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GREAT PLAINS ENERGY™

Date: July 19, 2006

To: Board of Directors

From: Terry Bassham

Re: **Board Call Materials**

Subsequent to our last Board of Director's meeting, Mike received a call from The Blackstone Group regarding the possible sale of Aquila. Although it has long been rumored that Aquila would initiate such a process, this was our first confirmation of a definitive framework.

On June 29th, The Blackstone Group and Lehman Brothers, Aquila's joint advisors to the Board, presented us their planned process. Upon signing a Confidentiality Agreement, we were provided confidential information about the company and their proposed timeline. We were informed that Aquila anticipates contacting a limited number of companies to evaluate the possible sale of the remaining assets and liabilities of Aquila. They do not wish to sell additional assets on a stand-alone basis, but only the remainder of the company as a whole.

The process outlined to us will be conducted in two steps. As part of Phase I, they have provided updated financial results and their confidential financial forecasts. This information is intended to allow us to adequately assess our initial interest in moving forward into a second phase. They have asked for non-binding indicative bids based on this Phase I analysis by July 26th. Based on these initial responses, their investment advisors expect to present the results of their evaluation at their August 2nd Board meeting. At that meeting, Aquila may choose one or more companies to move forward into Phase II. The companies chosen for Phase II will be allowed to conduct a more complete due diligence in order to prepare a final proposal.

Attached to this Memorandum is a presentation of the analysis that we have conducted to date and our recommended response to the Aquila request. We will discuss these materials on our teleconference set for July 21st and follow-up on any additional questions at the Board dinner on July 24th.

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Transaction Structure

We have previously discussed with the Board our concerns about the ability of Great Plains to purchase all of Aquila. As a result, we have conducted a targeted market analysis for possible partners to the transaction. We engaged CSFB to make discreet contacts and collect indicative bids from several parties who might be interested in the assets of Aquila other than St. Joseph Light & Power and Missouri Public Service. [redacted]

The result of our evaluation was the selection of Black Hills Corporation as a potential joint bidder on an Aquila acquisition. Black Hills is a diversified energy company with regulated and unregulated businesses in the U.S. Its 2005 revenues were 1.3 billion and its market capitalization is 1.1 billion. We have provided background material on Black Hills in the appendix to the presentation. [redacted]

For purposes of the Phase I indicative bid, we have assumed that GPE purchases the stock of Aquila and simultaneously executes on the sale of the three properties to Black Hills. We have done an initial review of Aquila's Net Operation Losses and Net Capital Losses and believe that this structure for the acquisition is appropriate. More due diligence will be necessary in Phase II.

Current Valuation

In concert with CSFB, we have done a great deal of work around the information that Aquila provided us to determine the possible shareholder benefits of an acquisition of St. Joseph Light & Power, Missouri Public Service and Kansas Gas. We have focused our attention on financing, corporate structure, synergies and regulatory response.

The current regulatory environment in Kansas and Missouri for this transaction is very positive. The regulators in Kansas and Missouri are extremely negative about Aquila's strategy and decision-making. They openly inquire about a possible transaction. A combination of the financial difficulties and public animosity toward management has elevated even higher over the last twelve months. Although this does not guarantee a positive regulatory response, we believe it does provide the best environment possible for these discussions.

For purposes of the attached analysis, we have assumed that regulatory discussions will yield comfort around a merger approval that includes an 11% ROE, use of 55% equity in the Aquila capital structure, and a five year 50/50 sharing plan for identified synergies. We have also assumed that Aquila will receive the same credit protection that KCP&L receives through the amortization mechanism. The regulators response to this plan and its concepts will be critical to our final evaluation of the transaction. Although it is not timely to speak to the regulators at this point, discussions with them in Phase II will clearly impact our ability to make a final offer.

The most difficult of these interrelated issues will be the identification and execution on synergies. There is little debate that KCP&L stands to benefit more than any other company from merger synergies with MOPUB and St. Joe. Given the adjacent nature of our service territories, we can eliminate jobs and combine facilities more so than any other company. [redacted] The areas of savings after allocation of overhead to the properties sold to Black Hills include overhead synergies, operational synergies and joint dispatch synergies. Each of these is discussed in more detail in the presentation.

[redacted]

Timing

As mentioned above, our non-binding indicative bid is due by noon July 26. We anticipate receiving confirmation of the Black Hills bid in time to update the board on July 24 and meet Aquila's requested timeline. If we are chosen to move forward into Phase II, we anticipate that Phase II due diligence, finalization of a bid proposal and presentation to the Board would take 6-8 weeks. The result of the Phase II due diligence and discussions with regulators could result in one of three outcomes. We could confirm our original bid range and finalize a bid within that range, we could reduce or increase our original bid, or we could decide not to proceed with a final bid submission. If a final bid is approved by the Board and accepted by Aquila, a transaction could be announced in September or October with an anticipated closing date in December 2007.