

Evergy, Inc
Second Quarter 2019 Earnings
Released August 7, 2019

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NOTE:

The Notes to the Unaudited 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, 2019 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	2019	2018	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 431.6	\$ 342.0	\$ 89.6	26.2
Commercial	438.6	259.1	179.5	69.3
Industrial	156.6	108.6	48.0	44.2
Other retail	9.5	6.4	3.1	48.4
Total electric retail	<u>1,036.3</u>	716.1	320.2	44.7
Wholesale	72.3	89.7	(17.4)	(19.4)
Transmission	76.4	75.1	1.3	1.7
Other	36.7	12.5	24.2	193.6
Total Revenues	<u>1,221.7</u>	893.4	328.3	36.7
OPERATING EXPENSES:				
Fuel and purchased power	291.6	229.7	61.9	26.9
SPP network transmission costs	62.8	68.4	(5.6)	(8.2)
Operating and maintenance	288.6	283.8	4.8	1.7
Depreciation and amortization	215.4	128.0	87.4	68.3
Taxes other than income tax	91.6	56.6	35.0	61.8
Total Operating Expenses	<u>950.0</u>	766.5	183.5	23.9
INCOME FROM OPERATIONS	<u>271.7</u>	126.9	144.8	114.1
OTHER INCOME (EXPENSE):				
Investment earnings	2.6	1.6	1.0	62.5
Other income	6.1	1.7	4.4	258.8
Other expense	(18.1)	(13.8)	(4.3)	31.2
Total Other Income (Expense), Net	<u>(9.4)</u>	(10.5)	1.1	(10.5)
Interest expense	95.4	58.4	37.0	63.4
INCOME BEFORE INCOME TAXES	<u>166.9</u>	58.0	108.9	187.8
Income tax expense (benefit)	24.4	(45.0)	69.4	(154.2)
Equity in earnings of equity method investees, net of income taxes	2.1	1.4	0.7	50.0
NET INCOME	<u>144.6</u>	104.4	40.2	38.5
Less: Net income attributable to noncontrolling interests	4.9	2.6	2.3	88.5
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	<u>\$ 139.7</u>	\$ 101.8	\$ 37.9	37.2
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY				
Basic earnings per common share	\$ 0.57	\$ 0.56	\$ 0.01	1.8
Diluted earnings per common share	\$ 0.57	\$ 0.56	\$ 0.01	1.8
AVERAGE COMMON SHARES OUTSTANDING				
Basic	243.2	180.9	62.3	34.4
Diluted	243.4	181.0	62.4	34.5
Effective income tax rate	14.5%	(75.6)%		

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

Year to Date June 30	2019	2018	Change	% Change
(millions, except per share amounts)				
REVENUES:				
Residential	\$ 883.3	\$ 522.3	\$ 361.0	69.1
Commercial	852.1	414.5	437.6	105.6
Industrial	303.6	202.1	101.5	50.2
Other retail	19.3	10.6	8.7	82.1
Total electric retail	<u>2,058.3</u>	1,149.5	908.8	79.1
Wholesale	155.4	183.9	(28.5)	(15.5)
Transmission	153.1	147.0	6.1	4.1
Other	71.8	13.2	58.6	443.9
Total Revenues	<u>2,438.6</u>	1,493.6	945.0	63.3
OPERATING EXPENSES:				
Fuel and purchased power	621.6	365.2	256.4	70.2
SPP network transmission costs	126.3	136.0	(9.7)	(7.1)
Operating and maintenance	595.5	423.8	171.7	40.5
Depreciation and amortization	429.0	217.7	211.3	97.1
Taxes other than income tax	184.9	100.5	84.4	84.0
Total Operating Expenses	<u>1,957.3</u>	1,243.2	714.1	57.4
INCOME FROM OPERATIONS	<u>481.3</u>	250.4	230.9	92.2
OTHER INCOME (EXPENSE):				
Investment earnings	5.8	1.3	4.5	346.2
Other income	14.3	3.7	10.6	286.5
Other expense	(37.5)	(24.4)	(13.1)	53.7
Total Other Income (Expense), Net	<u>(17.4)</u>	(19.4)	2.0	(10.3)
Interest expense	186.5	102.2	84.3	82.5
INCOME BEFORE INCOME TAXES	277.4	128.8	148.6	115.4
Income tax expense (benefit)	33.7	(35.8)	69.5	(194.1)
Equity in earnings of equity method investees, net of income taxes	4.3	2.7	1.6	59.3
NET INCOME	<u>248.0</u>	167.3	80.7	48.2
Less: Net income attributable to noncontrolling interests	8.8	5.0	3.8	76.0
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	<u>\$ 239.2</u>	\$ 162.3	\$ 76.9	47.4
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 0.96	\$ 1.00	\$ (0.04)	(4.0)
Diluted earnings per common share	\$ 0.96	\$ 1.00	\$ (0.04)	(4.0)
AVERAGE COMMON SHARES OUTSTANDING				
Basic	248.0	161.9	86.1	53.2
Diluted	<u>248.2</u>	162.0	86.2	53.2
Effective income tax rate	12.0%	(27.2)%		

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	June 30 2019	December 31 2018
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 107.0	\$ 160.3
Receivables, net	278.4	193.7
Accounts receivable pledged as collateral	312.0	365.0
Fuel inventory and supplies	488.7	511.0
Income taxes receivable	30.4	68.0
Regulatory assets	242.7	303.9
Prepaid expenses and other assets	80.2	79.1
Total Current Assets	<u>1,539.4</u>	<u>1,681.0</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>18,923.3</u>	<u>18,782.5</u>
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	<u>169.3</u>	<u>169.2</u>
OTHER ASSETS:		
Regulatory assets	1,701.7	1,757.9
Nuclear decommissioning trust fund	535.7	472.1
Goodwill	2,336.6	2,338.9
Other	512.4	396.5
Total Other Assets	<u>5,086.4</u>	<u>4,965.4</u>
TOTAL ASSETS	<u>\$ 25,718.4</u>	<u>\$ 25,598.1</u>

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	June 30 2019	December 31 2018
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 1.1	\$ 705.4
Current maturities of long-term debt of variable interest entities	32.3	30.3
Notes payable and commercial paper	2,239.0	738.6
Collateralized note payable	312.0	365.0
Accounts payable	278.1	451.5
Accrued taxes	195.8	133.6
Accrued interest	80.7	110.9
Regulatory liabilities	44.0	110.2
Asset retirement obligations	55.1	49.8
Other	244.7	171.9
Total Current Liabilities	3,482.8	2,867.2
LONG-TERM LIABILITIES:		
Long-term debt, net	7,122.5	6,636.3
Long-term debt of variable interest entities, net	18.8	51.1
Deferred income taxes	1,630.6	1,599.2
Unamortized investment tax credits	371.4	373.2
Regulatory liabilities	2,232.4	2,218.8
Pension and post-retirement liability	1,001.5	987.6
Asset retirement obligations	648.2	637.3
Other	355.5	236.7
Total Long-Term Liabilities	13,380.9	12,740.2
Commitments and Contingencies (See 10-Q Note 11)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 235,465,848 and 255,326,252 shares issued, stated value	7,563.0	8,685.2
Retained earnings	1,349.1	1,346.0
Accumulated other comprehensive loss	(29.0)	(3.0)
Total Evergy, Inc. Shareholders' Equity	8,883.1	10,028.2
Noncontrolling Interests	(28.4)	(37.5)
Total Equity	8,854.7	9,990.7
TOTAL LIABILITIES AND EQUITY	\$ 25,718.4	\$ 25,598.1

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

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

Year to Date June 30	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	(millions)	
Net income	\$ 248.0	\$ 167.3
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	429.0	217.7
Amortization of nuclear fuel	29.4	13.7
Amortization of deferred refueling outage	12.9	8.3
Amortization of corporate-owned life insurance	9.9	9.2
Non-cash compensation	9.4	20.0
Net deferred income taxes and credits	13.9	(45.0)
Allowance for equity funds used during construction	(0.4)	(1.7)
Payments for asset retirement obligations	(9.9)	(8.2)
Equity in earnings of equity method investees, net of income taxes	(4.3)	(2.7)
Income from corporate-owned life insurance	(15.1)	(1.4)
Other	(2.4)	(1.7)
Changes in working capital items:		
Accounts receivable	(78.3)	(24.7)
Accounts receivable pledged as collateral	53.0	(15.0)
Fuel inventory and supplies	22.5	25.5
Prepaid expenses and other current assets	36.2	(29.2)
Accounts payable	(136.0)	(41.7)
Accrued taxes	99.9	67.8
Other current liabilities	(121.1)	(1.6)
Changes in other assets	41.1	(17.3)
Changes in other liabilities	(4.0)	57.9
Cash Flows from Operating Activities	<u>633.7</u>	<u>397.2</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(572.4)	(435.2)
Cash acquired from the merger with Great Plains Energy	—	1,154.2
Purchase of securities - trusts	(27.0)	(96.0)
Sale of securities - trusts	24.5	101.1
Investment in corporate-owned life insurance	(17.0)	(15.9)
Proceeds from investment in corporate-owned life insurance	68.4	4.7
Proceeds from settlement of interest rate swap	—	140.6
Other investing activities	(6.0)	(6.6)
Cash Flows from (used) in Investing Activities	<u>(529.5)</u>	<u>846.9</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	1,500.5	242.6
Collateralized short-term borrowings, net	(53.0)	15.0
Proceeds from long-term debt	493.3	—
Retirements of long-term debt	(701.1)	—
Retirements of long-term debt of variable interest entities	(30.3)	(28.5)
Borrowings against cash surrender value of corporate-owned life insurance	56.1	53.9
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(51.4)	(3.0)
Cash dividends paid	(235.6)	(228.3)
Repurchase of common stock under repurchase plan	(1,128.7)	—
Other financing activities	(7.3)	(19.1)
Cash Flows (used in) from Financing Activities	<u>(157.5)</u>	<u>32.6</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(53.3)	1,276.7
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period, including restricted cash of \$0.0 and \$0.1, respectively	<u>160.3</u>	<u>3.5</u>
End of period, including restricted cash of \$0.0 and \$0.1, respectively	<u>\$ 107.0</u>	<u>\$ 1,280.2</u>

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

Evergy, Inc
Second Quarter 2019 vs. 2018

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2018 net income attributable to Evergy, Inc.	\$ 101.8	\$ 0.56
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	272.0	A 1.50
Other operating expenses	(39.8)	B (0.22)
Depreciation and amortization	(87.4)	C (0.48)
Other income (expense)	1.1	D 0.01
Interest expense	(37.0)	E (0.20)
Income tax expense	(69.4)	F (0.38)
Equity in earnings of equity method investees, net of income taxes	0.7	—
Net income attributable to noncontrolling interests	(2.3)	(0.01)
Change in shares outstanding		G (0.21)
2019 net income attributable to Evergy, Inc.	\$ 139.7	\$ 0.57

^(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 in April and May of 2019 - \$261.6M; one-time bill credits recorded in June 2018 - \$60.0M; and new Westar Energy retail rates effective in September 2018, net of a provision for rate refund recorded at Westar Energy in the second quarter of 2018 for the change in the corporate income tax rate caused by the Tax Cuts and Jobs Act - \$8.5M; partially offset by lower Westar Energy retail sales driven by cooler weather - (\$58.1M).
- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses in April and May of 2019 - (\$104.6M); the inclusion of KCP&L's and GMO's taxes other than income taxes in April and May of 2019 - (\$30.4M); and an increase in Westar Energy taxes other than income taxes primarily due to increased property taxes - (\$6.8M); partially offset by merger-related costs incurred in June 2018 - \$57.5M; a decrease in Westar Energy plant operating and maintenance expense primarily due to obsolete inventory write-offs in June 2018 - \$19.9M; and a decrease in Westar Energy transmission and distribution operating and maintenance expense primarily due to a higher level of vegetation management activity in 2018 - \$10.6M.
- C Due to the inclusion of KCP&L's and GMO's depreciation expense in April and May of 2019 - (\$69.6M); and a change in depreciation rates - (\$17.8M).
- D Due to higher Westar Energy COLI benefits in 2019 - \$2.5M; offset by the inclusion of KCP&L and GMO amounts in April and May of 2019 - (\$3.3M).
- E Due primarily to the inclusion of KCP&L's and GMO's interest expense and Evergy's interest expense associated with the assumption of legacy Great Plains Energy debt in April and May of 2019.
- F 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 in June 2018 - (\$52.6M); and higher Westar Energy pre-tax income - (\$14.6M).
- G Dilution due to the issuance of common shares to Great Plains Energy shareholders as a result of the merger; partially offset by shares repurchased under Evergy's common stock repurchase program.

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

Evergy, Inc
Year to Date June 2019 vs. 2018

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2018 net income attributable to Evergy, Inc.	\$ 162.3	\$ 1.00
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	698.3	A 4.31
Other operating expenses	(256.1)	B (1.58)
Depreciation and amortization	(211.3)	C (1.30)
Other income (expense)	2.0	D 0.01
Interest expense	(84.3)	E (0.52)
Income tax expense	(69.5)	F (0.43)
Equity in earnings of equity method investees, net of income taxes	1.6	0.01
Net income attributable to noncontrolling interests	(3.8)	(0.02)
Change in shares outstanding		G (0.52)
2019 net income attributable to Evergy, Inc.	\$ 239.2	\$ 0.96

^(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 in the first five months of 2019 - \$674.4M; one-time bill credits recorded in June 2018 - \$60.0M; new Westar Energy retail rates effective in September 2018, net of a provision for rate refund recorded at Westar Energy for year to date June 30, 2018 for the change in the corporate income tax rate caused by the Tax Cuts and Jobs Act - \$12.4M; partially offset by lower Westar Energy retail sales driven by cooler weather in the second quarter of 2019 - (\$48.5M).
- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses in the first five months of 2019 - (\$279.9M); the inclusion of KCP&L's and GMO's taxes other than income taxes in the first five months of 2019 - (\$75.7M); an increase in Westar Energy taxes other than income taxes primarily due to increased property taxes - (\$10.7M); and voluntary severance expense recorded at Westar Energy in the first quarter of 2019 (\$7.4M); partially offset by merger-related costs incurred in June 2018 - \$57.5M; a decrease in Westar Energy plant operating and maintenance expense primarily due to obsolete inventory write-offs in June 2018 - \$20.6M; and a decrease in Westar Energy transmission and distribution operating and maintenance expense primarily due to a higher level of vegetation management activity in 2018 - \$14.1M.
- C Due to the inclusion of KCP&L's and GMO's depreciation expense in the first five months of 2019 - (\$173.4M); and a change in depreciation rates - (\$37.9M).
- D Due to higher Westar Energy COLI benefits in 2019 - \$8.7M; offset by the inclusion of KCP&L and GMO amounts in the first five months of 2019 - (\$9.5M).
- E Due primarily to the inclusion of KCP&L's and GMO's interest expense and Evergy's interest expense associated with the assumption of legacy Great Plains Energy debt in the first five months of 2019.
- F 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 in June 2018 - (\$52.6M); and higher Westar Energy pre-tax income - (\$16.4M).
- G Dilution due to the issuance of common shares to Great Plains Energy shareholders as a result of the merger; partially offset by shares repurchased under Evergy's common stock repurchase program.

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 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)	
Three Months Ended June 30	2019	2018	2019	2018	2019	2018	2019	2018
(Dollars in millions)								
Operating revenues	\$ 1,221.7	\$ 893.4	\$ 585.5	\$ 650.9	\$ 437.0	\$ 452.2	\$ 199.4	\$ 205.4
Fuel and purchased power	291.6	229.7	107.7	158.0	116.2	132.5	67.9	65.0
SPP network transmission costs	62.8	68.4	62.8	68.4	—	—	—	—
Other operating expenses	380.2	340.4	176.8	252.3	139.0	134.8	61.8	66.6
Depreciation and amortization	215.4	128.0	110.6	96.1	79.9	70.2	26.1	27.3
Income from operations	271.7	126.9	127.6	76.1	101.9	114.7	43.6	46.5
Other income (expense), net	(9.4)	(10.5)	(4.2)	(8.8)	(4.9)	(6.7)	(3.0)	(2.2)
Interest expense	95.4	58.4	47.5	44.4	29.6	34.6	14.7	17.3
Income tax expense (benefit)	24.4	(45.0)	9.9	(53.6)	8.0	48.8	4.8	11.4
Equity in earnings of equity method investees, net of income taxes	2.1	1.4	1.2	1.1	—	—	—	—
Net income	144.6	104.4	67.2	77.6	59.4	24.6	21.1	15.6
Less: net income attributable to noncontrolling interests	4.9	2.6	4.9	2.6	—	—	—	—
Net income attributable to controlling interest	139.7	101.8	62.3	75.0	59.4	24.6	21.1	15.6
Reconciliation of utility gross margin to operating revenue:								
Operating revenues	1,221.7	893.4	585.5	650.9	437.0	452.2	199.4	205.4
Fuel and purchased power	291.6	229.7	107.7	158.0	116.2	132.5	67.9	65.0
SPP network transmission costs	62.8	68.4	62.8	68.4	—	—	—	—
Utility gross margin ^(a)	867.3	595.3	415.0	424.5	320.8	319.7	131.5	140.4
(Dollars in millions)								
Residential	431.6	342.0	179.2	221.1	162.1	187.0	90.2	99.9
Commercial	438.6	259.1	172.8	170.0	195.6	196.3	70.2	70.7
Industrial	156.6	108.6	98.8	91.8	36.2	34.1	21.5	20.1
Other retail revenues	9.5	6.4	5.1	5.7	2.7	2.3	1.8	1.0
Total electric retail	1,036.3	716.1	455.9	488.6	396.6	419.7	183.7	191.7
Wholesale revenues	72.3	89.7	53.5	87.1	13.1	5.5	6.1	4.7
Transmission	76.4	75.1	68.6	72.2	3.1	3.9	4.7	4.6
Other	36.7	12.5	7.5	3.0	24.2	23.1	4.9	4.4
Operating revenues	1,221.7	893.4	585.5	650.9	437.0	452.2	199.4	205.4
(MWh in thousands)								
Residential	3,262	3,326	1,384	1,777	1,154	1,443	724	900
Commercial	4,334	3,695	1,754	1,870	1,809	1,961	770	844
Industrial	2,145	1,852	1,395	1,366	438	447	312	318
Other retail revenues	35	29	12	16	19	19	5	3
Total electric retail	9,776	8,902	4,545	5,029	3,420	3,870	1,811	2,065
Wholesale revenues	3,159	3,004	1,498	2,576	1,425	759	236	142
Total electricity sales	12,935	11,906	6,043	7,605	4,845	4,629	2,047	2,207

^(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 June 4, 2018, the date of the closing of the merger, and thereafter.

Evergy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Evergy		Westar Energy		KCP&L ^(b)		GMO Utility ^(b)	
Year to Date June 30	2019	2018	2019	2018	2019	2018	2019	2018
(Dollars in millions)								
Operating revenues	\$ 2,438.6	\$ 1,493.6	\$ 1,182.3	\$ 1,251.1	\$ 862.4	\$ 849.3	\$ 394.1	\$ 392.2
Fuel and purchased power	621.6	365.2	230.4	293.5	251.1	250.0	140.4	127.2
SPP network transmission costs	126.3	136.0	126.3	136.0	—	—	—	—
Other operating expenses	780.4	524.3	353.3	436.3	293.7	286.5	127.6	137.8
Depreciation and amortization	429.0	217.7	220.4	185.7	158.8	137.1	52.1	54.1
Income from operations	481.3	250.4	251.9	199.6	158.8	175.7	74.0	73.1
Other income (expense), net	(17.4)	(19.4)	(6.0)	(17.7)	(8.3)	(11.0)	(6.1)	(6.8)
Interest expense	186.5	102.2	92.4	88.2	63.4	67.6	29.2	32.1
Income tax expense (benefit)	33.7	(35.8)	20.4	(44.4)	11.7	52.3	5.4	9.1
Equity in earnings of equity method investees, net of income taxes	4.3	2.7	2.4	2.4	—	—	—	—
Net income	248.0	167.3	135.5	140.5	75.4	44.8	33.3	25.1
Less: net income attributable to noncontrolling interests	8.8	5.0	8.8	5.0	—	—	—	—
Net income attributable to controlling interest	239.2	162.3	126.7	135.5	75.4	44.8	33.3	25.1
Reconciliation of utility gross margin to operating revenues:								
Operating revenues	2,438.6	1,493.6	1,182.3	1,251.1	862.4	849.3	394.1	392.2
Fuel and purchased power	621.6	365.2	230.4	293.5	251.1	250.0	140.4	127.2
SPP network transmission costs	126.3	136.0	126.3	136.0	—	—	—	—
Utility gross margin ^(a)	1,690.7	992.4	825.6	821.6	611.3	599.3	253.7	265.0
(Dollars in millions)								
Residential	883.3	522.3	371.5	401.4	326.3	341.9	185.5	188.0
Commercial	852.1	414.5	337.1	325.4	379.4	378.1	135.5	134.9
Industrial	303.6	202.1	197.2	185.3	65.9	66.3	40.5	40.0
Other retail revenues	19.3	10.6	10.2	9.9	5.3	5.0	3.8	2.8
Total electric retail	2,058.3	1,149.5	916.0	922.0	776.9	791.3	365.3	365.7
Wholesale revenues	155.4	183.9	114.8	181.3	31.2	8.6	9.8	7.6
Transmission	153.1	147.0	137.8	144.1	6.2	7.2	9.1	9.1
Other	71.8	13.2	13.7	3.7	48.1	42.2	9.9	9.8
Operating revenues	2,438.6	1,493.6	1,182.3	1,251.1	862.4	849.3	394.1	392.2
(MWh in thousands)								
Residential	7,226	4,798	2,930	3,249	2,551	2,789	1,745	1,874
Commercial	8,758	5,392	3,482	3,567	3,703	3,820	1,573	1,638
Industrial	4,156	3,211	2,737	2,725	815	857	604	633
Other retail revenues	71	43	24	30	38	38	9	10
Total electric retail	20,211	13,444	9,173	9,571	7,107	7,504	3,931	4,155
Wholesale revenues	7,188	5,905	3,571	5,477	3,222	2,139	396	284
Total electricity sales	27,399	19,349	12,744	15,048	10,329	9,643	4,327	4,439

^(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 Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

Evergy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Evergy				
Three Months Ended June 30				
Degree Days	2019	2018/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	400	728	(328)	(45.1)
Actual compared to 30 year average	400	436	(36)	(8.3)
Heating				
Actual compared to last year	369	506	(137)	(27.1)
Actual compared to 30 year average	369	408	(39)	(9.6)

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

Evergy				
Year to Date June 30				
Degree Days	2019	2018/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	400	728	(328)	(45.1)
Actual compared to 30 year average	400	441	(41)	(9.3)
Heating				
Actual compared to last year	3,189	3,085	104	3.4
Actual compared to 30 year average	3,189	2,983	206	6.9

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

Evergy, Inc.
Capitalization

	June 30, 2019		December 31, 2018	
	(dollars in millions)			
Current maturities of long-term debt	\$	1.1	\$	705.4
Current maturities of long-term debt of VIEs		32.3		30.3
Long-term debt, net		7,122.5		6,636.3
Long-term debt of variable interest entities, net		18.8		51.1
Total long-term debt		7,174.7	44.8 %	7,423.1 42.6 %
Common equity		8,883.1	55.4 %	10,028.2 57.6 %
Noncontrolling interests		(28.4)	(0.2)%	(37.5) (0.2)%
Total capitalization	\$	16,029.4	100.0 %	\$ 17,413.8 100.0 %
GAAP Book value per share	\$	37.73	\$	39.28
Period end shares outstanding		235,465,848		255,326,252

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2019 should be read in conjunction with this financial information.

Evergy, Inc.
Non-GAAP Measures

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, 2019 and 2018, respectively.

Adjusted Earnings (non-GAAP) and Adjusted Earnings Per Share (non-GAAP)

Evergy's adjusted earnings (non-GAAP) and adjusted earnings per share (non-GAAP) for the three months ended and year to date June 30, 2019, were \$140.3 million or \$0.58 per share and \$251.4 million or \$1.01 per share, respectively. For the three months ended and year to date June 30, 2018, Evergy's adjusted earnings (non-GAAP) and adjusted earnings per share (non-GAAP) were \$179.1 million and \$0.67 per share and \$271.0 million or \$1.00 per share, respectively. In addition to net income attributable to Evergy, Inc., diluted earnings per common share, pro forma net income attributable to Evergy, Inc. and pro forma diluted earnings per common share as prepared in accordance with GAAP, Evergy's management uses adjusted earnings (non-GAAP) and adjusted earnings per share (non-GAAP) to evaluate earnings and earnings per share without the non-recurring costs and/or benefits resulting from rebranding, voluntary severance and significant items related to the Great Plains Energy and Westar Energy merger.

Adjusted earnings (non-GAAP) and adjusted earnings per share (non-GAAP) exclude certain costs and/or benefits resulting from rebranding, voluntary severance and the Great Plains Energy and Westar Energy merger. This information is intended to enhance an investor's overall understanding of results. Adjusted earnings (non-GAAP) and adjusted earnings per share (non-GAAP) are used internally to measure performance against budget and in reports for management and the Evergy Board. Adjusted earnings (non-GAAP) and adjusted earnings per share (non-GAAP) are financial measures that are not calculated in accordance with GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between net income attributable to Evergy, Inc., diluted earnings per common share, pro forma net income attributable to Evergy, Inc. and pro forma diluted earnings per common share as determined in accordance with GAAP and adjusted earnings (non-GAAP) and adjusted earnings per share (non-GAAP).

	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
Three Months Ended June 30	2019		2018	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 139.7	\$ 0.57	\$ 101.8	\$ 0.56
Pro forma adjustments ^(a) :				
Great Plains Energy earnings prior to merger	—	—	59.4	0.22
Great Plains Energy shares prior to merger	n/a	—	n/a	(0.19)
Non-recurring merger costs and other	—	—	82.5	0.31
Pro forma net income attributable to Evergy, Inc.	\$ 139.7	\$ 0.57	\$ 243.7	\$ 0.90
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(b)	0.9	0.01	—	—
Voluntary severance costs, pre tax ^(c)	(0.1)	—	—	—
Composite tax rate change, pre-tax ^(d)	—	—	(52.6)	(0.19)
Deferral of merger transition costs, pre-tax ^(e)	—	—	(28.5)	(0.10)
Inventory write-off at retiring generating units, pre-tax ^(f)	—	—	12.3	0.04
Income tax expense (benefit) ^(g)	(0.2)	—	4.2	0.02
Adjusted earnings (non-GAAP)	\$ 140.3	\$ 0.58	\$ 179.1	\$ 0.67

Year to Date June 30	2019		2018	
	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 239.2	\$ 0.96	\$ 162.3	\$ 1.00
Pro forma adjustments ^(a) :				
Great Plains Energy earnings prior to merger	—	—	94.4	0.35
Great Plains Energy shares prior to merger	n/a	—	n/a	(0.40)
Non-recurring merger costs and other	—	—	78.9	0.28
Pro forma net income attributable to Evergy, Inc.	\$ 239.2	\$ 0.96	\$ 335.6	\$ 1.23
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(b)	1.1	—	—	—
Voluntary severance costs, pre tax ^(c)	14.7	0.06	—	—
Composite tax rate change, pre-tax ^(d)	—	—	(52.6)	(0.19)
Deferral of merger transition costs, pre-tax ^(e)	—	—	(28.5)	(0.10)
Inventory write-off at retiring generating units, pre-tax ^(f)	—	—	12.3	0.04
Income tax expense (benefit) ^(g)	(3.6)	(0.01)	4.2	0.02
Adjusted earnings (non-GAAP)	\$ 251.4	\$ 1.01	\$ 271.0	\$ 1.00

^(a) Reflects pro forma adjustments made in accordance with Article 11 of Regulation S-X and Accounting Standards Codification (ASC) 805 - *Business Combinations*. See Note 2 to the consolidated financial statements in the Evergy Companies' Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 for further information regarding these adjustments.

^(b) Reflects external costs incurred to rebrand the legacy Westar Energy and KCP&L utility brands to Evergy and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(c) Reflects voluntary severance costs incurred associated with certain severance programs at the Evergy Companies and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(d) Reflects 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 in June 2018 and are included in income tax expense on the consolidated statements of comprehensive income.

^(e) Reflects the portion of the \$47.8 million deferral of merger transition costs to a regulatory asset in June 2018 that related to costs incurred prior to 2018. The remaining merger transition costs included within the \$47.8 million deferral were both incurred and deferred in 2018 and did not impact earnings. This item is included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(f) Reflects 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, which were committed to be retired upon the consummation of the merger, and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(g) Reflects an income tax effect calculated at a 26.1% statutory rate, with the exception of certain non-deductible items.