
**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) February 24, 2011

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))
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Item 2.02. Results of Operations and Financial Condition

On February 24, 2011, we issued a press release announcing our earnings for the period ended December 31, 2010. A copy of our February 24, 2011 press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. We are also including our 2010 Fourth Quarter and Year-End 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 23, 2011, our Compensation Committee approved, and our Board of Directors ratified, new base salaries for our executive officers effective March 1, 2011. The base salary of Mr. William B. Moore, our President and Chief Executive Officer, increased from \$660,000 to \$680,000. The base salary of Mr. Douglas R. Sterbenz, our Executive Vice President and Chief Operating Officer, increased from \$455,000 to \$465,000. The base salary of Mr. Mark R. Ruelle, our Executive Vice President and Chief Financial Officer, increased from \$435,000 to \$445,000. The base salary of Mr. James J. Ludwig, our Executive Vice President, Public Affairs and Consumer Services, increased from \$255,000 to \$263,000. The base salary of Mr. Larry D. Irick, our Vice President, General Counsel and Corporate Secretary, increased from \$265,000 to \$275,000. None of these officers participates in any bonus or short-term incentive plan.

On February 23, 2011, long-term incentive awards were also approved for our executive officers. Mr. Moore, Mr. Sterbenz, Mr. Ruelle, Mr. Ludwig and Mr. Irick each received awards of 63,542, 26,500, 25,000, 12,800 and 14,250, respectively. Our average common stock price for the thirty-day period ended December 31, 2010 was used to determine the number of restricted share units awarded. In the case of each officer, half of the award consists of time-based restricted share units that vest on January 1, 2014. The other half of the award consists of a target number of performance-based restricted share units that vest on January 1, 2014, with the target number adjusted downward or upward based on our total shareholder return in comparison to the total shareholder return of a peer group during a performance period from January 1, 2011 through December 31, 2013. The officer will not receive any portion of the target award if our total shareholder return is less than 25% of the total shareholder return for the peer group, and the officer will receive between 25% and 200% of the target award if our total shareholder return is at least 25% and up to 90% or more of the total shareholder return for the peer group. Vesting is subject to the officer's employment with us continuing uninterrupted through the vesting date, except that a prorated portion of the award will vest if the officer's employment terminates on account of death, disability or retirement. The foregoing is qualified in its entirety by reference to the form of restricted share unit award documents filed as Exhibits 10(aq) and 10(ar), respectively, to our Annual report on Form 10-K filed on February 25, 2010.

Item 7.01. Regulation FD Disclosure.

We are furnishing our 2011 Earnings Guidance summary, which is attached hereto as Exhibit 99.3 and is incorporated herein by reference. This information is available to the public on our website, <http://www.WestarEnergy.com>. The information furnished pursuant to this Item 7.01, including Exhibit 99.3, 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 February 24, 2011 |
| Exhibit 99.2 | 2010 Fourth Quarter and Year-End Earnings package |
| Exhibit 99.3 | 2011 Earnings Guidance |

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: February 24, 2011

By: /s/ Larry D. Irick

Name: Larry D. Irick

Title: Vice President, General Counsel
and Corporate Secretary

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|---------------------------|---|
| Exhibit 99.1 | Press Release dated February 24, 2011 |
| Exhibit 99.2 | 2010 Fourth Quarter and Year-End Earnings package |
| Exhibit 99.3 | 2011 Earnings Guidance |

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WESTAR ENERGY ANNOUNCES 2010 RESULTS

TOPEKA, Kan., Feb. 24, 2011 — Westar Energy, Inc. (NYSE:WR) today announced earnings for 2010 were \$203 million, or \$1.81 per share, compared with earnings of \$174 million, or \$1.58 per share for 2009. Earnings for 2009 included a substantial federal tax benefit related to prior period activity from discontinued operations. Setting aside this benefit, 2009 earnings would have been \$140 million, or \$1.28 per share.

| | <u>Twelve Months Ended</u> | |
|---|----------------------------|----------------------|
| | <u>Dec. 31, 2010</u> | <u>Dec. 31, 2009</u> |
| Basic earnings per share | \$ 1.81 | \$ 1.58 |
| Less: adjustment for tax benefits | — | 0.30 |
| Earnings per share from continuing operations | <u>\$ 1.81</u> | <u>\$ 1.28</u> |

Fourth quarter earnings were \$5 million, or \$0.04 per share, compared with earnings of \$11 million, or \$0.10 per share, for the fourth quarter 2009.

Per share results for both fourth quarter and full year 2010 reflect more shares outstanding as a result of the company having issued shares to fund capital investments.

Income from continuing operations for 2010 increased \$67 million compared with the same period last year, due principally to higher retail revenues due primarily to a 6 percent increase in kilowatt-hour sales as a result of warmer weather and economic recovery in certain industrial sectors. The higher revenues were offset in part by increased operating, interest and income tax expenses.

Earnings Guidance

The company announced earnings guidance for 2011 of \$1.65 to \$1.80 per share. The company has posted to its website a summary of factors it considers to be principal drivers and adjustments used in arriving at earnings guidance. The summary is located under Supplemental Materials within the Investors section of the company website at www.WestarEnergy.com.

Conference Call and Additional Company Information

Westar Energy management will host a conference call Friday, Feb. 25 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 866-770-7129, participant code 88510369. 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 fourth quarter and year end 2010 financial information, the company's annual report on Form 10-K for the period ended Dec. 31, 2010 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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Westar Energy, Inc. (NYSE: WR) is the largest electric utility in Kansas, providing electric service to about 687,000 customers in the state. Westar Energy has about 6,800 megawatts of electric generation capacity and operates and coordinates more than 34,000 miles of electric distribution and transmission lines.

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

Forward-looking statements: Certain matters discussed in this news release are “forward-looking statements.” The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like “believe,” “anticipate,” “target,” “expect,” “pro forma,” “estimate,” “intend,” “guidance” or words of similar meaning. Forward-looking statements describe future plans, objectives, expectations or goals. Although Westar Energy believes that its expectations are based on reasonable assumptions, all forward-looking statements involve risk and uncertainty. The factors that could cause actual results to differ materially from these forward-looking statements include those discussed herein as well as (1) those discussed in the company’s Annual Report on Form 10-K for the year ended Dec. 31, 2010 (a) under the heading, “Forward-Looking Statements,” (b) in ITEM 1. Business, (c) in ITEM 1A. Risk Factors, (d) in ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (e) in ITEM 8. Financial Statements and Supplementary Data: Notes 13 and 15; and (2) other factors discussed in the company’s filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date such statement was made, and the company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made.

Attachment 1

WESTAR ENERGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

| | Three Months Ended December 31, | | | Twelve Months Ended December 31, | | |
|---|------------------------------------|------------------|-------------------|-------------------------------------|-------------------|------------------|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| Retail | \$332,524 | \$316,880 | \$ 15,644 | \$1,538,785 | \$1,379,981 | \$158,804 |
| Wholesale | 78,804 | 86,490 | (7,686) | 334,669 | 308,269 | 26,400 |
| Transmission | 36,016 | 31,548 | 4,468 | 144,513 | 132,450 | 12,063 |
| Other | 9,379 | 5,200 | 4,179 | 38,204 | 37,531 | 673 |
| Total Revenues | <u>456,723</u> | <u>\$440,118</u> | <u>16,605</u> | <u>2,056,171</u> | <u>1,858,231</u> | <u>197,940</u> |
| Fuel and purchased power | 124,568 | 132,242 | (7,674) | 583,361 | 534,864 | 48,497 |
| Operating and maintenance | 150,825 | 124,658 | 26,167 | 520,409 | 516,930 | 3,479 |
| Depreciation and amortization | 69,982 | 64,990 | 4,992 | 271,937 | 251,534 | 20,403 |
| Selling, general and administrative | 63,108 | 56,421 | 6,687 | 207,607 | 199,961 | 7,646 |
| Total Operating Expenses | <u>408,483</u> | <u>378,311</u> | <u>30,172</u> | <u>1,583,314</u> | <u>1,503,289</u> | <u>80,025</u> |
| Income from Operations | 48,240 | 61,807 | (13,567) | 472,857 | 354,942 | 117,915 |
| Other (expense) income | (358) | (103) | (255) | (4,260) | 2,598 | (6,858) |
| Interest expense | 43,080 | 40,591 | 2,489 | 174,941 | 157,360 | 17,581 |
| Income tax expense | (1,748) | 10,496 | (12,244) | 85,032 | 58,850 | 26,182 |
| Income from Continuing Operations | 6,550 | 10,617 | (4,067) | 208,624 | 141,330 | 67,294 |
| Results of discontinued operations, net of tax | — | 767 | (767) | — | 33,745 | (33,745) |
| Net Income | 6,550 | 11,384 | (4,834) | 208,624 | 175,075 | 33,549 |
| Less: Net income attributable to noncontrolling interests | 1,389 | — | 1,389 | 4,728 | — | 4,728 |
| Net income attributable to Westar Energy | 5,161 | 11,384 | (6,223) | 203,896 | 175,075 | 28,821 |
| Preferred dividends | 242 | 242 | — | 970 | 970 | — |
| Net Income Attributable to Common Stock | <u>\$ 4,919</u> | <u>\$ 11,142</u> | <u>\$ (6,223)</u> | <u>\$ 202,926</u> | <u>\$ 174,105</u> | <u>\$ 28,821</u> |
| Basic Earnings Per Share: | | | | | | |
| Earnings available from continuing operations | \$ 0.04 | \$ 0.09 | \$ (0.05) | \$ 1.81 | \$ 1.28 | \$ 0.53 |
| Discontinued operations, net of tax | — | 0.01 | (0.01) | — | 0.30 | (0.30) |
| Earnings per common share | <u>\$ 0.04</u> | <u>\$ 0.10</u> | <u>\$ (0.06)</u> | <u>\$ 1.81</u> | <u>\$ 1.58</u> | <u>\$ 0.23</u> |
| Average equivalent common shares outstanding | 112,348 | 109,960 | 2,388 | 111,629 | 109,648 | 1,981 |
| Dividends declared per share | \$ 0.31 | \$ 0.30 | \$ 0.01 | \$ 1.24 | \$ 1.20 | \$ 0.04 |

Westar Energy, Inc

2010 Fourth Quarter and Year-end Earnings

Released February 24, 2011

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Bruce Burns

Director Investor Relations

785-575-8227

bruce.burns@WestarEnergy.com**NOTE:**

The Notes to the Condensed Consolidated Financial Statements in the company's Annual Report on Form 10-K for the period ended December 31, 2010 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.
Consolidated Statements of Income
(Unaudited)

| | Three Months Ended December 31, | | | |
|--|---------------------------------|------------------|-------------------|---------------|
| | 2010 | 2009 | Change | % Change |
| (In Thousands, Except Per Share Amounts) | | | | |
| REVENUES: | | | | |
| Residential | \$ 130,957 | \$ 128,927 | \$ 2,030 | 1.6 |
| Commercial | 128,170 | 119,817 | 8,353 | 7.0 |
| Industrial | 75,637 | 68,332 | 7,305 | 10.7 |
| Other retail | (2,240) | (196) | (2,044) | (a) |
| Total Retail Revenues | 332,524 | 316,880 | 15,644 | 4.9 |
| Wholesale | 78,804 | 86,490 | (7,686) | (8.9) |
| Transmission | 36,016 | 31,548 | 4,468 | 14.2 |
| Other | 9,379 | 5,200 | 4,179 | 80.4 |
| Total Revenues | 456,723 | 440,118 | 16,605 | 3.8 |
| OPERATING EXPENSES: | | | | |
| Fuel and purchased power | 124,568 | 132,242 | (7,674) | (5.8) |
| Operating and maintenance | 150,825 | 124,658 | 26,167 | 21.0 |
| Depreciation and amortization | 69,982 | 64,990 | 4,992 | 7.7 |
| Selling, general and administrative | 63,108 | 56,421 | 6,687 | 11.9 |
| Total Operating Expenses | 408,483 | 378,311 | 30,172 | 8.0 |
| INCOME FROM OPERATIONS | 48,240 | 61,807 | (13,567) | (22.0) |
| OTHER INCOME (EXPENSE): | | | | |
| Investment income | 2,676 | 4,143 | (1,467) | (35.4) |
| Other income | 1,577 | 1,501 | 76 | 5.1 |
| Other expense | (4,611) | (5,747) | 1,136 | 19.8 |
| Total Other Expense | (358) | (103) | (255) | (247.6) |
| Interest expense | 43,080 | 40,591 | 2,489 | 6.1 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 4,802 | 21,113 | (16,311) | (77.3) |
| Income tax (benefit) expense | (1,748) | 10,496 | (12,244) | (116.7) |
| INCOME FROM CONTINUING OPERATIONS | 6,550 | 10,617 | (4,067) | (38.3) |
| Results of discontinued operations, net of tax | — | 767 | (767) | (100.0) |
| NET INCOME | 6,550 | 11,384 | (4,834) | (42.5) |
| Less: Net income attributable to noncontrolling interests | 1,389 | — | 1,389 | (a) |
| NET INCOME ATTRIBUTABLE TO WESTAR ENERGY | 5,161 | 11,384 | (6,223) | (54.7) |
| Preferred dividends | 242 | 242 | — | — |
| NET INCOME ATTRIBUTABLE TO COMMON STOCK | \$ 4,919 | \$ 11,142 | \$ (6,223) | (55.9) |
| BASIC EARNINGS PER COMMON SHARE: | | | | |
| Earnings available from continuing operations | \$ 0.04 | \$ 0.09 | \$ (0.05) | (55.6) |
| Discontinued operations, net of tax | — | 0.01 | (0.01) | (100.0) |
| Earnings per common share | \$ 0.04 | \$ 0.10 | \$ (0.06) | (60.0) |
| Average equivalent common shares outstanding (in thousands) | 112,348 | 109,960 | 2,388 | 2.2 |
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 0.31 | \$ 0.30 | \$ 0.01 | 3.3 |

(a) Change greater than 1000%

The Notes to the Condensed Consolidated Financial Statements in the company's Annual Report on Form 10-K for the period ended December 31, 2010 should be read in conjunction with this financial information.

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

| | Twelve Months Ended December 31, | | | % Change |
|--|----------------------------------|-------------------|------------------|----------|
| | 2010 | 2009 | Change | |
| (In Thousands, Except Per Share Amounts) | | | | |
| REVENUES: | | | | |
| Residential | \$ 661,177 | \$ 576,896 | \$ 84,281 | 14.6 |
| Commercial | 572,062 | 529,847 | 42,215 | 8.0 |
| Industrial | 318,249 | 291,754 | 26,495 | 9.1 |
| Other retail | (12,703) | (18,516) | 5,813 | 31.4 |
| Total Retail Revenues | <u>1,538,785</u> | <u>1,379,981</u> | <u>158,804</u> | 11.5 |
| Wholesale | 334,669 | 308,269 | 26,400 | 8.6 |
| Transmission | 144,513 | 132,450 | 12,063 | 9.1 |
| Other | 38,204 | 37,531 | 673 | 1.8 |
| Total Revenues | <u>2,056,171</u> | <u>1,858,231</u> | <u>197,940</u> | 10.7 |
| OPERATING EXPENSES: | | | | |
| Fuel and purchased power | 583,361 | 534,864 | 48,497 | 9.1 |
| Operating and maintenance | 520,409 | 516,930 | 3,479 | 0.7 |
| Depreciation and amortization | 271,937 | 251,534 | 20,403 | 8.1 |
| Selling, general and administrative | 207,607 | 199,961 | 7,646 | 3.8 |
| Total Operating Expenses | <u>1,583,314</u> | <u>1,503,289</u> | <u>80,025</u> | 5.3 |
| INCOME FROM OPERATIONS | <u>472,857</u> | <u>354,942</u> | <u>117,915</u> | 33.2 |
| OTHER INCOME (EXPENSE): | | | | |
| Investment income | 7,026 | 12,658 | (5,632) | (44.5) |
| Other income | 5,369 | 7,128 | (1,759) | (24.7) |
| Other expense | (16,655) | (17,188) | 533 | 3.1 |
| Total Other (Expense) Income | <u>(4,260)</u> | <u>2,598</u> | <u>(6,858)</u> | (264.0) |
| Interest expense | 174,941 | 157,360 | 17,581 | 11.2 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 293,656 | 200,180 | 93,476 | 46.7 |
| Income tax expense | 85,032 | 58,850 | 26,182 | 44.5 |
| INCOME FROM CONTINUING OPERATIONS | 208,624 | 141,330 | 67,294 | 47.6 |
| Results of discontinued operations, net of tax | — | 33,745 | (33,745) | (100.0) |
| NET INCOME | 208,624 | 175,075 | 33,549 | 19.2 |
| Less: Net income attributable to noncontrolling interests | 4,728 | — | 4,728 | (a) |
| NET INCOME ATTRIBUTABLE TO WESTAR ENERGY | 203,896 | 175,075 | 28,821 | 16.5 |
| Preferred dividends | 970 | 970 | — | — |
| NET INCOME ATTRIBUTABLE TO COMMON STOCK | <u>\$ 202,926</u> | <u>\$ 174,105</u> | <u>\$ 28,821</u> | 16.6 |
| BASIC EARNINGS PER COMMON SHARE: | | | | |
| Earnings available from continuing operations | \$ 1.81 | \$ 1.28 | \$ 0.53 | 41.4 |
| Discontinued operations, net of tax | — | 0.30 | (0.30) | (100.0) |
| Earnings per common share | <u>\$ 1.81</u> | <u>\$ 1.58</u> | <u>\$ 0.23</u> | 14.6 |
| Average equivalent common shares outstanding (in thousands) | 111,629 | 109,648 | 1,981 | 1.8 |
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 1.24 | \$ 1.20 | \$ 0.04 | 3.3 |

(a) Change greater than 1000%

The Notes to the Condensed Consolidated Financial Statements in the company's Annual Report on Form 10-K for the period ended December 31, 2010 should be read in conjunction with this financial information.

Westar Energy, Inc.
Consolidated Balance Sheets
(Dollars in Thousands, except par values)
(Unaudited)

| | December 31, 2010 | December 31, 2009 |
|---|---------------------------|---------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 928 | \$ 3,860 |
| Accounts receivable, net | 227,700 | 216,186 |
| Inventories and supplies, net | 206,867 | 193,831 |
| Energy marketing contracts | 13,005 | 33,159 |
| Taxes receivable | 16,679 | 45,200 |
| Deferred tax assets | 30,248 | 7,927 |
| Prepaid expenses | 12,413 | 11,830 |
| Regulatory assets | 73,480 | 97,220 |
| Other | 20,289 | 20,269 |
| Total Current Assets | <u>601,609</u> | <u>629,482</u> |
| PROPERTY, PLANT AND EQUIPMENT, NET | <u>5,964,439</u> | <u>5,771,740</u> |
| PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET | <u>345,037</u> | <u>—</u> |
| OTHER ASSETS: | | |
| Regulatory assets | 787,585 | 758,538 |
| Nuclear decommissioning trust | 126,990 | 112,268 |
| Energy marketing contracts | 9,472 | 10,653 |
| Other | 244,506 | 242,802 |
| Total Other Assets | <u>1,168,553</u> | <u>1,124,261</u> |
| TOTAL ASSETS | <u><u>\$8,079,638</u></u> | <u><u>\$7,525,483</u></u> |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt | \$ 61 | \$ 1,345 |
| Current maturities of long-term debt of variable interest entities | 30,155 | — |
| Short-term debt | 226,700 | 242,760 |
| Accounts payable | 187,954 | 112,211 |
| Accrued taxes | 45,534 | 46,931 |
| Energy marketing contracts | 9,670 | 39,161 |
| Accrued interest | 77,771 | 76,955 |
| Regulatory liabilities | 28,284 | 39,745 |
| Other | 176,717 | 123,370 |
| Total Current Liabilities | <u>782,846</u> | <u>682,478</u> |
| LONG-TERM LIABILITIES: | | |
| Long-term debt, net | 2,490,871 | 2,490,734 |
| Long-term debt of variable interest entities, net | 278,162 | — |
| Obligation under capital leases | 7,514 | 109,300 |
| Deferred income taxes | 1,102,625 | 964,461 |
| Unamortized investment tax credits | 101,345 | 127,777 |
| Regulatory liabilities | 135,754 | 100,963 |
| Deferred regulatory gain from sale-leaseback | 97,541 | 108,532 |
| Accrued employee benefits | 483,769 | 433,561 |
| Asset retirement obligations | 125,999 | 119,519 |
| Energy marketing contracts | 10 | 210 |
| Other | 59,364 | 117,720 |
| Total Long-Term Liabilities | <u>4,882,954</u> | <u>4,572,777</u> |
| COMMITMENTS AND CONTINGENCIES (See Notes 13 & 15 in Form 10-K) | | |
| TEMPORARY EQUITY | <u>3,465</u> | <u>3,443</u> |
| EQUITY: | | |
| Westar Energy Shareholders' Equity: | | |
| Cumulative preferred stock, par value \$100 per share; authorized 600,000 shares; issued and outstanding 214,363 shares | 21,436 | 21,436 |
| Common stock, par value \$5 per share; authorized 150,000,000 shares; issued and outstanding 112,128,068 and 109,072,000 shares, respectively | 560,640 | 545,360 |
| Paid-in capital | 1,398,580 | 1,339,790 |
| Retained earnings | 423,647 | 360,199 |
| Total Westar Energy Shareholders' Equity | <u>2,404,303</u> | <u>2,266,785</u> |
| Noncontrolling Interests | 6,070 | — |
| Total Equity | <u>2,410,373</u> | <u>2,266,785</u> |
| TOTAL LIABILITIES AND EQUITY | <u><u>\$8,079,638</u></u> | <u><u>\$7,525,483</u></u> |

The Notes to the Condensed Consolidated Financial Statements in the company's Annual Report on Form 10-K for the period ended December 31, 2010 should be read in conjunction with this financial information.

Westar Energy, Inc.
Consolidated Statements of Cash Flows
(Dollars in Thousands)
(Unaudited)

| | Twelve Months Ended December 31, | |
|--|----------------------------------|------------------|
| | 2010 | 2009 |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES: | | |
| Net income | \$ 208,624 | \$ 175,075 |
| Discontinued operations, net of tax | — | (33,745) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 271,937 | 251,534 |
| Amortization of nuclear fuel | 25,089 | 16,161 |
| Amortization of deferred regulatory gain from sale-leaseback | (5,495) | (5,495) |
| Amortization of corporate-owned life insurance | 20,650 | 22,116 |
| Non-cash compensation | 11,373 | 5,133 |
| Net changes in energy marketing assets and liabilities | (1,284) | 8,972 |
| Accrued liability to certain former officers | 2,675 | 2,296 |
| Net deferred income taxes and credits | 120,169 | 46,447 |
| Stock based compensation excess tax benefits | (641) | (448) |
| Allowance for equity funds used during construction | (3,104) | (5,031) |
| Changes in working capital items, net of acquisitions and dispositions: | | |
| Accounts receivable | (11,434) | (17,159) |
| Inventories and supplies | (12,266) | 10,466 |
| Prepaid expenses and other | 8,475 | (10,635) |
| Accounts payable | 30,330 | (15,115) |
| Accrued taxes | 27,565 | 30,493 |
| Other current liabilities | (80,660) | 13,572 |
| Changes in other assets | (42,544) | 73,784 |
| Changes in other liabilities | 38,243 | (89,516) |
| Cash flows from operating activities | <u>607,702</u> | <u>478,905</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES: | | |
| Additions to property, plant and equipment | (540,076) | (555,637) |
| Investment in corporate-owned life insurance | (19,162) | (17,724) |
| Purchase of securities within trust funds | (192,350) | (64,016) |
| Sale of securities within trust funds | 191,603 | 61,096 |
| Proceeds from investment in corporate-owned life insurance | 2,204 | 1,748 |
| Proceeds from federal grants | 3,180 | — |
| Investment in affiliated company | (280) | (818) |
| Other investing activities | (1,164) | 2,920 |
| Cash flows used in investing activities | <u>(556,045)</u> | <u>(572,431)</u> |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES: | | |
| Short-term debt, net | (16,060) | 67,860 |
| Proceeds from long-term debt | — | 347,507 |
| Retirements of long-term debt | (1,695) | (196,821) |
| Retirements of long-term debt of variable interest entities | (28,610) | — |
| Repayment of capital leases | (2,981) | (10,190) |
| Borrowings against cash surrender value of corporate-owned life insurance | 74,134 | 10,299 |
| Repayment of borrowings against cash surrender value of corporate-owned life insurance | (3,430) | (3,531) |
| Stock based compensation excess tax benefits | 641 | 448 |
| Issuance of common stock, net | 54,651 | 4,587 |
| Distributions to shareholders of noncontrolling interests | (2,093) | — |
| Cash dividends paid | (129,146) | (122,937) |
| Cash flows (used in) from financing activities | <u>(54,589)</u> | <u>97,222</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES OF DISCONTINUED OPERATIONS: | | |
| Payment of settlement to former subsidiary | — | (22,750) |
| Cash flow used in investing activities of discontinued operations | <u>—</u> | <u>(22,750)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (2,932) | (19,054) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of period | 3,860 | 22,914 |
| End of period | <u>\$ 928</u> | <u>\$ 3,860</u> |

The Notes to the Condensed Consolidated Financial Statements in the company's Annual Report on Form 10-K for the period ended December 31, 2010 should be read in conjunction with this financial information.

Westar Energy, Inc.
4th Quarter 2010 vs. 2009

Earnings Variances

| | (\$ per share) | Change (Dollars in thousands) | | |
|---|----------------|----------------------------------|---|-----|
| 2009 earnings attributable to common stock | \$ 0.10 | \$ 11,142 | | |
| | | <i>Favorable / (Unfavorable)</i> | | |
| Retail | | 15,644 | A | |
| Wholesale | | (7,686) | B | |
| Transmission | | 4,468 | | |
| Other revenues | | 4,179 | | |
| Fuel and purchased power | | 7,674 | C | |
| SPP network transmission costs | | (3,614) | | |
| Gross Margin | | 20,665 | D | |
| Operating and maintenance w/o SPP NITS | | (22,553) | E | VIE |
| Depreciation and amortization | | (4,992) | F | VIE |
| Selling, general and administrative | | (6,687) | G | |
| Other (expense) income | | (255) | | |
| Interest expense | | (2,489) | H | VIE |
| Income tax expense | | 12,244 | | VIE |
| Discontinued operations, net of tax | | (767) | | |
| Net income attributable to noncontrolling interests | | (1,389) | | VIE |
| Change in shares outstanding | 0.00 | | | |
| 2010 earnings attributable to common stock | \$ 0.04 | \$ 4,919 | | |

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

| | |
|---|--|
| A | Due principally to price increases; MWh sales increased 0.6 percent (see page 7 for changes in sales by class) |
| B | Due primarily to decreased demand; MWh sales decreased 14 percent and average market prices increased 6 percent |
| C | Lower level of electricity generated and lower average unit cost of fuel and purchased power |
| D | Due primarily to increased retail revenues driven by increases in prices |
| E | Increase in maintenance and repair outages at power plants - (\$9.1M); increased maintenance of electrical distribution system, primarily tree trimming - (\$4.9M); increased ad valorem tax expense, which is largely offset in revenues via a property tax surcharge - (\$4.7M); all of which were partially offset with reduction in lease expense as a result of consolidation of variable interest entities (VIEs) - \$5.1M |
| F | Higher plant balances; and consolidation of VIEs - (\$1.5M) |
| G | Increase due primarily to: higher non-executive short term incentive compensation related to performance against operational and financial targets - (\$4.6M); increased expense due to adjustment to long-term incentive and share award plan - (\$1.9M); increase in employee benefit costs - (2.4M); partially offset by 2009 expense related to settlement of EPA litigation - \$4M |
| H | Primarily additional interest expense as a result of consolidation of VIEs - (\$2.8M) |
| I | Lower taxable income; utilization of capital loss and effect of non-deductible EPA settlement expense |

The Notes to the Condensed Consolidated Financial Statements in the company's Annual Report on Form 10-K for the period ended December 31, 2010 should be read in conjunction with this financial information.

Westar Energy, Inc.
YTD December 2010 vs. 2009

Earnings Variances

| | (\$ per share) | Change (Dollars in thousands) | | |
|---|----------------|----------------------------------|--|-------|
| 2009 earnings attributable to common stock | \$ 1.58 | \$ 174,105 | | |
| | | <i>Favorable / (Unfavorable)</i> | | |
| Retail | | 158,804 | | A |
| Wholesale | | 26,400 | | B |
| Transmission | | 12,063 | | |
| Other revenues | | 673 | | |
| Fuel and purchased power | | (48,497) | | C |
| SPP network transmission costs | | (11,048) | | |
| Gross Margin | | 138,395 | | |
| Operating and maintenance w/o SPP NITS | | 7,569 | | D VIE |
| Depreciation and amortization | | (20,403) | | E VIE |
| Selling, general and administrative | | (7,646) | | F |
| Other (expense) income | | (6,858) | | G |
| Interest expense | | (17,581) | | H VIE |
| Income tax expense | | (26,182) | | I VIE |
| Discontinued operations, net of tax | | (33,745) | | J |
| Net income attributable to noncontrolling interests | | (4,728) | | VIE |
| Change in shares outstanding | (0.03) | | | |
| 2010 earnings attributable to common stock | \$ 1.81 | \$ 202,926 | | |

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

| | |
|---|--|
| A | Reflects 6 percent increase in retail MWh sales, which benefited from favorable weather and economic improvement in industrial sales; reflects higher prices (see page 8 for changes in sales by class) |
| B | Higher average market prices; MWh sales decreased 1 percent |
| C | Increased electricity generated and purchased and a higher average unit cost for fuel and purchased power |
| D | Due primarily to: higher power plant maintenance primarily at Wolf Creek and wind generation facilities - - (\$7.6M); higher maintenance of electrical distribution system, primarily tree trimming and line clearance - (\$5.6M); decrease of lease expense as a result of consolidation of variable interest entities (VIEs) - \$20.4M; and recognition of reduction to maximum liability for environmental remediation cost associated with assets divested many years ago - \$5.0M |
| E | Higher plant balances due to addition of wind generation facilities, new generating plant, air quality controls at power plants in addition to other plant additions; consolidation of VIEs - (\$6.1M) |
| F | Higher non-executive short term incentive compensation related to performance against operational and financial targets and adjustment to long-term incentive plan - (\$12.9M); partially offset with 2009 expense related to settlement of EPA litigation - \$4M |
| G | Due principally to recording lower gains on investments held in a trust to fund retirement benefits - (\$3.6M); decrease in equity AFUDC - (\$1.9M) |
| H | Increased interest expense as a result of consolidation of VIEs - (\$12.2M) and increased interest expense on additional debt issued in 2009 |
| I | Due principally to increased pretax income and increase in production tax credits and VIE accounting |
| J | Reflects tax settlement for past years related to sale of non-regulated investments |

The Notes to the Condensed Consolidated Financial Statements in the company's Annual Report on Form 10-K for the period ended December 31, 2010 should be read in conjunction with this financial information.

Westar Energy, Inc
Revenue, Sales and Energy Supply

| | Three Months Ended December 31, | | | |
|----------------------------|---------------------------------|-------------------|------------------|----------|
| | 2010 | 2009 | Change | % Change |
| (Dollars In Thousands) | | | | |
| Revenues | | | | |
| Residential | \$ 130,957 | \$ 128,927 | \$ 2,030 | 1.6 |
| Commercial | 128,170 | 119,817 | 8,353 | 7.0 |
| Industrial | 75,637 | 68,332 | 7,305 | 10.7 |
| Other retail | 2,985 | 2,907 | 78 | 2.7 |
| Provision for rate refunds | (5,225) | (3,103) | (2,122) | (68.4) |
| Total Retail Revenues | 332,524 | 316,880 | 15,644 | 4.9 |
| Tariff-based wholesale | 62,260 | 63,845 | (1,585) | (2.5) |
| Market-based wholesale | 16,544 | 22,645 | (6,101) | (26.9) |
| Transmission | 36,016 | 31,548 | 4,468 | 14.2 |
| Other | 9,379 | 5,200 | 4,179 | 80.4 |
| Total Revenues | <u>\$ 456,723</u> | <u>\$ 440,118</u> | <u>\$ 16,605</u> | 3.8 |

| (Thousands of MWh) | | | | |
|--------------------------|--------------|--------------|--------------|--------|
| Electricity Sales | | | | |
| Residential | 1,394 | 1,460 | (66) | (4.5) |
| Commercial | 1,726 | 1,713 | 13 | 0.8 |
| Industrial | 1,303 | 1,224 | 79 | 6.5 |
| Other retail | 22 | 22 | — | — |
| Total Retail | 4,445 | 4,419 | 26 | 0.6 |
| Tariff-based wholesale | 1,346 | 1,511 | (165) | (10.9) |
| Market-based wholesale | 563 | 699 | (136) | (19.5) |
| Total wholesale | 1,909 | 2,210 | (301) | (13.6) |
| Total Electricity Sales | <u>6,354</u> | <u>6,629</u> | <u>(275)</u> | (4.1) |

| (Dollars per MWh) | | | | |
|------------------------|----------|----------|-----------|-------|
| Total retail | \$ 74.81 | \$ 71.71 | \$ 3.10 | 4.3 |
| Tariff-based wholesale | \$ 46.26 | \$ 42.25 | \$ 4.01 | 9.5 |
| Market-based wholesale | \$ 29.39 | \$ 32.40 | \$ (3.01) | (9.3) |

| (Dollars In Thousands) | | | | |
|---|-------------------|-------------------|-------------------|--------|
| Fuel and Purchased Power | | | | |
| Fuel used for generation | \$ 103,614 | \$ 116,186 | \$ (12,572) | (10.8) |
| Purchased power | 19,694 | 19,029 | 665 | 3.5 |
| Subtotal | 123,308 | 135,215 | (11,907) | (8.8) |
| Emissions allowances, VIE and miscellaneous | 297 | (701) | 998 | 142.4 |
| Fuel expense recovery (RECA) | 963 | (2,272) | 3,235 | 142.4 |
| Total fuel and purchased power expense | <u>\$ 124,568</u> | <u>\$ 132,242</u> | <u>\$ (7,674)</u> | (5.8) |

| (Thousands of MWh) | | | | |
|--------------------------------|--------------|--------------|--------------|--------|
| Electricity Supply | | | | |
| Generated - Gas/oil | 240 | 301 | (61) | (20.3) |
| Coal | 4,800 | 5,509 | (709) | (12.9) |
| Nuclear | 966 | 632 | 334 | 52.8 |
| Wind | 117 | 105 | 12 | 11.4 |
| Subtotal electricity generated | 6,123 | 6,547 | (424) | (6.5) |
| Purchased | 616 | 491 | 125 | 25.5 |
| Total Electricity Supply | <u>6,739</u> | <u>7,038</u> | <u>(299)</u> | (4.2) |

| (Dollars per MWh) | | | | |
|--|----------|----------|-----------|--------|
| Average cost of fuel used for generation | \$ 16.92 | \$ 17.75 | \$ (0.83) | (4.7) |
| Average cost of purchased power | \$ 31.97 | \$ 38.76 | \$ (6.79) | (17.5) |
| Average cost of fuel and purchased power | \$ 18.30 | \$ 19.21 | \$ (0.91) | (4.7) |

Degree Days

| | 2010 | 2009 / 20 yr Avg | Change | % Change |
|------------------------------------|-------|---------------------|--------|----------|
| Cooling | | | | |
| Actual compared to last year | 27 | 3 | 24 | 800.0 |
| Actual compared to 20 year average | 27 | 34 | (7) | (20.6) |
| Heating | | | | |
| Actual compared to last year | 1,714 | 2,026 | (312) | (15.4) |
| Actual compared to 20 year average | 1,714 | 1,889 | (175) | (9.3) |

Westar Energy, Inc
Revenue, Sales and Energy Supply

| | Twelve Months Ended December 31, | | | |
|----------------------------|----------------------------------|--------------------|-------------------|----------|
| | 2010 | 2009 | Change | % Change |
| (Dollars In Thousands) | | | | |
| Revenues | | | | |
| Residential | \$ 661,177 | \$ 576,896 | \$ 84,281 | 14.6 |
| Commercial | 572,062 | 529,847 | 42,215 | 8.0 |
| Industrial | 318,249 | 291,754 | 26,495 | 9.1 |
| Other retail | 11,961 | 11,521 | 440 | 3.8 |
| Provision for rate refunds | (24,664) | (30,037) | 5,373 | 17.9 |
| Total Retail Revenues | 1,538,785 | 1,379,981 | 158,804 | 11.5 |
| Tariff-based wholesale | 246,195 | 232,003 | 14,192 | 6.1 |
| Market-based wholesale | 88,474 | 76,266 | 12,208 | 16.0 |
| Transmission | 144,513 | 132,450 | 12,063 | 9.1 |
| Other | 38,204 | 37,531 | 673 | 1.8 |
| Total Revenues | <u>\$2,056,171</u> | <u>\$1,858,231</u> | <u>\$ 197,940</u> | 10.7 |

| | (Thousands of MWh) | | | |
|--------------------------|--------------------|---------------|--------------|----------|
| | 2010 | 2009 | Change | % Change |
| Electricity Sales | | | | |
| Residential | 6,957 | 6,404 | 553 | 8.6 |
| Commercial | 7,519 | 7,235 | 284 | 3.9 |
| Industrial | 5,468 | 5,145 | 323 | 6.3 |
| Other retail | 89 | 88 | 1 | 1.1 |
| Total Retail | 20,033 | 18,872 | 1,161 | 6.2 |
| Tariff-based wholesale | 6,074 | 6,131 | (57) | (0.9) |
| Market-based wholesale | 2,638 | 2,657 | (19) | (0.7) |
| Total wholesale | 8,712 | 8,788 | (76) | (0.9) |
| Total Electricity Sales | <u>28,745</u> | <u>27,660</u> | <u>1,085</u> | 3.9 |

| | (Dollars per MWh) | | | |
|------------------------|-------------------|----------|---------|----------|
| | 2010 | 2009 | Change | % Change |
| Total retail | \$ 76.81 | \$ 73.12 | \$ 3.69 | 5.0 |
| Tariff-based wholesale | \$ 40.53 | \$ 37.84 | \$ 2.69 | 7.1 |
| Market-based wholesale | \$ 33.54 | \$ 28.70 | \$ 4.84 | 16.9 |

| | (Dollars In Thousands) | | | |
|---|------------------------|-------------------|------------------|----------|
| | 2010 | 2009 | Change | % Change |
| Fuel and Purchased Power | | | | |
| Fuel used for generation | \$ 513,710 | \$ 470,885 | \$ 42,825 | 9.1 |
| Purchased power | 79,492 | 60,874 | 18,618 | 30.6 |
| Subtotal | 593,202 | 531,759 | 61,443 | 11.6 |
| Emissions allowances, VIE and miscellaneous | 712 | (6,281) | 6,993 | 111.3 |
| Fuel expense recovery (RECA) | (10,553) | 9,386 | (19,939) | (212.4) |
| Total fuel and purchased power expense | <u>\$ 583,361</u> | <u>\$ 534,864</u> | <u>\$ 48,497</u> | 9.1 |

| | (Thousands of MWh) | | | |
|--------------------------------|--------------------|---------------|--------------|----------|
| | 2010 | 2009 | Change | % Change |
| Electricity Supply | | | | |
| Generated - Gas/oil | 1,922 | 1,878 | 44 | 2.3 |
| Coal | 21,440 | 21,210 | 230 | 1.1 |
| Nuclear | 4,491 | 4,121 | 370 | 9.0 |
| Wind | 453 | 288 | 165 | 57.3 |
| Subtotal electricity generated | 28,306 | 27,497 | 809 | 2.9 |
| Purchased | 2,194 | 1,709 | 485 | 28.4 |
| Total Electricity Supply | <u>30,500</u> | <u>29,206</u> | <u>1,294</u> | 4.4 |

| | (Dollars per MWh) | | | |
|--|-------------------|----------|---------|----------|
| | 2010 | 2009 | Change | % Change |
| Average cost of fuel used for generation | \$ 18.15 | \$ 17.12 | \$ 1.03 | 6.0 |
| Average cost of purchased power | \$ 36.23 | \$ 35.62 | \$ 0.61 | 1.7 |
| Average cost of fuel and purchased power | \$ 19.45 | \$ 18.21 | \$ 1.24 | 6.8 |

Degree Days

| | 2010 | 2009 / 20 yr Avg | Change | % Change |
|------------------------------------|----------------|---------------------|--------|----------|
| | Cooling | | | |
| Actual compared to last year | 1,974 | 1,344 | 630 | 46.9 |
| Actual compared to 20 year average | 1,974 | 1,579 | 395 | 25.0 |
| Heating | | | | |
| Actual compared to last year | 4,713 | 4,776 | (63) | (1.3) |
| Actual compared to 20 year average | 4,713 | 4,825 | (112) | (2.3) |

Westar Energy, Inc.

Capitalization

| | December 31, 2010 | (Dollars in Thousands) | | December 31, 2009 | |
|---|----------------------|------------------------|--|----------------------|---------------|
| Current maturities of long-term debt | \$ 61 | | | \$ 1,345 | |
| Current maturities of long-term debt of VIEs | 30,155 | | | — | |
| Long-term debt, net | 2,490,871 | | | 2,490,734 | |
| Long-term debt of variable interest entities, net | 278,162 | | | — | |
| Total debt | 2,799,249 | 53.7% | | 2,492,079 | 52.4% |
| Preferred | 21,436 | 0.4% | | 21,436 | 0.4% |
| Common equity | 2,382,867 | 45.8% | | 2,245,349 | 47.2% |
| Noncontrolling interests | 6,070 | 0.1% | | — | 0.0% |
| Total capitalization | \$5,209,622 | 100.0% | | \$4,758,864 | 100.0% |
| GAAP Book value per share | \$ 21.25 | | | \$ 20.59 | |
| Period end shares outstanding (in thousands) | 112,128 | | | 109,072 | |

Outstanding long-term debt table

| | CUSIP | December 31, 2010 | December 31, 2009 |
|--|-----------|----------------------|----------------------|
| (Dollars in Thousands) | | | |
| Westar Energy: | | | |
| First Mortgage Bond series: | | | |
| 6.00% Series due July 2014 | 95709TAA8 | \$ 250,000 | \$ 250,000 |
| 5.15% Series due January 2017 | 95709TAB6 | 125,000 | 125,000 |
| 5.95% Series due January 2035 | 95709TAC4 | 125,000 | 125,000 |
| 5.10% Series due July 2020 | 95709TAD2 | 250,000 | 250,000 |
| 5.875% Series due July 2036 | 95709TAE0 | 150,000 | 150,000 |
| 6.10% Series due May 2047 | 95709T704 | 150,000 | 150,000 |
| 8.625% Series due December 2018 | 95709TAG5 | 300,000 | 300,000 |
| | | <u>1,350,000</u> | <u>1,350,000</u> |
| Pollution control bond series: | | | |
| Variable series due April 2032 (Wamego) | 933623BN9 | 30,500 | 30,500 |
| Variable series due April 2032 (St Marys) | 792609AF6 | 45,000 | 45,000 |
| 5.0% Series due February 2033 (Wamego) | 933623BQ2 | 57,530 | 57,760 |
| | | <u>133,030</u> | <u>133,260</u> |
| Other long-term debt: | | | |
| 4.36% Equipment financing loan due 2011 | | 61 | 1,406 |
| | | <u>61</u> | <u>1,406</u> |
| Total Westar Energy | | 1,483,091 | 1,484,666 |
| KGE | | | |
| First mortgage bond series: | | | |
| 6.53% Series due December 2037 | 485260BJ1 | 175,000 | 175,000 |
| 6.15% Series due May 2023 | 485260B@1 | 50,000 | 50,000 |
| 6.64% Series due May 2038 | 485260B#9 | 100,000 | 100,000 |
| 6.70% Series due June 2019 | U24448AB5 | 300,000 | 300,000 |
| | | <u>625,000</u> | <u>625,000</u> |
| Pollution control bond series: | | | |
| 5.3% Series due June 2031 | 121825BW2 | 108,600 | 108,600 |
| 5.3% Series due June 2031 | 933623BR0 | 18,900 | 18,900 |
| 4.85% Series due June 2031 | 121825CB7 | 50,000 | 50,000 |
| 5.10% Series due March 2023 | 502828AH9 | 13,343 | 13,463 |
| Variable rate series due April 2027 (LaCygne) | 502828AJ5 | 21,940 | 21,940 |
| 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 |
| 5.6% Series due June 2031 | 121825CD3 | 50,000 | 50,000 |
| 6.0% Series due June 2031 | 121825CE1 | 50,000 | 50,000 |
| 5.0% Series due June 2031 | 121825CF8 | 50,000 | 50,000 |
| | | <u>387,283</u> | <u>387,403</u> |
| Total KGE | | 1,012,283 | 1,012,403 |
| Total long-term debt | | <u>2,495,374</u> | <u>2,497,069</u> |
| Unamortized debt discount | | (4,442) | (4,990) |
| Long-term debt due within one year | | (61) | (1,345) |
| Total long-term debt, net | | \$2,490,871 | \$2,490,734 |

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 fuel and purchased power costs, and accordingly changes to these costs have a minimal impact on net income. For this reason, Westar management believes that gross margin is a useful measure for understanding changes in operating performance from one period to the next. Gross margin is calculated as total revenues less the sum of fuel and purchased power costs and SPP network transmission costs. SPP network transmission costs are included as a component of gross margin because these costs reflect the costs of providing network transmission service, and a significant component of transmission revenue is recognized when providing this service.

Operating and maintenance expense includes SPP network transmission costs (SPP NITS). The SPP network transmission costs are included in gross margin for the reasons shown above, and are therefore excluded from operating and maintenance expense w/o SPP NITS used to reconcile earnings from the comparable prior year period to the earnings for the current period. Westar management believes this measurement is useful for understanding changes in operating performance from one period to the next. Operating and maintenance expense w/o SPP NITS is calculated by subtracting the SPP network transmission costs from operating and maintenance expense.

The calculations of gross margin and operating and maintenance expense w/o SPP NITS for the three and twelve months ended December 31, 2010 and 2009 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. Operating and maintenance expense is the GAAP financial measure most directly comparable to operating and maintenance expense w/o SPP NITS.

| | Three Months Ended December 31, | | | Twelve Months Ended December 31, | | |
|--|---------------------------------|------------------|--------------------|----------------------------------|--------------------|-------------------|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| | (Dollars In Thousands) | | | (Dollars In Thousands) | | |
| Revenues | | | | | | |
| Residential | \$130,957 | \$128,927 | \$ 2,030 | \$ 661,177 | \$ 576,896 | \$ 84,281 |
| Commercial | 128,170 | 119,817 | 8,353 | 572,062 | 529,847 | 42,215 |
| Industrial | 75,637 | 68,332 | 7,305 | 318,249 | 291,754 | 26,495 |
| Other retail | (2,240) | (196) | (2,044) | (12,703) | (18,516) | 5,813 |
| Total Retail Revenues | 332,524 | 316,880 | 15,644 | 1,538,785 | 1,379,981 | 158,804 |
| Wholesale | 78,804 | 86,490 | (7,686) | 334,669 | 308,269 | 26,400 |
| Transmission | 36,016 | 31,548 | 4,468 | 144,513 | 132,450 | 12,063 |
| Other | 9,379 | 5,200 | 4,179 | 38,204 | 37,531 | 673 |
| Total Revenues | 456,723 | 440,118 | 16,605 | 2,056,171 | 1,858,231 | 197,940 |
| Less: Fuel and purchased power expense | 124,568 | 132,242 | (7,674) | 583,361 | 534,864 | 48,497 |
| SPP network transmission costs | 29,703 | 26,089 | 3,614 | 116,449 | 105,401 | 11,048 |
| Gross Margin | <u>\$302,452</u> | <u>\$281,787</u> | <u>\$ 20,665</u> | <u>\$1,356,361</u> | <u>\$1,217,966</u> | <u>\$138,395</u> |
| Gross margin | \$302,452 | \$281,787 | \$ 20,665 | \$1,356,361 | \$1,217,966 | \$138,395 |
| Add: SPP network transmission costs | 29,703 | 26,089 | 3,614 | 116,449 | 105,401 | 11,048 |
| Less: Operating and maintenance expense | 150,825 | 124,658 | 26,167 | 520,409 | 516,930 | 3,479 |
| Depreciation and amortization expense | 69,982 | 64,990 | 4,992 | 271,937 | 251,534 | 20,403 |
| Selling, general and administrative expense | 63,108 | 56,421 | 6,687 | 207,607 | 199,961 | 7,646 |
| Income from operations | <u>\$ 48,240</u> | <u>\$ 61,807</u> | <u>\$ (13,567)</u> | <u>\$ 472,857</u> | <u>\$ 354,942</u> | <u>\$117,915</u> |
| Operating and maintenance expense | \$150,825 | \$124,658 | \$ 26,167 | \$ 520,409 | \$ 516,930 | \$ 3,479 |
| Less: SPP Network transmission costs | 29,703 | 26,089 | 3,614 | 116,449 | 105,401 | 11,048 |
| Operating and maintenance expense w/o SPP NITS | <u>\$121,122</u> | <u>\$ 98,569</u> | <u>\$ 22,553</u> | <u>\$ 403,960</u> | <u>\$ 411,529</u> | <u>\$ (7,569)</u> |

Westar Energy, Inc.
Capital Expenditure Forecast
2011 – 2013

| | Actual | Forecast | | | 2011 - 2013 |
|--------------------------------------|------------------|------------------|------------------|------------------|--------------------|
| | 2010 | 2011 | 2012 | 2013 | |
| Generation replacements and other | \$ 83,409 | \$130,400 | \$146,400 | \$150,600 | \$ 427,399 |
| Westar Environmental | 107,726 | 181,100 | 200,100 | 154,300 | 535,500 |
| La Cygne Environmental | 3,945 | 63,000 | 171,000 | 195,100 | 429,100 |
| Nuclear Fuel | 35,267 | 25,100 | 30,100 | 41,700 | 96,900 |
| Transmission (a) | 197,316 | 192,700 | 161,300 | 164,100 | 518,100 |
| Distribution | | | | | — |
| New customer, replacements and other | 78,658 | 95,900 | 102,200 | 106,400 | 304,500 |
| Smart grid (b) | 10,295 | 13,600 | | | 13,600 |
| Other | 23,460 | 19,800 | 15,000 | 11,000 | 45,800 |
| Total | <u>\$540,076</u> | <u>\$721,600</u> | <u>\$826,100</u> | <u>\$823,200</u> | <u>\$2,370,900</u> |

(a) In 2011, 2012 and 2013, Westar plans to incur additional expenditures related to the Prairie Wind Transmission joint venture

| | | | |
|----------|-----------|-----------|-----------|
| \$ 2,700 | \$ 22,500 | \$ 13,800 | \$ 39,000 |
|----------|-----------|-----------|-----------|

(b) net of DOE matching grant



Westar Energy, Inc.
2011 Earnings Guidance

Westar Energy 2011 earnings per share range

\$1.65 - \$1.80

Key assumptions for 2011:

- Weather adjusted total retail sales growth —1%
- Total wholesale sales decrease —10%, most of which is credited to retail revenue
- Transmission revenue increase of —\$17 million effective first quarter
- O&M expense increase —2%, excluding —\$10 million increase for SPP transmission expense
- SG&A expense flat to decrease 1%
- Depreciation and amortization expense increases —\$15 million
- Annual adjustment to Environmental Cost Recovery Rider of —\$10 million effective June 1
- Includes \$0.10 per share of actuarially-assumed COLI proceeds
- Equity AFUDC increase of —\$2 million
- Interest expense increase of —\$5 million reflecting both assumed rate and balance changes
- Effective tax rate of approximately 29-31%
- Funding 2011 construction program:
 - issuance of 12.7 million shares already priced in 2010 under forward sale agreements
 - borrowing from revolving credit facilities and/or issuance of debt

The effects of the key assumptions are not necessarily independent of one another, and the combination of effects can cause individual impacts smaller or larger than the ranges indicated.

Forward-looking statements: Certain matters discussed in this document are “forward-looking statements.” The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like “believe,” “anticipate,” “target,” “expect,” “pro forma,” “estimate,” “intend,” “guidance” or words of similar meaning. Forward-looking statements describe future plans, objectives, expectations or goals. Although Westar Energy believes that its expectations are based on reasonable assumptions, all forward-looking statements involve risk and uncertainty. The factors that could cause actual results to differ materially from these forward-looking statements include those discussed herein as well as (1) those discussed in the company’s Annual Report on Form 10-K for the year ended Dec. 31, 2010 (a) under the heading, “Forward-Looking Statements,” (b) in ITEM 1. Business, (c) in ITEM 1A. Risk Factors, (d) in ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (e) in ITEM 8. Financial Statements and Supplementary Data: Notes 13 and 15; and (2) other factors discussed in the company’s filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date such statement was made, and the company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made.