

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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
(State or Other Jurisdiction of
Incorporation or Organization)

48-0290150
(Employer
Identification No.)

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

66612
(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

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 August 14, 1996
Common Stock, \$5.00 par value	64,187,150

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

	June 30, 1996	December 31, 1995
ASSETS		
UTILITY PLANT:		
Electric plant in service	\$5,410,452	\$5,341,074
Natural gas plant in service.	809,613	787,453
	6,220,065	6,128,527
Less - Accumulated depreciation	1,992,633	1,926,520
	4,227,432	4,202,007
Construction work in progress	71,458	100,401
Nuclear fuel (net).	49,415	53,942
Net utility plant.	4,348,305	4,356,350
OTHER PROPERTY AND INVESTMENTS:		
Net non-utility investments	557,476	90,044
Decommissioning trust	28,551	25,070
Other	15,127	9,225
	601,154	124,339
CURRENT ASSETS:		
Cash and cash equivalents	1,504	2,414
Accounts receivable and unbilled revenues (net)	232,000	257,292
Fossil fuel, at average cost.	46,369	54,742
Gas stored underground, at average cost	27,806	28,106
Materials and supplies, at average cost	55,845	57,996
Prepayments and other current assets.	53,104	20,973
	416,628	421,523
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes.	282,476	282,476
Deferred coal contract settlement costs	24,159	27,274
Phase-in revenues	35,089	43,861
Corporate-owned life insurance (net).	86,482	44,143
Other deferred plant costs.	31,406	31,539
Unamortized debt expense.	54,446	56,681
Other	107,131	102,491
	621,189	588,465
TOTAL ASSETS	\$5,987,276	\$5,490,677
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statement):		
Common stock equity	\$1,582,257	\$1,553,110
Cumulative preferred and preference stock	74,858	174,858
Western Resources obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debentures.	100,000	100,000
Long-term debt (net).	1,341,279	1,391,263
	3,098,394	3,219,231
CURRENT LIABILITIES:		
Short-term debt	739,755	203,450
Long-term debt due within one year.	-	16,000
Preference stock redeemable within one year	100,000	-
Accounts payable.	132,010	149,194
Accrued taxes	57,571	68,569
Accrued interest and dividends.	65,778	62,157
Other	36,753	40,266
	1,131,867	539,636
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	1,161,056	1,167,470
Deferred investment tax credits	128,881	132,286
Deferred gain from sale-leaseback	237,880	242,700
Other	229,198	189,354

	1,757,015	1,731,810
COMMITMENTS AND CONTINGENCIES (Notes 3 and 5)		
TOTAL CAPITALIZATION AND LIABILITIES	\$5,987,276	\$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 June 30,	
	1996	1995
OPERATING REVENUES:		
Electric	\$ 294,231	\$ 262,510
Natural gas	141,890	109,785
Total operating revenues	436,121	372,295
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	60,598	47,160
Nuclear fuel	5,618	5,076
Power purchased	6,852	2,095
Natural gas purchases	49,561	40,598
Other operations	136,487	122,424
Maintenance	30,152	27,622
Depreciation and amortization	43,102	38,914
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income	11,014	7,112
State income	3,952	2,426
General	25,379	24,591
Total operating expenses	377,101	322,404
OPERATING INCOME	59,020	49,891
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(1,565)	(1,821)
Miscellaneous (net)	5,332	2,324
Income taxes (net)	2,296	1,124
Total other income and deductions	6,063	1,627
INCOME BEFORE INTEREST CHARGES	65,083	51,518
INTEREST CHARGES:		
Long-term debt	26,605	24,003
Other	10,415	6,714
Allowance for borrowed funds used during construction (credit)	(683)	(915)
Total interest charges	36,337	29,802
NET INCOME	28,746	21,716
PREFERRED AND PREFERENCE DIVIDENDS	3,354	3,354
EARNINGS APPLICABLE TO COMMON STOCK	\$ 25,392	\$ 18,362
AVERAGE COMMON SHARES OUTSTANDING	63,465,666	61,885,556
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	\$.40	\$.30
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)

Six Months Ended
June 30,
1996 1995

OPERATING REVENUES:		
Electric	\$ 563,216	\$ 515,768
Natural gas	428,527	299,902
Total operating revenues	991,743	815,670
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	121,588	94,091
Nuclear fuel	7,375	9,764
Power purchased	14,897	5,644
Natural gas purchases	200,084	142,336
Other operations	279,246	223,175
Maintenance	54,991	54,464
Depreciation and amortization	85,415	77,285
Amortization of phase-in revenues	8,772	8,772
Taxes:		
Federal income	26,808	24,606
State income	7,763	7,083
General	50,511	49,118
Total operating expenses	857,450	696,338
OPERATING INCOME	134,293	119,332
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(3,749)	(3,537)
Miscellaneous (net)	11,069	5,062
Income taxes (net)	985	2,306
Total other income and deductions	8,305	3,831
INCOME BEFORE INTEREST CHARGES	142,598	123,163
INTEREST CHARGES:		
Long-term debt	53,104	47,849
Other	17,575	13,801
Allowance for borrowed funds used during construction (credit)	(1,616)	(1,778)
Total interest charges	69,063	59,872
NET INCOME	73,535	63,291
PREFERRED AND PREFERENCE DIVIDENDS	6,709	6,709
EARNINGS APPLICABLE TO COMMON STOCK	\$ 66,826	\$ 56,582
AVERAGE COMMON SHARES OUTSTANDING	63,314,691	61,816,659
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	\$ 1.06	\$ 0.92
DIVIDENDS DECLARED PER COMMON SHARE	\$ 1.03	\$ 1.01

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 June 30,	
	1996	1995
OPERATING REVENUES:		
Electric	\$1,193,343	\$1,107,547
Natural gas	726,005	532,641
Total operating revenues	1,919,348	1,640,188
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	239,491	208,664
Nuclear fuel	17,036	15,231
Power purchased	24,992	14,186
Natural gas purchases	321,538	221,781
Other operations	538,523	453,075
Maintenance	109,168	111,761
Depreciation and amortization	164,941	151,385
Amortization of phase-in revenues	17,545	17,544
Taxes:		

Federal income.	74,516	66,346
State income.	19,562	17,617
General	98,232	96,207
Total operating expenses.	1,625,544	1,373,797
OPERATING INCOME.	293,804	266,391
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(2,880)	(6,898)
Miscellaneous (net)	25,685	7,151
Income taxes (net).	6,484	5,626
Total other income and deductions	29,289	5,879
INCOME BEFORE INTEREST CHARGES.	323,093	272,270
INTEREST CHARGES:		
Long-term debt.	101,218	95,510
Other	34,020	25,269
Allowance for borrowed funds used during construction (credit)	(4,065)	(2,867)
Total interest charges.	131,173	117,912
NET INCOME.	191,920	154,358
PREFERRED AND PREFERENCE DIVIDENDS.	13,419	13,418
EARNINGS APPLICABLE TO COMMON STOCK	\$ 178,501	\$ 140,940
AVERAGE COMMON SHARES OUTSTANDING	62,903,857	61,716,449
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	\$ 2.84	\$ 2.28
DIVIDENDS DECLARED PER COMMON SHARE	\$ 2.04	\$ 2.00

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)

	Six Months Ended June 30,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	\$ 73,535	\$ 63,291
Depreciation and amortization	77,774	77,337
Other amortization (including nuclear fuel)	5,668	7,388
Gain on sales of utility plant (net of tax)	-	(951)
Deferred taxes and investment tax credits (net)	(6,052)	(7,264)
Amortization of phase-in revenues	8,772	8,772
Corporate-owned life insurance.	(12,565)	(23,806)
Amortization of gain from sale-leaseback.	(4,820)	(4,821)
Amortization of acquisition adjustment.	12,781	-
Noncash earnings in equity of investees	(11,788)	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	25,292	40,917
Fossil fuel	8,373	(11,489)
Gas stored underground.	300	12,866
Accounts payable	(17,184)	(12,845)
Accrued taxes	(10,998)	(11,015)
Other	(2,333)	(3,750)
Changes in other assets and liabilities	(21,256)	13,942
Net cash flows from operating activities.	125,499	148,572
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	86,906	107,191
Sales of utility plant.	-	(1,723)
Non-utility investments (net)	448,281	9,455
Corporate-owned life insurance policies	50,828	54,041
Death proceeds of corporate-owned life insurance policies	-	(287)
Net cash flows used in investing activities	586,015	168,677
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	536,305	(25,400)
Bonds retired	(16,135)	(105)

Revolving credit agreements (net)	(50,000)	57,500
Other long-term debt issued	20	-
Borrowings against life insurance policies	44,321	47,811
Repayment of borrowings against life insurance policies	-	(115)
Common stock issued (net)	16,103	8,576
Dividends on preferred, preference and common stock	(71,008)	(68,399)
Net cash flows from financing activities	459,606	19,868
INCREASE IN CASH AND CASH EQUIVALENTS	(910)	(237)

CASH AND CASH EQUIVALENTS:

Beginning of the period	2,414	2,715
End of the period	\$ 1,504	\$ 2,478

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

CASH PAID FOR:

Interest on financing activities (net of amount capitalized)	\$ 94,557	\$ 84,852
Income taxes	49,104	48,810

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
June 30,
1996 1995

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 191,920	\$ 154,358
Depreciation and amortization	150,623	151,490
Other amortization (including nuclear fuel)	13,473	12,426
Gain on sales of utility plant (net of tax)	-	(951)
Deferred taxes and investment tax credits (net)	16,184	32,457
Amortization of phase-in revenues	17,545	17,544
Corporate-owned life insurance	(17,307)	(48,885)
Amortization of gain from sale-leaseback	(9,639)	(9,641)
Amortization of acquisition adjustment	19,510	-
Noncash earnings in equity of investees	(11,788)	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(53,157)	4,074
Fossil fuel	3,882	(10,026)
Gas stored underground	4,550	(3,391)
Accounts payable	14,239	(5,618)
Accrued taxes	(19,007)	(37,075)
Other	9,596	18,018
Changes in other assets and liabilities	(46,753)	(11,066)
Net cash flows from operating activities	283,871	263,714

CASH FLOWS USED IN INVESTING ACTIVITIES:

Additions to utility plant	216,542	237,091
Sales of utility plant	-	(1,723)
Non-utility investments (net)	454,234	15,334
Corporate-owned life insurance policies	51,962	56,451
Death proceeds of corporate-owned life insurance policies	(10,900)	(287)
Net cash flows used in (from) investing activities	711,838	306,866

CASH FLOWS FROM FINANCING ACTIVITIES:

Short-term debt (net)	456,955	65,000
Bonds retired	(16,135)	(105)
Revolving credit agreement (net)	(57,500)	57,500
Other long-term debt issued	20	-
Other mandatorily redeemable securities	100,000	-
Borrowings against life insurance policies (net)	45,789	49,218
Repayment of borrowings against life insurance policies	(5,269)	(138)
Common stock issued (net)	43,688	8,576
Dividends on preferred, preference and common stock	(140,555)	(136,110)
Net cash flows from (used in) financing activities	426,993	43,941

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (974) 789

CASH AND CASH EQUIVALENTS:

Beginning of the period	2,478	1,689
End of the period	\$ 1,504	\$ 2,478

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

CASH PAID FOR:

Interest on financing activities (net of amount capitalized)	\$ 146,253	\$ 140,731
Income taxes	85,105	76,585

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

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

	June 30, 1996		December 31, 1995	
COMMON STOCK EQUITY (see statement):				
Common stock, par value \$5 per share, authorized 85,000,000 shares, outstanding 63,847,133 and 62,855,961 shares, respectively	\$ 319,235		\$ 314,280	
Paid-in capital	721,838		697,962	
Retained earnings	541,184		540,868	
	1,582,257	52%	1,553,110	48%
CUMULATIVE PREFERRED AND PREFERENCE STOCK:				
Preferred 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	
Preference stock 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	
Less:				
Preference stock redeemable within one year	100,000		-	
	50,000		150,000	
	74,858	2%	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	825,000		841,000	
Pollution control bonds	521,682		521,817	
Revolving credit agreement	-		50,000	
Other long-term debt	20		-	
Less:				
Unamortized premium and discount (net)	5,423		5,554	
Long-term debt due within one year	-		16,000	
	1,341,279	43%	1,391,263	43%
	\$3,098,394	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.			63,291
Cash dividends:			
Preferred and preference stock.			(6,709)
Common stock, \$1.01 per share			(62,450)
Issuance of 283,324 shares of common stock.	1,417	7,159	
BALANCE JUNE 30, 1995, 61,901,197 shares.	309,506	675,151	492,506
Net income.			118,385
Cash dividends:			
Preferred and preference stock.			(6,709)
Common stock, \$1.01 per share			(63,313)
Expenses on common stock.		(772)	
Issuance of 954,764 shares of common stock.	4,774	23,583	
BALANCE DECEMBER 31, 1995, 62,855,961 shares.	314,280	697,962	540,868
Net income.			73,535
Cash dividends:			
Preferred and preference stock.			(6,709)
Common stock, \$1.03 per share			(65,263)
Issuance of 991,172 shares of common stock.	4,955	23,876	(1,247)
BALANCE JUNE 30, 1996, 63,847,133 shares.	\$319,235	\$721,838	\$541,184

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 and the Wing Group, non-utility subsidiaries, and Mid Continent Market Center, Inc., a regulated gas transmission service provider. 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.

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:

	June 30, 1996	December 31, 1995
	(Dollars in Millions)	
Cash surrender value of contracts. . .	\$566.5	\$479.9
Borrowings against contracts	(480.0)	(435.8)
COLI (net).	\$ 86.5	\$ 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 \$5.4 million, \$10.2 million, and \$24.7 million for the three, six, and twelve months ended June 30, 1996, respectively, compared to \$4.2 million, \$8.1 million, and \$16.0 million for the three, six, and twelve months ended June 30, 1995, respectively. The interest expense deduction taken was \$7.0 million, \$13.9 million, and \$27.6 million for the three, six, and twelve months ended June 30, 1996, respectively, compared to \$6.0 million, \$11.7 million, and \$22.9 million for the three, six, and twelve months ended June 30, 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 \$1.8 million, \$3.9 million, and \$7.9 million for the three, six, and twelve months ended June 30, 1996, respectively, compared to \$1.5 million, \$2.9 million, and \$5.5 million for the three, six, and twelve months ended June 30, 1995, respectively.

On August 2, 1996, Congress passed the Health Insurance Portability and Accountability Act of 1996 which President Clinton has indicated that he intends to sign. This act may substantially reduce or eliminate tax benefits associated with the 1993 and 1992 COLI contracts. If this legislation is enacted or should the income stream generated by the 1993 and 1992 COLI contracts not be sufficient to offset postretirement and postemployment benefit costs on an accrual basis, the KCC order allows the Company to seek recovery of a deficiency through the ratemaking process. Regulatory precedents established by the KCC generally permit the accrual costs of postretirement and postemployment benefits to be recovered in rates. The act is expected to have minimal impact on the Company's COLI contracts entered into prior to 1992. See Note 5 to the Consolidated Financial Statements of the Company's 1995 Form 10-K for additional disclosure.

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. 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, the Company 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. On July 3, the registration statement became effective and on July 8, exchange offer materials were mailed to KCPL shareholders.

The number of shares of Company common stock to be delivered per KCPL share pursuant to the initial Offer would have been 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 have been 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.

On June 17, 1996, the Company raised its Offer to \$31 from \$28 with an exchange ratio of 0.933 to 1.1 shares of Company common stock for each KCPL common share. The increased Offer, which remains a stock-for-stock transaction, is valued at \$1.9 billion. On June 24, 1996 KCPL's Board of Directors also rejected this offer.

KCPL shareholders were scheduled to vote on the UCU/KCPL merger at their annual shareholders' meeting on May 22, 1996. On May 20, 1996, KCPL announced that it had reached a restructured merger agreement with UCU and canceled the May 22, 1996 vote. The vote on the new transaction was scheduled for an August 7, 1996, special shareholder meeting. On May 20 1996, KCPL also filed suit against the Company and a KCPL shareholder in the Federal District Court for the Western District of Missouri (the Court) for a declaratory order, among other things, determining that the restructured transaction was legal pursuant to Missouri law, that its adoption was not a breach of fiduciary duty, and that a simple majority of shares voted would be required to approve the transaction rather than the vote of two-thirds of all outstanding shares required for approval of the original proposal.

On August 2, 1996, the Court denied KCPL's request with respect to the requisite vote, holding a two-thirds vote of outstanding shares would be required to approve the restructured transaction. As a result, KCPL postponed the special shareholder meeting until August 16, 1996.

According to KCPL's quarterly report on Form 10-Q for the quarter ended June 30, 1996, there were issued and outstanding 61,902,083 shares of KCPL common stock.

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. The Company will also need approval from the FERC and the Nuclear Regulatory Commission (NRC). 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.

As of June 30, 1996, the Company estimates it has incurred approximately \$12 million of transaction costs associated with the Merger. The Company anticipates expensing all of these costs upon the closing of the Merger.

The merger proposal contains certain analyses and statements with respect to the financial condition, results of operations and business of the Company following the consummation of the Offer and the Merger, including statements relating to the cost savings that will be realized from the Merger. Such analyses and statements include forward looking statements with respect to, among other things: (1) expected cost savings from the Merger; (2) normal

weather conditions; (3) future national and regional economic and competitive conditions; (4) inflation rates; (5) regulatory treatment; (6) future financial market conditions; (7) interest rates; (8) future business decisions; and (9) other uncertainties, which though considered reasonable by the Company, are beyond the Company's control and difficult to predict.

3. LEGAL PROCEEDINGS

On May 30, 1996, the Company and Southern Union Company settled the litigation which had been pending between them since June 1, 1994, as reported in the Company's Annual Report on Form 10-K. The case was dismissed with prejudice by the District Court.

The resolution of this litigation will not have a material adverse effect on the Company's financial condition and is within amounts previously reserved by 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 and KGE 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 and KGE filed with the KCC a request to more rapidly recover KGE's investment in its assets of Wolf Creek over the next seven years by increasing depreciation by \$50 million each year and a request to reduce annual 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. The Company sought to reduce electric rates for KGE customers by approximately \$8.7 million annually in each of the seven years of accelerated Wolf Creek depreciation.

On April 15, 1996, the KCC issued an order allowing a revenue increase of \$33.8 million in the Company's natural gas distribution business. On May 3, 1996, the Company filed a Petition for Reconsideration and on July 11, 1996, the KCC issued its Order On Reconsideration allowing the revenue to be increased to \$34.4 million.

On May 23, 1996, the Company implemented an \$8.7 million reduction to KGE customers on an interim basis. On July 25, 1996, the KCC Staff, the Company, and KGE entered into an agreement whereby KGE rates would be reduced an additional \$37.3 million and the current interim \$8.7 million rate reduction would become permanent upon final order in the proceeding. Other provisions of the agreement include an \$8.7 million annual KPL electric rate reduction upon final order, a \$10 million KGE annual rate reduction at January 1, 1998, and a five year incentive rate mechanism requiring all regulated earnings in excess of a 12% regulatory return on equity to be shared 50/50 between customers and shareholders. The agreement specifies that the plan and electric rates will remain in place five years subject to changes necessary to reflect the effect of laws and/or edicts, or other material changes in circumstances which have a substantial net impact upon the Company's utility operations or revenues. On August 9, 1996, the Company, KGE, and the KCC Staff were joined by the Citizens Utility Ratepayers Board and the City of Wichita, Kansas in filing a motion to the KCC to approve the agreement.

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. On July 29, 1996, the Company filed its First Amended Application with the KCC in its proceeding for approval to merge with KCPL. The amended application reflected the increase in the Company's offer for KCPL from \$28 to \$31 per share and proposed an incentive rate mechanism requiring all regulated earnings in excess of the merged Company's 12.61% return on equity to be split among customers, shareholders, and additional depreciation on Wolf Creek.

MPSC Proceedings: On May 3, 1996, the Company filed an application with

the MPSC requesting an order approving its proposal to merge with KCPL. The application includes the same regulatory plan as proposed before the KCC and includes an annual rate reduction of \$21 million for KCPL retail electric customers.

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.

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 \$28.6 million and \$25.1 million at June 30, 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 1997. 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 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, coal, and natural gas. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1995, WCNO'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 31.6%, 32.5%, and 31.9% for the three, six, and twelve month periods ended June 30, 1996 compared to 29.2%, 32.3%, and 34.3% for the three, six, and twelve month periods ended June 30, 1995. 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). In July of 1996, in order to obtain what the Company considered to be favorable market prices for ADT shares, the Company purchased an additional 1.3 million shares of ADT for approximately \$25 million (average price of \$18.91 per share). The shares purchased represent approximately 24% of ADT's common equity. Goodwill of \$282 million is associated with this investment and is being amortized over 40 years. The Company accounts for this investment using the equity method and includes the investment in net non-utility investments on the accompanying Consolidated Balance Sheets.

On July 1, 1996, ADT and Republic Industries, Inc. (Republic) announced plans to combine, in which ADT would become a wholly-owned subsidiary of Republic. Republic would exchange all 133.3 million shares of ADT stock for its stock at the .92857 exchange ratio and anticipates issuing an additional 130 million shares of Republic stock at the close of the agreement. Under the terms of the agreement, the Company would receive 29.8 million shares of Republic common stock in exchange for its ADT stock.

The Company is considering its options with respect to ADT's proposed amalgamation with Republic and has not yet made a final determination on this matter. The Company may determine to oppose the Republic transaction and may choose to exercise its appraisal rights under Bermuda law, although no final decision by the Company has yet been taken. Should ADT consummate the transaction with Republic, and the Company received Republic shares, in connection therewith, the Company may decide to sell some or all of such Republic shares.

WESTERN RESOURCES, INC.

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 certain changes in the results of operations between the three, six, and twelve month periods ended June 30, 1996 and comparable periods of 1995.

FINANCIAL CONDITION

General: Net income for the second quarter of 1996 was \$28.7 million, up from net income of \$21.7 million for the same period of 1995. The Company earned \$0.40 per share of common stock for the second quarter of 1996, an increase of \$0.10 per share from the second quarter of 1995. Operating

revenues were \$436 million and \$372 million for the three months ended June 30, 1996 and 1995, respectively.

Net income for the six and twelve months ended June 30, 1996, was \$73.5 million and \$191.9 million, respectively, compared to \$63.3 million and \$154.4 million for the same periods of 1995. The Company earned \$1.06 and \$2.84 per share of common stock, respectively, for the six and twelve months ended June 30, 1996 compared to \$0.92 and \$2.28 for the comparable periods of 1995. Operating revenues were \$1.0 billion and \$1.9 billion for the six and twelve months ended June 30, 1996, respectively. These revenues compare to \$0.8 billion and \$1.6 billion for the same periods of 1995.

The increases in net income, earnings per share, and operating revenues are primarily due to the reasons discussed below in Results of Operations.

A quarterly dividend of \$0.515 per share was declared in the second quarter of 1996, for an indicated annual rate of \$2.06 per share. The book value per share was \$24.78 at June 30, 1996, up from \$24.71 at December 31, 1995. There were 63,465,666 and 61,885,556 average shares outstanding for the second 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 June 30, 1996, short-term borrowings amounted to \$740 million, of which \$303 million was commercial paper. Short-term debt increased from December 31, 1995 primarily as a result of the Company's purchase of an approximate 24% common equity interest in ADT. (See Note 7 for further discussion of the Company's investment in ADT.)

At June 30, 1996, the Company had bank credit arrangements available of \$322 million. On August 1, 1996, the available bank arrangements increased to \$423 million, of which \$200 million was outstanding.

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.

On July 1, 1996, four million shares of the Company's \$25 par value 8.50% Preference Stock due 2016 were redeemed.

On July 31, 1996, Western Resources Capital II, a wholly owned trust, of which the sole asset is subordinated debentures of the Company, sold in a public offering 4.8 million preferred securities of 8-1/2% Cumulative Quarterly Income Preferred Securities, Series B, for \$120 million. The trust interests represented by the preferred securities are redeemable at the option of Western Resources Capital II, on or after July 31, 2001, at \$25 per preferred security plus accrued interest and unpaid dividends. Holders of the securities are entitled to receive distributions at an annual rate of 8-1/2% of the liquidation preference value of \$25. Distributions are payable quarterly, and in substance are tax deductible by the Company. The sole asset of the trust is \$124 million principal amount of 8-1/2% Deferrable Interest Subordinated Debentures, Series B due July 31, 2036.

The securities will be shown as Western Resources Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust holding solely Subordinated Debentures (Other Mandatorily Redeemable Securities) on the Consolidated Balance Sheets and Consolidated Statements of Capitalization. See Note 7 of the Company's 1995 Annual Report on Form 10-K for additional information.

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, six, and twelve months ended June 30, 1996 from the comparable periods of 1995.

Increase in electric sales volumes:

	3 Months ended	6 Months ended	12 Months ended
Residential	20.0%	14.0%	12.7%
Commercial	8.9%	8.1%	5.7%

Industrial	3.4%	3.3%	4.0%
Total retail sales	9.9%	8.0%	7.2%
Wholesale and interchange	56.0%	38.4%	28.8%
Total electric sales	19.2%	14.1%	11.3%

Electric revenues increased over twelve percent for the three months ended June 30, 1996 compared to 1995. The increase is largely due to increased residential and wholesale and interchange (sales to other utilities) sales as warm spring temperatures increased the demand for air conditioning load, compared to last year. The Company's service territory experienced a 102% increase in the number of cooling degree days during the second quarter of 1996, as compared to

the second quarter of 1995 and a 29% higher than normal number of cooling degree days.

Electric revenues were higher nine percent and eight percent, respectively for the six and twelve months ended June 30, 1996 compared to the same periods of 1995. The increase was due to higher sales in all retail customer classes and wholesale and interchange as a result of warmer spring and colder winter temperatures experienced during the first six months of 1996 compared to 1995.

The following table reflects changes in natural gas sales for the three, six, and twelve months ended June 30, 1996 from the comparable periods of 1995.

Increase (Decrease) in natural gas sales volumes:

	3 Months ended	6 Months ended	12 Months ended
Residential	(7.8)%	13.3%	11.7%
Commercial	(5.0)%	11.1%	8.2%
Industrial	(27.9)%	(10.2)%	(8.6)%
Transportation	(10.7)%	(3.2)%	(3.9)%
Total Deliveries	(8.1)%	4.4%	9.8%

Natural gas revenues increased 14% for the three months end June 30, 1996 compared to June 30, 1995 as a result of as available gas sales (See the Company's 1995 Annual Report on Form 10-K for additional explanation of as available gas sales). Natural gas revenues increased 28% and 29% for the six and twelve months ended June 30, 1996, respectively compared to the same periods of 1995 as a result of colder winter temperatures.

Operating Expenses: Total operating expenses increased 17%, 23%, and 18% for the three, six, and twelve months ended June 30, 1996 compared to the same periods of 1995. These increases are primarily attributable 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 increases in fuel and purchased power expenses was the increase in net generation due to the increase in customer demand for air conditioning load during the second quarter of 1996.

The amortization of the acquisition adjustment associated with the Company's 1992 acquisition of KGE, which began in August 1995, amounted to \$5.0 million, \$10.0 million, and \$16.7 million for the three, six, twelve months ended June 30, 1996, respectively.

Partially offsetting the increase for the twelve months ended June 30, 1996 was cost savings from the July 1, 1995 early retirement programs which recorded an expense of \$7.6 million in the second quarter of 1995.

Other Income and Deductions: Other income and deductions, net of taxes, increased \$4.4 million and \$4.5 million for the three and six months ended June 30, 1996 compared to same periods of 1995. These increases are primarily attributable to earnings from subsidiary investments.

Other income and deductions, net of taxes, increased \$23.4 million for the twelve months ended June 30, 1996 compared to 1995 as a result of earnings from subsidiary investments and the receipt of death benefit proceeds under COLI contracts during the fourth quarter of 1995. See Note 1 for additional disclosure relating to COLI.

Interest Charges and Preferred and Preference Dividend Requirements: Total interest charges increased 22 percent, 15 percent, and 11 percent for the three, six, and twelve months ended June 30, 1996 from the comparable periods in 1995, respectively. The increases for the three and six months ended interest charges reflects interest paid on higher short-term debt balances and 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. See discussion above in Liquidity and Capital Resources regarding higher short-term debt balances.

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	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	Against	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	Against	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.

Rate Plans: See Note 4 of the Consolidated Financial Statements.

Investments: See Note 7 of the Consolidated Financial Statements.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- Exhibit 3(a) - Amendment to the Restated Articles of Incorporation, as amended May 7, 1996 (filed electronically)
- Exhibit 10(a) - Long-term Incentive and Share Award Plan (filed electronically)
- Exhibit 10(b) - Form of Employment Agreement with officers of the Company (filed electronically)
- Exhibit 12 - Computation of Ratio of Consolidated Earnings to Fixed Charges for 12 Months Ended June 30, 1996 (filed electronically)
- Exhibit 27 - Financial Data Schedule (filed electronically)
- Exhibit 99 - Kansas Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996 (filed electronically)

(b) Reports on Form 8-K:

Form 8-K dated April 14, 1996 - Press release regarding the Company's offer to merge with KCPL.
Form 8-K dated April 22, 1996 - Press release regarding the Company's offer to merge with KCPL.
Forms 8-K dated April 25, 1996 - Press release regarding the Company's offer to merge with KCPL.
Forms 8-K dated April 26, 1996 - Press release regarding the Company's offer to merge with KCPL.
Form 8-K dated April 29, 1996 - Press release regarding the Company's offer to merge with KCPL.
Form 8-K dated May 3, 1996 - Press release regarding the Company's offer to merge with KCPL.
Forms 8-K dated May 6, 1996 - Press release regarding the Company's offer to merge with KCPL.
Form 8-K dated May 6, 1996 - Press release regarding the Company's offer to merge with KCPL.
Form 8-K dated May 10, 1996 - Press release regarding the Company's offer to merge with KCPL.
Form 8-K dated May 24, 1996 - Press release about the Company filing testimony to the electric rate case at the KCC.
Form 8-K dated June 17, 1996 - Press release regarding the Company's offer to merge with KCPL.
Form 8-K dated July 23, 1996 - 6/30/96 earnings release.
Form 8-K dated July 26, 1996 - Press release about KCC Staff and the Company reaching agreement in rate case.

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 August 14, 1996 By /s/ S. L. KITCHEN
S. L. Kitchen, Executive Vice President
and Chief Financial Officer

Date August 14, 1996 By /s/ JERRY D. COURINGTON
Jerry D. Courington,
Controller

CERTIFICATE OF AMENDMENT TO RESTATED ARTICLES
OF INCORPORATION, AS AMENDED, OF
WESTERN RESOURCES, INC.

We, John E. Hayes, Jr., Chairman of the Board and Chief Executive Officer and Richard D. Terrill, Secretary of Western Resources, Inc., a corporation organized and existing under the laws of the State of Kansas, do hereby certify that at a meeting of the Board of Directors of said corporation, the board adopted resolutions setting forth the following amendment to the Restated Articles of Incorporation and declaring its advisability:

Article VI, Section A. to be amended by the deletion of paragraph 6(c) subsection (iii) and renumber the remaining subsections of Article VI.A.6(c).

We further certify that thereafter, pursuant to said resolution, and in accordance with the by-laws of the corporation and the laws of the State of Kansas, pursuant to notice and in accordance with the statutes of the State of Kansas, the shareholders at a meeting duly convened considered the proposed amendment.

We further certify that at the meeting two-thirds of the shares of preferred stock entitled to vote and a majority of common and preferred shares together entitled to vote, voted in favor of the proposed amendment.

We further certify that the amendment was duly adopted in accordance with the provision of K.S.A. 17-6602, as amended.

We further certify that the capital of said corporation will not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, we have hereunto set our hands and affixed the seal of said corporation the 14th day of May, 1996.

John E. Hayes, Jr.

Chairman of the Board and
Chief Executive Officer

Richard D. Terrill

Secretary

State of Kansas)
) ss.
County of Shawnee)

Be it remembered that before me, a Notary Public in and for the aforesaid county and state, personally appeared John E. Hayes, Jr., Chairman of the Board and Chief Executive Officer, and Richard D. Terrill, Secretary of the corporation named in this document, who are known to me to be the same persons who executed the foregoing certificate and duly acknowledge that execution of the same this 14th day of May, 1996.

Notary Public

WESTERN RESOURCES, INC.

LONG TERM INCENTIVE AND SHARE AWARD PLAN
(Effective January 1, 1996)

1. Purposes. The purposes of the 1996 Long Term Incentive and Share Award Plan are to advance the interests of Western Resources, Inc. and its shareholders by providing a means to attract, retain, and motivate employees and directors of the Company and certain of its Subsidiaries and affiliates upon whose judgment, initiative and efforts the continued success, growth and development of the Company is dependent.

2. Definitions. For purposes of the Plan, the following terms shall be defined as set forth below unless a different meaning is plainly required by the context:

(a) "Affiliate" means any entity other than the Company and its Subsidiaries that is designated by the Board or the Committee as a participating employer under the Plan, provided that the Company directly or indirectly owns at least 50% of the combined voting power of all classes of stock of such entity or at least 50% of the ownership interests in such entity.

(b) "Award" means any Option, SAR, Restricted Share, Restricted Share Unit, Performance Share, Performance Unit, Dividend Equivalent, or Other Share-Based Award granted to an Eligible Employee under the Plan.

(c) "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award.

(d) "Beneficiary" means the person, persons, trust or trusts which have been designated by such Participant in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under this Plan upon the death of the Participant, or, if there is no designated Beneficiary or surviving designated Beneficiary, then the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(e) "Board" means the Board of Directors of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to any provision of the Code shall be deemed to include successor provisions thereto and regulations thereunder.

(g) "Committee" means the Human Resources Committee of the Board, or such other Board committee as may be designated by the Board to administer the Plan; provided, however, that the Committee shall consist of two or more directors of the Company, each of whom is a "disinterested person" within the meaning of Rule 16b-3 under the Exchange Act and an "outside director" within the meaning of Section 162(m)(4)(c) of the Code.

(h) "Company" means Western Resources, Inc., a corporation organized under the laws of the state of Kansas, or any successor corporation.

(i) "Director" means a non-employee member of the Board.

(j) "Director's Share" means a share granted to a Director

under

Section 7.

(k) "Dividend Equivalent" means a right, granted under Section 5(g), to receive cash, Shares, or other property equal in value to dividends paid with respect to a specified number of Shares. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award, and may be paid currently or on a deferred basis.

(l) "Eligible Employee" means an employee of the Company or its Subsidiaries and Affiliates, including any director who is an employee, who is responsible for or contributes to the management, growth and/or profitability of the business of the Company, its Subsidiaries or Affiliates.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time. References to any provision of the Exchange Act shall be deemed to include successor provisions thereto and regulations thereunder.

(n) "Fair Market Value" means, with respect to Shares or other property, the fair market value of such Shares or other property determined by such methods or procedures as shall be established from time to time by the Committee. If the shares are listed on any established stock exchange or on a national market system, unless otherwise determined by the Committee in good faith, the Fair Market Value of Shares shall mean the mean between the high and low selling prices per Share on the immediately preceding date (or, if the Shares were not traded on that day, the next preceding day that the Shares were traded) on the principal exchange on which the Shares are traded, as such prices are officially quoted on such exchange.

(o) "ISO" means any Option intended to be and designated as an incentive stock option within the meaning of Section 422 of the Code.

(p) "NQSO" means any Option that is not an ISO.

(q) "Option" means a right, granted under Section 5(b), to purchase Shares.

(r) "Other Share-Based Award" means a right, granted under Section 5(h), that relates to or is valued by reference to Shares.

(s) "Participant" means an Eligible Employee or Director who has been granted an Award or Director's Shares under the Plan.

(t) "Performance Share" means a performance share granted under Section 5(f).

(u) "Performance Unit" means a performance unit granted under Section 5(f).

(v) "Plan" means this 1996 Long Term Incentive and Share Award Plan.

(w) "Restricted Shares" means an Award of Shares under Section 5(d) that may be subject to certain restrictions and to a risk of forfeiture.

(x) "Restricted Share Unit" means a right, granted under Section 5(e), to receive Shares or cash at the end of a specified deferral period.

(y) "Rule 16b-3" means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(z) "SAR" or "Share Appreciation Right" means the right, granted under Section 5(c), to be paid an amount measured by the difference between the exercise price of the right and the Fair Market Value of Shares on the date of exercise of the right, with payment to be made in cash, Shares, or property as specified in the Award or determined by the Committee.

(aa) "Shares" means common stock, \$5.00 par value per share, of the Company.

(bb) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns shares possessing 100% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

3. Administration.

(a) Authority of the Committee. Except as provided in subsection (e) of this Section 3, the Plan shall be administered by the Committee, and the Committee shall have full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

i) to select Eligible Employees to whom Awards may be granted;

(ii) to designate Affiliates;

(iii) to determine the type or types of Awards to be granted to each Eligible Employee;

(iv) to determine the type and number of Awards to be granted, the number of Shares to which an Award may relate, the terms and conditions of any Award granted under the Plan (including, but not limited to, any exercise price, grant price, or purchase price, and any bases for adjusting such exercise, grant or purchase price, any restriction or condition, any schedule for lapse of restrictions or conditions relating to transferability or forfeiture, exercisability, or settlement of an Award, and waiver or accelerations thereof, and waivers of performance conditions relating to an Award, based in each case on such considerations as the Committee shall determine), and all other matters to be determined in connection with an Award;

(v) to determine whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, exchanged, or surrendered;

(vi) to determine whether, to what extent, and under what circumstances cash, Shares, other Awards, or other property payable with respect to an Award will be deferred either automatically, at the election of the Committee, or at the election of the Participant;

(vii) to prescribe the form of each Award Agreement, which need not be identical for each Participant;

(viii) to adopt, amend, suspend, waive, and rescind such rules and regulations and appoint such agents as the Committee may deem necessary or advisable to administer the Plan;

(ix) to correct any defect or supply any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and any Award, rules and regulations, Award Agreement, or other instrument hereunder,

(x) to accelerate the exercisability or vesting of all or any portion of any Award or to extend the period during which an Award is exercisable; and

(xi) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan.

(b) Manner of Exercise of Committee Authority. The Committee shall have sole discretion in exercising its authority under the Plan. Any action of the Committee with respect to the Plan shall be final, conclusive,

and binding on all persons, including the Company, Subsidiaries, Affiliates, Eligible Employees, any person claiming any rights under the Plan from or through any Eligible Employee, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any Subsidiary or Affiliate the authority, subject to such terms as the Committee shall determine, to perform administrative functions and, with respect to Awards granted to persons not subject to Section 16 of the Exchange Act, to perform such other functions as the Committee may determine, to the extent permitted under Rule 16b-3 (if applicable) and applicable law.

(c) Limitation of Liability. Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any Subsidiary or Affiliate, the Company's independent certified public accountants, or other professional retained by the Company to assist in the administration of the Plan. No member of the Committee, nor any officer or employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

(d) Limitation on Committee's Discretion. Anything in this Plan to the contrary notwithstanding, in the case of any Award which is intended to qualify as "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code, the Committee shall have no discretion to increase the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as such performance-based compensation.

(e) Administration of Directors' Portion. Anything in this Plan to the contrary notwithstanding, the portion of this Plan relating to Directors shall be administered by the full board. Since grants to Directors are either automatic or based on the elections of Directors, this function will be limited to interpretation and general administrative oversight.

4. Shares Subject to the Plan.

(a) Subject to adjustment as provided in Section 4(c) hereof, the total number of Shares reserved for issuance in connection with Awards and Director's Shares under the Plan shall be 3,000,000. No Award or Director's Shares may be granted if the number of Shares to which such Award or Director's Share relates, when added to the number of Shares previously issued under the Plan, exceeds the number of Shares reserved under the preceding sentence. If any Awards or Director's Shares are forfeited, canceled, terminated, exchanged or surrendered or such Award or Director's Shares is settled in cash or otherwise terminates without a distribution of Shares to the Participant, any Shares counted against the number of Shares reserved and available under the Plan with respect to such Award or Director's Shares shall, to the extent of any such forfeiture, settlement, termination, cancellation, exchange or surrender, again be available for Awards or Director's Shares under the Plan. Upon the exercise of any Award granted in tandem with any other Awards, such related Awards shall be canceled to the extent of the number of Shares as to which the Award is exercised. Subject to adjustment as provided in Section 4(c) hereof, the maximum number of Shares with respect to which Options or SARs may be granted during a calendar year to any Eligible Employee under this Plan shall be 75,000 (seventy-five thousand) Shares or with respect to Restricted Shares and Performance Shares the equivalent of 15,000 shares during a calendar year.

(b) Any Shares distributed pursuant to an Award or Director's Shares may consist, in whole or in part, of authorized and unissued Shares, treasury Shares or Shares acquired by purchase in the open market or in private transactions.

(c) In the event that the Committee shall determine that any dividend in Shares, recapitalization, Share split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the Shares such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Eligible Employees under the Plan, then the Committee shall make such equitable changes or adjustments as it deems appropriate and, in such manner as it may deem equitable, adjust any or all of (i) the number and kind of shares which may thereafter be issued under the Plan, (ii) the number and kind of shares, other securities or other consideration issued or issuable in respect of outstanding Awards, and (iii) the exercise price, grant price, or purchase price relating to any Award; provided, however, in each case that, with respect to ISOs, such adjustment shall be made in accordance with Section 424(h) of the Code, unless the Committee determines otherwise. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria and performance objectives included in, Awards in recognition of unusual or non-recurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Subsidiary or Affiliate or the financial statements of the Company or any Subsidiary or Affiliate, or in

response to changes in applicable laws, regulations, or accounting principles; provided, however, that, if an Award Agreement specifically so provides, the Committee shall not have discretion to increase the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation for purposes of Section 162(m)(4)(C) of the Code and the regulations thereunder.

5. Specific Terms of Awards.

(a) General. Awards may be granted on the terms and conditions set forth in this Section 5. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 9(d)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms regarding forfeiture of Awards or continued exercisability of Awards in the event of termination of employment by the Eligible Employee.

(b) Options. The Committee is authorized to grant Options, which may be NQSOs or ISOs, to Eligible Employees on the following terms and conditions:

(i) Exercise Price. The exercise price per Share purchasable under an Option shall be determined by the Committee, and the Committee may, without limitation, set an exercise price that is based upon achievement of performance criteria if deemed appropriate by the Committee.

(ii) Time and Method of Exercise. The Committee shall determine at the date of grant or thereafter the time or times at which an Option may be exercised in whole or in part (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Committee), the methods by which such exercise price may be paid or deemed to be paid (including, without limitation, broker-assisted exercise arrangements), the form of such payment (including, without limitation, cash, Shares, notes or other property), and the methods by which Shares will be delivered or deemed to be delivered to Eligible Employees.

(iii) ISOs. The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, including but not limited to the requirement that the ISO shall be granted within ten years from the earlier of the date of adoption or shareholder approval of the Plan.

(c) SARs. The Committee is authorized to grant SARs (Share Appreciation Rights) to Eligible Employees on the following terms and conditions:

(I) Right to Payment. An SAR shall confer on the Eligible Employee to whom it is granted a right to receive with respect to each Share subject thereto, upon exercise thereof, the excess of (1) the Fair Market value of one Share on the date of exercise (or if the Committee shall so determine in the case of any such right, the Fair Market Value of one Share at any time during a specified period before or after the date of exercise) over (2) the exercise price of the SAR as determined by the Committee as of the date of grant of the SAR (which, in the case of an SAR granted in tandem with an Option, shall be equal to the exercise price of the underlying Option).

(ii) Other Terms. The Committee shall determine, at the time of grant or thereafter, the time or times at which an SAR may be exercised in whole or in part, the method of exercise, method of settlement, form of consideration payable in settlement, method by which Shares will be delivered or deemed to be delivered to Eligible Employees, whether or not an SAR shall be in tandem with any other Award, and any other terms and conditions of any SAR. Unless the Committee determines otherwise, a SAR (1) granted in tandem with an NQSO may be granted at the time of grant of the related NQSO or at any time thereafter, and (2) granted in tandem with an ISO may only be granted at the time of grant of the related ISO.

(d) Restricted Shares. The Committee is authorized to grant Restricted Shares to Eligible Employees on the following terms and conditions:

(i) Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions, if any, as the Committee may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Committee), in such installments, or otherwise, as the Committee may determine. Except to the extent restricted under the Award Agreement relating to the Restricted Shares, an Eligible Employee granted Restricted Shares shall have all of the rights of a shareholder including, without limitation, the right to vote Restricted Shares and the right to receive dividends thereon. The Committee must certify in writing prior to the lapse of restrictions conditioned on achievement of performance criteria that such performance criteria were in fact satisfied.

(ii) Forfeiture. Except as otherwise determined by the Committee, at the date of grant or thereafter, upon termination of employment during the applicable restriction period, Restricted Shares and any accrued but unpaid dividends or Dividend Equivalents that are at that time subject to restrictions shall be forfeited; provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to

Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Shares.

(iii) Certificates for Shares. Restricted Shares granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Eligible Employee, such certificates shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company shall retain physical possession of the certificate.

(iv) Dividends. Dividends paid on Restricted Shares shall be either paid at the dividend payment date or deferred for payment to such date as determined by the Committee, in cash or in unrestricted Shares having a Fair Market Value equal to the amount of such dividends. Shares distributed in connection with a Share split or dividend in Shares, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Shares with respect to which such Shares or other property has been distributed.

(e) Restricted Share Units. The Committee is authorized to grant Restricted Share Units to Eligible Employees, subject to the following terms and conditions:

(i) Award and Restrictions. Delivery of Shares or cash, as the case may be, will occur upon expiration of the deferral period specified for Restricted Share Units by the Committee (or, if permitted by the Committee, as elected by the Eligible Employee). In addition, Restricted Share Units shall be subject to such restrictions as the Committee may impose, if any (including, without limitation, the achievement of performance criteria if deemed appropriate by the Committee), at the date of grant or thereafter, which restrictions may lapse at the expiration of the deferral period or at earlier or later specified times, separately or in combination, in installments or otherwise, as the Committee may determine. The Committee must certify in writing prior to the lapse of restrictions conditioned on the achievement of performance criteria that such criteria were in fact satisfied.

(ii) Forfeiture. Except as otherwise determined by the Committee, at the date of grant or thereafter, upon termination of employment (as determined under criteria established by the Committee) during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Restricted Share Units), or upon failure to satisfy any other conditions precedent to the delivery of Shares or cash to which such Restricted Share Units relate, all Restricted Share Units that are at that time subject to deferral or restriction shall be forfeited; provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Share Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Share Units.

(f) Performance Shares and Performance Units. The Committee is authorized to grant Performance Shares or Performance Units or both to Eligible Employees on the following terms and conditions:

(i) Performance Period. The Committee shall determine a performance period (the "Performance Period") of one or more years and shall determine the performance objectives for grants of Performance Shares and Performance Units. Performance objectives may vary from Eligible Employee to Eligible Employee and shall be based upon such performance criteria as the Committee may deem appropriate. Performance Periods may overlap and Eligible Employees may participate simultaneously with respect to Performance Shares and Performance Units for which different Performance Periods are prescribed.

(ii) Award Value. At the beginning of a Performance Period, the Committee shall determine for each Eligible Employee or group of Eligible Employees with respect to that Performance Period the range of number of Shares, if any, in the case of Performance Shares, and the range of dollar values, if any, in the case of Performance Units, which may be fixed or may vary in accordance with such performance or other criteria specified by the Committee, which shall be paid to an Eligible Employee as an Award if the relevant measure of Company performance for the Performance Period is met.

(iii) Significant Events. If during the course of a Performance Period there shall occur significant events as determined by the Committee which the Committee expects to have a substantial effect on a performance objective during such period, the Committee may revise such objective; provided, however, that, if an Award Agreement so provides, the Committee shall not have any discretion to increase the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation for purposes of Section 162(m)(4)(C) of the Code and the regulations thereunder.

(iv) Forfeiture. Except as otherwise determined by the Committee, at the date of grant or thereafter, upon termination of employment during the applicable Performance Period, Performance Shares and Performance Units for which the Performance Period was prescribed shall be forfeited;

provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in an individual case, that restrictions or forfeiture conditions relating to Performance Shares and Performance Units will be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Performance Shares and Performance Units.

(v) Payment. Each Performance Share or Performance Unit may be paid in whole Shares, or cash, or a combination of Shares and cash either as a lump sum payment or in installments, all as the Committee shall determine, at the time of grant of the Performance Share or Performance Unit or otherwise, commencing as soon as practicable after the end of the relevant Performance Period. The Committee must certify in writing prior to payment of any Performance Share or Performance Unit that the performance objectives and any other material items were in fact satisfied.

(g) Dividend Equivalents. The Committee is authorized to grant Dividend Equivalents to Eligible Employees. The Committee may provide, at the date of grant or thereafter, that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, or other investment vehicles as the Committee may specify, provided that Dividend Equivalents (other than freestanding Dividend Equivalents) shall be subject to all conditions and restrictions of the underlying Awards to which they relate.

(h) Other Share-Based Awards. The Committee is authorized, subject to limitations under applicable law, to grant to Eligible Employees such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, unrestricted shares awarded purely as a "bonus" and not subject to any restrictions or conditions, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the performance of specified Subsidiaries or Affiliates. The Committee shall determine the terms and conditions of such Awards at date of grant or thereafter. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 5(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, notes or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, shall also be authorized pursuant to this Section 5(h).

6. Certain Provisions Applicable to Awards.

(a) Stand-Alone, Additional, Tandem and Substitute Awards. Awards granted under the Plan may, in the discretion of the Committee, be granted to Eligible Employees either alone or in addition to, in tandem with, or in exchange or substitution for, any other Award granted under the Plan or any award granted under any other plan or agreement of the Company, any Subsidiary or Affiliate, or any business entity to be acquired by the Company or a Subsidiary or Affiliate, or any other right of an Eligible Employee to receive payment from the Company or any Subsidiary or Affiliate. Awards may be granted in addition to or in tandem with such other Awards or awards, and may be granted either at the same time as or a different time from the grant of such other Awards or awards. The per Share exercise price of any Option, grant price of any SAR, or purchase price of any other Award conferring a right to purchase Shares which is granted, in connection with the substitution of awards granted under any other plan or agreement of the Company or any Subsidiary or Affiliate or any business entity to be acquired by the Company or any Subsidiary or Affiliate, shall be determined by the Committee, in its discretion.

(b) Terms of Awards. The term of each Award granted to an Eligible Employee shall be for such period as may be determined by the Committee; provided, however, that in no event shall the term of any ISO or an SAR granted in tandem therewith exceed a period of ten years from the date of its grant (or such shorter period as may be applicable under Section 422 of the Code).

(c) Form of Payment Under Awards. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Subsidiary or Affiliate upon the grant, maturation, or exercise of an Award may be made in such forms as the Committee shall determine at the date of grant or thereafter, including, without limitation, cash, Shares, or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The Committee may make rules relating to installment or deferred payments with respect to Awards, including the rate of interest to be credited with respect to such payments.

(d) Nontransferability. Unless otherwise set forth by the Committee in an Award Agreement, Awards (except for vested shares) shall not be transferable by an Eligible Employee except by will or the laws of descent and distribution (except pursuant to a Beneficiary designation) and shall be exercisable during the lifetime of an Eligible Employee only by such Eligible Employee or his guardian or legal representative. An Eligible Employee's rights under the Plan may not be pledged, mortgaged, hypothecated, or

otherwise encumbered, and shall not be subject to claims of the Eligible Employees creditors.

7. Directors' Fees

(a) Stock Grant. Each Director Participant shall receive such portion of his/her Director fees in Shares as shall be established from time to time by the Board, with the remainder of such Director fees to be payable, in cash or in Shares as elected by the Director Participant in accordance with Section 7(b) below.

(b) Election to Determine Percentage or Amount of Compensation to be Paid in Stock. Each Director Participant shall have an opportunity to elect to have the remaining portion of his/her Director fees paid in cash or shares, or a combination thereof. Except for the initial election following adoption of the plan or the Director's election to the Board, any such election shall be made in writing and must be made at least six months before the services are rendered giving rise to such compensation, and may not be changed thereafter except as to compensation for services rendered at least six months after any such election to change is made in writing. In the absence of such an election, such remaining portion of the Director's fees shall be paid entirely in cash. Nothing contained in this Section 7(b) shall be interpreted in such a manner as would disqualify the Plan from treatment as a "formula plan" under Rule 16b-3.

(c) Amount and Date of Payment for Stock Compensation.

(1) For any Plan Year in which a Director is a Participant for the full Plan Year, any Stock compensation due a Director Participant pursuant to Sections 7(a) shall be payable at the beginning of such plan year, and with respect to Section 7(b) above shall be payable on a quarterly basis, with the first such quarterly distribution being made on April 1 and succeeding quarterly distributions being made on July 1, October 1, and January 1. The amount of stock to be distributed to a Director Participant shall be determined by dividing the Director Participant's required and elected dollar amount of stock compensation by the Fair Market Value of the Shares.

(2) Notwithstanding the foregoing, for purposes of the 1996 Plan Year, no stock distributions shall be made prior to receipt of all requisite approvals; provided, however, that once the requisite approvals of the Plan are received, the stock distributions shall be made as soon as practicable thereafter and shall include any stock distributions which would have been made had the requisite approvals been obtained on the Effective Date. The stock distributions to be made in accordance with this Section 7(c)(2) shall be valued in accordance with the provisions of Section 7(c)(1).

8. Change of Control Provisions.

(a) Acceleration of Exercisability and Lapse of Restrictions; Cash-Out of Awards. In the event of a Change of Control, the following acceleration and cash-out provisions shall apply unless otherwise provided by the Committee at the time of the Award grant.

(i) All outstanding Awards pursuant to which the Participant may have rights the exercise of which is restricted or limited, shall become fully exercisable; unless the right to lapse of restrictions or limitations is waived or deferred by a Participant prior to such lapse, all restrictions or limitations (including risks of forfeiture and deferrals) on outstanding Awards subject to restrictions or limitations under the Plan shall lapse; and all performance criteria and other conditions to payment of Awards under which payments of cash, Shares or other property are subject to conditions shall be deemed to be achieved or fulfilled and shall be waived by the Company.

(ii) For a period of up to 60 days following a Change in Control, the Participant may elect to surrender any outstanding Award and to receive, in full satisfaction therefor, a cash payment equal to the value of such Award calculated on the basis of the Change of Control Price of any Shares or the Fair Market Value of any property other than Shares relating to such Award; provided, however, that in the case of an Incentive Stock Option, or a Stock Appreciation Right granted in tandem therewith, the cash payment shall be based upon the Fair Market Value of Shares on the date of exercise. In the event that an Award is granted in tandem with another Award such that the Participant's right to payment for such Award is an alternative to payment of another Award, the Participant electing to surrender any such tandem Award shall surrender all alternative Awards related thereto and receive payment for the Award which produces the highest payment to the Participant. Except as provided in Section 8(a)(iii), in no event will an Award be surrendered or a Participant have the right to receive cash under this Section 8(a)(ii) with respect to an Award if the Participant is subject to Section 16 of the Exchange Act and at least six months shall not have elapsed from the date on which the Participant was granted the Award before the date of the Change of Control (unless this restriction is not at such time required under Rule 16b-3).

(iii) In the event that any Award is subject to limitations under Section 8(a)(ii) at the time of a Change of Control, then, solely for the purpose of determining the rights of the Participant with respect to such Award, a Change of Control shall be deemed to occur at the close of business on the first business day following the date on which the Award could be sold without liability under Section 16 of the Exchange Act.

(b) Definitions of Certain Terms. For purposes of this Section

8, the following definitions, in addition to those set forth in Section 2, shall apply:

(i) "Change of Control" means and shall be deemed to have occurred if (a) any person (within the meaning of the Exchange Act), other than the Company or a Related Party, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of Voting Securities representing 30 percent or more of the total voting power of all the then-outstanding Voting Securities, (b) the individuals who, as of the effective date of the Plan, constitute the Board of Directors of the Company together with those who first become directors subsequent to such date and whose recommendation, election or nomination for election to the Board was approved by a vote of at least a majority of the directors then still in office who either were directors as of the effective date of the Plan or whose recommendation, election or nomination for election was previously so approved (the "Continuing Directors"), cease for any reason to constitute a majority of the members of the Board, (c) the shareholders of the Company approve a merger, consolidation, recapitalization or reorganization of the Company, reverse split of any class of Voting Securities, or an acquisition of securities or assets by the Company, or consummation of any such transaction if shareholder approval is not obtained, other than (i) any such transaction which would result in more than 75 percent of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction being beneficially owned by more than 75 percent of the holders of outstanding Voting Securities immediately prior to the transaction, with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction, or (ii) any such transaction which would result in a Related Party beneficially owning more than 50 percent of the voting securities of the surviving entity outstanding immediately after such transaction, (d) the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets other than any such transaction which would result in a Related Party owning or acquiring more than 50 percent of the assets owned by the Company immediately prior to the transaction.

(ii) "Change of Control Price" means, with respect to a Share, the higher of (a) the highest reported sales price of Shares on the New York Stock Exchange during the 30 calendar days preceding a Change of Control, or (b) the highest price paid or offered in a transaction which either (i) results in a Change of Control, or (ii) would be consummated but for another transaction which results in a Change of Control and, if it were consummated, would result in a Change of Control. With respect to clause (b) in the preceding sentence, the "price paid or offered" will be equal to the sum of (i) the face amount of any portion of the consideration consisting of cash or cash equivalents and (ii) the fair market value of any portion of the consideration consisting of real or personal property other than cash or cash equivalents, as established by an independent appraiser selected by the Committee.

(iii) "Related Party" means (a) a wholly-owned subsidiary of the Company; or (b) an employee or group of employees of the Company or any wholly-owned subsidiary of the Company; or (c) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any wholly-owned subsidiary of the Company; or (d) a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportion as their ownership of Voting Securities.

(iv) "Voting Securities or Security" means any securities of the Company which carry the right to vote generally in the election of directors.

9. General Provisions.

(a) Compliance with Legal and Trading Requirements. The Plan, the granting and exercising of Awards or Director's Shares thereunder, and the other obligations of the Company under the Plan and any Award Agreement, shall be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company, in its discretion, may postpone the issuance or delivery of Shares under any Award or Director's Share until completion of such stock exchange or market system listing or registration or qualification of such Shares or other required action under any state or federal law, rule or regulation as the Company may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. No provisions of the Plan shall be interpreted or construed to obligate the Company to register any Shares under federal or state law.

(b) No Right to Continued Employment or Service. Neither the Plan nor any action taken thereunder shall be construed as giving any employee or director the right to be retained in the employ or service of the Company or any of its Subsidiaries or Affiliates, nor shall it interfere in any way with the right of the Company or any of its Subsidiaries or Affiliates to terminate any employee's or director's employment or service at any time.

(c) Taxes. The Company or any Subsidiary or Affiliate is authorized to withhold from any Award granted, any payment relating to an

Award under the Plan, including from a distribution of Shares, or any payroll or other payment to an Eligible Employee, amounts of withholding and other taxes due in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Eligible Employees to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of an Eligible Employee's tax obligations.

(d) Changes to the Plan and Awards. The Board may amend, alter, suspend, discontinue, or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of shareholders of the Company or Participants, except that any such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Company's shareholders to the extent such shareholder approval is required (i) in order to insure that Awards granted under the Plan are exempt under Rule 16b-3 or (ii) under Section 422 of the Code; provided, however, that, without the consent of an affected Participant, no amendment, alteration, suspension, discontinuation, or termination of the Plan may impair the rights or, in any other manner, adversely affect the rights of such Participant under any Award or Director's Shares theretofore granted to him or her. Notwithstanding the other provisions of this paragraph, Section 7 and the other provisions of this Plan applicable to Director's Shares may not be amended more than once every six months other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

(e) No Rights to Awards; No Shareholder Rights. No Eligible Employee or employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Employees and employees. No Award shall confer on any Eligible Employee any of the rights of a shareholder of the Company unless and until Shares are duly issued or transferred to the Eligible Employee in accordance with the terms of the Award.

(f) Unfunded Status of Awards. The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award or Director's Shares, nothing contained in the Plan or any Award or Director's Share shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan to deliver cash, Shares, other Awards, or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

(g) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of options and other awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(h) Not Compensation for Benefit Plans. No Award payable under this Plan shall be deemed salary or compensation for the purpose of computing benefits under any benefit plan or other arrangement of the Company for the benefit of its employees or directors unless the Company shall determine otherwise.

(i) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award or Director's Option. Cash shall be paid in lieu of such fractional shares.

(j) Governing Law. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan, and any Award Agreement shall be determined in accordance with the laws of Kansas without giving effect to principles of conflict of laws.

(k) Effective Date; Plan Termination. The Plan shall become effective as of January 1, 1996, (the "Effective Date") upon approval by the affirmative votes of the holders of a majority of voting securities of the Company voting upon the adoption of the plan. The Plan shall terminate as to future awards on the date which is ten (10) years after the Effective Date.

(l) Titles and Headings. The titles and headings of the sections in the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(Form of Employment Agreement)

Name
Western Resources, Inc.
818 Kansas Avenue
Topeka, Kansas 66612

Dear _____:

Western Resources, Inc., (the "Company") considers sound management essential to protecting the interests of the Company and its shareholders. The Company recognizes that the possibility of a change in control could arise which may result in the distraction of management to the detriment of the Company and its shareholders. It is important that you be able to advise the Board whether a proposed change in control would be in the best interests of the Company and its shareholders and to take action regarding such proposal as the Board directs, without being influenced by the uncertainties of your own situation.

To induce you to remain in the employ of the Company, this Agreement, approved by the Board of Directors (the "Board"), sets forth the benefits which will be provided to you if your employment is terminated subsequent to a "change in control".

1. Agreement to Provide Services; Right to Terminate.

(i) Except as otherwise provided in paragraph (ii) below, the Company or you may terminate your employment at any time, subject to this Agreement.

(ii) If an offer is made by a Person for more than 30% of the Company's outstanding securities ordinarily having the right to vote at elections of directors ("Voting Securities"), you agree that you will not leave the employ of the Company (other than for Disability or upon Retirement) and will render the services contemplated in this agreement until such offer has been abandoned or a change in control has occurred. "Person" shall mean any individual, corporation, partnership, group, association or other "person", as such term is used in Section 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), other than the Company, a wholly owned subsidiary of the Company or any employee benefit plan(s) sponsored by the Company or a subsidiary of the Company.

2. Term of Agreement. This Agreement shall continue until January 1, 1998, and on such date and each January 1 thereafter, the term shall be extended for one year unless at least 90 days prior to such January 1st date, the Company or you shall have given notice to cancel this Agreement. Notwithstanding any such notice, this Agreement shall continue in effect for 12 months after a change in control which occurs during the term of this Agreement, as extended. This Agreement shall terminate if your employment terminates prior to a change in control.

3. Change in Control. A "change in control" shall be deemed to have occurred when (a) any Person becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30% or more of the Voting Securities; (b) individuals who constitute the Board on the date hereof (the "Incumbent Board") cease to constitute a majority thereof, provided that any person who becomes a director by approval of at least three quarters of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement in which such person is named as a nominee for director, without objection to such nomination) shall be considered a member of the Incumbent Board; (c) the approval of the Company's stockholders of the merger or consolidation of the Company (other than a merger or consolidation immediately following which the stockholders of the Company immediately prior thereto own, directly or indirectly, more than 75% of the Voting Securities of the merged or consolidated company) and the consummation of such transaction; (d) the liquidation or dissolution of the Company; or (e) the sale of all or substantially all of the assets of the Company. No change in control shall be deemed to have occurred by virtue of any transaction which results in you, or a group of Persons which includes you, acquiring, directly or indirectly, 30% or more of the voting power of the Voting Securities.

4. Termination Following Change in Control. Upon a change in control, you shall be entitled to the benefits provided in Section 5 hereof upon the termination of your employment with the Company within 12 months after such event, unless such termination is (a) because of your death or Retirement, (b) by the Company for Cause or Disability or (c) by you other than for Good Reason.

(i) Disability. Termination based on "Disability" shall mean termination because of your absence from your duties on a full time basis for 180 consecutive days due to physical or mental illness, unless within 30 days after Notice of Termination is given to you following such absence you shall have returned to the full time performance of your duties.

(ii) Retirement. Termination based on "Retirement" shall mean termination on or after your normal retirement date under the terms of The Kansas Power and Light Company Retirement Plan (or any successor plan put into effect prior to a change in control) (the "Retirement Plan").

(iii) Cause. Termination for "Cause" shall mean termination upon (a) the willful and continued failure by you to perform substantially your duties (unless due to physical or mental illness) after a demand for substantial performance is delivered to you by the Chairman of the Board or President of the Company which specifically identifies the manner in which you have not substantially performed your duties, or (b) the willful engaging by you in illegal conduct which is materially injurious to the Company. "Willful" means in bad faith and without reasonable belief that your act or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given by the Board or upon the advice of counsel for the Company shall be deemed to be in the best interests of the Company. Your attention to matters not directly related to the business of the Company shall not provide a basis for termination for Cause if the Company has approved such activities. You shall not be deemed to have been terminated for Cause unless there shall have been delivered to you a resolution by the affirmative vote of three quarters of the Board at a meeting called for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board) of determining if you have been guilty of the conduct set forth above in (a) or (b) of this paragraph (iii) and specifying the particulars thereof.

(iv) Good Reason. Termination for "Good Reason" shall mean termination based on any of the following events, provided that you give the Company written notice thereof within six months of the event constituting "Good Reason":

(A) a determination by you that there has been an adverse change in your status or position(s) as an officer of the Company as in effect immediately prior to the change in control, including, without limitation, any diminution in your responsibilities or the assignment to you of any responsibilities which are inconsistent with such status or position(s), or any removal of you from or any failure to reappoint or reelect you to such position(s) (except in connection with the termination of your employment for Cause, Disability or Retirement or as a result of your death or by you other than for Good Reason);

(B) a reduction in your base salary as in effect immediately prior to the change in control;

(C) the failure to continue in effect any Plan in which you are participating at the time of the change in control (or Plans providing you with at least substantially similar benefits) other than as a result of the normal expiration of any such Plan under its terms as in effect at the time of the change in control, or the taking of any action, or the failure to act, by the Company which would adversely affect your continued participation in any of such Plans on at least as favorable a basis to you as is the case on the date of the change in control or which would materially reduce your benefits in the future under any of such Plans or deprive you of any material benefit enjoyed by you at the time of the change in control;

(D) the failure to credit you with the number of paid vacation days to which you are then entitled under the normal vacation policy as in effect immediately prior to the change in control;

(E) the Company's requiring you to be based anywhere other than where your office is located immediately prior to the change in control except for required travel on the Company's business to an extent substantially consistent with the business travel obligations which you undertook prior to the change in control;

(F) the failure of the Company to obtain from any successor the assent to this Agreement contemplated by Section 6 hereof;

(G) any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph (v) below (and, if applicable, paragraph (iii) above); and for purposes of this Agreement, no such purported termination shall be effective; or

(H) any refusal by the Company to continue to allow you to engage in activities not directly related to the business of the Company which, prior to the change in control, you were permitted by the Company to engage in.

"Plan" shall mean any compensation plan such as an incentive, stock option or restricted stock plan or any employee benefit plan such as a salary continuation program, saving, deferred compensation, pension, profit sharing, medical, disability, accident, or life insurance plan or a relocation plan or policy or any other plan, program or policy of the Company intended to benefit employees.

(v) Notice of Termination. Any purported termination following a change in control shall be communicated by written Notice of Termination to the other party hereto. A "Notice of Termination" shall indicate the specific termination provision in this Agreement relied upon.

(vi) Date of Termination. "Date of Termination" following a change in control shall mean (a) if your employment is to be terminated for Disability, 30 days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such 30 day period), (b) if your employment is to be terminated by the Company for Cause or by you pursuant to Sections 4(iv)(F) or 6 hereof or for any other Good Reason, the date specified in the Notice of Termination, or (c) if your employment is to be terminated by the Company for any reason other than Cause, the date specified in the Notice of Termination shall be 90 days after the Notice of Termination is given, unless an earlier date has been expressly agreed to by you in writing.

In the case of termination for Cause, if you have not previously expressly agreed in writing to the termination, then within 30 days after receipt by you of the Notice of Termination, you may notify the Company that a dispute exists concerning the termination, in which event the Date of Termination shall be the date set either by mutual written agreement of the parties or by the arbitrators in a proceeding as provided in Section 13 hereof. During the pendency of any such dispute, the Company will continue to pay you your full compensation and benefits in effect just prior to the time the Notice of Termination is given and until the dispute is resolved in accordance with Section 13.

5. Compensation Upon Termination or During Disability; Other Agreements.

(i) After a change in control if you fail to perform your duties as a result of physical or mental illness, you shall continue to receive your salary at the rate then in effect and any benefits or awards under any Plans shall continue to accrue during such period, to the extent not inconsistent with such Plans, until your employment is terminated under paragraphs 4(i) and 4(vi) hereof. Thereafter, your benefits shall be determined under the Plans then in effect.

(ii) If your employment shall be terminated for Cause following a change in control, the Company shall pay you your salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus any benefits or awards (including both the cash and stock components) which have been earned. Thereupon the Company shall have no further obligations to you under this Agreement.

(iii) Subject to Section 8 hereof, if, within 12 months after a change in control, your employment shall be terminated (a) by the Company other than for Cause, Disability or Retirement or (b) by you for Good Reason, then the Company shall pay to you, by the fifth day following the Date of Termination, without regard to any contrary provisions of any Plan, the following:

(A) your base salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus (A) any accrued vacation pay and (B) a pro rata share of any benefits or awards (including both the cash and stock components) which but for your Termination would have been earned, but which have not yet been paid to you;

(B) two (2.99 for certain executive officers) times the higher of (A) your annual base salary on the Date of Termination or (B) your annual base salary in effect immediately prior to the change in control;

(C) two (2.99 for certain executive officers) times the average of the incentive compensation (including both the cash and stock components) awarded to you for the three completed bonus periods prior to the Date of Termination;

(D) the actuarial equivalent of the amount by which your

total vested benefits under the Retirement Plan, computed as if you had two (three for certain executive officers) additional years of benefit accrual service, exceed your actual pension benefits. For this computation, your final average salary shall be deemed to be your annual base compensation in effect just prior to the time a Notice of Termination is given and the benefit and accrual formulas and actuarial assumptions shall be no less favorable than those in effect at the same time;

"Base salary" shall include any amounts deducted by the Company for your account under any agreement with the Company or Section 125 and 401(k) of the Internal Revenue Code of 1986, as amended, (the "Code").

[Mr. Wittig only:

(iv) Subject to Section 8 hereof, if within 12 months after a change in control, your employment shall be terminated (a) by the Company other than for Cause, Disability or Retirement or (b) by you for Good Reason, then the Company shall vest you in the supplemental retirement benefit referred to in the third paragraph of your Letter Agreement dated April 27, 1995.]

(iv) If, within 12 months after a change in control, your employment shall be terminated (a) by the Company other than for Cause, Disability or Retirement or (b) by you for Good Reason, then the Company shall maintain in effect, for the continued benefit of you and your dependents until the earliest of (a) two (three for certain executive officers) years after the Date of Termination, (b) the commencement date of equivalent benefits from a new employer or (c) your normal retirement date under the terms of the Retirement Plan, all employee welfare benefit plans in which you were entitled to participate immediately prior to the Date of Termination, provided that your continued participation is possible under the provisions of such Plans (and any applicable funding media) and you continue to pay your regular contribution under such Plans. If your participation in any such Plan is barred, the Company, at its expense, shall arrange to have issued individual policies of insurance providing benefits substantially similar (on an after-tax basis) to those which you otherwise would have been entitled to receive or, if such insurance is not available at a reasonable cost, the Company shall otherwise provide you and your dependents with equivalent benefits (on an after-tax basis). You shall not be required to pay any amount greater than you would have paid to participate in such Plans.

(v) Except as provided in paragraph (iv) above, the payment provided for in this Section 5 shall not be reduced by any compensation earned by you after the Date of Termination.

(vi) If the payments provided by Section 5(iii) hereof (the "Agreement Payments") become subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code as in effect on the date of this Agreement (or any similar tax), you will be responsible for the Excise Tax and the Company will not pay you an additional amount (the "Gross-up Payment"). If, however, the "Agreement Payments" become subject to the Excise Tax (or any similar tax) by virtue of changes in the Code which occur after the date of this Agreement, the Company shall pay to you at the time specified in Subsection (vii) below a "Gross-up Payment" such that the net amount retained by you, after deduction of any Excise Tax on the Total Payments (as hereinafter defined), and any federal, state and local income tax and Excise Tax upon the Gross-up Payment provided for by this subsection (vi) shall be equal to what the Total Payments would have been had such changes in the Code not occurred.

For purposes of determining whether any of the Agreement Payments will be subject to the Excise Tax and the amount of such Excise Tax, (a) any other payments or benefits received or to be received by you in connection with a change in control or your termination of employment (under this Agreement or any other agreement with the Company or any person whose actions result in a change of control or any person affiliated with the Company) (which, together with the Agreement Payments, shall constitute the "Total Payments") shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors such other payments or benefits (in whole or in part) are not subject to the Excise Tax, (b) the amount of the Total Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (1) the Total Payments or (2) the amount of excess parachute payments within the meaning of Section 280G(b)(1) of the Code (after applying clause (a), above), and (c) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

For purposes of determining the Gross-up Payment, you shall be deemed to pay federal, state, and local income taxes at the highest applicable marginal

rate for the calendar year in which the Gross-up Payment is to be made net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. If the Excise Tax is finally determined to be less than the amount taken into account at the time the Gross-up Payment is made, you shall repay the portion attributable to such reduction (plus the portion of the Gross-up Payment attributable to a reduction in Excise Tax and/or a federal and state and local income tax deduction), plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. If the Excise Tax is later determined to exceed the amount taken into account at the time the Gross-up Payment is made, the Company shall make an additional gross-up payment (plus any interest payable with respect to such excess at the rate provided in Section 1274(b)(2)(B) of the code) when such excess is finally determined.

(vii) The Gross-up Payment or portion thereof provided for in Subsection (vi) above shall be paid not later than the thirtieth day following payment of any amounts under section 5(iii); provided, however, that if the amount of such Gross-up Payment or portion thereof cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the forty-fifth day after payment of any amounts under section 5(iii). If the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you, payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(viii) In the event it shall be determined by the Company's independent auditor that the Agreement Payments would subject you to the Excise Tax, it shall also be determined whether a certain reduction in the Agreement Payments would result in an after-tax amount with a greater net present value than would occur without such reduction. If so, the Agreement Payments shall be reduced by the minimum amount necessary to obtain such result.

If such reduced payments incorrectly result in an overpayment or underpayment to you, the underpayment shall be promptly paid to you and, if an overpayment shall have occurred, it shall be treated for all purposes as a loan to you by the Company which you shall repay on the fifth day after demand by the Company, in each case together with interest at the applicable rate provided for in Section 1274(b)(2)(B) of the Code.

6. Successors; Binding Agreement.

(i) The Company will seek, by written request at least five business days prior to the time a Person becomes a Successor, to have such Person, in form satisfactory to you, assent to the fulfillment of the Company's obligations under this Agreement. Failure of such Person to furnish such assent by the later of (A) three business days prior to the time such Person becomes a Successor or (B) two business days after such Person receives a written request to so assent shall constitute Good Reason for termination by you of your employment if a change in control occurs or has occurred. "Successor" shall mean any Person that succeeds to, or has the practical ability to control (either immediately or with the passage of time), the Company's business directly, by merger or consolidation, or indirectly, by purchase of the Voting Securities or otherwise.

(ii) This Agreement shall be enforceable by your personal or legal representatives. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your designee or, if there be no such designee, to your estate.

(iii) The "Company" shall include any continuing entity from any business combination in which the Company ceases to exist.

7. Fees and Expenses; Mitigation.

(i) The Company shall reimburse you, on a current basis, for all legal fees and related expenses incurred by you in connection with the Agreement following a change in control, including, without limitation, (a) all such fees and expenses, if any, incurred in contesting any termination of your employment or incurred by you in seeking advice with respect to the matters set forth in Section 8 hereof or (b) your seeking to enforce any benefit provided by this Agreement, in each case, regardless of whether or not your claim is upheld by a court of competent jurisdiction; provided, however, you shall be required to repay any such amounts to the extent that a court issues a final and non-appealable order determining that your position was

frivolous. In addition to the fees and expenses provided herein, you shall also be paid interest on any disputed amount ultimately paid to you at the prime rate announced from time to time by Chemical Bank, New York, from the date payment should have been made until paid in full.

(ii) You shall not be required to mitigate any payment the Company becomes obligated to make to you under this Agreement.

8. Taxes. All payments under this Agreement will be subject to required withholding of federal, state and local income and employment taxes.

9. Survival. The respective obligations of, and benefits afforded to, the Company and you as provided in Sections 5, 6(ii), 7, 8 and 14 of this Agreement shall survive termination of this Agreement.

10. Notice. Notices and all other communications under this Agreement shall be in writing and shall be deemed to have been duly given when mailed by United States registered mail, return receipt requested, postage prepaid and addressed, in the case of the Company, to the address set forth on the first page of this Agreement or, in the case of the undersigned employee, to the address set forth below his signature, provided that all notices to the Company shall be directed to the attention of the Chairman of the Board or President of the Company, with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

11. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by you and the Chairman of the Board or President of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Kansas.

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

13. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration by three arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 13.

14. Related Agreements. If any provision of any other agreement between the Company or any of its subsidiaries and you shall, qualify or be inconsistent with any provision of this Agreement, then, while this Agreement remains in force, this Agreement shall control and such provision of such other agreement shall be deemed to have no force or effect.

15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

If this letter correctly sets forth our agreement, kindly sign and return to the Company the enclosed copy of this letter.

Sincerely,

ACCEPTED:

WESTERN RESOURCES, INC.
 Computations of Ratio of Earnings to Fixed Charges and
 Computations of Ratio of Earnings to Combined Fixed Charges
 and Preferred and Preference Dividend Requirements
 (Dollars in Thousands)

	Unaudited	Year Ended December 31,				
	Twelve Months Ended June 30, 1996	1995	1994	1993	1992	1991
Net Income	\$191,920	\$181,676	\$187,447	\$177,370	\$127,884	\$ 89,645
Taxes on Income.	87,594	83,392	99,951	78,755	46,099	42,527
Net Income Plus Taxes . . .	279,514	265,068	287,398	256,125	173,983	132,172
Fixed Charges:						
Interest on Long-Term Debt . .	101,218	95,962	98,483	123,551	117,464	51,267
Interest on Other Indebtedness	29,961	27,487	20,139	19,255	20,009	10,490
Interest on Other Mandatorily Redeemable Securities. . . .	4,059	372	-	-	-	-
Interest on Corporate-owned Life Insurance Borrowings. . .	35,523	32,325	26,932	16,252	5,294	-
Interest Applicable to Rentals.	31,645	31,650	29,003	28,827	27,429	5,089
Total Fixed Charges.	202,406	187,796	174,557	187,885	170,196	66,846
Preferred and Preference Dividend Requirements:						
Preferred and Preference Dividends.	13,419	13,419	13,418	13,506	12,751	6,377
Income Tax Required.	6,125	6,160	7,155	5,997	4,596	3,025
Total Preferred and Preference Dividend Requirements. . . .	19,544	19,579	20,573	19,503	17,347	9,402
Total Fixed Charges and Preferred and Preference Dividend Requirements.	221,950	207,375	195,130	207,388	187,543	76,248
Earnings (1)	\$481,920	\$452,864	\$461,955	\$444,010	\$344,179	\$199,018
Ratio of Earnings to Fixed Charges	2.38	2.41	2.65	2.36	2.02	2.98
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements.	2.17	2.18	2.37	2.14	1.84	2.61

(1) Earnings are deemed to consist of net income to which has been added income taxes (including net deferred investment tax credit) and fixed charges. Fixed charges consist of all interest on indebtedness, amortization of debt discount and expense, and the portion of rental expense which represents an interest factor. Preferred and preference dividend requirements consist of an amount equal to the pre-tax earnings which would be required to meet dividend requirements on preferred and preference stock.

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AT JUNE 30, 1996 AND THE STATEMENT OF INCOME AND THE STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS	DEC-31-1996	JUN-30-1996	PER-BOOK
	4,348,305		
	601,154		
	416,628		
	621,189		
		0	
		5,987,276	
		319,235	
	721,838		
	541,184		
1,582,257			
	150,000		
		24,858	
	1,341,279		
	436,800		
	0		
302,955			
	0		
	100,000		
	0		
		0	
2,049,127			
5,987,276			
	991,743		
	33,586		
	822,879		
	857,450		
	134,293		
	8,305		
142,598			
	69,063		
		73,535	
	6,709		
66,826			
	65,263		
	53,104		
	125,499		
		1.06	
		0	

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

For the quarterly period ended June 30, 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

(State or other jurisdiction of
incorporation or organization)

48-1093840

(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 August 14, 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
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KANSAS GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Dollars in Thousands)
(unaudited)

	June 30, 1996	December 31, 1995
ASSETS		
UTILITY PLANT:		
Electric plant in service	\$3,468,581	\$3,427,928
Less - Accumulated depreciation	936,700	893,728
	2,531,881	2,534,200
Construction work in progress	26,808	40,810
Nuclear fuel (net).	49,415	53,942
Net utility plant	2,608,104	2,628,952
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust	28,551	25,070
Other	8,424	7,885
	36,975	32,955
CURRENT ASSETS:		
Cash and cash equivalents	88	53
Accounts receivable and unbilled revenues (net)	81,652	76,490
Advances to parent company	214,303	34,948
Fossil fuel, at average cost.	14,895	17,522
Materials and supplies, at average cost	30,545	31,458
Prepayments and other current assets.	30,427	17,128
	371,910	177,599
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes	208,367	208,367
Deferred coal contract settlement costs	13,136	14,612
Phase-in revenues	35,089	43,861
Other deferred plant costs.	31,406	31,539
Corporate-owned life insurance (net).	10,473	7,279
Unamortized debt expense.	24,513	25,605
Other	42,376	32,645
	365,360	363,908
TOTAL ASSETS	\$3,382,349	\$3,203,414
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (See Statements):		
Common stock equity	\$1,169,030	\$1,186,077
Long-term debt (net).	684,006	684,082
	1,853,036	1,870,159
CURRENT LIABILITIES:		
Short-term debt	250,000	50,000
Long-term debt due within one year.	-	16,000
Accounts payable.	58,478	50,783
Accrued taxes	19,455	17,766
Accrued interest.	9,082	7,903
Other	6,603	6,608
	343,618	149,060
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	794,468	800,934
Deferred investment tax credits	71,345	72,970
Deferred gain from sale-leaseback	237,880	242,700
Other	82,002	67,591
	1,185,695	1,184,195
COMMITMENTS AND CONTINGENCIES (Note 2)		

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 June 30,	
	1996	1995
OPERATING REVENUES.	\$ 163,038	\$ 144,747
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	21,828	19,167
Nuclear fuel.	5,618	5,076
Power purchased	2,464	523
Other operations.	38,307	31,794
Maintenance	15,439	12,359
Depreciation and amortization	23,494	18,316
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income.	9,215	8,208
State income	2,801	2,387
General	12,047	11,752
Total operating expenses.	135,599	113,968
OPERATING INCOME.	27,439	30,779
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(1,565)	(1,821)
Miscellaneous (net)	556	731
Income taxes (net).	4,729	2,184
Total other income and deductions	3,720	1,094
INCOME BEFORE INTEREST CHARGES.	31,159	31,873
INTEREST CHARGES:		
Long-term debt.	11,583	11,783
Other	2,694	1,107
Allowance for borrowed funds used during construction (credit).	(371)	(584)
Total interest charges.	13,906	12,306
NET INCOME.	\$ 17,253	\$ 19,567

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

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

	Six Months Ended June 30,	
	1996	1995
OPERATING REVENUES.	\$ 308,072	\$ 283,304
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	43,980	37,396
Nuclear fuel.	7,375	9,764
Power purchased	6,824	1,206
Other operations.	69,676	62,199
Maintenance	27,338	24,626
Depreciation and amortization	46,862	36,669
Amortization of phase-in revenues	8,772	8,772
Taxes:		

Federal income	12,672	15,478
State income	3,992	4,462
General	24,088	23,386
Total operating expenses	251,579	223,958
OPERATING INCOME	56,493	59,346
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(3,749)	(3,537)
Miscellaneous (net)	1,571	2,830
Income taxes (net)	5,327	3,819
Total other income and deductions	3,149	3,112
INCOME BEFORE INTEREST CHARGES	59,642	62,458
INTEREST CHARGES:		
Long-term debt	23,299	23,551
Other	4,369	2,612
Allowance for borrowed funds used during construction (credit)	(979)	(1,144)
Total interest charges	26,689	25,019
NET INCOME	\$ 32,953	\$ 37,439

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 June 30,	
	1996	1995
OPERATING REVENUES	\$ 648,636	\$ 611,593
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	87,176	83,844
Nuclear fuel	17,036	15,231
Power purchased	10,195	4,857
Other operations	125,353	118,674
Maintenance	50,768	47,384
Depreciation and amortization	89,872	69,865
Amortization of phase-in revenues	17,545	17,544
Taxes:		
Federal income	45,524	47,617
State income	12,073	12,304
General	46,943	44,342
Total operating expenses	502,485	461,662
OPERATING INCOME	146,151	149,931
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(2,880)	(6,898)
Miscellaneous (net)	3,625	5,101
Income taxes (net)	10,594	7,871
Total other income and deductions	11,339	6,074
INCOME BEFORE INTEREST CHARGES	157,490	156,005
INTEREST CHARGES:		
Long-term debt	46,821	47,280
Other	6,947	5,323
Allowance for borrowed funds used during construction (credit)	(2,665)	(1,730)
Total interest charges	51,103	50,873
NET INCOME	\$ 106,387	\$ 105,132

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)

	Six Months Ended June 30,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 32,953	\$ 37,439
Depreciation and amortization	36,850	36,669
Other amortization (including nuclear fuel)	5,658	7,388
Gain on sales of utility plant (net of tax)	-	(951)
Deferred taxes and investment tax credits (net)	(8,091)	(10,360)
Amortization of phase-in revenues	8,772	8,772
Corporate-owned life insurance	(12,593)	(8,665)
Amortization of gain from sale-leaseback	(4,820)	(4,821)
Amortization of acquisition adjustment	10,012	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(5,162)	(147)
Fossil fuel	2,627	(2,857)
Accounts payable	7,695	5,833
Interest and taxes accrued	2,868	6,605
Other	10,076	(12,881)
Changes in other assets and liabilities	(31,859)	9,254
Net cash flows from operating activities	54,986	71,278
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	31,314	40,556
Sales of utility plant	-	(1,723)
Corporate-owned life insurance policies	22,468	25,639
Death proceeds of corporate-owned life insurance	-	(250)
Net cash flows used in investing activities	53,782	64,222
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	200,000	(25,000)
Advances to parent company (net)	(179,355)	(27,511)
Bonds retired	(16,135)	(25)
Borrowings against life insurance policies	44,321	45,578
Repayment of borrowings against life insurance policies	-	(73)
Dividends to parent company	(50,000)	-
Net cash flows from (used in) financing activities	(1,169)	(7,031)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	35	25
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	53	47
END OF PERIOD	\$ 88	\$ 72
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	\$ 50,652	\$ 48,809
Income taxes	17,600	18,100

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 June 30,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 106,387	\$ 105,132
Depreciation and amortization	73,131	69,865
Other amortization (including nuclear fuel)	13,463	12,426
Gain on sales of utility plant (net of tax)	-	(951)

Deferred taxes and investment tax credits (net)	6,120	10,670
Amortization of phase-in revenues	17,545	17,544
Corporate-owned life insurance.	(32,476)	(17,081)
Amortization of gain from sale-leaseback.	(9,639)	(9,641)
Amortization of acquisition adjustment.	16,741	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(13,672)	(10,657)
Fossil fuel	1,714	(3,536)
Accounts payable.	3,552	(5,177)
Interest and taxes accrued.	(2,770)	(2,557)
Other	20,977	(1,683)
Changes in other assets and liabilities	(26,588)	(491)
Net cash flows from operating activities.	174,485	163,863

CASH FLOWS USED IN INVESTING ACTIVITIES:

Additions to utility plant.	84,696	83,130
Sales of utility plant.	-	(1,723)
Corporate-owned life insurance policies	27,176	28,049
Death proceeds of corporate-owned life insurance.	(10,333)	(250)
Net cash flows used in investing activities	101,539	109,206

CASH FLOWS FROM FINANCING ACTIVITIES:

Short-term debt (net)	225,000	(200)
Advances to parent company (net).	(122,399)	23,674
Bonds retired	(16,135)	(25)
Borrowings against life insurance policies.	45,789	46,962
Repayment of borrowings against life insurance policies	(5,185)	(73)
Dividends to parent company	(200,000)	(125,000)
Net cash flows from (used in) financing activities	(72,930)	(54,662)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS. 16 (8)

CASH AND CASH EQUIVALENTS:

BEGINNING OF PERIOD	72	77
END OF PERIOD	\$ 88	\$ 72

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

CASH PAID FOR:

Interest on financing activities (net of amount capitalized)	\$ 73,651	\$ 73,544
Income taxes	41,660	28,209

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

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

	June 30, 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	103,396		120,443	
Total common stock equity	1,169,030	63%	1,186,077	63%

LONG-TERM DEBT:

First Mortgage Bonds:

Series	Due	1996	1995
5-5/8%	1996	\$ -	\$ 16,000
7.6%	2003	135,000	135,000
6-1/2%	2005	65,000	65,000
6.20%	2006	100,000	100,000
		300,000	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.	687,762		703,897	
Less:				
Unamortized premium and discount (net).	3,756		3,815	
Long-term debt due within one year.	-		16,000	
Total long-term debt	684,006	37%	684,082	37%
TOTAL CAPITALIZATION.	\$1,853,036	100%	\$1,870,159	100%

(a) Market-Adjusted Tax Exempt Securities (MATES). As of June 30, 1996, the rate on these bonds ranged from 3.62% to 3.66%.

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		32,953
Dividend to parent company		(50,000)
BALANCE JUNE 30, 1996, 1,000 shares.	\$1,065,634	\$ 103,396

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 (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. 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 June 30, 1996 and December 31, 1995, and the results of its operations for the three, six and twelve month periods ended June 30, 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.

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 reviewed this order and does not expect it to have a material effect on operations.

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:

	June 30, 1996	December 31, 1995
	(Dollars in Millions)	
Cash surrender value of contracts	\$407.8	\$360.3
Borrowings against contracts	(397.3)	(353.0)
COLI (net)	\$ 10.5	\$ 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 \$5.4 million, \$10.2 million and \$24.7 million for the three, six and twelve months ended June 30, 1996, respectively, compared to \$4.2 million, \$8.1 million and \$16.0 million for the three, six and twelve months ended 1995, respectively. The interest expense deduction taken was \$7.0 million, \$13.9 million and \$27.6 million for the three, six and twelve months ended June 30, 1996, respectively, compared to \$6.0 million, \$11.7 million and \$22.9 million for the six and twelve months ended 1995, respectively. On August 2, 1996, Congress passed the Health Insurance Portability and Accountability Act of 1996 which President Clinton has indicated that he intends to sign. The act is expected to have minimal impact on the Company's COLI contracts.

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 \$28.6 million and \$25.1 million at June 30, 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 1997. 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 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 29.7% and 30.1% for the three month periods, 25.6% and 30.1% for the six month periods, and 30.6% and 33.1% for the twelve month periods ended June 30, 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 its investment in its assets of Wolf Creek over the next seven years. The request involved acceleration of depreciation of Wolf Creek by \$50 million for each of the next seven years. The Company sought to reduce electric rates for its customers by approximately \$8.7 million annually for the seven year period. The Company also requested to extend the service life of certain of its transmission and distribution assets for both the Company's and KPL's electric jurisdictions.

On May 23, 1996, the Company implemented the first \$8.7 million reduction on an interim basis. On July 25, 1996, the KCC Staff, Western Resources, and the Company entered into an agreement whereby its rates would be reduced an additional \$37.3 million and the current interim \$8.7 million rate reduction would become permanent upon final order in the proceeding. Other provisions of the agreement include an \$8.7 million annual KPL electric rate reduction upon final order, a \$10 million annual KGE rate reduction at January 1, 1998, and a five year incentive rate mechanism requiring all regulated earnings in

excess of a 12% regulatory return on equity to be shared 50/50 between customers and shareholders. The agreement specifies that the plan and electric rates will remain in place five years subject to changes necessary to reflect the effect of laws and/or edicts, or other material changes in circumstances which have a substantial net impact upon the Company's utility operations or revenues. On August 9, 1996, Western Resources, the Company, and the KCC Staff were joined by the Citizens Utility Ratepayers Board and the City of Wichita, Kansas in filing a motion to the KCC to approve the agreement.

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. On July 29, 1996, Western Resources filed its First Amended Application with the KCC in its proceeding for approval to merge with KCPL. The amended application reflected the increase in Western Resources' offer for KCPL from \$28 to \$31 per share and proposed an incentive rate mechanism requiring all regulated earnings in excess of the merged Company's 12.61% return on equity to be split among customers, shareholders, and additional depreciation on Wolf Creek.

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 the 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. Western Resources 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 Western Resources 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. On July 3, the registration statement became effective and on July 8, exchange offer materials were mailed to KCPL shareholders.

The number of shares of Western Resources common stock to be delivered per KCPL share pursuant to the initial Offer would have been 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 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 have been 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.

On June 17, 1996, Western Resources raised its Offer to \$31 from \$28 with an exchange ratio of 0.933 to 1.1 shares of Western Resources common stock for each KCPL common share. The increased Offer, which remains a stock-for-stock transaction, is valued at \$1.9 billion. On June 24, 1996, KCPL's Board of Directors also rejected this offer.

KCPL shareholders were scheduled to vote on the UCU/KCPL merger at their annual shareholders' meeting on May 22, 1996. On May 20, 1996, KCPL announced that it had reached a restructured merger agreement with UCU and canceled the May 22, 1996 vote. The vote on the new transaction was scheduled for an August 7, 1996, special shareholder meeting. On May 20, 1996 KCPL also filed suit against Western Resources and a KCPL shareholder in the Federal District Court for the Western District of Missouri (the Court) for a declaratory order, among other things, determining that the restructured transaction was legal pursuant to Missouri law, that its adoption was not a breach of fiduciary duty, and that a simple majority of shares voted would be required to approve the transaction rather than the vote of two-thirds of all outstanding shares required for approval of the original proposal.

On August 2, 1996, the Court denied KCPL's request with respect to the requisite vote, holding a two-thirds vote of outstanding shares would be required to approve the restructured transaction. As a result, KCPL postponed the special shareholder meeting until August 16, 1996.

According to KCPL's quarterly report on Form 10-Q for the quarter ended June 30, 1996, there were issued and outstanding 61,902,083 shares of KCPL common stock.

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

Western Resources has filed applications with the KCC and Missouri Public Service Commission seeking approval of the Merger. Western Resources will also need approval from the FERC and the NRC. 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 Western Resources 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 Western Resources 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.

The merger proposal contains certain analyses and statements with respect to the financial condition, results of operations and business of the Company following the consummation of the Offer and the Merger, including statements relating to the cost savings that will be realized from the Merger. Such analyses and statements include forward looking statements with respect to, among other things: (1) expected cost savings from the Merger; (2) normal weather conditions; (3) future national and regional economic and competitive conditions; (4) inflation rates; (5) regulatory treatment; (6) future financial market conditions; (7) interest rates; (8) future business decisions; and (9) other uncertainties, which though considered reasonable by the Company, are beyond the Company's control and difficult to predict.

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 certain information provided in the 1995 Form 10-K, and analyzes the changes in the results of operations between the three, six and twelve month periods ended June 30, 1996 and comparable periods of 1995.

FINANCIAL CONDITION

General: The Company had net income of \$17.3 million and \$33.0 million for the three and six months ended June 30, 1996 compared to \$19.6 million and \$37.4 million for the same periods in 1995, respectively. The decreases in net income were primarily due to the amortization of the acquisition adjustment as a result of the Merger and higher operating expenses, resulting from Wolf Creek's eighth refueling outage during the first quarter of 1996. An increase in net generation due to customer demand for air conditioning load during the second quarter of 1996 also contributed to higher operating expenses. These higher expenses offset the increases in sales and revenues the Company experienced during the three and six months ended June 30, 1996 as compared to the same periods of 1995.

Net income for the twelve months ended June 30, 1996, of \$106.4 million, increased slightly from net income of \$105.1 million for the comparable period of 1995. The increase was primarily due to increased interchange (sales to other utilities) and residential sales as a result of warmer spring temperatures as compared to last year.

Liquidity and Capital Resources: All 1,000 shares of the Company's common stock are held by Western Resources.

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 June 30, 1996, short-term borrowing amounted to \$250 million compared to \$50 million at December 31, 1995.

During the second quarter of 1996, the Company increased its borrowings against the accumulated cash surrender values of the corporate-owned life insurance policies by \$42.5 million and received \$1.8 million from increased borrowings on Wolf Creek Nuclear Operating Company policies.

OPERATING RESULTS

The following discussion explains variances for the three, six and twelve months ended June 30, 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, six and twelve months ended June 30, 1996 from the comparable periods of 1995.

Increase in electric sales volumes:

	3 Months Ended	6 Months Ended	12 Months Ended
Residential	22.8%	15.9%	12.8%
Commercial	9.5%	7.5%	5.1%
Industrial	1.8%	2.6%	4.2%
Total Retail	9.3%	7.5%	6.9%
Wholesale & Interchange	117.4%	61.5%	30.5%
Total electric sales	25.2%	15.8%	10.3%

Revenues for the three and six months ended June 30, 1996, of \$163.0 million and \$308.1 million, increased approximately thirteen and nine percent from revenues of \$144.7 million and \$283.3 million for the comparable periods of 1995, respectively. These increases are largely due to increased residential and interchange sales as a result of warmer spring temperatures experienced during the second quarter of 1996 compared to 1995.

The Company's service territory experienced a 129% increase in the number of cooling degree days during the second quarter of 1996, as compared to the second quarter of 1995 and a 31% higher than normal number of cooling degree days.

Revenues for the twelve months ended June 30, 1996, increased approximately six percent to \$648.6 million from revenues of \$611.6 million for the comparable period of 1995. The increase can also be attributed to increased interchange and residential sales as a result of warmer spring temperatures as discussed above.

Operating Expenses: Total operating expenses increased nineteen and twelve percent for the three and six months ended June 30, 1996, respectively, compared to the same periods of 1995. The increases are primarily attributable to the amortization of the acquisition adjustment and increased fuel, purchased power and other operating expenses due to Wolf Creek being off-line for its eight refueling and maintenance outage. Also contributing to the increases in fuel and operating expenses was the increase in net generation due to increase in demand for air conditioning load from residential customers during the spring months of 1996.

Total operating expenses increased approximately nine percent for the twelve months ended June 30, 1996 compared to the same period of 1995. The increase was due to the amortization of the acquisition adjustment and Wolf Creek's refueling outage mentioned above.

The amortization of the acquisition adjustment, which began in August 1995, amounted to \$5.0 million, \$10.0 million and \$16.7 million for the three, six and twelve months ended June 30, 1996, respectively.

Other Income and Deductions: Other income and deductions, net of taxes, increased for the three and six months ended June 30, 1996, compared to the same periods of 1995 primarily as a result of the reclassification of income taxes applicable to the amortization of acquisition adjustment.

Other income and deductions, net of taxes, increased to \$11.3 million for the twelve months ended June 30, 1996 from \$6.1 million for the twelve months ended June 30, 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 thirteen percent and seven percent for the three and six months ended June 30, 1996, compared to the same periods of 1995, respectively. These increases are attributable to higher interest expense on short-term debt during the second quarter of 1996.

Interest expense for the twelve months ended June 30, 1996, remained virtually unchanged, compared to the same period of 1995. An increase in allowance for funds used during construction (AFUDC) charges due to a higher AFUDC rate and the impact of increased COLI borrowings which reduce the need for other long-term debt and thereby reducing interest expense were offset by the increase in short-term debt interest expense.

OTHER INFORMATION

Amortization: In accordance with the KCC order relating to the acquisition of the Company by Western Resources, 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 can recover the amortization of the acquisition adjustment through cost savings under a sharing mechanism approved by the KCC.

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 5. Other Information

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

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

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 12 - Computation of Ratio of Earnings to Fixed Charges for 12 Months Ended June 30, 1996 (filed electronically)

Exhibit 27 - Financial Data Schedule (filed electronically)

(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

August 14, 1996

By /s/ Richard D. Terrill

Richard D. Terrill
Secretary, Treasurer and
General Counsel