

Evergy, Inc

Second Quarter 2018 Earnings

Released August 8, 2018

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NOTE:

The Notes to the Consolidated Financial Statements in Evergy's, Westar Energy's and KCP&L's combined Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information. The enclosed statements have been prepared for the purpose of providing information concerning Evergy, Westar Energy and KCP&L and not in connection with any sale, offer for sale, or solicitation to buy any securities.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30			
	2018	2017	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 342.0	\$ 181.6	\$ 160.4	88.3
Commercial	259.1	175.7	83.4	47.5
Industrial	108.6	104.1	4.5	4.3
Other retail	6.4	7.3	(0.9)	(12.3)
Total electric retail	716.1	468.7	247.4	52.8
Wholesale	89.7	68.8	20.9	30.4
Transmission	75.1	71.5	3.6	5.0
Other	12.5	0.3	12.2	N/M
Total Revenues	893.4	609.3	284.1	46.6
OPERATING EXPENSES:				
Fuel and purchased power	229.7	111.8	117.9	105.5
SPP network transmission costs	68.4	61.8	6.6	10.7
Operating and maintenance	283.8	139.6	144.2	103.3
Depreciation and amortization	128.0	94.0	34.0	36.2
Taxes other than income tax	56.6	41.9	14.7	35.1
Total Operating Expenses	766.5	449.1	317.4	70.7
INCOME FROM OPERATIONS	126.9	160.2	(33.3)	(20.8)
OTHER INCOME (EXPENSE):				
Investment earnings	1.6	1.1	0.5	45.5
Other income	1.7	0.5	1.2	240.0
Other expense	(13.8)	(7.7)	(6.1)	79.2
Total Other Income (Expense)	(10.5)	(6.1)	(4.4)	72.1
Interest expense	58.4	43.7	14.7	33.6
INCOME BEFORE INCOME TAXES	58.0	110.4	(52.4)	(47.5)
Income tax expense (benefit)	(45.0)	35.9	(80.9)	(225.3)
Equity in earnings of equity method investees, net of income taxes	1.4	1.5	(0.1)	(6.7)
NET INCOME	104.4	76.0	28.4	37.4
Less: Net income attributable to noncontrolling interests	2.6	3.9	(1.3)	(33.3)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 101.8	\$ 72.1	\$ 29.7	41.2
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 0.56	\$ 0.50	\$ 0.06	12.0
Diluted earnings per common share	\$ 0.56	\$ 0.50	\$ 0.06	12.0
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING				
Basic	180.9	142.5	38.4	26.9
Diluted	181.0	142.6	38.4	26.9
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.40	\$ 0.40	—	—
Effective income tax rate	(75.6)%	32.1%		

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

	Year to Date June 30			
	2018	2017	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 522.3	\$ 350.9	\$ 171.4	48.8
Commercial	414.5	325.3	89.2	27.4
Industrial	202.1	198.7	3.4	1.7
Other retail	10.6	12.3	(1.7)	(13.8)
Total electric retail	1,149.5	887.2	262.3	29.6
Wholesale	183.9	152.7	31.2	20.4
Transmission	147.0	142.2	4.8	3.4
Other	13.2	(0.2)	13.4	N/M
Total Revenues	1,493.6	1,181.9	311.7	26.4
OPERATING EXPENSES:				
Fuel and purchased power	365.2	225.6	139.6	61.9
SPP network transmission costs	136.0	122.4	13.6	11.1
Operating and maintenance	423.8	275.0	148.8	54.1
Depreciation and amortization	217.7	182.7	35.0	19.2
Taxes other than income tax	100.5	84.6	15.9	18.8
Total Operating Expenses	1,243.2	890.3	352.9	39.6
INCOME FROM OPERATIONS	250.4	291.6	(41.2)	(14.1)
OTHER INCOME (EXPENSE):				
Investment earnings	1.3	2.5	(1.2)	(48.0)
Other income	3.7	1.8	1.9	105.6
Other expense	(24.4)	(18.1)	(6.3)	34.8
Total Other (Expense) Income	(19.4)	(13.8)	(5.6)	40.6
Interest expense	102.2	84.8	17.4	20.5
INCOME BEFORE INCOME TAXES	128.8	193.0	(64.2)	(33.3)
Income tax expense (benefit)	(35.8)	56.8	(92.6)	(163.0)
Equity in earnings of equity method investees, net of income taxes	2.7	3.3	(0.6)	(18.2)
NET INCOME	167.3	139.5	27.8	19.9
Less: Net income attributable to noncontrolling interests	5.0	7.8	(2.8)	(35.9)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 162.3	\$ 131.7	\$ 30.6	23.2
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 1.00	\$ 0.92	\$ 0.08	8.7
Diluted earnings per common share	\$ 1.00	\$ 0.92	\$ 0.08	8.7
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING				
Basic	161.9	142.5	19.4	13.6
Diluted	162.0	142.6	19.4	13.6
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.80	\$ 0.80	—	—
Effective income tax rate	(27.2)%	28.9%		

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	June 30	December 31
	2018	2017
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,280.1	\$ 3.4
Receivables, net	488.7	290.7
Accounts receivable pledged as collateral	195.0	—
Fuel inventory and supplies	539.9	293.6
Regulatory assets	347.7	99.5
Prepaid expenses and other assets	85.9	39.8
Total Current Assets	2,937.3	727.0
PROPERTY, PLANT AND EQUIPMENT, NET	18,819.9	9,553.8
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	172.7	176.3
OTHER ASSETS:		
Regulatory assets	1,537.9	685.4
Nuclear decommissioning trust fund	498.2	237.1
Goodwill	2,333.7	—
Other	359.6	244.8
Total Other Assets	4,729.4	1,167.3
TOTAL ASSETS	\$ 26,659.3	\$ 11,624.4

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	June 30 2018	December 31 2017
LIABILITIES AND EQUITY		
(millions, except share amounts)		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 819.3	\$ —
Current maturities of long-term debt of variable interest entities	30.3	28.5
Notes payable and commercial paper	1,079.3	275.7
Collateralized note payable	195.0	—
Accounts payable	327.6	204.2
Accrued dividends	—	53.8
Accrued taxes	210.3	87.7
Accrued interest	82.0	72.7
Regulatory liabilities	89.5	11.6
Other	244.6	89.5
Total Current Liabilities	<u>3,077.9</u>	<u>823.7</u>
LONG-TERM LIABILITIES:		
Long-term debt, net	6,641.1	3,687.6
Long-term debt of variable interest entities, net	51.1	81.4
Deferred income taxes	1,436.3	815.7
Unamortized investment tax credits	379.9	257.1
Regulatory liabilities	2,361.8	1,094.0
Pension and post-retirement liability	959.1	491.2
Asset retirement obligations	627.9	380.0
Other	228.8	133.3
Total Long-Term Liabilities	<u>12,686.0</u>	<u>6,940.3</u>
Commitments and Contingencies (See 10-Q Note 12)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 and 275,000,000 shares authorized, \$0 and \$5 par value per share 271,687,743 and 142,094,275 shares issued, respective to each date	9,718.1	2,734.8
Retained earnings	1,220.0	1,173.3
Total Evergy, Inc. Shareholders' Equity	<u>10,938.1</u>	<u>3,908.1</u>
Noncontrolling Interests	(42.7)	(47.7)
Total Equity	<u>10,895.4</u>	<u>3,860.4</u>
TOTAL LIABILITIES AND EQUITY	\$ 26,659.3	\$ 11,624.4

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Statements of Cash Flows
(Unaudited)

Year to Date June 30	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	(millions)	
Net income	\$ 167.3	\$ 139.5
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	217.7	182.7
Amortization of nuclear fuel	13.7	15.9
Amortization of deferred refueling outage	8.3	8.1
Amortization of deferred regulatory gain from sale leaseback	(2.7)	(2.7)
Amortization of corporate-owned life insurance	9.2	8.9
Non-cash compensation	20.0	4.6
Net deferred income taxes and credits	(45.0)	53.9
Allowance for equity funds used during construction	(1.7)	(0.8)
Payments for asset retirement obligations	(8.2)	(1.4)
Equity in earnings of equity method investees, net of income taxes	(2.7)	(3.3)
Other	(0.4)	(1.5)
Changes in working capital items:		
Accounts receivable	(24.7)	14.2
Accounts receivable pledged as collateral	(15.0)	—
Fuel inventory and supplies	25.5	(2.3)
Prepaid expenses and other current assets	(29.2)	37.0
Accounts payable	(41.7)	(20.0)
Accrued taxes	67.8	11.0
Other current liabilities	(1.6)	(103.3)
Changes in other assets	(17.3)	15.6
Changes in other liabilities	57.9	7.6
Cash Flows from Operating Activities	397.2	363.7
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(435.2)	(383.6)
Cash acquired from the merger with Great Plains Energy	1,154.2	—
Purchase of securities - trusts	(96.0)	(12.1)
Sale of securities - trusts	101.1	13.5
Investment in corporate-owned life insurance	(15.9)	(15.8)
Proceeds from investment in corporate-owned life insurance	4.7	1.7
Proceeds from settlement of interest rate swap	140.6	—
Other investing activities	(6.6)	(3.2)
Cash Flows used in Investing Activities	846.9	(399.5)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	242.6	(37.6)
Collateralized short-term debt, net	15.0	—
Proceeds from long-term debt	—	296.3
Retirements of long-term debt	—	(125.0)
Retirements of long-term debt of variable interest entity	(28.5)	(26.8)
Repayment of capital leases	(1.9)	(1.7)
Borrowings against cash surrender value of corporate-owned life insurance	53.9	52.3
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(3.0)	—
Issuance of common stock	—	0.6
Distributions to shareholders of noncontrolling interests	—	(5.8)
Cash dividends paid	(228.3)	(109.4)
Other financing activities	(17.2)	(7.0)
Cash Flows (used in) from Financing Activities	32.6	35.9
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,276.7	0.1
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period, including restricted cash of \$0.1 and \$0.1, respectively	3.5	3.2
End of period, including restricted cash of \$0.1 and \$0.1, respectively	\$ 1,280.2	\$ 3.3

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

Energys, Inc
Second Quarter 2018 vs. 2017

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2017 earnings attributable to common stock	\$ 72.1	\$ 0.50
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	159.6	A 1.12
Other operating expenses	(158.9)	B (1.11)
Depreciation and amortization	(34.0)	C (0.24)
Other income (expense)	(4.4)	(0.03)
Interest expense	(14.7)	D (0.10)
Income tax expense	80.9	E 0.57
Equity in earnings of equity method investees, net of income taxes	(0.1)	—
Net income attributable to noncontrolling interests	1.3	0.01
Change in shares outstanding		F (0.15)
2018 earnings attributable to common stock	\$ 101.8	\$ 0.56

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Major factors influencing the period to period change in EPS-- Favorable/(Unfavorable)

- A Due primarily to the inclusion of KCP&L's and GMO's utility gross margin beginning in June 2018 - \$170.8M; higher Westar Energy retail sales - \$34.6M; an obligation recorded at Westar Energy for one-time and annual bill credits (\$26.7M); a refund obligation recorded at Westar Energy for the change in corporate income tax rate caused by the passage of the Tax Cuts and Jobs Act (\$19.1M)
- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses beginning in June 2018 - \$61.7M; merger-related costs incurred in June 2018 - \$57.5M; obsolete inventory write-offs for Westar Energy's Unit 7 at Tecumseh Energy Center, Units 3 and 4 at Murray Gill Energy Center and Units 1 and 2 at Gordon Evans Energy Center - \$12.3M; the inclusion of KCP&L's and GMO's taxes other than income tax beginning in June 2018 - \$13.9M
- C Due primarily to the inclusion of KCP&L's and GMO's depreciation expense beginning in June 2018 - \$32.0M
- D Due primarily to the inclusion of KCP&L's and GMO's interest expense beginning in June 2018 and Energys's assumption of Great Plains Energy's \$350.0 million of 4.850% unsecured Senior Notes and \$287.5 million of 5.292% unsecured Senior Notes upon the consummation of the merger - \$14.0M
- E Due primarily to the revaluation of Westar Energy's deferred income tax assets and liabilities based on the Energys composite tax rate as a result of the merger - \$52.6M; lower Westar Energy pre-tax income - \$35.7M; a decrease in Westar Energy's income tax expense as a result of the decrease in the federal statutory income tax rate in 2018 - \$2.8M; the inclusion of income tax expense related to the subsidiaries of Great Plains Energy beginning in June 2018 (\$8.7M)
- F Dilution due to the issuance of common shares to Great Plains Energy shareholders as a result of the merger

The Notes to the Consolidated Financial Statements in Energys's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

Evergy, Inc
Year to Date June 2018 vs. 2017

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2017 earnings attributable to common stock	\$ 131.7	\$ 0.92
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	158.5	A 1.11
Other operating expenses	(164.7)	B (1.15)
Depreciation and amortization	(35.0)	C (0.24)
Other income (expense)	(5.6)	(0.04)
Interest expense	(17.4)	D (0.12)
Income tax expense	92.6	E 0.65
Equity in earnings of equity method investees, net of income taxes	(0.6)	—
Net income attributable to noncontrolling interests	2.8	0.02
Change in shares outstanding		F (0.14)
2018 earnings attributable to common stock	\$ 162.3	\$ 1.00

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Major factors influencing the period to period change in EPS-- Favorable/(Unfavorable)

- A Due primarily to the inclusion of KCP&L's and GMO's utility gross margin beginning in June 2018 - \$170.8M; higher Westar Energy retail sales - \$52.6M; an obligation recorded at Westar Energy for one-time and annual bill credits (\$26.7M); a refund obligation recorded at Westar Energy for the change in corporate income tax rate caused by the passage of the Tax Cuts and Jobs Act (\$38.2M)
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- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses beginning in June 2018 - \$61.7M; merger-related costs incurred in June 2018 - \$57.5M; obsolete inventory write-offs for Westar Energy's Unit 7 at Tecumseh Energy Center, Units 3 and 4 at Murray Gill Energy Center and Units 1 and 2 at Gordon Evans Energy Center - \$12.3M; the inclusion of KCP&L's and GMO's taxes other than income tax beginning in June 2018 - \$13.9M
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- C Due primarily to the inclusion of KCP&L's and GMO's depreciation expense beginning in June 2018 - \$32.0M
-
- D Due primarily to the inclusion of KCP&L's and GMO's interest expense beginning in June 2018 and Evergy's assumption of Great Plains Energy's \$350.0 million of 4.850% unsecured Senior Notes and \$287.5 million of 5.292% unsecured Senior Notes upon the consummation of the merger - \$14.0M
-
- E Due primarily to the revaluation of Westar Energy's deferred income tax assets and liabilities based on the Evergy composite tax rate as a result of the merger - \$52.6M; lower Westar Energy pre-tax income - \$40.6M; a decrease in Westar Energy's income tax expense as a result of the decrease in the federal statutory income tax rate in 2018 - \$12.2M; the inclusion of income tax expense related to the subsidiaries of Great Plains Energy beginning in June 2018 (\$8.7M)
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- F Dilution due to the issuance of common shares to Great Plains Energy shareholders as a result of the merger

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

Eversource Energy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Eversource Energy		Westar Energy		KCP&L ^(b)		GMO Utility ^(b)	
	2018	2017	2018	2017	2018	2017	2018	2017
Three Months Ended June 30								
(Dollars in millions)								
Operating revenues	\$ 893.4	\$ 609.3	\$ 650.9	\$ 609.3	\$ 452.2	\$ 482.7	\$ 205.4	\$ 200.2
Fuel and purchased power	229.7	111.8	158.0	111.8	132.5	130.2	65.0	55.8
SPP network transmission costs	68.4	61.8	68.4	61.8	—	—	—	—
Other operating expenses	340.4	181.5	252.3	181.5	134.8	158.0	66.6	69.0
Depreciation and amortization	128.0	94.0	96.1	94.0	70.2	68.3	27.3	26.4
Income from operations	126.9	160.2	76.1	160.2	114.7	126.2	46.5	49.0
Other income (expense)	(10.5)	(6.1)	(8.8)	(6.1)	(6.7)	(13.0)	(2.2)	(3.9)
Interest expense	58.4	43.7	44.4	43.7	34.6	35.6	17.3	14.5
Income tax expense (benefit)	(45.0)	35.9	(53.6)	35.9	48.8	28.0	11.4	11.8
Equity in earnings of equity method investees, net of income taxes	1.4	1.5	1.1	1.5	—	—	—	—
Net income	104.4	76.0	77.6	76.0	24.6	49.6	15.6	18.8
Less: net income attributable to noncontrolling interests	2.6	3.9	2.6	3.9	—	—	—	—
Net income attributable to controlling interest	101.8	72.1	75.0	72.1	24.6	49.6	15.6	18.8
Reconciliation of utility gross margin to operating revenue:								
Operating revenues	893.4	609.3	650.9	609.3	452.2	482.7	205.4	200.2
Fuel and purchased power	229.7	111.8	158.0	111.8	132.5	130.2	65.0	55.8
SPP network transmission costs	68.4	61.8	68.4	61.8	—	—	—	—
Utility gross margin ^(a)	595.3	435.7	424.5	435.7	319.7	352.5	140.4	144.4
Revenues (Dollars in millions)								
Residential	342.0	181.6	221.1	181.6	187.0	176.5	99.9	91.9
Commercial	259.1	175.7	170.0	175.7	196.3	213.5	70.7	73.2
Industrial	108.6	104.1	91.8	104.1	34.1	41.1	20.1	22.3
Other retail revenues	6.4	7.3	5.7	7.3	2.3	2.7	1.0	1.9
Total electric retail	716.1	468.7	488.6	468.7	419.7	433.8	191.7	189.3
Wholesale revenues	89.7	68.8	87.1	68.8	5.5	28.5	4.7	2.4
Transmission	75.1	71.5	72.2	71.5	3.9	4.0	4.6	4.2
Other	12.5	0.3	3.0	0.3	23.1	16.4	4.4	4.3
Operating revenues	893.4	609.3	650.9	609.3	452.2	482.7	205.4	200.2
Electricity Sales (MWh in thousands)								
Residential	3,326	1,393	1,777	1,393	1,443	1,193	900	739
Commercial	3,695	1,814	1,870	1,815	1,961	1,837	844	789
Industrial	1,852	1,422	1,366	1,422	447	439	318	319
Other retail revenues	29	25	16	24	19	19	3	7
Total electric retail	8,902	4,654	5,029	4,654	3,870	3,488	2,065	1,854
Wholesale revenues	3,004	1,993	2,576	1,993	759	1,875	142	89
Total Electricity Sales	11,906	6,647	7,605	6,647	4,629	5,363	2,207	1,943

^(a)Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

^(b)KCP&L and GMO amounts are only included in consolidated Eversource Energy from the date of the closing of the merger, June 4, 2018 through June 30, 2018 and are not included in consolidated Eversource Energy for the three months ended June 30, 2017.

Eversource Energy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Eversource Energy		Westar Energy		KCP&L ^(b)		GMO Utility ^(b)	
	2018	2017	2018	2017	2018	2017	2018	2017
Year to Date June 30								
(Dollars in millions)								
Operating revenues	\$ 1,493.6	\$ 1,181.9	\$ 1,251.1	\$ 1,181.9	\$ 849.3	\$ 878.6	\$ 392.2	\$ 375.3
Fuel and purchased power	365.2	225.6	293.5	225.6	250.0	223.4	127.2	112.5
SPP network transmission costs	136.0	122.4	136.0	122.4	—	—	—	—
Other operating expenses	524.3	359.6	436.3	359.6	286.5	325.2	137.8	140.7
Depreciation and amortization	217.7	182.7	185.7	182.7	137.1	133.6	54.1	51.4
Income from operations	250.4	291.6	199.6	291.6	175.7	196.4	73.1	70.7
Other income (expense)	(19.4)	(13.8)	(17.7)	(13.8)	(11.0)	(24.6)	(6.8)	(7.9)
Interest expense	102.2	84.8	88.2	84.8	67.6	71.2	32.1	29.0
Income tax expense (benefit)	(35.8)	56.8	(44.4)	56.8	52.3	36.8	9.1	13.1
Equity in earnings of equity method investees, net of income taxes	2.7	3.3	2.4	3.3	—	—	—	—
Net income	167.3	139.5	140.5	139.5	44.8	63.8	25.1	20.7
Less: net income attributable to noncontrolling interests	5.0	7.8	5.0	7.8	—	—	—	—
Net income attributable to controlling interest	162.3	131.7	135.5	131.7	44.8	63.8	25.1	20.7
Reconciliation of utility gross margin to operating revenues:								
Operating revenues	1,493.6	1,181.9	1,251.1	1,181.9	849.3	878.6	392.2	375.3
Fuel and purchased power	365.2	225.6	293.5	225.6	250.0	223.4	127.2	112.5
SPP network transmission costs	136.0	122.4	136.0	122.4	—	—	—	—
Utility gross margin ^(a)	992.4	833.9	821.6	833.9	599.3	655.2	265.0	262.8
Revenues (Dollars in millions)								
Residential	522.3	350.9	401.4	350.9	341.9	318.0	188.0	172.3
Commercial	414.5	325.3	325.4	325.3	378.1	394.9	134.9	136.3
Industrial	202.1	198.7	185.3	198.7	66.3	74.0	40.0	42.2
Other retail revenues	10.6	12.3	9.9	12.3	5.0	5.4	2.8	3.8
Total electric retail	1,149.5	887.2	922.0	887.2	791.3	792.3	365.7	354.6
Wholesale revenues	183.9	152.7	181.3	152.7	8.6	52.0	7.6	3.0
Transmission	147.0	142.2	144.1	142.2	7.2	8.4	9.1	8.2
Other	13.2	(0.2)	3.7	(0.2)	42.2	25.9	9.8	9.5
Operating revenues	1,493.6	1,181.9	1,251.1	1,181.9	849.3	878.6	392.2	375.3
Electricity Sales (MWh in thousands)								
Residential	4,798	2,747	3,249	2,747	2,789	2,383	1,874	1,577
Commercial	5,392	3,432	3,567	3,432	3,820	3,621	1,638	1,546
Industrial	3,211	2,756	2,725	2,756	857	860	633	637
Other retail revenues	43	44	30	44	38	38	10	15
Total electric retail	13,444	8,979	9,571	8,979	7,504	6,902	4,155	3,775
Wholesale revenues	5,905	4,484	5,477	4,484	2,139	3,759	284	153
Total Electricity Sales	19,349	13,463	15,048	13,463	9,643	10,661	4,439	3,928

^(a)Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

^(b)KCP&L and GMO amounts are only included in consolidated Eversource Energy from the date of the closing of the merger, June 4, 2018 through June 30, 2018 and are not included in consolidated Eversource Energy for year to date June 30, 2017.

Evergy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Evergy				
Three Months Ended June 30				
Degree Days	2018	2017/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	728	429	299	69.7
Actual compared to 30 year average	728	442	286	64.7
Heating				
Actual compared to last year	506	351	155	44.2
Actual compared to 30 year average	506	407	99	24.3

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

Evergy				
Year to Date June 30				
Degree Days	2018	2017/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	728	438	290	66.2
Actual compared to 30 year average	728	446	282	63.2
Heating				
Actual compared to last year	3,085	2,404	681	28.3
Actual compared to 30 year average	3,085	2,947	138	4.7

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

Evergy, Inc.
Capitalization

	June 30, 2018		December 31, 2017	
	(dollars in millions)			
Current maturities of long-term debt	\$	819.3	\$	—
Current maturities of long-term debt of VIEs		30.3		28.5
Long-term debt, net		6,641.1		3,687.6
Long-term debt of variable interest entities, net		51.1		81.4
Total long-term debt		7,541.8	40.9 %	3,797.5 49.6 %
Common equity		10,938.1	59.3 %	3,908.1 51.0 %
Noncontrolling interests		(42.7)	(0.2)%	(47.7) (0.6)%
Total capitalization	\$	18,437.2	100.0 %	\$ 7,657.9 100.0 %
GAAP Book value per share	\$	40.26	\$	27.50
Period end shares outstanding		271,687,743		142,094,275

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2018 should be read in conjunction with this financial information.

Evergy, Inc.
Utility Gross Margin (Non-GAAP)

Utility gross margin is a financial measure that is not calculated in accordance with GAAP. Utility gross margin, as used by Evergy, Westar Energy and KCP&L (collectively, the Evergy Companies), is defined as operating revenues less fuel and purchased power costs and amounts billed by the SPP for network transmission costs. Expenses for fuel and purchased power costs, offset by wholesale sales margin, are subject to recovery through cost adjustment mechanisms. As a result, changes in fuel and purchased power costs are offset in operating revenues with minimal impact on net income. In addition, SPP network transmission costs fluctuate primarily due to investments by SPP members for upgrades to the transmission grid within the SPP Regional Transmission Organization (RTO). As with fuel and purchased power costs, changes in SPP network transmission costs are mostly reflected in the prices charged to customers with minimal impact on net income.

Management believes that utility gross margin provides a meaningful basis for evaluating the Evergy Companies' operations across periods compared with operating revenues because utility gross margin excludes the revenue effect of fluctuations in these expenses. Utility gross margin is used internally to measure performance against budget and in reports for management and the Evergy Board. The Evergy Companies' definition of utility gross margin may differ from similar terms used by other companies. See pages 8 and 9 for the reconciliation of utility gross margin to operating revenues for the three months ended and year to date June 30, 2018 and 2017.