that the participant is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under the Code.

Stock Awards: The recipient of a stock award will recognize ordinary compensation income at the time the property is received equal to the excess, if any, of the fair market value of the stock received over the amount paid by the participant in exchange for the stock. If, however, the stock is subject to a substantial risk of forfeiture at the time of grant (e.g., if the participant is required to work for a period of time before the stock becomes freely transferable), the participant generally will not recognize income until the restrictions on such shares lapse, at which time the recipient will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. Upon the disposition of any stock received as a stock award under the Plan, the difference between the sale price and the recipient's basis in the shares will be treated as a capital gain or loss and generally will be characterized as long-term capital gain or loss if the shares have been held for more than one year at the time of their disposition.

In the year that the recipient of a stock award recognizes ordinary taxable income in respect of such award, the Company will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that the recipient is required to recognize, provided that the deduction is not otherwise disallowed under the Code.

Cash-Based and Unit-Based Awards: The recipient of cash-based and unit-based awards will recognize ordinary compensation income at the time the payment is received. The Company will normally be entitled to a deduction for federal income tax purposes in an amount equal to the ordinary income recognized by such recipient.

Change of Control

Any Award granted under the Plan which is not freely exercisable or is subject to restrictions shall become immediately exercisable or free from restrictions upon a Change in Control of the Company (as defined in the Plan), unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, or unless the Board determines otherwise in an Award agreement. In addition, targeted pay-out opportunities attainable under outstanding Awards will be deemed to have been fully earned and the vesting schedule applicable to any Award will be accelerated.

Restrictions on Transferability of Awards

No Award granted under the Plan generally may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the applicable laws of descent and distribution, except as otherwise permitted under the Plan and the terms of the Award agreement.

Amendment and Termination of the Plan

The Board may amend or terminate the Plan at any time and for any reason, provided that, without the prior approval of the stockholders, no such amendment will allow options issued under the Plan to be repriced, replaced, or regranted through cancellation, or by lowering the exercise price of a previously granted option.

New Plan Benefits

The following table sets forth the dollar amount of shares of common stock to be granted to the non-employee directors (as a group) in 2002 pursuant to the Plan:

Name and Position	Dollar Value	Number of Units
Non-Executive Director Group	\$ 400,000	*

*

Indeterminable

As noted under "Director Compensation" above, each non-employee director of the Company receives an annual grant of common shares worth \$50,000 pursuant to the Plan. Except for this annual grant, which has been described herein, all other Awards under the Plan are within the discretion of the Board.

THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED AND RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR PROPOSAL 2.

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AQUILA, INC.

2002 OMNIBUS INCENTIVE
COMPENSATION PLAN

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AQUILA, INC.
2002 OMNIBUS INCENTIVE COMPENSATION PLAN

Article I. Establishment, Objectives, and Duration

1.1 Establishment. Aquila, Inc., a Delaware corporation (hereinafter referred to as the "Company"), hereby establishes an incentive compensation plan to be known as the "Aquila, Inc. 2002 Omnibus Incentive Compensation Plan" (hereinafter referred to as the "Plan"), as set forth in this document. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Stock Awards, Cash-Based Awards, and Annual Incentive Awards.

Subject to approval by the Company's stockholders, the Plan shall become effective as of May 1, 2002 (the "Effective Date") and shall remain in effect as provided in Section 1.3 hereof.

1.2 Objectives of the Plan. The purpose of the Plan is to promote the interests of the Company and its stockholders by strengthening the Company's ability to attract, motivate and retain officers, employees, consultants, advisors and Directors of the Company and its Subsidiaries and Affiliates upon whose judgment, initiative and efforts the financial success and growth of the business of the Company largely depend, and to provide an additional incentive

for such individuals through stock ownership and other rights that promote and recognize the financial success and growth of the Company.

1.3 Duration of the Plan. The Plan shall commence as of the Effective Date, as described in Section 1.1 hereof, and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 17 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions. Notwithstanding the foregoing, in no event shall Incentive Stock Options be awarded to Participants following the tenth anniversary of the Effective Date of this Plan unless and until the stockholders of the Company re-approve the adoption of this Plan prior to such date.

Article II. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

2.1 "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

2.2 "Annual Incentive Award" means an Award granted to a Participant, as described in Article 12 herein.

2.3 "Award" means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Stock Awards, Cash-Based Awards, or Annual Incentive Awards.

2.4 "Award Agreement" means either (i) an agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to Awards granted under this Plan, or (ii) a statement issued by the Company to a Participant describing the terms and provisions of such Award.

2.5 "Beneficial Owner" or "Beneficial Ownership" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.6 "Board" or "Board of Directors" means the Board of Directors of the Company.

2.7 "Cash-Based Award" means an Award granted to a Participant, as described in Article 10 herein.

2.8 "Change in Control" of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(a)
Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates, other than in connection with the acquisition by the Company or its Affiliates of a business) representing twenty percent (20%) or more of either the then outstanding Shares or the combined voting power of the Company's then outstanding securities; or

(b)

The following individuals cease for any reason to constitute at least two-thirds (2/3) of the number of Directors of the Company then serving: individuals who, on the Effective Date hereof, constitute the Board of the Company and any new Director (other than a Director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of Directors of the Company (as such terms are used in Rule 14A-11 of the Exchange Act)) whose appointment or election by the Board of the Company or nomination of election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the Company's Directors then still in office who either were Directors on the Effective Date of the Plan, or whose appointment, election, or nomination for election was previously approved; or

(c)

The consummation (i.e., closing) of an agreement in which the Company agrees to merge or consolidate with any other entity, other than (i) a merger or consolidation which would result in (A) the voting securities of the Company then outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, greater than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, and (B) individuals described in Section 2.8(b) above constitute more than one-half (1/2) of the members of the Board of Directors of the surviving entity or ultimate parent thereof; or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates, other than in connection with the acquisition by the Company or its Affiliates of a business) representing twenty percent (20%) or more of either the then outstanding Shares of the Company or the combined voting power of the Company's then outstanding securities; or

(d)

The consummation of (i) a plan of complete liquidation or dissolution of the Company; or (ii) an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, greater than fifty percent (50%) of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale or disposition; or

(e)

The adoption of a resolution by the Board to the effect that any Person has acquired effective control of the business and affairs of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the voting securities of the Company immediately prior to such transaction or series

of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

Furthermore, notwithstanding the foregoing, a Change in Control will not be deemed to have occurred by reason of a distribution of the voting securities of any of the Company's Subsidiaries to the stockholders of the Company, or by means of an initial public offering of such securities.

2.9 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.10 "Committee" means any committee appointed by the Board to administer Awards, as specified in Article 3 herein.

2.11 "Company" means Aquila, Inc., a Delaware corporation, and any successor thereto as provided in Article 20 herein.

2.12 "Covered Employee" means a Participant who, as of the anticipated date of vesting and/or payout of an Award, as applicable, is reasonably believed to be one of the group of "covered employees," as defined in Code Section 162(m), or any successor statute, and the regulations promulgated under Code Section 162(m).

2.13 "Director" means any individual who is a member of the Board of Directors of the Company.

2.14 "Employee" means any employee of the Company or any of its Subsidiaries or Affiliates.

2.15 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.16 "Fair Market Value" means with respect to a Share as of a given date, the closing sales price of the Share on the New York Stock Exchange on the date in question (or, if no sales of Shares were made on said exchange on such date, on the next preceding day on which sales were made on such exchange).

2.17 "Fiscal Year" means the year commencing on January 1 and ending December 31.

2.18 "Freestanding SAR" means an SAR that is granted independently of any Options, as described in Article 7 herein.

2.19 "Incentive Stock Option" or "ISO" means an option to purchase Shares granted under Article 6 herein and that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422, or any successor provision.

2.20 "Insider" shall mean an individual who is, on the relevant date, an officer, director, or more than ten percent (10%) Beneficial Owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as determined by the Board in accordance with Section 16 of the Exchange Act.

2.21 "Nonqualified Stock Option" or "NQSO" means an Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.

2.22 "Option" means an Incentive Stock Option or a Nonqualified

Stock Option, as described in Article 6 herein.

2.23 "Option Price" means the price at which a Share may be purchased by a Participant pursuant to an Option.

2.24 "Participant" means an Employee, Director, officer, consultant or advisor who has been selected to receive an Award or who has an outstanding Award granted under the Plan.

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2.25 "Performance-Based Compensation" means an Award that qualifies as performance-based compensation under Code Section 162(m).

2.26 "Performance Measures" means measures as described in Article 11, the attainment of which may determine the degree of payout and/or vesting with respect to Awards to Covered Employees that are designated to qualify as Performance-Based Compensation.

2.27 "Performance Period" means the period of time during which specified performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.

2.28 "Performance Share" means an Award granted to a Participant, as described in Article 9 herein.

2.29 "Performance Unit" means an Award granted to a Participant, as described in Article 9 herein.

2.30 "Period of Restriction" means the period when Restricted Stock or Restricted Stock Units are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Board, at its discretion), as provided in Article 8 herein.

2.31 "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

2.32 "Restricted Stock" means an Award granted to a Participant, as described in Article 8 herein.

2.33 "Restricted Stock Unit" means an Award granted to a Participant, as described in Article 8 herein.

2.34 "Shares" means the common stock of the Company, \$1.00 par value per share.

2.35 "Stock Appreciation Right" or "SAR" means an Award, granted alone or in connection with a related Option, designated as an SAR, pursuant to the terms of Article 7 herein.

2.36 "Stock Award" means an Award granted to a Participant, as described in Article 10 herein.

2.37 "Subsidiary" means any corporation, partnership, joint venture, limited liability company, or other entity (other than the Company) in an unbroken chain of entities beginning with the Company if, at the time of the granting of an Award, each of the entities other than the last entity in the

unbroken chain owns at least fifty percent (50%) of the total combined voting power in one of the other entities in such chain.

2.38 "Tandem SAR" means an SAR that is granted in connection with a related Option pursuant to Article 7 herein, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be canceled).

Article III. Administration

3.1 General. Subject to the terms and conditions of the Plan, the Plan shall be administered by the Board or by the Committee which, to the extent deemed necessary or appropriate by the Board, will consist of two or more persons who satisfy the requirements for a "non-employee director" under Rule 16b-3 promulgated under the Exchange Act and/or the requirements for an "outside director" under Section 162(m) of the Code. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board. The Board may delegate to the Committee any or all of the administration of the Plan; provided, however, that the administration of the Plan with

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respect to Awards granted to Directors who are not Employees may not be so delegated. To the extent that the Board has delegated to the Committee any authority and responsibility under the Plan, all applicable references to the Board in the Plan shall be to the Committee.

3.2 Authority of the Board. Except as limited by law or by the Certificate of Incorporation or Bylaws of the Company, and subject to the provisions herein, the Board shall have full power to select Employees, Directors, officers, consultants and advisors who shall participate in the Plan; determine the sizes and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan; and establish, amend, or waive rules and regulations for the Plan's administration. Further, the Board shall make all other determinations that may be necessary or advisable for the administration of the Plan.

3.3 Delegation to Officers. Except as limited by law, the Board or the Committee may authorize one or more officers of the Company to do one or both of the following: (i) designate officers, Employees, consultants and advisors of the Company or any of its Subsidiaries to be recipients of Awards, and (ii) determine the size, terms and conditions of any Award; provided, however, that no such authority may be delegated with respect to Awards made to any Insider, Covered Employee, or Director who is not an Employee.

3.4 Decisions Binding. All determinations and decisions made by the Board pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive, and binding on all persons, including the Company, its stockholders, Directors, Employees, Participants, and their estates and beneficiaries.

Article IV. Shares Subject to the Plan and Maximum Awards

4.1 Number of Shares Available for Awards. Subject to adjustment as provided in Section 4.2 herein, the number of Shares hereby reserved for issuance to Participants under the Plan shall be Nine Million (9,000,000), no more than Two Million, Five Hundred Thousand (2,500,000) of which may be granted

in the form of Awards other than in the form of Options or SARs. Unless determined otherwise by the Board, Shares related to Awards that are forfeited, terminated, expire unexercised, tendered by a Participant to the Company in connection with the exercise of an Award, withheld from issuance in connection with a Participant's payment of tax withholding liability, settled in cash in lieu of Shares, or settled in such other manner so that a portion or all of the Shares included in an Award are not issued to a Participant shall be available for other Awards. The following rules ("Award Limits") shall apply to grants of such Awards under the Plan:

(a) Options: The maximum aggregate number of Shares that may be granted in the form of Options in any one Fiscal Year to a Participant shall be One Million (1,000,000).

(b) SARs: The maximum aggregate number of Shares that may be granted in the form of Stock Appreciation Rights in any one Fiscal Year to a Participant shall be One Million (1,000,000).

(c) Restricted Stock/Restricted Stock Units: The maximum aggregate number of Shares that may be granted in the form of Restricted Stock or Restricted Stock Units in any one Fiscal Year to a Participant shall be Five Hundred Thousand (500,000).

(d) Performance Shares: The maximum aggregate amount that may be awarded or credited in the form of Performance Shares in any one Fiscal Year to a Participant shall be equal to the value of Five Hundred Thousand (500,000) Shares determined as of the date of vesting or payout, as applicable.

(e) Performance Units: The maximum aggregate amount that may be awarded or credited in the form of Performance Units in any one Fiscal Year to a Participant who is a Covered

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Employee shall not exceed in value Seven Million, Five Hundred Thousand Dollars (\$7,500,000) determined as of the date of vesting or payout, as applicable. The maximum aggregate amount awarded or credited in the form of Performance Units in any one Fiscal Year to a Participant who is not a Covered Employee shall be determined by the Board in its discretion.

(f) Cash-Based Awards: The maximum aggregate amount that may be awarded or credited in the form of a Cash-Based Award in any one Fiscal Year to a Participant who is a Covered Employee shall not exceed in value Seven Million, Five Hundred Thousand Dollars (\$7,500,000) determined as of the date of vesting or payout, as applicable. The maximum aggregate amount that may be awarded or credited in the form of a Cash-Based Award in any one Fiscal Year to a Participant who is not a Covered Employee shall be determined by the Board in its discretion.

(g) Stock Awards. The maximum aggregate number of Shares that may be granted in the form of Stock Awards in any one Fiscal Year to a Participant shall be Five Hundred Thousand (500,000).

(h) Annual Incentive Award. The maximum aggregate amount that may be awarded or credited in the form of an Annual Incentive Award in any one Fiscal Year to a Participant who is a Covered Employee shall not exceed in value the amount set forth in Section 12.1, determined as of the date of vesting or payout, as applicable. The maximum aggregate amount awarded or credited in the form of an Annual Incentive Award in any one Fiscal Year to a Participant who is not a Covered Employee shall be determined by the Board in its discretion.

4.2 Adjustments in Authorized Share. In the event of any corporate event or transaction such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of the Company, combination of shares, exchange of shares, dividend in kind or other like change in capital structure or distribution (other than normal cash dividends) to stockholders of the Company, or any similar corporate event or transaction, the Board, in its sole discretion, in order to prevent dilution or enlargement of Participants' rights under the Plan, shall substitute or adjust, in an equitable manner, as applicable, the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the exercise price applicable to outstanding Awards, the Award Limits, the Fair Market Value of the Shares, and other value determinations applicable to outstanding Awards.

Appropriate adjustments may also be made by the Board in the terms of any Awards under the Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards on an equitable basis, including modifications of performance targets and changes in the length of Performance Periods.

In addition, other than with respect to Options, Stock Appreciation Rights, and Awards to Covered Employees intended to constitute Performance-Based Compensation, the Board is authorized to make adjustments to the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company, or in response to changes in applicable laws, regulations, or accounting principles. The determination of the Board as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

Article V. Eligibility and Participation

5.1 Eligibility. Persons eligible to participate in this Plan include all Employees, Directors, officers, consultants and advisors of the Company and its Affiliates and Subsidiaries.

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5.2 Actual Participation. Subject to the provisions of the Plan, the Board may, from time to time, select from all eligible persons, those to whom Awards shall be granted and shall determine the nature and amount of each Award. Such Awards need not be made in a uniform manner and may be selectively awarded among otherwise eligible persons, whether or not such persons are similarly situated.

Article VI. Stock Options

6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Board, provided that ISOs shall not be granted to persons who are not Employees.

6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and such other provisions as the Board shall determine which are not inconsistent with the terms of the Plan. The Award Agreement also shall specify whether the Option is intended to be an ISO or an NQSO.

6.3 Option Price. The Option Price for each grant of an Option under this Plan shall be as determined by the Board; provided, however, the Option Price shall not be less than one hundred percent (100%) of the Fair Market Value of the Shares on the date the Option is granted.

6.4 Duration of Options. Each Option granted to a Participant shall expire at such time as the Board shall determine at the time of grant; provided, however, no Option shall be exercisable later than the tenth (10th) anniversary of its date of grant.

6.5 Exercise of Options. Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Board shall in each instance approve, which need not be the same for each grant or for each Participant.

6.6 Payment. Options granted under this Article 6 shall be exercised by the delivery of a written notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

The Option Price upon exercise of any Option shall be payable to the Company in full either: (a) in cash or its equivalent; (b) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares that are tendered must have been held by the Participant for at least six (6) months prior to their tender to satisfy the Option Price or have been purchased on the open market); (c) by a combination of (a) and (b); or (d) any other method approved by the Board in its sole discretion at the time of grant and as set forth in the Award Agreement.

The Board also may allow cashless exercise as permitted under the Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means which the Board determines to be consistent with the Plan's purpose and applicable law.

Subject to any governing rules or regulations, as soon as practicable after receipt of a written notification of exercise and full payment, the Company shall deliver to the Participant, in the Participant's name, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

Unless otherwise determined by the Board, all payments under all of the methods indicated above shall be paid in United States dollars.

6.7 Termination of Employment/Service Relationship. Each Participant's Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment or service relationship with the Company, its Affiliates and/or its Subsidiaries, as the case may be. Such provisions shall be determined in the sole discretion of the Board, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Options issued pursuant to this Article 6, and may reflect distinctions based on the reasons for termination.

6.8 Transferability of Options.

(a) Incentive Stock Options. No ISO granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

(b) Nonqualified Stock Options. Except as otherwise provided in a Participant's Award Agreement, no NQSO granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all NQSOs granted to a Participant under this Article 6 shall be exercisable during his or her lifetime only by such Participant.

6.9 Notification of Disqualifying Disposition. If any Participant shall make any disposition of Shares issued pursuant to the exercise of an Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten (10) days thereof.

Article VII. Stock Appreciation Rights

7.1 Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Board. The Board may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SAR.

Subject to the terms and conditions of the Plan, the Board shall have complete discretion in determining the number of SARs granted to each Participant and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs.

The grant price of a Freestanding SAR shall be no less than the Fair Market Value of a Share on the date of grant of the SAR. The grant price of Tandem SARs shall equal the Option Price of the related Option.

7.2 SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, and such other provisions as the Board shall determine.

7.3 Term of SARs. The term of an SAR granted under the Plan shall be determined by the Board, in its sole discretion; provided, however, that no SAR shall be exercisable later than the tenth (10th) anniversary of its date of grant.

7.4 Exercise of Freestanding SARs. Freestanding SARs may be exercised upon whatever terms and conditions the Board, in its sole discretion, imposes upon them.

7.5 Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

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7.6 Payment of SAR Amount. Upon the exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the grant price; by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Board, the payment upon SAR exercise may be in cash, in Shares of equivalent value, in some combination thereof, or in any other manner approved by the Board at its sole discretion. The Board's determination regarding the form of SAR payout shall be set forth in the Award Agreement pertaining to the grant of the SAR.

7.7 Termination of Employment/Service Relationship. Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment or service relationship with the Company, its Affiliates, and/or its Subsidiaries, as the case may be. Such provisions shall be determined in the sole discretion of the Board, shall be included in the Award Agreement entered into with Participants, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

7.8 Nontransferability. Except as otherwise provided in a Participant's Award Agreement, no SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all SARs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

Article VIII. Restricted Stock and Restricted Stock Units

8.1 Grant of Restricted Stock/Units. Subject to the terms and provisions of the Plan, the Board, at any time and from time to time, may grant Shares of Restricted Stock and/or Restricted Stock Units to Participants in such amounts as the Board shall determine. Restricted Stock Units shall be similar to Restricted Stock except that no Shares are actually awarded to the Participant on the date of grant.

8.2 Restricted Stock Agreement. Each Restricted Stock and/or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock (or the number of Restricted Stock Units) granted, and such other provisions as the Board shall determine.

8.3 Nontransferability. Except as otherwise provided in a Participant's Award Agreement, the Shares of Restricted Stock and/or Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Board and specified in the Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Board in its sole discretion and set forth in the Award Agreement.

8.4 Other Restrictions. The Board shall impose such other conditions and/or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals or Performance Measures, time-based restrictions, and/or restrictions under applicable federal or state securities laws.

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To the extent deemed appropriate by the Board, the Company may retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse.

Except as otherwise provided in a Participant's Award Agreement, Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse, and Restricted Stock Units shall be paid in cash, Shares, or a combination of cash and Shares as the Board, in its sole discretion, shall determine.

8.5 Voting Rights. To the extent permitted, or required by law, as determined by the Board, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

8.6 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock or Restricted Stock Units granted hereunder may, if the Board so determines, be credited with dividends paid with respect to the underlying Shares or dividend equivalents while they are so held in a manner determined by the Board in its sole discretion. The Board may apply any restrictions to the dividends that the Board deems appropriate. The Board, in its sole discretion, may determine the form of payment of dividends or dividend equivalents, including cash, Shares, Restricted Stock, or Restricted Stock Units.

8.7 Termination of Employment/Service Relationship. In the event a Participant's employment or service relationship terminates for any reason, including by reason of death, disability, or retirement, all Shares of Restricted Stock and/or Restricted Stock Units shall be forfeited by the Participant unless determined otherwise by the Board, as set forth in the Participant's Award Agreement. Any such provisions shall be determined in the sole discretion of the Board, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Shares of Restricted Stock or Restricted Stock Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

8.8 Section 83(b) Election. The Board may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Section 83(b) of the Code. If a Participant makes an election pursuant to Section 83(b) of the Code concerning a Restricted Stock Award, the Participant shall be required to promptly file a copy of such election with the Company.

Article IX. Performance Units/Performance Shares

9.1 Grant of Performance Units/Shares. Subject to the terms of the Plan, Performance Units and/or Performance Shares may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Board.

9.2 Value of Performance Units/Shares. Each Performance Unit shall have an initial value that is established by the Board at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Board shall set performance goals or Performance Measures in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Units/Shares that will be paid out to the Participant.

9.3 Earning of Performance Units/Shares. Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Shares shall be entitled to receive payout on the number and value of Performance Units/Shares earned by the Participant over the

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Performance Period, to be determined as a function of the extent to which the corresponding performance goals or Performance Measures have been achieved.

9.4 Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares shall be as determined by the Board and as evidenced in the Award Agreement. Subject to the terms of the Plan the Board, in its sole discretion, may pay earned Performance Units/Shares in the form of cash or in Shares (or in a combination thereof) equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period. Any Shares may be granted subject to any restrictions deemed appropriate by the Board. The determination of the Board with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

9.5 Dividends and Other Distributions. At the discretion of the Board, Participants holding Performance Units/Shares may be entitled to receive dividend equivalents with respect to dividends declared with respect to the Shares. Such dividends may be subject to the accrual, forfeiture, or payout restrictions as determined by the Board in its sole discretion.

9.6 Termination of Employment/Service Relationship. In the event a Participant's employment or service relationship terminates for any reason, including by reason of death, disability, or retirement, all Performance Units/Shares shall be forfeited by the Participant unless determined otherwise by the Board, as set forth in the Participant's Award Agreement. Any such provisions shall be determined in the sole discretion of the Board, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Performance Units/Shares issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

9.7 Nontransferability. Except as otherwise provided in a Participant's Award Agreement, Performance Units/Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

Article X. Cash-Based Awards and Stock Awards

10.1 Grant of Cash-Based Awards. Subject to the terms of the Plan, Cash-Based Awards may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Board.

10.2 Value of Cash-Based Awards. Each Cash-Based Award shall have a value as may be determined by the Board. The Board shall set performance goals or Performance Measures in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Cash-Based Awards that will be paid out to the Participant.

10.3 Earning of Cash-Based Awards. Subject to the terms of this Plan, the holder of Cash-Based Awards shall be entitled to receive payout on the number and value of Cash-Based Awards earned by the Participant, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

10.4 Form and Timing of Payment of Cash-Based Awards. Payment of earned Cash-Based Awards shall be as determined by the Board and as evidenced in the Award Agreement. Subject to the terms of the Plan, the Board, in its sole discretion, may pay earned Cash-Based Awards in the form of cash or in Shares (or in a combination thereof) that have an aggregate Fair Market Value equal to the value of the earned Cash-Based Awards. Such Shares may be granted subject to any restrictions deemed appropriate by the Board. The determination of the Board with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

10.5 Termination of Employment/Service Relationship. In the event a Participant's employment or service relationship terminates for any reason, including by reason of death, disability, or retirement,

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all Cash-Based Awards and Stock Awards shall be forfeited by the Participant to the Company unless determined otherwise by the Board, as set forth in the Participant's Award Agreement. Any such provisions shall be determined in the sole discretion of the Board, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Cash-Based Awards and Stock Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

10.6 Nontransferability. Except as otherwise provided in a Participant's Award Agreement, Cash-Based Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

10.7 Stock Awards. The Board may grant other types of equity-based or equity-related Awards (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Board shall determine. Such Awards may entail the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares and may include, without limitation, Awards designed to comply with or

take advantage of the applicable local laws of jurisdictions other than the United States.

Article XI. Performance Measures

Unless and until the Board proposes for stockholder vote and the stockholders approve a change in the general Performance Measures set forth under this Article 11, the performance criteria upon which the payment or vesting of an Award to a Covered Employee (other than an Annual Incentive Award awarded or credited pursuant to Section 12.1) that is intended to qualify as Performance-Based Compensation shall be limited to the following Performance Measures:

- (a)
Net earnings;
- (b)
Revenues;
- (c)
Earnings per share;
- (d)
Net sales growth;
- (e)
Net income (before or after taxes);
- (f)
Net operating profit;
- (g)
Return measures (including, but not limited to, return on assets, capital, equity, or sales);
- (h)
Cash flow (including, but not limited to, operating cash flow and free cash flow);
- (i)
Cash flow return on investments, which equals net cash flows divided by owner's equity;
- (j)
Earnings before or after taxes, interest, depreciation and/or amortization;
- (k)
Internal rate of return or increase in net present value;
- (l)
Dividend payments to parent;
- (m)
Gross margins;
- (n)
Gross margins minus expenses;
- (o)
Operating income or margin;

(p)
Share price (including, but not limited to, growth measures and total shareholder return);

(q)
Expense targets;

(r)
Working capital targets relating to inventory and/or accounts receivable;

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(s)
Planning accuracy (as measured by comparing planned results to actual results);

(t)
Comparisons to various stock market indices;

(u)
Comparisons to the performance of other companies;

(v)
EVA(R);

(w)
Level of dividends;

(x)
Quality or cost of service;

(y)
Units sold; and

(z)
Operating company contribution.

For purposes of this Plan, EVA(R) means the positive or negative value determined by net operating profits after taxes over a charge for capital, or any other financial measure, as determined by the Board in its sole discretion. (EVA(R) is a registered trademark of Stern Stewart & Co.).

Any Performance Measures may be used to measure the performance of the Company as a whole or any business unit of the Company or any combination thereof, as the Board may deem appropriate, or any of the above goals as compared to the performance of a group of comparator companies, or published or special index that the Board, in its sole discretion deems appropriate.

Awards that are designed to qualify as Performance-Based Compensation, and that are held by Covered Employees, may not be adjusted upward. The Board shall retain the discretion to adjust such Awards downward.

In the event that applicable tax and/or securities laws change to permit Board discretion to alter the governing Performance Measures without obtaining stockholder approval of such changes, the Board shall have sole discretion to make such changes without obtaining stockholder approval. In addition, in the event that the Board determines that it is advisable to grant Awards that shall not qualify as Performance Based Compensation, the Board may make such grants

without satisfying the requirements of Code Section 162(m).

Article XII. Annual Incentive Awards

12.1 Incentive Awards for Covered Employees. For each Fiscal Year of the Company, an incentive pool equal to seven percent (7%) of the Company's consolidated operating earnings for such year shall be available for award to Covered Employees. The Board shall determine at the beginning of each Fiscal Year a percentage of the total incentive pool to be allocated to each designated Covered Employee for such year, provided that in no event shall the incentive pool percentage for any one Covered Employee exceed forty percent (40%) of the total pool. Consolidated operating earnings shall mean the consolidated earnings before income taxes of the Company, computed in accordance with generally accepted accounting principles, but shall exclude the effects of Extraordinary Items. Extraordinary Items shall mean (i) extraordinary, unusual and/or non-recurring items of gain or loss, (ii) gains or losses on the disposition of a business, (iii) changes in tax or accounting regulations or laws, or (iv) the effect of a merger or acquisition, all of which must be identified in the audited financial statements, including footnotes or Management Discussion and Analysis section of the Company's annual report.

As soon as possible after the determination of the incentive pool for a Fiscal Year, the Board shall calculate each Covered Employee's allocated portion of the incentive pool based upon the percentage established at the beginning of the Fiscal Year. The Covered Employee's incentive award then shall be determined by the Board based on the Covered Employee's allocated portion of the incentive pool subject to adjustment in the sole discretion of the Board. In no event may the portion of the incentive

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pool allocated to a Covered Employee be increased in any way, including as a result of the reduction of any other Covered Employee's allocated portion.

12.2 Award for Other Participants. For each Fiscal Year of the Company, the Board may direct the establishment of an incentive pool or other incentive structure with respect to Participants who are not Covered Employees. Any such incentive program, policy or arrangement shall be separately communicated to eligible Participants and shall be subject to such terms, restrictions and conditions determined by the Board or any authorized officer or other delegate of the Board.

12.3 Form of Payment of Annual Incentive Awards. Subject to the terms of the Plan, the Board, in its sole discretion, may pay earned Annual Incentive Awards in the form of cash or in Shares (or in a combination thereof) that have an aggregate Fair Market Value equal to the value of the earned Annual Incentive Awards. Such Shares may be granted subject to any restrictions deemed appropriate by the Board. The determination of the Board with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

Article XIII. Beneficiary Designation

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the

Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article XIV. Deferrals

The Board may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock/Units, or the satisfaction of any requirements or goals with respect to Performance Units/Shares, Cash-Based Awards, and Stock Awards. If any such deferral election is required or permitted, the Board shall, in its sole discretion, establish rules and procedures for such payment deferrals.

Article XV. Rights of Participants

15.1 Employment. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or other service relationship at any time, nor confer upon any Participant any right to continue in the capacity in which he is employed or otherwise serves the Company.

Neither an Award nor any benefits arising under this Plan shall constitute part of an employment contract with the Company or any Subsidiary or Affiliate, and, accordingly, subject to Sections 17.1, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board without giving rise to liability on the part of the Company or any Subsidiary or Affiliate for severance payments.

15.2 Participation. No person shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

15.3 Rights as a Stockholder. A Participant shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Participant becomes the record holder of such shares.

Article XVI. Change in Control

Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, or unless the Board shall determine otherwise in the Award Agreement:

- (a) Any and all Options and SARs granted hereunder shall become immediately exercisable, and shall remain exercisable throughout their entire term;
- (b) Any Period of Restriction and restrictions imposed on Restricted Shares/Units shall lapse;
- (c) Annual Incentive Awards shall be paid out based on the consolidated operating earnings of the year immediately preceding the Change in Control or such other method of payment as may be determined by the Board at the

time of the Award or thereafter but prior to the Change in Control; and

(d)

The target payout opportunities attainable under all outstanding performance-based Awards shall be deemed to have been fully earned as of the effective date of the Change in Control. Within thirty (30) days following the effective date of the Change in Control, such Awards shall be paid pro rata to Participants in cash or in Shares, as applicable, with the proration determined as a function of the length of time within the Performance Period that has elapsed prior to the Change in Control, and based on an assumed achievement of all relevant targeted performance goals or Performance Measures.

Article XVII. Amendment, Modification, Suspension, and Termination

17.1 Amendment, Modification, Suspension, and Termination. Subject to the terms of the Plan, the Board may at any time and from time to time, alter, amend, modify, suspend, or terminate the Plan in whole or in part. Notwithstanding anything herein to the contrary, without the prior approval of the Company's stockholders, Options issued under the Plan will not be repriced, replaced, or regranted through cancellation, or by lowering the exercise price of a previously granted Option.

17.2 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Board may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.2 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Board determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

17.3 Awards Previously Granted. Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

Article XVIII. Withholding

18.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, the minimum statutory amount to satisfy Federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

18.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock and Restricted Stock Units, or upon any other taxable event arising as a result of Awards granted hereunder, Participants may elect, subject to the approval of the Board, to satisfy the withholding requirement, in whole or in part, by having the

Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction. All such elections shall be irrevocable, made in writing and signed

by the Participant, and shall be subject to any restrictions or limitations that the Board, in its sole discretion, deems appropriate.

Article XIX. Indemnification

Each person who is or shall have been a member of the Committee, or of the Board, or an officer of the Company to whom authority was delegated in accordance with Article 3 shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgement in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability, or expense is a result of his or her own willful misconduct or except as expressly provided by statute.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Article XX. Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article XXI. General Provisions

21.1 Forfeiture Events. The Board may specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, violation of material Company or Affiliate policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company or any Affiliate.

21.2 Legend. The Board may require each person receiving Shares pursuant to an Award under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the Shares without a view to distribution thereof. In addition, to any legend required by this Plan, the certificates for such Shares may include any legend which the Board deems appropriate to reflect any restrictions on transfer of such Shares.

21.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

21.4 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

21.5 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The Company shall receive the consideration required by law for the issuance of Awards under the Plan.

21.6 Securities Law Compliance. With respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act, unless determined otherwise by the Board. To the extent any provision of the Plan or action by the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

21.7 Restrictions on Share Transferability. The Board may impose such restrictions on any Shares acquired pursuant to an Award granted under this Plan as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

21.8 Listing. The Company may use reasonable endeavors to register Shares allotted pursuant to the exercise of an Award with the United States Securities and Exchange Commission or to effect compliance with the registration, qualification, and listing requirements of any national securities laws, stock exchange, or automated quotation system.

21.9 Delivery of Title. The Company shall have no obligation to issue or deliver evidence of title for Shares awarded under the Plan prior to:

(a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and

(b) Completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

21.10 Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

21.11 Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21.12 Employees Based Outside of the United States. Notwithstanding any provision of the Plan to the contrary, in order to comply

with the laws in other countries in which the Company, its Affiliates, and its Subsidiaries operate or have Employees, the Board, in their sole discretion, shall have the power and authority to:

(a)
Determine which Affiliates and Subsidiaries shall be covered by the Plan;

(b)
Determine which persons outside the United States are eligible to participate in the Plan;

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(c)
Modify the terms and conditions of any Award granted to persons outside the United States to comply with applicable foreign laws;

(d)
Establish subplans and modify exercise procedures, and other terms and procedures to the extent such actions may be necessary or advisable; and

(e)
Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Board may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

21.13 Uncertificated Shares. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

21.14 Unfunded Plan. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974.

21.15 No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Board shall determine whether cash, or Awards, or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

21.16 Governing Law. The Plan and each Award Agreement shall be governed by the laws of the state of Missouri, excluding any conflicts or choice

of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Missouri, county of Jackson, to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

PLEASE MARK YOUR VOTES AS IN THIS EXAMPLE.

This proxy when properly executed will be voted in the manner you direct below. If no direction is made, this proxy will be voted FOR the election of directors and FOR Proposal 2.

-----		The Board recommends a vote FOR the election for directors and Proposal 2.		
AQUILA, INC.		-----		
Mark box at right if you plan to attend the Annual Meeting	01. Election of Directors (see reverse)	FOR	AGAINST	For All Except:
		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mark box at right if an address change or comment has been noted on the reverse side of this card	For all Except vote withheld from the following nominee(s):			
CONTROL NUMBER:	2. Approval of the Aquila, Inc. 2002 Omnibus Incentive Compensation Plan.	FOR	AGAINST	ABSTAIN
		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please be sure to sign and date this proxyDate

NOTE: Please sign exactly as the name appears above. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please show the applicable full title after your name.

Shareholder sign here

Co-owner sign here

DETACH CARDDETACH CARD

FOLD AND DETACH HERE IF YOU ARE RETURNING YOUR VOTED PROXY CARD BY MAIL

Please follow the steps below to ensure that your proxy card is properly executed and returned in time to be counted:

If you are voting by mail:

1. Mark your vote relating to the nominees for director in one of the two boxes to the right of "Election of Directors." If you wish to withhold authority to vote for any individual nominee, mark the "For All Except" box, and write the name of each excluded nominee on the line provided.
2. Mark your vote relating to Proposal 2 in one of the three boxes to the right of the Proposal.
- 3.

Sign and date this card at the bottom left in the space provided, exactly as your name appears on this form, above. Joint owners should each sign.

4.
Tear off at the perforation and mail the completed card with signature(s) in the enclosed reply envelope to: Proxy Tabulator, P.O. Box 9389, Boston, MA 02205-9967.

As an alternative to returning your card by mail, we encourage you to take advantage of these two convenient ways to vote your shares. You may vote via the Internet or by using the telephone.

If you are voting using the Internet:

1.
Go to <http://www.eproxyvote.com/ila>
2.
Follow the instructions using your voter control number listed above and the last four digits of your taxpayer identification number.

If you are voting using the telephone:

1.
Dial 1-800-758-6973 using a touch-tone telephone.
2.
Follow the prompts using your voter control number listed above and the last four digits of your taxpayer identification number.

If you choose to vote your shares via the Internet or telephone, there is no need for you to mail back your proxy card.

Your vote is important to us!

AQUILA, INC.
PROXY/VOTING INSTRUCTION CARD

PHAS YOUR ADDRESS CHANGED?DO YOU HAVE ANY COMMENTS?

R-----
O-----
X-----
Y-----

FOLD AND DETACH HERE IF YOU ARE RETURNING YOUR VOTED PROXY CARD BY MAIL

This Proxy is being solicited by the Board of Directors for the Annual Meeting to be held on May 1, 2002. By signing this proxy card you are appointing Dr. Stanley O. Ikenberry, Irvine O. Hockaday, Jr., and John R. Baker as Proxies, with full power of substitution, to vote all of your shares of Aquila, Inc. common stock held by you on March 4, 2002. They will vote your proxy exactly as you have indicated on the reverse side of this card. However, if you do not indicate on the reverse side of this card how you would like your shares to be voted, the proxy card will be voted FOR the election of the nominees for director, FOR Proposal 2, and according to the discretion of the proxy holders on any other matters that may properly come before the meeting. The shares will be voted at the Annual Meeting of Shareholders to be held at The Starlight Theatre, 4600 Starlight Road, Kansas City, Missouri on Wednesday May 1, 2002. If the meeting is postponed or adjourned, your appointed Proxies will vote your shares at the rescheduled or reconvened 2002 Annual Meeting.

Election of Directors, Nominees:

- 01) Robert K. Green
- 02) Herman Cain
- 03) Robert F. Jackson, Jr.

You are encouraged to mark your choices in the appropriate boxes on the reverse side of this proxy card. If you do not mark any boxes your vote will be voted in accordance with the Board of Directors' recommendation. However, the Proxies cannot vote your shares unless you sign and return this card or vote via telephone or the Internet as instructed on the front of your card.

AQUILA, INC.
ANNUAL MEETING OF
SHAREHOLDERS

May 1, 2002, 2:30 p.m.
The Starlight Theatre
4600 Starlight Road
Kansas City, Missouri

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STATE CORPORATION COMMISSION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 15, 2002

Aquila, Inc.
(Exact name of registrant as specified in its charter)

Delaware 1-3562 44-0541877
(State of incorporation) (Commission File Number) (IRS Employer Identification No.)

20 West 9th, Kansas City, Missouri 64105
(Address of principal executive offices) (Zip Code)

Registrant's telephone number including area code: (816) 421-6600

(Former name or former address, if changed since last report): UtiliCorp United
Inc.

Item 5. Other Events and Regulation FD Disclosure. On March 15,
2002, we changed our legal name from UtiliCorp United Inc. to Aquila, Inc.
Beginning on March 18, 2002, our publicly traded securities will trade under the
following symbols:

Title of each class	Name of each exchange on which registered	Ticker symbol
Common Stock, par value \$1.00 per share	New York, Pacific and Toronto Stock Exchanges	ILA
Convertible Subordinated Debentures, 6 5 / 8 \$ due July 1, 2011	New York Stock Exchange	ILA #11
9 3 / 4 \$ Premium Equity Participating Security Units, due November 15, 2004	New York Stock Exchange	ILA PRW

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by the
undersigned hereunto duly authorized.

Aquila, Inc.

By: /s/
RANDAL P. MILLER

Randal P. Miller
Vice President, Finance and Treasurer

Date: March 15, 2002

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FORM 8-K

Item 5. Other Events and Regulation FD Disclosure.

Signatures

MAR 19 2002

Ally & Wagoner Docket
Room

Edward K. Mills	76,762	74,700
R. Paul Perkins	26,386	--
Bruce A. Reed	66,076	17,037
John A. Shealy	88,250	48,450
Keith G. Stamm	81,355	72,447
William H. Starbuck, Ph.D.	--	--
Daniel J. Streek	9,538	5,600

(1)

Such options are exercisable within 60 days of 12/31/01

(2)

Includes 2,117,600 shares of common stock of UtiliCorp held in the Green Family UCU Limited Partnership

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