SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________________ to ______________________

Commission File Number 1-3523

WESTERN RESOURCES, INC.
(Exact Name of Registrant as Specified in Its Charter)

KANSAS	48-0290150
(State or Other Jurisdiction of Incorporation or Organization)	(Employer Identification No.)

818 KANSAS AVENUE, TOPEKA, KANSAS	66612
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number Including Area Code (913) 575-6300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 15. 1996
Common Stock, $5.00 par value	63,451,562

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WESTERN RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

	March 31, 1996	December 31, 1995
ASSETS		
UTILITY PLANT:		
Electric plant in service	$5,372,781	$5,341,074
Natural gas plant in service.	798,010	787,453
	6,170,791	6,128,527
Less - Accumulated depreciation	1,964,761	1,926,520
	4,206,030	4,202,007
Construction work in progress	87,095	100,401
Nuclear fuel (net).	53,674	53,942
Net utility plant.	4,346,799	4,356,350
OTHER PROPERTY AND INVESTMENTS:		
Net non-utility investments	550,971	90,044
Decommissioning trust	27,044	25,070
Other	8,361	9,225
	586,376	124,339
CURRENT ASSETS:		
Cash and cash equivalents	2,950	2,414
Accounts receivable and unbilled revenues (net)	270,936	257,292
Fossil fuel, at average cost.	47,377	54,742
Gas stored underground, at average cost	3,989	28,106
Materials and supplies, at average cost	56,150	57,996
Prepayments and other current assets.	38,748	20,973
	420,150	421,523
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes.	282,476	282,476
Deferred coal contract settlement costs	25,717	27,274
Phase-in revenues	39,475	43,861
Corporate-owned life insurance (net).	84,043	44,143
Other deferred plant costs.	31,473	31,539
Unamortized debt expense.	55,389	56,681
Other	86,903	102,491
	605,476	588,465
TOTAL ASSETS	$5,958,801	$5,490,677
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statement):		
Common stock equity	$1,575,188	$1,553,110
Cumulative preferred and preference stock	174,858	174,858
Western Resources obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debentures.	100,000	100,000
Long-term debt (net).	1,666,192	1,391,263
	3,516,238	3,219,231
CURRENT LIABILITIES:		
Short-term debt	342,300	203,450
Long-term debt due within one year.	16,000	16,000
Accounts payable.	123,614	149,194
Accrued taxes	118,255	68,569
Accrued interest and dividends.	63,825	62,157
Other	37,770	40,266
	701,764	539,636
DEFERRED CREDITS AND OTHER LIABILITIES:		

Deferred income taxes	1,155,279	1,167,470
Deferred investment tax credits	130,583	132,286
Deferred gain from sale-leaseback	240,290	242,700
Other	214,647	189,354
	1,740,799	1,731,810
COMMITMENTS AND CONTINGENCIES (Notes 3 and 5)		
TOTAL CAPITALIZATION AND LIABILITIES	$5,958,801	$5,490,677

The Notes to Consolidated Financial Statements are an integral part of these statements.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31, 1996	Three Months Ended March 31, 1995
OPERATING REVENUES:		
Electric	$ 268,985	$ 253,258
Natural gas	286,637	190,117
Total operating revenues	555,622	443,375
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	60,990	46,931
Nuclear fuel	1,757	4,688
Power purchased	8,045	3,549
Natural gas purchases	150,523	101,738
Other operations	142,759	100,751
Maintenance	24,839	26,842
Depreciation and amortization	42,313	38,371
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income	15,794	17,494
State income	3,811	4,657
General	25,132	24,527
Total operating expenses	480,349	373,934
OPERATING INCOME	75,273	69,441
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(2,184)	(1,716)
Miscellaneous (net)	5,737	2,738
Income taxes (net)	(1,311)	1,182
Total other income and deductions	2,242	2,204
INCOME BEFORE INTEREST CHARGES	77,515	71,645
INTEREST CHARGES:		
Long-term debt	26,499	23,846
Other	7,160	7,087
Allowance for borrowed funds used during construction (credit)	(933)	(863)
Total interest charges	32,726	30,070
NET INCOME	44,789	41,575
PREFERRED AND PREFERENCE DIVIDENDS	3,355	3,355
EARNINGS APPLICABLE TO COMMON STOCK	$ 41,434	$ 38,220
AVERAGE COMMON SHARES OUTSTANDING	63,163,715	61,746,996
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ .66	$ .62
DIVIDENDS DECLARED PER COMMON SHARE	$ .515	$ .505

The Notes to Consolidated Financial Statements are an integral part of these statements.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in Thousands)
(Unaudited)

	Twelve Months Ended March 31, 1996	1995
OPERATING REVENUES:		
Electric.	$1,161,622	$1,123,542
Natural gas	693,901	518,789
Total operating revenues.	1,855,523	1,642,331
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	226,053	215,057
Nuclear fuel.	16,494	14,387
Power purchased	20,235	16,636
Natural gas purchases	312,576	215,662
Other operations.	524,443	440,726
Maintenance	106,638	113,531
Depreciation and amortization	160,781	150,614
Amortization of phase-in revenues	17,545	17,544
Taxes:		
Federal income.	68,432	71,879
State income.	17,542	18,580
General	97,444	97,193
Total operating expenses.	1,568,183	1,371,809
OPERATING INCOME.	287,340	270,522
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(3,136)	(5,835)
Miscellaneous (net)	22,689	7,892
Income taxes (net).	2,635	5,798
Total other income and deductions	22,188	7,855
INCOME BEFORE INTEREST CHARGES.	309,528	278,377
INTEREST CHARGES:		
Long-term debt.	98,615	95,638
Other	30,320	22,711
Allowance for borrowed funds used during construction (credit)	(4,297)	(2,861)
Total interest charges.	124,638	115,488
NET INCOME.	184,890	162,889
PREFERRED AND PREFERENCE DIVIDENDS.	13,419	13,419
EARNINGS APPLICABLE TO COMMON STOCK	$ 171,471	$ 149,470
AVERAGE COMMON SHARES OUTSTANDING	62,510,297	61,649,712
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2.75	$ 2.42
DIVIDENDS DECLARED PER COMMON SHARE	$ 2.03	$ 1.99

The Notes to Consolidated Financial Statements are an integral part of these statements.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31, 1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 44,789	$ 41,575
Depreciation and amortization	39,363	38,397
Other amortization (including nuclear fuel)	1,231	3,534
Gain on sale of utility plant (net of tax).	-	(940)
Deferred taxes and investment tax credits (net)	(11,289)	(9,489)
Amortization of phase-in revenues	4,386	4,386
Corporate-owned life insurance.	(5,940)	(4,976)

Amortization of gain from sale-leaseback.	(2,410)	(2,410)
Amortization of acquisition adjustment.	5,647	-
Noncash earnings in equity of investees	(3,778)	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(13,644)	4,897
Fossil fuel	7,365	(2,884)
Gas stored underground.	24,117	20,703
Accounts payable	(25,580)	(34,433)
Accrued taxes	49,686	59,701
Other	9,260	7,961
Changes in other assets and liabilities	4,050	10,205
Net cash flows from operating activities.	127,253	136,227
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	38,427	51,171
Sale of utility plant	-	(1,583)
Purchase of non-utility investments	452,083	2,651
Corporate-owned life insurance policies	28,360	28,820
Death proceeds of corporate-owned life insurance policies	-	(468)
Net cash flows used in investing activities	518,870	80,591
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	138,850	(28,137)
Bonds retired	(135)	(105)
Revolving credit agreements (net)	275,000	-
Borrowings against life insurance policies.	-	2,789
Repayment of borrowings against life insurance policies .	-	(115)
Common stock issued (net)	13,528	4,188
Dividends on preferred, preference and common stock . . .	(35,090)	(33,855)
Net cash flows from (used in) financing activities. .	392,153	(55,235)
INCREASE IN CASH AND CASH EQUIVALENTS	536	401
CASH AND CASH EQUIVALENTS:		
Beginning of the period	2,414	2,715
End of the period	$ 2,950	$ 3,116
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized).	$ 32,408	$ 33,396
Income taxes.	7,616	130

The Notes to Consolidated Financial Statements are an integral part of these statements.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Twelve Months Ended March 31,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 184,890	$ 162,889
Depreciation and amortization	151,152	150,719
Other amortization (including nuclear fuel)	12,890	11,633
Gain on sale of utility plant (net of tax).	(11)	(940)
Deferred taxes and investment tax credits (net)	13,172	36,368
Amortization of phase-in revenues	17,545	17,544
Corporate-owned life insurance.	(29,512)	(17,703)
Amortization of gain from sale-leaseback.	(9,640)	(9,640)
Amortization of acquisition adjustment	12,376	-
Noncash earnings in equity of investees	(3,778)	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(56,073)	(13,486)
Fossil fuel	(5,731)	(5,246)
Gas stored underground.	20,530	(14,405)
Accounts payable.	27,431	(34,677)
Accrued taxes	(29,039)	(41,710)
Other	9,478	27,992
Changes in other assets and liabilities	(17,710)	(40,460)
Net cash flows from operating activities	297,970	228,878
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	224,083	244,361
Sale of utility plant	(140)	(1,583)

Purchase of non-utility investments	464,840	11,024
Corporate-owned life insurance policies	54,715	54,489
Death proceeds of corporate-owned life insurance policies	(10,719)	-
Net cash flows used in investing activities	732,779	308,291
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	62,237	159,648
Bonds issued	-	121,941
Bonds retired	(135)	(122,545)
Revolving credit agreement (net)	325,000	-
Other mandatorily redeemable securities	100,000	-
Borrowings against life insurance policies (net)	46,490	44,369
Repayment of borrowings against life insurance policies	(5,269)	(165)
Common stock issued (net)	45,501	4,188
Dividends on preferred, preference and common stock	(139,181)	(135,422)
Net cash flows from financing activities	434,643	72,014
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(166)	(7,399)
CASH AND CASH EQUIVALENTS:		
Beginning of the period	3,116	10,515
End of the period	$ 2,950	$ 3,116
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 135,560	$ 136,202
Income taxes	92,297	90,359

The Notes to Consolidated Financial Statements are an integral part of these statements.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)
(Unaudited)

	March 31, 1996		December 31, 1995	
COMMON STOCK EQUITY (see statement):				
Common stock, par value $5 per share, authorized 95,000,000 shares, outstanding 63,249,141 and 62,855,961 shares, respectively	$ 317,215		$ 314,280	
Paid-in capital	708,234		697,962	
Retained earnings	549,739		540,868	
	1,575,188	45%	1,553,110	48%
CUMULATIVE PREFERRED AND PREFERENCE STOCK:				
Not subject to mandatory redemption,				
Par value $100 per share, authorized 600,000 shares, outstanding -				
4 1/2% Series, 138,576 shares	13,858		13,858	
4 1/4% Series, 60,000 shares	6,000		6,000	
5% Series, 50,000 shares	5,000		5,000	
	24,858		24,858	
Subject to mandatory redemption,				
Without par value, $100 stated value, authorized 4,000,000 shares, outstanding -				
7.58% Series, 500,000 shares	50,000		50,000	
8.50% Series, 1,000,000 shares	100,000		100,000	
	150,000		150,000	
	174,858	5%	174,858	6%
WESTERN RESOURCES OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY COMPANY SUBORDINATED DEBENTURES	100,000	3%	100,000	3%
LONG-TERM DEBT:				
First mortgage bonds	841,000		841,000	
Pollution control bonds	521,682		521,817	
Revolving Credit Agreement	325,000		50,000	
Less:				
Unamortized premium and discount (net)	5,490		5,554	
Long-term debt due within one year	16,000		16,000	

	1,666,192	47%	1,391,263	43%
TOTAL CAPITALIZATION	$3,516,238	100%	$3,219,231	100%

The Notes to Consolidated Financial Statements are an integral part of these statements.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF COMMON STOCK EQUITY
(Dollars in Thousands)
(Unaudited)

	Common Stock	Paid-in Capital	Retained Earnings
BALANCE DECEMBER 31, 1994, 61,617,873 shares.	$308,089	$667,992	$498,374
Net income.			41,575
Cash dividends:			
Preferred and preference stock.			(3,355)
Common stock, $0.505 per share.			(31,190)
Issuance of 142,980 shares of common stock.	715	3,473	
BALANCE MARCH 31, 1995, 61,760,853 shares	308,804	671,465	505,404
Net income.			140,101
Cash dividends:			
Preferred and preference stock.			(10,064)
Common stock, $1.515 per share.			(94,573)
Expenses on common stock.		(772)	
Issuance of 1,095,108 shares of common stock.	5,476	27,269	
BALANCE DECEMBER 31, 1995, 62,855,961 shares.	314,280	697,962	540,868
Net income.			44,789
Cash dividends:			
Preferred and preference stock.			(3,355)
Common stock, $0.515 per share.			(32,563)
Issuance of 780,690 shares of common stock.	2,935	10,272	
BALANCE MARCH 31, 1996, 63,249,141 shares	$317,215	$708,234	$549,739

The Notes to Consolidated Financial Statements are an integral part of these statements.

WESTERN RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. ACCOUNTING POLICIES AND OTHER INFORMATION

General: The Consolidated Financial Statements of Western Resources, Inc. (the Company) and its wholly-owned subsidiaries, include KPL, a rate-regulated electric and gas division of the Company, Kansas Gas and Electric Company (KGE), a rate-regulated electric utility and wholly-owned subsidiary of the Company, the Westar companies, non-utility subsidiaries, and Mid Continent Market Center, Inc. (Market Center), a regulated gas transmission service provider. The Westar companies and Market Center compose the Energy Related Businesses on the Consolidated Income Statements. KGE owns 47% of

Wolf Creek Nuclear Operating Corporation (WCNOC), the operating Company for Wolf Creek Generating Station (Wolf Creek). The Company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities. All significant intercompany transactions have been eliminated.

The Company prepares its financial statements in conformity with generally accepted accounting principles as applied to regulated public utilities. The accounting and rates of the Company are subject to requirements of the Kansas Corporation Commission (KCC), the Oklahoma Corporation Commission (OCC), and the Federal Energy Regulatory Commission (FERC). The financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, to disclose contingent assets and liabilities at the balance sheet date, and to report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's 1995 Annual Report on Form 10-K and the KGE Annual Report on Form 10-K incorporated by reference in the Company's 1995 Annual Report on Form 10-K.

In January 1996, the Company adopted the Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). This Statement imposes stricter criteria for regulatory assets by requiring that such assets be probable of future recovery at each balance sheet date. The Company believes that the adoption of this standard does not have a material impact on the financial position or results of operations of the Company based on the current regulatory structure in which the Company operates. This conclusion may change in the future if increases in competition influence wholesale and retail pricing in this industry.

On April 24, 1996, FERC issued its final rule on Order No. 888, Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities. The Company has analyzed the effect of this order on its operations and does not expect it to have a material adverse effect.

Consolidated Statements of Cash Flows: For purposes of the Consolidated Statements of Cash Flows, the Company considers highly liquid collateralized debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash Surrender Value of Life Insurance Contracts: The following amounts related to corporate-owned life insurance contracts (COLI) are recorded in Corporate-owned Life Insurance (net) on the Consolidated Balance Sheets:

	March 31, 1996	December 31, 1995
	(Dollars in Millions)	
Cash surrender value of contracts. . .	$506.3	$479.9
Borrowings against contracts	(422.3)	(435.8)
COLI (net).	$ 84.0	$ 44.1

Income is recorded for increases in cash surrender value and net death proceeds. Interest expense is recognized for COLI borrowings except for certain contracts entered into in 1993 and 1992. The net income generated from COLI contracts purchased prior to 1992 including the tax benefit of the interest deduction and premium expenses are recorded as Corporate-owned Life Insurance (net) on the Consolidated Statements of Income. The income from increases in cash surrender value and net death proceeds was $4.7 million and $23.5 million for the three and twelve months ended March 31, 1996, respectively, compared to $3.9 million and $16.1 million for the three and twelve months ended March 31, 1995, respectively. The interest expense deduction taken was $6.9 million and $26.6 million for the three and twelve months ended March 31, 1996, respectively, compared to $5.6 million and $21.9 million for the three and twelve months ended March 31, 1995, respectively.

The COLI contracts entered into in 1993 and 1992 were established to mitigate the cost of postretirement and postemployment benefits. As approved by the KCC, the Company is using the net income stream generated by these COLI policies to offset the costs of postretirement and postemployment benefits. A significant portion of this income stream relates to the tax deduction currently taken for interest incurred on contract borrowings under these COLI policies. The amount of the interest deduction used to offset these benefits costs was $2.1 million and $7.6 million for the three and twelve months ended March 31, 1996, respectively, compared to $1.4 million and $5.7 million for the three and twelve months ended March 31, 1995, respectively.

Federal legislation is pending, which, if enacted, may substantially reduce or eliminate the tax deduction for interest on COLI borrowings, and thus reduce a significant portion of the net income stream generated by the COLI contracts (See Note 6 of the Company's 1995 Annual Report on Form 10-K).

Reclassifications: Certain amounts in prior years have been reclassified to conform with classifications used in the current year presentation.

2. PROPOSED MERGER WITH KANSAS CITY POWER & LIGHT COMPANY

On April 14, 1996, in a letter to Mr. A. Drue Jennings, Chairman of the Board, President and Chief Executive Officer of Kansas City Power & Light Company (KCPL), the Company proposed an offer to merge with KCPL.

On April 22, 1996, KCPL's Board of Directors rejected the Company's proposal and announced its intention to proceed with a merger agreement entered into on January 19, 1996 with UtiliCorp United Inc. (UCU). Following the rejection of the April 14 offer, the Company filed proxy materials with the Securities and Exchange Commission (SEC) for use in soliciting proxies from KCPL shareholders against the approval of the UCU/KCPL merger. KCPL's annual shareholders meeting is scheduled for May 22, 1996. The Company believes its offer is financially superior for KCPL shareholders and is actively seeking to have KCPL shareholders vote against the proposed UCU/KCPL merger. On April 22, 1996, Western Resources announced its intention to commence an offer to exchange shares of Company common stock for each KCPL share (the Offer) and filed with the SEC a registration statement on Form S-4 relating to such exchange offer. Pursuant to the Offer, each KCPL common share would be entitled to receive $28 worth of Company common stock, subject to certain limitations as set forth below. According to KCPL's quarterly report on Form 10-Q dated March 31, 1996, there were issued and outstanding 61,908,726 shares of KCPL common stock.

The number of shares of Company common stock to be delivered per KCPL share pursuant to the Offer would be equal to the quotient (rounded to the nearest 1/100,000) determined by dividing $28 by the average of the high and low sales prices of Company common stock on the New York Stock Exchange for each of the twenty consecutive trading days ending with the second trading day immediately preceding the expiration of the Offer (the Exchange Ratio), provided that the Exchange Ratio would not be less than 0.833 nor greater than 0.985. On May 6, 1996, the Company announced a change in the terms of the Offer so that the Exchange Ratio would not be less than 0.91 nor greater than 0.985, and presented the new offer to the KCPL Board. There has been no response to the new offer from KCPL as of the date of this report.

The Company intends to acquire, after consummation of the Offer, the remaining KCPL shares pursuant to a merger of the Company and KCPL (the Merger).

The Company has filed applications with the KCC and Missouri Public Service Commission (MPSC) seeking approval of the Merger. See Note 4 for discussion of rate proceedings.

The Company's proposal is designed to qualify as a pooling of interests for financial reporting purposes. Under this method, the recorded assets and liabilities of the Company and KCPL would be carried forward at historical amounts to a combined balance sheet. Prior period operating results and statements of financial position, cash flows and capitalization would be restated to effect the combination for all periods presented.

KCPL is a public utility company engaged in the generation, transmission, distribution, and sale of electricity to approximately 430,000 customers in western Missouri and eastern Kansas. KCPL and the Company have joint interests in certain electric generating assets, including Wolf Creek.

Completion of the Offer and the Merger are subject to various conditions, including approvals from shareholders, regulatory and other governmental agencies.

3. LEGAL PROCEEDINGS

On June 1, 1994, Southern Union filed an action against the Company, The Bishop Group, Ltd., and other entities affiliated with The Bishop Group, alleging, among other things, breach of the Missouri Properties sale agreement relating to certain gas supply contracts between the Company and various Bishop entities, which Southern Union had assumed upon the sale of the Missouri Properties. In its lawsuit, Southern Union requested unspecified monetary damages as well as declaratory relief. On August 1, 1994, the Company filed its answer denying all claims asserted against it by Southern Union and counter-claims related to the purchase price of the Missouri Properties. The disputed purchase price adjustments were submitted to an arbitrator in February 1995. Based on the decision of the arbitrator rendered in April 1995, Southern Union paid the Company $3.6 million including interest. For additional information regarding the sale of the Missouri Properties, see Note 2 of the Company's 1995 Annual Report on Form 10-K.

In 1995, Southern Union filed amended complaints against the Company, alleging a variety of contract and fraud claims. Southern Union claimed it overpaid the Company $38 to $53 million for the Missouri Properties. The Company has filed its amended answer denying each and every claim made by Southern Union in its second amended complaint. The Court has struck Southern Union's $38 to $53 million damage theory and its $3.8 million lost profits claim. Southern Union subsequently identified new damage theories for approximately $50 million and moved for leave to file a third amended complaint to request an unspecified amount of punitive damages. The Company has objected to the motion and the new damage theories. The resolution of this matter is not expected to have a material adverse impact on the results of operations or financial position of the Company.

The Company and its subsidiaries are involved in various other legal, environmental, and regulatory proceedings. Management believes that adequate provision has been made within the Consolidated Financial Statements for these other matters and accordingly believes their ultimate dispositions will not have a material adverse effect upon the Company's overall financial position or results of operations.

4. RATE MATTERS AND REGULATION

The Company, under rate orders from the KCC, OCC, and FERC, recovers increases in fuel and natural gas costs through fuel adjustment clauses for wholesale and certain retail electric customers and various purchased gas adjustment clauses (PGA) for natural gas customers. The KCC and the OCC require the annual difference between actual gas cost incurred and cost recovered through the application of the PGA be deferred and amortized through rates in subsequent periods.

KCC Rate Proceedings: On August 17, 1995, the Company filed three proceedings with the KCC. The first sought a $36 million increase in revenues from the Company's natural gas distribution business. In separate dockets, the Company filed with the KCC a request to more rapidly recover the investment of its subsidiary, KGE, in its assets of Wolf Creek over the next seven years, and a request to modify depreciation expense by approximately $11 million for electric transmission, distribution and certain generating plant assets to reflect the useful lives of these properties more accurately.

If the requested acceleration of depreciation of Wolf Creek is granted, depreciation expense for Wolf Creek will increase by approximately $50 million for each of the next seven years. As a result of this proposal, the Company will also seek to reduce electric rates for KGE customers by approximately $8.7 million annually for the same seven year period.

On April 15, 1996, the KCC issued an order in the gas rate case, allowing an annual rate increase of $34 million for the Company's Kansas natural gas properties. The Company has filed a petition for reconsideration of the order.

Also on April 15, 1996, the Company filed an application with the KCC requesting an order approving its proposal to merge with KCPL and for other related relief. The application includes a proposal which would provide a rate reduction of $21 million for KCPL retail electric customers and a rate reduction of $10 million for KGE retail electric customers. These rate reductions are in addition to the cumulative reductions currently proposed in the Company's existing rate plan filed August 17, 1995. A five year moratorium on electric rate increases for KPL, KGE and KCPL retail customers is also proposed.

On April 19, 1996, the KCC issued an order consolidating certain issues from the August 17, 1995 filing, including accelerating recovery of the Company's investment in its assets of Wolf Creek, with the application filed before the KCC on April 15, 1996. The order also authorized the immediate implementation of the $8.7 million reduction in electric rates for KGE customers, as proposed by the Company, subject to later adjustments.

On January 24, 1992, the KCC issued an order allowing the Company to continue the deferral of service line replacement program costs incurred since January 1, 1992, including depreciation, property taxes, and carrying costs for recovery. These costs are included in the April 15, 1996 order from the KCC in the natural gas rate proceeding. At March 31, 1996, approximately $15 million of these deferrals have been included in Deferred Charges and Other Assets, Other, on the Consolidated Balance Sheet.

MPSC Proceedings: On May 3, 1996, the Company filed an application with the MPSC requesting an order approving its proposal to merge with KCPL and for other related relief. The application includes the same regulatory plan as proposed before the KCC. On May 3, 1996, KCPL and UCU filed a motion to dismiss the application on the grounds that the Company and KCPL do not have an agreement to merge. The Company has responded and the motion is pending.

5. COMMITMENTS AND CONTINGENCIES

Manufactured Gas Sites: The Company has been associated with 15 former manufactured gas sites located in Kansas which may contain coal tar and other potentially harmful materials. The Company and the Kansas Department of Health and Environment (KDHE) entered into a consent agreement governing all future work at the 15 sites. The terms of the consent agreement will allow the Company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analysis. The prioritized sites will be investigated over a 10 year period. The agreement will allow the Company to set mutual objectives with the KDHE in order to expedite effective response activities and to control costs and environmental impact. The costs incurred for site investigation and risk assessment in 1995 were minimal. The Company is aware of other Midwestern utilities which have incurred remediation costs ranging between $500,000 and $10 million per site. The KCC has permitted another Kansas utility to recover its remediation costs through rates. To the extent that such remediation costs are not recovered through rates, the costs could be material to the Company's financial position or results of operations depending on the degree of remediation required and number of years over which the remediation must be completed.

Superfund Sites: The Company is one of numerous potentially responsible parties at a groundwater contamination site in Wichita, Kansas (Wichita site) which is listed by the EPA as a Superfund site. The Company has previously been associated with other Superfund sites of which the Company's liability has been classified as de minimis and any potential obligations have been settled at minimal cost. In 1994, the Company settled Superfund obligations at three sites for a total of $57,500. No Superfund obligations have been settled since 1994. The Company's obligation at the Wichita site appears to be limited based on this experience. In the opinion of the Company's management, the resolution of these matters is not expected to have a material impact on the Company's financial position or results of operations.

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in certain emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $10 million by the December 31, 1995 deadline. The Company expects some additional equipment acquisitions and other expenditures to be needed to meet Phase II sulfur dioxide requirements. Current estimated costs for Phase II are approximately $5 million.

The nitrogen oxides and toxic limits, which were not set in the law, were proposed by the EPA in January 1996. The Company is currently evaluating the steps it will need to take in order to comply with the proposed new rules, but is unable to determine its compliance options or related compliance costs until the evaluation is finished later this year. The Company will have three years to comply with the new rules.

Other Environmental Matters: As part of the sale of the Company's Missouri Properties to Southern Union, Southern Union assumed responsibility for any environmental matters related to the Missouri Properties. The Company may be liable for up to a maximum of $7.5 million for 15 years after the date of the sale under a sharing arrangement with Southern Union for environmental matters pending or discovered within the two year period ended January 31, 1996.

Decommissioning: The Company accrues decommissioning costs over the expected life of the Wolf Creek generating facility. The accrual is based on estimated unrecovered decommissioning costs which consider inflation over the remaining estimated life of the generating facility and are net of expected earnings on amounts recovered from customers and deposited in an external trust fund.

On June 9, 1994, the KCC issued an order approving the estimated decommissioning costs of the 1993 Wolf Creek Decommissioning Cost Study which estimates the Company's share of Wolf Creek decommissioning costs, under the immediate dismantlement method, to be approximately $595 million during the period 2025 through 2033, or approximately $174 million in 1993 dollars. These costs were calculated using an assumed inflation rate of 3.45% over the remaining service life, in 1993, of 32 years.

Decommissioning costs are being charged to operating expenses in accordance with the KCC order. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts expensed approximated $3.6 million in 1995 and will increase annually to $5.5 million in 2024. These expenses are deposited in an external trust fund. The average after tax expected return on trust assets is 5.9%

The Company's investment in the decommissioning fund, including reinvested earnings approximated $27.0 million and $25.1 million at March 31, 1996 and December 31, 1995, respectively. Trust fund earnings accumulate in the fund balance and increase the recorded decommissioning liability. These amounts are reflected in Decommissioning Trust, and the related liability is included in Deferred Credits and Other Liabilities, Other, on the Consolidated Balance Sheets.

The staff of the SEC has questioned certain current accounting practices used by nuclear electric generating station owners regarding the recognition, measurement, and classification of decommissioning costs for nuclear electric generating stations. In response to these questions, the FASB is expected to issue new accounting standards for removal costs, including decommissioning, in 1996. If current electric utility industry accounting practices for such decommissioning costs are changed: (1) annual decommissioning expenses could increase, (2) the estimated present value of decommissioning costs could be recorded as a liability rather than as accumulated depreciation, and (3) trust fund income from the external decommissioning trusts could be reported as investment income rather than as a reduction to decommissioning expense. When revised accounting guidance is issued, the Company will also have to evaluate its effect on accounting for removal costs of other long-lived assets. The Company is not able to predict what effect such changes would have on results of operations, financial position, or related regulatory practices until the final issuance of revised accounting guidance, but such effect could be material.

The Company carries premature decommissioning insurance which has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. This decommissioning insurance will only be available if the insurance funds are not needed to implement the NRC-approved plan for stabilization and decontamination.

Nuclear Insurance: The Price-Anderson Act limits the combined public liability of the owners of nuclear power plants to $8.9 billion for a single nuclear incident. If this liability limitation is insufficient, the U.S. Congress will consider taking whatever action is necessary to compensate the public for valid claims. The Wolf Creek owners (Owners) have purchased the maximum available private insurance of $200 million and the balance is provided by an assessment plan mandated by the NRC. Under this plan, the Owners are jointly and severally subject to a retrospective assessment of up to $79.3 million ($37.3 million, Company's share) in the event there is a major nuclear incident involving any of the nation's licensed reactors. This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. There is a limitation of $10 million ($4.7 million, Company's share) in retrospective assessments per incident, per year.

The Owners carry decontamination liability, premature decommissioning liability, and property damage insurance for Wolf Creek totaling approximately $2.8 billion ($1.3 billion, Company's share). This insurance is provided by a combination of "nuclear insurance pools" ($500 million) and Nuclear Electric Insurance Limited (NEIL) ($2.3 billion). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The Company's share of any remaining proceeds can be used for property damage or premature decommissioning costs up to $1.3 billion (Company's share). Premature decommissioning insurance cost recovery is excess of funds previously collected for decommissioning (as discussed under "Decommissioning").

The Owners also carry additional insurance with NEIL to cover costs of replacement power and other extra expenses incurred during a prolonged outage resulting from accidental property damage at Wolf Creek. If losses incurred at any of the nuclear plants insured under the NEIL policies exceed premiums, reserves, and other NEIL resources, the Company may be subject to retrospective assessments under the current policies of approximately $11 million per year.

Although the Company maintains various insurance policies to provide coverage for potential losses and liabilities resulting from an accident or an extended outage, the Company's insurance coverage may not be adequate to cover the costs that could result from a catastrophic accident or extended outage at Wolf Creek. Any substantial losses not covered by insurance, to the extent not recoverable through rates, would have a material adverse effect on the Company's financial condition and results of operations.

Fuel Commitments: To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel and coal. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1995, WCNOC's nuclear fuel commitments (Company's share) were approximately $15.3 million for uranium concentrates expiring at various times through 2001, $120.8 million for enrichment expiring at various times through 2014, and $72.7 million for fabrication through 2025. At December 31, 1995, the Company's coal contract commitments in 1995 dollars under the remaining terms of the contracts were approximately $2.5 billion. The largest coal contract expires in 2020, with the remaining coal contracts expiring at various times through 2013.

Energy Act: As part of the 1992 Energy Policy Act, a special assessment is being collected from utilities for a uranium enrichment, decontamination, and decommissioning fund. The Company's portion of the assessment for Wolf Creek is approximately $7 million, payable over 15 years. Management expects such costs to be recovered through the ratemaking process.

6. INCOME TAXES

Total income tax expense included in the Consolidated Statements of Income reflects the Federal statutory rate of 35%. The Federal statutory rate produces effective income tax rates of 33.1% and 33.8% for the three month periods and 31.6% and 34.7% for the twelve month periods ended March 31, 1996 and 1995, respectively. The effective income tax rates vary from the Federal statutory rate due to permanent differences, including the amortization of investment tax credits, and accelerated amortization of certain deferred income taxes.

7. INVESTMENTS

During the first quarter of 1996, the Company purchased 30.8 million common shares of ADT Limited (ADT) for approximately $444 million (average price of $14.40 per share). The shares purchased represent approximately 24% of ADT's common equity. The Company has allocated its purchase price to the estimated fair value of ADT's net assets on a preliminary basis. Based upon this preliminary analysis, goodwill of approximately $270 million is associated with this investment. The Company accounts for this investment using the equity method. Goodwill is being amortized over 40 years. This new investment is included in net non-utility investments on the accompanying Consolidated Balance Sheets.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's 1995 Annual Report on Form 10-K. The following updates the information provided in the 1995 Annual Report on Form 10-K and analyzes the changes in the results of operations between the three and twelve month periods ended March 31, 1996 and comparable periods of 1995.

FINANCIAL CONDITION

General: Net income for the first quarter of 1996 was $45 million, up from net income of $42 million for the same period of 1995. The Company earned $0.66 per share of common stock for the first quarter of 1996, an increase of $0.04 per share from the first quarter of 1995.

Operating revenues were $556 million and $443 million for the three months ended March 31, 1996 and 1995, respectively.

Net income for the twelve months ended March 31, 1996, was $185 million compared to $163 million for the same period of 1995. The Company earned $2.75 per share of common stock for the twelve months ended March 31, 1996, an increase of $0.33 per share from the comparable period of 1995.

Operating revenues were $1.9 billion for the twelve months ended March

31, 1996 compared to $1.6 billion for the same period of 1995.

The increase in net income, earnings per share, and revenues is primarily attributable to higher electric and natural gas revenues due to more normal winter temperatures experienced during the first quarter of 1996 compared to 1995.

A quarterly dividend of $0.515 per share was declared in the first quarter of 1996, for an indicated annual rate of $2.06 per share. The book value per share was $24.76 at March 31, 1996, up from $24.71 at December 31, 1995. There were 63,163,715 and 61,746,996 average shares outstanding for the first quarter of 1996 and 1995, respectively.

Liquidity and Capital Resources: The Company's short-term financing requirements are satisfied, as needed, through the sale of commercial paper, short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At March 31, 1996, short-term borrowings amounted to $342 million, of which $105 million was commercial paper.

At March 31, 1996, the Company had bank credit arrangements available of $122 million. On April 11, the available bank credit arrangements increased to $322 million, of which $50 million is currently outstanding.

During the first quarter of 1996, the Company purchased 30.8 million common shares of ADT for approximately $444 million with short-term debt.

At the Company's 1996 Annual Meeting of Shareholders, shareholders voted to remove the 15% unsecured debt limitation from the Company's Articles of Incorporation.

RESULTS OF OPERATIONS

Revenues: The Company's revenues vary with levels of usage as a result of changing weather conditions during comparable periods and are sensitive to seasonal fluctuations between consecutive periods. Future electric and natural gas sales will continue to be affected by weather conditions, competing fuel sources, wholesale demand, and the overall economy of the Company's service area.

The following table reflects changes in electric sales for the three and twelve months ended March 31, 1996 from the comparable periods of 1995.

Increase in electric sales volumes:

	3 Months ended	12 Months ended
Residential	8.4%	4.1%
Commercial	7.3%	2.8%
Industrial	3.2%	3.0%
Total retail sales	6.0%	3.2%
Wholesale and interchange	20.3%	15.7%
Total electric sales	8.9%	5.5%

Electric revenues increased six percent for the three months ended March 31, 1996 compared to 1995. The increase was due to increased sales in all retail customer classes as a result of colder winter temperatures experienced during the first quarter of 1996 compared to 1995. The Company's service territory experienced an 18% increase in the number of heating degree days during the first quarter of 1996, as compared to the first quarter of 1995.

Electric revenues increased three percent for the twelve months ended March 31, 1996. The increase reflects increased sales in all retail customer classes as a result of the more normal winter temperatures.

The following table reflects changes in natural gas sales for the three and twelve months ended March 31, 1996 from the comparable periods of 1995.

Increase in natural gas sales volumes:

	3 Months ended	12 Months ended
Residential	19.8%	14.1%
Commercial	15.9%	8.4%
Industrial	5.8%	5.5%
Transportation	3.9%	2.8%
Total Deliveries	11.3%	18.7%

Natural gas revenues and sales increased for the three and twelve months ended March 31, 1996 compared to the same periods of 1995 as a result of colder winter temperatures as discussed above.

Operating Expenses: Total operating expenses increased 28% and 14% for the three and twelve months ended March 31, 1996 compared to the same periods of 1995. These increases can be primarily attributed to the amortization of the acquisition adjustment and increased fuel expense, purchased power, and natural gas purchases due to Wolf Creek having been taken off-line for its eighth refueling and maintenance outage during the first quarter of 1996. Also contributing to the twelve month ended increase was the expense related to the early retirement programs of $8 million which was recorded in the second quarter of 1995.

The amortization of the acquisition adjustment, which began in August 1995, amounted to $5.0 million and $11.7 million for the three and twelve months ended March 31, 1996, respectively.

Partially offsetting the increase in fossil fuel expense for the first quarter of 1996 was the decrease in nuclear fuel expense which was due to Wolf Creek's refueling and maintenance outage.

Other Income and Deductions: Other income and deductions, net of taxes, decreased seven percent for the three months ended March 31, 1996 compared to 1995 due to increased income taxes and additional interest expense on increased COLI borrowings. Other income and deductions, net of taxes, increased significantly for the twelve months ended March 31, 1996 compared to 1995 as a result of the receipt of death benefit proceeds under COLI contracts during the fourth quarter of 1995.

Interest Charges and Preferred and Preference Dividend Requirements: Total interest charges increased nine percent for the three months ended and six percent for the twelve months ended March 31, 1996 from the comparable periods in 1995. The increase for the three months interest charges reflects interest paid on higher balances under the Company's revolving credit agreement. The increase in the twelve months interest charges was a result of interest paid on higher short-term debt balances and distributions on mandatorily redeemable preferred securities.

WESTERN RESOURCES, INC.
Part II Other Information

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Shareholders was held on May 7, 1996. At the meeting the shareholders, representing 52,037,563 shares either in person or by proxy, voted to:

Elect the following directors to serve a term of three years:

	Votes For	Votes Against
Frank J. Becker	50,959,646	1,077,824
Gene A. Budig	50,810,020	1,228,831
C. Q. Chandler	50,883,155	1,154,315
Thomas R. Clevenger	50,918,248	1,119,222
David C. Wittig	50,919,401	1,117,154

The following directors will continue to serve their unexpired terms: John C. Dicus, John E. Hayes, Jr., David H. Hughes, Russell W. Meyer, Jr., John H. Robinson, Louis W. Smith, Susan M. Stanton, and Kenneth J. Wagnon.

Adopt the 1996 Long Term Incentive and Share Award Plan as follows:

Votes For	Votes Against	Votes Abstain
41,041,308	8,926,574	2,069,681

Amend the Articles of Incorporation by deleting certain provisions of the Preferred Stock relating to unsecured indebtedness as follows:

	Votes For	Votes Against	Votes Abstain
Common and Preferred Stock	40,586,741	1,791,450	1,541,650
Preferred Stock	182,065	16,388	7,078

Item 5. Other Information

Proposed Merger with Kansas City Power & Light Company: See Note 2 of the Notes to Consolidated Financial Statements.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27	-	Financial Data Schedule
Exhibit 99	-	Kansas Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996

(b) Reports on Form 8-K:

Form 8-K dated April 15, 1996.
Form 8-K dated April 23, 1996.
Forms 8-K dated April 25, 1996.
Forms 8-K dated April 26, 1996.
Form 8-K dated April 29, 1996.
Form 8-K dated May 3, 1996.
Forms 8-K dated May 7, 1996.
Form 8-K dated May 10, 1996.

SIGNATURES

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 thereunto duly authorized.

Western Resources, Inc.

Date May 15, 1996 By S. L. KITCHEN
S. L. Kitchen, Executive Vice President
and Chief Financial Officer

Date May 15, 1996 By JERRY D. COURINGTON
Jerry D. Courington,
Controller

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AT MARCH 31, 1996 AND THE STATEMENT OF INCOME AND THE STATEMENT OF CASH FLOWS FROM THE THREE MONTHS ENDED MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
DEC-31-1996
MAR-31-1996
PER-BOOK
4,346,799
586,376
420,150
605,476
0
5,958,801
317,215
708,234
549,739
1,575,188
150,000
124,858
1,666,192
237,000
0
105,300
16,000
0
0
0
2,084,263
5,958,801
555,622
20,916
460,744
480,349
75,273
2,242
77,515
32,726
44,789
3,355
41,434
32,563,072
26,499
127,253
0.66
0

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

[x] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1996

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from   to

Commission file number 1-7324

KANSAS GAS AND ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

KANSAS	48-1093840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P.O. BOX 208
WICHITA, KANSAS 67201
(Address of Principal Executive Offices)

316/261-6611
(Registrant's telephone number, including area code)

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 15, 1996
Common Stock (No par value)	1,000 Shares

Registrant meets the conditions of General Instruction H(1)(a) and (b) to Form 10-Q and is therefore filing this form with a reduced disclosure format.

KANSAS GAS AND ELECTRIC COMPANY
INDEX

KANSAS GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Dollars in Thousands)
(unaudited)

	March 31, 1996	December 31, 1995
ASSETS		
UTILITY PLANT:		
Electric plant in service	$3,445,906	$3,427,928
Less - Accumulated depreciation	917,362	893,728
	2,528,544	2,534,200
Construction work in progress	37,618	40,810
Nuclear fuel (net).	53,674	53,942
Net utility plant	2,619,836	2,628,952
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust	27,044	25,070
Other	8,146	7,885
	35,190	32,955
CURRENT ASSETS:		
Cash and cash equivalents	60	53
Accounts receivable and unbilled revenues (net)	68,215	76,490
Advances to parent company	116,991	34,948
Fossil fuel, at average cost.	14,923	17,522
Materials and supplies, at average cost	30,771	31,458
Prepayments and other current assets.	9,597	17,128
	240,557	177,599
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes	208,367	208,367
Deferred coal contract settlement costs	13,875	14,612
Phase-in revenues	39,475	43,861
Other deferred plant costs.	31,473	31,539
Corporate-owned life insurance (net).	8,058	7,279
Unamortized debt expense.	25,059	25,605
Other	43,807	32,645
	370,114	363,908
TOTAL ASSETS	$3,265,697	$3,203,414
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (See Statements):		
Common stock equity	$1,176,777	$1,186,077
Long-term debt (net).	683,976	684,082
	1,860,753	1,870,159
CURRENT LIABILITIES:		
Short-term debt	112,000	50,000
Long-term debt due within one year.	16,000	16,000
Accounts payable.	51,772	50,783
Accrued taxes	27,618	17,766
Accrued interest.	14,212	7,903
Other	6,418	6,608
	228,020	149,060
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	799,796	800,934
Deferred investment tax credits	72,158	72,970
Deferred gain from sale-leaseback	240,290	242,700
Other	64,680	67,591
	1,176,924	1,184,195
COMMITMENTS AND CONTINGENCIES (Note 2)		
TOTAL CAPITALIZATION AND LIABILITIES	$3,265,697	$3,203,414

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF INCOME
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31, 1996	Three Months Ended March 31, 1995
OPERATING REVENUES.	$ 145,034	$ 138,557
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	22,152	18,229
Nuclear fuel.	1,757	4,688
Power purchased	4,360	683
Other operations.	31,369	30,405
Maintenance	11,899	12,267
Depreciation and amortization	23,368	18,353
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income.	3,457	7,270
State income	1,191	2,075
General	12,041	11,634
Total operating expenses.	115,980	109,990
OPERATING INCOME.	29,054	28,567
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(2,184)	(1,716)
Miscellaneous (net)	1,015	2,099
Income taxes (net).	598	1,635
Total other income and deductions	(571)	2,018
INCOME BEFORE INTEREST CHARGES.	28,483	30,585
INTEREST CHARGES:		
Long-term debt.	11,716	11,768
Other	1,675	1,505
Allowance for borrowed funds used during construction (credit).	(608)	(560)
Total interest charges.	12,783	12,713
NET INCOME.	$ 15,700	$ 17,872

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF INCOME
(Dollars in Thousands)
(Unaudited)

	Twelve Months Ended March 31, 1996	Twelve Months Ended March 31, 1995
OPERATING REVENUES.	$ 630,345	$ 621,833
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	84,515	87,773
Nuclear fuel.	16,494	14,387
Power purchased	8,254	6,575
Other operations.	118,840	114,834
Maintenance	47,688	48,915
Depreciation and amortization	84,694	70,691
Amortization of phase-in revenues	17,545	17,544
Taxes:		
Federal income.	44,517	51,013
State income	11,659	12,792
General	46,648	44,609

Total operating expenses	480,854	469,133
OPERATING INCOME	149,491	152,700
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(3,136)	(5,835)
Miscellaneous (net)	3,800	6,320
Income taxes (net)	8,049	7,138
Total other income and deductions	8,713	7,623
INCOME BEFORE INTEREST CHARGES	158,204	160,323
INTEREST CHARGES:		
Long-term debt	47,021	47,502
Other	5,360	5,335
Allowance for borrowed funds used during construction (credit)	(2,878)	(1,702)
Total interest charges	49,503	51,135
NET INCOME	$ 108,701	$ 109,188

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 15,700	$ 17,872
Depreciation and amortization	18,362	18,353
Other amortization (including nuclear fuel)	1,226	3,534
Gain on sales of utility plant (net of tax)	-	(940)
Deferred taxes and investment tax credits (net)	(1,950)	(5,282)
Amortization of phase-in revenues	4,386	4,386
Corporate-owned life insurance	(5,940)	(4,976)
Amortization of gain from sale-leaseback	(2,410)	(2,410)
Amortization of acquisition adjustment	5,006	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	8,275	6,394
Fossil fuel	2,599	(592)
Accounts payable	989	(9,563)
Interest and taxes accrued	16,161	27,599
Other	8,027	5,570
Changes in other assets and liabilities	(9,129)	7,480
Net cash flows from operating activities	61,302	67,425
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	16,118	21,240
Sales of utility plant	-	(1,583)
Corporate-owned life insurance policies	-	417
Death proceeds of corporate-owned life insurance	-	(250)
Net cash flows used in investing activities	16,118	19,824
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	62,000	(40,000)
Advances to parent company (net)	(82,042)	(8,049)
Bonds retired	(135)	(25)
Borrowings against life insurance policies	-	556
Repayment of borrowings against life insurance policies	-	(73)
Dividends to parent company	(25,000)	-
Net cash flows from (used in) financing activities	(45,177)	(47,591)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7	10
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	53	47
END OF PERIOD	$ 60	$ 57

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION
CASH PAID FOR:
Interest on financing activities (net of amount

capitalized)	$ -	$ 6,058
Income taxes	6,300	-

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Twelve Months Ended March 31, 1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 108,701	$ 109,188
Depreciation and amortization	72,959	70,691
Other amortization (including nuclear fuel)	12,885	11,633
Gain on sales of utility plant (net of tax)	(11)	(940)
Deferred taxes and investment tax credits (net)	7,183	18,160
Amortization of phase-in revenues	17,545	17,544
Corporate-owned life insurance.	(29,512)	(17,703)
Amortization of gain from sale-leaseback.	(9,640)	(9,640)
Amortization of acquisition adjustment.	11,735	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(6,776)	(23,371)
Fossil fuel	(579)	(2,088)
Accounts payable.	12,242	(6,674)
Interest and taxes accrued.	(10,471)	(4,412)
Other	477	(243)
Changes in other assets and liabilities	(2,084)	1,297
Net cash flows from operating activities.	184,654	163,442
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	88,816	92,620
Sales of utility plant.	(140)	(1,583)
Corporate-owned life insurance policies	29,930	26,554
Death proceeds of corporate-owned life insurance.	(10,333)	(250)
Net cash flows used in investing activities	108,273	117,341
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	102,000	(21,600)
Advances to parent company (net).	(44,548)	58,503
Bonds issued.	-	46,440
Bonds retired	(135)	(46,465)
Borrowings against life insurance policies.	46,490	42,086
Repayment of borrowings against life insurance policies . .	(5,185)	(73)
Dividends to parent company	(175,000)	(125,000)
Net cash flows from (used in) financing activities . . .	(76,378)	(46,109)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.	3	(8)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	57	65
END OF PERIOD	$ 60	$ 57
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 65,750	$ 68,609
Income taxes	48,400	30,509

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)
(Unaudited)

	March 31, 1996	December 31, 1995

COMMON STOCK EQUITY (see Statements):						
Common stock, without par value, authorized and issued 1,000 shares			$1,065,634		$1,065,634	
Retained earnings			111,143		120,443	
Total common stock equity			1,176,777	63%	1,186,077	63%
LONG-TERM DEBT:						
First Mortgage Bonds:						
Series	Due	1996	1995			
5-5/8%	1996	$ 16,000	$ 16,000			
7.6%	2003	135,000	135,000			
6-1/2%	2005	65,000	65,000			
6.20%	2006	100,000	100,000			
				316,000		316,000
Pollution Control Bonds:						
5.10%	2023	13,822	13,957			
Variable (a)	2027	21,940	21,940			
7.0%	2031	327,500	327,500			
Variable (a)	2032	14,500	14,500			
Variable (a)	2032	10,000	10,000			
				387,762		387,897
Total bonds				703,762		703,897
Less:						
Unamortized premium and discount (net)				3,786		3,815
Long-term debt due within one year				16,000		16,000
Total long-term debt				683,976 37%		684,082 37%
TOTAL CAPITALIZATION				$1,860,753 100%		$1,870,159 100%

(a) Market-Adjusted Tax Exempt Securities (MATES). As of March 31, 1996, the rate on these bonds ranged from 3.40% to 3.45%.

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF COMMON STOCK EQUITY
(Dollars in Thousands)
(Unaudited)

	Common Stock	Retained Earnings
BALANCE DECEMBER 31, 1993, 1,000 shares	$1,065,634	$ 180,044
Net income		104,526
Dividend to parent company		(125,000)
BALANCE DECEMBER 31, 1994, 1,000 shares	1,065,634	159,570
Net income		110,873
Dividend to parent company		(150,000)
BALANCE DECEMBER 31, 1995, 1,000 shares	1,065,634	120,443
Net Income		15,700
Dividend to parent company		(25,000)
BALANCE MARCH 31, 1996, 1,000 shares	$1,065,634	$ 111,143

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. ACCOUNTING POLICIES AND OTHER INFORMATION

General: Kansas Gas and Electric Company (the Company, KGE) is a rate-regulated electric utility and wholly-owned subsidiary of Western Resources, Inc. (Western Resources). The Company is engaged in the production, purchase, transmission, distribution, and sale of electricity. The Company serves approximately 275,000 electric customers in southeastern Kansas.

On March 31, 1992, Western Resources through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of KGE. Simultaneously, KCA and KGE merged and adopted the name of KGE (the Merger).

The Company owns 47% of the Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for the Wolf Creek Generating Station (Wolf Creek). The Company records in its financial statements its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities.

The Company prepares its financial statements in conformity with generally accepted accounting principles as applied to regulated public utilities. The accounting and rates of the Company are subject to requirements of the Kansas Corporation Commission (KCC) and the Federal Energy Regulatory Commission. The financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, to disclose contingent assets and liabilities at the balance sheet date, and to report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, the accompanying condensed financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1996 and December 31, 1995, and the results of its operations for the three and twelve month periods ended March 31, 1996 and 1995. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's 1995 Annual Report on Form 10-K.

In January 1996, the Company adopted the Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). This Statement imposes stricter criteria for regulatory assets by requiring that such assets be probable of future recovery at each balance sheet date. The Company believes that the adoption of this standard does not have a material impact on the financial position or results of operations of the Company based on the current regulatory structure in which the Company operates. This conclusion may change in the future if increases in competition influence wholesale and retail pricing in this industry.

On April 24, 1996, the Federal Energy Regulatory Commission issued its final rule on Order No. 888, Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities. The Company had analyzed the effect of this order on its operations and does not expect it to have a material adverse effect.

Cash Surrender Value of Life Insurance Contracts: The following amounts related to corporate-owned life insurance contracts (COLI) are recorded in Corporate-owned Life Insurance (net) on the balance sheets:

	March 31, 1996	December 31, 1995
	(Dollars in Millions)	
Cash surrender value of contracts. .	$361.1	$360.3
Borrowings against contracts	(353.0)	(353.0)
COLI (net)	$ 8.1	$ 7.3

Income is recorded for increases in cash surrender value and net death proceeds. Interest expense is recognized for COLI borrowings. The net income generated from COLI contracts, including the tax benefit of the interest deductions and premium expenses, are recorded as Corporate-owned Life Insurance (net) on the Statements of Income. The income from increases in cash surrender value and net death proceeds was $4.7 million and $23.5 million for the three and twelve months ended March 31, 1996, respectively, compared to $3.9 million and $16.1 million for the three and twelve months ended 1995, respectively. The interest expense deduction taken was $6.9 million and $26.6 million for the three and twelve months ended March 31, 1996, respectively, compared to $5.6 million and $21.9 million for the three and twelve months ended 1995, respectively.

Federal legislation is pending, which, if enacted, may substantially reduce or eliminate the tax deduction for interest on COLI borrowings, and thus reduce a significant portion of the net income stream generated by the COLI contracts (See Note 7 of the Company's 1995 Annual Report on Form 10-K).

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, cash and cash equivalents include cash on hand and highly liquid collateralized debt instruments purchased with maturities of three months or less.

2. COMMITMENTS AND CONTINGENCIES

Manufactured Gas Sites: The Company has been associated with three former manufactured gas sites which may contain coal tar and other potentially harmful materials. The Company and the Kansas Department of Health and Environment (KDHE) entered into a consent agreement governing all future work at the three sites. The terms of the consent agreement will allow the Company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analysis. The prioritized sites will be investigated over a 10 year period. The agreement will allow the Company to set mutual objectives with the KDHE in order to expedite effective response activities and

to control costs and environmental impact. The costs incurred for site investigation and risk assessment in 1995 and 1994 were minimal. The Company is aware of other Midwestern utilities which have incurred remediation costs ranging between $500,000 and $10 million per site. The KCC has permitted another Kansas utility to recover its remediation costs through rates. To the extent that such remediation costs are not recovered through rates, the costs could be material to the Company's financial position or results of operations depending on the degree of remediation and number of years over which the remediation must be completed.

Decommissioning: The Company accrues decommissioning costs over the expected life of the Wolf Creek generating facility. The accrual is based on estimated unrecovered decommissioning costs which consider inflation over the remaining estimated life of the generating facility and are net of expected earnings on amounts recovered from customers and deposited in an external trust fund.

On June 9, 1994, the KCC issued an order approving the estimated decommissioning costs of the 1993 Wolf Creek Decommissioning Cost Study which estimates the Company's share of Wolf Creek decommissioning costs, under the immediate dismantlement method, to be approximately $595 million during the period 2025 through 2033, or approximately $174 million in 1993 dollars. These costs were calculated using an assumed inflation rate of 3.45% over the remaining service life, in 1993, of 32 years.

Decommissioning costs are being charged to operating expenses in accordance with the KCC order. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts expensed approximated $3.6 million in 1995 and will increase annually to $5.5 million in 2024. These expenses are deposited in an external trust fund. The average after tax expected return on trust assets is 5.9%

The Company's investment in the decommissioning fund, including reinvested earnings approximated $27.0 million and $25.1 million at March 31, 1996 and December 31, 1995, respectively. Trust fund earnings accumulate in the fund balance and increase the recorded decommissioning liability. These amounts are reflected in Decommissioning Trust, and the related liability is included in Deferred Credits and Other Liabilities, Other, on the Balance Sheets.

The staff of the Securities and Exchange Commission (SEC) has questioned certain current accounting practices used by nuclear electric generating station owners regarding the recognition, measurement and classification of decommissioning costs for nuclear electric generating stations. In response to these questions, the FASB is expected to issue new accounting standards for removal costs, including decommissioning in 1996. If current electric utility industry accounting practices for such decommissioning costs are changed: (1) annual decommissioning expenses could increase, (2) the estimated present value of decommissioning costs could be recorded as a liability rather than as accumulated depreciation, and (3) trust fund income from the external decommissioning trusts could be reported as investment income rather than as a reduction to decommissioning expense. When revised accounting guidance is issued, the Company will also have to evaluate its effect on accounting for removal costs of other long-lived assets. At this time, the Company is not able to predict what effect such changes would have on results of operations, financial position, or related regulatory practices until the final issuance of revised accounting guidance.

The Company carries premature decommissioning insurance which has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. If the amount designated as decommissioning insurance is needed to implement the NRC-approved plan for stabilization and decontamination, it would not be available for decommissioning purposes.

Nuclear Insurance: The Price-Anderson Act limits the combined public liability of the owners of nuclear power plants to $8.9 billion for a single nuclear incident. If this liability limitation is insufficient, the U.S. Congress will consider taking whatever action is necessary to compensate the public for valid claims. The Wolf Creek owners (Owners) have purchased the maximum available private insurance of $200 million and the balance is provided by an assessment plan mandated by the NRC. Under this plan, the Owners are jointly and severally subject to a retrospective assessment of up to $79.3 million ($37.3 million, Company's share) in the event there is a major nuclear incident involving any of the nation's licensed reactors. This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. There is a limitation of $10 million ($4.7 million, Company's share) in retrospective assessments per incident, per year.

The Owners carry decontamination liability, premature decommissioning liability, and property damage insurance for Wolf Creek totaling approximately $2.8 billion ($1.3 billion, Company's share). This insurance is provided by a combination of "nuclear insurance pools" ($500 million) and Nuclear Electric Insurance Limited (NEIL) ($2.3 billion). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The Company's share of any remaining proceeds can be used for property damage or premature decommissioning costs up to $1.3 billion (Company's share). Premature decommissioning insurance cost recovery is excess of funds previously collected for decommissioning (as discussed under "Decommissioning").

The Owners also carry additional insurance with NEIL to cover costs of replacement power and other extra expenses incurred during a prolonged outage resulting from accidental property damage at Wolf Creek. If losses incurred at any of the nuclear plants insured under the NEIL policies exceed premiums, reserves, and other NEIL resources, the Company may be subject to retrospective assessments of approximately $11 million per year.

Although the Company maintains various insurance policies to provide coverage for potential losses and liabilities resulting from an accident or an extended outage, the Company's insurance coverage may not be adequate to cover the costs that could result from a catastrophic accident or extended outage at Wolf Creek. Any substantial losses not covered by insurance, to the extent not recoverable through rates, would have a material adverse effect on the Company's financial position and results of operations.

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in certain emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $2.3 million by the December 31, 1995 deadline. The Company expects some additional equipment acquisitions and other expenditures to be needed to meet Phase II sulfur dioxide requirements. Current estimated costs for Phase II are approximately $5 million.

The nitrogen oxides and toxic limits, which were not set in the law, were proposed by the EPA in January 1996. The Company is currently evaluating the steps it will need to take in order to comply with the proposed new rules, but is unable to determine its compliance options or related compliance costs until the evaluation is finished later this year. The Company will have three years to comply with the new rules.

Fuel Commitments: To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel, coal, and natural gas. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1995, WCNOC's nuclear fuel commitments (Company's share) were approximately $15.3 million for uranium concentrates expiring at various times through 2001, $120.8 million for enrichment expiring at various times through 2014, and $72.7 million for fabrication through 2025. At December 31, 1995, the Company's coal and natural gas contract commitments in 1995 dollars under the remaining terms of the contracts were $643 million. The largest coal contract expires in 2020, with the remaining coal contracts expiring at various times through 2013.

Energy Act: As part of the 1992 Energy Policy Act, a special assessment is being collected from utilities for a uranium enrichment, decontamination, and decommissioning fund. The Company's portion of the assessment for Wolf Creek is approximately $7 million, payable over 15 years. Management expects such costs to be recovered through the ratemaking process.

3. INCOME TAXES

Total income tax expense included in the Statements of Income reflects the Federal statutory rate of 35 percent. The Federal statutory rate produces effective income tax rates of 20.5% and 30.1% for the three month periods and 30.7% and 34.2% for the twelve month periods ended March 31, 1996 and 1995, respectively. The effective income tax rates vary from the Federal statutory rate due to the permanent differences, including the amortization of investment tax credits, and accelerated amortization of certain deferred income taxes.

4. RATE MATTERS AND REGULATION

KCC Rate Proceedings: On August 17, 1995, the Company filed with the KCC a request to more rapidly recover KGE's investment in its assets of Wolf Creek over the next seven years. If the requested acceleration of depreciation of Wolf Creek is granted, depreciation expense for Wolf Creek will increase by approximately $50 million for each of the next seven years. As a result of this proposal, Western Resources will also seek to reduce electric rates for KGE customers by approximately $8.7 million annually for the same seven year period.

On April 15, 1996, Western Resources filed an application with the KCC requesting an order approving its proposal to merge with KCPL and for other related relief. The application includes a proposal which would provide a rate reduction of $10 million for KGE retail electric customers. These rate reductions are in addition to the cumulative reductions currently proposed in Western Resources' existing rate plan filed August 17, 1995. A five year moratorium on electric rate increases for KGE retail customers is also proposed.

On April 19, 1996, the KCC issued an order consolidating certain issues from the August 17, 1995 filing, including accelerating recovery of the Company's investment in its assets of Wolf Creek, with the application filed before the KCC on April 15, 1996. The order also authorized the immediate implementation of the $8.7 million reduction in electric rates for KGE customers, as proposed by Western Resources, subject to later adjustments.

5. WESTERN RESOURCES' PROPOSED MERGER WITH KANSAS CITY POWER & LIGHT COMPANY

On April 14, 1996, in a letter to Mr. A. Drue Jennings, Chairman of the Board, President and Chief Executive Officer of Kansas City Power & Light Company (KCPL), Western Resources proposed an offer to merge with KCPL.

On April 22, 1996, KCPL's Board of Directors rejected Western Resources' proposal and announced its intention to proceed with a merger agreement entered into on January 19, 1996 with UtiliCorp United Inc. (UCU). Following the rejection of the April 14 offer, Western Resources filed proxy materials with the SEC for use in soliciting proxies from KCPL shareholders against the approval of the UCU/KCPL merger. KCPL's annual shareholders meeting is scheduled for May 22, 1996. Western Resources believes its offer is financially superior for KCPL shareholders and is actively seeking to have KCPL shareholders vote against the proposed Merger. On April 22, 1996, Western Resources announced its intention to commence an offer to exchange shares of its common stock for each KCPL share (the "Offer") and filed with the SEC a registration statement on Form S-4 relating to such exchange offer. Pursuant to the Offer, each KCPL common share would be entitled to receive $28.00 worth of Western Resources common stock, subject to certain limitations as set forth below. According to KCPL's quarterly report on Form 10-Q dated March 31, 1996, there were issued and outstanding 61,908,726 shares of KCPL common stock.

The number of shares of Western Resources common stock to be delivered per KCPL share pursuant to the Offer would be equal to the quotient (rounded to the nearest 1/100,000) determined by dividing $28.00 by the average of the high and low sales prices of Western Resources common stock on the New York Stock Exchange for each of the twenty consecutive trading days ending with the second trading day immediately preceding the expiration of the Offer (the "Exchange Ratio"), provided that the Exchange Ratio would not be less than 0.833 nor greater than 0.985. On May 6, 1996, Western Resources announced a change in the terms of the Offer so that the Exchange Ratio would not be less than 0.91 nor greater than 0.985, and presented the new offer to the KCPL Board. There has been no response to the new offer from KCPL as of the date of this report.

Western Resources intends to acquire, after consummation of the Offer, the remaining KCPL shares pursuant to a merger of it and KCPL (the Merger).

Western Resources has filed applications with the KCC and Missouri Public Service Commission seeking approval of the Merger. See Note 4 for discussion of rate proceedings.

Western Resources' proposal is designed to qualify as a pooling of interests for financial reporting purposes. Under this method, the recorded assets and liabilities of the Company and KCPL would be carried forward at historical amounts to a combined balance sheet. Prior period operating results and statements of financial position, cash flows and capitalization would be restated to effect the combination for all periods presented.

KCPL is a public utility company engaged in the generation, transmission, distribution, and sale of electricity to approximately 430,000 customers in western Missouri and eastern Kansas. KCPL and the Company have joint interests in certain electric generating assets, including Wolf Creek.

Completion of the Offer and the Merger are subject to various conditions, including approvals from shareholders, regulatory and other governmental agencies.

KANSAS GAS AND ELECTRIC COMPANY

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Item 7 of the Company's Annual Report on Form 10-K for 1995.

The following updates the information provided in the 1995 Form 10-K, and analyzes the changes in the results of operations between the three and twelve month periods ended March 31, 1996 and comparable periods of 1995.

FINANCIAL CONDITION

General: The Company had net income of $15.7 million for the first quarter of 1996 compared to $17.9 million for the first quarter in 1995. The decrease in net income was primarily due to the amortization of the acquisition adjustment as a result of the Merger and higher fuel and purchase power expenses, resulting from Wolf Creek's eighth refueling and maintenance outage during the first quarter of 1996.

Net income for the twelve months ended March 31, 1996, of $108.7 million, remained virtually unchanged from net income of $109.2 million for the comparable period of 1995. The slight decrease was primarily due to the amortization of the acquisition adjustment and higher fuel costs.

Liquidity and Capital Resources: The KGE common and preferred stock was redeemed in connection with the Merger, leaving 1,000 shares of common stock held by Western Resources. The debt structure of the Company and available sources of funds were not affected by the Merger.

The Company's short-term financing requirements are satisfied through short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At March 31, 1996, short-term borrowing amounted to $112 million compared to $50 million at December 31, 1995.

On April 11, bank credit arrangements of $200 million were entered into, under which $50 million is currently outstanding.

OPERATING RESULTS

The following discussion explains variances for the three and twelve months ended March 31, 1996, to the comparable periods of 1995.

Revenues: The Company's revenues vary with levels of usage as a result of changing weather conditions during comparable periods and are sensitive to seasonal fluctuations between consecutive periods. Future electric sales will continue to be affected by weather conditions, competing fuel sources, wholesale demand, and the overall economy of the Company's service area.

The following table reflects changes in electric sales for the three and twelve months ended March 31, 1996 from the comparable periods of 1995.

Increase (decrease) in electric sales volumes:

	3 Months Ended	12 Months Ended
Residential	9.2%	2.8%
Commercial	5.3%	2.1%
Industrial	3.5%	3.6%
Total Retail	5.5%	2.9%
Wholesale & Interchange	11.2%	0.7%
Total electric sales	6.4%	2.6%

Revenues for the first quarter of 1996 increased approximately five percent to $145.0 million, compared to first quarter 1995 revenues of $138.6 million, primarily due to increased sales in all retail customer classes as a result of colder winter temperatures experienced during the first quarter of 1996 compared to 1995. The Company's service territory experienced a 17% increase in the number of heating degree days during the first quarter of 1996, as compared to the first quarter of 1995.

Revenues for the twelve months ended March 31, 1996, increased approximately one percent to $630.3 million from revenues of $621.8 million for the comparable period of 1995. The slight increase can be attributed to increased sales in all retail customer classes as a result of colder winter temperatures as discussed above.

Operating Expenses: Total operating expenses increased approximately five percent for the first quarter and approximately three percent for the twelve months ended March 31, 1996 compared to the same periods of 1995. These increases can be primarily attributed to the amortization of the acquisition adjustment and increased fuel and purchased power expenses due to Wolf Creek having been taken off-line for its eighth refueling and maintenance outage. Also contributing to the twelve month ended increase was the expense of $3.4 million related to the early retirement programs which was recorded in the second quarter of 1995.

The amortization of the acquisition adjustment, which began in August 1995, amounted to $5.0 million and $11.7 million for the three and twelve months ended March 31, 1996, respectively.

Partially offsetting the increase in fuel expense for the first quarter of 1996 was the decrease in nuclear fuel expense which was due to Wolf Creek's refueling and maintenance outage.

Other Income and Deductions: Other income and deductions, net of taxes, decreased for the first quarter of 1996 compared to the first quarter of 1995, primarily as a result of the gain realized from the sale of rail cars which was recorded during the first quarter of 1995. Increased interest expense on higher COLI borrowings also contributed to the decrease.

Other income and deductions, net of taxes, increased to $8.7 million for the twelve months ended March 31, 1996 from $7.6 million for the twelve months ended March 31, 1995. The increase was primarily due to receipt of death benefit proceeds under COLI contracts during the fourth quarter of 1995.

Interest Expense: Interest expense increased less than one percent for the first quarter ended March 31, 1996, compared to the first quarter of 1995. The slight increase can be attributed to the increase in short-term debt during the first quarter of 1996.

Interest expense for the twelve months ended March 31, 1996, decreased approximately three percent, compared to the same period of 1995. The decrease resulted primarily from the increase in allowance for funds used during construction (AFUDC) charges due to a higher AFUDC rate. Also accounting for the decrease was the impact of increased COLI borrowings which reduce the need for other long-term debt and thereby reduced interest expense. COLI interest is reflected in Other Income and Deductions on the Income Statement.

OTHER INFORMATION

Merger Implementation: In accordance with the KCC Merger order, amortization of the acquisition adjustment commenced in August 1995. The amortization will amount to approximately $20 million (pre-tax) per year for 40 years. Western Resources and the Company (combined companies) can recover the amortization of the acquisition adjustment through cost savings under a sharing mechanism approved by the KCC.

KCC Rate Proceedings: See Note 4 of the Notes to Financial Statements.

KANSAS GAS AND ELECTRIC COMPANY
Part II Other Information

Item 4. Submission of Matters to a Vote of Security Holders

Information required by Item 4 is omitted pursuant to General Instruction H(2)(b) to Form 10-Q.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K:

None

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, thereunto duly authorized.

KANSAS GAS AND ELECTRIC COMPANY

May 15, 1996 By /s/ Richard D. Terrill
Richard D. Terrill
Secretary, Treasurer and
General Counsel