



Dear Shareholders,

Just weeks ago, thousands of Kansans donned special glasses, faced the sky and saw what for many will be a once-in-a-lifetime event. The last time a total solar eclipse graced the Kansas skies was in 1918, when our company was just nine years old. Here we are, 100 years later, harnessing the sun through our first community solar project, which we just completed in July. We're also pursuing our merger with Great Plains Energy, lighting a path toward a bright future for our customers, shareholders, employees and the communities we are privileged to serve.

That new path has had some twists and turns. For example, this letter, along with our annual shareholder meeting, is coming to you much later in the year. This change in the schedule came about as we had expected to combine with Great Plains Energy a few months ago. However, our Kansas regulators rejected that plan. While that ruling created delay, it also highlighted the requirements that would allow us to move forward with a different approach—not by having Westar Energy be acquired by Great Plains Energy, but through a side-by-side merger—to accomplish similar ends. We will send you a special proxy statement relating to the merger once we have scheduled a date to vote on the merger.

Our October 25, 2017, annual shareholder meeting does not relate to the merger. Rather, the meeting gives us an opportunity to share operating highlights and accomplishments during the past year. We look forward to seeing you this fall.

### **Growing and Advancing Our Business**

Taking care of our customers, operating safely and adapting our business for the future are still at our core.

In addition to solid financial performance, we're advancing our business:

- Westar's leadership has propelled Kansas to 3<sup>rd</sup> in the nation in renewable energy. We've invested \$415 million in our Western Plains wind farm to add 280 megawatts of inexpensive renewable energy to our portfolio. We now have total renewable resources capable of meeting one third of the electricity needs of our retail customers. Westar has quietly become a clean energy leader, with about half the energy we sell our customers now produced with zero emissions; that is, renewables plus production from Wolf Creek, our only nuclear plant. At the same time, our power plant experts have adapted the mission of our fossil-fuel power plants

to the new realities of changing power markets; making them cleaner, more efficient and skillfully balancing their production alongside shifting wind and solar power production affected by the whims of nature.

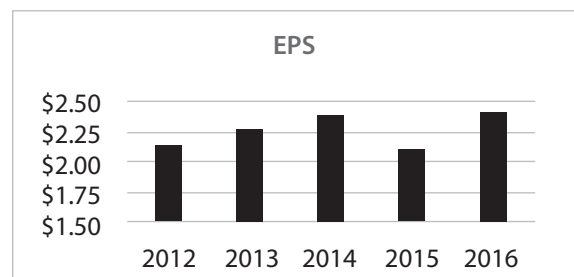
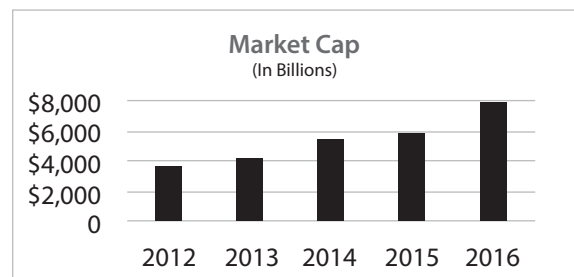
- We've designed, tested and installed new computer systems to improve the efficiency, safety and scheduling of our field work, putting real-time mobile information in the skilled hands of our line and substation technicians.
- We created new customer programs and systems, like a new integrated voice response system to boost customer satisfaction and make it easier and faster for our customers to conduct business.
- In just the past two years, our substation and transmission colleagues have built or rebuilt key substations and hundreds of miles of new high-voltage lines; improving reliability, improving access to renewables and making your company more valuable. Overwhelmingly, these projects have come in under budget and ahead of schedule, with quality and attention to safety.
- We're using new technologies in new ways. We now have a top-tier unmanned aerial vehicle program to take advantage of the expanding uses for that exciting technology. Our power plant engineers are using "big data" and computer algorithms to scan equipment and systems for even tiny signs of future problems, long before those early signals can become expensive unplanned outages.
- Our field and substation technicians have been piloting augmented reality tools to improve training and maintenance on specialized critical equipment.
- Our field operations team executed a comprehensive pilot for grid resilience, that met every one of its objectives, including the high standards of our utility regulators.
- Again, we were a finalist for the prestigious EEI Edison award for the innovation of our industry's first rapid recovery high voltage mobile transformer. You may recall, just a couple of years ago we received our industry's highest honor for innovation with our wetlands project at Jeffrey Energy Center.

These and many other actions taken by our employees move our business forward, to grow the value of your investment.

### Financial Performance

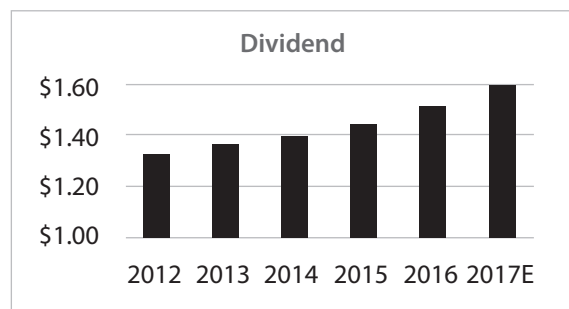
Last year, with the announcement that Westar was to be acquired by Great Plains Energy, our share price rallied on the news, rising from \$40 in January to an all-time high of \$57.50 near year end. In fact, we outperformed all 16 of our peers in 2016. Unfortunately, when regulators rejected that transaction in April, the price of Westar shares declined.

Fortunately, utility stocks have continued to fare well. Even with that setback, the market



value of Westar more than doubled in the past five years.

Earnings were up again last year allowing us once again to increase your dividend – for the 12<sup>th</sup> consecutive year, and in February of this year, increase it again.



## Summary

As you can see from these results, our employees haven't let the merger get in the way of making our business better and preparing for the future. The merger isn't just about making Westar bigger and better, but about positioning the company to be among the very *best* electric companies in the country. We have the people, systems, assets and, I'm confident, *the will* to do so. We have the financial profile, credit quality and regulatory rules that can allow us to be successful. Thank you for your confidence and your continuing investment in Westar Energy. I'm proud to work alongside the skilled professionals who strive to build your trust and confidence every day.

**Mark Ruelle**  
Westar Energy  
President & CEO