

Harris, Loretta

From: Green, Rick  
Sent: Wednesday, December 27, 2006 4:10 PM  
To: [REDACTED]; Herman Cain [REDACTED]; Irvine O. Hockaday Jr.  
[REDACTED]; Nicholas Singer (Nick)  
[REDACTED]; Patrick Lynch [REDACTED]  
Cc: Armstrong, Beth; Empson, Jon; Morton, Leo; Bellville, Debbie; Debbie Hackett  
[REDACTED]; Green, Rick; Harris, Loretta; [REDACTED]  
[REDACTED]; Karleen Mahn ([REDACTED]); Reitz,  
Christopher, [REDACTED]  
Subject: Project 132 Update

Dear Directors:

The purpose of this email is to provide the Board a further update on the discussions with Great Plains.

Last Thursday, December 21st, we received the Great Plains management presentation. Our advisors, Evercore, Blackstone and Lehman, were also present. The session was held at a hotel in Kansas City. Their CEO attended by phone and, as a result, the meeting was led by their CFO. We also received presentations from a number of other officers of Great Plains including the CEO of their KCP&L utility, the CEO of their unregulated subsidiary (Strategic Energy) and the leader of their regulatory group.

As described in more detail below, Great Plains actually received the results of their Missouri rate case filing during the meeting. At the meeting, Great Plains confirmed that we will also need to meet with the Kansas regulators before a merger agreement can be signed. Their rationale for meeting with the Kansas regulators is essentially the same as the need to meet with the Missouri regulators ahead of the signing. Great Plains believes that the most likely time to meet with the regulators is the week of January 8th.

While further diligence will be required in a number of areas, the written material in the management presentation seemed neither surprising nor alarming. However, we were surprised by a couple of comments made during the presentation.

First, we had been anticipating the receipt of consolidated financials from Great Plains. They mentioned that those will not be available until later this week. This information is an integral part of the reverse due diligence requirements. With this latest delay, it will be challenging to perform a quality assessment of the information by January 8th. You will recall that the information was originally to be provided before the December 8th board meeting and then it was to be provided when we signed the exclusivity agreement (also on December 8th).

Second, Great Plains is pushing for a significant change to the regulatory strategy in Missouri. Up to this point, the regulatory approval to be sought in Missouri was to be a generic approval of the merger. Great Plains' current thinking is that it will file its annual rate case application in February 2007; and we will jointly file the merger application in the March/April timeframe; and Aquila would file a rate case immediately upon conclusion of the current Aquila rate case in Missouri (our current rate case has rates effective June 1, 2007). A motion would then be filed to consolidate all three cases with a request for expedited approval by year-end 2007. Great Plains characterized the Aquila rate case filing as a requirement, not an option, for the successful completion of the transaction. You might recall at the last Board meeting our discussion about the legal difficulties of requesting a rate increase within a merger application. This new regulatory strategy reflects how Great Plains intends