



# Investor Update

*January 2019*





# Important Information

## Forward Looking Statements

Statements made in this presentation 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. Forward-looking statements include, but are not limited to, statements relating to the merger of Westar Energy, Inc. (Westar Energy) and Great Plains Energy Incorporated (Great Plains Energy) that resulted in the creation of Evergy, Inc. (Evergy), including those that relate to the expected financial and operational benefits of the merger to the companies and their shareholders (including cost savings, operational efficiencies and the impact of the anticipated merger on earnings per share), cost estimates of capital projects, dividend growth, share repurchases, balance sheet and credit ratings, rebates to customers, employee issues and other matters affecting future operations.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Evergy, KCP&L, and Westar Energy are providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include: future economic conditions in regional, national and international markets and their effects on sales, prices and costs; prices and availability of electricity in regional and national wholesale markets; market perception of the energy industry, Evergy, Kansas City Power & Light Company (KCP&L) and Westar Energy; changes in business strategy, operations or development plans; the outcome of contract negotiations for goods and services; effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates that KCP&L and Westar Energy can charge for electricity; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air and water quality; financial market conditions and performance including, but not limited to, changes in interest rates and credit spreads and in availability and cost of capital and the effects on derivatives and hedges, nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including, but not limited to, cyber terrorism; ability to carry out marketing and sales plans; weather conditions including, but not limited to, weather-related damage and their effects on sales, prices and costs; cost, availability, quality and deliverability of fuel; the inherent uncertainties in estimating the effects of weather, economic conditions and other factors on customer consumption and financial results; ability to achieve generation goals and the occurrence and duration of planned and unplanned generation outages; delays in the anticipated in-service dates and cost increases of generation, transmission, distribution or other projects; Evergy's ability to successfully manage and integrate their respective transmission joint ventures; the inherent risks associated with the ownership and operation of a nuclear facility including, but not limited to, environmental, health, safety, regulatory and financial risks; workforce risks, including, but not limited to, increased costs of retirement, health care and other benefits; the possibility that the expected value creation from the merger will not be realized, or will not be realized within the expected time period; difficulties related to the integration of the two companies; disruption from the merger making it more difficult to maintain relationships with customers, employees, regulators or suppliers; the diversion of management time; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Additional risks and uncertainties are discussed in annual reports on Form 10-K filed by Great Plains Energy and Westar, and from time to time in quarterly reports on Form 10-Q and annual reports on Form 10-K filed by Evergy with the SEC. Each forward-looking statement speaks only as of the date of the particular statement. Evergy undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## Unaudited Pro Forma Financial Information

The unaudited pro forma financial information included in this presentation has been presented for informational purposes only and is not necessarily indicative of Evergy's consolidated results of operations that would have been achieved or the future consolidated results of operations of Evergy. The unaudited pro forma financial information should be read in conjunction with Evergy's quarterly report on Form 10-Q for the period ended September 30, 2018.

# Recent News

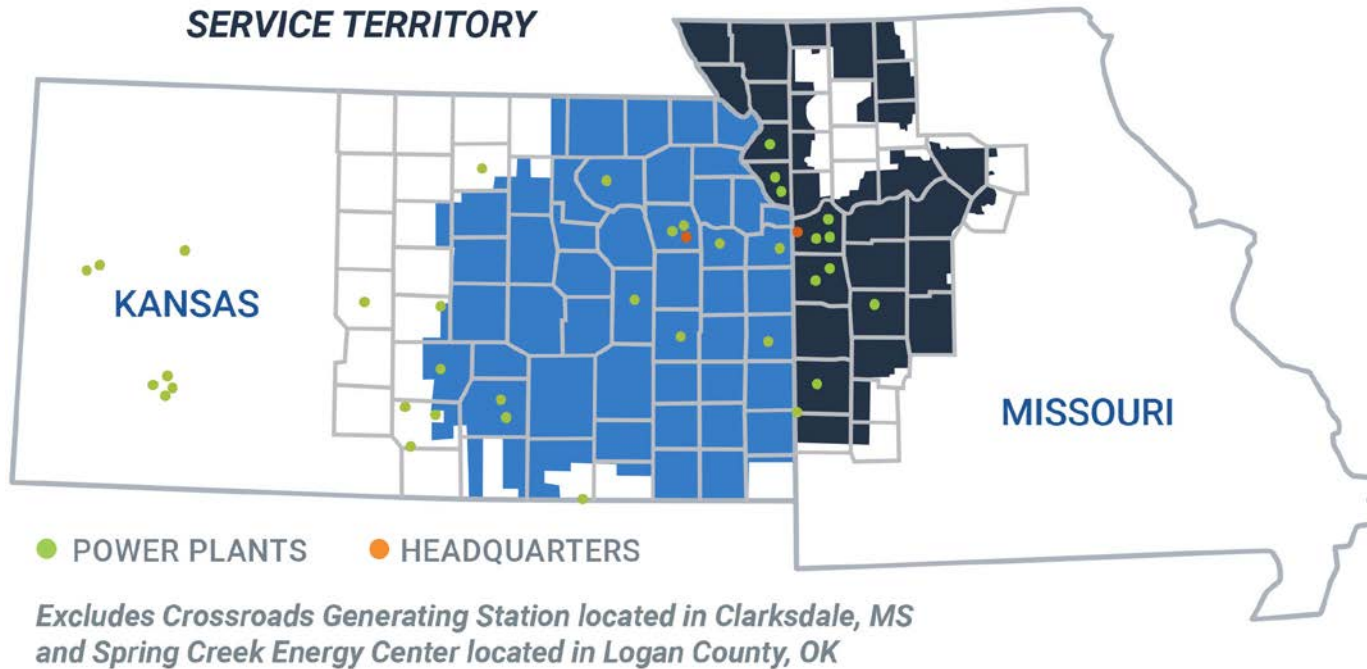
- Recent Filings at KCC & MPSC
  - Elected PISA in Missouri – effective January 1, 2019
  - Presented 2018 YTD September mergers savings updates to KCC and MPSC – savings are on track
- Share repurchase programs
  - Retired ~9.5 million shares as of November 2018
  - On track for 60 million total shares repurchased by mid-year 2020
- Continued momentum of constructive regulatory treatment
  - Received Commission approval in all four rate review settlements (Westar, KCP&L-KS, KCP&L-MO and GMO)
  - Started 5 year rate moratorium in Kansas upon KCP&L-KS rate review effective date – December 20, 2018



# Profile



# Pure Play, Vertically Integrated, Regulated Electric Utilities



## ***Evergy Statistics<sup>1</sup>***

~\$15B market cap<sup>2</sup>

~\$14B of rate base<sup>3</sup>

1.6M electric customers

13,083 MW of owned generation

3,116 MW of renewables<sup>4</sup>

10,000 miles of transmission

52,000 miles of distribution

1. Operating metrics combine Westar Energy and Great Plains Energy as of 12/31/17.
2. Market cap as of 12/31/18.
3. Estimated rate base based on ordered and settled rate cases.
4. Renewables include both owned and purchase power agreements as of 12/31/17. Additionally, we expect total renewables will be over 3,800MW by 2020.



# Clear Focus

Empowering a better future. . .



- Providing safe, reliable, and cost effective operations
- Being a trusted energy partner to our customers
- Collaborative, open and transparent regulatory relationships



- Focused on delivering consistent and superior total shareholder return
- Allocating capital to drive sustainable and diverse energy solutions



- Building a culture that fosters engagement and excellence
- Dedication to diversity and inclusion
- Focused on being good stewards of our resources

. . . focusing on People First.

# Compelling Investment Thesis



Earnings growth driven by merger savings, cost management and share repurchases; not predicated on raising customer prices



Stable base rates allow for on-going, constructive dialogue with customers, regulators, policy makers and is good for economic development

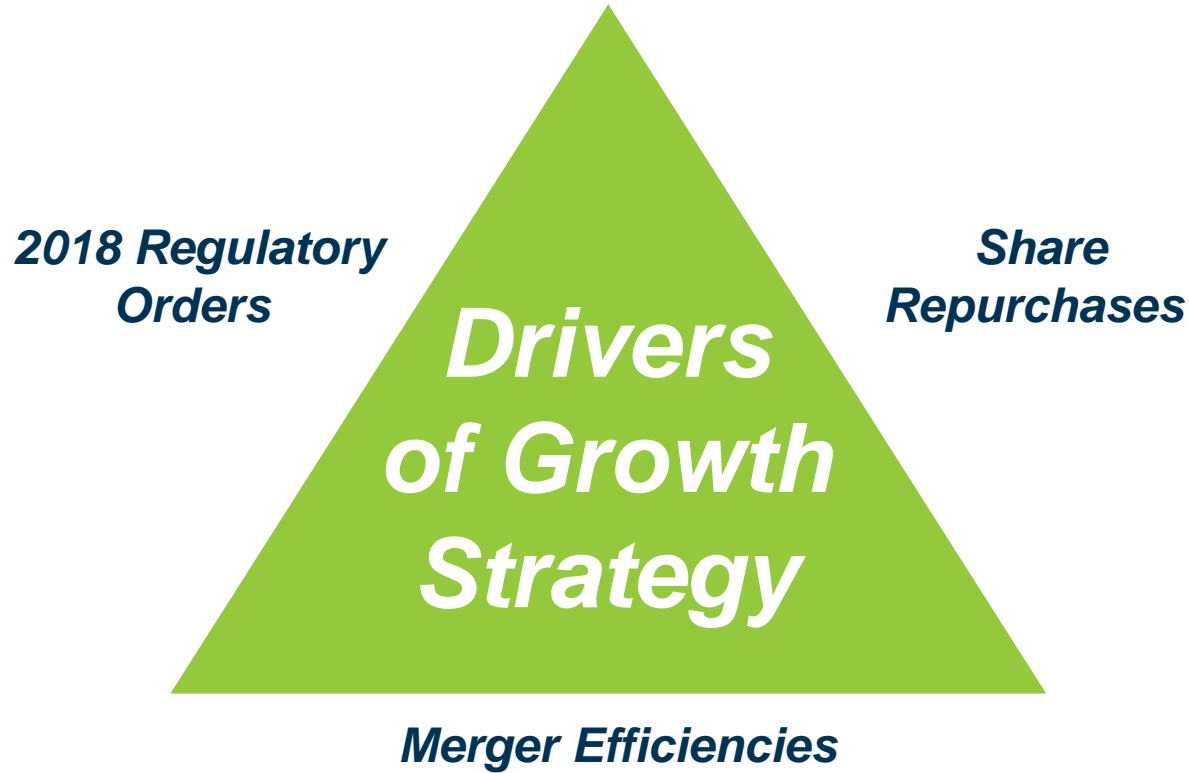


Strong balance sheet combined with expected earnings and dividend growth provides an attractive total shareholder return profile



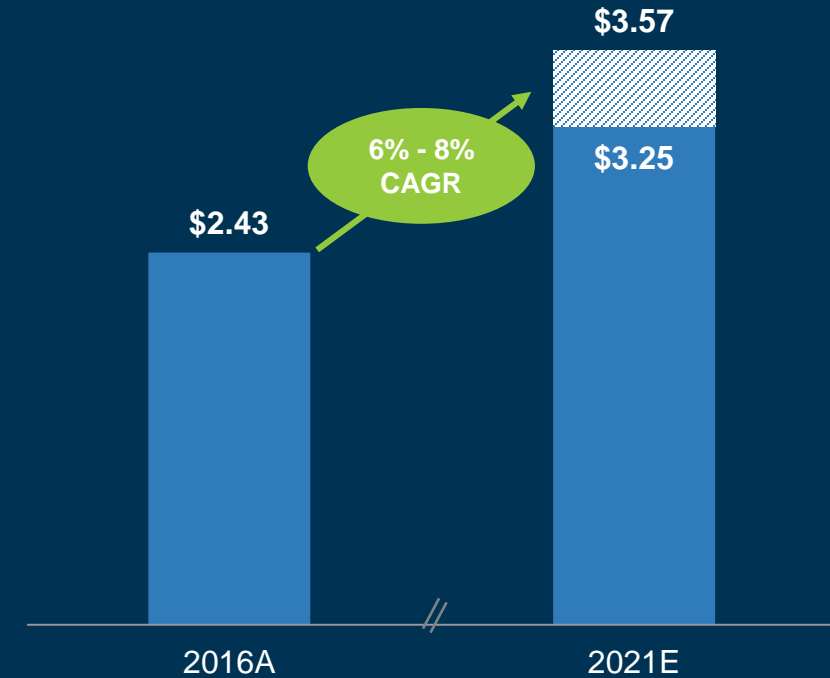


# Investment Thesis



**Underpinned by projected dividend growth in line with EPS growth and a targeted payout ratio of 60% to 70%**

## Targeted EPS Growth<sup>1</sup>



1. EPS growth based on Westar Energy 2016 actual EPS of \$2.43



# Financial Focus

## ***Executing on merger savings***

- Remain on track with merger savings targets
  - Realizing savings in labor and more efficient procurement
  - Initiated back office IT system consolidations
- Cost management allows for targeted 2021 total O&M cost range of \$1.1B to \$1.2B

## ***Rebalancing capital structure through share repurchases***

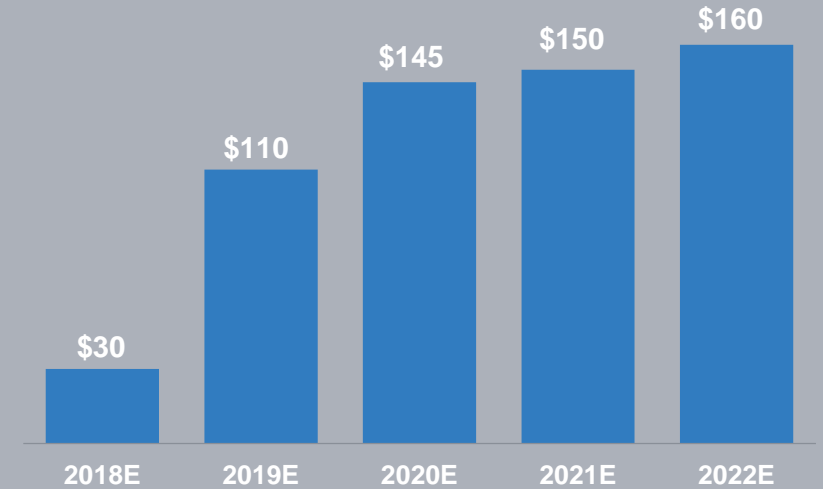
- Equity ratio at merger close was ~59%, targeting 50/50 capital structure post-share repurchases
- Forecast approximately \$1.5B of holding company debt through the share repurchase period

## ***Continuing capital investment***

- Target rate base growth of 3% to 4% through 2022<sup>1</sup>
- ~\$6 billion in investment from 2018 through 2022
  - Including over \$1 billion in FERC regulated transmission investment

1. Based on estimated 2016 combined rate base of \$13.1 billion.  
2. Excludes Great Plains Energy plant retirements announced June 2017 and potential capital expenditure savings. Planned merger savings include non-fuel O&M and Other shown net of transition costs.

## ***Targeted Net Merger Savings (\$mm)<sup>2</sup>***



## ***Opportunities above targeted merger savings***

- Over \$200 million of potential cost savings in first five years of legacy Great Plains Energy plant retirements
- Back-office centralization of Wolf Creek

# Regulatory and Legislative Priorities



# Regulatory Matters



## ***Kansas Corporation Commission***

- Westar General Rate Review - Docket #18-WSEE-328-RTS
  - KCC approved settlement with effective date: 9/27/2018
- KCP&L-KS General Rate Review – Docket #18-KCPE-480-RTS
  - KCC approved settlement with effective date: 12/20/2018



## ***Missouri Public Service Commission***

- KCP&L-MO General Rate Review – Docket #ER-2018-0145
- GMO General Rate Review – Docket #ER-2018-0146
  - MPSC approved settlement with effective date: 12/6/2018
- Elected PISA effective 1/1/2019



## ***Federal Energy Regulatory Commission***

- FERC tariff updated annually, effective January 1
- Based on formula rates to reflect changes in cost of service

# Checking Off Regulatory Boxes

- ✓ **Westar rate review settlement approved by KCC**
  - \$66M base rate revenue reduction includes 9.3% ROE and 51.46% equity ratio
  - Reflects \$80M of annual on-going tax reform benefits to customers
  
- ✓ **KCP&L-KS rate review settlement approved by KCC**
  - \$11M base rate revenue reduction includes 9.3% ROE and 49.1% equity ratio
  - Reflects \$52M of annual on-going tax reform benefits to customers
  
- ✓ **KCP&L-MO and GMO rate review approved by MPSC**
  - Black-box settlement does not detail ROE or equity ratio
  - KCPL-MO: \$21M base rate revenue reduction
    - \$51M of annual on-going tax reform benefit
  - GMO: \$24M base rate revenue reduction
    - \$36M of annual on-going tax reform benefit

## 3Q18

- ✓ **7/17** – Reached non-unanimous settlement in Westar rate review
- ✓ **9/19** – Reached unanimous settlement in KCP&L-MO and GMO rate review
- ✓ **9/27** – KCC approves Westar settlement, rates become effective

## 4Q18

- ✓ **10/15** – Reached unanimous settlement in KCP&L-KS
- ✓ **10/31** – MPSC approves MO rate reviews
- ✓ **12/6** – KCP&L-MO and GMO rates effective
- ✓ **12/13** – KCC approved KCP&L-KS rate review
- ✓ **12/20** – KCP&L-KS rates become effective



# Elected Plant In Service Accounting effective January 1, 2019

## ***Missouri Senate Bill 564 was signed in to law on June 1, 2018***

- Modernizes the regulatory framework in Missouri
- Provides rate caps and stability for customers
- Reduces regulatory lag through PISA, making Missouri a more attractive jurisdiction for capital investment

## ***Plant in Service Accounting (PISA)***

- Authorizes deferral of depreciation expense and return associated with 85% of qualifying rate base additions between rate cases
- Annual submission of capital plans
  - No more than 6% of total capex in a given year may consist of smart meters
  - At least 25% of annual capex shall consist of grid modernization projects
- PISA treatment ceases on 12/31/23 unless the Commission grants 5-year extension

## ***Rate Caps***

- Rate cap of 3% compound annual growth rate (CAGR) starting with the effective dates of rates from the 2018 rate cases

Sustainability



# Lower Carbon Future

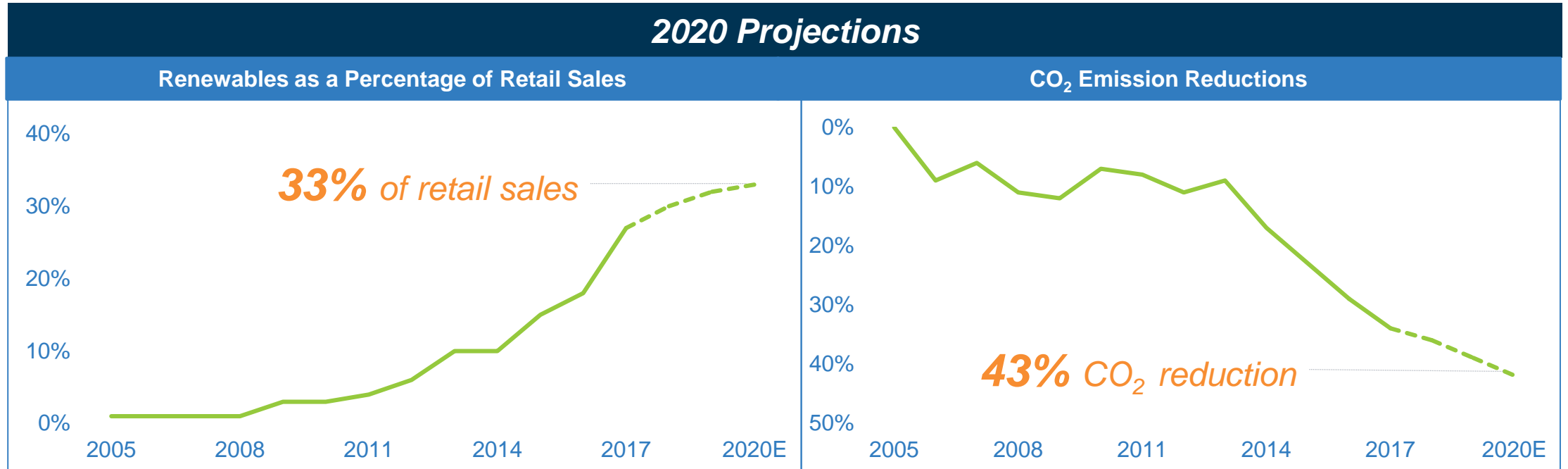
By year-end 2020 we expect to have:

- **Shut-down over 2,200MW** of end-of-life fossil generation
- A wind portfolio of over **3,800MW**
- **Reduced carbon** emissions by **over 40%**, from 2005 levels
- **Emission-free sources** (renewable and nuclear) providing **nearly half** of retail customers' energy needs

## Generation Capacity by Fuel Type



# Clean Energy Leader



- Well ahead of renewable portfolio standards in Missouri and voluntary goals in Kansas
  - Missouri RPS requires 15% electricity sales to customers with renewable sources by 2021
  - Kansas has voluntary goal of 20% utility's peak by 2020



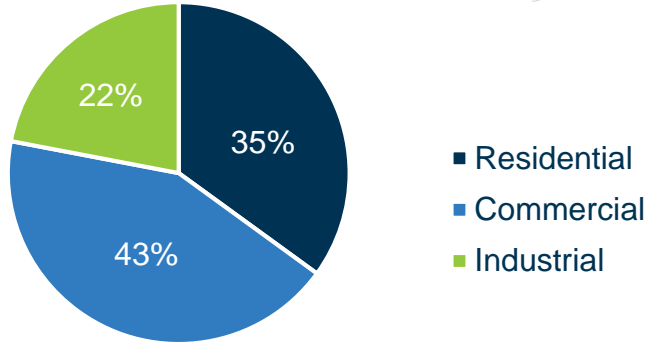
# Appendix



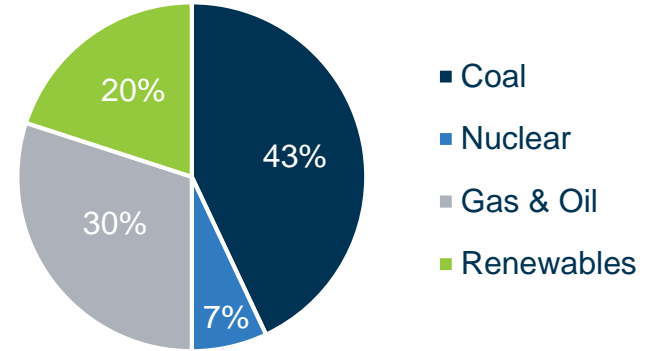


# Diverse Supply and Sales Mix

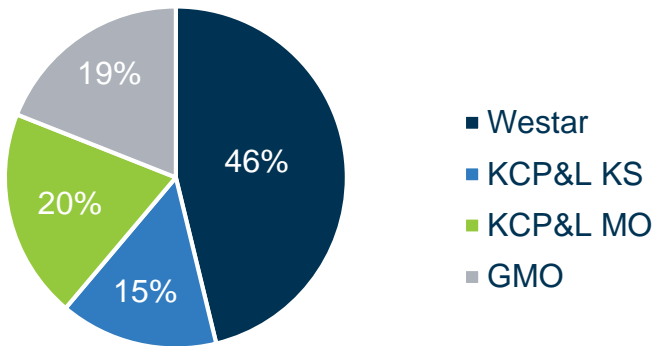
**2017 Combined Retail Sales by Customer Type<sup>1</sup>**



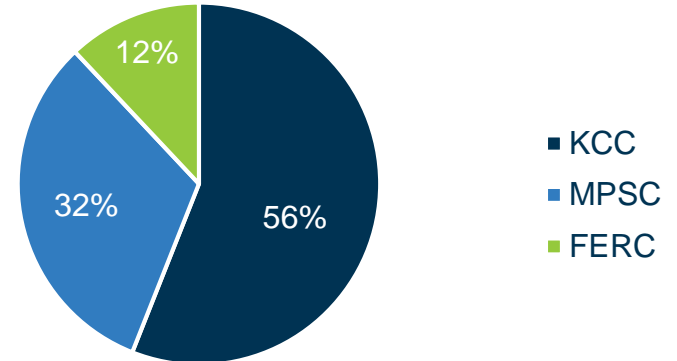
**2017 Combined Capacity by Fuel Type<sup>1,2</sup>**



**2017 Combined Retail Sales by Jurisdiction<sup>1</sup>**



**2017 Combined Rate Base by Jurisdiction<sup>1</sup>**



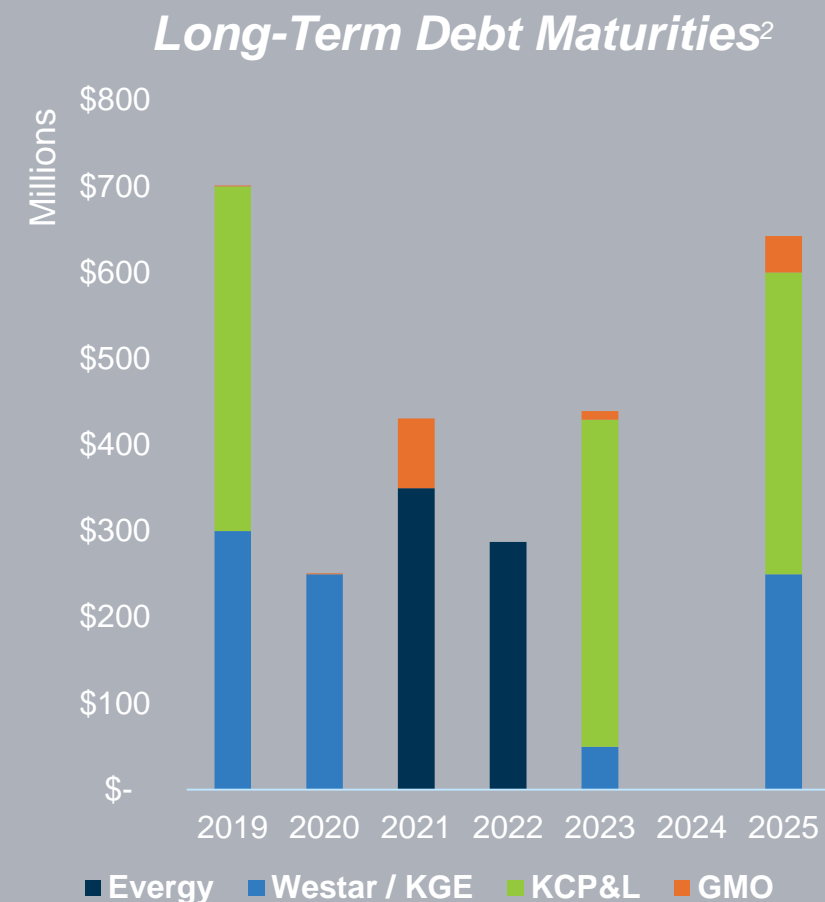
1. Combined Westar Energy and Great Plains Energy Pro Forma.  
 2. Renewables include both owned and purchase power agreements as of 12/31/17.

# Credit Ratings and Debt Profile

Current Credit Ratings <sup>1</sup>	S&P Global	Moody's
<b><u>EVERGY</u></b>		
Outlook	Stable	Stable
Corporate Credit Rating	A-	
Senior Unsecured Debt	BBB+	Baa2
<b><u>WESTAR / KGE</u></b>		
Outlook	Stable	Stable
Senior Secured Debt	A	A2
Commercial Paper (Westar only)	A-2	P-2
<b><u>KCP&amp;L</u></b>		
Outlook	Stable	Stable
Senior Secured Debt	A	A2
Senior Unsecured Debt	A-	Baa1
Commercial Paper	A-2	P-2
<b><u>GMO</u></b>		
Outlook	Stable	Stable
Senior Unsecured Debt	A-	Baa2
Commercial Paper	A-2	P-2

1. Ratings are not recommendations to buy, sell or hold securities. The ratings are subject to change or withdrawal at any time by the credit rating agencies.

2. Includes long-term debt maturities through December 31, 2025.





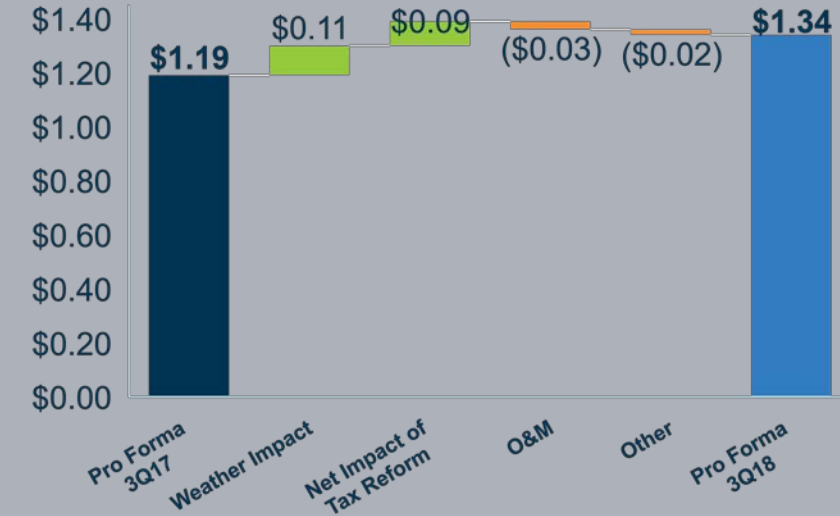
# GAAP to Pro Forma

	3Q18 EPS	3Q17 EPS	YTD 3Q18 EPS	YTD 3Q17 EPS
<b>GAAP EPS<sup>1</sup></b>	<b>\$1.32</b>	<b>\$1.11</b>	<b>\$2.61</b>	<b>\$2.03</b>
Pro Forma Adjustments:				
Non-recurring merger transaction costs	0.02	0.02	0.27	0.03
One-time bill credits	-	-	0.16	-
GXP GAAP earnings prior to merger	-	0.01	0.35	(0.16)
GXP shares prior to merger	-	(0.53)	(0.71)	(0.96)
Original merger financing and other	-	0.58	(0.13)	1.06
<b>Pro Forma EPS<sup>2</sup></b>	<b>\$1.34</b>	<b>\$1.19</b>	<b>\$2.55</b>	<b>\$2.00</b>

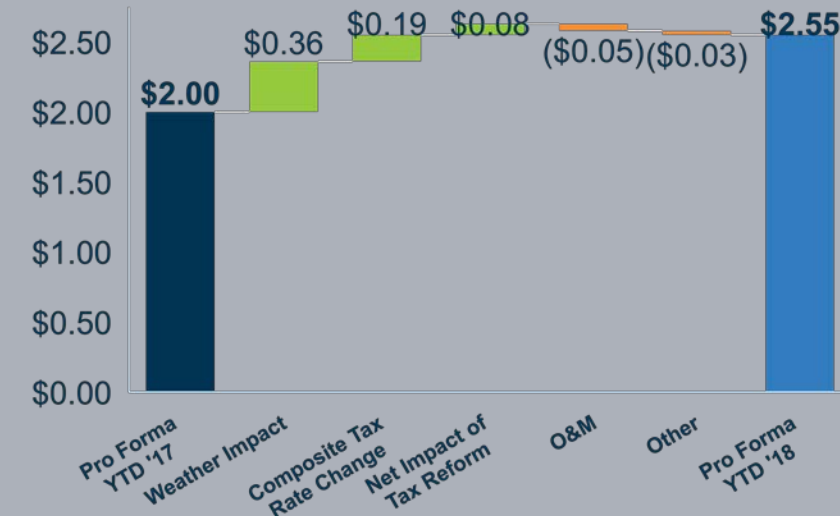
1. GAAP diluted shares outstanding: 3Q18 = ~269M; 3Q17 = ~143M; YTD 3Q18 = ~198M; YTD 3Q17 = ~143M

2. Pro forma diluted shares outstanding: 3Q18 = ~269M; 3Q17 = ~272M; YTD 3Q18 = ~272M; YTD 3Q17 = ~272M

## Pro Forma 3Q Variances



## Pro Forma YTD Variances





# Constructive Ratemaking

Cost Recovery Mechanisms	Westar Kansas	KCP&L Kansas	KCP&L Missouri	GMO Missouri
Fuel Adjustment Clause Rider	✓	✓	✓	✓
Pension and OPEB Tracker	✓	✓	✓	✓
Property Tax Surcharge Rider	✓	✓		
Energy Efficiency Cost Recovery Rider	✓	✓		
Missouri Energy Efficiency Investment Act Program Rider			✓	✓
Renewable Energy Standards Tracker			✓	✓
Renewable Energy Standard Rate Adj. Mechanism Rider				✓
Transmission Delivery Charge Rider	✓	✓		
Critical Infrastructure Protection Standards / Cybersecurity Tracker	✓	✓		
Abbreviated Rate Case	✓	✓		
Missouri Plant in Service Accounting (PISA)			✓	✓



# State Commissioners

## Missouri Public Service Commission (MPSC)



**Mr. Ryan A. Silvey (R)**  
**Chair (since September 2018)**  
Term began: January 2018  
Term expires: January 2024



**Mr. Daniel Y. Hall (D)**  
**Commissioner**  
Term began: September 2013  
Term expires: September 2019



**Mr. William P. Kenney (R)**  
**Commissioner**  
Term began: January 2013  
Term expires: January 2019



**Mr. Scott T. Rupp (R)**  
**Commissioner**  
Term began: March 2014  
Term expires: March 2020



**Ms. Maida J. Coleman (D)**  
**Commissioner**  
Term began: August 2015  
Term expires: August 2021

MPSC consists of five (5) members, including the Chairman, who are appointed by the Governor and confirmed by the Senate.

- ❑ Members serve six-year terms (may continue to serve after term expires until reappointed or replaced)
- ❑ Governor appoints one member to serve as Chairman

## Kansas Corporation Commission (KCC)



**Ms. Shari Feist Albrecht (I)**  
**Chair (since January 2018)**  
Term began: June 2012  
Reappointed: January 2017  
Term expires: March 2020



**Mr. Jay S. Emler (R)**  
**Commissioner**  
Term began: January 2014  
Reappointed: May 2015  
Term expires: March 2019



**Mr. Dwight D. Keen (R)**  
**Commissioner**  
Term began: April 2018  
Term expires: March 2022

KCC consists of three (3) members, including the Chairman, who are appointed by the Governor and confirmed by the Senate.

- ❑ Members serve four-year terms (may continue to serve after term expires until reappointed or replaced)
- ❑ Commissioners elect one member to serve as Chairman



# Kansas and Missouri Customer Benefits

*Equitable merger value provided to customers in both states*

- Separate state regulatory constructs require different methods and timing to deliver similar value to KS and MO customers
- Year-end 2017 retail electric customers
  - KS: 964,200
  - MO: 610,900
- Bill credits based on 2016 FERC Form 1 energy sales
  - KS: 61%
  - MO: 39%

	2018	2019	2020	2021	2022	2023
KS upfront bill credits	\$30M					
KS on-going bill credits		\$45M				
KS ERSP credits		Potential credits from ERSP				
MO upfront bill credits	\$29M					
MO 2023 rate review credits <sup>1</sup>						\$30-\$35M

1. Projected difference between projected 2022 MO jurisdictional merger savings and projected MO jurisdictional merger savings to be reflected in 2018 MO rate reviews, subject to jurisdictional allocation.

# Merger Settlement Commitments in Kansas

## Bill credits to Kansas retail customers

- \$30M upfront bill credits for KS retail customers in 2018
  - Westar: \$23.07M
  - KCP&L-KS: \$7.51M
- \$45M bill credits for KS retail customers paid over four year period - 2019 to 2022
  - Westar: \$8.65M annually
  - KCP&L-KS: \$2.82M annually
- Earnings Review & Sharing Program allows for sharing of additional efficiencies above planned merger savings, after recovery of annual bill credits

## Kansas rate review commitments

- \$30M in annual imputed merger savings in 2018 KS rate reviews
  - Westar: \$22.5M
  - KCP&L-KS: \$7.5M
- ROE recommendation of 9.3%
- \$30 million of transition costs amortized and recovered over 10 year period
  - Westar: \$2.32 million annually
  - KCP&L-KS: \$0.77 million annually

Select Settlement Commitments	2018	2019	2020	2021	2022	2023
Upfront bill credits	█					
On-going bill credits		█	█	█	█	
Earnings Review and Sharing Program		█	█	█	█	
Base rate moratorium for 3 to 5 years <sup>1</sup>		█	█	█	█	█

1. Period starts on the order date of the KCP&L-KS 2018 base rate review; Reduced from 5 years to 3 years if ROE in 2018 rate reviews is set lower than 9.3%.





# Earnings Review and Sharing Program in Kansas

## ERSP 2019-2022

- Earnings above allowed level shared 50/50 between customers and shareholders
  - Sharing level set at 9.3% ROE plus \$11.47 million to account for recovery of annual bill credits
  - ERSP defined utility equity ratio cap
    - 51% - 2019
    - 50.5% - 2020
    - 50% - 2021-2022

Illustrative 2019 Westar ERSP Calculation			
Rate Base (RB)	\$5.75B	ERSP revenue surplus <sup>1</sup>	\$11.97M
Equity Ratio	51%	Annual bill credits	\$(8.65M)
Equity portion of RB	\$2.9B	ERSP revenue surplus after bill credits	\$3.32M
Effective Tax Rate	26.5%	Customer share @ 50%	\$1.66M
ERSP Authorized ROE	9.30%	Earnings impact of ERSP sharing	\$(1.22M)
ERSP Earned ROE	9.60%	Earned ROE	9.56%

1. ERSP revenue surplus: ((ERSP calculated earned ROE – ERSP authorized ROE) \* equity portion of rate base) / (1 - tax rate).

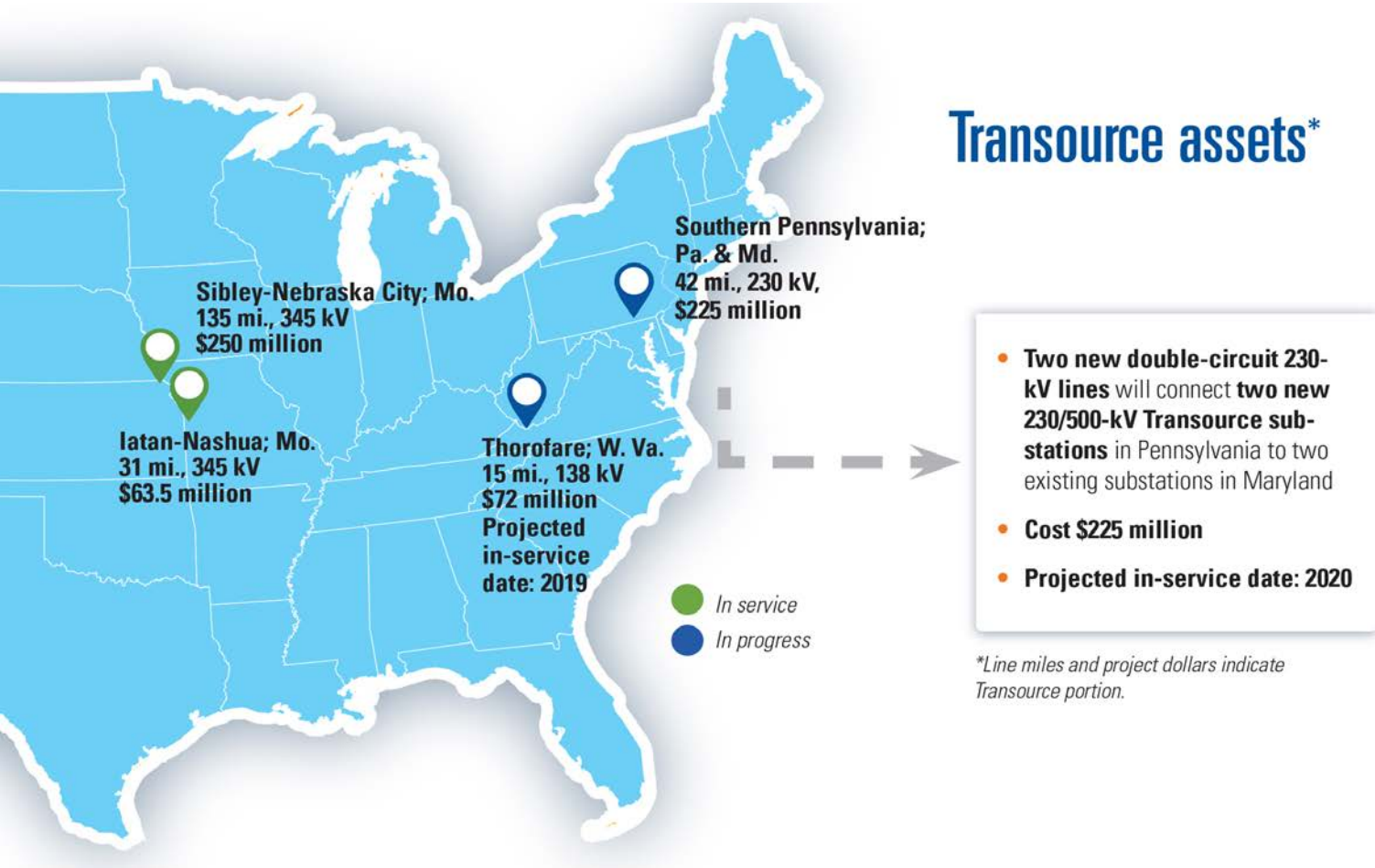


# Merger Settlement Commitments in Missouri

## Bill credits to Missouri retail customers

- \$29 million of upfront bill credits for MO retail customers
  - KCP&L-MO: \$14.9 million
  - GMO: \$14.2 million
- \$10.3 million of estimated merger savings in 2018 MO rate review
  - KCP&L-MO: \$3.4 million<sup>1</sup>
  - GMO: \$6.9 million
- Consistent with MO fuel adjustment clause statute, rate reviews to be filed in 2022 expected to provide customers with growing levels of achieved merger savings of ~\$30-\$35 million in retail rates beginning in 2023
- \$17 million of transition costs amortized and recovered over 10 year period
  - KCP&L-MO: \$9.7 million
  - GMO: \$7.2 million

1. Does not reflect merger-related labor saving included in KCP&L-MO's prior rate review.



- Joint venture between Evergy (13.5%) and AEP (86.5%) structured to pursue competitive transmission projects<sup>1</sup>
- Total project portfolio over \$600 million
- Positioned for sustainable, long-term growth in competitive transmission market

1. The venture excludes transmission projects in the Electric Reliability Council of Texas (ERCOT) and AEP's existing transmission project joint ventures.



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