GREAT PLAINS ENERGY

Michael Cline – Vice President, Investor Relations

Thank you operator & good morning. Welcome to Great Plains Energy's fourth quarter and full year 2007 earnings conference call. Joining me on the call today are:

- Mike Chesser, Chairman and CEO of Great Plains Energy, who will provide a strategic overview and highlights of 2007 operating results
- Bill Downey, President and COO of Great Plains Energy and President and CEO of KCP&L, who will discuss operating results at KCP&L, as well as update you on the progress of our Comprehensive Energy Plan
- Shahid Malik, Executive Vice President of Great Plains Energy and CEO of our competitive supply subsidiary, Strategic Energy, who will discuss the operations of that business
- And Terry Bassham, Executive Vice President and CFO of Great Plains Energy, who will provide details on Great Plains Energy's fourth quarter and full-year 2007 financial results.

Since some of our remarks will be forward looking, I must remind you of the uncertainties inherent in such comments. The second slide included in this Webcast, as well as the disclosure in our SEC filings; contain a list of some of the factors that could cause future results to differ materially from our expectations

I'd now like to turn the call over to Mike Chesser, Chairman and CEO of Great Plains Energy.

Michael Chesser – Chairman & CEO, Great Plains Energy

Thanks, Michael. Good morning, everyone, and thank you for joining us.

As we discussed in our press release, 2007 was a challenging year for Great Plains Energy. As this chart indicates, on a reported basis our 2007 earnings were higher at $157.6 million, or $1.85 per share, compared to full-year 2006 earnings of $126.0 million or $1.61 per share.

However, our core earnings, which are a non-GAAP measure we believe to be more representative of our financial performance, were down year over year. We announced core earnings of $133.4 million or $1.57 per share in 2007 versus $150.9 million or $1.93 per share in 2006.

Terry will cover the financials in detail in his section, so I won't get into all the specifics here. However, a key point I want to make is that the full-year 2007 financial results can really be looked at as two very different halves:

In the first half of the year, we experienced a number of operational issues, including plant outages at KCP&L and bad debt expense, small business customer attrition, and increased purchased power costs at Strategic Energy. As the chart indicates, core earnings for the first half of 2007 were roughly 60% lower than the first half of 2006.

However, in the second half of the year, both KCP&L and Strategic Energy performed better. KCP&L benefited from favorable weather, increased wholesale revenue, and new retail rates; and Strategic Energy had stronger delivered volumes and higher margins. This resulted in core earnings for the second half of 2007 that were actually 30% higher than last year.

Though the Company performed well operationally, fourth quarter results were below the expectations embedded in our revised 2007 guidance provided in November. As a number of other utilities have recently noted, the difficulties in the broader economy may impact customer growth. Over 70% of KCP&L's annual revenues are derived from the residential and commercial segments. While this has traditionally provided much more stability than a heavy industrial customer make-up, the current economic trends are more focused on housing and overall economic development. This occurrence affected the fourth quarter and is a trend we will be evaluating closely as we develop our earnings guidance for 2008.

On the topic of earnings guidance, as we mentioned in our press release, we are postponing issuing guidance. We believe that resolution of the Aquila merger and completion of our strategic alternative review of Strategic Energy are necessary to provide meaningful earnings guidance and expect to have clarity on both of these in late first quarter or early second quarter. Terry will talk more about guidance in a few minutes.

Finally, as Bill will discuss, an updated assessment of cost and schedule is underway on the environmental project at our Iatan 1 plant and the construction of our new Iatan 2 plant. The timing of this update has two key drivers: (1) The recent addition of Kiewit Industrial as our Balance of Plant contractor at Iatan 2; and (2) Our attainment of a key milestone of having 70% of engineering completed at Iatan 2. Naturally, as progress is made on design maturity we are able to better understand and project the final costs for completion of the project. We expect to complete the updated assessment in the second quarter. As you will hear from Bill later in the call, the construction environment as we enter 2008 is challenging.

2007 was a landmark year in many ways for KCP&L. This slide highlights the recognition we received during the year from a variety of regional and national organizations for our leadership, collaborative spirit, customer service, and operational excellence.

Particularly noteworthy was our receiving the Edison Award from the Edison Electric Institute in June. This award is given annually by EEI. The award honors U.S. shareholder-owned utilities for outstanding contributions to and the advancement of the electric power industry.

We take great pride in these honors but, more importantly, believe they recognize the focus and strength of our Company. We are building a platform that will enable us to achieve our growth objectives and provide significant benefits for our shareholders, customers, and employees.

Now, I'd like to spend the next few minutes discussing our progress in that regard.

In 2005, we launched a plan that is focused on positioning the company to continue to demonstrate leadership in supplying and delivering electricity and energy solutions to meet the needs of our customers and, in the process, deliver solid long-term earnings growth and dividend increases for our shareholders.

We think about this plan in two phases. Over the past three years, and continuing into 2008, we have been building a strong foundation:

We spearheaded a landmark stakeholder collaboration effort that resulted in our Comprehensive Energy Plan, or "CEP." In 2007, we continued to demonstrate this collaborative spirit by reaching an agreement with the Sierra Club that provides long-term environmental benefits to residents of the Kansas City area and enables us to execute on the CEP.

We've successfully delivered on the Comprehensive Energy Plan to date:

- In 2006, we added 100MW of wind generation on-time and on-budget, and included the investment in our 2006 rate case.

- In 2007, we completed the SCR at our LaCygne 1 unit on-time and on-budget. That project was also included in rate base in KCP&L's rate cases last year.

- We're making good progress on environmental retrofits at our Iatan 1 unit, which we expect to complete in 2008, construction of the Iatan 2 plant, and roll-out of our energy efficiency and demand response programs.

The outcome of our 2006 and 2007 rate cases in both Kansas and Missouri are reflective of our customer value and the positive regulatory relationships we've built.

In 2007 we took two transformational steps: First, the announcement of the Aquila acquisition which, when completed will position us as a strong regional utility; and second, our announcement in November that we would be evaluating strategic alternatives for Strategic Energy. We'll be following these initiatives through to completion in 2008.

The second phase of our growth plan ramps up as we enter 2009. We'll move beyond the foundational stage and focus on creating long-term shareholder value through execution.

- We'll grow our rate base significantly by adding the environmental work at Iatan 1 unit into rate base and by bringing Iatan 2 on-line and also into rate base;

- We'll integrate Aquila and deliver on the synergies we promised; and

- We'll address future generation and environmental requirements and establish our leadership position in energy efficiency over a 5-10 year planning horizon,

- Our accomplishments will set the stage for annual earnings growth that will ultimately support dividend growth in line with traditional payout ratios in our industry.

Turning now to the Aquila transaction, a great deal has transpired since our last conference call in November.

Missouri Public Service Commission hearings began in early December. It became evident, however, after a few days of testimony that there were elements of our proposed regulatory plan for the transaction that raised concerns.

Accordingly, we decided at that time to postpone the hearings and committed to work with the parties to the case on a revised regulatory proposal that would seek to address the concerns that had been expressed while, at the same time, maintaining credit quality at Great Plains Energy and KCP&L and preserving the value of the transaction to Great Plains Energy shareholders.

We worked diligently to develop a revised proposal and delivered it to the parties on January 10. We started settlement discussions shortly after that. They are still in progress.

Last Thursday, we filed a proposed procedural schedule that contemplates hearings in Missouri in late March, if the current settlement talks are unsuccessful. Again, this was not a reflection on the talks themselves, but simply a means to ensure that we had a placeholder on the Commission's calendar if we needed it.

In Kansas, like Missouri, we are in the midst of settlement talks. Hearings are scheduled for later this month in the event those talks are unsuccessful.

If our negotiations in both states ultimately result in a settlement, we would still be on track to close the transaction by the end of the first quarter. If hearings are necessary, the timing will slip until early in the second quarter.

Finally, I'd like to give you a brief update on Strategic Energy. At the EEI Finance Conference in November, we announced our intention to review strategic alternatives for Strategic Energy. That review includes a continuation of Strategic Energy in its current state, joint ventures, or sales of part or all of the Company.

At EEI, we expressed our intent to have something to announce publicly by the end of the first quarter of 2008. We are well underway with this process and are still on track to announce our conclusions by the end of the current quarter.

Now I'll turn the call over to our Chief Financial Officer, Terry Bassham, to cover our fourth quarter and full-year 2007 financials in more detail.

<u>Terry Bassham – Executive Vice President, Chief Financial Officer, Great Plains Energy</u>

Thank you, Mike, and good morning everyone.

I am going to focus the majority of my remarks today on core earnings for the fourth quarter and year-end.

As Mike mentioned, we believe core earnings to be a more representative measure of our performance; however, since core earnings are a non-GAAP measure, I wanted to start by providing you with a breakdown by segment of both our reported and core earnings per share as shown on this slide.

In the appendix to our press release and this webcast we have a reconciliation of GAAP Earnings to non-GAAP core earnings. There are a number of items in this reconciliation, but the largest is the mark-to-market impact from energy contracts at Strategic Energy.

Core earnings, which exclude net mark-to-market gains and losses on energy contracts and other items, were $133.4 million or $1.57 per share for the full-year 2007, compared to $150.9 million or $1.93 per share in 2006.

Compared to 2006, full-year 2007 core earnings were favorably impacted by: weather, increased wholesale revenue, new retail rates, and increased usage at Kansas City Power & Light, as well as higher delivered volumes at Strategic Energy.

These positive drivers were more than offset by the impact of plant outages during the first and second quarter at KCP&L, higher consolidated operating and interest expense; and lower gross margin per MWh, increased bad debt expense, and a resettlement charge at Strategic Energy.

Also impacting 2007 core EPS was $0.14 per share in additional dilution from the full-year impact of the May 2006 issuance of 5.2 million shares of common stock and the FELINE PRIDES- related issuance of 5.2 million shares in February 2007.

For the fourth quarter of 2007, revenue increased 23% year-on-year to $806.2 million. Core earnings were $31.2 million or $0.36 per share compared to $25.5 million or $0.31 per share in the fourth quarter of 2006. Retail and wholesale revenues at KCP&L were the primary drivers of the improvement, partially offset by higher purchase power expense and an increase in holding company cost.

Though core EPS for the quarter was higher than last year, the level of $0.36 per share was below the expectations embedded in our revised 2007 guidance provided in November. This is due primarily to a warmer November than we anticipated, lower retail revenues brought about by customer growth that was below expectations, lower wholesale revenue resulting from lower prices, and higher transmission expense at KCP&L. In addition, we had a decline in available tax credits from affordable housing investments and higher holding company costs in the "other" segment.

Now I'll go into more detail by segment to give you a better feel for the drivers for both the quarter and the year.

For full-year 2007 at KCP&L, core earnings were $146.4 million or $1.72 per share, compared to $141.0 million or $1.80 per share in 2006. Revenues for the full-year 2007 increased to $1.29 billion, a 13% increase over 2006. Retail revenues rose to $1.04 billion in 2007 compared to $935.5 million in 2006 due primarily to new retail rates, with favorable weather and load growth also contributing. Wholesale revenues rose to $234.0 million, a 23% increase from the 2006 level of $190.4 million. The increase in wholesale revenues was attributable mainly to volume growth.

Partially offsetting the retail and wholesale revenue growth in 2007 were the following:

- A three-fold increase in purchased power expense compared to 2006 due to increased purchased power volumes primarily from plant outages in the first and second quarters of 2007;
- Higher operating expenses due to increased depreciation and amortization expense and higher pension costs; and
- Higher interest expense incurred to finance Comprehensive Energy Plan projects.

KCP&L's total fourth quarter revenues were $301.9 million compared to $249.8 million in the fourth quarter of 2006. Fourth quarter core earnings of $34.7 million or $0.40 per share were 37% higher than 2006's levels of $25.4 million or $0.31 per share. The improvement in core earnings from the same quarter a year ago was driven primarily by a 12% increase in retail revenues from $193.1 million in 2006 to $215.9 million in 2007, as well as a 54% increase in wholesale revenues from $53.0 million in the fourth quarter of 2006 to $82.0 million in the same quarter of 2007.

The improved wholesale results for the 2007 fourth quarter were attributable to both higher volumes and higher average prices than 2006. These positive impacts were tempered somewhat by higher purchased power volume compared to the fourth quarter of 2006.

The fourth quarter results at KCP&L were better than the same quarter a year ago; however, the quarter was below the expectations embedded in our revised 2007 guidance provided in November. As I mentioned earlier, the primary factors that caused us to miss the range were a warmer November than we anticipated, lower retail and wholesale revenue, and higher transmission costs.

Throughout 2007, but particularly in the last few months, the difficulties in the broader economy impacted the housing market in our service territory. As Mike mentioned earlier, approximately 70% of KCP&L's annual retail revenues are derived from the residential and commercial segments. We saw an impact in the fourth quarter and we will be evaluating this trend closely as we develop our earnings guidance for 2008.

Weather is an important factor to KCP&L and as this chart indicates, weather was a positive contributor to our results compared to 2006. The combination of favorable weather and implementation of new customer rates served to increase retail revenue by 11% for full-year 2007 compared to 2006. On a weather normalized basis customer MWh growth year-on-year was approximately 2% annually.

Turning now to Strategic Energy, Strategic's full-year 2007 core earnings were $7.6 million or $0.09 per share compared to $23.5 million or $0.30 per share in 2006. Mark-to-market impacts for the full-year 2007 resulted in a reported earnings gain of $31.3 million due to generally higher power prices during the year compared to a loss of $33.4 million in 2006. Strategic Energy's full-year 2007 revenue was $1.97 billion, up 29% compared to 2006. Though revenues were boosted by a 22% rise in delivered volumes in 2007, the favorable impact was more than offset by higher power prices, a first quarter resettlement charge, customer attrition in the small customer segment, and higher bad debt expense.

For the fourth quarter Strategic Energy had core earnings of $3.7 million or $0.04 per share compared to $3.1 million or $0.04 per share in last year's fourth quarter. Slightly higher core earnings in the quarter compared to last year were driven by higher delivered volume, partially offset by lower average retail gross margin per MWh, excluding unrealized net mark-to-market impacts, and higher bad debt expense.

In our "Other" segment, which mainly includes our investments in affordable housing and unallocated corporate charges, core results for the full-year 2007 were a loss of $20.6 million or $0.24 loss per share in 2007 compared to a loss of $13.6 million or $0.17 loss per share in 2006. For the fourth quarter, this segment posted a loss of $7.2 million or $0.08 per share compared to a loss of $3.0 million or $0.04 last year.

The lower core results for both the fourth quarter and full-year are primarily attributable to a decline in available tax credits from affordable housing investments and overall higher expenses at the holding company. These expenses included labor related costs associated with the Aquila transaction that would otherwise have been reflected in the KCP&L segment. These amounts were $1.8 million for the quarter and $4.7 million for the full-year.

I'd like to make a couple of comments about the impacts of the turbulent financial markets over the past several months on KCP&L and Great Plains Energy. Last year, we told investors that we hoped to complete a hybrid debt offering at GPE in 2007. Initially, we targeted the third quarter and then, as market conditions started to worsen, slipped the timing into the fourth quarter.

As most of you know, except for a very brief window late in the third quarter, that market has essentially been shut down for non-financial issuers since July.

While we may still issue hybrids at GPE in the future if the market recovers, with an aggressive capital expenditure program underway at KCPL we plan to fill the gap left by the inability to do hybrids through increased amounts of equity and debt beyond our original plans for 2008. We have previously told the market that we expected to issue equity and debt this year, which is the biggest year for CEP-related capital requirements.

While we don't disclose the size of these potential offerings, I can tell you that we develop our financing plans with a focus on credit quality and financial flexibility in mind and with a view of capital structure that is broadly consistent with KCP&L's past couple rate cases. As I'll discuss more in a moment, the timing of the offerings is yet to be determined and will be driven by market conditions, which have been difficult and highly volatile.

In the meantime, as this slide shows, we continue to have strong available liquidity to meet our near-term requirements.

Finally, I have a couple of comments on earnings guidance. Though, as you all know, we have typically given guidance on our year-end call, as Mike mentioned earlier at this time we do not feel it is prudent to give or confirm guidance. This slide lists two key drivers that will impact our view of 2008 and beyond. Given where we are on the Aquila transaction, and on the Strategic Energy assessment, we cannot put out meaningful guidance at this point.

In addition, there are other considerations that, on their own, would not have caused us to delay issuing guidance but that we will be considering as we prepare our guidance for 2008. These factors include: the timing of the cost and schedule update on the Iatan projects that Bill Downey will discuss in a moment, the effects of the economic downturn we've discussed, as well as the continued difficulties in the financial markets.

With clarity on the resolution of Aquila and Strategic Energy, plus additional time to see how the other considerations develop, we will be able to put forth a reasonable guidance range for 2008, as well as revisit the future earnings growth targets we provided to the market last year. As Mike mentioned earlier, we're hoping to have resolution on Aquila and Strategic Energy in the first quarter and we're on a similar track with the other items. Under these assumptions, we'll plan to discuss guidance on our first quarter earnings call in early May.

That concludes my comments. I'd now like to introduce Bill Downey, who will discuss 2007 operations at KCP&L.

Bill Downey – President and COO, Great Plains Energy and President and CEO of KCP&L

Thank you, Terry, and good morning, everyone. It has been an eventful and busy year for KCP&L. Early in the year we were presented with several challenges, but we have also made significant progress on a number of fronts. Today I'll brief you on some of our key operational steps we completed in 2007, including a regulatory update, performance metrics for the year, and then provide an update as to progress we've made with the Comprehensive Energy Plan.

The Company set a new record for total system net generation in 2007. This was due, in large part, to virtually 100% availability at our Wolf Creek nuclear unit and a full-year of generation at our Spearville wind facility. Both of the units at our LaCygne coal plant, however, also set all-time highs for net generation.

Reliability has remained excellent with strong customer service outage duration metrics that earned us the Reliability1 award referenced in one of Mike's earlier slides.

Both residential and business JD Power Customer Satisfaction ratings have remained strong for the Company despite the rate increases that we have already implemented and the future anticipated increases as we continue to increase our rate base.

Safety has and will continue to be a key area of focus for the Company. The Company has shown improvements in our OSHA Incident Rates over the past few years and we continue to work with DuPont to evaluate our safety management systems and identify and recommend opportunities for improvement.

Our teams at KCP&L are leaders in our industry and in our communities as evidenced by the list of awards Mike referenced earlier in the presentation.

We continue to advance energy efficiency programs and offerings with our customers. Innovative approaches to these programs offer additional value to our customers and are gaining acceptance in our service area.

Turning now to Regulatory: In February 2007, KCP&L filed a request with the MPSC for an annual rate increase of $45 million or 8.3%. The request was based on a return on equity of 11.25% and an equity ratio of about 53%.

We received the Missouri rate order this past December. The order approved an approximate $35.3 million increase in annual revenues, reflecting an authorized return on equity of 10.75%. Approximately $10.7 million of the rate increase results from additional amortization to help maintain cash flow levels.

The Missouri order also continues the mechanism, established in the last case, for the refund of wholesale margins in excess of the amount embedded in the calculation of the retail rates. I'll discuss this further on the next slide.

In March 2007, KCP&L filed a request with the KCC for an annual rate increase of $47 million in annual revenues. We reached a negotiated settlement of our request in September 2007. The agreement stipulates a $28 million increase in annual revenues that became effective January 1 of this year. $11 million of this amount is treated for accounting purposes as an increase to the depreciation reserve.

The agreement in Kansas also has an Energy Cost Adjustment Clause that I'll address on the next slide. KCP&L will be filing rate cases in both Missouri and Kansas in 2008 to incorporate our environmental upgrades on Iatan I in our rates for 2009.

Wholesale revenues increased to $234.0 million during 2007 compared to $190.4 million last year attributable mainly to volumes being up 21%. This higher volume of wholesale sales also contributed to the net generation record that I mentioned. For the most part, whenever the baseload units have been available we have been successfully able to sell the power. This is illustrated by the narrow gap between the capacity and availability lines on the graph in the next slide.

As we think about this market going forward, it is important to note how wholesale revenues are treated in Kansas, as well as remind you of the regulatory treatment of wholesale margins in Missouri:

In the Kansas rates that took effect on January 1, 2008, we now have an Energy Cost Adjustment Clause, or "ECA" tariff. The ECA tariff will reflect the projected annual amount of fuel, purchased power, and emission allowances, transmission costs and asset-based off-system sales margin.

- Any differences between the ECA revenue collected, which includes wholesale, and the actual ECA amounts for a given year will be recovered from, or refunded to, customers over twelve months beginning April 1 of the following year.

In Missouri retail rates that went into effect on January 1, 2008, there is an embedded annual offset of approximately $51 million, $29 million of which is attributable to Missouri, related to non-firm wholesale electric sales margin. If the actual margin amount exceeds this level, the difference will be recorded as a regulatory liability and will be returned, with interest, to Missouri customers in a future rate case.

The combined effect of these provisions is that contribution from wholesale will be limited as we move forward, but the downside risk from wholesale sales will also be limited.

This graphic shows our coal fleet's availability and capacity factors. Availability simply reflects what percent of the time the plants are up and running, while capacity reflects how much of our coal-fired generation that is available is actually either utilized to meet retail demand or sold wholesale.

The impact of plant outages in the first quarter can be seen in our availability and capacity factors. Coal plant availability during the first quarter 2007 decreased to 70%, compared to 80% in the first quarter 2006. The capacity factor for KCP&L's coal fleet also declined to 65% in the first quarter, down from 70% last year. Levels improved somewhat in the second quarter but were still dampened by the 18-day Iatan 1 outage in May.

In keeping with the theme Mike talked about earlier of two distinctly different halves to the year, you can see that we recovered well in the third and fourth quarters. For the year, we had

availability of 80% and a capacity factor of 76%, which compared to availability of 83% and a capacity factor of 77% in 2006.
2007 was the fifth best year for coal fired generation in KCP&L's history in terms of net megawatt hours generated - even with the significantly higher megawatt-hours of planned outages and unplanned outages in the first half of '07.

We believe we've addressed the plant operations issues that arose in 2007. Particularly with an aging fleet, we must continue to focus our capital dollars on the areas of greatest potential risk so as to achieve the availability and capacity factors we target.

Next, I'd like to update you on the ongoing portions of the Comprehensive Energy plan construction program. As I discussed in our third quarter call, our LaCygne 1 SCR project was completed in the second quarter on-time and slightly under budget. Given the escalating costs of environmental equipment and the difficulty in scheduling these projects, we were pleased with the outcome. The SCR was included in our rate base for the September true-up in our 2007 rate cases in KS and MO and therefore captured in the new rates that took effect in both states in January 2008.

Progress continues on the Iatan 1 environmental project and the construction of the new Iatan 2 plant. During the fourth quarter, we signed a contract with Kiewit Industrial for the Balance of Plant work on Iatan 2 and we're very pleased to have them involved in the project.

As Mike mentioned earlier, now that we have Kiewit on board for the Balance of Plant work and are approximately 70 – 75% engineered for the Iatan 2 project, we have initiated a thorough reassessment of the project cost and schedule. As Mike and Terry mentioned earlier, the results of this assessment are expected to be available in the second quarter of 2008. We continue to make good progress on the Iatan 1 and 2 work; however the construction environment as we enter 2008 is challenging. In particular, market conditions for skilled labor are tight and we are seeing escalating costs and longer lead times for deliveries of materials, especially from foreign sources.

Finally, we are also moving forward with the next phase of the Comprehensive Energy Plan that includes developing a long range resource plan and filing an IRP in Missouri in 2008. As we did with our current CEP, we are engaging, and will engage, our key stakeholders in a collaborative process as we develop energy efficiency, demand response, and new generation alternatives.

I'd now like to turn the call over to Shahid Malik, who will update you on Strategic Energy

Shahid Malik – EVP of Great Plains Energy and CEO of Strategic Energy

Thank you, Bill. Good morning everyone. 2007 was an exciting year at Strategic Energy. I'll follow Mike's and Bill's example and characterize our year as a challenging first half, but stronger second half.

We were also proud to be recognized by industry sources as one of the fastest growing companies in this sector and our market share continued to climb in 2007. We look forward to building on this during 2008 and continuing to increase our scalability in the energy commodity as well as in renewable energy offerings.

Turning now to new sales and deliveries - Sales for the full-year were 26.3 million MWhs, down from the 33.2 million MWh figure last year but still a good year for sales. This level exceeded our delivered volumes and increased our backlog, as you will see in a moment.

Total sales were lower due partly to the fact that the average contract duration for new and re-signed contracts during the year was 16 months compared to 18 months last year reflecting higher power prices and a reluctance on the part of our larger customers to extend their contracts much beyond a year. As energy prices ebb and flow we will see contract lengths moving in tandem and see the seasonal fall in prices during spring and early summer as a good opportunity to capture increased business.

This slide shows the impact of our strong sales performance on our backlog. During the fourth quarter Strategic Energy's deliveries continued to be strong and we delivered 5.2 mm MWH up from 4.2 mm MWH in the 4th quarter of 2006. Total backlog is also higher up 12% at 36.6 million MWhs compared to 32.8m at this point last year reflecting strong sales during 2007. This robust backlog positions us well for future growth in MWhs delivered to customers and for earnings in future periods.

Our retention rate of customers eligible to be re-signed, including month-to-month customers, in 2007 was 68%, down slightly from 71% last year. We deliberately reduced sales in certain markets and customer segments during the year and, consequently, saw lower retention rates than normal.

Turning now to margins: The average retail gross margin per MWh in 2007 was $6.99 compared to $2.52 in 2006. Excluding unrealized net mark-to-market impacts, the average retail gross margin per MWh in 2007 was $4.39 compared to $5.93 in the previous year. Gross margin, excluding mark-to-market gains, was negatively impacted during the first half of the year by small customer attrition and a resettlement charge in one of our markets. We expect that gross margins per MWh on delivered volumes in 2008, excluding net mark-to-market impacts, will be in the range of $3.50 - $4.50, down slightly from the range of $4.00 - $5.00 in 2007.

We also continue to expect the market to grow in the 4 – 6% range during 2008 as customers continue to switch away from utilities in the more progressive markets of Illinois, the Mid-Atlantic and the New England states. We expect Strategic Energy to continue to keep pace with this market growth.

[Mike Chesser] Thanks, Shahid.

In summary, we had a 2007 that was comprised of two very different halves at Great Plains Energy. Though we had some operational difficulties during the first half of 2007 that impacted our overall performance for the year, we believe they were isolated incidents that we've addressed the root causes, and they will not impact our core performance going forward. In the second half, we performed well but, particularly later in the year, we started to see the effects of the broader economic slowdown on our retail business. We'll be keeping a close eye on this as we progress in 2008.

In conclusion, I want to come back to a slide that I showed earlier and emphasize how pleased we are, both with the progress we've made the past few years and the path that lies ahead. I firmly believe that the foundation we've built, combined with our focus on execution and planning the next few years, will position Great Plains Energy as a strong regional electric utility with excellent earnings and dividend growth. We appreciate your support as we continue toward that objective.

Thank you for your time this morning, and we'll now be happy to take your questions.

Q & A

[Steve Gambuzza – Longbow Research] Good morning. I was wondering if you could elaborate on the drivers of the decreased performance, relative to guidance in Q4 that you cited at KCP&L - you said that warming weather in November, lower retail revenues resulting in slower customer growth, lower wholesale prices, and higher transmission expenses? Can you quantify some of the impacts of these drivers?

[Terry Bassham] Really, Steve, if you take the weather and the general slow down late in the quarter, along with some transmission expense related with deliveries, it is about a nickel. Those two things combined.

[Steve Gambuzza] So weather, load growth and transmission are about a nickel?

[Terry Bassham] Yes, about a nickel in total.

[Steve Gambuzza] And then about the total miss versus expectation was about $0.08?

[Terry Bassham] We had talked about being on the lower end of our range of $1.60 to $1,70, and we turned in $1.57.

[Steve Gambuzza] Okay. The transmission expenses are those costs kind of captured, are those elevated costs captured in the new rate relief, do you feel like the rate relief that you are getting in '08 is going to capture those costs?

[Terry Bassham] Yes, absolutely.

[Steve Gambuzza] I was wondering if you could also explain the fuel recovery in the Missouri in 2008? You mentioned $51 million credit embedded in rates for wholesale margin?

[Terry Bassham] Right. We have two different mechanisms. The one in Missouri, what is included in base rates is the Missouri portion of expected sales – is set at a level such that it is achievable. The number we mentioned was $51 million. The allocated share to Missouri is $29 million. What would happen is up to that number, in 2007 that number was $69 million for KCP&L, again about half of it would have been allocated to Missouri, is what is assumed in base rates.

The number is set at a level which we would, and the Commission I think is comfortable, be able to achieve. Even as you could see in a year like 2007, where we had outages and sales that were maybe down a little bit, but we achieved more than that level. If we achieved more than that level, then those dollars would essentially go into a regulatory account, to be flowed back to ratepayers as an offset in future cases.

[Steve Gambuzza] If you achieved less than that, is it just a detriment to earnings?

[Terry Bassham] That is correct. But again, the level is set at a level that as you can see in '07 is conservative. It is intended to capture an amount which we believe is achievable in almost any situation. You can't ever say always, but it is a level where we would have the clear ability to meet that level even in a tough year, and then those dollars over that amount would go into a regulatory account to offset future increases.

From a sales perspective, we tend to be opportunistic early in the year, and then as we move through the year, if we think we need to do things to lock down sales later in the year to meet our requirements we will do that. We did a little of that in '07 as we saw some weakness in the first half of the year, given the outages we made some sales in the fourth quarter, to ensure we met our goals for the year-end.

[Steve Gambuzza] How much of your fuel purchase power and transportation costs are effectively locked in for 2008 at present?

[Terry Bassham] In terms of fuel, we have our fuel locked down for the most part. We probably have, 90% of our coal locked down for the year. Our transportation is locked down to the extent it can be. We do have some tariff charge that we follow, but in general, fuel is pretty solid.

Obviously if we had an unexpected outage, you might have some gas exposure as we showed in 2007, so from that perspective, the fuel end is fairly stable if you will, given our heavy coal base generation.

[Steve Gambuzza] Is it fair to say, that absent any unexpected outages, you would expect to be fully recovered on fuel and purchase power in Missouri this coming year?

[Terry Bassham] Absolutely.

[Doug Fischer – Wachovia Securities] Good morning. Could you talk about the Aquila acquisition, at least around that issue? Are you willing to accept EPS dilution or balance sheet weakening, in order to complete the deal? That is one of our concerns, is that given the concern over the interest, high coupon issue at Aquila, that in giving that up we could suffer some dilution in '09 and beyond? Could you talk to us about your discipline there?

[Mike Chesser] We have not changed our discipline or our target since we announced the deal. There are two things that are critical to us. First, we want to maintain credit quality and financial flexibility as we go forward with our comprehensive energy plan, and second, we want to maintain near term and long-term value opportunities for the shareholder, that would include accretion in the reasonably near term, and obviously significant opportunities for EPS growth in the long-term. We are trying to balance that against what we also see as significant opportunities for customer savings.

[Doug Fischer] And then talk to me a little bit about adding Kiewit now? Why adding Kiewit now? Were there some problems?

[Mike Chesser] First of all, it was just the opposite. Kiewit was added to prevent problems, because the balance of plant, as you know, can be a very complex construction process, with seven or eight different contractors. Kiewit has world-class experience and it was not our core competence, so they were added to prevent problems, as opposed to being a result of problems. Bill, do you want to add anything to that?

[Bill Downey] Yes, Doug, we had yet to contract out the balance of the plant, and we were looking at a couple of different strategies for doing that. When we realized that Kiewit had a strong team that had become available because of other cancellations, we thought it was very opportunistic to bring a world class constructor in, and award them the balance of plant, as opposed to having multiple contracts.

We are now, with that contract, fully contracted out for the plant. Now that we have that done we have been working with them closely on the integration of the balance of plant schedule, into the overall project schedule, and working toward the clearer picture. That plus being about 70 to 75% engineered on the plant, we are now in the process of reforecasting, with all of these facts now on to the table.

[Doug Fischer] Okay, I will leave it there for now.

[Kathleen Vuchetich – W.H. Reaves] Good morning, I was wondering if you could talk to us a little bit about what is the difference in the revised filing, versus the original filing on Aquila? What have you changed in the regulatory filing to make it more palatable to the states?

[Mike Chesser] Kathleen, that obviously at this stage is confidential because we are in settlement discussions. If we get to the point where we need to go to hearings, then we will be very transparent with you, and share with you what is in the filing. Again, the best thing I can say at this point is we are maintaining discipline around shareholder value and financing flexibility, but we also believe that while maintaining that dividend, we could also offer significant benefits to the customer, and that is sort of the basis for the discussion.

[Kathleen Vuchetich] I see. Mike, can you tell me who you are negotiating with? Is it the staff or the Commissions? Is that who the other party is on the negotiations?

[Mike Chesser] It is actually all of the parties to the case, so it would be the staff, it would be the people's counsel, the representative for the industrial customers, and even some of the other smaller parties. It is a similar process that we went through for our Comprehensive Energy Plan, and the stipulation we developed around that.

[Michael Lapides – Goldman Sachs] Hey, guys, a couple of questions. First of all, on latan 2, and really on the original CEP overall, it sounds like you are going to come in with potentially higher costs for latan 2, so this will be the second time since you originally signed the stipulation that you have come in and raised costs. Are you concerned about prudency reviews when you have to file the rate case, with latan 2 included?

[Mike Chesser] That is the key point. We believe whatever the new cost is that we come up with as a result of this 70% engineering estimate that it will be very competitive with other plants that are being built within the region. We also believe that everything that we are investing in, we will be able to demonstrate as prudent, from both a need and a cost standpoint. At this point, we feel pretty good about that, but, we are experiencing upward cost pressures.

[Michael Lapides] Okay. You mentioned a little bit about financing plans Terry. When we think about the capital structure at the parent versus at the subsidiaries, what is your plan in terms, of whether having them the same in terms of debt to cap, or having them differ at all, can you go into that a little bit?

[Terry Bassham] They are effectively the same. Because of the regulatory process over the last couple of years, the Commission made it clear that they would look through to the holding company, so we have in our plan to maintain a 55ish range for equity, given the CEP stipulation.

[Michael Lapides] Last question, in the state capital, we are seeing some interesting debate going on right now regarding coal plant development, and it initially started after the Kansas Department of Environment and Health (KDEH) denied a permit for the Sunflower plants. Can you talk about that legislation that is kind of making its way through the state house? In addition, can you talk about whether coal plant development is essentially DOA in Kansas right now?

[Mike Chesser] Sure. First of all, the unique circumstances around the Sunflower proposed plants really do not directly affect us. We have taken heart in the fact that the Governor has offered a compromise that recognizes the potential need for baseload coal plants in Kansas. She also recognizes that if something like that were to be done, an effort should be made to offset the carbon impacts with energy efficiency, renewables, and other efforts, almost identical to our Comprehensive Energy Plan. At this point, we don't think it is a shutdown for baseload coal by any means. We do think here, as well as around the country, utilities coming forward with something like that, are going to have to have a Comprehensive Environmental Plan around it.

[Michael Lapides] Okay, actually one final piece. When we think about the cash flow that comes out of Strategic Energy, is the best way to think about it, Terry, just to take the core earnings and add back depreciation? I am trying it get to rough numbers on an annualized basis.

[Terry Bassham] Yes, that is fair.

[Paul Patterson – Glenrock Associates] Just wanted to follow up on Iatan 2. On the slide, it said that 95% of the direct cost was committed. Could you elaborate a little bit on that; how much of the cost I guess is subject to the increases that you are seeing, and what have you?

[Mike Chesser] There are two things, the turbine costs and the boiler costs are fixed price Engineering Procurement & Construction (EPC) contracts. However, the balance of plant cost is not an EPC contract, so there is obviously exposure there to labor and quantity costs, and then of course, if you look at the labor availability problem, it can impact the whole project, including the fixed cost pieces, that is what we are looking at currently. Bill, do you want to add anything?

[Bill Downey] The Air Quality control part is also part of the fixed price, but it is the things that Mike eluded to, labor productivity, labor availability, and the impact these might have on costs, and then the balance of plant as we integrate all of that into the work. We are making good progress. Last year we had to get all of the foundations in place, and turned over to the key contractors. We did that.

The boiler steel work is well under way, and should be completed this first quarter. The turbine generator steel and the floor slabbing are also targeted for this year, and we are working very hard with those contractors to make sure that we understand that. A large part of the risk clearly is in the balance of plant and how that integrates with the other key contractors on the fixed price components.

[Paul Patterson] So, when we look at the total project, what percentage of it is subject, what part of it is fixed pretty much, and what part of it not contracted is what I am trying to figure out?

[Bill Downey] As I said, the balance of plant, well, the contract that we awarded on the boiler is about $0.75 billion. The turbine generator is about $200 million. The balance of plant is about $0.5 billion.

[Paul Peterson] Okay, then finally the hybrid debt, what kind of equity value, could you remind me what the level that would have been granted from a rating agency perspective, would have been?

[Terry Bassham] We had not finalized our plans, but we were targeting, I think it is the "B" basket, we were targeting a 50% equity credit number, Actually, I guess it was a "C" basket, that was the market norm we were looking at.

[Paul Patterson] That is off a total of how much again?

[Terry Bassham] We did not really disclose how much. Again, if you look at how much we are trying to manage to our equity capital structure, and you can look at how much credit we might have gotten from that kind of issuance, you can kind of come up with what your anticipated reduction would have been from an equity need perspective.

[Paul Patterson] How long do you think you can monitor the market for the hybrid debt product?

[Terry Bassham] Again, what we said is we are obviously monitoring the market, but I think given what we have going on this year, and given what the market looks like, our expectation is to move forward this year without hybrids. Obviously if the market came back, or if the market comes back next year, and we are able to utilize hybrids to help offset some of the equity need at a reasonable price, we think that it is a good tool.

Remember one of the benefits of the hybrid is that it helps our credit metrics, FFO numbers, and if done at reasonable pricing, makes a lot of sense for customers and for the Company. We will keep monitoring it, for now though we will not be waiting on the hybrid market to return, to continue our equity or our market participation.

[Paul Patterson] Fair enough. Appreciate it.

[Jonathan Arnold – Merrill Lynch] You previously said on guidance, I think as recently as EEI that you were talking about still being on track for 2 to 4% growth off the '05 base into 2010. Clearly, including Strategic and the Aquila transaction, this would be accretive to that path. I understand the uncertainty about how the acquisition ends up and that you are assessing alternatives for Strategic, but are we saying that statement on a current business basis no longer holds, or are you just focusing more on the near term elements of guidance, when you are saying you are not giving guidance?

[Mike Chesser] I think it is more the near term. Clearly, there are two structural impacts. One is bringing Aquila in which we think will be accretive and the other would be the sale, potential sale of all or part of Strategic Energy, so we would have to factor that in as well.

The real drivers, adding rate base over time, the Iatan 1 environmental control equipment next year, and the following year the new plant, is what is going to drive significant earnings growth. That is not going to change, so in the end of the first quarter, we hope to combine all of that, and I think you will see the same long-term trajectory, and we will be able to give you more clarity on 2008.

[Jonathan Arnold] Okay. Thank you.

[Paul Ridzon – KeyBanc Capital Markets] Just in the fourth quarter, how much of the "Other" losses, the higher "Other" losses, were related to affordable housing declines, and how much were related to other cost pressures?

[Terry Bassham] Affordable housing for the quarter was a little over $3 million. We have to evaluate it at the end of the year.

[Paul Ridzon] What was it the fourth quarter of 2007? What was the year-over-year decline? Was that $3 million?

[Terry Bassham] Yes. Well, I think the total number was more like 4 year-over-year. It will continue to drop. It should be almost completely gone by 2010.

[Paul Ridzon] If the Kansa energy cost mechanism were in place in '07, how would that have impacted earnings?

[Terry Bassham] If the Kansas fuel mechanism was in place in '07, actually it would have been about the same, because we hit our target, so oddly enough we have actually recovered our costs, and so it worked out about the same in '07.

[Mike Chesser] It is a fuel charge recovery; we would have recovered more and covered our plants that were down.

[Terry Bassham] Well, let me break it up in two pieces. Number one, and maybe I misunderstood your question, on the wholesale sales piece, it would have been the same, because we hit our targets. To the extent that we had incurred, Mike has a good point.

To the extent we incurred extra costs because of the outages that was not in rates, we would have recovered that, rather than expensed it, so maybe I was looking at it from half the angle. Does that answer your question?

[Paul Ridzon] I think so, yes.

[Mike Chesser] Again, thank you all very much. We obviously have a lot going on, a lot going positively at this point. We feel very good about how the business is being executed, how the Comprehensive Energy Plan projects are going in the rate base, how the merger integration is being planned for.

One thing we did not talk about is that we have the organization in line for the new company, people assigned, goals and objectives established around potential synergy savings. We are ready to go as soon as we can get the rate agreements in place. We have a lot of things going in a positive direction, and we will look forward to having the first quarter call, when we can share with you more insight into how these initiatives are wrapping up, and what the impact will be on earnings.

Feel free to keep in touch with us in the interim, and I look forward to talking to you again soon. Thanks.

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