

Evergy, Inc

Third Quarter 2018 Earnings

Released November 7, 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 September 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 September 30

	2018	2017	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 647.1	\$ 275.9	\$ 371.2	134.5
Commercial	530.5	218.1	312.4	143.2
Industrial	173.4	117.3	56.1	47.8
Other retail	10.9	4.9	6.0	122.4
Total electric retail	1,361.9	616.2	745.7	121.0
Wholesale	118.5	103.5	15.0	14.5
Transmission	80.6	70.8	9.8	13.8
Other	21.5	3.8	17.7	N/M
Total Revenues	1,582.5	794.3	788.2	99.2
OPERATING EXPENSES:				
Fuel and purchased power	383.7	189.8	193.9	102.2
SPP network transmission costs	58.4	62.6	(4.2)	(6.7)
Operating and maintenance	330.4	140.6	189.8	135.0
Depreciation and amortization	193.9	94.6	99.3	105.0
Taxes other than income tax	83.0	41.8	41.2	98.6
Total Operating Expenses	1,049.4	529.4	520.0	98.2
INCOME FROM OPERATIONS	533.1	264.9	268.2	101.2
OTHER INCOME (EXPENSE):				
Investment earnings	4.9	1.0	3.9	N/M
Other income	1.6	3.9	(2.3)	(59.0)
Other expense	(30.8)	(11.5)	(19.3)	167.8
Total Other Income (Expense)	(24.3)	(6.6)	(17.7)	268.2
Interest expense	89.1	43.4	45.7	105.3
INCOME BEFORE INCOME TAXES	419.7	214.9	204.8	95.3
Income tax expense	64.1	55.8	8.3	14.9
Equity in earnings of equity method investees, net of income taxes	2.0	1.6	0.4	25.0
NET INCOME	357.6	160.7	196.9	122.5
Less: Net income attributable to noncontrolling interests	2.6	2.4	0.2	8.3
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 355.0	\$ 158.3	\$ 196.7	124.3
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 1.32	\$ 1.11	\$ 0.21	18.9
Diluted earnings per common share	\$ 1.32	\$ 1.11	\$ 0.21	18.9
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING				
Basic	268.6	142.5	126.1	88.5
Diluted	268.8	142.5	126.3	88.6
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.46	\$ 0.40	0.06	15.0
Effective income tax rate	15.2%	25.8%		

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

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

	Year to Date September 30			
	2018	2017	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 1,169.4	\$ 626.8	\$ 542.6	86.6
Commercial	945.0	543.4	401.6	73.9
Industrial	375.5	316.0	59.5	18.8
Other retail	21.5	17.2	4.3	25.0
Total electric retail	2,511.4	1,503.4	1,008.0	67.0
Wholesale	302.4	256.2	46.2	18.0
Transmission	227.6	213.0	14.6	6.9
Other	34.7	3.6	31.1	N/M
Total Revenues	3,076.1	1,976.2	1,099.9	55.7
OPERATING EXPENSES:				
Fuel and purchased power	748.9	415.4	333.5	80.3
SPP network transmission costs	194.4	185.0	9.4	5.1
Operating and maintenance	754.2	415.6	338.6	81.5
Depreciation and amortization	411.6	277.3	134.3	48.4
Taxes other than income tax	183.5	126.4	57.1	45.2
Total Operating Expenses	2,292.6	1,419.7	872.9	61.5
INCOME FROM OPERATIONS	783.5	556.5	227.0	40.8
OTHER INCOME (EXPENSE):				
Investment earnings	6.2	3.5	2.7	77.1
Other income	5.3	5.7	(0.4)	(7.0)
Other expense	(55.2)	(29.6)	(25.6)	86.5
Total Other (Expense) Income	(43.7)	(20.4)	(23.3)	114.2
Interest expense	191.3	128.2	63.1	49.2
INCOME BEFORE INCOME TAXES	548.5	407.9	140.6	34.5
Income tax expense	28.3	112.6	(84.3)	(74.9)
Equity in earnings of equity method investees, net of income taxes	4.7	4.9	(0.2)	(4.1)
NET INCOME	524.9	300.2	224.7	74.9
Less: Net income attributable to noncontrolling interests	7.6	10.2	(2.6)	(25.5)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 517.3	\$ 290.0	\$ 227.3	78.4
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 2.61	\$ 2.03	\$ 0.58	28.6
Diluted earnings per common share	\$ 2.61	\$ 2.03	\$ 0.58	28.6
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING				
Basic	197.9	142.5	55.4	38.9
Diluted	198.0	142.5	55.5	38.9
DIVIDENDS DECLARED PER COMMON SHARE	\$ 1.26	\$ 1.20	0.06	5.0
Effective income tax rate	5.1%	27.3%		

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

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	September 30 2018	December 31 2017
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 679.7	\$ 3.4
Receivables, net	496.5	290.7
Accounts receivable pledged as collateral	195.0	—
Fuel inventory and supplies	520.9	293.6
Income taxes receivable	20.8	—
Regulatory assets	332.5	99.5
Prepaid expenses and other assets	73.6	39.8
Total Current Assets	<u>2,319.0</u>	<u>727.0</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>18,836.0</u>	<u>9,553.8</u>
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	<u>170.9</u>	<u>176.3</u>
OTHER ASSETS:		
Regulatory assets	1,518.1	685.4
Nuclear decommissioning trust fund	518.0	237.1
Goodwill	2,333.5	—
Other	379.7	244.8
Total Other Assets	<u>4,749.3</u>	<u>1,167.3</u>
TOTAL ASSETS	\$ 26,075.2	\$ 11,624.4

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

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	September 30 2018	December 31 2017
LIABILITIES AND EQUITY		
(millions, except share amounts)		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 709.6	\$ —
Current maturities of long-term debt of variable interest entities	30.3	28.5
Notes payable and commercial paper	675.9	275.7
Collateralized note payable	195.0	—
Accounts payable	303.7	204.2
Accrued dividends	—	53.8
Accrued taxes	282.1	87.7
Accrued interest	119.6	72.7
Regulatory liabilities	117.2	11.6
Other	225.8	89.5
Total Current Liabilities	<u>2,659.2</u>	<u>823.7</u>
LONG-TERM LIABILITIES:		
Long-term debt, net	6,639.8	3,687.6
Long-term debt of variable interest entities, net	51.1	81.4
Deferred income taxes	1,536.0	815.7
Unamortized investment tax credits	378.9	257.1
Regulatory liabilities	2,357.1	1,094.0
Pension and post-retirement liability	949.7	491.2
Asset retirement obligations	622.7	380.0
Other	231.9	133.3
Total Long-Term Liabilities	<u>12,767.2</u>	<u>6,940.3</u>
Commitments and Contingencies (See 10-Q Note 12)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value, 264,797,584 shares issued (275,000,000 shares authorized, \$5 par value, 142,094,275 shares issued as of December 31, 2017)	9,236.4	2,734.8
Retained earnings	1,452.5	1,173.3
Total Evergy, Inc. Shareholders' Equity	<u>10,688.9</u>	<u>3,908.1</u>
Noncontrolling Interests	(40.1)	(47.7)
Total Equity	<u>10,648.8</u>	<u>3,860.4</u>
TOTAL LIABILITIES AND EQUITY	\$ 26,075.2	\$ 11,624.4

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

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

Year to Date September 30	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	(millions)	
Net income	\$ 524.9	\$ 300.2
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	411.6	277.3
Amortization of nuclear fuel	28.6	24.2
Amortization of deferred refueling outage	14.7	12.1
Amortization of deferred regulatory gain from sale leaseback	(4.1)	(4.1)
Amortization of corporate-owned life insurance	17.2	15.7
Non-cash compensation	25.2	6.7
Net deferred income taxes and credits	47.8	127.0
Allowance for equity funds used during construction	(2.4)	(1.1)
Payments for asset retirement obligations	(15.9)	(1.9)
Equity in earnings of equity method investees, net of income taxes	(4.7)	(4.9)
Other	(1.9)	(5.3)
Changes in working capital items:		
Accounts receivable	(34.9)	(19.7)
Accounts receivable pledged as collateral	(15.0)	—
Fuel inventory and supplies	44.6	15.5
Prepaid expenses and other current assets	(3.4)	55.5
Accounts payable	(58.5)	(10.0)
Accrued taxes	119.0	35.6
Other current liabilities	38.9	(108.5)
Changes in other assets	26.0	22.9
Changes in other liabilities	33.9	5.5
Cash Flows from Operating Activities	1,191.6	742.7
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(698.3)	(564.6)
Cash acquired from the merger with Great Plains Energy	1,154.2	—
Purchase of securities - trusts	(107.0)	(15.3)
Sale of securities - trusts	110.2	15.9
Investment in corporate-owned life insurance	(16.2)	(16.2)
Proceeds from investment in corporate-owned life insurance	6.5	2.1
Proceeds from settlement of interest rate swap	140.6	—
Other investing activities	(15.2)	(3.3)
Cash Flows used in Investing Activities	574.8	(581.4)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	(166.7)	(177.7)
Collateralized short-term borrowings, net	15.0	—
Proceeds from long-term debt	22.9	296.2
Retirements of long-term debt	(127.4)	(125.0)
Retirements of long-term debt of variable interest entities	(28.5)	(26.8)
Repayment of capital leases	(2.9)	(2.6)
Borrowings against cash surrender value of corporate-owned life insurance	55.1	53.4
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(3.9)	—
Distributions to shareholders of noncontrolling interests	—	(5.8)
Cash dividends paid	(350.4)	(166.3)
Repurchase of common stock	(486.1)	—
Other financing activities	(17.2)	(6.4)
Cash Flows (used in) from Financing Activities	(1,090.1)	(161.0)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	676.3	0.3
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	\$ 679.8	\$ 3.5

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

Evergy, Inc
Third Quarter 2018 vs. 2017

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2017 earnings attributable to common stock	\$ 158.3	\$ 1.11
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	598.5	A 4.20
Other operating expenses	(231.0)	B (1.62)
Depreciation and amortization	(99.3)	C (0.70)
Other income (expense)	(17.7)	D (0.12)
Interest expense	(45.7)	E (0.32)
Income tax expense	(8.3)	F (0.06)
Equity in earnings of equity method investees, net of income taxes	0.4	—
Net income attributable to noncontrolling interests	(0.2)	—
Change in shares outstanding		G (1.17)
2018 earnings attributable to common stock	\$ 355.0	\$ 1.32

^(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 - \$603.7M; higher Westar Energy retail sales - \$25.1M; 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 (\$28.1M); an obligation recorded at Westar Energy for annual bill credits (\$2.2M)
-
- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses - (\$183.9M); the inclusion of KCP&L's and GMO's taxes other than income tax - (\$40.7); merger-related costs incurred following the close of the merger - (\$7.1M); Westar Energy's 47% share of voluntary severance expenses incurred related to the Wolf Creek voluntary exit program - (\$5.5M)
-
- C Due primarily to the inclusion of KCP&L's and GMO's depreciation expense - (\$98.0M)
-
- D Due primarily to the inclusion of KCP&L's and GMO's other income (expense) - (\$11.7M); decrease in Westar Energy's investment earnings primarily due to a decrease in interest and dividend income - (\$1.0M)
-
- E Due primarily to the inclusion of KCP&L's and GMO's interest expense and Evergy's assumption of Great Plains Energy's \$350.0 million of 4.85% unsecured Senior Notes and \$287.5 million of 5.292% unsecured Senior Notes upon the consummation of the merger - (\$45.2M)
-
- F Due primarily to the inclusion of income tax expense related to Evergy, Inc. and the subsidiaries of Great Plains Energy - (\$41.5M); a decrease in Westar Energy's income tax expense as a result of the decrease in the federal statutory income tax rate in 2018 - \$25.9M; lower Westar Energy pre-tax income - \$6.9M
-
- G 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 September 30, 2018 should be read in conjunction with this financial information.

Evergy, Inc
Year to Date September 2018 vs. 2017

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2017 earnings attributable to common stock	\$ 290.0	\$ 2.03
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	757.0	A 5.31
Other operating expenses	(395.7)	B (2.78)
Depreciation and amortization	(134.3)	C (0.94)
Other income (expense)	(23.3)	D (0.16)
Interest expense	(63.1)	E (0.44)
Income tax expense	84.3	F 0.59
Equity in earnings of equity method investees, net of income taxes	(0.2)	—
Net income attributable to noncontrolling interests	2.6	0.02
Change in shares outstanding		G (1.02)
2018 earnings attributable to common stock	\$ 517.3	\$ 2.61

^(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 - \$774.5M; higher Westar Energy retail sales - \$77.7M; 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 (\$66.3M); an obligation recorded at Westar Energy for one-time and annual bill credits (\$28.9M)
-
- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses beginning in June 2018 - (\$245.6M); merger-related costs incurred following the close of the merger in June 2018 - (\$64.6M); 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 - (\$54.6M); Westar Energy's 47% share of voluntary severance expenses incurred related to the Wolf Creek voluntary exit program - (\$5.5M)
-
- C Due primarily to the inclusion of KCP&L's and GMO's depreciation expense beginning in June 2018 - (\$130.0M)
-
- D Due primarily to the inclusion of KCP&L's and GMO's other income (expense) beginning in June 2018 - (\$14.6M); a decrease in Westar Energy's investment earnings primarily due to a decrease in interest and dividend income - (\$3.9M)
-
- E 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 4.85% unsecured Senior Notes and \$287.5 million of 5.292% unsecured Senior Notes upon the consummation of the merger - (\$59.2M)
-
- 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 - \$53.2M; lower Westar Energy pre-tax income - \$47.5M; a decrease in Westar Energy's income tax expense as a result of the decrease in the federal statutory income tax rate in 2018 - \$38.1M; the inclusion of income tax expense related to Evergy, Inc. and the subsidiaries of Great Plains Energy beginning in June 2018 (\$50.2M)
-
- G 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 September 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 September 30								
(Dollars in millions)								
Operating revenues	\$ 1,582.5	\$ 794.3	\$ 764.8	\$ 794.3	\$ 559.6	\$ 595.7	\$ 255.9	\$ 261.5
Fuel and purchased power	383.7	189.8	169.7	189.8	142.4	143.9	71.7	65.2
SPP network transmission costs	58.4	62.6	58.4	62.6	—	—	—	—
Other operating expenses	413.4	182.4	183.9	182.4	155.9	165.7	68.1	65.6
Depreciation and amortization	193.9	94.6	95.9	94.6	71.9	66.3	27.3	26.4
Income from operations	533.1	264.9	256.9	264.9	189.4	219.8	88.8	104.3
Other income (expense)	(24.3)	(6.6)	(13.9)	(6.6)	(8.1)	(9.2)	(3.6)	(10.2)
Interest expense	89.1	43.4	43.9	43.4	33.0	34.3	16.8	14.8
Income tax expense	64.1	55.8	22.4	55.8	28.0	62.2	14.7	31.5
Equity in earnings of equity method investees, net of income taxes	2.0	1.6	1.3	1.6	—	—	—	—
Net income	357.6	160.7	178.0	160.7	120.3	114.1	53.7	47.8
Less: net income attributable to noncontrolling interests	2.6	2.4	2.6	2.4	—	—	—	—
Net income attributable to controlling interest	355.0	158.3	175.4	158.3	120.3	114.1	53.7	47.8
Reconciliation of utility gross margin to operating revenue:								
Operating revenues	1,582.5	794.3	764.8	794.3	559.6	595.7	255.9	261.5
Fuel and purchased power	383.7	189.8	169.7	189.8	142.4	143.9	71.7	65.2
SPP network transmission costs	58.4	62.6	58.4	62.6	—	—	—	—
Utility gross margin ^(a)	1,140.4	541.9	536.7	541.9	417.2	451.8	184.2	196.3
Revenues (Dollars in millions)								
Residential	647.1	275.9	270.5	275.9	243.5	255.7	133.2	132.8
Commercial	530.5	218.1	217.4	218.1	231.1	256.2	81.9	89.0
Industrial	173.4	117.3	111.9	117.3	39.1	44.9	22.5	25.5
Other retail revenues	10.9	4.9	5.4	4.9	2.7	2.9	2.8	1.9
Total electric retail	1,361.9	616.2	605.2	616.2	516.4	559.7	240.4	249.2
Wholesale revenues	118.5	103.5	82.4	103.5	29.9	22.7	6.1	4.1
Transmission	80.6	70.8	72.2	70.8	3.8	3.8	4.6	4.2
Other	21.5	3.8	5.0	3.8	9.5	9.5	4.8	4.0
Operating revenues	1,582.5	794.3	764.8	794.3	559.6	595.7	255.9	261.5
Electricity Sales (MWh in thousands)								
Residential	4,839	2,081	2,100	2,081	1,691	1,651	1,049	1,010
Commercial	5,259	2,156	2,230	2,156	2,111	2,109	919	914
Industrial	2,365	1,563	1,550	1,563	476	470	339	350
Other retail revenues	40	12	15	12	18	15	5	8
Total electric retail	12,503	5,812	5,895	5,812	4,296	4,245	2,312	2,282
Wholesale revenues	3,883	3,128	2,083	3,128	1,614	1,439	186	135
Total Electricity Sales	16,386	8,940	7,978	8,940	5,910	5,684	2,498	2,417

^(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 not included in consolidated Eversource Energy for the three months ended September 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 September 30								
(Dollars in millions)								
Operating revenues	\$ 3,076.1	\$ 1,976.2	\$ 2,015.9	\$ 1,976.2	\$ 1,408.9	\$ 1,474.3	\$ 648.1	\$ 636.8
Fuel and purchased power	748.9	415.4	463.2	415.4	392.4	367.3	198.9	177.7
SPP network transmission costs	194.4	185.0	194.4	185.0	—	—	—	—
Other operating expenses	937.7	542.0	620.2	542.0	442.4	490.9	205.9	206.3
Depreciation and amortization	411.6	277.3	281.6	277.3	209.0	199.9	81.4	77.8
Income from operations	783.5	556.5	456.5	556.5	365.1	416.2	161.9	175.0
Other income (expense)	(43.7)	(20.4)	(31.6)	(20.4)	(19.1)	(33.8)	(10.4)	(18.1)
Interest expense	191.3	128.2	132.1	128.2	100.6	105.5	48.9	43.8
Income tax expense (benefit)	28.3	112.6	(22.0)	112.6	80.3	99.0	23.8	44.6
Equity in earnings of equity method investees, net of income taxes	4.7	4.9	3.7	4.9	—	—	—	—
Net income	524.9	300.2	318.5	300.2	165.1	177.9	78.8	68.5
Less: net income attributable to noncontrolling interests	7.6	10.2	7.6	10.2	—	—	—	—
Net income attributable to controlling interest	517.3	290.0	310.9	290.0	165.1	177.9	78.8	68.5
Reconciliation of utility gross margin to operating revenues:								
Operating revenues	3,076.1	1,976.2	2,015.9	1,976.2	1,408.9	1,474.3	648.1	636.8
Fuel and purchased power	748.9	415.4	463.2	415.4	392.4	367.3	198.9	177.7
SPP network transmission costs	194.4	185.0	194.4	185.0	—	—	—	—
Utility gross margin ^(a)	2,132.8	1,375.8	1,358.3	1,375.8	1,016.5	1,107.0	449.2	459.1
Revenues (Dollars in millions)								
Residential	1,169.4	626.8	671.9	626.8	585.4	573.7	321.2	305.1
Commercial	945.0	543.4	542.8	543.4	609.2	651.1	216.8	225.3
Industrial	375.5	316.0	297.2	316.0	105.4	118.9	62.5	67.7
Other retail revenues	21.5	17.2	15.3	17.2	7.7	8.3	5.6	5.7
Total electric retail	2,511.4	1,503.4	1,527.2	1,503.4	1,307.7	1,352.0	606.1	603.8
Wholesale revenues	302.4	256.2	263.7	256.2	38.5	74.7	13.7	7.1
Transmission	227.6	213.0	216.3	213.0	11.0	12.2	13.7	12.4
Other	34.7	3.6	8.7	3.6	51.7	35.4	14.6	13.5
Operating revenues	3,076.1	1,976.2	2,015.9	1,976.2	1,408.9	1,474.3	648.1	636.8
Electricity Sales (MWh in thousands)								
Residential	9,047	4,828	5,349	4,828	4,480	4,034	2,923	2,587
Commercial	9,794	5,588	5,797	5,588	5,931	5,730	2,557	2,460
Industrial	5,345	4,319	4,275	4,319	1,333	1,330	972	987
Other retail revenues	75	56	45	56	56	53	15	23
Total electric retail	24,261	14,791	15,466	14,791	11,800	11,147	6,467	6,057
Wholesale revenues	9,789	7,612	7,560	7,612	3,753	5,198	470	288
Total Electricity Sales	34,050	22,403	23,026	22,403	15,553	16,345	6,937	6,345

^(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 September 30, 2018.

Evergy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Evergy				
Three Months Ended September 30				
Degree Days	2018	2017/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	1,112	951	161	16.9
Actual compared to 30 year average	1,112	1,026	86	8.4
Heating				
Actual compared to last year	36	16	20	N/M
Actual compared to 30 year average	36	51	(15)	(29.4)

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

Evergy				
Year to Date September 30				
Degree Days	2018	2017/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	1,839	1,390	449	32.3
Actual compared to 30 year average	1,839	1,472	367	24.9
Heating				
Actual compared to last year	3,121	2,420	701	29.0
Actual compared to 30 year average	3,121	2,999	122	4.1

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

Evergy, Inc.
Capitalization

	September 30, 2018		December 31, 2017	
	(dollars in millions)			
Current maturities of long-term debt	\$	709.6	\$	—
Current maturities of long-term debt of VIEs		30.3		28.5
Long-term debt, net		6,639.8		3,687.6
Long-term debt of variable interest entities, net		51.1		81.4
Total long-term debt		7,430.8	41.1 %	3,797.5 49.6 %
Common equity		10,688.9	59.1 %	3,908.1 51.0 %
Noncontrolling interests		(40.1)	(0.2)%	(47.7) (0.6)%
Total capitalization	\$	18,079.6	100.0 %	\$ 7,657.9 100.0 %
GAAP Book value per share	\$	40.37	\$	27.50
Period end shares outstanding		264,797,584		142,094,275

The Notes to the Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended September 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 September 30, 2018 and 2017.