

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 9, 2017

WESTAR ENERGY, INC.

(Exact name of registrant as specified in its charter)

KANSAS

(State or other jurisdiction of incorporation or organization)

1-3523

(Commission File Number)

48-0290150

(IRS Employer Identification No.)

818 South Kansas Avenue, Topeka, Kansas

(Address of principal executive offices)

66612

(Zip Code)

Registrant's telephone number, including area code

(785) 575-6300

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

WESTAR ENERGY, INC.

Item 2.02. Results of Operations and Financial Condition.

On May 9, 2017, we issued a press release announcing our earnings for the period ended March 31, 2017. A copy of our May 9, 2017 press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. We are also including our 2017 First Quarter Earnings package, which is attached hereto as Exhibit 99.2 and is incorporated herein by reference. The information furnished pursuant to this Item 2.02, including Exhibits 99.1 and 99.2, will not be incorporated by reference into any registration statement filed by us under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

- Exhibit 99.1 Press Release dated May 9, 2017
- Exhibit 99.2 2017 First Quarter Earnings package

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WESTAR ENERGY, INC.

Date: May 9, 2017 By: /s/ Larry D. Irick
Name: Larry D. Irick
Title: Vice President, General Counsel and Corporate Secretary

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
Exhibit 99.1	Press Release dated May 9, 2017
Exhibit 99.2	2017 First Quarter Earnings package



Westar Energy Announces 1st Quarter 2017 Results.

TOPEKA, Kan., May 9, 2017 - Westar Energy, Inc. (NYSE:WR) today announced earnings of \$60 million, or \$0.42 per share, for the first quarter 2017 compared with earnings of \$66 million, or \$0.46 per share, for the first quarter 2016.

Lower net income for the quarter, compared with last year, was driven by the effect of mild weather resulting in lower residential and commercial sales. Also contributing to the lower net income was a decrease in corporate-owned life insurance income, higher depreciation expense due in part to the start of operations of our Western Plains Wind Farm, and higher distribution expense from taking advantage of the warmer winter weather to execute our vegetation management strategy earlier in the year.

Additional Information

Because of the pending transaction with Great Plains Energy, Westar Energy will no longer host a quarterly webcast and conference call. Investors may continue to contact our Investor Relations Department at (785) 575-8227.

This earnings announcement, a package of detailed first-quarter financial information, the company's quarterly report on Form 10-Q for the period ended Mar. 31, 2017, and other filings the company has made with the Securities and Exchange Commission are available on the company's website at www.WestarEnergy.com.

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As Kansas' largest electric utility, Westar Energy, Inc. (NYSE:WR) provides customers the safe, reliable electricity needed to power their businesses and homes. We have 7,800 MW of electric generation capacity that includes renewables and traditional power sources with half the electricity supplied to our more than 700,000 customers from emissions free sources: nuclear, wind and solar, with a third coming from renewables. We are a leader in electric transmission in Kansas coordinating a network of lines and substations that supports one of the largest consolidations of wind energy in the nation. Our employees live, volunteer and work in the communities we serve..

For more information about Westar Energy, visit us on the Internet at <http://www.WestarEnergy.com>.

Forward-looking statements: Certain matters discussed in this news release are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like "believe," "anticipate," "target," "expect," "pro forma," "estimate," "intend," "guidance" or words of similar meaning. Forward-looking statements describe future plans, objectives, expectations or goals. Although Westar Energy believes that its expectations are based on reasonable assumptions, all forward-looking statements involve risk and uncertainty. The factors that could cause actual results to differ materially from these forward-looking statements include those discussed herein as well as (1) those discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2016 (a) under the heading, "Forward-Looking Statements," (b) in ITEM 1. Business, (c) in ITEM 1A. Risk Factors, (d) in ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and (e) in ITEM 8. Financial Statements and Supplementary Data: Notes 3, 14 and 16; (2) those discussed in the company's Quarterly Report on Form 10-Q filed May 9, 2017, (a) under the heading, "Forward-Looking Statements," (b) in ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) in Part I, Financial Information, ITEM 1. Financial Statements: Notes 3, 11 and 12 and (d) in ITEM 1A. Risk Factors; and (3) other factors discussed in the company's filings with

Westar Energy announces 1st quarter results

the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date such statement was made, and the company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made.

Media Contact:

Gina Penzig
Media Relations Manager
Phone: 785-575-8089
Gina.Penzig@westarenergy.com
Media line: 888-613-0003

Investor Contact:

Cody VandeVelde
Director, Investor Relations
Phone: 785-575-8227
Cody.VandeVelde@westarenergy.com

Westar Energy announces 1st quarter results

Westar Energy, Inc. Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended Mar. 31,			
	2017	2016	Change	% Change
(Dollars In Thousands, Except Per Share Amounts)				
REVENUES:				
Residential	\$ 176,169	\$ 179,290	\$ (3,121)	(1.7)
Commercial	155,707	165,673	(9,966)	(6.0)
Industrial	98,516	100,697	(2,181)	(2.2)
Other retail	(12,349)	(14,381)	2,032	14.1
Total Retail Revenues	418,043	431,279	(13,236)	(3.1)
Wholesale	77,367	67,412	9,955	14.8
Transmission	69,441	63,915	5,526	8.6
Other	7,723	6,844	879	12.8
Total Revenues	572,574	569,450	3,124	0.5
OPERATING EXPENSES:				
Fuel and purchased power	113,855	100,058	13,797	13.8
SPP network transmission costs	60,674	60,760	(86)	(0.1)
Operating and maintenance	81,198	77,757	3,441	4.4
Depreciation and amortization	88,625	83,640	4,985	6.0
Selling, general and administrative	59,157	56,456	2,701	4.8
Taxes other than income tax	42,716	48,968	(6,252)	(12.8)
Total Operating Expenses	446,225	427,639	18,586	4.3
INCOME FROM OPERATIONS	126,349	141,811	(15,462)	(10.9)
OTHER INCOME (EXPENSE):				
Investment earnings	3,155	2,016	1,139	56.5
Other income	1,300	9,477	(8,177)	(86.3)
Other expense	(5,316)	(5,543)	227	4.1
Total Other (Expense) Income	(861)	5,950	(6,811)	(114.5)
Interest expense	41,095	40,431	664	1.6
INCOME BEFORE INCOME TAXES	84,393	107,330	(22,937)	(21.4)
Income tax expense	20,911	38,622	(17,711)	(45.9)
NET INCOME	63,482	68,708	(5,226)	(7.6)
Less: Net income attributable to noncontrolling interests	3,821	3,123	698	22.4
NET INCOME ATTRIBUTABLE TO COMMON STOCK	\$ 59,661	\$ 65,585	\$ (5,924)	(9.0)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO WESTAR ENERGY, INC. (See 10-Q Note 2):				
Basic earnings per common share	\$ 0.42	\$ 0.46	\$ (0.04)	(8.7)
Diluted earnings per common share	\$ 0.42	\$ 0.46	\$ (0.04)	(8.7)
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING (in thousands):				
Basic	142,437	141,993	444	0.3
Diluted	142,696	142,311	385	0.3
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.40	\$ 0.38	\$ 0.02	5.3
Effective income tax rate	25%	36%		

Westar Energy, Inc.

First Quarter 2017 Earnings

Released May 9, 2017

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Cody VandeVelde
Director Investor Relations
785-575-8227
cody.vandavelde@WestarEnergy.com

NOTE:

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 should be read in conjunction with this financial information. The enclosed statements have been prepared for the purpose of providing information concerning the Company and not in connection with any sale, offer for sale, or solicitation to buy any securities.

Westar Energy, Inc.
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 31,			
	2017	2016	Change	% Change
(Dollars in Thousands, Except Per Share Amounts)				
REVENUES:				
Residential	\$ 176,169	\$ 179,290	\$ (3,121)	(1.7)
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The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 should be read in conjunction with this financial information.

Westar Energy, Inc.
Condensed Consolidated Balance Sheets
(Dollars in Thousands, Except Par Values)
(Unaudited)

	March 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,359	\$ 3,066
Accounts receivable, net of allowance for doubtful accounts of \$8,420 and \$6,667, respectively	237,032	288,579
Fuel inventory and supplies	310,861	300,125
Taxes receivable	—	13,000
Prepaid expenses	20,841	16,528
Regulatory assets	121,937	117,383
Other	27,070	29,701
Total Current Assets	<u>721,100</u>	<u>768,382</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>9,321,669</u>	<u>9,248,359</u>
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	<u>255,321</u>	<u>257,904</u>
OTHER ASSETS:		
Regulatory assets	751,437	762,479
Nuclear decommissioning trust	212,820	200,122
Other	253,243	249,828
Total Other Assets	<u>1,217,500</u>	<u>1,212,429</u>
TOTAL ASSETS	<u><u>\$ 11,515,590</u></u>	<u><u>\$ 11,487,074</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ —	\$ 125,000
Current maturities of long-term debt of variable interest entities	28,538	26,842
Short-term debt	226,300	366,700
Accounts payable	162,231	220,522
Accrued dividends	55,771	52,885
Accrued taxes	126,497	85,729
Accrued interest	85,612	72,519
Regulatory liabilities	11,973	15,760
Other	69,816	81,236
Total Current Liabilities	<u>766,738</u>	<u>1,047,193</u>
LONG-TERM LIABILITIES:		
Long-term debt, net	3,685,752	3,388,670
Long-term debt of variable interest entities, net	82,663	111,209
Deferred income taxes	1,767,299	1,752,776
Unamortized investment tax credits	209,968	210,654
Regulatory liabilities	226,943	223,693
Accrued employee benefits	511,368	512,412
Asset retirement obligations	349,933	323,951
Other	83,757	83,326
Total Long-Term Liabilities	<u>6,917,683</u>	<u>6,606,691</u>
COMMITMENTS AND CONTINGENCIES (See 10-Q Notes 11 and 12)		
EQUITY:		
Westar Energy, Inc. Shareholders' Equity:		
Common stock, par value \$5 per share; authorized 275,000,000 shares; issued and outstanding 142,047,633 shares and 141,791,153 shares, respective to each date	710,238	708,956
Paid-in capital	2,015,287	2,018,317
Retained earnings	1,080,268	1,078,602
Total Westar Energy, Inc. Shareholders' Equity	<u>3,805,793</u>	<u>3,805,875</u>
Noncontrolling Interests	25,376	27,315
Total Equity	<u>3,831,169</u>	<u>3,833,190</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 11,515,590</u></u>	<u><u>\$ 11,487,074</u></u>

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 should be read in conjunction with this financial information.

Westar Energy, Inc.
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	\$ 63,482	\$ 68,708
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	88,625	83,640
Amortization of nuclear fuel	8,069	8,329
Amortization of deferred regulatory gain from sale leaseback	(1,374)	(1,374)
Amortization of corporate-owned life insurance	5,901	5,261
Non-cash compensation	2,468	2,491
Net deferred income taxes and credits	19,011	33,984
Allowance for equity funds used during construction	(775)	(2,464)
Changes in working capital items:		
Accounts receivable	51,547	33,196
Fuel inventory and supplies	(10,581)	109
Prepaid expenses and other current assets	27,399	7,712
Accounts payable	(23,135)	(31,158)
Accrued taxes	47,775	49,339
Other current liabilities	(54,223)	(28,984)
Changes in other assets	2,328	21,933
Changes in other liabilities	10,606	(11,846)
Cash Flows from Operating Activities	<u>237,123</u>	<u>238,876</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(175,400)	(220,849)
Purchase of securities - trusts	(4,191)	(13,712)
Sale of securities - trusts	5,720	16,332
Proceeds from investment in corporate-owned life insurance	103	23,963
Investment in affiliated company	—	(655)
Other investing activities	(2,354)	(2,840)
Cash Flows used in Investing Activities	<u>(176,122)</u>	<u>(197,761)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	(140,407)	66,500
Proceeds from long-term debt	296,475	—
Proceeds from long-term debt of variable interest entities	—	162,048
Retirements of long-term debt	(125,000)	—
Retirements of long-term debt of variable interest entities	(26,840)	(190,355)
Repayment of capital leases	(800)	(675)
Borrowings against cash surrender value of corporate-owned life insurance	910	963
Repayment of borrowings against cash surrender value of corporate-owned life insurance	—	(22,837)
Issuance of common stock	470	657
Distributions to shareholders of noncontrolling interests	(5,760)	(2,550)
Cash dividends paid	(52,750)	(49,665)
Other financing activities	(7,006)	(4,961)
Cash Flows used in Financing Activities	<u>(60,708)</u>	<u>(40,875)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>293</u>	<u>240</u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	3,066	3,231
End of period	<u>\$ 3,359</u>	<u>\$ 3,471</u>

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 should be read in conjunction with this financial information.

Westar Energy, Inc.
1st Quarter 2017 vs. 2016

Earnings Variances

	(\$ per share)	Change (Dollars in Thousands)	(\$ per share)
2016 earnings attributable to common stock	\$	65,585	\$ 0.46
Favorable/(Unfavorable)			
Gross Margin		(10,587)	A
Operating and maintenance		(3,441)	B
Depreciation and amortization		(4,985)	C
Selling, general and administrative		(2,701)	D
Taxes other than income tax		6,252	E
Other income (expense)		(6,811)	F
Interest expense		(664)	
Income tax expense		17,711	G
Net income attributable to noncontrolling interests		(698)	
Change in shares outstanding	—		
2017 earnings attributable to common stock	\$	59,661	\$ 0.42

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

A Due primarily to lower residential and commercial sales from warmer winter weather and one less calendar day due to 2016 being a leap year

B Due primarily to higher distribution expense from taking advantage of warmer winter weather and executing our vegetation management strategy earlier in the year - (\$3.9M)

C Due in part to the start of operations of our Western Plains Wind Farm in March 2017

D Due primarily to: higher labor and employee benefit costs -- (\$1.8M) and higher merger-related expenses -- (\$0.4M)

E Due primarily to decreased property tax amortization expense that is largely offset by decreased prices -- \$6.7M

F Due primarily to: a decrease in COLI benefits -- (\$6.5M) and lower equity AFUDC -- (\$1.7)

G Due primarily to lower income before income taxes and increases in tax benefits from production tax credits and stock-based compensation

Westar Energy, Inc.
Revenue, Sales and Energy Supply

Supplemental Data

	Three Months Ended March 31,			
	2017	2016	Change	% Change
Revenues (Dollars In Thousands)				
Residential	\$ 176,169	\$ 179,290	\$ (3,121)	(1.7)
Commercial	155,707	165,673	(9,966)	(6.0)
Industrial	98,516	100,697	(2,181)	(2.2)
Other retail	3,936	3,842	94	2.4
Provision for rate refunds	(16,285)	(18,223)	1,938	10.6
Total Retail Revenues	418,043	431,279	(13,236)	(3.1)
Tariff-based wholesale	57,221	59,020	(1,799)	(3.0)
Market-based wholesale	20,146	8,392	11,754	140.1
Transmission	69,441	63,915	5,526	8.6
Other	7,723	6,844	879	12.8
Total Revenues	<u>\$ 572,574</u>	<u>\$ 569,450</u>	<u>\$ 3,124</u>	0.5
<hr/>				
Electricity Sales (Thousands of MWh)				
Residential	1,354	1,397	(43)	(3.1)
Commercial	1,617	1,659	(42)	(2.5)
Industrial	1,334	1,302	32	2.5
Other retail	20	20	—	—
Total Retail	4,325	4,378	(53)	(1.2)
Tariff-based wholesale	1,008	995	13	1.3
Market-based wholesale	1,483	880	603	68.5
Total wholesale	2,491	1,875	616	32.9
Total Electricity Sales	<u>6,816</u>	<u>6,253</u>	<u>563</u>	9.0
<hr/>				
(Dollars per MWh)				
Total retail	\$ 96.66	\$ 98.51	\$ (1.85)	(1.9)
Tariff-based wholesale	\$ 56.77	\$ 59.32	\$ (2.55)	(4.3)
Market-based wholesale	\$ 13.58	\$ 9.54	\$ 4.04	42.3
<hr/>				
Fuel and Purchased Power (Dollars In Thousands)				
Fuel used for generation	\$ 89,847	\$ 81,639	\$ 8,208	10.1
Purchased power	43,452	38,830	4,622	11.9
Subtotal	133,299	120,469	12,830	10.7
RECA recovery and other	(19,444)	(20,411)	967	4.7
Total fuel and purchased power expense	<u>\$ 113,855</u>	<u>\$ 100,058</u>	<u>\$ 13,797</u>	13.8
<hr/>				
Electricity Supply (Thousands of MWh)				
Generated - Gas	323	225	98	43.6
Coal	3,458	3,288	170	5.2
Nuclear	1,244	1,252	(8)	(0.6)
Wind	294	122	172	141.0
Subtotal electricity generated	5,319	4,887	432	8.8
Purchased	1,755	1,556	199	12.8
Total Electricity Supply	<u>7,074</u>	<u>6,443</u>	<u>631</u>	9.8
<hr/>				
(Dollars per MWh)				
Average cost of fuel used for generation	\$ 16.89	\$ 16.71	\$ 0.18	1.1
Average cost of purchased power	\$ 24.76	\$ 24.96	\$ (0.20)	(0.8)
Average cost of fuel and purchased power	\$ 18.84	\$ 18.70	\$ 0.14	0.7
<hr/>				
Degree Days 2016/				
	2017	20 yr Avg	Change	% Change
Cooling				

Actual compared to last year	16	4	12	300.0
Actual compared to 20 year average	16	2	14	700.0
Heating				
Actual compared to last year	1,901	2,082	(181)	(8.7)
Actual compared to 20 year average	1,901	2,428	(527)	(21.7)

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 should be read in conjunction with this financial information.

Westar Energy, Inc.
Capitalization

	March 31, 2017	December 31, 2016		
	(Dollars in Thousands)			
Current maturities of long-term debt	\$ —		\$ 125,000	
Current maturities of long-term debt of VIEs	28,538		26,842	
Long-term debt, net	3,685,752		3,388,670	
Long-term debt of variable interest entities, net	82,663		111,209	
Total long-term debt	3,796,953	49.8%	3,651,721	48.8%
Common equity	3,805,793	49.9%	3,805,875	50.8%
Noncontrolling interests	25,376	0.3%	27,315	0.4%
Total capitalization	\$ 7,628,122	100.0%	\$ 7,484,911	100.0%
GAAP Book value per share	\$ 26.79		\$ 26.84	
Period end shares outstanding (in thousands)	142,048		141,791	

Outstanding Long-Term Debt

	CUSIP	March 31, 2017	December 31, 2016	
		(Dollars in Thousands)		
Westar Energy:				
First Mortgage Bond series:				
5.15% Series due January 2017	95709TAB6	\$ —		\$ 125,000
5.10% Series due July 2020	95709TAD2	250,000		250,000
3.25% Series due December 2025	95709TAL4	250,000		250,000
2.55% Series due June 2026	95709TAN0	350,000		350,000
3.10% Series due April 2027	95709TAP5	300,000		—
4.125% Series due March 2042	95709TAH3	550,000		550,000
4.10% Series due April 2043	95709TAJ9	430,000		430,000
4.625% Series due September 2043	95709TAK6	250,000		250,000
4.25% Series due December 2045	95709TAM2	300,000		300,000
		2,680,000		2,505,000
Pollution control bond series:				
Variable series due April 2032 (Wamego)	933623BN9	30,500		30,500
Variable series due April 2032 (St Marys)	792609AF6	45,000		45,000
		75,500		75,500
Total Westar Energy		2,755,500		2,580,500
KGE				
First mortgage bond series:				
6.70% Series due June 2019	485260BL6	300,000		300,000
6.15% Series due May 2023	485260B@1	50,000		50,000
6.53% Series due December 2037	485260BJ1	175,000		175,000
6.64% Series due May 2038	485260B#9	100,000		100,000
4.30% Series due July 2044	485260BM4	250,000		250,000
		875,000		875,000
Pollution control bond series:				
Variable rate series due April 2027 (LaCygne)	502828AJ5	21,940		21,940
2.50% Series due June 2031		50,000		50,000
Variable rate series due April 2032 (St Marys)	792609AE9	14,500		14,500
Variable rate series due April 2032 (Wamego)	933623BM1	10,000		10,000
		96,440		96,440
Total KGE		971,440		971,440
Total long-term debt		3,726,940		3,551,940
Unamortized debt discount		(11,395)		(10,358)
Unamortized debt issuance expense		(29,793)		(27,912)
Long-term debt due within one year		—		(125,000)
Total long-term debt, net		\$ 3,685,752		\$ 3,388,670

Westar Energy, Inc.
GAAP to Non-GAAP Reconciliation

Fuel and purchased power costs fluctuate with electricity sales and unit costs. As permitted by regulators, prices are adjusted to reflect changes in the costs of fuel and purchased power. Fuel and purchased power costs for wholesale customers are recovered at prevailing market prices or based on a predetermined formula with a price adjustment approved by FERC. As a result, changes in fuel and purchased power costs are offset in revenues with minimal impact on net income. For this reason, Westar management believes that gross margin is useful for understanding and analyzing changes in operating performance from one period to the next. Gross margin is calculated as total revenues, including transmission revenues, less the sum of fuel and purchased power costs and amounts billed by the SPP for network transmission costs (SPP NITS). Accordingly, gross margin reflects transmission revenues and costs on a net basis.

The calculations of gross margin for the three months ended March 31, 2017 and 2016 are shown in the table below. The table also includes a reconciliation of gross margin to income from operations for both periods. Income from operations is the GAAP financial measure most directly comparable to gross margin.

	Three Months Ended March 31,		
	2017	2016	Change
(Dollars in Thousands)			
Revenues	\$ 572,574	\$ 569,450	\$ 3,124
Less: Fuel and purchased power expense	113,855	100,058	13,797
SPP network transmission costs	60,674	60,760	(86)
Gross Margin	\$ 398,045	\$ 408,632	\$ (10,587)
Income from operations			
	\$ 126,349	\$ 141,811	\$ (15,462)
Plus: Operating and maintenance expense	81,198	77,757	3,441
Depreciation and amortization expense	88,625	83,640	4,985
Selling, general and administrative expense	59,157	56,456	2,701
Taxes other than income tax	42,716	48,968	(6,252)
Gross Margin	\$ 398,045	\$ 408,632	\$ (10,587)

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 should be read in conjunction with this financial information.