

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 8, 2018

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 8, 2018, we issued a press release announcing our earnings for the period ended March 31, 2018. A copy of our May 8, 2018 press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. We are also including our 2018 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 8, 2018](#)
- Exhibit 99.2 [2018 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 8, 2018 By: /s/ Larry D. Irick
Name: Larry D. Irick
Title: Vice President, General Counsel and Corporate Secretary



Westar Energy Announces 1st Quarter 2018 Results.

TOPEKA, Kan., May 8, 2018 - Westar Energy, Inc. (NYSE:WR) today announced earnings of \$60 million, or \$0.42 per share, for the first quarter 2018, unchanged from the first quarter of last year.

Factors resulting in the flat earnings for the quarter included an increase in residential and commercial sales due to colder winter weather this year, with those effects being offset by higher employee benefit costs and higher operating expense, with the full cost of the Western Plains Wind Farm now being reflected in the results, as well as impacts from the newly passed tax law.

Conference Call and Additional Company Information

Westar Energy management will host a conference call Wednesday, May 9 with the investment community at 10:00 a.m. ET (9:00 a.m. CT). Investors, media and the public may listen to the conference call by dialing (844) 646-4526, conference ID 4079817. A webcast of the live conference call will be available at www.WestarEnergy.com.

Members of the media are invited to listen to the conference call and then contact Gina Penzig with any follow-up questions.

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, 2018, 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>.

Statements made in this release that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, statements relating to the anticipated merger transaction of Westar Energy, Inc. (Westar Energy) and Great Plains Energy Incorporated (Great Plains Energy), including those that relate to the expected financial and operational benefits of the merger to the companies and their shareholders (including cost savings, operational efficiencies and the impact of the anticipated merger on earnings per share), the expected timing of closing, the outcome of regulatory proceedings, cost estimates of capital projects, dividend growth, share repurchases, balance sheet and credit ratings, rebates to customers, employee issues and other matters affecting future operations. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Westar Energy is providing a number of important factors that could cause actual results to differ materially from the provided

Westar Energy announces 1st quarter results

forward-looking information. These important factors include: future economic conditions in regional, national and international markets and their effects on sales, prices and costs; prices and availability of electricity in regional and national wholesale markets; market perception of the energy industry, Great Plains Energy, KCP&L, and Westar Energy; changes in business strategy, operations or development plans; the outcome of contract negotiations for goods and services; effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates that the companies can charge for electricity; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air and water quality; financial market conditions and performance including, but not limited to, changes in interest rates and credit spreads and in availability and cost of capital and the effects on derivatives and hedges, nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including, but not limited to, cyber terrorism; ability to carry out marketing and sales plans; weather conditions including, but not limited to, weather-related damage and their effects on sales, prices and costs; cost, availability, quality and deliverability of fuel; the inherent uncertainties in estimating the effects of weather, economic conditions and other factors on customer consumption and financial results; ability to achieve generation goals and the occurrence and duration of planned and unplanned generation outages; delays in the anticipated in-service dates and cost increases of generation, transmission, distribution or other projects; the inherent risks associated with the ownership and operation of a nuclear facility including, but not limited to, environmental, health, safety, regulatory and financial risks; workforce risks, including, but not limited to, increased costs of retirement, health care and other benefits; the ability of Great Plains Energy and Westar Energy to obtain the regulatory approvals necessary to complete the anticipated merger or the imposition of adverse conditions or costs in connection with obtaining regulatory approvals; the risk that a condition to the closing of the anticipated merger may not be satisfied or that the anticipated merger may fail to close; the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted relating to the anticipated merger; the costs incurred to consummate the anticipated merger; the possibility that the expected value creation from the anticipated merger will not be realized, or will not be realized within the expected time period; difficulties related to the integration of the two companies; the credit ratings of the combined company following the anticipated merger; disruption from the anticipated merger making it more difficult to maintain relationships with customers, employees, regulators or suppliers; the anticipated diversion of management time and attention on the anticipated merger; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Additional risks and uncertainties are discussed in the joint proxy statement/prospectus and other materials that Great Plains Energy, Westar Energy and Monarch Energy Holding, Inc. (Monarch Energy) file with the Securities and Exchange Commission (SEC) in connection with the anticipated merger. Other risk factors are detailed from time to time in quarterly reports on Form 10-Q and annual reports on Form 10-K filed by Westar Energy with the SEC. Each forward-looking statement speaks only as of the date of the particular statement. Westar Energy undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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Westar Energy announces 1st quarter results

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

	Three Months Ended Mar. 31,			
	2018	2017	Change	% Change
(Dollars In Thousands, Except Per Share Amounts)				
REVENUES:				
Residential	\$ 180,285	\$ 169,290	\$ 10,995	6.5
Commercial	155,403	149,552	5,851	3.9
Industrial	93,460	94,589	(1,129)	(1.2)
Other retail	4,253	5,042	(789)	(15.6)
Total Retail Revenues	433,401	418,473	14,928	3.6
Wholesale	94,209	83,925	10,284	12.3
Transmission	71,926	70,729	1,197	1.7
Other	1,781	1,611	170	10.6
Total Revenues from Contracts with Customers	601,317	574,738	26,579	4.6
Other	(1,113)	(2,164)	1,051	48.6
Total Revenues	600,204	572,574	27,630	4.8
OPERATING EXPENSES:				
Fuel and purchased power	135,507	113,855	21,652	19.0
SPP network transmission costs	67,594	60,674	6,920	11.4
Operating, maintenance and administrative	139,993	135,319	4,674	3.5
Depreciation and amortization	89,641	88,625	1,016	1.1
Taxes other than income tax	43,939	42,716	1,223	2.9
Total Operating Expenses	476,674	441,189	35,485	8.0
INCOME FROM OPERATIONS	123,530	131,385	(7,855)	(6.0)
OTHER INCOME (EXPENSE):				
Investment earnings	999	3,155	(2,156)	(68.3)
Other income	1,951	1,300	651	50.1
Other expense	(10,561)	(10,352)	(209)	(2.0)
Total Other Expense	(7,611)	(5,897)	(1,714)	(29.1)
Interest expense	43,841	41,095	2,746	6.7
INCOME BEFORE INCOME TAXES	72,078	84,393	(12,315)	(14.6)
Income tax expense	9,174	20,911	(11,737)	(56.1)
NET INCOME	62,904	63,482	(578)	(0.9)
Less: Net income attributable to noncontrolling interests	2,419	3,821	(1,402)	(36.7)
NET INCOME ATTRIBUTABLE TO COMMON STOCK	\$ 60,485	\$ 59,661	\$ 824	1.4
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO WESTAR ENERGY, INC. (See 10-Q Note 2):				
Basic and diluted earnings per common share	\$ 0.42	\$ 0.42	\$ —	—
Diluted earnings per common share	\$ 0.42	\$ 0.42	\$ —	—
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING (in thousands):				
Basic	142,635	142,437	198	0.1
Diluted	142,652	142,696	(44)	—
DIVIDENDS DECLARED PER COMMON SHARE				
	\$ 0.40	\$ 0.40	\$ —	—
Effective income tax rate	13%	25%		

Westar Energy, Inc.

First Quarter 2018 Earnings

Released May 8, 2018

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Cody VandeVelde
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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, 2018 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,			
	2018	2017	Change	% Change
(Dollars in Thousands, Except Per Share Amounts)				
REVENUES:				
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Effective income tax rate	13%	25%		

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2018 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, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,166	\$ 3,432
Accounts receivable, net of allowance for doubtful accounts of \$9,288 and \$6,716, respectively	244,411	290,652
Fuel inventory and supplies	286,831	293,562
Prepaid expenses	20,566	16,425
Regulatory assets	95,580	99,544
Other	24,694	23,435
Total Current Assets	<u>683,248</u>	<u>727,050</u>
PROPERTY, PLANT AND EQUIPMENT, NET	9,589,164	9,553,755
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITY, NET	174,500	176,279
OTHER ASSETS:		
Regulatory assets	681,036	685,355
Nuclear decommissioning trust	241,153	237,102
Other	251,268	244,827
Total Other Assets	<u>1,173,457</u>	<u>1,167,284</u>
TOTAL ASSETS	<u>\$ 11,620,369</u>	<u>\$ 11,624,368</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt of variable interest entity	\$ 30,337	\$ 28,534
Short-term debt	289,800	275,700
Accounts payable	139,308	204,186
Accrued dividends	53,888	53,830
Accrued taxes	132,593	87,727
Accrued interest	91,741	72,693
Regulatory liabilities	11,220	11,602
Other	81,462	89,445
Total Current Liabilities	<u>830,349</u>	<u>823,717</u>
LONG-TERM LIABILITIES:		
Long-term debt, net	3,688,257	3,687,555
Long-term debt of variable interest entity, net	51,096	81,433
Deferred income taxes	824,699	815,743
Unamortized investment tax credits	256,406	257,093
Regulatory liabilities	1,110,055	1,093,974
Accrued employee benefits	533,318	541,364
Asset retirement obligations	382,791	379,989
Other	78,952	83,063
Total Long-Term Liabilities	<u>6,925,574</u>	<u>6,940,214</u>
COMMITMENTS AND CONTINGENCIES (See 10-Q Notes 10 and 11)		
EQUITY:		
Westar Energy, Inc. Shareholders' Equity:		
Common stock, par value \$5 per share; authorized 275,000,000 shares; issued and outstanding 142,233,103 shares and 142,094,275 shares, respective to each date	711,166	710,471
Paid-in capital	2,022,451	2,024,396
Retained earnings	1,176,095	1,173,255
Total Westar Energy, Inc. Shareholders' Equity	<u>3,909,712</u>	<u>3,908,122</u>
Noncontrolling Interests	(45,266)	(47,685)
Total Equity	<u>3,864,446</u>	<u>3,860,437</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 11,620,369</u>	<u>\$ 11,624,368</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, 2018 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,	
	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	\$ 62,904	\$ 63,482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89,641	88,625
Amortization of nuclear fuel	7,716	8,069
Amortization of deferred regulatory gain from sale leaseback	(1,374)	(1,374)
Amortization of corporate-owned life insurance	5,501	5,901
Non-cash compensation	2,507	2,468
Net deferred income taxes and credits	3,803	19,011
Allowance for equity funds used during construction	(1,097)	(775)
Payments for asset retirement obligations	(1,943)	(961)
Income from corporate-owned life insurance	(671)	(1,311)
Changes in working capital items:		
Accounts receivable	46,241	51,547
Fuel inventory and supplies	6,885	(10,581)
Prepaid expenses and other current assets	3,886	28,311
Accounts payable	(24,219)	(23,135)
Accrued taxes	48,674	47,775
Other current liabilities	(11,833)	(54,223)
Changes in other assets	(724)	3,290
Changes in other liabilities	23,731	10,606
Cash Flows from Operating Activities	<u>259,628</u>	<u>236,725</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(174,765)	(175,400)
Purchase of securities - trusts	(85,429)	(4,191)
Sale of securities - trusts	86,060	5,720
Investment in corporate-owned life insurance	(998)	(913)
Proceeds from investment in corporate-owned life insurance	2,559	1,414
Other investing activities	(1,608)	(2,354)
Cash Flows used in Investing Activities	<u>(174,181)</u>	<u>(175,724)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	14,100	(140,407)
Proceeds from long-term debt	—	296,475
Retirements of long-term debt	—	(125,000)
Retirements of long-term debt of variable interest entity	(28,534)	(26,840)
Repayment of capital leases	(950)	(800)
Borrowings against cash surrender value of corporate-owned life insurance	721	910
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(1,735)	—
Issuance of common stock	—	470
Distributions to shareholders of noncontrolling interests	—	(5,760)
Cash dividends paid	(57,438)	(52,750)
Other financing activities	(3,877)	(7,006)
Cash Flows used in Financing Activities	<u>(77,713)</u>	<u>(60,708)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	7,734	293
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period, including restricted cash of \$88 and \$90, respectively	3,520	3,156
End of period, including restricted cash of \$88 and \$90, respectively	<u>\$ 11,254</u>	<u>\$ 3,449</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, 2018 should be read in conjunction with this financial information.

Westar Energy, Inc.
1st Quarter 2018 vs. 2017

Earnings Variances

	(\$ per share)	Change (Dollars in Thousands)	(\$ per share)
2017 earnings attributable to common stock		\$ 59,661	\$ 0.42
Favorable/(Unfavorable)			
Gross Margin		(942)	A
Operating, maintenance and administrative		(4,674)	B
Depreciation and amortization		(1,016)	
Taxes other than income tax		(1,223)	
Other income (expense)		(1,714)	
Interest expense		(2,746)	C
Income tax expense		11,737	D
Net income attributable to noncontrolling interests		1,402	
Change in shares outstanding	(0.01)		
2018 earnings attributable to common stock		\$ 60,485	\$ 0.42

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

A Due primarily to recording a refund obligation for the change in the corporate income tax rate due to the TCJA, mostly offset by reduced income tax expense -- (\$15.1M); recording a regulatory liability for transmission revenues due to tax rate change also offset by reduced income tax expense -- (\$3.9M); partially offset by increase in residential and commercial sales primarily attributable to colder winter weather in 2018 when compared to mild winter weather in early 2017

B Due primarily to higher employee benefit costs attributable partially to increased medical claims -- (\$2.8M); higher operating expense due to full quarter impact of Western Plains Wind Farm -- (\$1.3M); partially offset by decrease in steam generation operating and maintenance costs primarily due to planned outages at La Cygne in 2017 -- \$2.0M

C Due primarily to an increase in interest expense of long-term debt primarily from the issuances of FMBs in March 2017 -- (\$1.7M); and decrease in debt AFUDC -- (\$0.5M)

D Due primarily to decrease in federal corporate income tax rate as a result of the TCJA, offset by refund obligation reflected in gross margin; and an increase in tax benefits from production tax credits

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2018 should be read in conjunction with this financial information.

Westar Energy, Inc.
Revenue, Sales and Energy Supply

Supplemental Data

	Three Months Ended March 31,			
	2018	2017	Change	% Change
(Dollars In Thousands)				
Revenues				
Residential	\$ 180,285	\$ 169,290	\$ 10,995	6.5
Commercial	155,403	149,552	5,851	3.9
Industrial	93,460	94,589	(1,129)	(1.2)
Other retail	4,253	5,042	(789)	(15.6)
Total Retail Revenues	433,401	418,473	14,928	3.6
Wholesale	94,209	83,925	10,284	12.3
Transmission	71,926	70,729	1,197	1.7
Other	1,781	1,611	170	10.6
Total Revenues from Contracts with Customers	601,317	574,738	26,579	4.6
Other	(1,113)	(2,164)	1,051	48.6
Total Revenues	600,204	572,574	27,630	4.8

Electricity Sales				
(Thousands of MWh)				
Residential	1,472	1,354	118	8.7
Commercial	1,697	1,617	80	4.9
Industrial	1,359	1,334	25	1.9
Other retail	14	20	(6)	(30.0)
Total Retail	4,542	4,325	217	5.0
Wholesale	2,901	2,491	410	16.5
Total Electricity Sales	7,443	6,816	627	9.2

(Dollars per MWh)				
Total retail	\$ 95.42	\$ 96.76	\$ (1.34)	(1.4)
Wholesale	\$ 32.47	\$ 33.69	\$ (1.22)	(3.6)

Fuel and Purchased Power				
(Dollars In Thousands)				
Fuel used for generation and long-term renewable purchases	134,137	123,681	10,456	8.5
Purchased power	9,588	9,618	(30)	(0.3)
Subtotal	143,725	133,299	10,426	7.8
RECA recovery and other	(8,218)	(19,444)	11,226	57.7
Total fuel and purchased power expense	\$ 135,507	\$ 113,855	\$ 21,652	19.0

Electricity Supply				
(Thousands of MWh)				
Gas	479	323	156	48.3
Coal	3,658	3,458	200	5.8
Nuclear	1,227	1,244	(17)	(1.4)
Renewables, including long-term purchases	1,759	1,582	177	11.2
Subtotal	7,123	6,607	516	7.8
Purchased	551	467	84	18.0
Total Electricity Supply	7,674	7,074	600	8.5

(Dollars per MWh)				
Average cost of fuel used for generation and long-term renewable purchases	\$ 18.83	\$ 18.72	\$ 0.11	0.6
Average cost of purchased power	\$ 17.40	\$ 20.60	\$ (3.20)	(15.5)
Average cost of fuel and purchased power	\$ 18.73	\$ 18.84	\$ (0.11)	(0.6)

Degree Days				
		2017/		
	2018	20 yr Avg	Change	% Change
Cooling				
Actual compared to last year	—	16	(16)	(100.0)
Actual compared to 20 year average	—	2	(2)	(100.0)
Heating				

Actual compared to last year	2,376	1,901	475	25.0
Actual compared to 20 year average	2,376	2,429	(53)	(2.2)

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2018 should be read in conjunction with this financial information.

Westar Energy, Inc.
Capitalization

	March 31, 2018		December 31, 2017	
(Dollars in Thousands)				
Current maturities of long-term debt of VIEs	\$ 30,337		\$ 28,534	
Long-term debt, net	3,688,257		3,687,555	
Long-term debt of variable interest entities, net	51,096		81,433	
Total long-term debt	3,769,690	49.4 %	3,797,522	49.6 %
Common equity	3,909,712	51.2 %	3,908,122	51.0 %
Noncontrolling interests	(45,266)	(0.6)%	(47,685)	(0.6)%
Total capitalization	\$ 7,634,136	100.0 %	\$ 7,657,959	100.0 %
GAAP Book value per share	\$ 27.49		\$ 27.50	
Period end shares outstanding (in thousands)	142,233		142,094	

Outstanding Long-Term Debt

	CUSIP	March 31, 2018	December 31, 2017
(Dollars in Thousands)			
Westar Energy:			
First Mortgage Bond series:			
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	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
		<u>2,680,000</u>	<u>2,680,000</u>
Pollution control bond series:			
Variable series due April 2032 (Wamego)	933623BN9	45,000	45,000
Variable series due April 2032 (St Marys)	792609AF6	30,500	30,500
		<u>75,500</u>	<u>75,500</u>
Total Westar Energy		<u>2,755,500</u>	<u>2,755,500</u>
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
		<u>875,000</u>	<u>875,000</u>
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
		<u>96,440</u>	<u>96,440</u>
Total KGE		<u>971,440</u>	<u>971,440</u>
Total long-term debt		3,726,940	3,726,940
Unamortized debt discount		(10,769)	(10,925)
Unamortized debt issuance expense		(27,913)	(28,460)
Total long-term debt, net		\$ 3,688,258	\$ 3,687,555

The Notes to the Condensed Consolidated Financial Statements in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2018 should be read in conjunction with this financial information.

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, 2018 and 2017 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,		
	2018	2017	Change
	(Dollars in Thousands)		
Revenues	\$ 600,204	\$ 572,574	\$ 27,630
Less: Fuel and purchased power expense	135,507	113,855	21,652
SPP network transmission costs	67,594	60,674	6,920
Gross Margin	<u>\$ 397,103</u>	<u>\$ 398,045</u>	<u>\$ (942)</u>
Income from operations	\$ 123,530	\$ 131,385	\$ (7,855)
Plus: Operating, maintenance and administrative expense	139,993	135,319	4,674
Depreciation and amortization expense	89,641	88,625	1,016
Taxes other than income tax	43,939	42,716	1,223
Gross Margin	<u>\$ 397,103</u>	<u>\$ 398,045</u>	<u>\$ (942)</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, 2018 should be read in conjunction with this financial information.