

Evergy, Inc

Fourth Quarter 2018 Earnings

Released February 21, 2019

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NOTE:

The Notes to the Consolidated Financial Statements in Evergy's, Westar Energy's and KCP&L's combined annual report on Form 10-K for the year ended December 31, 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 December 31

	2018	2017	Change	% Change
(millions, except per share amounts)				
REVENUES:				
Residential	\$ 409.4	\$ 174.5	\$ 234.9	134.6
Commercial	411.4	168.3	243.1	144.4
Industrial	152.3	96.9	55.4	57.2
Other retail	9.1	5.6	3.5	62.5
Total electric retail	982.2	445.3	536.9	120.6
Wholesale	102.0	75.0	27.0	36.0
Transmission	80.5	71.8	8.7	12.1
Other	35.1	2.7	32.4	N/M
Total Revenues	1,199.8	594.8	605.0	101.7
OPERATING EXPENSES:				
Fuel and purchased power	329.8	126.1	203.7	161.5
SPP network transmission costs	65.5	62.9	2.6	4.1
Operating and maintenance	361.6	147.9	213.7	144.5
Depreciation and amortization	207.2	94.4	112.8	119.5
Taxes other than income tax	85.6	41.2	44.4	107.8
Total Operating Expenses	1,049.7	472.5	577.2	122.2
INCOME FROM OPERATIONS	150.1	122.3	27.8	22.7
OTHER INCOME (EXPENSE):				
Investment earnings	2.6	0.5	2.1	N/M
Other income	10.2	2.6	7.6	N/M
Other expense	(23.5)	(9.5)	(14.0)	147.4
Total Other Income (Expense), Net	(10.7)	(6.4)	(4.3)	67.2
Interest expense	88.3	42.8	45.5	106.3
INCOME BEFORE INCOME TAXES	51.1	73.1	(22.0)	(30.1)
Income tax expense	30.7	38.6	(7.9)	(20.5)
Equity in earnings of equity method investees, net of income taxes	0.7	1.8	(1.1)	(61.1)
NET INCOME	21.1	36.3	(15.2)	(41.9)
Less: Net income attributable to noncontrolling interests	2.6	2.4	0.2	8.3
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 18.5	\$ 33.9	\$ (15.4)	(45.4)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY				
Basic earnings per common share	\$ 0.07	\$ 0.24	\$ (0.17)	(70.8)
Diluted earnings per common share	\$ 0.07	\$ 0.24	\$ (0.17)	(70.8)
AVERAGE COMMON SHARES OUTSTANDING				
Basic	261.6	142.5	119.1	83.6
Diluted	261.9	142.6	119.3	83.7
Effective income tax rate	60.0%	53.0%		

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

	Year Ended December 31			
	2018	2017	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 1,578.8	\$ 801.3	\$ 777.5	97.0
Commercial	1,356.4	711.7	644.7	90.6
Industrial	527.8	412.9	114.9	27.8
Other retail	30.6	22.8	7.8	34.2
Total electric retail	3,493.6	1,948.7	1,544.9	79.3
Wholesale	404.4	331.2	73.2	22.1
Transmission	308.1	284.8	23.3	8.2
Other	69.8	6.3	63.5	N/M
Total Revenues	4,275.9	2,571.0	1,704.9	66.3
OPERATING EXPENSES:				
Fuel and purchased power	1,078.7	541.5	537.2	99.2
SPP network transmission costs	259.9	247.9	12.0	4.8
Operating and maintenance	1,115.8	563.5	552.3	98.0
Depreciation and amortization	618.8	371.7	247.1	66.5
Taxes other than income tax	269.1	167.6	101.5	60.6
Total Operating Expenses	3,342.3	1,892.2	1,450.1	76.6
INCOME FROM OPERATIONS	933.6	678.8	254.8	37.5
OTHER INCOME (EXPENSE):				
Investment earnings	8.8	4.0	4.8	120.0
Other income	15.5	8.3	7.2	86.7
Other expense	(78.7)	(39.1)	(39.6)	101.3
Total Other Income (Expense), Net	(54.4)	(26.8)	(27.6)	103.0
Interest expense	279.6	171.0	108.6	63.5
INCOME BEFORE INCOME TAXES	599.6	481.0	118.6	24.7
Income tax expense	59.0	151.2	(92.2)	(61.0)
Equity in earnings of equity method investees, net of income taxes	5.4	6.7	(1.3)	(19.4)
NET INCOME	546.0	336.5	209.5	62.3
Less: Net income attributable to noncontrolling interests	10.2	12.6	(2.4)	(19.0)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 535.8	\$ 323.9	\$ 211.9	65.4
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-K Note 1)				
Basic earnings per common share	\$ 2.50	\$ 2.27	\$ 0.23	10.1
Diluted earnings per common share	\$ 2.50	\$ 2.27	\$ 0.23	10.1
AVERAGE COMMON SHARES OUTSTANDING				
Basic	213.9	142.5	71.4	50.1
Diluted	214.1	142.6	71.5	50.1
Effective income tax rate	9.7%	31.0%		

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

December 31

2018 2017

ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 160.3	\$ 3.4
Receivables, net	193.7	290.7
Accounts receivable pledged as collateral	365.0	—
Fuel inventory and supplies	511.0	293.6
Income taxes receivable	68.0	—
Regulatory assets	303.9	99.5
Prepaid expenses and other assets	79.1	39.8
Total Current Assets	1,681.0	727.0
PROPERTY, PLANT AND EQUIPMENT, NET	18,782.5	9,553.8
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	169.2	176.3
OTHER ASSETS:		
Regulatory assets	1,757.9	685.4
Nuclear decommissioning trust fund	472.1	237.1
Goodwill	2,338.9	—
Other	396.5	244.8
Total Other Assets	4,965.4	1,167.3
TOTAL ASSETS	\$ 25,598.1	\$ 11,624.4

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

December 31

2018 **2017**

LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 705.4	\$ —
Current maturities of long-term debt of variable interest entities	30.3	28.5
Notes payable and commercial paper	738.6	275.7
Collateralized note payable	365.0	—
Accounts payable	451.5	204.2
Accrued dividends	—	53.8
Accrued taxes	133.6	87.7
Accrued interest	110.9	72.7
Regulatory liabilities	110.2	11.6
Asset retirement obligations	49.8	25.1
Other	171.9	64.4
Total Current Liabilities	2,867.2	823.7
LONG-TERM LIABILITIES:		
Long-term debt, net	6,636.3	3,687.6
Long-term debt of variable interest entities, net	51.1	81.4
Deferred income taxes	1,599.2	815.7
Unamortized investment tax credits	373.2	257.1
Regulatory liabilities	2,218.8	1,094.0
Pension and post-retirement liability	987.6	491.2
Asset retirement obligations	637.3	380.0
Other	236.7	133.3
Total Long-Term Liabilities	12,740.2	6,940.3
Commitments and Contingencies (See 10-K Note 14)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value, 255,326,252 shares issued (275,000,000 shares authorized, \$5 par value, 142,094,275 shares issued as of December 31, 2017)	8,685.2	2,734.8
Retained earnings	1,346.0	1,173.3
Accumulated other comprehensive loss	(3.0)	—
Total Evergy, Inc. Shareholders' Equity	10,028.2	3,908.1
Noncontrolling Interests	(37.5)	(47.7)
Total Equity	9,990.7	3,860.4
TOTAL LIABILITIES AND EQUITY	\$ 25,598.1	\$ 11,624.4

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

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

Year Ended December 31	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	(millions)	
Net income	\$ 546.0	\$ 336.5
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	618.8	371.7
Amortization of nuclear fuel	43.6	32.2
Amortization of deferred refueling outage	21.2	16.1
Amortization of deferred regulatory gain from sale leaseback	(5.5)	(5.5)
Amortization of corporate-owned life insurance	22.6	20.6
Non-cash compensation	29.9	8.8
Net deferred income taxes and credits	124.2	149.6
Allowance for equity funds used during construction	(3.1)	(2.0)
Payments for asset retirement obligations	(22.4)	(16.0)
Equity in earnings of equity method investees, net of income taxes	(5.4)	(6.7)
Other	(2.0)	(6.0)
Changes in working capital items:		
Accounts receivable	265.1	(2.1)
Accounts receivable pledged as collateral	(185.0)	—
Fuel inventory and supplies	54.7	7.2
Prepaid expenses and other current assets	(128.1)	55.8
Accounts payable	56.7	10.0
Accrued taxes	(76.4)	9.2
Other current liabilities	92.0	(118.0)
Changes in other assets	66.8	32.0
Changes in other liabilities	(15.9)	19.3
Cash Flows from Operating Activities	<u>1,497.8</u>	<u>912.7</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,069.7)	(764.6)
Cash acquired from the merger with Great Plains Energy	1,154.2	—
Purchase of securities - trusts	(117.5)	(41.0)
Sale of securities - trusts	117.7	41.2
Investment in corporate-owned life insurance	(17.1)	(17.0)
Proceeds from investment in corporate-owned life insurance	6.8	4.2
Proceeds from settlement of interest rate swap	140.6	—
Other investing activities	(17.6)	(3.6)
Cash Flows used in Investing Activities	<u>197.4</u>	<u>(780.8)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	(104.0)	(91.3)
Collateralized short-term borrowings, net	185.0	—
Proceeds from long-term debt	290.9	296.2
Retirements of long-term debt	(395.8)	(125.0)
Retirements of long-term debt of variable interest entities	(28.5)	(26.8)
Borrowings against cash surrender value of corporate-owned life insurance	56.5	55.1
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(3.9)	(1.0)
Cash dividends paid	(475.0)	(223.1)
Repurchase of common stock	(1,042.3)	—
Other financing activities	(21.3)	(15.7)
Cash Flows (used in) from Financing Activities	<u>(1,538.4)</u>	<u>(131.6)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	156.8	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 \$0.0 and \$0.1, respectively	<u>\$ 160.3</u>	<u>\$ 3.5</u>

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

Eversource Energy, Inc.
Fourth Quarter 2018 vs. 2017

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2017 net income attributable to Eversource Energy, Inc.	\$ 33.9	\$ 0.24
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	398.7	A 2.80
Other operating expenses	(258.1)	B (1.81)
Depreciation and amortization	(112.8)	C (0.79)
Other income (expense)	(4.3)	D (0.03)
Interest expense	(45.5)	E (0.32)
Income tax expense	7.9	F 0.06
Equity in earnings of equity method investees, net of income taxes	(1.1)	(0.01)
Net income attributable to noncontrolling interests	(0.2)	—
Change in shares outstanding		G (0.06)
2018 net income attributable to Eversource Energy, Inc.	\$ 18.5	\$ 0.07

^(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 - \$407.0M
-
- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses - (\$207.4M); the inclusion of KCP&L's and GMO's taxes other than income tax - (\$40.7); and merger-related costs incurred following the close of the merger - (\$4.9M)
-
- C Due primarily to the inclusion of KCP&L's and GMO's depreciation expense - (\$97.9M)
-
- D Due primarily to the inclusion of KCP&L's and GMO's other income (expense) - (\$11.1M); decrease in Westar Energy's investment earnings primarily due to a decrease in interest and dividend income - (\$0.7M); partially offset by an \$8.0M increase in COLI benefits
-
- E Due primarily to the inclusion of KCP&L's and GMO's interest expense and Eversource Energy'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 - (\$43.6M)
-
- F Due primarily to lower Westar Energy pre-tax income - \$10.9M; a decrease in Westar Energy's income tax expense as a result of the decrease in the federal statutory income tax rate in 2018 - \$6.2M; partially offset by the inclusion of income tax expense related to Eversource Energy, Inc. and the subsidiaries of Great Plains Energy - (\$13.0M)
-
- 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 Eversource Energy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

Eversource Energy, Inc.
Year to Date December 2018 vs. 2017

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2017 net income attributable to Eversource Energy, Inc.	\$ 323.9	\$ 2.27
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	1,155.7	A 8.10
Other operating expenses	(653.8)	B (4.58)
Depreciation and amortization	(247.1)	C (1.73)
Other income (expense)	(27.6)	D (0.19)
Interest expense	(108.6)	E (0.76)
Income tax expense	92.2	F 0.65
Equity in earnings of equity method investees, net of income taxes	(1.3)	(0.01)
Net income attributable to noncontrolling interests	2.4	0.02
Change in shares outstanding		G (1.26)
2018 net income attributable to Eversource Energy, Inc.	\$ 535.8	\$ 2.50

^(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 - \$1,181.5M; higher Westar Energy retail sales - \$75.0M; partially offset by a provision for rate refund recorded at Westar Energy for the change in corporate income tax rate caused by the passage of the Tax Cuts and Jobs Act (\$69.8M); a reduction in revenue recorded at Westar Energy for one-time and annual bill credits (\$31.0M)
- B Due primarily to the inclusion of KCP&L's and GMO's operating and maintenance expenses beginning in June 2018 - (\$453.0M); merger-related costs incurred following the close of the merger in June 2018 - (\$69.5M); 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 - (\$95.3M); 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 - (\$227.9M)
- D Due primarily to the inclusion of KCP&L's and GMO's other income (expense) beginning in June 2018 - (\$25.7M); a decrease in Westar Energy's investment earnings primarily due to a decrease in interest and dividend income - (\$4.6M)
- E Due primarily to the inclusion of KCP&L's and GMO's interest expense beginning in June 2018 and Eversource Energy'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 - (\$102.8M)
- F Due primarily to the revaluation of Westar Energy's deferred income tax assets and liabilities based on the Eversource Energy composite tax rate as a result of the merger - \$53.4M; lower Westar Energy pre-tax income - \$58.4M; a decrease in Westar Energy's income tax expense as a result of the decrease in the federal statutory income tax rate in 2018 - \$44.3M; partially offset by the inclusion of income tax expense related to Eversource Energy, Inc. and the subsidiaries of Great Plains Energy beginning in June 2018 (\$63.2M)
- 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 Eversource Energy's Annual Report on Form 10-K for the year ended December 31, 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 December 31								
(Dollars in millions)								
Operating revenues	\$ 1,199.8	\$ 594.8	\$ 599.0	\$ 594.8	\$ 414.2	\$ 416.4	\$ 186.6	\$ 181.3
Fuel and purchased power	329.8	126.1	136.0	126.1	128.2	113.4	65.5	56.5
SPP network transmission costs	65.5	62.9	65.5	62.9	—	—	—	—
Other operating expenses	447.2	189.1	194.2	189.1	169.0	166.4	79.6	68.8
Depreciation and amortization	207.2	94.4	109.3	94.4	72.3	66.4	26.8	27.0
Income from operations	150.1	122.3	94.0	122.3	44.7	70.2	14.7	29.0
Other income (expense), net	(10.7)	(6.4)	(1.9)	(6.4)	(6.8)	(5.8)	(4.2)	(9.5)
Interest expense	88.3	42.8	44.7	42.8	33.1	33.3	14.2	14.3
Income tax expense	30.7	38.6	17.7	38.6	7.0	29.2	(0.9)	(3.4)
Equity in earnings of equity method investees, net of income taxes	0.7	1.8	0.9	1.8	—	—	—	—
Net income	21.1	36.3	30.6	36.3	(2.2)	1.9	(2.8)	8.6
Less: net income attributable to noncontrolling interests	2.6	2.4	2.6	2.4	—	—	—	—
Net income attributable to controlling interest	18.5	33.9	28.0	33.9	(2.2)	1.9	(2.8)	8.6
Reconciliation of utility gross margin to operating revenue:								
Operating revenues	1,199.8	594.8	599.0	594.8	414.2	416.4	186.6	181.3
Fuel and purchased power	329.8	126.1	136.0	126.1	128.2	113.4	65.5	56.5
SPP network transmission costs	65.5	62.9	65.5	62.9	—	—	—	—
Utility gross margin ^(a)	804.5	405.8	397.5	405.8	286.0	303.0	121.1	124.8
Revenues (Dollars in millions)								
Residential	409.4	174.5	174.5	174.5	150.2	151.6	84.4	80.0
Commercial	411.4	168.3	160.0	168.3	185.6	193.3	65.9	67.1
Industrial	152.3	96.9	99.2	96.9	33.4	42.1	19.6	20.4
Other retail revenues	9.1	5.6	4.7	5.6	2.7	2.9	1.9	2.0
Total electric retail	982.2	445.3	438.4	445.3	371.9	389.9	171.8	169.5
Wholesale revenues	102.0	75.0	82.4	75.0	15.0	13.3	4.6	2.4
Transmission	80.5	71.8	72.6	71.8	3.5	3.8	4.5	4.7
Other	35.1	2.7	5.6	2.7	23.8	9.4	5.7	4.7
Operating revenues	1,199.8	594.8	599.0	594.8	414.2	416.4	186.6	181.3
Electricity Sales (MWh in thousands)								
Residential	3,431	1,335	1,387	1,335	1,206	1,148	838	795
Commercial	4,335	1,780	1,699	1,780	1,851	1,736	783	769
Industrial	2,081	1,370	1,367	1,370	421	485	292	303
Other retail revenues	35	17	13	17	20	19	5	7
Total electric retail	9,882	4,502	4,466	4,502	3,498	3,388	1,918	1,874
Wholesale revenues	4,022	2,734	2,609	2,734	1,264	1,590	150	167
Total electricity sales	13,904	7,236	7,075	7,236	4,762	4,978	2,068	2,041

^(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 December 31, 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 Ended December 31								
(Dollars in millions)								
Operating revenues	\$ 4,275.9	\$ 2,571.0	\$ 2,614.9	\$ 2,571.0	\$ 1,823.1	\$ 1,890.7	\$ 834.7	\$ 818.1
Fuel and purchased power	1,078.7	541.5	599.2	541.5	520.6	480.7	264.4	234.2
SPP network transmission costs	259.9	247.9	259.9	247.9	—	—	—	—
Other operating expenses	1,384.9	731.1	814.4	731.1	611.4	657.3	285.5	275.1
Depreciation and amortization	618.8	371.7	390.9	371.7	281.3	266.3	108.2	104.8
Income from operations	933.6	678.8	550.5	678.8	409.8	486.4	176.6	204.0
Other income (expense), net	(54.4)	(26.8)	(33.5)	(26.8)	(25.9)	(39.6)	(14.6)	(27.6)
Interest expense	279.6	171.0	176.8	171.0	133.7	138.8	63.1	58.1
Income tax expense (benefit)	59.0	151.2	(4.3)	151.2	87.3	128.2	23.0	41.2
Equity in earnings of equity method investees, net of income taxes	5.4	6.7	4.6	6.7	—	—	—	—
Net income	546.0	336.5	349.1	336.5	162.9	179.8	75.9	77.1
Less: net income attributable to noncontrolling interests	10.2	12.6	10.2	12.6	—	—	—	—
Net income attributable to controlling interest	535.8	323.9	338.9	323.9	162.9	179.8	75.9	77.1
Reconciliation of utility gross margin to operating revenues:								
Operating revenues	4,275.9	2,571.0	2,614.9	2,571.0	1,823.1	1,890.7	834.7	818.1
Fuel and purchased power	1,078.7	541.5	599.2	541.5	520.6	480.7	264.4	234.2
SPP network transmission costs	259.9	247.9	259.9	247.9	—	—	—	—
Utility gross margin ^(a)	2,937.3	1,781.6	1,755.8	1,781.6	1,302.5	1,410.0	570.3	583.9
Revenues	(Dollars in millions)							
Residential	1,578.8	801.3	846.4	801.3	735.6	725.3	405.6	385.1
Commercial	1,356.4	711.7	702.8	711.7	794.8	844.4	282.7	292.4
Industrial	527.8	412.9	396.4	412.9	138.8	161.0	82.1	88.1
Other retail revenues	30.6	22.8	20.0	22.8	10.4	11.2	7.5	7.7
Total electric retail	3,493.6	1,948.7	1,965.6	1,948.7	1,679.6	1,741.9	777.9	773.3
Wholesale revenues	404.4	331.2	346.1	331.2	53.5	88.0	18.3	9.5
Transmission	308.1	284.8	288.9	284.8	14.5	16.0	18.2	17.1
Other	69.8	6.3	14.3	6.3	75.5	44.8	20.3	18.2
Operating revenues	4,275.9	2,571.0	2,614.9	2,571.0	1,823.1	1,890.7	834.7	818.1
Electricity Sales	(MWh in thousands)							
Residential	12,478	6,163	6,736	6,163	5,686	5,182	3,761	3,382
Commercial	14,129	7,368	7,496	7,368	7,782	7,466	3,340	3,229
Industrial	7,426	5,689	5,642	5,689	1,754	1,815	1,264	1,290
Other retail revenues	110	73	58	73	76	72	20	30
Total electric retail	34,143	19,293	19,932	19,293	15,298	14,535	8,385	7,931
Wholesale revenues	13,811	10,346	10,169	10,346	5,017	6,788	620	455
Total electricity sales	47,954	29,639	30,101	29,639	20,315	21,323	9,005	8,386

^(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 December 31, 2018.

Evergy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Evergy				
Three Months Ended December 31				
Degree Days	2018	2017/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	42	49	(7)	(14.3)
Actual compared to 30 year average	42	36	6	16.7
Heating				
Actual compared to last year	2,051	1,800	251	13.9
Actual compared to 30 year average	2,051	1,863	188	10.1

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

Evergy				
Year Ended December 31				
Degree Days	2018	2017/ 30 yr Avg	Change	% Change
Cooling				
Actual compared to last year	1,881	1,439	442	30.7
Actual compared to 30 year average	1,881	1,507	374	24.8
Heating				
Actual compared to last year	5,172	4,220	952	22.6
Actual compared to 30 year average	5,172	4,862	310	6.4

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 2018 should be read in conjunction with this financial information.

Evergy, Inc.
Capitalization

	December 31, 2018		December 31, 2017	
	(dollars in millions)			
Current maturities of long-term debt	\$	705.4	\$	—
Current maturities of long-term debt of VIEs		30.3		28.5
Long-term debt, net		6,636.3		3,687.6
Long-term debt of variable interest entities, net		51.1		81.4
Total long-term debt		7,423.1	42.6 %	3,797.5 49.6 %
Common equity		10,028.2	57.6 %	3,908.1 51.0 %
Noncontrolling interests		(37.5)	(0.2)%	(47.7) (0.6)%
Total capitalization	\$	17,413.8	100.0 %	\$ 7,657.9 100.0 %
GAAP Book value per share	\$	39.28	\$	27.50
Period end shares outstanding		255,326,252		142,094,275

The Notes to the Consolidated Financial Statements in Evergy's Annual Report on Form 10-K for the year ended December 31, 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 December 31, 2018 and 2017.