



**Aquila**

Providing Energy  
For Better Living™



**GREAT PLAINS ENERGY**



**Great Plains Energy/Aquila**

**Black Hills/Aquila**

**Two Strategic Transactions Provide**

- Reliable Service to Customers**
- Enhanced Shareholder Value**

**Mike Chesser, Chairman & CEO, Great Plains Energy**

**Rick Green, Chairman, President & CEO, Aquila, Inc.**

**David Emery, Chairman, President & CEO, Black Hills Corporation**

**February 7, 2007**



# Safe Harbor Language

## Information Concerning Forward-Looking Statements

Statements made in this document that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Great Plains Energy, Aquila, Inc. and Black Hills Corporation are providing a number of important factors, risks and uncertainties that could cause actual results to differ materially for the provided forward-looking information. These include: obtaining shareholder approvals required for the transactions; the timing of, and the conditions imposed by, regulatory approvals required for the transactions; satisfying the conditions to the closing of the transactions; Great Plains Energy and Black Hills Corporation successfully integrating the acquired Aquila, Inc. businesses into their respective operations, avoiding problems which may result in either company not operating as effectively and efficiently as expected; the timing and amount of cost-cutting synergies; unexpected costs or unexpected liabilities, or the effects of purchase accounting may be different from the companies' expectations; the actual resulting credit ratings of the companies or their respective subsidiaries; the effects on the businesses of the companies resulting from uncertainty surrounding the transactions; the effect of future regulatory or legislative actions on the companies; and other economic, business, and/or competitive factors. Additional factors that may affect the future results of Great Plains Energy, Aquila, Inc. and Black Hills Corporation are set forth in their most recent quarterly report on Form 10-Q or annual report on Form 10-K with the Securities and Exchange Commission ("SEC"), which are available at [www.greatplainsenergy.com](http://www.greatplainsenergy.com), [www.aquila.com](http://www.aquila.com) and [www.blackhillscorp.com](http://www.blackhillscorp.com), respectively. Great Plains Energy, Black Hills Corporation and Aquila, Inc. undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



# Additional Information

## **Additional Information and Where to Find It**

In connection with the acquisition of Aquila, Inc. by Great Plains Energy, Great Plains Energy intends to file with the SEC a registration statement on Form S-4, containing a joint proxy statement/prospectus and other relevant materials. The final joint proxy statement/prospectus will be mailed to the stockholders of Great Plains Energy and Aquila, Inc. INVESTORS AND SECURITY HOLDERS OF GREAT PLAINS ENERGY AND AQUILA, INC. ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND THE OTHER RELEVANT MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT GREAT PLAINS ENERGY AND AQUILA THE ACQUISITION. The registration statement and joint proxy statement/prospectus and other relevant materials (when they become available), and any other documents filed by Great Plains Energy or Aquila, Inc. with the SEC, may be obtained free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents (when they are available) filed with the SEC by Great Plains Energy by directing a request to: Great Plains Energy, 1201 Walnut, Kansas City, MO 64106, Attn: Investor Relations. Investors and security holders may obtain free copies of the documents filed with the SEC by Aquila, Inc. by contacting Aquila, Inc., 20 West Ninth Street, Kansas City, MO 64105, Attn: Investor Relations.

## **Participants in Proxy Solicitation**

Great Plains Energy, Aquila, Inc. and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies relating to the proposed transaction. Information about the executive officers and directors of Great Plains Energy and their ownership of Great Plains Energy common stock is set forth in Great Plains Energy's Annual Report on Form 10-K for the year ended December 31, 2005, which was filed with the SEC on March 8, 2006, and the proxy statement for Great Plains Energy's 2006 Annual Meeting of Stockholders, which was filed with the SEC on March 20, 2006. Information regarding Aquila's directors and executive officers and their ownership of Aquila, Inc. common stock is set forth in Aquila's Annual Report on Form 10-K for the year ended December 31, 2005, which was filed with the SEC on March 7, 2006 and the proxy statement for Aquila's 2006 Annual Meeting of Stockholders, which was filed with the SEC on March 24, 2006. Investors and security holders may obtain more detailed information regarding the direct and indirect interests of Great Plains Energy, Aquila, Inc. and their respective executive officers and directors in the proposed transaction by reading the joint proxy statement/prospectus regarding the proposed transaction when it becomes available.



# Transaction Summary

## Asset Sale Transaction:

- ▶ Black Hills Corporation will acquire Aquila's gas utility properties in CO, IA, NE and KS, and electric utility property in CO
- ▶ Asset sale consideration: \$940 million in cash, subject to closing adjustments
- ▶ Black Hills to assume liabilities of the acquired utility properties
- ▶ No financing condition

## Merger Transaction:

- ▶ Newly formed subsidiary of Great Plains Energy merges into Aquila, with Aquila surviving
- ▶ Merger consideration:
  - \$1.80 + 0.0856 of a share of Great Plains Energy common stock for each share of Aquila
  - 40% in cash and 60% in stock
  - Implied value of \$4.54 per share, based on Great Plains Energy closing price on Feb. 6, 2007
  - Pro forma ownership: 73% Great Plains Energy / 27% Aquila
  - Taxable transaction to Aquila shareholders

## Dividend Policy:

- ▶ Great Plains Energy annual dividend of \$1.66 per share expected to be maintained

## Great Plains Energy Governance:

- ▶ Michael Chesser to remain Chairman and CEO
- ▶ No change to Great Plains Energy Board of Directors or senior executive team as a result of the transaction
- ▶ Corporate headquarters to remain in Kansas City, MO

## Conditions & Approvals:

- ▶ Aquila and Great Plains Energy shareholders, FERC, HSR, and state approvals (Missouri, Kansas, Colorado, Iowa and Nebraska) and other customary conditions
- ▶ Each of the two transactions is conditioned on the completion of the other transaction
- ▶ Expected closing in approximately 1 year



# Great Plains Energy's Strategic Rationale

## Great Plains Energy to acquire Aquila for cash and stock

### STRATEGIC INTENT:

- Increases Shareholder Value
- Improves Total Living Environment



### Acquisition of Aquila advances Great Plains Energy's Strategic Intent

### Focused regional acquisition and attractive strategic growth opportunity delivers significant value to Great Plains Energy and Aquila stakeholders

- Solid rate base growth plan consistent with KCP&L's balanced Comprehensive Energy Plan
- Adjacent utility territories provide ease of integration and significant synergy opportunity
- Expected to be modestly dilutive in 2008 and accretive beginning in 2009
- Co-owners of Iatan 1 and Iatan 2
- Attractive growth profile at Aquila's MO utilities consistent with Great Plains Energy's Strategic Intent
- Strong regulatory, community & political relationships in MO
- Opportunity to fill Aquila's generation needs
- Improves credit profile with more regulated business
- Lower anticipated rate increases for Aquila customers
- Acquiring only Aquila's properties that are strategic to GXP

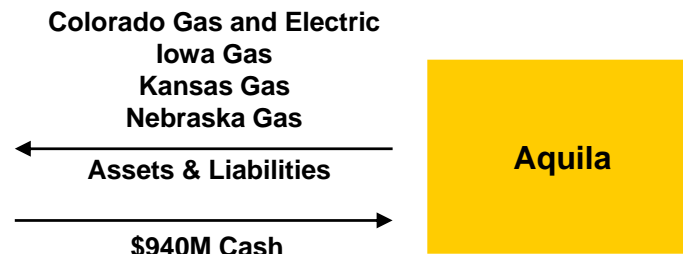


# Transaction Structure

## 1. The Asset Sale

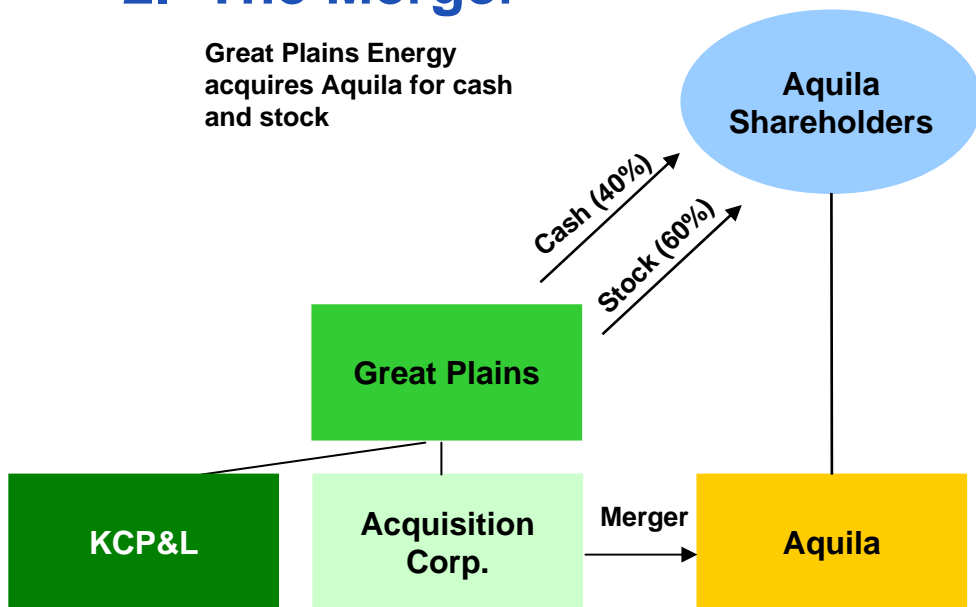
Black Hills Corporation acquires selected Aquila assets and liabilities for cash

Aquila retains Missouri Public Service and St. Joseph L&P utilities, as well as assets in Aquila's merchant segment

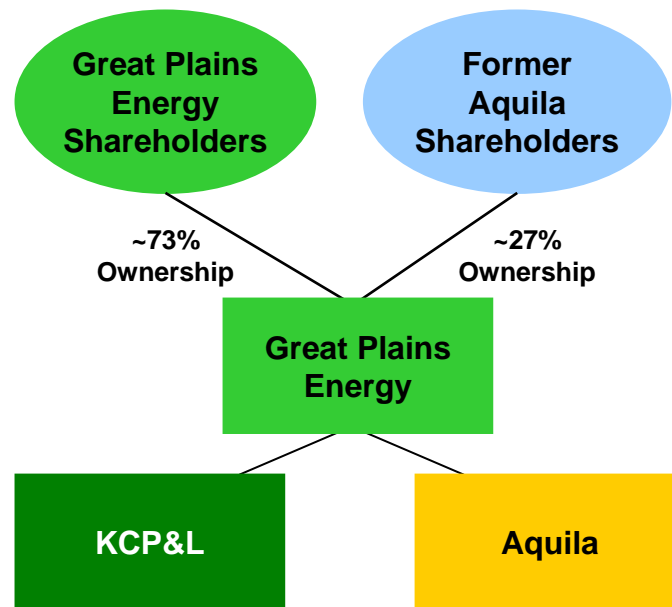


## 2. The Merger

Great Plains Energy acquires Aquila for cash and stock



## 3. Resulting Structure



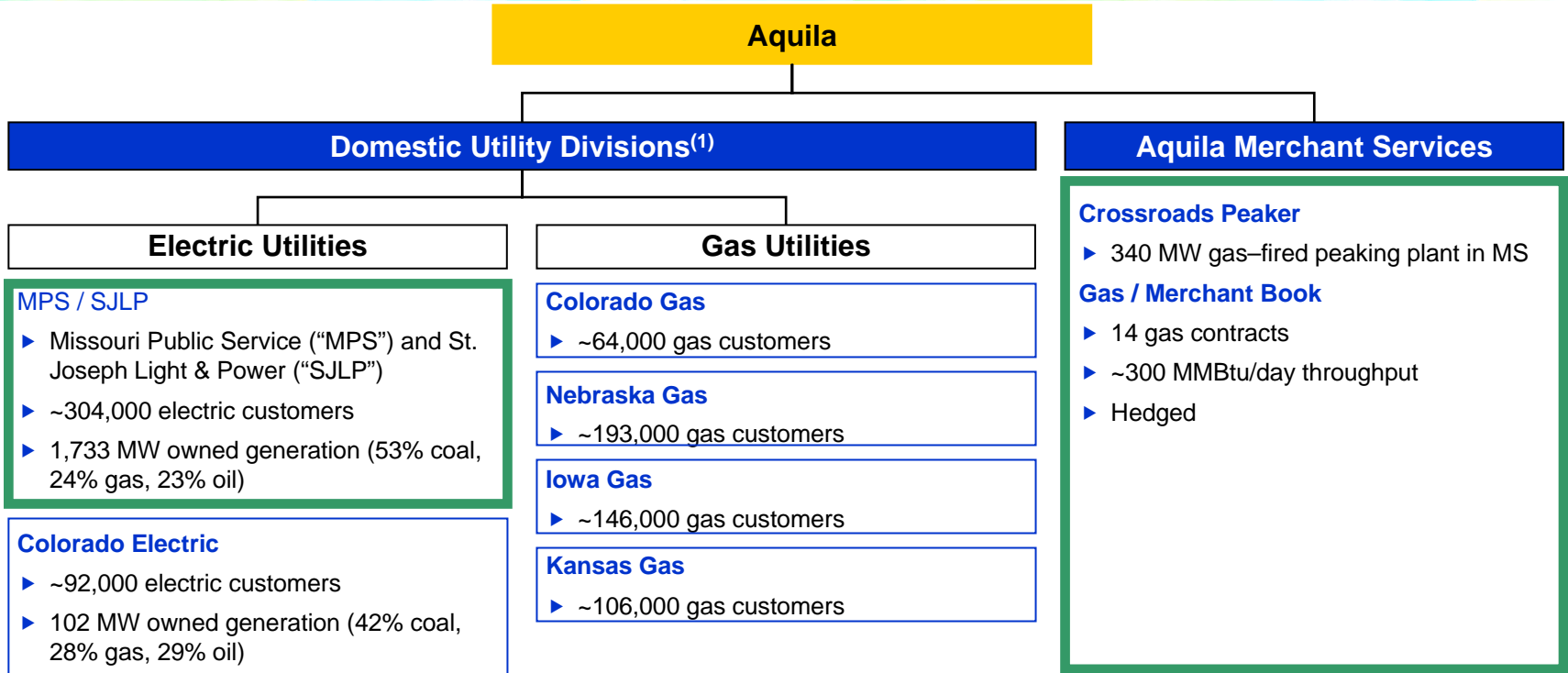


# **Benefits to Aquila Shareholders and Customers**

**Rick Green, Chairman, President & CEO**

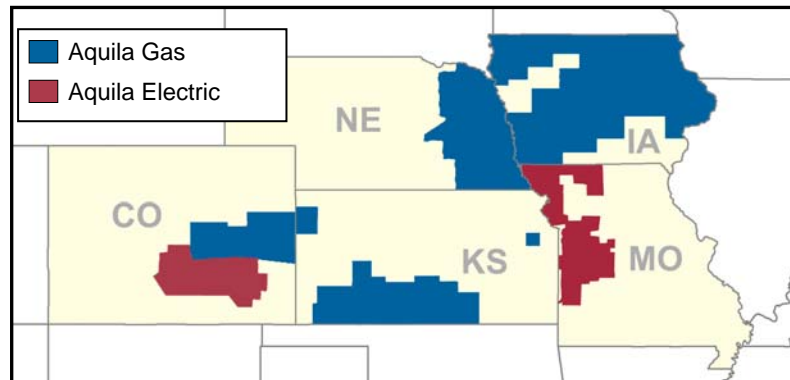
**Aquila, Inc.**

# Aquila Overview



(1) Pro forma for the sale of Kansas Electric.

## Aquila Service Territory<sup>(1)</sup>



(1) Pro forma for sale of Kansas Electric.

# Benefits for Aquila Shareholders & Customers

- Aquila shareholders participate in upside potential through receipt of Great Plains Energy stock
  - Enhanced rate base investment improves long-term growth prospects
  - Transaction anticipated to result in investment grade credit rating for Aquila debt
  - Ability to lower Aquila supply costs by leveraging KCP&L's generation portfolio
  - Significant synergies anticipated to result from transaction
- Aquila shareholders benefit from Great Plains Energy's stable and attractive dividend
- Aquila customers expected to benefit from:
  - Improved reliability and customer service
  - Lower projected rate increases



# Benefits to Black Hills Shareholders

**David Emery, Chairman, President & CEO**

**Black Hills Corporation**

## **The opportunity of this transaction:**

- Significant scale and scope expansion – 93,000 electric and 523,000 gas customers
- Opportunity to benefit from economies of scale, new resources, workforce innovation, adaptability and business practices

## **We have the strategy, skills, experience & track record to make this deal work:**

- Strong utility operations with commitment to superior customer service, reliability, efficiency and cost control
- Constructive regulatory relationships
- Committed to environmental safety
- Strong commitment to the communities we serve

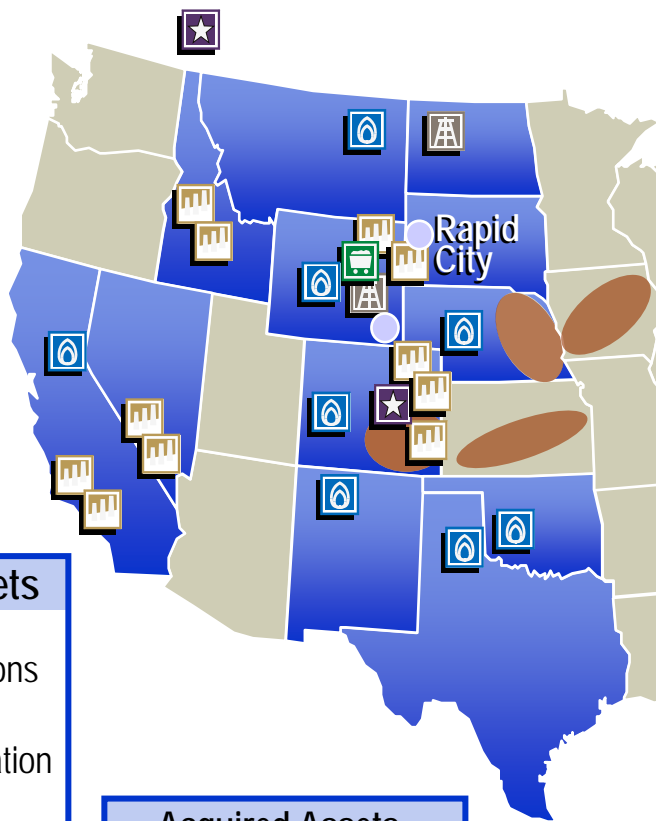
## **The transaction is good for customers, investors and employees:**

- Customers benefit from improved economies of scale, operational efficiencies and integrated business functions
- Investors benefit from expanded operations, enhanced cash flow and earnings, improved growth potential, lower risk profile and investment-grade credit rating
- Employees will have increased opportunity for personal and professional growth

## **Lower overall business risk:**

- Expanded utility operations provide more stable cash flows
- Stable service territories in KS, NE and IA, with high growth in CO
- Diversifies regulatory and geographic exposure

# Black Hills – Assets of Combination



## Black Hills Assets

 Utility operations

 Power generation

 Gas production

 Oil production

 Coal mine

 Energy marketing

## Acquired Assets

 Utilities in CO, KS, NE and IA

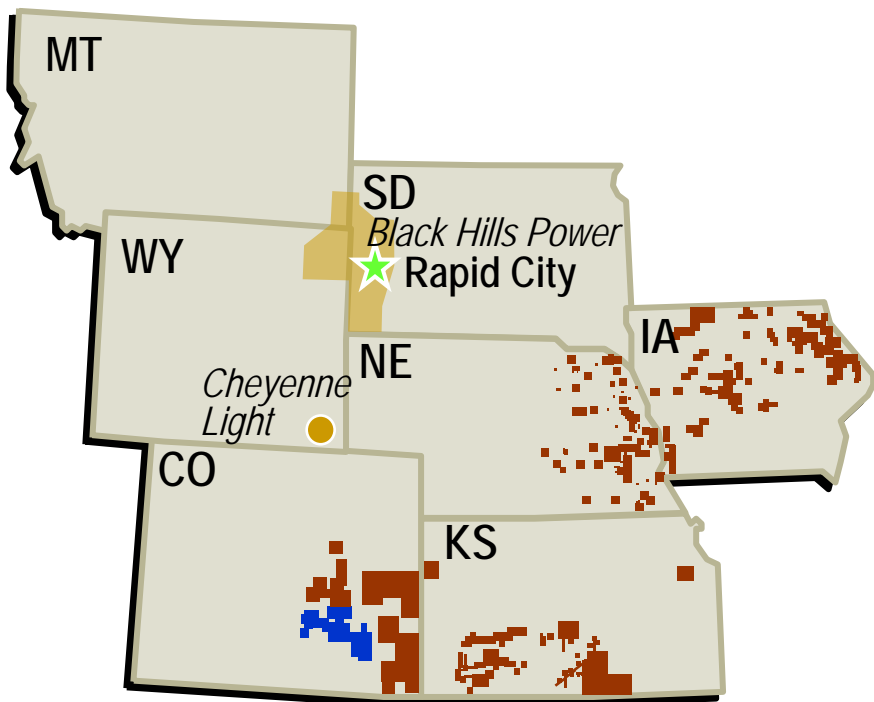
## Profile of the Combined Company

(Based on recent public information)

Total assets	~ \$3 Billion
Regulated customers:	
Electric	197,000 Customers
Gas	556,000 Customers
Total regulated customers	753,000 Customers
Power generation resources:	
Regulated, operated	537 MW
Regulated, contracted	398 MW
Regulated, under construction	90 MW
Independent power production	1,000 MW
Total generation	2,025 MW
Natural gas and oil reserves	~ 170 BCFE
Coal reserves	~ 290 million tons
Natural gas marketing average daily physical volume	1.4 million MMBTU
Regulated operations in 7 states	
Wholesale energy operations in 12 states	

# Black Hills – Utilities of Combination

- Seven adjoining states in Midwest and Rockies with similar demographics and business environments



## DESCRIPTION OF UTILITIES

Utility	Number of Customers	Annual Energy Sales
Black Hills Power	65,000	3.1 million MWH
Cheyenne Light (electric)	39,000	0.9 million MWH
Cheyenne Light (gas)	33,000	8.1 BCF
<b>Subtotal, existing</b>	<b>137,000</b>	<b>4.0 million MWH 8.1 BCF</b>
Colorado Electric (■)	93,000	2.0 million MWH
Colorado Gas (■)	68,000	7.1 BCF
Kansas Gas (■)	108,000	22.5 BCF
Nebraska Gas (■)	198,000	18.0 BCF
Iowa Gas (■)	149,000	27.3 BCF
<b>Subtotal, new</b>	<b>616,000</b>	<b>2.0 million MWH 74.9 BCF</b>
<b>Total, combined</b>	<b>753,000</b>	<b>6.0 million MWH 83.0 BCF</b>

## **A sound transaction – strategically, operationally and financially**

- Attractive, geographically diverse assets with stable or growing customer bases
- Balanced financing strategy
- Accretive to EPS after one year of transition costs
- Expansion of retail utility footprint and addition of rate-base assets provides stable, predictable cash flows and earnings
- Commitment to relationship-based regulatory processes
- Upside potential with vertical integration of acquired electric properties



# **Great Plains Energy Transaction Details**

**Mike Chesser, Chairman & CEO**

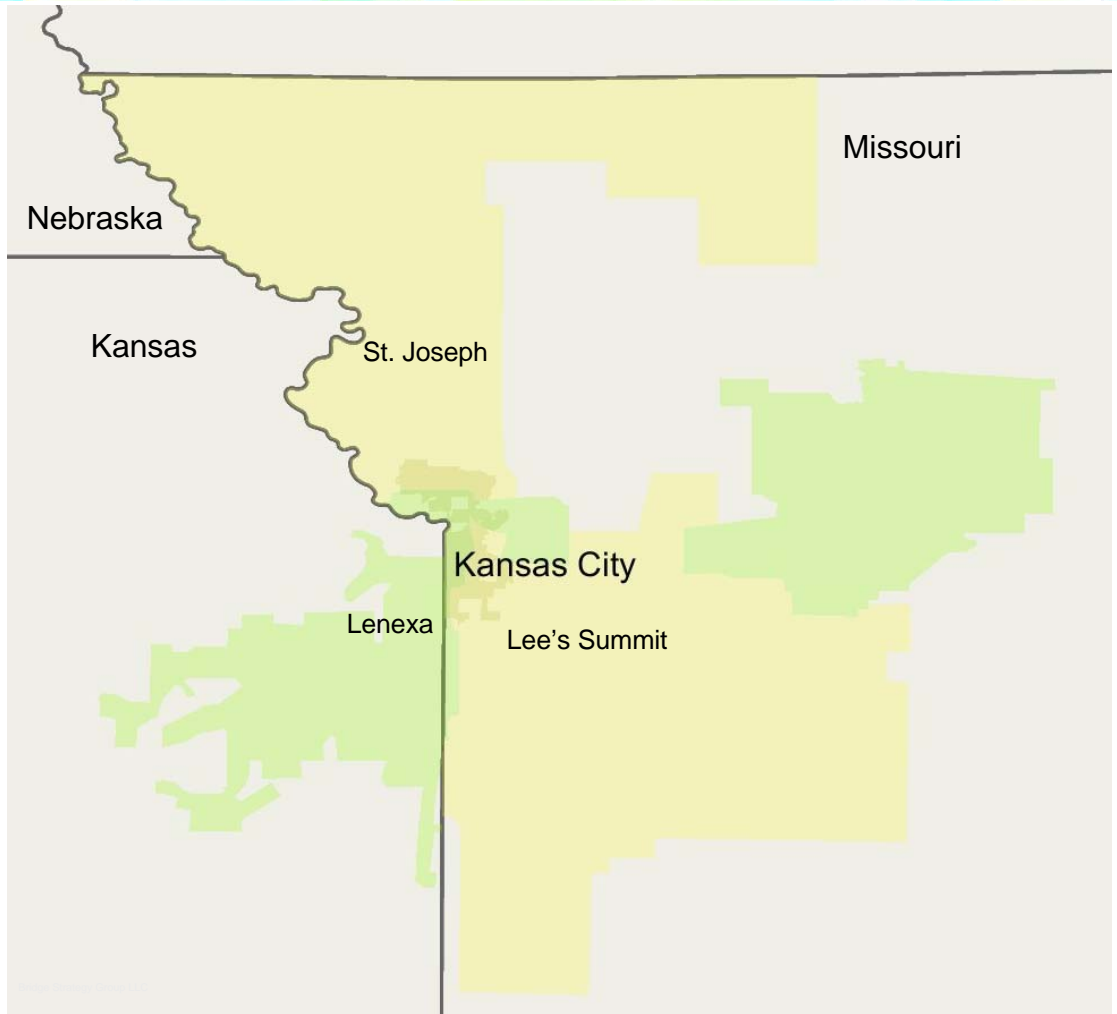
**Great Plains Energy**



# Post-Transaction Great Plains Energy Service Territory

## Electric Service Territories

-  Aquila
-  Great Plains Energy



Source: SNL Financial LC

**Adjacent Service Territories Provide  
Greater Scope and Scale**



# Key Operating Statistics

	KCP&L	KCP&L & Aquila	% change
<b>Customers*</b>	498,000	796,000	60%
<b>Revenues* (\$million)</b>	1,131	1,666	47%
<b>Rate base* (\$billion)</b>	2.3	3.4	48%
<b>Generation capacity* (MW)</b>	4,053	5,778	43%
<b>Generation* (MMWh)</b>	19.6	25.3	29%
<b>Generation Capacity</b>			
• Coal	55%	55%	---
• Nuclear	14%	9%	(30)%
• Gas/Oil	31%	36%	15%
<b>Sales to retail consumers* (MMWh)</b>	14.9	22.5	51%

Source: 2005 10K and FERC Form 1 for KCPL, MPS, and SJLP



# Combined Regulatory Plan

- **2006 Aquila Rate Case Concludes May 2007**
- **2007 KCP&L Rate Cases**
  - Missouri case filed on February 1, 2007
  - Kansas case to be Filed March 1, 2007
- **2007 Merger Case**
  - Merger approval

**After transaction close, rate increases to Aquila's customers are anticipated, overall, to be significantly lower vs. Aquila's stand-alone plan.**



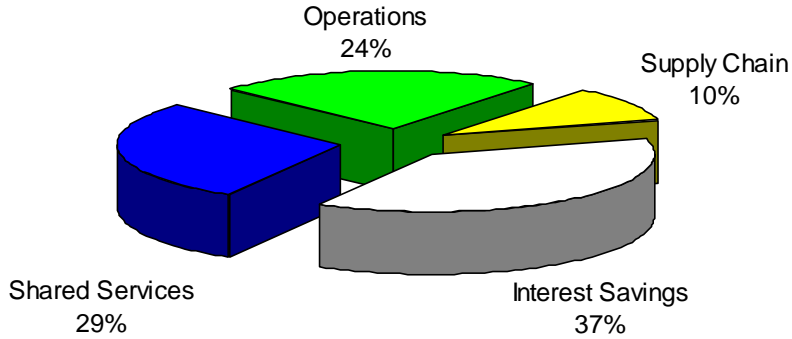
# Financial Highlights

- Approximately \$500M in total synergies over 5 yrs.; \$315M net of costs to achieve
- Transaction expected to be modestly dilutive in 2008 and accretive beginning in 2009
- Enhanced earnings growth prospects
  - Increased ownership of low-cost coal generation: Iatan 1 and Iatan 2
  - Capital investments consistent with KCP&L's CEP (generation, environmental, system improvement, and customer efficiency/affordability programs)
- Great Plains Energy's long-term equity ratio target remains approximately 55%
  - Funding mix for capital projects associated with the Aquila transaction expected to be similar to KCP&L's CEP projects
  - \$265m of Black Hills' transaction proceeds anticipated for debt retirement
- Strengthened balance sheet supports needed capital improvements at Aquila
- Efficient use of Aquila's tax benefits
  - Minimal tax on sale of assets to Black Hills
  - Remaining operating and capital loss tax benefits to be utilized in the next 5 years

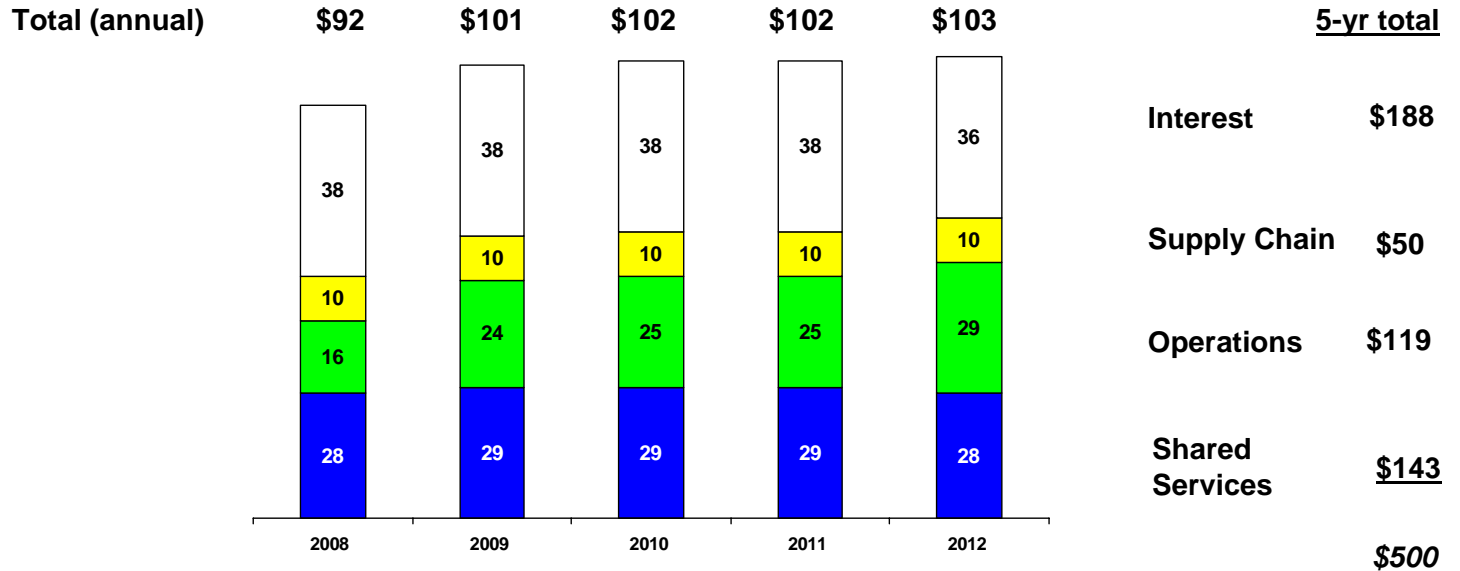


# Great Plains Energy Transaction Synergies

## 2008-2012 Estimated Synergies: \$500mm



## Estimated Synergies Average \$100mm per Year





# Estimated Aquila Capital Expenditures

(\$ in millions)

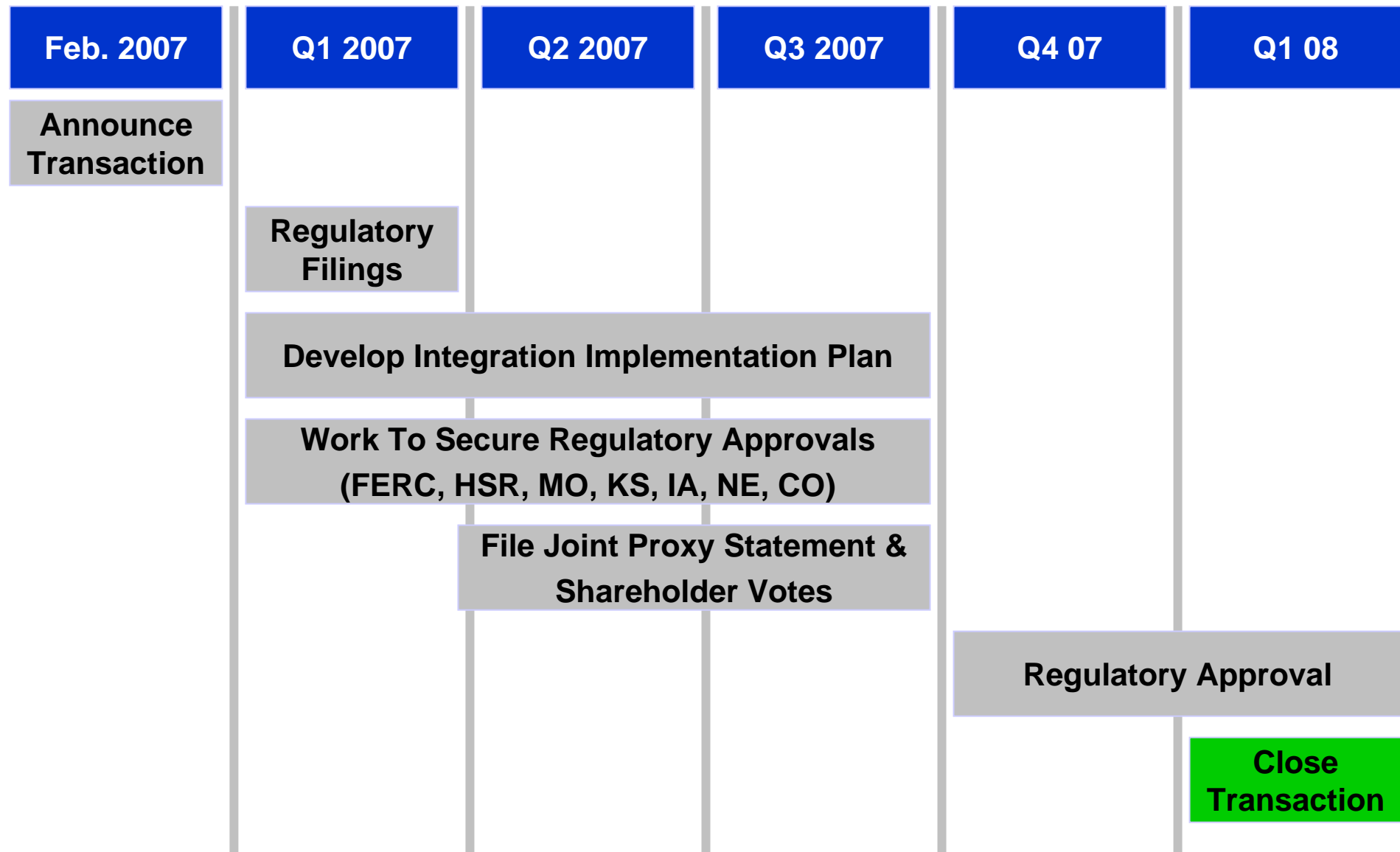
	2007E	Post-Transaction Period				Total
		2008E	2009E	2010E	2011E	'07-'11
Base Capex	\$115	\$167	\$122	\$131	\$106	<b>\$640</b>
New Generation	81	112	68	31	-	291
Environmental	80	24	0	0	-	104
Infrastructure Investment	8	17	66	95	60	245
Demand Response/Energy Efficiency	-	5	5	15	15	40
<b>Capex Consistent With CEP</b>						<b>\$680</b>
<b>Total Capex</b>	<b>\$284</b>	<b>\$324</b>	<b>\$260</b>	<b>\$271</b>	<b>\$181</b>	<b>\$1,320</b>

Aquila Estimated Ratebase                      \$1,068            \$1,224            \$1,339            \$1,841            \$1,918

- Planned capital projects for Aquila are consistent with the elements of KCP&L's existing CEP - designed to ensure environmentally sound generation and low-cost, reliable service for customers
- New generation investment at Iatan 2 and environmental investment at Iatan 1 are already underway
- 2007 –2011 estimated rate base CAGR of about 15.8%



# Projected Transaction Timeline





# Summary

## STRATEGIC INTENT:

- Increases Shareholder Value
- Improves Total Living Environment



- Acquisition of Aquila advances Great Plains Energy's Strategic Intent – acquiring only Aquila properties that are strategic
- Adjacent utility territories provides strong synergy opportunities
- Expect to benefit from Great Plains Energy's strong regulatory relationships in MO
- Rate base growth plan consistent with KCP&L balanced approach
- Lower anticipated rates for Aquila customers
- Accelerates benefits for Aquila shareholders



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