

WESTAR ENERGY INC /KS

Form 425

June 02, 2016

Overview OCM Credit Portfolio LP (“OMERS”), an affiliated entity of Ontario Municipal Employees Retirement System has committed to purchase \$750 million of Great Plains Energy Mandatory Convertible Preferred Stock at closing of announced Westar Energy acquisition Terms of OMERS investment pursuant to Stock Purchase Agreement dated May 29, 2016 Key Terms OMERS to purchase 750,000 shares of Mandatory Convertible Preferred Stock with liquidation preference of \$1,000 per share 7.25% dividend rate; optional conversion at an implied price of \$34.38 (20% conversion premium to reference price of \$28.65) Issuance date: concurrent with closing of Westar acquisition (expected spring 2017) Mandatory conversion date: 3 years after issuance Mandatory Conversion Number of GXP common shares on conversion based on conversion rate and GXP stock price If GXP common stock price is at or below the reference price (\$28.65), the mandatory convertible preferred stock will convert into 26.2mm common shares (maximum common shares issuable) If GXP common stock price appreciates above the 20% conversion premium (\$34.38), the mandatory convertible preferred stock will convert into 21.8mm common shares (minimum common shares issuable) If GXP common stock price is between the reference price and the conversion price, the instrument will convert into a number of common shares equal to \$750 million of value Credit Agency and Accounting Treatment 100% equity credit from Standard and Poor’s and Moody’s Accounted for as preferred equity on balance sheet Impact to income statement based on “if converted” method, using the more dilutive of either: 1) Treatment as preferred stock with (non-tax deductible) preferred dividend reducing net income to common 2) Treatment on an as converted basis with dilutive impact included in weighted average shares INVESTOR PRESENTATION 1 Filed by Great Plains Energy Incorporated Pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-12 under the Securities Exchange Act of 1934 Subject Company: Westar Energy, Inc. Commission File No. 1-3523 Overview of OMERS \$750 million Mandatory Convertible Preferred Stock investment In connection with Acquisition of Westar Energy

\$750 million investment by OMERS de-risks financing of Westar acquisition Mandatory convertible preferred stock to receive 100% equity treatment from the rating agencies Long-dated capital commitment with terms locked-in at signing of M&A transaction Issuance contingent on closing of the M&A transaction; will fund concurrently with M&A close Reduces amount of equity capital to be raised in public financing markets Accounted for using “if converted” method, based on the more dilutive of either treatment as preferred stock or on an as converted basis Increase of common shares at conversion in 2020 (based on expected issuance in 2017) to be offset by extinguishment of preferred dividend As a result, while there will be additional shares of common stock outstanding following conversion, will not be dilutive to EPS relative to the impact of the instrument while outstanding As part of our total financing for the Westar acquisition, we plan on issuing to the public markets a mix of common stock and additional mandatory convertible preferred stock Mandatory convertible preferred stock will have the same structure as the security issued to OMERS and will have the same accounting and credit agency treatment Pricing terms will be based on market conditions and GXP share price at the time of issuance Through the embedded conversion rate formula, a mandatory convertible preferred allows GXP to issue fewer shares as our share price increases over the next three years. Summary comments INVESTOR PRESENTATION 2

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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, statements relating to Great Plains Energy Incorporated's (Great Plains Energy) proposed acquisition of Westar Energy, Inc. (Westar), shareholder and regulatory approvals, the completion of the proposed transactions, benefits of the proposed transactions, and anticipated future financial measures and operating performance and results, including estimates for growth 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 Kansas City Power & Light Company (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: the risk that Great Plains Energy or Westar may be unable to obtain shareholder approvals for the proposed transactions or that Great Plains Energy or Westar may be unable to obtain governmental and regulatory approvals required for the proposed transactions, or that required governmental and regulatory approvals or agreements with other parties interested therein may delay the proposed transactions or may be subject to or impose adverse conditions or costs; the occurrence of any event, change or other circumstances that could give rise to the termination of the proposed transactions or could otherwise cause the failure of the proposed transactions to close; risks relating to the potential decline in the Great Plains Energy share price resulting in an increase in the exchange ratio of Great Plains Energy shares offered to Westar shareholders in accordance with the transaction agreement and resulting in reduced value of the proposed transactions to Great Plains Energy shareholders; the risk that a condition to the closing of the proposed transactions or the committed debt or equity financing may not be satisfied; the failure to obtain, or to obtain on favorable terms, any equity, debt or equity-linked financing necessary to complete or permanently finance the proposed transactions and the costs of such financing; the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted relating to the proposed transactions; the receipt of an unsolicited offer from another party to acquire assets or capital stock of Great Plains Energy or Westar that could interfere with the proposed transactions; the timing to consummate the proposed transactions; the costs incurred to consummate the proposed transactions; the possibility that the expected value creation from the proposed transactions will not be realized, or will not be realized within the expected time period; the credit ratings of the companies following the proposed transactions; disruption from the proposed transactions making it more difficult to maintain relationships with customers, employees, regulators or suppliers; the diversion of management time and attention on the proposed transactions; 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, derivatives and hedges 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 ventures or to integrate the transmission joint ventures of Westar; 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. Additional risks and uncertainties will be discussed in the joint proxy statement/prospectus and other materials that Great Plains Energy will file with the SEC in connection with the proposed transactions. 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.

#### **Additional Information and Where to Find It**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any proxy, vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed transactions, Great Plains Energy will file a Registration Statement on Form S-4, that includes a joint proxy statement of Great Plains Energy and Westar, which also constitutes a prospectus of Great Plains Energy, as well as other materials. **WE URGE INVESTORS TO READ THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS AND THESE OTHER MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT GREAT PLAINS ENERGY,**

WESTAR AND THE PROPOSED TRANSACTION. Investors will be able to obtain free copies of the registration statement and joint proxy statement/prospectus (when available) and other documents that will be filed by Great Plains Energy and Westar with the SEC at <http://www.sec.gov>, the SEC's website, or from Great Plains Energy's website (<http://www.greatplainsenergy.com>) under the tab, Investor Relations and then under the heading SEC Filings. These documents will also be available free of charge from Westar's website (<http://www.westarenergy.com/>) under the tab Investors and then under the heading SEC Filings.

### **Participants in Proxy Solicitation**

Great Plains Energy, Westar and their respective directors and certain of their executive officers may be deemed, under SEC rules, to be participants in the solicitation of proxies from Great Plains Energy's and Westar's shareholders with respect to the proposed transaction. Information regarding the officers and directors of Great Plains Energy is included in its definitive proxy statement for its 2016 annual meeting filed with SEC on March 24, 2016. Information regarding the officers and directors of Westar is included in its definitive proxy statement for its 2016 annual meeting filed with the SEC on April 1, 2016. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by securities, holdings or otherwise, will be set forth in the registration statement and joint proxy statement/prospectus and other materials when they are filed with the SEC in connection with the proposed transaction.