

OUR  
FUTURE  
FOCUS

# FIRST QUARTER 2016 BUSINESS UPDATE AND EARNINGS REVIEW

MAY 6, 2016

*Presented by:*

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Chairman, President and CEO

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# 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, the outcome of regulatory proceedings, cost estimates of capital projects and other matters affecting future operations. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Great Plains Energy and KCP&L 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, Great Plains Energy and KCP&L; 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 the companies 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 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; Great Plains Energy's ability to successfully manage transmission joint venture; 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; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Other risk factors are detailed from time to time in Great Plains Energy's and KCP&L's quarterly reports on Form 10-Q and annual report on Form 10-K filed with the Securities and Exchange Commission. Each forward-looking statement speaks only as of the date of the particular statement. Great Plains Energy and KCP&L undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

# AGENDA

## TOPICS FOR TODAY'S DISCUSSION

### BUSINESS UPDATE

- First quarter 2016 earnings highlights and update of 2016 EPS guidance
- Legislative and regulatory priorities
- Update of strategic plan

### EARNINGS REVIEW

- First quarter 2016 results
- 2016 earnings drivers

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## BUSINESS UPDATE

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Terry Bassham  
Chairman, President and CEO

# OUR FUTURE FOCUS



*As a leading provider of electricity in the Midwest, we focus on closely managing our existing business, promoting economic growth and improving our customer experience*

## RESULTS

- First quarter 2016 EPS of \$0.17 compared to \$0.12 in prior year
- Affirming 2016 EPS guidance range of \$1.65 to \$1.80



## COMMITMENT

- Proactively addressing regulatory lag through regulatory and legislative priorities
- Environmental sustainability practices
  - Ceased burning coal at two units
  - Announced the expansion of our renewable energy portfolio to about 20% of total capacity



## INNOVATION

- KCP&L is the first utility in Kansas to request energy-savings programs for customers through Kansas Energy Efficiency Investment Act



# OUR REGULATORY PRIORITIES

## MANAGING LEGISLATIVE AND REGULATORY ISSUES



*We are firmly committed to reducing regulatory lag and are partnering with policy makers and other utilities on comprehensive reforms*

- Legislation pending in Missouri for comprehensive, performance-based statewide regulatory reform for investor-owned electric utilities
- Pending conclusion of Missouri legislative process, expect to file KCP&L Missouri general rate case in the second half of 2016 for recovery of investments and to address regulatory lag
- Expedited GMO rate case schedule calls for new retail rates effective December 2016
- File abbreviated rate case for KCP&L Kansas by November 2016



# OUR STRATEGIC PRIORITIES

## EXECUTING OUR PLAN FOR CONTINUED GROWTH



*Continue to promote the economic strength of the region,  
improve the customer experience and grow earnings*

### BEST-IN-CLASS OPERATIONS

- Disciplined execution to deliver reliable and low cost power
- Focused on earning our allowed return by actively managing regulatory lag
- Proactive economic development

### CUSTOMER ENGAGEMENT

- Responsive to changing customer expectations
  - Technology investments that facilitate more informed customer interaction
  - Expand comprehensive suite of energy-related products and services

### TARGETED INVESTMENTS

- Balanced strategic growth initiatives through national transmission opportunities and flexibility for opportunistic growth

# OUR VALUE PROPOSITION

## STRONG GROWTH AND BALANCED RETURNS



*Solid execution of our strategic plan and financial results combined with long-term targets equal an attractive platform for investors*

### EPS GROWTH TARGET

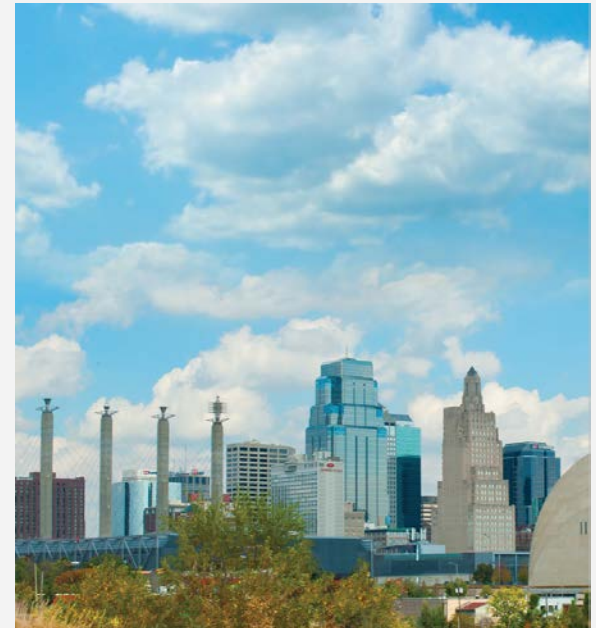
- Annualized EPS growth of 4% to 5% through 2020<sup>1</sup>
- Rate base growth of 2% to 3% through 2020
- Focus on minimizing regulatory lag

### DIVIDEND GROWTH TARGET

- Dividend growth of 5% to 7% through 2020
- Dividend payout ratio of 60% to 70% through 2020

### TOTAL RETURN

- Balanced total shareholder return profile



1. Based on our 2016 EPS guidance range of \$1.65 - \$1.80



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## EARNINGS REVIEW

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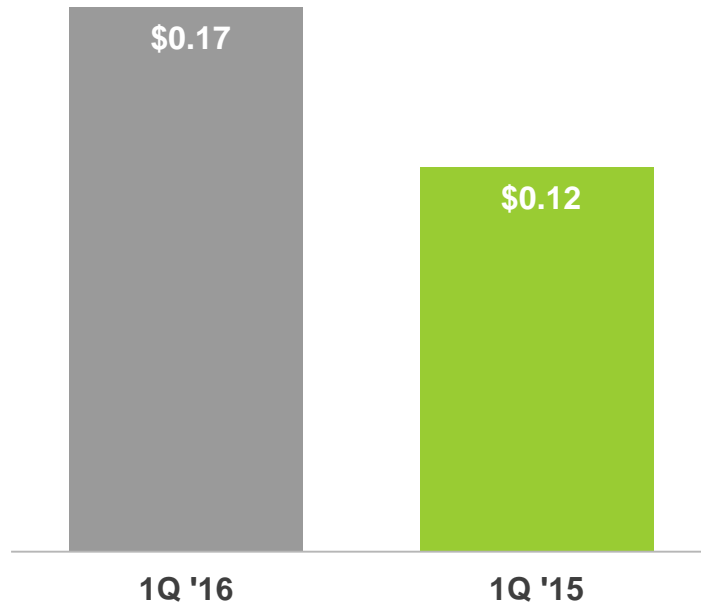


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SVP Finance & Strategy and CFO

# FIRST QUARTER RESULTS

## EARNINGS – 2016 vs 2015

### EARNINGS PER SHARE



Affirming 2016 earnings per share guidance range of \$1.65 - \$1.80

### EPS 2016 COMPARED TO 2015

	1Q
New retail rates	\$0.12
Weather	(\$0.07)
New cost recovery mechanisms	\$0.06
MEEIA throughput disincentive	\$0.02
Other margin	\$0.01
O&M	(\$0.02)
AFUDC	(\$0.03)
Depreciation & Amortization	(\$0.02)
Other	(\$0.02)
<b>Total</b>	<b>\$0.05</b>

# EARNINGS CONSIDERATIONS

## FULL YEAR 2016

### EARNINGS GUIDANCE

- Affirming 2016 EPS guidance range of \$1.65 - \$1.80

### REVENUE ASSUMPTIONS

- Normal weather the remainder of 2016
- Weather-normalized demand growth
  - 12-months ended March 31, 2016, weather-normalized demand up 0.4%, net of energy efficiency—in line with full year projection of flat to 0.5%
- New retail rates and cost recovery mechanisms in KCP&L's Missouri and Kansas jurisdictions effective September 29, 2015 and October 1, 2015, respectively

### OTHER DRIVERS

- Disciplined cost and capital management
- Effective tax rate of approximately 37% in 2016

# LONG-TERM GROWTH OUTLOOK

## FOR THE YEARS 2016-2020

*We are excited about our long-term opportunity to grow our business while meeting the increasing needs of our customers*

### EARNINGS GROWTH

- Earnings growth driven by investments in regulated utility infrastructure, disciplined cost management and national transmission opportunities
- Targeting 4% to 5% CAGR<sup>1</sup>

### DIVIDEND GROWTH

- Increasing cash flexibility expected to drive dividend growth and potential share repurchases
- Targeting 5% to 7% CAGR

### RATE BASE GROWTH

- Targeted investments to empower customers and optimize our grid.
- Targeting 2% to 3% CAGR

1. Based on our 2016 EPS guidance range of \$1.65 - \$1.80

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# FIRST QUARTER 2016 EARNINGS PRESENTATION

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## APPENDIX

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# RECONCILIATION OF GROSS MARGIN TO OPERATING REVENUES

## GREAT PLAINS ENERGY (UNAUDITED)

(\$ in millions)	THREE MONTHS ENDED MARCH 31	
	2016	2015
Operating revenues	\$572.1	\$549.1
Fuel	(90.6)	(107.6)
Purchased power	(45.0)	(45.4)
Transmission	(23.5)	(20.9)
<b>Gross margin</b>	<b>\$413.0</b>	<b>\$375.2</b>

Gross margin is a financial measure that is not calculated in accordance with generally accepted accounting principles (GAAP). Gross margin, as used by Great Plains Energy, is defined as operating revenues less fuel, purchased power and transmission. The Company's expense for fuel, purchased power and transmission, offset by wholesale sales margin, is subject to recovery through cost adjustment mechanisms, except for KCP&L's Missouri retail operations prior to September 29, 2015. As a result, operating revenues increase or decrease in relation to a significant portion of these expenses. Management believes that gross margin provides a meaningful basis for evaluating the Electric Utility segment's operations across periods than operating revenues because gross margin excludes the revenue effect of fluctuations in these expenses. Gross margin is used internally to measure performance against budget and in reports for management and the Board of Directors. The Company's definition of gross margin may differ from similar terms used by other companies. A reconciliation to GAAP operating revenues is provided in the table above

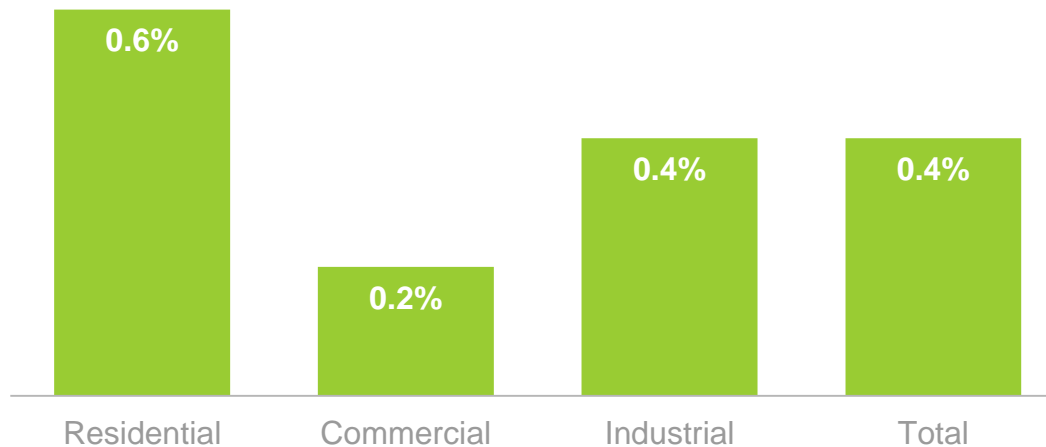
# WEATHER-NORMALIZED DEMAND TRENDS

12-MONTHS ENDED MARCH 31, 2016

- For the 12-months ended March 31, 2016:
  - Estimate the impact of our MEEIA programs is approximately 0.5%
  - Customer growth increase of 1%

## WEATHER-NORMALIZED RETAIL SALES GROWTH

Weather-Normalized Change in MWh Sales, net of energy efficiency



Full-year 2016 projection of flat to 0.5%, net of approximately 0.5% due to our energy efficiency programs



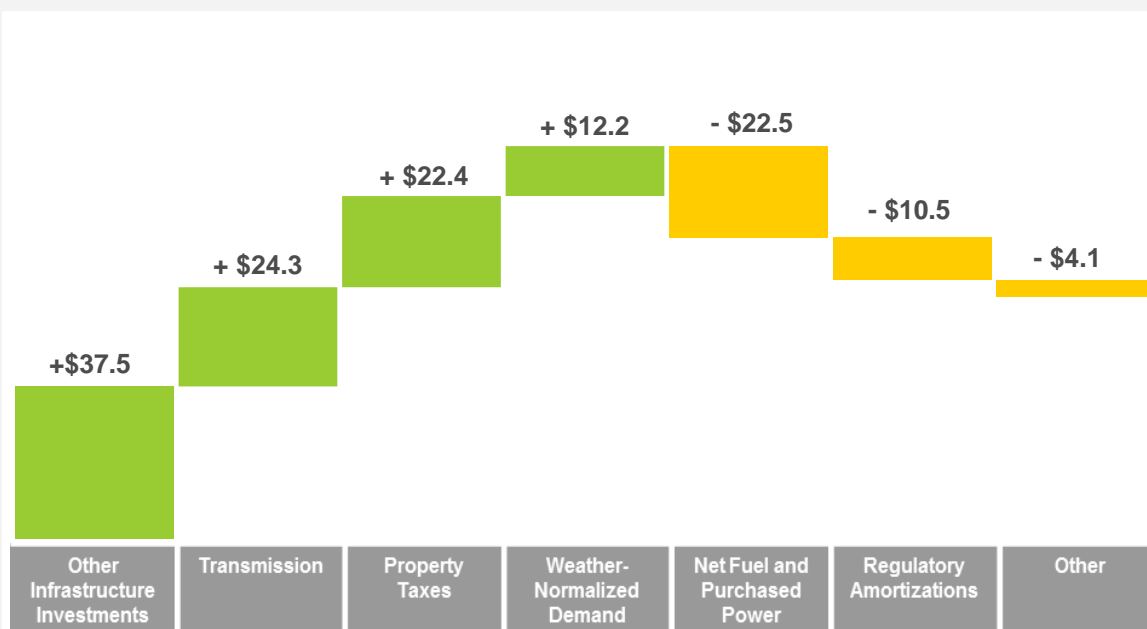
# GMO CONSOLIDATED RATE CASE SUMMARY

CASE NUMBER	DATE FILED	REQUESTED INCREASE (IN MILLIONS)	REQUESTED INCREASE (PERCENT)	RATE BASE (IN MILLIONS)	ROE	COST OF DEBT	RATE – MAKING EQUITY RATIO	CAPITAL STRUCTURE ROR	ANTICIPATED EFFECTIVE DATE OF NEW RATES
ER-2016-0156	2/23/16	\$59.3	8.17%	\$1,906 <sup>1</sup>	9.9%	5.09%	54.83%	7.73%	12/22/16

## RATE CASE ATTRIBUTES

- Test year ended June 30, 2015 with a requested July 31, 2016 true-up date
- Primary drivers:
  - New infrastructure investments to ensure reliability, security and dependable service to customers
  - GMO standalone capital structure
  - Average of projected 2017-2018 expenses for both transmission costs and Critical Infrastructure Projection Standards (CIPS) / Cybersecurity

## \$59.3 MILLION RATE INCREASE REQUEST



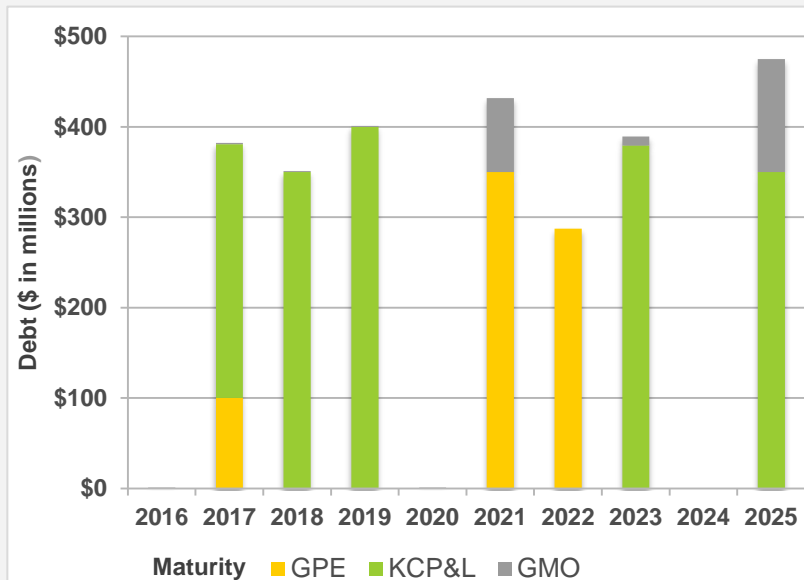
1. Projected rate base is approximately \$76 million or 4% higher than at the conclusion of the last GMO rate cases for the MPS and L&P jurisdictions

# MARCH 31, 2016 DEBT PROFILE AND CREDIT RATINGS

## GREAT PLAINS ENERGY DEBT

Debt (\$ in millions)	KCP&L		GMO <sup>1</sup>		GPE		Consolidated	
	Amount	Rate <sup>2</sup>	Amount	Rate <sup>2</sup>	Amount	Rate <sup>2</sup>	Amount	Rate <sup>2</sup>
Short-term debt	\$195.8	0.96%	\$267.5	0.82%	\$15.0	1.97%	\$478.3	0.91%
Long-term debt <sup>3</sup>	2,563.4	4.94%	446.6	5.03%	735.5	5.30%	3,745.5	5.02%
<b>Total</b>	<b>\$2,759.2</b>	<b>4.66%</b>	<b>\$714.1</b>	<b>3.45%</b>	<b>\$750.5</b>	<b>5.23%</b>	<b>\$4,223.8</b>	<b>4.56%<sup>4</sup></b>

## LONG-TERM DEBT MATURITIES<sup>5</sup>



## CURRENT CREDIT RATINGS

	Moody's	Standard & Poors
<b>Great Plains Energy</b>		
Outlook	Stable	Stable
Corporate Credit Rating	–	BBB+
Preferred Stock	Ba1	BBB-
Senior Unsecured Debt	Baa2	BBB
Stable		
<b>KCP&amp;L</b>		
Outlook	Stable	Stable
Senior Secured Debt	A2	A
Senior Unsecured Debt	Baa1	BBB+
Commercial Paper	P-2	A-2
<b>GMO</b>		
Outlook	Stable	Stable
Senior Unsecured Debt	Baa2	BBB+
Commercial Paper	P-2	A-2

<sup>1</sup>Great Plains Energy guarantees approximately 42% of GMO's debt; <sup>2</sup>Weighted Average Rates—excludes premium/discounts and other amortizations;

<sup>3</sup>Includes current maturities of long-term debt; <sup>4</sup>Secured debt=\$691M (16%), Unsecured debt=\$3,533M (84%); <sup>5</sup>Includes long-term debt maturities through December 31, 2025