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): May 11, 2009

| **Commission File Number** | **Registrant, State of Incorporation, Address and Telephone Number** | **I.R.S. Employer Identification Number** |
|---|---|---|
| 001-32206 | **GREAT PLAINS ENERGY INCORPORATED**<br>(A Missouri Corporation)<br>1201 Walnut Street<br>Kansas City, Missouri 64106<br>(816) 556-2200 | 43-1916803 |

NOT APPLICABLE
(Former name or former address,
if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 8.01 Other Information**

On July 14, 2008, Great Plains Energy Incorporated ("Great Plains Energy") completed its acquisition of Aquila, Inc., now known as KCP&L Greater Missouri Operations Company ("GMO"). Immediately prior to the acquisition, GMO sold its Colorado electric utility assets and its Colorado, Iowa, Kansas and Nebraska gas utility assets (the "Asset Sale Transactions") to Black Hills Corporation.

Attached hereto as Exhibit 99.1 is the unaudited GMO consolidated balance sheet as of June 30, 2008, and the related unaudited GMO consolidated statements of income, comprehensive income, and cash flows for the six-month periods ended June 30, 2008 and 2007 (collectively, the "GMO Financial Statements"). As the Asset Sale Transactions were completed immediately before Great Plains Energy completed its acquisition of GMO, the GMO Financial Statements reflect the Asset Sale Transactions as discontinued operations. Attached hereto as Exhibit 99.2 is the unaudited pro forma condensed combined statement of income for the year ended December 31, 2008 for Great Plains Energy, reflecting the GMO acquisition subsequent to the Asset Sale Transactions (collectively, the "Pro Forma Financial Information"). The underlying unaudited pro forma condensed consolidated statement of income for GMO, reflecting the Asset Sale Transactions, is also provided in the Pro Forma Financial Information.

**Item 9.01 Financial Statements and Exhibits**

(a) Financial statements of businesses acquired

The KCP&L Greater Missouri Operations Company unaudited consolidated balance sheet as of June 30, 2008, and the related unaudited consolidated statements of income, comprehensive income, and cash flows for the six-month periods ended June 30, 2008 and 2007, reflecting the Asset Sale Transactions as discontinued operations, are filed as Exhibit 99.1 to this Current Report and incorporated herein by reference.

(b) Pro forma financial information

The Great Plains Energy Incorporated unaudited pro forma condensed combined statements of income for the year ended December 31, 2008, reflecting the KCP&L Greater Missouri Operations Company acquisition subsequent to the Asset Sale Transactions, and the underlying KCP&L Greater Missouri Operations Company unaudited pro forma condensed consolidated statements of income for the year ended December 31, 2008, reflecting the Asset Sale Transactions, and notes thereto are filed as Exhibit 99.2 to this Current Report and incorporated herein by reference.

(d) Exhibit No.

99.1 KCP&L Greater Missouri Operations Company unaudited consolidated financial statements described in Item 9.01(a).

99.2 Great Plains Energy Incorporated and KCP&L Greater Missouri Operations Company pro forma financial information described in Item 9.01(b).

## 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.

**GREAT PLAINS ENERGY INCORPORATED**

/s/ Terry Bassham
Terry Bassham
Executive Vice President- Finance & Strategic Development and Chief Financial Officer

Date: May 11, 2009.

**Exhibit Index**

| Exhibit No. | Title |
| --- | --- |
| 99.1 | KCP&L Greater Missouri Operations Company unaudited consolidated financial statements described in Item 9.01(a). |
| 99.2 | Great Plains Energy Incorporated and KCP&L Greater Missouri Operations Company pro forma financial information described in Item 9.01(b). |

**KCP&L Greater Missouri Operations Company**
**Consolidated Statements of Income—Unaudited**

| *In millions* | Six Months Ended June 30, 2008 | 2007 |
|---|---|---|
| **Sales:** | | |
| Electricity—regulated | $ 311.9 | $ 282.8 |
| Other | .5 | (7.4) |
| **Total sales** | 312.4 | 275.4 |
| **Cost of sales:** | | |
| Electricity—regulated | 151.1 | 160.7 |
| Other | .6 | .1 |
| **Total cost of sales** | 151.7 | 160.8 |
| **Gross profit** | 160.7 | 114.6 |
| **Operating expenses:** | | |
| Operation and maintenance expense | 116.9 | 105.8 |
| Taxes other than income taxes | 9.7 | 7.4 |
| Restructuring charges | – | 1.6 |
| Net loss on sale of assets and other charges | – | 1.3 |
| Depreciation and amortization expense | 36.1 | 33.1 |
| **Total operating expenses** | 162.7 | 149.2 |
| **Operating loss** | (2.0) | (34.6) |
| Other income (expense), net | 5.2 | 19.9 |
| Interest expense | 49.2 | 62.0 |
| **Loss from continuing operations before income taxes** | (46.0) | (76.7) |
| **Income tax benefit** | (17.6) | (17.3) |
| **Loss from continuing operations** | (28.4) | (59.4) |
| **Earnings from discontinued operations, net of tax** | 28.1 | 20.4 |
| **Net loss** | $ (.3) | $ (39.0) |

See accompanying notes to consolidated financial statements.

**KCP&L Greater Missouri Operations Company**
**Consolidated Balance Sheets—Unaudited**

| *In millions* | June 30, 2008 | December 31, 2007 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 66.6 | $ 34.4 |
| Funds on deposit | 31.5 | 41.3 |
| Accounts receivable, net | 135.0 | 136.8 |
| Inventories and supplies | 67.8 | 62.3 |
| Price risk management assets | 57.9 | 32.0 |
| Regulatory assets, current | 32.6 | 25.5 |
| Other current assets | 7.2 | 9.7 |
| Current assets of discontinued operations | 138.8 | 213.6 |
| **Total current assets** | 537.4 | 555.6 |
| Utility plant, net | 1,655.1 | 1,484.3 |
| Non-utility plant, net | 125.9 | 119.5 |
| Price risk management assets | 21.8 | 13.1 |
| Goodwill, net | 111.0 | 111.0 |
| Pension asset | 26.5 | 26.0 |
| Regulatory assets | 81.4 | 84.6 |
| Deferred charges and other assets | 35.5 | 39.3 |
| Non-current assets of discontinued operations | 569.6 | 583.1 |
| **Total Assets** | $ 3,164.2 | $ 3,016.5 |
| **Liabilities and Shareholders' Equity** | | |
| **Current liabilities:** | | |
| Current maturities of long-term debt | $ 2.4 | $ 2.4 |
| Short-term debt | 58.0 | 25.0 |
| Accounts payable | 95.0 | 85.5 |
| Accrued interest | 46.1 | 45.8 |
| Accrued compensation and benefits | 8.3 | 21.7 |
| Pension and post-retirement benefits, current | 1.6 | 1.6 |
| Other accrued liabilities | 67.5 | 46.8 |
| Price risk management liabilities | 29.5 | 28.7 |
| Customer funds on deposit | 45.1 | 14.0 |
| Current liabilities of discontinued operations | 74.4 | 150.0 |
| **Total current liabilities** | 427.9 | 421.5 |
| **Long-term liabilities:** | | |
| Long-term debt, net | 1,142.7 | 1,035.4 |
| Deferred income taxes and credits | – | – |
| Price risk management liabilities | .4 | .5 |
| Pension and post-retirement benefits | 25.5 | 25.4 |
| Regulatory liabilities | 103.8 | 75.4 |
| Deferred credits | 42.0 | 41.7 |
| Non-current liabilities of discontinued operations | 62.8 | 60.9 |
| **Total long-term liabilities** | 1,377.2 | 1,239.3 |
| **Common shareholders' equity** | 1,359.1 | 1,355.7 |
| **Total Liabilities and Shareholders' Equity** | $ 3,164.2 | $ 3,016.5 |

See accompanying notes to consolidated financial statements.

**KCP&L Greater Missouri Operations Company**
**Consolidated Statements of Comprehensive Income—Unaudited**

| | Six Months Ended June 30, | |
|---|---|---|
| *In millions* | **2008** | **2007** |
| **Net loss** | $ (.3) | $ (39.0) |
| **Other comprehensive income (loss), net of related tax:** | | |
| Foreign currency adjustments: | | |
| Foreign currency translation adjustments, net of deferred tax expense (benefit) of $.5 million for the six months ended June 30, 2007 | – | .8 |
| Reclassification of foreign currency (gains) losses to income, net of deferred tax (expense) benefit of $– million and $(.3) million for the six months ended June 30, 2008 and 2007, respectively | (.1) | (.5) |
| Total foreign currency adjustments | (.1) | .3 |
| Pension and post-retirement benefits costs amortized to income: | | |
| Prior service cost, net of deferred tax expense (benefit) of $– million after valuation allowance and $.4 million for the six months ended June 30, 2008 and 2007, respectively | 1.1 | .6 |
| Net actuarial loss, net of deferred tax expense (benefit) of $.4 million for the six months ended June 30, 2007 | – | .4 |
| Accumulated regulatory loss adjustment, net of deferred tax expense (benefit) of $– million after valuation allowance and $1.0 million for the six months ended June 30, 2008 and 2007, respectively | 2.0 | 1.8 |
| Total pension and post-retirement benefit costs | 3.1 | 2.8 |
| Other comprehensive income | 3.0 | 3.1 |
| **Total Comprehensive Income (Loss)** | $ 2.7 | $ (35.9) |

See accompanying notes to consolidated financial statements.

**KCP&L Greater Missouri Operations Company**
**Consolidated Statements of Cash Flows—Unaudited**

| *In millions* | Six Months Ended June 30, 2008 | 2007 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net loss | $ (.3) | $ (39.0) |
| Adjustments to reconcile net loss to net cash provided from operating activities: | | |
| Depreciation and amortization expense | 57.1 | 54.1 |
| Net changes in price risk management assets and liabilities | (42.0) | (13.3) |
| Changes in certain assets and liabilities, net of effects of divestitures: | | |
| Funds on deposit | 9.7 | 47.0 |
| Accounts receivable/payable, net | (10.6) | (68.2) |
| Inventories and supplies | (.6) | 16.8 |
| Other current assets | 23.1 | 29.7 |
| Deferred charges and other assets | 11.9 | 22.5 |
| Accrued interest and other accrued liabilities | 1.3 | (9.8) |
| Customer funds on deposit | 19.0 | 3.7 |
| Deferred credits | 27.5 | (4.0) |
| Other | 4.1 | (.5) |
| **Cash provided from operating activities** | 100.2 | 39.0 |
| **Cash Flows From Investing Activities:** | | |
| Utilities capital expenditures | (202.8) | (101.1) |
| Cash proceeds received on sale of assets | – | 294.1 |
| Other | (4.6) | 1.6 |
| **Cash provided from (used for) investing activities** | (207.4) | 194.6 |
| **Cash Flows From Financing Activities:** | | |
| Premium on retirement of long-term debt | – | (1.3) |
| Borrowings of long-term debt | 109.0 | – |
| Retirement of long-term debt | (1.7) | (361.5) |
| Short-term debt borrowings, net | 33.0 | – |
| Cash paid on long-term gas contracts | (1.4) | (7.9) |
| Other | .5 | .9 |
| **Cash provided from (used for) financing activities** | 139.4 | (369.8) |
| **Increase (decrease) in cash and cash equivalents** | 32.2 | (136.2) |
| **Cash and cash equivalents at beginning of period** | 34.4 | 232.8 |
| **Cash and cash equivalents at end of period** | $ 66.6 | $ 96.6 |

See accompanying notes to consolidated financial statements.

**Note 1: Merger and Asset Sale**

On February 6, 2007, KCP&L Greater Missouri Operations Company (GMO) entered into an agreement and plan of merger with Great Plains Energy, Gregory Acquisition Corp., a wholly-owned subsidiary of Great Plains Energy, and Black Hills, which provided for the merger of Gregory Acquisition Corp. into us, with GMO continuing as the surviving corporation. As of July 14, 2008, all required approvals had been received. Upon completion of the Merger, we became a wholly-owned subsidiary of Great Plains Energy, and our shareholders received cash and shares of Great Plains Energy common stock in exchange for their shares of GMO common stock. As of July 14, 2008, each share of GMO common stock converted into the right to receive 0.0856 of a share of Great Plains Energy common stock and a cash payment of $1.80. The exchange ratio was fixed and was not adjusted to reflect stock price changes prior to the completion of the Merger. Upon consummation of the Merger, our shareholders owned approximately 27% of the outstanding common stock of Great Plains Energy, and the Great Plains Energy shareholders owned approximately 73% of the outstanding common stock of Great Plains Energy.

On July 14, 2008, subsequent to the merger a dividend of approximately $675 million was declared and paid to Great Plains Energy.

In connection with the Merger, we also entered into agreements with Black Hills under which we sold our Colorado electric utility and our Colorado, Iowa, Kansas and Nebraska gas utilities to Black Hills for $940 million in cash, subject to certain working capital and other purchase price adjustments, in a transaction that also closed on July 14, 2008. The agreements contained various provisions customary for transactions of this size and type, including representations, warranties and covenants with respect to the Colorado, Iowa, Kansas and Nebraska utility businesses that are subject to usual limitations. The employees of these utility operations were transferred to Black Hills upon completion of the sale.

The Merger and the asset sales were contingent upon the closing of the other transaction, meaning that one transaction would not close unless the other transaction closes.

We evaluated the accounting classification of the assets to be acquired by Black Hills relative to SFAS 144. Based on our assessment, the criteria for classification of the assets as “held for sale” and discontinued operations was met upon closing of the transactions. As a result, we have reclassified the assets to be acquired by Black Hills as “held for sale” and reported those results as discontinued operations herein.

We incurred significant costs in connection with the merger and related asset sale, primarily consisting of investment banking, legal, employee retention, and other severance costs which we expensed as they were incurred. We incurred approximately $2.2 million and $8.2 million of costs (primarily investment banking and legal costs) relating to these transactions in the six months ended June 30, 2008 and 2007, respectively. In connection with the closing of the transactions we paid an additional $12.4 million of fees in 2008 including $11.9 million to investment advisors. These costs are included in operation and maintenance expense in Corporate and Other.

Beginning in February 2007, we executed retention agreements totaling $8.8 million with numerous non-executive employees to mitigate employee attrition prior to the closing of the Merger. The retention awards were paid on January 31, 2008. We accrued $.9 million and $3.4 million of expense related to these retention agreements in the six months ended June 30, 2008 and 2007, respectively. These costs are included in operation and maintenance expense in Corporate and Other.

## Note 2.  Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the accounting policies described in the consolidated financial statements and related notes included in our 2007 Annual Report on Form 10-K filed with the SEC on February 29, 2008.  You should read our 2007 Form 10-K in conjunction with this report.  The accompanying Consolidated Balance Sheets and Consolidated Statements of Common Shareholders' Equity as of December 31, 2007, were derived from our audited financial statements, but do not include all disclosures required by accounting principles generally accepted in the United States.  In our opinion, the accompanying consolidated financial statements reflect all adjustments (which include only normal recurring adjustments) necessary for a fair representation of our financial position and the results of our operations.  Certain estimates and assumptions have been made in preparing the consolidated financial statements that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods shown.  Actual results could differ from these estimates.

Our consolidated financial statements include all of our operating divisions and majority-owned subsidiaries for which we maintain controlling interests, including MPS Merchant.

### Seasonal Variations of Business

Our electric and gas utility businesses are weather-sensitive.  We have both summer- and winter-peaking network assets to reduce dependence on a single peak season.  The table below shows normal utility peak seasons.

| Operations | Peak |
|---|---|
| Gas Utilities | November through March |
| Electric Utilities | July and August |

### New Accounting Standards

### Fair Value Measurements

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.  This statement is effective for our financial statements as of January 1, 2008.  The adoption of SFAS 157 did not have a material impact on our financial condition or results of operations.  See Note 11 for additional disclosures required by SFAS 157.

### Offsetting of Amounts Related to Certain Contracts

In April 2007, the FASB issued FSP FIN 39-1, "Amendment of FASB Interpretation No. 39." FSP FIN 39-1 replaces certain terms in FIN No. 39 with "derivative instruments" (as defined in SFAS No. 133) and permits the offsetting of fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.  FSP FIN 39-1 is effective for fiscal years beginning after November 15, 2007.  The adoption of this FSP did not have a material impact on our financial condition or results of operations.

### Noncontrolling Interests

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51" (SFAS 160).  SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary.  It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements.  SFAS 160 is effective for fiscal years beginning after December 15, 2008.  We do not expect SFAS 160 to have a material impact on our financial position or results of operations.

**Business Combinations**

In December 2007, the FASB issued SFAS No. 141R "Business Combinations" (SFAS 141R). SFAS 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for business combinations with acquisition dates in fiscal years beginning after December 15, 2008. As we have no business acquisitions pending, we do not expect SFAS 141R to have a material impact on our financial position or results of operations.

**Disclosures about Derivative Instruments and Hedging Activities**

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities-an amendment to FASB Statement No. 133" (SFAS 161), effective for fiscal years beginning after November 15, 2008. SFAS 161 requires an entity to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. We are currently evaluating the disclosures required by SFAS 161.

**Note 3. Restructuring Charges**

We recorded the following restructuring charges:

| | Six Months Ended June 30, | |
|---|---|---|
| *In millions* | **2008** | **2007** |
| Corporate and Other severance costs | $ – | $ 1.6 |
| Total restructuring charges | $ – | $ 1.6 |

**Severance Costs**

We recorded $1.6 million of one-time termination benefits in first six months of 2007 related to the departure of our Chief Operating Officer. These benefits are being paid over a two-year period which began April 28, 2007.

**Restructuring Reserve Activity**

The following table summarizes activity in accrued restructuring charges for the six months ended June 30, 2008:

| *In millions* | |
|---|---|
| Severance Costs: | |
| Accrued severance costs as of December 31, 2007 | $ 1.1 |
| Additional expense during the period | – |
| Cash payments during the period | (.3) |
| Accrued severance costs as of June 30, 2008 | $ .8 |

In connection with the closing of the merger with Great Plains Energy and sale of certain operations to Black Hills, approximately 200 employees were severed or agreed to transitional employment agreements. As a result, approximately $23.8 million of severance-related costs were paid or accrued. In accordance with the sale agreements, Black Hills will reimburse approximately $8.6 million of these costs.

## Note 4. Discontinued Operations

As part of our ongoing effort to reduce debt and other long-term obligations, we have sold the assets discussed below, which are considered discontinued operations in accordance with SFAS 144. After-tax losses discussed below are reported after giving consideration to the effect of capital loss carryback and carryforward limitations. As a result, the net tax effect may differ substantially from our expected statutory tax rates.

### Electric and Gas Utilities

In September 2005, we entered into agreements to sell our Kansas electric distribution business and our Michigan, Minnesota and Missouri natural gas distribution businesses. We completed these asset sales in 2006, except for the Kansas electric sale, which was completed on April 1, 2007. The tax gain on the sale of the Kansas electric properties will be adjusted when the final determination as to the amount of capital gain on the sale is made and as the 2007 income tax return is filed in 2008.

In March 2007, we paid $1.8 million to the buyer of the Michigan properties to settle a gas-in-storage issue and other matters.

On April 1, 2007, we closed the sale of our Kansas electric operations and received gross cash proceeds of $292.2 million, including the base purchase price of $249.7 million plus preliminary working capital and other adjustments of $42.5 million. In connection with this sale we recorded a pretax gain of approximately $1.8 million in 2007 after transaction fees and expenses, including an adjustment for the final determination of pension assets transferred to the buyer. The estimated after-tax gain was approximately $1.1 million, subject to the determination of the capital gain amount discussed above.

On July 14, 2008, we closed the sale of our Colorado electric operations and Colorado, Iowa, Kansas and Nebraska gas operations to Black Hills and received gross cash proceeds of $908.8 million, subject to true-up within 120 days after close. We expect the sale to result in a pretax and after-tax gain of approximately $315.0 million. This amount will be adjusted for final working capital and capital expenditure adjustments determined through July 14, 2008.

The operating results of the utility divisions sold or held for sale include the direct operating costs associated with those businesses but do not include the allocated operating costs of central services and corporate overhead in accordance with EITF Consensus 87-24, “Allocation of Interest to Discontinued Operations” (EITF 87-24). We provide corporate and centralized support services to all of our utility divisions, including customer care, billing, collections, information technology, accounting, tax and treasury services, regulatory services, gas supply services, human resources, safety and other services. The operating costs related to these functions are allocated to the utility divisions based on various cost drivers. With the exception of certain central services operations acquired by Black Hills, these allocated costs were not included in the reclassification to earnings from discontinued operations because these support services were necessary to maintain ongoing operations until the sales were completed. The allocated operating expenses related to the utility divisions held for sale that were not assumed by Black Hills were as follows:

| | **Six Months Ended June 30,** | |
|---|---|---|
| *In millions* | **2008** | **2007** |
| Allocated expenses retained in continuing operations | $ 18.1 | $ 18.7 |

### Interest Allocation to Discontinued Operations

The buyers of the assets in discontinued operations did not assume any of our long-term debt. We allocated a portion of consolidated interest expense to discontinued operations based on the ratio of net assets of discontinued operations to consolidated net assets plus consolidated debt in accordance with EITF 87-24. As we completed each asset sale the allocation of interest to discontinued operations ceased, thereby increasing interest expense in continuing operations, without impacting total interest expense, until the sales proceeds were used to reduce debt.

**Summary**

We have reported the results of operations from these assets in discontinued operations for the six months ended June 30, 2008 and 2007 in the Consolidated Statements of Income as follows.

| *In millions* | Six Months Ended June 30, 2008 | Six Months Ended June 30, 2007 |
|---|---|---|
| Sales | $ 520.8 | $ 513.0 |
| Cost of sales | 375.4 | 360.5 |
| Gross profit | 145.4 | 152.5 |
| Operating expenses: | | |
| Operation and maintenance expense | 58.4 | 67.7 |
| Taxes other than income taxes | 5.5 | 8.0 |
| Net (gain) on sale of assets and other charges | – | (.3) |
| Depreciation and amortization expense | 21.0 | 21.0 |
| Total operating expenses | 84.9 | 96.4 |
| Operating income | 60.5 | 54.1 |
| Other income (expense) | (1.1) | (.4) |
| Interest expense | 15.6 | 22.2 |
| Income before income taxes | 43.8 | 33.5 |
| Income tax expense | 15.7 | 13.1 |
| Earnings from discontinued operations, net of tax | $ 28.1 | $ 20.4 |

The related assets and liabilities included in the sale of these businesses, as detailed below, have been reclassified as current and non-current assets and liabilities of discontinued operations on the June 30, 2008 and December 31, 2007 Consolidated Balance Sheets as follows:

| *In millions* | | **June 30, 2008** | | **December 31, 2007** |
|---|---|---|---|---|
| Current assets of discontinued operations: | | | | |
| Accounts receivable, net | $ | 71.5 | $ | 119.3 |
| Inventories and supplies | | 35.4 | | 40.3 |
| Regulatory assets, current | | 23.3 | | 33.0 |
| Other current assets | | 8.6 | | 21.0 |
| Total current assets of discontinued operations | $ | 138.8 | $ | 213.6 |
| | | | | |
| Non-current assets of discontinued operations: | | | | |
| Utility plant, net | $ | 531.8 | $ | 537.6 |
| Regulatory assets | | 35.2 | | 40.5 |
| Other non-current assets | | 2.6 | | 5.0 |
| Total non-current assets of discontinued operations | $ | 569.6 | $ | 583.1 |
| | | | | |
| Current liabilities of discontinued operations: | | | | |
| Accounts payable | $ | 43.9 | $ | 105.2 |
| Regulatory liabilities, current | | 22.3 | | 19.4 |
| Other current liabilities | | 8.2 | | 25.4 |
| Total current liabilities of discontinued operations | $ | 74.4 | $ | 150.0 |
| | | | | |
| Non-current liabilities of discontinued operations: | | | | |
| Pension and post-retirement benefits | $ | 45.6 | $ | 43.9 |
| Regulatory liabilities | | 5.5 | | 5.0 |
| Deferred credits | | 11.7 | | 12.0 |
| Total non-current liabilities of discontinued operations | $ | 62.8 | $ | 60.9 |

**Note 5. Reportable Segment Reconciliation**

We manage our business in three business segments: Electric Utilities, Gas Utilities and Merchant Services. Our Electric and Gas Utilities consist of our regulated electric utility operations in two states and our natural gas utility operations in four states. We manage our electric and gas utility divisions by state. However, as each of our electric utility divisions and each of our gas utility divisions have similar economic characteristics, we aggregate our electric utility divisions into the Electric Utilities reporting segment and our gas utility divisions into the Gas Utilities reporting segment. The operating results of our Kansas electric division, which was sold April 1, 2007, and our Michigan, Missouri and Minnesota gas divisions, which were sold on April 1, 2006, June 1, 2006 and July 1, 2006, respectively, have been reclassified to discontinued operations. In addition, the operating results of our Colorado electric and Colorado, Iowa, Kansas and Nebraska gas operations (sold to Black Hills on July 14, 2008) have been reclassified to discontinued operations. Merchant Services includes the residual operations of MPS Merchant Services, Inc. (MPS Merchant). These operations primarily include remaining contracts from its former wholesale energy trading operations and our investment in the Crossroads plant, which is an investment of GMO and is not an asset of MPS Merchant. All other operations are included in Corporate and Other, including the costs not allocated to our operating businesses.

Each segment is managed based on operating results, expressed as EBITDA. Generally, decisions on finance and taxes are made at the Corporate level.

Our reportable segment reconciliation is shown below:

| *In millions* | Six months Ended June 30, 2008 | 2007 |
|---|---|---|
| Sales: *(a)* | | |
| Electric Utilities | $ 312.2 | $ 282.9 |
| Merchant Services | .2 | (7.5) |
| Corporate and Other | – | – |
| Total sales | $ 312.4 | $ 275.4 |

*(a) For the six months ended June 30, 2008 and 2007, respectively, the following sales (in millions) were reclassified to discontinued operations and are not included in the above amounts: Electric Utilities of $103.6 and $129.7; and Gas Utilities of $417.2 and $383.3.*

| | 2008 | 2007 |
|---|---|---|
| EBITDA: *(a)* | | |
| Utilities: | | |
| Electric Utilities | $ 57.5 | $ 37.4 |
| Gas Utilities | (13.5) | (13.5) |
| Total Utilities | 44.0 | 23.9 |
| Merchant Services | (1.5) | (.6) |
| Corporate and Other | (3.2) | (4.9) |
| Total EBITDA | 39.3 | 18.4 |
| Depreciation and amortization expense | 36.1 | 33.1 |
| Interest expense | 49.2 | 62.0 |
| Loss from continuing operations before income taxes | $ (46.0) | $ (76.7) |

*(a) For the six months ended June 30, 2008 and 2007, respectively, the following EBITDA (in millions) were reclassified to discontinued operations and are not included in the above amounts: Electric Utilities of $21.1 and $23.9; and Gas Utilities of $59.3 and $52.8.*

| | 2008 | 2007 |
|---|---|---|
| Depreciation and Amortization: *(a)* | | |
| Utilities: | | |
| Electric Utilities | $ 32.2 | $ 31.0 |
| Gas Utilities | .4 | .1 |
| Total Utilities | 32.6 | 31.1 |
| Merchant Services | 3.3 | 2.0 |
| Corporate and Other | .2 | – |
| Total depreciation and amortization | $ 36.1 | $ 33.1 |

*(a) For the six months ended June 30, 2008 and 2007, respectively, the following EBITDA (in millions) were reclassified to discontinued operations and are not included in the above amounts: Electric Utilities of $5.4 and $5.6; and Gas Utilities of $15.6 and $15.4.*

| *In millions* | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Assets: | | |
| Utilities: | | |
| Electric Utilities | $ 2,139.3 | $ 1,858.6 |
| Gas Utilities | 32.4 | 51.0 |
| Total Utilities | 2,171.7 | 1,909.6 |
| Merchant Services | 211.7 | 205.0 |
| Corporate and Other | 72.4 | 105.2 |
| Total Continuing Operations | 2,455.8 | 2,219.8 |
| Discontinued Operations: | | |
| Electric Utilities | 193.8 | 201.0 |
| Gas Utilities | 514.6 | 595.7 |
| Total Discontinued Operations | 708.4 | 796.7 |
| Total assets | $ 3,164.2 | $ 3,016.5 |

## Note 6. Financings

**Five-Year Unsecured Revolving Credit Facility**

In September 2004, we completed a $110 million unsecured revolving credit facility that matures in September 2009 (the Five-Year Unsecured Revolving Credit Facility). There were no borrowings outstanding on this facility as of June 30, 2008. The Five-Year Unsecured Revolving Credit Facility bears interest at the Eurodollar Rate plus 5.50%, subject to reduction if our credit rating improves. Among other restrictions, the Five-Year Unsecured Revolving Credit Facility contains financial covenants similar to, but less restrictive than, those contained in the Iatan Facility described below. We were in compliance with these covenants as of June 30, 2008.

The Five-Year Unsecured Revolving Credit Facility contains a $40 million "cross default" provision, as well as covenants that restrict certain activities including, among others, limitations on additional indebtedness, restrictions on acquisitions, sale transactions and investments. In addition, we are prohibited from paying dividends and from making certain other payments if our senior unsecured debt is not rated at least Ba2 by Moody's and BB by S&P, or if such a payment would cause a default under the facility.

Effective July 14, 2008, this facility was terminated.

**$180 Million Unsecured Revolving Credit and Letter of Credit Facility**

On April 13, 2005, we entered into a five-year credit agreement with a commercial lender. Subject to the satisfaction of certain conditions, the facility provides for up to $180 million of cash advances and letters of credit for working capital purposes. Cash advances must be repaid within 364 days unless we obtain the necessary regulatory approvals to incur long-term indebtedness under the facility. As of June 30, 2008, we had $150.0 million of uncollateralized capacity at an average cost of 3.65% under this agreement, which contains a $40 million "cross default" provision. As of June 30, 2008, $146.7 million of this capacity had been utilized for letters of credit issued to commodity suppliers, lessors and insurance companies for financial assurance purposes.

**Four-Year Secured Revolving Credit Facility**

On April 22, 2005, we executed a four-year $150 million secured revolving credit facility (the AR Facility). Proceeds from this facility may be used for working capital and other general corporate purposes. Borrowings under this facility are secured by the accounts receivable generated by our regulated utility operations in Colorado, Iowa, Kansas, Missouri and Nebraska. Borrowings under the AR Facility bear interest at LIBOR plus 1.25% or prime plus .375% depending on the term of the advance, subject to reduction if our credit ratings improve. Borrowings must be repaid within 364 days unless we obtain the necessary regulatory approvals to incur long-term indebtedness under the facility. Among other restrictions, we are required under the AR Facility to maintain the same debt-to-total capital and EBITDA-to-interest expense ratios as those contained in the Five-Year Unsecured Revolving Credit Facility discussed above. The credit agreement also contains a $40 million "cross default" provision. We had borrowed $58.0 million under this facility as of June 30, 2008 at a rate of 5.12%.

We have entered into an amendment of the facility to permit the obligation to be transferred to Great Plains Energy upon the closing of the merger and to release the accounts receivable generated by our Colorado electric and Colorado, Iowa, Kansas and Nebraska gas operations. In addition, the maximum borrowing limit was reduced from $150 million to $65 million.

**$50 Million Revolving Credit and Letter of Credit Facility**

In January 2006, we closed on a $50 million short-term letter of credit facility with a commercial lender that allows us to issue letters of credit under the facility. The credit agreement contains a $40 million "cross default" provision. The advance rate under this facility is 1.10%. There were $45.6 million of letters of credit outstanding under this facility as of June 30, 2008. These letters of credit have been issued to commodity suppliers, lessors and insurance companies for financial assurance purposes.

**Iatan Construction Financing**

On August 31, 2005, we entered into a $300 million credit agreement with a commercial lender and a syndicate of other lenders (the Iatan Facility). The credit agreement allows us to obtain loans in support of our participation in the construction of the Iatan 2 facility being developed by KCPL near Weston, Missouri (Iatan 2), and our obligation to fund pollution controls being installed at an adjacent facility. Extensions of credit under the facility will be due and payable on August 31, 2010. Loans bear interest at the Eurodollar Rate plus 1.375%, subject to reduction if our credit rating improves. Obligations under the credit agreement are secured by the assets of our Missouri Public Service electric operations. We had borrowed $109.0 million under this facility at June 30, 2008. Among other restrictions, the Iatan Facility contains the following financial covenants with which we were in compliance as of June 30, 2008:

(1) We are required to maintain a ratio of total debt to total capital (expressed as a percentage) of not more than 75% through September 30, 2008; 70% from October 1, 2008 through September 30, 2009; and 65% thereafter.

(2) We must maintain a trailing 12-month ratio of EBITDA, as defined in the agreement, to interest expense of no less than 1.4 to 1.0 through September 30, 2008; 1.6 to 1.0 from October 1, 2008 through September 30, 2009; and 1.8 to 1.0 thereafter.

(3) We must maintain a trailing 12-month ratio of debt outstanding to EBITDA of no more than 6.0 to 1.0 through September 30, 2008; 5.5 to 1.0 from October 1, 2008 through September 30, 2009; and 5.0 to 1.0 thereafter.

(4) We must maintain a ratio of mortgaged property to extensions of credit (borrowings plus outstanding letters of credit) of no less than 2.0 to 1.0 as of the last day of each fiscal quarter.

The Iatan Facility contains a $40 million “cross default” provision, as well as covenants that restrict certain activities including, among others, limitations on additional indebtedness, restrictions on acquisitions, sale transactions and investments. In addition, we are prohibited from paying dividends and from making certain other payments if our senior unsecured debt is not rated at least Ba2 by Moody's and BB by S&P, or if such a payment would cause a default under the facility.

**Other**

We had an additional $.5 million of letters of credit outstanding under another arrangement as of June 30, 2008.

**Note 7. Employee Benefits**

The following table shows the components of net periodic benefit costs for total continuing and discontinued operations:

| | Pension Benefits | | Other Post-retirement Benefits | |
|---|---|---|---|---|
| | Six Months Ended June 30, | | | |
| *In millions* | 2008 | 2007 | 2008 | 2007 |
| **Components of Net Periodic Benefit Cost:** | | | | |
| Service cost | $ 4.1 | $ 4.6 | $ .5 | $ .6 |
| Interest cost | 10.4 | 10.2 | 1.5 | 1.5 |
| Expected return on plan assets | (12.6) | (12.2) | (.6) | (.6) |
| Amortization of transition amount | – | – | .5 | .6 |
| Amortization of prior service cost | 2.1 | 2.3 | 1.0 | 1.0 |
| Recognized net actuarial (gain)/loss | – | 1.4 | – | (.2) |
| Net periodic benefit cost before regulatory expense adjustments | 4.0 | 6.3 | 2.9 | 2.9 |
| Regulatory (gain)/loss adjustment | 2.0 | 2.8 | (.2) | .2 |
| SFAS 71 regulatory adjustment | 1.3 | (.4) | – | – |
| Net periodic benefit cost after regulatory expense adjustments | 7.3 | 8.7 | 2.7 | 3.1 |
| Effect of curtailments and settlements included in gain on sale of assets | – | 10.0 | – | (4.8) |
| **Total periodic benefit costs** | $ 7.3 | $ 18.7 | $ 2.7 | $ (1.7) |

The unrecognized net periodic benefit costs amortized to income for total continuing and discontinued operations from the regulatory asset and accumulated other comprehensive income accounts are as follows:

| | Pension Benefits | | Other Post-retirement Benefits | |
|---|---|---|---|---|
| | Six Months Ended June 30, 2008 | | | |
| *In millions* | Regulatory Asset | Other Comprehensive Income | Regulatory Asset | Other Comprehensive Income |
| **Components of Net Periodic Benefit Cost Amortized to Income:** | | | | |
| Transition amount | $ – | $ – | $ .2 | $ – |
| Prior service cost | .5 | .6 | .5 | – |
| Regulatory (gain)/loss adjustment | – | 1.0 | (.1) | – |
| **Total pension and post-retirement benefit costs amortized** | $ .5 | $ 1.6 | $ .6 | $ – |

We previously disclosed in our financial statements for the year ended December 31, 2007, that we expected to contribute in 2008 $.8 million and $5.1 million to our defined benefit pension plans and other post-retirement benefit plan, respectively. Our qualified pension plan is funded in compliance with income tax regulations and federal funding requirements. We expect to fund no less than the IRS minimum funding amount and no more than the IRS maximum tax deductible amount.

To comply with a regulatory condition related to the closing of the sale of our Kansas electric operations, we contributed $3.4 million to our qualified defined benefit pension plan and $1.1 million to our other post-retirement benefit plan in April 2007. As a result of the transfer of pension plan assets and pension benefits obligations in accordance with ERISA requirements to the buyers of our utility assets as discussed in Note 3, we made an additional voluntary contribution of approximately $7.7 million to our defined benefit plan in July 2008 to maintain the funded status of our pension plan.

As disclosed in Note 3, certain former utility operations have been reclassified as discontinued operations.  The components of net periodic benefit cost presented in the tables above disclose information for the plans in total.  For the six months ended June 30, 2008 and 2007, respectively, the net periodic pension benefit cost charged to discontinued operations was $2.5 million and $3.5 million.  In addition, for the six months ended June 30, 2008 and 2007, respectively, the net periodic other post-retirement benefits cost charged to discontinued operations was $1.6 million and $1.8 million.

**Note 8.  Legal**

In the normal course of business, we are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations.  We believe the amounts provided in our consolidated financial statements are adequate in light of the probable and estimable contingencies.  However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our consolidated financial statements.  As such, costs, if any, that may be incurred in excess of those amounts provided as of June 30, 2008, cannot be reasonably determined.

**Price Reporting Litigation**

In response to complaints of manipulation of the California energy market, in 2002 the FERC issued an order requiring net sellers of power in the California markets from October 2, 2000 through June 20, 2001 at prices above a FERC determined competitive market clearing price to make refunds to net purchasers of power in the California market during that time period.  Because MPS Merchant was a net purchaser of power during the refund period it has received approximately $7.6 million in refunds.  However, various parties appealed the FERC order to the United States Court of Appeals for the Ninth Circuit seeking review of a number of issues, including changing the refund period to include periods prior to October 2, 2000.  On August 2, 2006, the U.S. Court of Appeals for the Ninth Circuit issued an order finding, among other things, that FERC did not provide a sufficient justification for refusing to exercise its remedial authority under the Federal Power Act to determine whether market participants violated FERC-approved tariffs during the period prior to October 2, 2000, and imposing a remedy for any such violations.  The court remanded the matter to FERC to determine whether tariff violations occurred and, if so, the appropriate remedy.  In March 2008, the FERC issued an order declining to order refunds for the period prior to October 2, 2000.  We expect that order to be appealed by other companies impacted by this decision.  The ultimate outcome of this matter cannot be predicted.

On October 6, 2006, the Missouri Commission filed suit in the Circuit Court of Jackson County, Missouri against 18 companies, including GMO and MPS Merchant, alleging that the companies manipulated natural gas prices through the misreporting of natural gas trade data and, therefore, violated Missouri antitrust laws.  The suit does not specify alleged damages and was filed on behalf of all local distribution gas companies in Missouri who bought and sold natural gas from June 2000 to October 2002.  Our motion to have the case dismissed is pending.  We believe we have strong defenses and will defend this case vigorously.  We cannot predict whether we will incur any liability, nor can we estimate the damages, if any, that might be incurred in connection with this lawsuit.  However, given the nature of the claims, an adverse outcome could have a material adverse effect on our financial condition, results of operations and cash flows.

**South Harper Peaking Facility**

We have constructed a 315 MW natural gas power plant and related substation in an unincorporated area of Cass County, Missouri.  Cass County and local residents filed suit claiming that county approval was required to construct the project.  In January 2005, a Circuit Court of Cass County judge granted the County's request for an injunction; however, we were permitted to continue construction while the order was appealed.  We appealed the Circuit Court decision to the Missouri Court of Appeals for the Western District of Missouri and, in June 2005, the appellate court affirmed the circuit court ruling. In October 2005, the Court of Appeals granted our request for rehearing.

In December 2005, the appellate court issued a new opinion affirming the Circuit Court’s opinion, but also opining that it was not too late to obtain the necessary approval.  In light of this, we filed an application for approval with the Missouri Commission in January 2006.  In January 2006, the trial court granted our request to stay the permanent injunction until May 31, 2006, and ordered us to post a $20 million bond to secure the cost of removing the project.  Effective May 31, 2006, the Missouri Commission issued an order specifically authorizing our construction and operation of the power plant and substation.  On June 2, 2006, the trial court dissolved the $20 million bond, further

stayed its injunction, and authorized us to operate the plant and substation while Cass County appealed the Missouri Commission's order.

In June 2006, Cass County filed an appeal with the Circuit Court, challenging the lawfulness and reasonableness of the Missouri Commission's order. On October 20, 2006, the Circuit Court ruled that the Missouri Commission's order was unlawful and unreasonable. The Missouri Commission and GMO appealed, and on March 4, 2008, the Missouri Court of Appeals for the Western District of Missouri affirmed the district court's decision. In March, the Missouri Commission and GMO each requested that the Court of Appeals either rehear the case or transfer the case to the Missouri Supreme Court. On April 25, 2008, we entered into an agreement with Cass County pursuant to which we filed and Cass County is processing a land use application for the facilities. This application is set for a hearing before the County's Planning Board on July 22, 2008. The parties have also requested that the Court of Appeals stay a ruling on the rehearing and transfer request pending Cass County's review of the land use application. In addition, on June 12, 2008, we entered into a final settlement agreement with the members of StopAquila.org, an unincorporated association of approximately 100 individuals who opposed the facilities. This settlement agreement finally resolves our dispute with StopAquila. In addition, we have entered into agreements in principal to settle six of seven pending private lawsuits filed by Cass County residents alleging that the facilities constitute a public and private nuisance. We recorded reserves of $10.7 million for fines, legal fees, infrastructure investments and the potential resolution of various related claims in 2008, including $7.1 million in the first six months of 2008. The actual amount required to resolve the related claims may be different than the amounts recorded. On June 16, 2008, Missouri Lt. Governor Peter Kinder (serving as acting Governor in Governor Blunt's absence from the state) signed into law SB720, a bill that grants to the Missouri Commission the authority to retroactively approve the development and construction of our South Harper facilities. The law will become effective August 28, 2008.

**Note 9. Share-Based Compensation**

In 2002, the Board and our shareholders approved the Omnibus Incentive Compensation Plan. This plan authorizes the issuance of 9,000,000 shares of GMO common stock as stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, stock awards, cash-based awards and annual incentive awards to all eligible employees and directors of the company. All equity-based awards are issued under this plan. Generally, shares issued for stock option exercises and other share awards are made first from treasury shares, if available, and then from newly issued shares.

Effective on July 14, 2008, the Omnibus Incentive Compensation Plan was terminated and all outstanding, vested awards were converted to Great Plains Energy awards.

**Stock Options**

Stock options under this plan and preceding plans have been granted at market prices generally with one to three year vesting terms and have been exercisable for seven to 10 years from the date of grant.  Cash received on stock options exercised, the intrinsic value of options exercised and the tax benefit realized were immaterial for the six months ended June 30, 2008.  Stock options as of June 30, 2008 and changes during the six months ended June 30, 2008 were as follows:

| | Shares | Weighted Average Exercise Prices | Remaining Contractual Term in Years |
|---|---|---|---|
| Beginning balance | 3,740,720 | $ 16.00 | 2.51 |
| Granted | - | - | |
| Exercised | (37,650) | 1.92 | |
| Forfeited | (570,393) | 22.89 | |
| **Ending balance** | 3,132,677 | $ 14.53 | 2.03 |
| **Exercisable at June 30, 2008** | 3,132,677 | $ 14.53 | 2.03 |

The aggregate intrinsic value of "in-the-money" outstanding and exercisable options was $1.0 million as of June 30, 2008.

**Time-Based Restricted Stock Awards**

On July 31, 2007, 106,000 shares of restricted stock were awarded to members of our senior management.  This award will vest in three years, and no restrictions on the sale of shares will apply thereafter.  The time restriction on this award will lapse upon a change in control of the Company.  The fair value of these stock awards is determined based on the number of shares granted and the quoted price of our stock on the date of the award.  The total continuing and discontinued operations compensation expense related to this award was $.1 million for the six months ended June 30, 2008.  As of June 30, 2008, the total compensation cost not yet recognized was $.3 million.  This compensation cost was recognized upon close of the merger.  The total fair value of restricted stock released for the six months ended June 30, 2008 was $.2 million.  Non-vested, time-based restricted stock awards as of June 30, 2008 and changes during the six months ended June 30, 2008 were as follows:

| | Shares | Weighted Average Grant Date Fair Value | Remaining Contractual Term in Years |
|---|---|---|---|
| Beginning balance | 258,982 | $ 15.17 | 1.18 |
| Awarded | – | – | |
| Released | (152,982) | 23.06 | |
| Forfeited | – | – | |
| **Ending balance** | 106,000 | $ 3.80 | 2.08 |

The aggregate intrinsic value of outstanding time-based restricted stock was $.3 million as of June 30, 2008.

**Performance-Based Restricted Stock Awards**

Performance-based restricted stock awards were granted in the third quarter of 2006 to qualified individuals, excluding senior management, consisting of the right to receive a number of shares of common stock at the end of the restriction period, March 1, 2008, assuming performance criteria were met.  Additional performance-based restricted stock awards were granted to senior management in the third quarter of 2007 and will vest on December 31, 2008.  The performance measure for both awards was the ratio of 2007 adjusted EBITDA to 2007 average net utility plant investment.  The threshold level of performance was a ratio of 10.0%, target at a ratio of 11.5%, and maximum at a ratio of 13.0%.  Shares would be earned at the end of the performance period as follows: 50% of the target number of shares if the threshold was reached, 100% if the target level of performance was reached and 150% if the ratio was at or above the maximum, with the number of shares interpolated between these levels.  No shares would be payable if the threshold was not reached.  The awards to senior management were also subject to reduction or forfeiture if the Company failed to achieve one or more of four operating metrics.

On February 26, 2008, our directors verified that the Company's non-GAAP 2007 Adjusted EBITDA was $265.0 million and the Company's 2007 average net utility plant investment was $1.9 billion, yielding a 13.8% ratio and a 150% payout. To compute the Company's 2007 Adjusted EBITDA, the Company's actual 2007 EBITDA from continuing operations of $239.0 million was increased by excluding $26.0 million of merger-related costs and severance costs incurred last year. Our directors also verified that each of the four operating metrics applicable to the restricted shares granted to senior management had been achieved, resulting in 100% of these restricted shares being earned by senior management. As a result, an additional 144,000 restricted shares were issued under both awards of performance-based restricted shares.

The fair value of these stock awards was determined based on the number of shares granted and the average of the high and low quoted price of our stock on the date of the award. An estimated annual turnover rate of 8% was assumed to determine the compensation expense related to the 2006 award. No estimated turnover was assumed to determine the compensation expense in the 2007 award to members of senior management. The total continuing and discontinued operations compensation expense related to these awards was $.4 million for the six months ended June 30, 2008. As of June 30, 2008, the estimated total compensation cost not yet recognized was $.4 million. This compensation cost was recognized upon the close of the merger. The total fair value of restricted stock released for the six months ended June 30, 2008 was $.3 million. Non-vested, performance-based restricted stock awards as of June 30, 2008 and changes during the six months ended June 30, 2008 were as follows:

| | Shares | Weighted Average Grant Date Fair Value | Remaining Contractual Term in Years |
|---|---|---|---|
| Beginning balance | 288,000 | $ 4.16 | .53 |
| Awarded | 144,000 | 4.16 | |
| Released | (246,000) | 4.44 | |
| Forfeited | – | – | |
| **Ending balance** | 186,000 | $ 3.80 | .50 |

The aggregate intrinsic value of outstanding performance-based restricted stock was $.6 million as of June 30, 2008.

**Director Stock Awards**

Non-employee directors receive as part of his or her annual retainer, an annual award of 7,500 shares of common stock of the Company.  Each director may elect to defer receipt of their shares until retirement or until they are no longer a member of our Board of Directors.  Shares are awarded on the last trading day of each calendar quarter.  Compensation expense is based upon the fair market value of the Company's common stock at the date of issuance determined as the average of the high and low quoted price on that date.  Director stock awards as of June 30, 2008 and changes during the six months ended June 30, 2008 were as follows:

| | Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Beginning balance | 245,872 | $ 4.38 |
| Awarded | 39,375 | 3.58 |
| Released | (47,999) | 4.61 |
| **Ending balance** | 237,248 | $ 4.21 |

The aggregate intrinsic value of outstanding director stock awards was $.8 million as of June 30, 2008.

**Note 10: Income Taxes**

Income tax benefit in the first six months of 2008 was $17.6 million.  The effective tax rate was 38.2%.  The effective tax rate differed from the combined statutory rate primarily as a result of the recognition of $24.4 million of previously unrecognized tax benefits due to the settlement of an IRS examination discussed below.  These tax benefits were partially offset by $15.6 million of valuation allowance provided against net deferred tax assets.

On October 9, 2007, we agreed to adjustments contained in IRS audit reports related to our 1998 to 2002 taxable years.  In addition, the agreement stipulates consistent treatment during our 2003 and 2004 taxable years for certain issues related to our former businesses in Australia and Canada.  On February 29, 2008, we received notice from the IRS indicating that the Joint Committee on Taxation had completed their review of the audits without objection.  The audits resulted in the following adjustments: (i) we will receive tax refunds of $19.7 million, $4.9 million of which will be received after the 2003-2004 audit is complete; (ii) our federal net operating loss carryforwards decreased by $251.9 million; (iii) our capital loss carryforwards decreased by $53 million; (iv) our AMT credit decreased by $7.5 million; (v) our general business credit carryforward decreased by $5.7 million; and (vi) we will pay interest to the IRS of $6.2 million, $3.3 million of which is currently on deposit with the IRS.  The impact of these adjustments, both positive and negative, was included in unrecognized tax benefits as of January 1, 2008.

The total amount of unrecognized income tax benefits at January 1, 2008 was $205.2 million, $169.2 million of which would have impacted the effective rate if recognized.  We recognize accrued interest and penalties associated with uncertain tax positions as part of the tax provision.  As of January 1, 2008, we had reserved $9.5 million of accrued interest, net of a $3.7 million tax benefit, associated with tax positions included in unrecognized tax benefits.  At June 30, 2008, the amount of unrecognized income tax benefits decreased to $89.9 million.  Of this amount, $88.3 million would impact the effective rate if recognized.  We have no accrued interest and penalties associated with uncertain tax positions at June 30, 2008.

The $115.3 million decrease in unrecognized income tax benefits in the first six months is due to our determination that tax positions related to the years 1998-2002 were effectively settled upon receipt of Joint Committee approval.  It is possible that the amount of unrecognized tax benefits will change significantly within the next twelve months.  This change could occur due to the IRS examination of our 2003-2004 tax years which is currently underway.  We do not have an estimate of any changes at this time.

**Rollforward of Unrecognized Tax Benefits from Uncertain Tax Positions**

| *In millions* | Unrecognized Tax Benefits | Accrued Interest |
|---|---|---|
| Balance at December 31, 2007 | $ 205.2 | $ 9.5 |
| Additions related to 2008 tax positions | – | – |
| Additions related to tax positions prior years | – | – |
| Reductions related to tax positions prior years | – | – |
| Settlements | (115.3) | (9.5) |
| Balance at June 30, 2008 | $ 89.9 | $ – |

**Note 11. Fair Value Measurements**

Effective January 1, 2008, we adopted SFAS 157, which provides a framework for measuring fair value under GAAP. SFAS 157 requires that the impact of this change in accounting for fair valued assets and liabilities be recorded as an adjustment to beginning retained earnings in the period of adoption. We did not have any adjustments to beginning retained earnings in the period of adoption.

SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1**

Level 1 inputs are defined as quoted prices in active markets for identical assets or liabilities. Our Level 1 assets and liabilities include forward natural gas contracts and options that are traded on NYMEX.

**Level 2**

Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Our Level 2 assets and liabilities include physical natural gas delivery contracts, forward contracts and swaps with quoted prices primarily from direct broker quotes that are traded less frequently than exchange-traded instruments.

**Level 3**

Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Our Level 3 assets and liabilities include long-term physical natural gas delivery contracts for which observable prices are not available throughout the term. We determine the fair value of these contracts by modeling or extrapolating observable prices over the full term of the contracts.

Following is a summary of our net price risk management assets and liabilities by category as of June 30, 2008:

| *In millions* | Utilities | Merchant Services | Total |
|---|---|---|---|
| Level 1 | $ 40.2 | $ (1.7) | $ 38.5 |
| Level 2 | – | 3.8 | 3.8 |
| Level 3 | – | 7.5 | 7.5 |
| Total Fair Value | $ 40.2 | $ 9.6 | $ 49.8 |

Following is a reconciliation of fair value measurements using significant unobservable inputs (Level 3) from initial adoption on January 1, 2008 through June 30, 2008:

| *In millions* | Utilities | Merchant Services | Total |
|---|---|---|---|
| Balance at January 1, 2008 | $ – | $ 4.8 | $ 4.8 |
| Gains or (losses) in earnings | – | 2.0 | 2.0 |
| Purchases, sales, issuances and settlements, net | – | .7 | .7 |
| Transfers in and/or out of Level 3 | – | – | – |
| Balance at June 30, 2008 | $ – | $ 7.5 | $ 7.5 |

The total of unrealized gains or (losses) for the six months ended June 30, 2008, included in net sales for Merchant Services was $2.0 million.

FSP SFAS 157-2 allows for a deferral from the SFAS 157 disclosures for non-financial assets or liabilities until fiscal years beginning after November 15, 2008. We did not have any non-financial assets or liabilities accounted for on a fair value basis in the period ending June 30, 2008.

Exhibit 99.2

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**

The Unaudited Pro Forma Condensed Consolidated Statement of Income of KCP&L Greater Missouri Operations Company (GMO) for the period January 1, 2008 through July 14, 2008 has been prepared to reflect the sale of GMO's electric utility assets in Colorado and its gas utilities assets in Colorado, Kansas, Nebraska and Iowa along with the associated liabilities to Black Hills (Asset Sale) as if it had occurred on January 1, 2008. The pro forma adjustments are described in the accompanying notes.

As the effects of this transaction have been included in the audited consolidated balance sheet as of December 31, 2008 filed within Great Plains Energy's Annual Report on Form 10-K as of and for the year ended December 31, 2008, which is incorporated by reference herein, a pro forma condensed consolidated balance sheet is not required or presented herein.

The Unaudited Pro Forma Condensed Consolidated Statement of Income should be read in conjunction with the unaudited consolidated financial statements as of June 30, 2008, including the notes thereto, included in this Current Report on Form 8-K as Exhibit 99.1. The accompanying Unaudited Pro Forma Condensed Consolidated Statement of Income is provided for informational purposes only and is not necessarily indicative of the results of operations of GMO that would have been reported had the Asset Sale been completed at the dates indicated, nor is it indicative of GMO's future consolidated results of operations.

The accompanying Unaudited Pro Forma Condensed Consolidated Statement of Income does not reflect the impact of all financing, liquidity, acquisition or other use of proceeds from the Asset Sale that may have occurred (or may occur) subsequent to July 14, 2008.

Exhibit 99.2

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**
**Unaudited Pro Forma Condensed Consolidated Statement of Income**
**For the Period January 1, 2008 through July 14, 2008**

| | GMO Historical | Pro Forma Adjustments | A | GMO Historical As Adjusted |
|---|---|---|---|---|
| **Operating Revenues** | (millions, except per share amounts) | | | |
| Electric revenues | $ 456.2 | $ (111.2) | | $ 345.0 |
| Gas revenues | 412.3 | (412.3) | | - |
| Other revenues | 17.6 | (19.1) | | (1.5) |
| Total | 886.1 | (542.6) | | 343.5 |
| **Operating Expenses** | | | | |
| Fuel | 369.2 | (306.7) | | 62.5 |
| Purchased power | 171.5 | (71.3) | | 100.2 |
| Operating expenses | 179.4 | (68.1) | | 111.3 |
| Maintenance | 37.5 | (6.2) | | 31.3 |
| Depreciation and amortization | 61.0 | (22.5) | | 38.5 |
| General taxes | 17.6 | (6.3) | | 11.3 |
| Other | 5.7 | (1.7) | | 4.0 |
| Total | 841.9 | (482.8) | | 359.1 |
| Operating income (loss) | 44.2 | (59.8) | | (15.6) |
| Non-operating income (expense) | 4.4 | 1.2 | | 5.6 |
| Interest charges | (70.0) | 16.8 | | (53.2) |
| Loss from continuing operations before income taxes | (21.4) | (41.8) | | (63.2) |
| Income tax benefit | (1.8) | 15.0 | | 13.2 |
| Income (loss) from continuing operations | $ (23.2) | $ (26.8) | | $ (50.0) |

The accompanying Notes to Unaudited Pro Forma Condensed Consolidated Statement of Income are an integral part of these statements.

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**
**NOTES TO UNAUDITED PRO FORMA CONDENSED**
**CONSOLIDATED STATEMENT OF INCOME**

**1. Basis of Presentation**

The Unaudited Pro Forma Condensed Consolidated Statement of Income has been prepared to reflect the Asset Sale.

**2. Synergies**

The pro forma adjustments do not include any amounts related to expected synergies or restructuring activities.

**3. Reclassifications**

Certain reclassifications have been made to GMO's historical presentation in order to conform to Great Plains Energy's historical presentation. These reclassifications had no impact on the historical loss from continuing operations reported by GMO.

**4. Pro Forma Adjustments**

The pro forma adjustments included in the Unaudited Pro Forma Condensed Consolidated Statement of Income are as follows:

**A**—These Unaudited Pro Forma Condensed Consolidated Statement of Income adjustments represent the elimination of income from continuing operations directly associated with the Asset Sale. In addition, $20.2 million of costs related to certain centralized functions to be acquired by Black Hills have been included in the pro forma adjustments for the period January 1, 2008 through July 14, 2008. GMO's corporate headquarters and centralized functions to be retained by Great Plains Energy were not included within the pro forma adjustments, including $21.3 million of net operating expenses that GMO allocated previously to the utility operations being acquired by Black Hills for the period January 1, 2008 through July 14, 2008.

Exhibit 99.2

**GREAT PLAINS ENERGY INCORPORATED**
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**

The Unaudited Pro Forma Condensed Combined Statement of Income has been prepared to reflect the acquisition of GMO by Great Plains Energy. The acquisition was accomplished by merging a wholly-owned subsidiary of Great Plains Energy into GMO, with GMO being the surviving company. Immediately prior to Great Plains Energy's acquisition of GMO, Black Hills acquired from GMO its electric utility assets in Colorado and its gas utilities assets in Colorado, Kansas, Nebraska and Iowa along with the associated liabilities (Asset Sale). Following the closing of the Asset Sale and acquisition, Great Plains Energy became the parent company of GMO, including its Missouri-based utilities consisting of Missouri Public Service and St. Joseph Light & Power divisions.

The Unaudited Pro Forma Condensed Combined Statement of Income combines the historical consolidated statements of income for Great Plains Energy and GMO, as adjusted for the Asset Sale, giving effect to the acquisition as if it had occurred on January 1, 2008. These Unaudited Combined Pro Forma Statement of Income should be read in conjunction with the:

- accompanying notes to the Unaudited Pro Forma Condensed Combined Statement of Income;
- separate Unaudited Pro Forma Condensed Consolidated Statement of Income (and the notes thereto) of GMO included in this Exhibit 99.2;
- separate historical financial statements of Great Plains Energy as of and for the year ended December 31, 2008, included in the Great Plains Energy 2008 10-K filed February 27, 2009, which is incorporated by reference into this document; and
- separate unaudited financial statements of GMO as of and for the six months ended June 30, 2008, included in this Current Report on Form 8-K as Exhibit 99.1, which is incorporated by reference into this document.

As the effects of this transaction have been included in the audited consolidated balance sheet as of December 31, 2008 filed within Great Plains Energy's Annual Report on Form 10-K as of and for the year ended December 31, 2008, which is incorporated by reference herein, a pro forma condensed consolidated balance sheet is not required or presented herein.

The historical financial information of Great Plains Energy and GMO, as adjusted for the year ended December 31, 2008 reflected in the Unaudited Pro Forma Condensed Combined Statement of Income is unaudited. The Unaudited Pro Forma Condensed Combined Statement of Income is provided for informational purposes only and is not necessarily indicative of what the combined companies'results of operations actually would have been had the acquisition been completed at the dates indicated. In addition, the unaudited pro forma condensed combined statement of income is not intended to project the future results of operations of the combined company.

The Unaudited Pro Forma Condensed Combined Statement of Income was prepared using the purchase method of accounting with Great Plains Energy as the acquirer. The Unaudited Pro Forma Condensed Combined Statement of Income also includes certain purchase accounting adjustments, including adjustments for events that are directly attributable to the acquisition; factually supportable; and with respect to the statements of income, expected to have a continuing impact on the combined company's results. The pro forma adjustments are described in the accompanying notes.

The purchase method of accounting applied to the acquisition is based on current accounting literature. In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141 (revised 2007), "Business Combinations" changing the rules governing the application of purchase accounting. The provisions of this statement are effective for Great Plains Energy prospectively for business combinations occurring on or after the beginning of January 1, 2009, except it requires the prospective application of the provisions related to income taxes to business combinations occurring in 2008. As SFAS No. 141(R) is effective for the GMO acquisition as related to provisions for income taxes, any adjustments to GMO's deferred tax assets and uncertain tax position balances that occur after the measurement period, which is limited to a maximum of one year from the acquisition date, will be recorded as a component of income tax expense as required by the standard. Previously, under SFAS No. 141, adjustments to deferred tax assets and uncertain tax position balances that occurred after the measurement period were recorded as a component of goodwill.

**GREAT PLAINS ENERGY INCORPORATED**
**Unaudited Pro Forma Condensed Combined Statement of Income**
**For the Year Ended December 31, 2008**

| | Great Plains Energy Historical | GMO Historical As Adjusted A | Pro Forma Adjustments | | Great Plains Energy Combined Pro Forma |
|---|---|---|---|---|---|
| | (millions, except per share amounts) | | | | |
| **Operating Revenues** | | | | | |
| Electric revenues | $ 1,670.1 | $ 345.0 | $ - | | $ 2,015.1 |
| Other revenues | - | (1.5) | | | (1.5) |
| Total | 1,670.1 | 343.5 | - | | 2,013.6 |
| **Operating Expenses** | | | | | |
| Fuel | 311.4 | 62.5 | | | 373.9 |
| Purchased power | 208.9 | 100.2 | | | 309.1 |
| Operating expenses | 377.2 | 111.3 | (13.0) | B | 472.3 |
| | | | (3.2) | C | |
| Maintenance | 122.5 | 31.3 | | | 153.8 |
| Depreciation and amortization | 235.0 | 38.5 | (0.8) | D | 272.7 |
| General taxes | 128.1 | 11.3 | | | 139.4 |
| Other | 12.0 | 4.0 | | | 16.0 |
| Total | 1,395.1 | 359.1 | (17.0) | | 1,737.2 |
| Operating income (loss) | 275.0 | (15.6) | 17.0 | | 276.4 |
| Non-operating income (expense) | 21.1 | 5.6 | | | 26.7 |
| Interest charges | (111.3) | (53.2) | 32.4 | E | (132.1) |
| Income (loss) from continuing operations before income taxes and loss from equity investments | 184.8 | (63.2) | 49.4 | | 171.0 |
| Income tax (expense) benefit | (63.8) | 13.2 | 12.8 | F | (48.4) |
| | | | (10.6) | G | |
| Minority interest in subsidiaries | (0.2) | - | | | (0.2) |
| Loss from equity investments, net of income taxes | (1.3) | - | | | (1.3) |
| Income (loss) from continuing operations | 119.5 | (50.0) | 51.6 | | 121.1 |
| Preferred stock dividend requirements | 1.6 | - | | | 1.6 |
| Income (loss) from continuing operations available for common shareholders | $ 117.9 | $ (50.0) | $ 51.6 | | $ 119.5 |
| Average number of basic common shares outstanding | 101.1 | | | | 101.1 |
| Average number of diluted common shares outstanding | 101.2 | | | | 101.2 |
| Basic and diluted earnings from continuing operations per common share | $ 1.16 | | | | $ 1.18 |

The accompanying Notes to Unaudited Pro Forma Condensed Combined Statement of Income are an integral part of these statements.

**GREAT PLAINS ENERGY INCORPORATED**
**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**

**1. Basis of Presentation**

The Unaudited Pro Forma Condensed Combined Statement of Income has been prepared to reflect the acquisition of GMO by Great Plains Energy.

**2. Synergies**

Great Plains Energy expects to incur transaction and transition costs related to the acquisition and to realize cost savings and synergies commencing upon the consummation of the acquisition. These cost savings and synergies are not included in the pro forma financial information.

The Unaudited Pro Forma Condensed Combined Statement of Income is not necessarily indicative of what the combined company's results of operations actually would have been had the Asset Sale and acquisition been completed at the dates indicated. GMO historical information has been adjusted for the Asset Sale. In relation to the Asset Sale, the pro forma adjustments include revenues and expenses directly associated with the assets sold. Therefore, costs related to centralized functions that have not been eliminated would more than likely be significant in relation to the significant amount of assets sold.

The Unaudited Pro Forma Condensed Combined Statement of Income does not reflect any nonrecurring charges expected to result from the acquisition. The majority of nonrecurring charges resulting from the acquisition are anticipated to be comprised of executive separation, employee termination costs and other exit costs related to the GMO business that will be recognized in the opening balance sheet in accordance with Emerging Issues Task Force (EITF) Issue No 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." Other acquisition-related charges may be incurred that do not meet the criteria in EITF Issue No 95-3, including employee termination and exit costs related to the acquired business and other integration-related costs.

**3. Reclassifications**

Certain reclassifications have been made to GMO's historical financial statement presentation in order to conform to Great Plains Energy's historical financial statement presentation. These reclassifications had no impact on the historical income from continuing operations reported by GMO.

Based on Great Plains Energy's review of GMO's summary of significant accounting policies disclosed in GMO's financial statements, the most significant difference in accounting policies noted relates to the accounting for planned major maintenance activities and classification of interest and penalties related to uncertain tax positions.

Great Plains Energy early adopted the provisions of FASB Staff Position (FSP) No. AUG AIR-1, "Accounting for Planned Major Maintenance Activities", which prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities. GMO adopted the direct expense method, but, as permitted by regulatory authorities will continue to use the accrue-in-advance method of accounting for planned major maintenance activities.

With the adoption of FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes," an interpretation of SFAS No. 109, "Accounting for Income Taxes" January 1, 2007, an accounting policy difference was noted with respect to the classification of interest and penalties related to uncertain tax positions. Upon adoption, Great Plains Energy elected to make an accounting policy change to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in non-operating expenses. GMO recognizes interest and penalties as part of the tax provision. Amounts have been reclassified to conform to Great Plains Energy's presentation in the Unaudited Pro Forma Condensed Combined Statement of Income.

**4. Pro Forma Adjustments**

The pro forma combined provisions for income taxes do not reflect the amounts that would have resulted had Great Plains Energy and GMO as adjusted filed consolidated income tax returns during the periods presented.

The pro forma adjustments included in the Unaudited Pro Forma Condensed Combined Statement of Income are as follows:

**A**—The amounts presented for GMO represent the GMO historical amounts as adjusted as presented in the GMO Unaudited Pro Forma Condensed Consolidated Statement of Income.

**B**— This pro forma adjustment reclassifies the incurred non-labor transition costs included in the income statements for the periods presented to defer as a regulatory asset and amortize over a five-year period beginning after determination in Missouri and Kansas regulator proceedings.

**C**— This pro forma adjustment represents adjustments to conform various GMO accounting policies to those of Great Plains Energy.

**D**— Represents the pro forma adjustment to eliminate the depreciation expense for the periods presented for the GMO corporate headquarters facility, reflected as held for sale upon close of the transaction.

**E**— Represents the pro forma adjustment to record the amortization for the periods presented of the adjustment recorded to reflect GMO's long-term debt at fair value, which will be amortized as a reduction of interest expense over the remaining term of the debt.

**F**—Represents the pro forma adjustments to income tax expense related to Federal and State net operating loss carryforwards (NOLs). An adjustment was included to decrease income tax expense $12.8 million for the period presented, to reflect the combined company's ability to utilize NOLs. The merger transaction will result in a change in ownership within the definitions of Section 382 of the Internal Revenue Code. The Section 382 limitation is expected to limit the combined company's ability to utilize Federal and State NOLs.

**G**—Represents the pro forma adjustment to adjust the tax provision to reflect the effects of the pro forma adjustments. Income tax effects have been calculated using the Adjusted GMO statutory federal and blended state rate.