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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed or mailed, postage prepaid, this 5th day of June 2018, to all counsel of record.

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Research

Research Update:

Great Plains Energy Inc. And Utility Subsidiaries Upgraded To 'A-' Due To Imminent Merger; Outlook Stable

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Table Of Contents

Overview

Rating Action

Rationale

Group Rating Methodology

Outlook

Ratings Score Snapshot

Issue Ratings--Subordination Risk Analysis

Issue Ratings--Recovery Analysis

Related Criteria

Ratings List

Research Update:

Great Plains Energy Inc. And Utility Subsidiaries Upgraded To 'A-' Due To Imminent Merger; Outlook Stable

Overview

- Great Plains Energy Inc. (GPE) and Westar Energy Inc. (Westar) are in the process of closing on their amended merger agreement, which is structured as an all-stock transaction at an agreed upon exchange ratio with no acquisition debt. Post-closing, the ultimate holding company, currently GPE, will be renamed Evergy Inc.
- We are raising our issuer credit rating on GPE and its utility subsidiaries to 'A-' from 'BBB+'. The outlook is stable.
- The upgrade reflects the improved business risk profile following the merger while maintaining financial measures such as adjusted funds from operations (FFO) to debt.
- Further enhancing the business risk profile is the company's larger size and almost full ownership of the Wolf Creek nuclear plant, allowing for greater control under the consolidated entity.
- The stable outlook reflects our base-case scenario that the combined entity's regulated utility operations will continue to generate sufficient cash flow to consistently achieve financial measures that support adjusted FFO to debt of 16%-17%, just below the midpoint of the benchmark range of the financial risk profile assessment, from 2019 through 2021.
- We are raising the stand-alone credit profiles on GPE's subsidiaries: KCP&L Greater Missouri Operations Co. (GMO) to 'bbb+' from 'bbb' and Kansas City Power & Light Co. (KCP&L) to 'a' from 'a-'.
- In addition we are raising the stand-alone credit profiles on Westar to 'a-' from 'bbb+' and on subsidiary Kansas Gas and Electric Co. (KGE) to 'a' from 'a-'.

Rating Action

On June 4, 2018, S&P Global Ratings raised its issuer credit ratings on Great Plains Energy Inc. and subsidiaries Kansas City Power & Light Co. (KCP&L) and KCP&L Greater Missouri Operations Co. (GMO) to 'A-' from 'BBB+'. At the same time, we also raised our issuer credit ratings on Westar Energy Inc. and subsidiary Kansas Gas & Electric Co. (KGE) to 'A-' from 'BBB+'. The outlook on all these entities is stable.

Rationale

GPE is in the final stages of completing the merger with Westar. The upgrades of GPE and its subsidiaries reflect our view that the newly merged company will have an enhanced business risk profile. This is because Westar's and KGE's regulated electric utility operations benefit from a generally constructive regulatory framework in Kansas and service territories adjacent to GPE's utilities. In addition, the combined entity will have more diverse electric utility cash flow sources, a more balanced regulatory framework, a larger customer base of about 1.6 million customers, and almost full ownership of the Wolf Creek nuclear plant, allowing for greater control under the consolidated entity. These factors should strengthen the combined entity's business risk profile from what it was for GPE on a stand-alone basis.

We expect that the combined company's adjusted FFO to debt will be 16.25%-17.25% over 2019-2021. This range is just below the midpoint of the benchmark range. Over the same period, our projected supplemental ratio of FFO cash interest coverage is in the 5.2x-5.8x range, near the lower end of the intermediate financial risk profile benchmark range, bolstering the financial risk profile determination. Our assessment of the financial risk profile takes into consideration that it is an all-stock merger transaction, common stock repurchases to redeem a previously completed stock issuance to fund the original merger transaction, anticipated merger synergies, and rate credits related to the transaction. In addition, the assessment incorporates tax-reform-related rate reductions, ongoing capital spending, steady recovery of costs through regulatory mechanisms, and any future debt issuances to rebalance the consolidated company's capital structure. We assess GPE's financial measures using a moderate financial benchmark table compared with those we use for a typical corporate issuer because GPE's predominantly low-risk utility operations offer more financial stability.

Liquidity

We assess GPE's liquidity as adequate because the company's liquidity sources are likely to cover uses by more than 1.1x over the next 12 months and could meet cash outflows even with a 10% decline in EBITDA. The company likely has the ability to absorb high-impact, low-probability events without refinancing, and it has well-established and solid relationships with banks, a generally high standing in credit markets, and prudent risk management.

Principal liquidity sources:

- Available cash of about \$1 billion;
- Estimated cash FFO of about \$1.5 billion; and
- Estimated revolving credit facility availability of \$2.5 billion.

Principal liquidity uses:

- Capital spending of roughly \$1 billion;

- Dividends of about \$450 million;
- Share repurchases of about \$1.2 billion; and
- Debt maturities, including outstanding commercial paper, of about \$1 billion.

Group Rating Methodology

GPE is subject to our group rating methodology. We consider GPE (soon to be Evergy) as the parent of the group, the other members of which are KCP&L, GMO, Westar, and KGE. We assess these operating utilities as core subsidiaries of GPE, reflecting our view that KCP&L and GMO--and soon Westar and KGE--are highly unlikely to be sold and have a strong long-term commitment from senior management. There are no meaningful insulation measures in place that protect these utilities from their parent. Therefore, we align our issuer credit ratings on KCP&L, GMO, Westar, and KGE with the GPE group credit profile of 'a-'.

Outlook

The stable outlook reflects our base-case scenario that the combined entity's regulated utility operations will continue to generate sufficient cash flow to consistently achieve financial measures that support adjusted FFO to debt of 16%-17% from 2019 through 2021. This range places the company around the midpoint of our significant financial risk profile assessment. The outlook also reflects our expectation of a strengthened business risk profile and a clear path to realizing proposed synergies that result in operational improvements and cost savings. Further enhancing the business risk profile will be the almost full ownership of the Wolf Creek nuclear plant, strengthening control and driving additional operating efficiencies.

Downside scenario

We could lower the ratings if post-merger, the combined company's financial risk profile weakens such that adjusted FFO to total debt is consistently below 15% after 2018. This could occur if, for example, after the transaction closes there is significant and persistent lag in ongoing regulatory recovery of capital spending or operating expenses. Such a scenario could also stem from the company failing to realize proposed merger synergies and having higher operating costs. In addition, financial measures could weaken if management uses higher debt leverage to rebalance the post-merger capital structure.

Upside scenario

Although unlikely during the outlook period, we could raise the ratings again if the combined companies maintain the strength of the business risk profile for the newly combined company along with our expectation of stronger

financial measures, including consistently achieving adjusted FFO to debt greater than 21%.

Ratings Score Snapshot

Corporate credit rating: A-/Stable/A-2

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: a-

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a-

Group credit profile: a-

Issue Ratings

The 'A-2' short-term rating is based on our issuer credit rating.

Issue Ratings--Subordination Risk Analysis

Capital structure

GPE's (Energys) capital structure consists of about \$7.4 billion of consolidated debt, including about \$4.25 billion of senior secured debt at its utility subsidiaries.

Analytical conclusions

- The unsecured debt at GPE (Energys) is rated one notch below the issuer credit rating because the priority debt ratio is greater than 50%.

- Regarding senior unsecured debt at KCP&L, GMO, and KGE, we rate this debt the same as the issuer credit rating because it is the debt of a qualified investment-grade utility.

Issue Ratings--Recovery Analysis

KCP&L's, Westar's, and KGE's first mortgage bonds benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+', reflecting our expectation of full recovery (100%) in the event of a payment default and an issue rating one notch above the issuer credit rating.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria - Corporates - Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Upgraded; Outlook Action; Ratings Affirmed

To

From

*Research Update: Great Plains Energy Inc. And Utility Subsidiaries Upgraded To 'A-' Due To Imminent Merger;
Outlook Stable*

Great Plains Energy Inc.		
Kansas City Power & Light Co.		
Westar Energy Inc.		
Corporate Credit Rating	A-/Stable/A-2	BBB+/Positive/A-2
Upgraded; Outlook Action		
KCP&L Greater Missouri Operations Co.		
Kansas Gas & Electric Co.		
Corporate Credit Rating	A-/Stable/--	BBB+/Positive/--
Issue Level Ratings Raised		
Kansas Gas & Electric Co.		
Senior Secured	A-	BBB+
Great Plains Energy Inc.		
Senior Unsecured	BBB+	BBB
KCP&L Greater Missouri Operations Co.		
Kansas City Power & Light Co.		
Senior Unsecured	A-	BBB+
Ratings Affirmed		
Kansas City Power & Light Co.		
KCP&L Greater Missouri Operations Co.		
Westar Energy Inc.		
Commercial Paper	A-2	
Kansas City Power & Light Co.		
Westar Energy Inc.		
Kansas Gas & Electric Co.		
Senior Secured	A	
Recovery Rating	1+	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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