SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1999

OR

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

For the transition period from ____________________ to _____________________

Commission File Number 1-3523

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

KANSAS	48-0290150
(State or Other Jurisdiction of Incorporation or Organization)	(Employer Identification No.)
818 KANSAS AVENUE, TOPEKA, KANSAS	66612
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number Including Area Code (785) 575-6300

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

Yes X No

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

Class	Outstanding at November 12, 1999
Common Stock, $5.00 par value	68,091,577

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

	September 30, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,512	$ 16,394
Accounts receivable (net)	255,205	218,243
Inventories and supplies (net)	104,956	95,590
Marketable securities	183,438	288,077
Prepaid expenses and other	66,837	57,225
Total Current Assets	635,948	675,529
PROPERTY, PLANT AND EQUIPMENT (NET)	3,845,333	3,799,916
OTHER ASSETS:		
Investment in ONEOK	605,533	615,094
Customer accounts (net)	1,164,412	1,014,428
Goodwill (net)	1,115,852	1,188,253
Regulatory assets	358,258	364,213
Other	349,618	293,995
Total Other Assets	3,593,673	3,475,983
TOTAL ASSETS	$8,074,954	$7,951,428
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 112,598	$ 165,838
Short-term debt	480,955	312,472
Accounts payable	103,039	127,834
Accrued liabilities	247,432	252,367
Accrued income taxes	80,078	32,942
Deferred security revenues	62,367	57,703
Other	86,787	85,690
Total Current Liabilities	1,173,256	1,034,846
LONG-TERM LIABILITIES:		
Long-term debt (net)	3,145,828	3,063,064
Western Resources obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company subordinated debentures	220,000	220,000
Deferred income taxes and investment tax credits	924,789	938,659
Minority interests	197,247	205,822
Deferred gain from sale-leaseback	201,079	209,951
Other	274,377	316,245
Total Long-term Liabilities	4,963,320	4,953,741
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Cumulative preferred stock	24,858	24,858
Common stock, par value $5 per share, authorized 85,000,000 shares, outstanding 67,674,202 and 65,909,442 shares, respectively	338,371	329,548
Paid-in capital	810,324	775,337
Retained earnings	803,594	823,590
Accumulated other comprehensive income (net)	(38,769)	9,508

Total Shareholders' Equity.	1,938,378	1,962,841
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$8,074,954	$7,951,428

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998
SALES:		
Energy	$ 495,867	$ 598,141
Security	153,131	103,261
Total Sales	648,998	701,402
COST OF SALES:		
Energy	174,099	303,432
Security	49,812	32,555
Total Cost of Sales	223,911	335,987
GROSS PROFIT	425,087	365,415
OPERATING EXPENSES:		
Operating and maintenance expense	84,715	82,376
Depreciation and amortization	138,989	72,232
Selling, general and administrative expense	100,643	54,533
Total Operating Expenses	324,347	209,141
INCOME FROM OPERATIONS	100,740	156,274
OTHER INCOME (EXPENSE):		
Investment earnings	12,216	14,026
Gain on sale of Mobile Services Group	17,249	-
Minority interests	6,533	(182)
Other	(1,888)	1,546
Total Other Income (Expense)	34,110	15,390
EARNINGS BEFORE INTEREST AND TAXES	134,850	171,664
INTEREST EXPENSE:		
Interest expense on long-term debt	61,045	43,465
Interest expense on short-term debt and other	14,831	16,012
Total Interest Expense	75,876	59,477
EARNINGS BEFORE INCOME TAXES	58,974	112,187
INCOME TAXES	9,964	40,766
NET INCOME	49,010	71,421
PREFERRED AND PREFERENCE DIVIDENDS	282	282
EARNINGS AVAILABLE FOR COMMON STOCK	$ 48,728	$ 71,139
AVERAGE COMMON SHARES OUTSTANDING	67,554,168	65,706,665
BASIC EARNINGS PER AVAILABLE COMMON SHARE OUTSTANDING	$ .72	$ 1.08

DIVIDENDS DECLARED PER COMMON SHARE	$ .535	$ .535

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	Nine Months Ended September 30, 1999	1998
SALES:		
Energy	$1,133,243	$1,269,949
Security	452,480	277,097
Total Sales	1,585,723	1,547,046
COST OF SALES:		
Energy	390,605	550,224
Security	132,968	88,028
Total Cost of Sales	523,573	638,252
GROSS PROFIT	1,062,150	908,794
OPERATING EXPENSES:		
Operating and maintenance expense	253,194	241,927
Depreciation and amortization	309,528	201,737
Selling, general and administrative expense	247,529	171,767
Write-off international development activities	(4,930)	-
Total Operating Expenses	805,321	615,431
INCOME FROM OPERATIONS	256,829	293,363
OTHER INCOME (EXPENSE):		
Investment earnings	49,661	52,439
Gain on sale of Mobile Services Group	17,249	-
Minority interests	8,382	(453)
Other	(1,343)	15,362
Total Other Income (Expense)	73,949	67,348
EARNINGS BEFORE INTEREST AND TAXES	330,778	360,711
INTEREST EXPENSE:		
Interest expense on long-term debt	180,335	121,376
Interest expense on short-term debt and other	39,839	43,072
Total Interest Expense	220,174	164,448
EARNINGS BEFORE INCOME TAXES	110,604	196,263
INCOME TAXES	22,357	65,612
NET INCOME BEFORE EXTRAORDINARY GAIN	88,247	130,651
EXTRAORDINARY GAIN, NET OF TAX	-	1,591
NET INCOME	88,247	132,242
PREFERRED AND PREFERENCE DIVIDENDS	847	3,309

EARNINGS AVAILABLE FOR COMMON STOCK	$ 87,400	$ 128,933
AVERAGE COMMON SHARES OUTSTANDING	66,766,230	65,554,116
BASIC EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING:		
EARNINGS AVAILABLE FOR COMMON STOCK BEFORE EXTRAORDINARY GAIN	$ 1.31	$ 1.94
EXTRAORDINARY GAIN.	-	.03
EARNINGS AVAILABLE FOR COMMON STOCK	$ 1.31	$ 1.97
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.605	$ 1.605

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

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

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998
Net income.	$ 49,010	$ 71,421
Other comprehensive loss, before tax:		
Unrealized holding losses on marketable securities arising during the period.	(65,380)	(38,541)
Less: Reclassification adjustment for gains included in net income.	(211)	-
Unrealized loss on marketable securities (net).	(65,591)	(38,541)
Unrealized gain on currency translation.	1,879	-
Other comprehensive loss, before tax.	(63,712)	(38,541)
Income tax benefit.	25,340	15,337
Other comprehensive loss, net of tax.	(38,372)	(23,204)
Comprehensive income.	$ 10,638	$ 48,217

	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Net income.	$ 88,247	$132,242
Other comprehensive loss, before tax:		
Unrealized holding losses on marketable securities arising during the period.	(80,546)	(17,523)
Less: Reclassification adjustment for gains included in net income.	(72)	-
Unrealized loss on marketable securities (net).	(80,618)	(17,523)
Unrealized gain on currency translation.	338	-
Other comprehensive loss, before tax.	(80,280)	(17,523)
Income tax benefit.	32,003	6,976
Other comprehensive loss, net of tax.	(48,277)	(10,547)
Comprehensive income.	$ 39,970	$121,695

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)

	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 88,247	$ 132,242
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary gain.	-	(1,591)
Depreciation and amortization	309,528	201,737
Amortization of gain on sale-leaseback.	(8,872)	(8,871)
Equity in earnings from investments	(7,645)	(3,828)
Gain on Sale of Mobile Services Group	(17,249)	-
Loss on Sale of Marketable Securities	4,608	-
Minority Interests	(8,382)	453
Accretion of discount note interest	(5,057)	4,635
Write-off international development activities.	(4,930)	-
Changes in working capital items (net of effects from acquisitions):		
Accounts receivable (net)	(29,829)	14,621
Inventories and supplies.	(7,588)	(1,967)
Prepaid expenses and other.	(18,910)	(16,628)
Accounts payable.	(24,795)	18,764
Accrued liabilities	9,139	(75,712)
Accrued income taxes.	47,136	30,784
Other	(9,646)	40,110
Changes in other assets and liabilities	(44,717)	23,184
Net cash flows from operating activities.	271,038	357,933
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property, plant and equipment (net).	(186,569)	(112,125)
Customer account acquisitions	(207,657)	(228,352)
Security alarm monitoring acquisitions, net of cash acquired	(27,408)	(554,230)
Proceeds from sale of Mobile Services Group, net of cash paid	19,087	-
Purchases of marketable securities.	(11,999)	(241,752)
Proceeds from sale of marketable securities	30,946	-
Investment in Paradigm.	(32,009)	-
Proceeds from issuance of stock by subsidiary (net) . . .	-	45,565
Other investments (net)	8,696	(76,468)
Net cash flows (used in) investing activities	(406,913)	(1,167,362)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	168,483	338,882
Proceeds of long-term debt.	180,688	688,782
Retirements of long-term debt	(125,422)	(135,037)
Issuance of common stock issued (net)	29,487	13,035
Redemption of preference stock.	-	(50,000)
Cash dividends paid	(108,243)	(107,153)
Cash flows from financing activities.	144,993	748,509
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS. . . .	9,118	(60,920)
CASH AND CASH EQUIVALENTS:		
Beginning of the period	16,394	76,608
End of the period	$ 25,512	$ 15,688

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

capitalized	$ 252,535	$ 180,058
Income taxes.	1,065	32,138

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CUMULATIVE PREFERRED STOCK
(Dollars in Thousands)
(Unaudited)

	September 30, 1999	December 31, 1998
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
Total Preferred Stock.	$ 24,858	$ 24,858

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Dollars in Thousands)
(Unaudited)

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Cumulative Preferred and Preference Stock:				
Beginning balance.	$ 24,858	$ 24,858	$ 24,858	$ 74,858
Redemption of preference stock	-	-	-	(50,000)
Ending balance	24,858	24,858	24,858	24,858
Common Stock:				
Beginning balance.	335,844	327,865	329,548	327,048
Issuance of common stock . . .	2,527	801	8,823	1,618
Ending balance	338,371	328,666	338,371	328,666
Paid-in-Capital:				
Beginning balance.	801,860	766,453	775,337	760,553
Expenses on common stock . . .	-	-	-	-
Issuance on common stock . . .	8,464	5,517	34,987	11,417
Ending balance	810,324	771,970	810,324	771,970
Retained Earnings:				
Beginning balance.	791,330	907,634	823,590	919,911
Net income	49,010	71,421	88,247	132,242
Dividends on preferred and preference stock	(282)	(282)	(847)	(3,309)
Dividends on common stock. . .	(36,464)	(35,162)	(107,396)	(105,233)
Ending balance	803,594	943,611	803,594	943,611
Accumulated Other Comprehensive Income (net):				
Beginning balance.	(397)	24,776	9,508	12,119
Unrealized loss on equity securities.	(65,591)	(38,541)	(80,618)	(17,523)
Unrealized gain on currency translation	1,879	-	338	-
Income tax benefit	25,340	15,337	32,003	6,976
Ending balance	(38,769)	1,572	(38,769)	1,572
Total Shareholders' Equity	$1,938,378	$2,070,677	$1,938,378	$2,070,677

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Western Resources, Inc. (the company) is a publicly-traded, consumer services company. The company's primary business activities are providing electric generation, transmission and distribution services to approximately 627,000 customers in Kansas and providing monitored services to approximately 1.6 million customers in North America, the United Kingdom and Continental Europe. In addition, through the company's 45% ownership interest in ONEOK, Inc. (ONEOK), natural gas transmission and distribution services are provided to approximately 1.4 million customers in Oklahoma and Kansas. Rate regulated electric service is provided by KPL, a division of the company and Kansas Gas and Electric Company (KGE), a wholly-owned subsidiary. Monitored services are provided by Protection One, Inc. (Protection One), a publicly-traded, approximately 85%-owned subsidiary.

Principles of Consolidation: The company's unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been condensed or omitted. These consolidated financial statements and notes should be read in conjunction with the Consolidated Financial Statements and the notes included in the company's 1998 Annual Report on Form 10-K.

In management's opinion, all adjustments necessary for a fair presentation of the financial statements have been included. All adjustments are normal recurring adjustments except for adjustments related to the change in accounting method discussed below in Note 2. The results of operations for the three and nine months ended September 30, 1999, are not necessarily indicative of the results to be expected for the full year. Certain purchase price allocations for acquisitions made in 1999 by Protection One were made on a preliminary basis and are subject to change.

New Pronouncements: On January 1, 1999, the company adopted Emerging Issues Task Force Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" (EITF Issue 98-10). EITF Issue 98-10 requires energy trading contracts to be recorded at fair value on the balance sheet, with the changes in the fair value included in earnings. Adoption of EITF 98-10 resulted in a decrease in operating income of approximately $0.7 million for the nine months ended September 30, 1999.

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

2. CHANGE IN ACCOUNTING PRINCIPLE

Protection One historically amortized the costs it allocated to its customer accounts by using the straight-line method over a ten-year life. The straight-line method, indicated in Accounting Principles Board Opinion No. 17 as the appropriate method for such assets, has been the predominant method used to amortize customer accounts in the monitored services industry. Protection One is not aware of whether the economic life or rate of realization for Protection One's customer accounts differs materially from other monitored services companies.

The choice of a ten-year life was based on Protection One's estimates and judgments about the amounts and timing of expected future revenues from these assets, the rate of attrition of such revenue over customer life, and average customer account life. Ten years was used because, in Protection One's opinion, it would adequately match amortization cost with anticipated revenue from those assets even though many accounts were expected to produce revenue over periods substantially longer than ten years. Effectively, it expensed the asset costs ratably over an "expected average cost life" that was shorter than the expected life of the revenue stream, thus implicitly giving recognition to projected revenues for a period beyond ten years.

Protection One has recently concluded a comprehensive review of its amortization policy that was undertaken during the third quarter of 1999. This review was performed specifically to evaluate the historic amortization policy in light of the inherent declining revenue curve over the life of a pool of customer accounts, and Protection One's historical attrition experience. After completing the review, Protection One identified three distinct account pools, each of which has distinct attributes that effect differing attrition characteristics. The pools correspond to Protection One's North America, Multifamily and Europe business segments. These separate pools will be used going forward. For the North America and Europe pools, the analyzed data indicated to Protection One's management that Protection One can expect attrition to be greatest in years one through five of asset life and that a change from a straight-line to a declining balance (accelerated) method would more closely match future amortization cost with the estimated revenue stream from these assets. Protection One has elected to change to that method. No change was made to the method used for the Multifamily pool.

Adoption of the declining balance method effectively shortens the estimated expected average customer life for these two customer pools, and does so in a way that does not make it possible to distinguish the effect of a change in method (straight-line to declining balance) from the change in estimated lives. In such cases, GAAP requires that the effect of such a change be recognized in operations in the period of the change, rather than as a cumulative effect of a change in accounting principle. Accordingly, the effect of the change in accounting principle increased amortization expense reported in the third quarter by $47 million. Similarly, accumulated amortization recorded on the balance sheet would have been approximately $41 million higher if Protection One had historically used the declining balance method through the end of the second quarter of 1999.

3. INTERNATIONAL POWER DEVELOPMENT ACTIVITIES

The company terminated the employment of employees of The Wing Group Limited Co. (Wing) during the first quarter of 1999, in accordance with the company's previously announced plans to exit the international power development business. In addition to these terminations, all development activity was discontinued. Certain exit activities which occurred during the first half of 1999, as contemplated in the exit plan, included closing Wing offices and handling other matters related to terminating the activity of this subsidiary. Through September 30, 1999, approximately $16.8 million has been expended for exit activities of which $13.4 million was incurred for employee settlement costs and $0.8 million was incurred for severance costs. All amounts expended during the nine months ended September 30, 1999, were charged to the exit cost accruals established as of December 31, 1998. These exit cost accruals were reduced by $4.9 million during the second quarter of 1999 due to the actual employee settlement amounts being less than the amounts originally estimated. The impact of this accrual reversal increased pre-tax income.

At September 30, 1999, approximately $1.2 million of accrued exit fees and shut down costs are included in other current liabilities on the accompanying Consolidated Balance Sheet. The company plans to complete all significant aspects of this closure by the end of 1999.

4. MERGER AGREEMENT WITH KANSAS CITY POWER & LIGHT COMPANY (KCPL)

On September 28, 1999, the Kansas Corporation Commission (KCC) issued an order in connection with the KCPL merger. On October 13, 1999, the company filed a petition with the KCC for reconsideration of certain portions of the KCC order. Other parties to the proceedings also requested reconsideration of the KCC's order. On November 4, 1999, the KCC issued its order on reconsideration. Significant terms of the KCC order are as follows:

- An electric rate moratorium of four years beginning on the date the transaction closes
- Ability to retain all savings incurred during the moratorium period
- Ability to recover a portion of the remaining acquisition premium of approximately $3.85 million per year for 35 years following the completion of the rate moratorium
- A cap of $179.45 million for any future determination of stranded costs which result from the merger
- Implementation of quality of service standards
- Ability to seek carrying charges on investments in new plant additions during the rate moratorium period
- At the conclusion of the moratorium, Westar Energy, the new electric company formed as a result of the merger, will be required to file a consolidated cost of service study and separate cost of service studies for each operating division.

On September 2, 1999, the Missouri Public Service Commission (MPSC) approved the merger of the company and KCPL. No further merger proceedings are scheduled in Missouri. Significant terms of the MPSC order are as follows:

- An electric rate moratorium of three years beginning on the date the transaction closes
- Westar Energy would make a one-time rate credit in the amount of $5 million to its Missouri retail customers at the beginning of the second year of the merger
- Agreements between the company, KCPL, MPSC staff and the Office of Public Counsel on quality of service standards and on cost allocation methodology.

On September 14, 1999, the company and the Federal Energy Regulatory Commission (FERC) staff filed a Settlement Agreement with the FERC in connection with the KCPL merger. On October 21, 1999, the Settlement Agreement was certified by a FERC administrative law judge and sent to the FERC for approval without hearing. The company expects the receipt of a FERC order around the end of the year. The FERC order is subject to a 30-day period in which requests for rehearing may be made. The Settlement Agreement provides that the settlement will become effective on the first day of the month following the date the FERC order becomes final.

On November 1, 1999, the company received approval from the Nuclear Regulatory Commission regarding the KCPL merger, the formation of Westar Energy, and the transfer of the ownership licenses to Westar Energy.

Further requests for reconsideration and appeals could delay the receipt of the final regulatory approvals discussed above. The company believes that the merger could be finalized in the first quarter of 2000. The closing of the merger is subject to the satisfaction or waiver of various regulatory and other conditions and certain rights of termination as outlined in the merger agreement.

Either party may terminate the merger if the merger does not close by December 31, 1999, or if the Western Resources' Index Price is less than or equal to $29.78 on the tenth day prior to closing. The Western Resources' Index Price was $22.67 at November 8, 1999.

The company has deferred merger-related costs of $17.6 million as of September 30, 1999.

For additional information on the Merger Agreement with KCPL, see Note 21 to the Consolidated Financial Statements in the company's 1998 Annual Report on Form 10-K.

5. LEGAL PROCEEDINGS

The SEC has commenced a private investigation relating, among other things, to the timeliness and adequacy of disclosure filings with the SEC by the company with respect to securities of ADT Ltd. The company is cooperating with the SEC staff in this investigation.

The company, its subsidiary Westar Capital, Inc. (Westar), Protection One, its subsidiary Protection One Alarm Monitoring, Inc. (Monitoring), and certain present and former officers and directors of Protection One are defendants in a purported class action litigation pending in the United States District Court for the Central District of California, "David Lyons v. Protection One, Inc., et. al.", No. CV 99-3755 DT (RCx). Pursuant to an Order dated August 2, 1999 which consolidated four pending purported class actions, the plaintiffs filed a single Consolidated Amended Class Action Complaint (Amended Complaint) on October 15, 1999. The Amended Complaint asserts claims under Section 11 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 against Protection One, Monitoring, and certain present and former officers and directors of Protection One based on allegations that various statements concerning Protection One's financial results and operations for 1997 and 1998 were false and misleading and not in compliance with GAAP. Plaintiffs allege, among other things, that former employees of Protection One, including an unnamed former executive officer and an unnamed former staff accountant, have reported that Protection One lacked adequate internal accounting controls and that certain accounting information was unsupported or manipulated by management in order to avoid disclosure of accurate information. The Amended Complaint further asserts claims against the company and Westar as controlling persons under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. A claim is also asserted under Section 11 of the Securities Act of 1933 against Protection One's auditor, Arthur Andersen LLP. The Amended Complaint seeks an unspecified amount of compensatory damages and an award of fees and expenses, including attorneys' fees. The time for the defendants to respond to the Amended Complaint has not yet expired. The company and Protection One believe that all the claims asserted in the Amended Complaint are without merit and intend to defend against them vigorously. The company and Protection One cannot currently predict the impact of this litigation which could be material.

The company and its subsidiaries are involved in various other legal, environmental and regulatory proceedings. Management believes that adequate provision has been made and accordingly believes that the ultimate disposition of such matters will not have a material adverse effect upon the company's overall financial position or results of operations.

6. 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. At September 30, 1999, the costs incurred for preliminary site investigation and risk assessment have been minimal. In accordance with the terms of the strategic alliance with ONEOK, ownership of twelve of these sites and the responsibility for clean-up of these sites were transferred to ONEOK. The ONEOK agreement limits the company's future liability associated with these sites to an immaterial amount. The company's investment earnings from ONEOK, as recorded in investment earnings on the accompanying Consolidated Income Statements, could be impacted by these costs if insurance and rate allowances do not cover these potential contingencies.

Securities and Exchange Commission (SEC) Review of Protection One: Protection One has been advised by the Division of Corporation Finance of the SEC that, in the view of the staff, there are errors in Protection One's financial statements which are material and which have had the effect of inflating earnings commencing with the year 1997. Protection One has had extensive discussions with the SEC staff about the methodology used by Protection One to amortize customer accounts, the purchase price allocation to customer accounts in the Network Multifamily acquisition, and other matters. Protection One has restated its 1998 financial statements and its interim financial statements for the quarters ended March 31, 1999, and June 30, 1999. The company did not restate its financial statements due to the immaterial impact of Protection One's restatement. In addition, Protection One has changed the accounting principle used for the amortization of customer accounts. The SEC staff has not indicated it concurs with, nor has the SEC staff determined not to object to, the restatements or the change in accounting principle. The company and Protection One cannot predict whether the SEC staff will make additional comments or take other action that will further impact their financial statements or the effect or timing of any such action.

Split Dollar Life Insurance Program: Obligations under the company's split dollar life insurance program can increase and decrease based on the company's total return to shareholders. The related liability decreased approximately $0.8 million for the three month period and $10.5 million for the nine month period ended September 30, 1999.

For additional information on Commitments and Contingencies, see Note 10 to Consolidated Financial Statements in the company's 1998 Annual Report on Form 10-K.

7. DEBT

Protection One borrows to fund operations in excess of internally generated cash under its senior credit facility. Protection One's ability to borrow under the facility is subject to compliance with certain financial covenants, including a leverage ratio of 5.0 to 1.0 and an interest coverage ratio of 2.75 to 1.0. At year end 1999, the leverage ratio which Protection One will be required to meet under the credit facility will be reduced to 4.5 to 1.0. As of September 30, 1999, the ratios were approximately 6.7 to 1.0 and 2.0 to 1.0.

The senior credit facility lenders have waived compliance with the current leverage and interest coverage ratio covenants through December 3, 1999. In connection with the waiver, the amount of the credit facility was reduced from $500 million to $250 million. Protection One will not, absent successful implementation of the alternatives discussed below, be in compliance with the current leverage and interest coverage ratio covenants in the credit facility following the expiration of the waiver. Protection One is discussing waivers or amendments to the senior credit facility with the lenders and exploring other alternatives to address these covenant restrictions and the reduced amount of the credit facility, including selling assets to reduce debt or refinancing the facility. The credit facility lenders have requested that Protection One obtain credit support for the facility from the company or one of its affiliates.

Protection One's public debt contains restrictions on providing certain forms of credit support to the credit facility. Further, the company has not made a determination whether it or an affiliate will provide any credit support to the lenders under the facility. If Protection One's negotiations with its senior credit facility lenders are not successful, Protection One will be in default under the credit facility. If the lenders elect to accelerate the outstanding indebtedness under the credit facility, the action would result in defaults under the indentures governing certain of Protection One's outstanding notes and the repayment of the notes could be accelerated if the defaults were not cured within applicable grace periods. Protection One would not be able to repay its indebtedness if repayment is accelerated. Even if the lenders elect not to accelerate the outstanding indebtedness under the credit facility, Protection One will likely experience shortfalls in liquidity which would adversely impact Protection One's ability to meet its cash obligations and have a material adverse effect upon Protection One's financial position and results of operations. The company's credit facility contains a cross default provision which would be triggered in the event of a Protection One default. If Protection One is unable to maintain adequate liquidity, the company may choose to make additional investments in Protection One, but it is not obligated to do so. Protection One believes it will be able to address this matter in a manner so that there is no default under the credit facility or significant impact on its liquidity, but no assurances can be given that Protection One will be able to do so or the terms thereof. See Note 10 for subsequent events concerning a review of Protection One's capital structure and financial alternatives.

8. 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 16.9% and 20.2% for the three and nine month periods ended September 30, 1999 compared to 36.3% and 33.4% for the three and nine month periods ended September 30, 1998. The effective tax rate has been reduced from 24.0% as of June 30, 1999, to 20.2% as of September 30, 1999, which represents the currently expected effective tax rate for 1999. The benefit recorded in the third quarter for this change in estimate approximated $3.9 million. This change in estimate was based on downward revisions in forecasted earnings for 1999. The effective income tax rates vary from the Federal statutory rate primarily due to the receipt of non-taxable proceeds from our corporate owned life insurance policies, the tax benefit of excluding 70% of the dividends received from ONEOK, the generation and utilization of tax credits from Affordable Housing investments, the amortization of prior years' investment tax credits, and the amortization of non-deductible goodwill.

9. SEGMENTS OF BUSINESS

In 1998, the company adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." This statement requires the company to define and report the company's business segments based on how management currently evaluates its business. Management has segmented its business based on differences in products and services, production processes, and management responsibility. Based on this approach, the company has identified four reportable segments: fossil generation, nuclear generation, power delivery and monitored services.

Three Months Ended September 30, 1999:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(1)Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 148,251	$ -	$ 347,301	$ 153,131	$ 315	$ -	$ 648,998
Allocated sales . .	158,141	28,987	84,366	-	-	(271,494)	-
Earnings before interest and taxes	82,383	(4,817)	94,084	(39,804)	6,202	(3,198)	134,850
Interest expense. .							75,876
Earnings before income taxes . . .							58,974
Identifiable assets	1,435,237	1,093,946	1,802,385	2,605,665	1,218,474	(80,753)	8,074,954

Three Months Ended September 30, 1998:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(2)Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 241,264	$ -	$ 356,537	$ 103,261	$ 340	$	$ 701,402
Allocated sales . .	148,284	29,375	16,623	-	-	(194,282)	-
Earnings before interest and taxes	34,379	(6,171)	117,468	18,297	6,069	1,622	171,664
Interest expense. .							59,477
Earnings before income taxes . . .							112,187
Identifiable assets	1,342,544	1,115,205	1,899,984	2,389,955	1,345,607	(122,808)	7,970,487

Nine Months Ended September 30, 1999:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(3)Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 305,786	$ -	$ 826,488	$ 452,480	$ 968	$ 1	$1,585,723
Allocated sales . .	421,493	78,803	224,048	-	-	(724,344)	-
Earnings before interest and taxes	176,304	(20,156)	133,557	(8,286)	57,524	(8,165)	330,778
Interest expense. .							220,174
Earnings before income taxes . . .							110,604
Identifiable assets	1,435,237	1,093,946	1,802,385	2,605,665	1,218,474	(80,753)	8,074,954

Nine Months Ended September 30, 1998:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(4)Other	Eliminating/ Reconciling Items	Total
			(Dollars in Thousands)				
External sales. . .	$ 417,785	$ -	$ 851,189	$ 277,097	$ 987	$ (12)	$1,547,046
Allocated sales . .	396,859	87,901	49,869	-	-	(534,629)	-
Earnings before interest and taxes	116,234	(15,703)	176,653	45,490	30,164	7,873	360,711
Interest expense. .							164,448
Earnings before income taxes . . .							196,263
Identifiable assets	1,342,544	1,115,205	1,899,984	2,389,955	1,345,607	(122,808)	7,970,487

(1) Earnings before interest and taxes includes investment earnings of $12.2 million.
(2) Earnings before interest and taxes includes investment earnings of $14.0 million.
(3) Earnings before interest and taxes includes investment earnings of $49.7 million.
(4) Earnings before interest and taxes includes investment earnings of $52.4 million.

10. SUBSEQUENT EVENTS

In October 1999, the company and Protection One jointly announced a review of the capital structure and financial alternatives for Protection One, including: review of Protection One's capital structure; changes in financial ownership interests, including spinning or splitting off some portion or all of the company's interest; potential purchase of selected Protection One assets, seeking new sources of debt and equity capital; refinancing existing debt; the repurchase of Protection One debt by either Protection One or the company; and other options.

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

INTRODUCTION

In Management's Discussion and Analysis of Financial Condition and Results of Operations we explain the general financial condition and the operating results for Western Resources, Inc. and its subsidiaries. We explain:

- What factors impact our business
- What our earnings and costs were for the three and nine month periods ending September 30, 1999, and 1998
- Why these earnings and costs differed from period to period
- How our earnings and costs affect our overall financial condition
- Any other items that particularly affect our financial condition or earnings.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations updates the information provided in the 1998 Annual Report on Form 10-K and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in our 1998 Annual Report on Form 10-K.

Forward-Looking Statements

Certain matters discussed here and elsewhere in this Form 10-Q are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like we "believe," "anticipate," "expect" or words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations, or goals. Such statements address future events and conditions concerning capital expenditures, earnings, litigation, rate and other regulatory matters, closing of the KCPL transaction, successful integration of our and KCPL's businesses and achievement of anticipated cost savings, the outcome of accounting issues being reviewed by the SEC staff regarding Protection One, possible corporate restructurings, mergers, acquisitions, dispositions, liquidity and capital resources, compliance with debt covenants, interest and dividend rates, Year 2000 Issue, environmental matters, changing weather, nuclear operations, ability to enter new markets successfully and capitalize on growth opportunities in nonregulated businesses, events in foreign markets in which investments have been made, and accounting matters. What happens in each case could vary materially from what we expect because of such things as electric utility deregulation, including ongoing state and federal activities; future economic conditions; legislative and regulatory developments; our regulatory and competitive markets; and other circumstances affecting anticipated operations, sales and costs.

OPERATING RESULTS

Western Resources, Inc. Consolidated

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: Basic earnings per share for the third quarter in 1999 were $0.72 per common share compared to $1.08 per common share in the third quarter of 1998. The 33% decrease is primarily attributable to higher expenses at Protection One including higher cost of sales, higher amortization of intangible assets, increased selling, general and administrative expenses, and higher interest expense. Partially offsetting these increased expenses was a gain on the sale of Protection One's Mobile Services Group. See discussion below in "Monitored Services Business Segment."

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: Basic earnings per share for the nine months ended September 30, 1999, were $1.31 per common share compared to $1.97 per common share for the same period in 1998. The primary reasons for this 34% decline are higher expenses at Protection One including higher cost of sales, higher amortization of intangible assets; higher selling, general and administrative expense; and higher interest expense. Partially offsetting these increased expenses was a gain on the sale of Protection One's Mobile Services Group. See discussion below in "Monitored Services Business Segment."

Electric Utility

Net income from our electric utility business increased 26% and 14% for the three and nine months ended September 30, 1999, compared to the same periods last year due primarily to increased power marketing margin and increased wholesale sales. In the summer of 1999, we had increased power plant availability during hot weather when demand was high. Partially offsetting these increases were lower retail sales due to weather which was 12% cooler during third quarter 1999 compared to third quarter 1998.

The cumulative effect of the electric rate decreases implemented on June 1, 1998, and June 1, 1999, reduced net income by $2 million for the three months ended September 30, 1999, and $5 million for the nine months ended September 30, 1999.

The following table reflects the (decreases)/increases in electric sales volumes for the three and nine months ended September 30, 1999, from the comparable periods of 1998.

	Three Months Ended	Nine Months Ended
Residential.	(5.1)%	(5.8)%
Commercial	(1.8)%	(0.4)%
Industrial	(1.2)%	(1.9)%
Other.	(1.9)%	(0.4)%
Total retail . . .	(2.9)%	(2.7)%
Wholesale.	12.6 %	11.1 %
Total.	0.4 %	0.2 %

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: Electric sales, other than power marketing sales, increased $10 million due to higher wholesale sales of $20 million. Due to warmer than normal weather throughout the Midwest in July and increased availability of our coal-fired generation stations, we were able to sell more electricity to wholesale customers than in 1998. Conversely, in the summer of 1998, one of our coal-fired generation units was unavailable for an extended period of time reducing our wholesale sales capacity. This increase was offset by a decrease in retail customer sales of $10 million due to cooler weather for the third quarter 1999 compared to the third quarter 1998 and the effect of the electric rate decrease implemented on June 1, 1999.

Power marketing sales were $112 million, or 58%, lower and cost of sales were $124 million, or 65%, lower due to lower sales volumes compared to last year. In 1999 and 1998, the wholesale power market experienced extreme volatility in prices and supply. This volatility impacts our cost of power purchased and our participation in power trades.

Electric cost of sales also reflected lower purchased power expense offset by higher fossil fuel expense. We had lower purchased power expense in 1999 compared to 1998 because one of our coal-fired generation units was unavailable for an extended period of time in the summer of 1998. This decrease was partially offset by higher fossil fuel expense needed to operate the coal-fired generation unit in 1999.

Total operating expenses increased $6 million primarily due to increased employee benefits expense, including the amortization of post-employment benefits previously deferred in accordance with a regulatory order.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: Electric sales, other than power marketing sales, decreased $2 million due to lower retail electric sales of $25 million partially offset by higher wholesale sales of $23 million. Retail sales were lower due to cooler weather in 1999 compared to 1998 and the cumulative effect of the electric rate decreases implemented on June 1, 1998, and June 1, 1999. Wholesale sales were higher during the summer for the reasons discussed above.

Power marketing sales were $135 million, or 44%, lower and cost of sales were $151 million, or 50%, lower due to lower sales volumes compared to last year.

Electric cost of sales also reflected lower purchased power expense offset by higher fossil fuel expense. We had lower purchased power expense in 1999 compared to 1998 because one of our coal-fired generation units was unavailable for an extended period of time in the summer of 1998. This decrease was partially offset by higher fossil fuel expense. Fossil fuel expense was higher due to Wolf Creek being off-line for a scheduled refueling and maintenance outage during the second quarter of 1999 and the availability in 1999 of the coal-fired generation unit that was unavailable in 1998. Coal-fired generating stations were used to meet generation demands while Wolf Creek was off-line. Coal is a more expensive fuel to use than nuclear fuel.

We had $14 million higher operating expenses primarily due to higher generating plant and distribution system maintenance costs of $8 million. Slightly higher depreciation and amortization expense and selling, general and administrative expense also contributed to the increased operating expenses.

Electric Utility Business Segments

We manage our electric utility business segments' performance based on their earnings before interest and taxes (EBIT).

Allocated sales are external sales collected from customers by our power delivery segment that are allocated to our fossil generation and nuclear generation business segments based on demand and energy cost. The power delivery segment consists of the transmission and distribution of power to our Kansas electric customers and the customer service provided to them. The following discussion identifies key factors affecting our electric business segments.

Fossil Generation

	Three Months Ended September 30, 1999	1998	Nine Months Ended September 30, 1999	1998
	(Dollars in Thousands)			
External sales. . .	$148,251	$241,264	$305,786	$417,785
Allocated sales . .	158,141	148,284	421,493	396,859
EBIT.	82,383	34,379	176,304	116,234

Fossil Generation's external sales reflect power produced for sale to external wholesale customers outside our historical marketing territory and internally to the power delivery segment.

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: External sales decreased $93 million due to 58% lower power marketing sales. This decrease was partially offset by higher wholesale sales of $20 million due to the reasons discussed above in "Electric Utility." Allocated sales and EBIT were higher due to an increase in the internal transfer price Fossil Generation charged to Power Delivery.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: External sales decreased $112 million due to 44% lower power marketing sales. This decrease was partially offset by higher wholesale sales of $23 million due to reasons discussed above in "Electric Utility". Allocated sales and EBIT were higher due to an increase in the internal transfer price Fossil Generation charged to Power Delivery.

Nuclear Generation

	Three Months Ended September 30, 1999	1998	Nine Months Ended September 30, 1999	1998
	(Dollars in Thousands)			
Allocated sales . .	$28,987	$29,375	$78,803	$87,901
EBIT.	(4,817)	(6,171)	(20,156)	(15,703)

Nuclear Generation has no external sales because it provides all of its power to its co-owners KGE, KCPL and Kansas Electric Power Cooperative, Inc. The amounts above are our 47% share of Wolf Creek's operating results. Nuclear

Generation's EBIT is negative because its transfer price is less than its fixed costs.

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: Allocated sales and EBIT did not materially change for the three months ended September 30, 1999 compared to the same period of 1998.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: Allocated sales and EBIT decreased primarily due to the scheduled refueling and maintenance outage at Wolf Creek during 1999.

Power Delivery

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
	(Dollars in Thousands)			
External sales. . .	$347,301	$356,537	$826,488	$851,189
Allocated sales . .	84,366	16,623	224,048	49,869
EBIT.	94,084	117,468	133,557	176,653

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: External sales decreased $9 million primarily due to 3% lower retail electric sales volumes, as discussed above in "Electric Utility."

Allocated sales were $68 million higher due to a change in the intra-segment transfer pricing involving the use of the distribution lines and transformers.

EBIT decreased $23 million primarily due to $9 million lower external sales, $4 million higher demand charges allocated to Fossil Generation and $2 million in ancillary services fees allocated to Fossil Generation. No ancillary services fees were allocated to Fossil Generation in 1998. Ancillary services include voltage control, regulation and frequency response, and spinning reserve.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: External sales decreased $25 million due primarily to 3% lower retail electric sales volumes, as discussed above in "Electric Utility."

Allocated sales were $174 million higher due to a change in the intra-segment transfer pricing involving the use of the distribution lines and transformers.

EBIT decreased $43 million primarily due to $25 million lower external sales, $12 million higher demand charges allocated to Fossil Generation and $6 million in ancillary services fees allocated to Fossil Generation. No ancillary services fees were allocated to Fossil Generation in 1998.

Monitored Services Business Segment

The results discussed below reflect Protection One on a stand-alone basis and do not take into consideration the minority interest of about 15% at September 30, 1999.

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
	(Dollars in Thousands)			
External sales. . .	$153,131	$103,261	$452,480	$277,096
EBIT.	(39,804)	18,297	(8,286)	45,490

Compared to prior periods, external sales for the three and nine months ended September 30, 1999, have increased significantly following Protection One's acquisitions of security businesses in Europe in the second quarter and late in the third quarter of 1998 and the continued growth of Protection One's North America operations.

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: Higher cost of sales, higher amortization of intangibles, and higher selling, general and administrative expense lowered EBIT for the three months ended September 30, 1999.

Cost of sales increased approximately $17 million primarily because of Protection One's acquisitions of security businesses in Europe in the second quarter and late in the third quarter of 1998 and increased staffing in Protection One's North America customer care centers.

Amortization of intangibles and depreciation expense increased approximately $65 million. Approximately $47 million, or 72%, of the increase is related to Protection One's change in accounting principle as described in Note 2 to the Consolidated Financial Statements and in "Other Information" below. The remainder of the increase is due primarily to Protection One's acquisitions of security businesses in Europe in the second quarter and late in the third quarter of 1998 and the continued growth of Protection One's North America operations.

Selling, general and administrative expense increased approximately $27 million primarily due to Protection One's acquisitions of security businesses in Europe in the second quarter and late in the third quarter of 1998. Other items contributing to the increase included, higher professional fees, higher provision for bad debt expense and additional costs associated with the dealer program.

Additionally, EBIT was affected by non-recurring gains in other income. In 1999, Protection One recognized an approximate $17 million gain on the sale of its Mobile Services Group as discussed below in "Other Information." In 1998, Protection One recorded an approximate $7 million gain primarily due to the repurchase of customer contracts covered by a financing agreement.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: Higher cost of sales, higher amortization of intangibles, and higher selling, general and administrative expense lowered EBIT for the nine months ended September 30, 1999.

Cost of sales increased approximately $45 million primarily because of Protection One's acquisitions of security businesses in Europe in the second quarter and late in the third quarter of 1998 and the continued growth of Protection One's North America operations.

Amortization of intangibles and depreciation expense increased approximately $104 million. Approximately $47 million, or 45%, of the increase is related to Protection One's change in accounting principle described in Note 2 to the Consolidated Financial Statements and in "Other Information" below.

Selling, general and administrative expense increased approximately $65 million primarily due to Protection One's acquisitions of security businesses in Europe in the second quarter and late in the third quarter of 1998 and the continued growth of Protection One's North America operations.

Additionally, EBIT was affected by non-recurring gains in other income. In 1999, Protection One recognized an approximate $17 million gain on the sale of its Mobile Services Group as discussed below in "Other Information." In 1998, Protection One recorded an approximate $21 million gain primarily due to the repurchase of customer contracts covered by a financing agreement.

Western Resources, Inc. Consolidated

Other Income (Expense)

Other income (expense) includes miscellaneous income and expenses not directly related to our operations.

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: The increase in other income during 1999 is primarily attributable to the sale of Protection One's Mobile Services Group on which Protection One recognized a non-recurring gain of approximately $17 million. Earnings on our investment in ONEOK increased $2 million over the same period from 1998. Additionally, our recent investment in Paradigm in early 1999 generated $1 million in equity earnings. We recorded $4 million for the gain on sale of part of our Hanover Compressor Company (Hanover) investment. In 1998, our other income was generated primarily from a non-recurring gain of $7 million primarily from the repurchase of customer contracts covered by a financing arrangement and earnings from our ONEOK investment.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: The increase in other income during 1999 is primarily attributable to the sale of Protection One's Mobile Services division in the third quarter, on which Protection One recognized a non-recurring gain of $17 million. Earnings on our investment in ONEOK increased $3 million over the same period from 1998. Additionally, our recent investment in Paradigm in early 1999 has generated $3 million in equity earnings through September 30, 1999. In 1998, our other income was generated primarily from $14 million of COLI death proceeds, a non-recurring gain of $21 million primarily from the repurchase of customer contracts covered by a financing arrangement, and earnings from our ONEOK investment.

Interest Expense

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: Interest expense increased approximately 28% because of approximately $18 million more interest expense on long-term debt. The increase primarily reflects the increased debt level at Protection One. The additional debt was used to fund accounts purchased under the Dealer Program, acquisitions of security businesses, and operations. Short-term debt interest expense was $1 million lower due to lower average balances of short-term debt in 1999.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: Interest expense increased 34% because Protection One borrowed additional long-term debt to fund acquisitions and to acquire customer accounts. Western Resources also had higher long-term debt interest expense because of the 6.25% and 6.8% unsecured senior notes due 2018 that we issued in third quarter of 1998. Short-term debt interest expense was $3 million lower due to lower average balances of short-term debt in 1999.

Income Taxes

Three Months Ended September 3O, 1999 Compared to Three Months Ended September 3O, 1998: Income tax expense decreased $31 million and the effective tax rate decreased from 36% to 17%. These decreases are primarily due to lower earnings before income taxes in 1999. Earnings before income taxes decreased primarily due to a net loss from Protection One as discussed in "Monitored Services Business Segment" and higher consolidated interest expense. The effective income tax rates are affected by the receipt of non-taxable proceeds from our corporate owned life insurance policies, the tax benefit of excluding 70% of the dividends received from ONEOK, the generation and utilization of tax credits from Affordable Housing investments, the amortization of prior years' investment tax credits, and the amortization of non-deductible goodwill.

Nine Months Ended September 3O, 1999 Compared to Nine Months Ended September 3O, 1998: Income tax expense decreased $43 million and the effective tax rate decreased from 33% to 20%. These decreases are primarily due to lower earnings before income taxes in 1999. Earnings before income taxes decreased primarily due to a net loss from Protection One as discussed in "Monitored Services Business Segment" and higher consolidated interest expense. The effective income tax rates are affected for the reasons listed above.

LIQUIDITY AND CAPITAL RESOURCES

We had $26 million in cash and cash equivalents at September 30, 1999. We consider highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At September 30, 1999, we had approximately $481 million of short-term debt outstanding, of which $370 million was commercial paper. We also have arrangements with certain banks to provide unsecured short-term lines of credit on a committed basis totaling approximately $821 million. The unused portion of these lines of credit are used to provide support for commercial paper. Current maturities of long-term debt were $113 million at September 30, 1999.

In July 1999, we announced a stock repurchase program for up to $25 million of our common stock. The program authorizes us to make purchases of our common stock in the open market. The timing and terms of purchases, and the number of shares actually purchased, will be determined by management based on market conditions and other factors. The purchased shares would be held in treasury and will be available for general corporate purposes or resale at a future date, or will be retired. Any purchases will be financed with short-term debt, or made from available funds. No shares have been purchased under this program.

We may, from time-to-time, repurchase Protection One non-convertible debt. We may spend up to $50 million for this purpose. The timing and terms of purchases, and the amount of debt actually purchased, will be based on market conditions and other factors. Purchases are expected to be made in the open market or through negotiated transactions. As of September 30, 1999, Protection One had approximately $708 million principal amount of non-convertible debt outstanding.

Protection One borrows to fund operations in excess of internally generated cash under its senior credit facility. Protection One's ability to borrow under the facility is subject to compliance with certain financial covenants, including a leverage ratio of 5.0 to 1.0 and an interest coverage ratio of 2.75 to 1.0. At year end 1999, the leverage ratio which Protection One will be required to meet under the credit facility will be reduced to 4.5 to 1.0. As of September 30, 1999, the ratios were approximately 6.7 to 1.0 and 2.0 to 1.0.

The senior credit facility lenders have waived compliance with the current leverage and interest coverage ratio covenants through December 3, 1999. In connection with the waiver, the amount of the credit facility was reduced from $500 million to $250 million. Protection One will not, absent successful implementation of the alternatives discussed below, be in compliance with the current leverage and interest coverage ratio covenants in the credit facility following the expiration of the waiver. Protection One is discussing waivers or amendments to the senior credit facility with the lenders and exploring other alternatives to address these covenant restrictions and the reduced amount of the credit facility, including selling assets to reduce debt or refinancing the facility. The credit facility lenders have requested that Protection One obtain credit support for the facility from us or one of our affiliates. Protection One's public debt contains restrictions on providing certain forms of credit support to the credit facility. Further, we have not made a determination whether we or an affiliate will provide any credit support to the lenders under the facility. If Protection One's negotiations with its senior credit facility lenders are not successful, Protection One will be in default under the credit facility. If the lenders elect to accelerate the outstanding indebtedness under the credit facility, the action would result in defaults under the indentures governing certain of Protection One's outstanding notes and the repayment of the notes could be accelerated if the defaults were not cured within applicable grace periods. Protection One would not be able to repay its indebtedness if repayment is accelerated. Even if the lenders elect not to accelerate the outstanding indebtedness under the credit facility, Protection One will likely experience shortfalls in liquidity which would adversely impact Protection One's ability to meet its cash obligations and have a material adverse effect upon Protection One's financial position and results of operations. Our credit facility contains a cross default provision which would be triggered in the event of a Protection One default. If Protection One is unable to maintain adequate liquidity, we may choose to make additional investments in Protection One, but we are not obligated to do so. Protection One has been advised by its independent public accountants that if the issues related to Protection One's facility have not been resolved prior to the completion of their audit of Protection One's financial statements for the year ending December 31, 1999, their auditors' report on those financial statements may be qualified as being subject to the ultimate outcome of that contingency. Protection One believes it will be able to address this matter in a manner so that there is no default under the credit facility or significant impact on its liquidity, but no assurances can be given that Protection One will be able to do so or the terms thereof. See Note 10 to the Consolidated Financial Statements for subsequent events concerning a review of Protection One's capital structure and financial alternatives.

Standard & Poor's Ratings Group (S&P), Fitch Investors Service (Fitch) and Moody's Investors Service (Moody's) are independent credit-rating agencies that rate our debt securities. These ratings indicate the agencies' assessment of our ability to pay interest and principal on these securities.

At September 30, 1999, ratings with these agencies were as follows:

Rating Agency	Western Resources' Mortgage Bond Rating	Western Resources' Unsecured Debt	Western Resources' Short-term Debt Rating	Kansas Gas and Electric Company's Mortgage Bond Rating	Protection One Senior Unsecured Debt	Protection One Senior Subordinated Unsecured Debt
S&P	A-	BBB	A-2	BBB+	BB	B+
Fitch	A-	BBB+	F-2	A-	BB	B+
Moody's	A3	Baa1	P-2	A3	Ba3	B2

In response to the liquidity issues at Protection One discussed above and uncertainty regarding consummation of the KCPL Merger, Moody's and S&P have taken action on our securities ratings. Moody's announced in August 1999, that the Western Resources and KGE long-term debt securities are on review, direction uncertain. Moody's also took action on the Western Resources short-term debt rating, placing it on review for possible downgrade.

In November 1999, S&P revised its CreditWatch implications on the Western Resources and KGE ratings from positive to developing. Developing implications indicate that ratings may be raised, lowered or affirmed. Fitch has maintained the ratings of Western Resources and KGE bonds as on CreditWatch with positive implications.

Cash Flows from Operating Activities

Cash from operations decreased 24% primarily because of receivables collected in the first quarter of 1998 as part of the settlement of our strategic alliance with ONEOK and reduced earnings in 1999.

Cash Flows Used In Investing Activities

Cash used in investing activities decreased 65% primarily due to more acquisitions of monitored services companies and more purchases of marketable securities in 1998.

Cash Flows from Financing Activities

Cash from financing activities decreased 81% because we issued less debt as a result of fewer acquisitions in the nine months ending September 30, 1999.

OTHER INFORMATION

Merger Agreement with Kansas City Power & Light Company

On September 28, 1999, the KCC issued an order in connection with the KCPL merger. On October 13, 1999, we filed a petition with the KCC for reconsideration of certain portions of the KCC order. Other parties to the proceedings also requested reconsideration of the KCC's order. On November 4, 1999, the KCC issued its order on reconsideration. Significant terms of the KCC order are as follows:

- An electric rate moratorium of four years beginning on the date the transaction closes
- Ability to retain all savings incurred during the moratorium period
- Ability to recover a portion of the remaining acquisition premium of approximately $3.85 million per year for 35 years following the completion of the rate moratorium
- A cap of $179.45 million for any future determination of stranded costs which result from the merger
- Implementation of quality of service standards
- Ability to seek carrying charges on investments in new plant additions during the rate moratorium period.
- At the conclusion of the moratorium, Westar Energy, the new electric company formed as a result of the merger, will be required to file a consolidated cost of service study and separate cost of service studies for each operating division.

On September 2, 1999, the MPSC approved our merger with KCPL. No further merger proceedings are scheduled in Missouri. Significant terms of the MPSC order are as follows:

- An electric rate moratorium of three years beginning on the date the transaction closes
- Westar Energy would make a one-time rate credit in the amount of $5 million to its Missouri retail customers at the beginning of the second year of the merger
- Agreements between the us, KCPL, MPSC staff and the Office of Public Counsel on quality of service standards and on cost allocation methodology.

On September 14, 1999, we and the FERC staff filed a Settlement Agreement with the FERC in connection with the KCPL merger. On October 21, 1999, the Settlement Agreement was certified by a FERC administrative law judge and sent to the FERC for approval without hearing. We expect the receipt of a final FERC order around the end of the year. The FERC order is subject to a 30-day period in which requests for rehearing may be made. The Settlement Agreement provides that the settlement will become effective on the first day of the month following the date the FERC order becomes final.

On November 1, 1999, we received approval from the NRC regarding the KCPL merger, the formation of Westar Energy, and the transfer of the ownership licenses to Westar Energy.

Further requests for reconsideration and appeals could delay the receipt of the final regulatory approvals discussed above. We believe that the merger could be finalized in the first quarter of 2000. The closing of the merger is subject to the satisfaction or waiver of various regulatory and other conditions and certain rights of termination as outlined in the merger agreement.

Either party may terminate the merger if the merger does not close by December 31, 1999, or if the Western Resources' Index Price is less than or equal to $29.78 on the tenth day prior to closing. The Western Resources' Index Price was $22.67 at November 8, 1999.

We have deferred merger-related costs of $17.6 million as of September 30, 1999.

For additional information on the Merger Agreement with KCPL, see Note 21 to the Consolidated Financial Statements in the company's 1998 Annual Report on Form 10-K.

Monitored Services Business

SEC Review: Protection One has been advised by the Division of Corporation Finance of the SEC that, in the view of the staff, there are errors in Protection One's financial statements which are material and which have had the effect of inflating earnings commencing with the year 1997. Protection One has had extensive discussions with the SEC staff about the methodology used by Protection One to amortize customer accounts, the purchase price allocation to customer accounts in the Network Multifamily acquisition, and other matters. Protection One has restated its 1998 financial statements and its interim financial statements for the quarters ended March 31, 1999, and June 30, 1999. We did not restate our financial statements due to the immaterial impact of Protection One's restatement. In addition, Protection One has changed the accounting principle used for the amortization of customer accounts. The SEC staff has not indicated it concurs with, nor has the SEC staff determined not to object to, the restatements or the change in accounting principle. We and Protection One cannot predict whether the SEC staff will make additional comments or take other action that will further impact the financial statements or the effect or timing of any such action.

Change in Accounting Principle: Protection One historically amortized the costs it allocated to its customer accounts by using the straight-line method over a ten-year life. The straight-line method, indicated in Accounting Principles Board Opinion No. 17 as the appropriate method for such assets, has been the predominant method used to amortize customer accounts in the monitored services industry. Protection One is not aware of whether the economic life or rate of realization for Protection One's customer accounts differs materially from other monitored services companies.

The choice of a ten-year life was based on Protection One's estimates and judgments about the amounts and timing of expected future revenues from these assets, the rate of attrition of such revenue over customer life, and average customer account life. Ten years was used because, in Protection One's opinion, it would adequately match amortization cost with anticipated revenue from those assets even though many accounts were expected to produce revenue over periods substantially longer than ten years. Effectively, it expensed the asset costs ratably over an "expected average cost life" that was shorter than the expected life of the revenue stream, thus implicitly giving recognition to projected revenues for a period beyond ten years.

Protection One has recently concluded a comprehensive review of its amortization policy that was undertaken during the third quarter of 1999. This review was performed specifically to evaluate the historic amortization policy in light of the inherent declining revenue curve over the life of a pool of customer accounts, and Protection One's historical attrition experience. After completing the review, Protection One identified three distinct account pools, each of which has distinct attributes that effect differing attrition characteristics. The pools correspond to Protection One's North America, Multifamily and Europe business segments. These separate pools will be used going forward. For the North America and Europe pools, the analyzed data indicated to Protection One's management that Protection One can expect attrition to be greatest in years one through five of asset life and that a change from straight line to declining balance (accelerated) method would more closely match future amortization cost with the estimated revenue stream from these assets. Protection One has elected to change to that method. No change was made to the method used for the Multifamily pool.

Adoption of the declining balance method effectively shortens the estimated expected average customer life for these two customer pools, and does so in a way that does not make it possible to distinguish the effect of a change in method (straight-line to declining balance) from the change in estimated lives. In such cases, GAAP requires that the effect of such a change be recognized in operations in the period of the change, rather than as a cumulative effect of a change in accounting principle. Accordingly, the effect of the change in accounting principle increased amortization expense reported in the third quarter by $47 million. Similarly, accumulated amortization recorded on the balance sheet would have been approximately $41 million higher if Protection One had historically used the declining balance method through the end of the second quarter of 1999.

Attrition: During 1999, Protection One has experienced an increase in customer attrition. Total attrition for the trailing twelve months ended September 30, 1999 was 12.2% compared to 10.5% for the same period ended June 30, 1999. Annualized total attrition for the quarter ended September 30, 1999 was 16.0% compared to 14.3% for the quarter ended June 30, 1999.

Customer attrition by Protection One's business segments for the period ended September 30, 1999 is summarized below:

	Customer Account Attrition September 30, 1999	
	Annualized Current Quarter	Trailing Twelve Month
North America	19.1%	14.2%
Europe.	4.5%	4.8%
Multifamily	7.6%	6.5%
Total Protection One. .	16.0%	12.2%

As the result of the attrition rates for Protection One's North America account pool, Protection One intends to engage an appraiser to perform a current lifing study to assess the impact of the 1999 customer service issues on the estimated long-term revenues to be received from the current North America account base. Upon completion of the study, Protection One will consider the reasonableness of the value of its North America account base and the current amortization rates. This could result in a change in amortization rate. Protection One intends to perform an evaluation for potential impairment taking into account the results of this study. Amounts involved may be material and would represent a non-cash charge to earnings.

Sale of Mobile Services Group: The sale of Protection One's Mobile Services Group to ATX Technologies (ATX) was announced on June 28, 1999 and consummated on August 25, 1999. The sales price was approximately $20 million in cash plus a note and a preferred stock investment in ATX. Protection One will continue to deliver mobile services through a reseller arrangement with ATX. In August, Protection One recorded a gain on the sale of approximately $11 million, net of tax.

Dealer Program: In 1998, Protection One expanded the Dealer Program (Dealer Program) for its North American single family residential market. As part of the Dealer Program, Protection One entered into contracts with dealers, typically independent alarm companies, providing for the purchase of customer accounts generated by the dealer on an ongoing basis. Protection One currently has a limited internal sales capability and relies on the Dealer Program for the generation of substantially all new customer accounts except those acquired as part of the acquisition of other security companies.

In the third quarter of 1999, Protection One continued to identify steps that could be taken to reduce the cost of acquired accounts and reduce attrition by acquiring higher quality accounts. As a result, Protection One began notifying dealers that it does not intend to renew their contracts under their current terms and conditions when they expire. The term of dealer contracts ranges from one to five years and automatically renews unless notice of non-renewal is given by either party as provided in the contract. Protection One is attempting to renew contracts with terms providing for a lower cost for acquired customer accounts based upon the multiple of monthly recurring revenue and other revised terms that improve the quality of the acquired customer accounts. Protection One cannot predict whether it will be successful in renewing existing dealer contracts, or entering into contracts with new dealers, on acceptable terms. This could result in a loss of dealers and fewer customer accounts available for purchase. The failure to replace customer accounts could have a material adverse impact on Protection One's financial condition. Efforts to date have reduced the number of accounts being purchased from dealers each month from 25,000 in March to 10,600 in October.

Capital Structure Review: In October 1999, we and Protection One jointly announced a review of the capital structure and financial alternatives for Protection One, including: review of Protection One's capital structure; changes in financial ownership interests, including spinning or splitting off some portion or all of our interest; potential purchase of selected Protection One assets by Western Resources; seeking new sources of debt and equity capital; refinancing existing debt; the repurchase of Protection One debt by either Protection One or Western Resources; and other options. It is anticipated the review process will be completed by the end of the first quarter of 2000.

Investment in Hanover Compressor Company

As of September 30, 1999, we owned approximately 11% of the outstanding common stock of Hanover through our Westar Capital subsidiary. We have determined that this investment is not strategic to our ongoing business and are reviewing our alternatives to monetize or liquidate this investment. During the third quarter of 1999, we recorded a $4 million gain on the sale of part of our Hanover investment.

Collective Bargaining Agreement

Our contract with the International Brotherhood of Electrical Workers (IBEW) was due for renewal July 1, 1999. The contract covers approximately 1,440 employees who are currently working under the terms of the existing contract. We had reached a tentative agreement with the IBEW leadership. The IBEW employees did not ratify the agreement on October 27, 1999. Negotiations continue. We have experienced no strikes or work stoppages as a result of the expiration of the contract.

Competition

On August 10, 1999, the Wichita City Council adopted a resolution authorizing a study to determine the feasibility of creating a municipal electric utility. The Mayor of Wichita and the Wichita City Council are exploring ways to reduce the cost of electric service in Wichita. KGE's rates are currently 5% below the national average for retail customers, but 20% higher than the average rates charged to retail customers in territories served by our KPL division. KGE has an exclusive franchise with the City of Wichita that expires March 2002. Customers within the City of Wichita account for approximately 23% of the energy sales of Western Resources.

KGE will oppose any attempt by the City of Wichita to eliminate KGE as the electric provider to Wichita customers. In order to municipalize KGE's Wichita electric facilities, the City of Wichita would be required to purchase KGE's facilities or build a separate independent system.

Year 2OOO Issue

We are currently addressing the effect of the Year 2000 Issue on information systems and operations. We face the Year 2000 Issue because many computer systems and applications abbreviate dates by eliminating the first two digits of the year, assuming that these two digits are always "19." On January 1, 2000, some computer programs may incorrectly recognize the date as January 1, 1900. Some computer systems and applications may incorrectly process critical information or may stop processing altogether because of the date abbreviation. Calculations using dates beyond December 31, 1999, may affect computer applications before January 1, 2000.

Electric Utility Operations: We have completed the remediation and testing of mission critical systems necessary to continue providing electric service to our customers. On June 30, we reported to the North American Electric Reliability Council (NERC), that based on its standards, we are 100% Year 2000 ready. However, additional testing and remediation of non-mission critical systems, project administration and contingency planning will continue through December 31, 1999. Based on manhours as a measure of work effort, we believe we are approximately 93% complete with our readiness efforts.

The estimated progress of our departments and business units, exclusive of Protection One and Wolf Creek Nuclear Operating Corporation (WCNOC), at September 30, 1999, based on percentage of completion in manhours is as follows:

Department/Business Unit	Total Systems	Mission Critical Systems
Fossil Fuel	84%	100%
Power Delivery	82%	100%
Information Technology.	97%	100%
Administrative.	91%	100%

We estimate that total costs to update all of our electric utility operating systems for Year 2000 readiness, excluding costs associated with WCNOC discussed below, to be approximately $6.3 million, of which $3.8 million represents IT costs and $2.5 million represents non-IT costs. As of September 30, 1999, we have expensed approximately $6.0 million of these costs, of which $3.8 million represent IT costs and $2.2 million represent non-IT costs. We expect to incur the remaining $0.3 million, which is substantially non-IT costs, by the end of 1999.

Wolf Creek Nuclear Operating Corporation: The table below sets forth estimates of the status of the components of WCNOC's Year 2000 readiness program at September 30, 1999.

Phase	Mission Critical Systems
Identification and assessment of plant components	100%
Identification and assessment of computers/software	100%
Identification and assessment of other areas	100%
Identified critical remediations complete	100%
Comprehensive testing guidelines	100%
Comprehensive testing	100%
Contingency planning guidelines	100%
Contingency planning individual plans	100%

Additional non-mission critical remediations continue with approximately 92% completed at September 30, 1999. The remaining non-mission critical remediations are scheduled to be completed by December 31, 1999.

WCNOC has estimated the costs to complete the Year 2000 project at $3.5 million ($1.7 million, our share). As of September 30, 1999, $3.1 million ($1.4 million, our share) had been spent on the project. A summary of the projected costs and actual costs incurred through September 30, 1999, is as follows:

	Projected Costs	Actual Costs
	(Dollars in Thousands)	
Wolf Creek Labor and Expenses	$ 499	$ 484
Contractor Costs	1,254	924
Remediation Costs	1,763	1,661
Total	$3,516	$3,069

Approximately $3 million ($1.4 million, our share) of WCNOC's total Year 2000 cost is purchased items and installation costs associated with remediation. A significant reduction in overall total Year 2000 costs continue to be realized as alternate remediation paths are identified, eliminating the need for extensive equipment changeouts. All of these costs are being expensed as they are incurred and are being funded on a daily basis along with our normal costs of operations.

WCNOC has filed its Year 2000 plan and status report with the NRC. In September 1999, the NRC informed WCNOC that it had satisfied the requirements for Year 2000 readiness.

Monitored Services: Protection One has estimated the total cost to update all critical operating systems for Year 2000 readiness to be approximately $5.0 million. As of September 30, 1999, approximately $3.5 million of these costs had been incurred. These costs include labor for both Protection One employees and contract personnel used in the Year 2000 program and non-labor costs for software tools used in the remediation and testing efforts, replacement software, replacement hardware, replacement of embedded devices, and other such costs associated with testing and replacement. Management continues to review the projected costs associated with the Year 2000 readiness. To date, the costs of the Year 2000 readiness program have been substantially information-technology related. Non-information technology systems are highly critical to Protection One's business, but are largely beyond Protection One's ability to control.

This includes telephones, electricity, water, transportation, and governmental infrastructure.

The costs of the Year 2000 project and the date on which Protection One plans to complete the Year 2000 modification, estimated to be during 1999, are based on the best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party modification plans, and other factors. However, there can be no guarantee that these estimates will be achieved; actual results could differ materially from those plans. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.

Protection One's Year 2000 policy requires testing as a method for verifying the Year 2000 readiness of business-critical items. For those items that are impossible to test, other methods may be used to identify the readiness status, provided adequate contingency plans are established to provide a work around or backup for the item. Development of contingency plans commenced in January 1999 and concluded in October 1999. Testing of contingency plans, and mobilization for "Millennium Day", will conclude in the fourth quarter of 1999. Protection One North America's equipment testing is scheduled to be completed by December 20, 1999.

The table below summarizes the status of the components of Protection One's Year 2000 Readiness Program as of September 30, 1999:

Phase:	North American Monitoring	Network Multi-Family	Protection One Europe
Identification and assessment	Completed	Completed	Completed
Remediation and unit testing	95% Complete	Completed	90% Complete
Comprehensive Y2K readiness verification:			
Guidelines and tools	Completed	Completed	Completed
Testing	70% Complete	Completed	85% Complete
Contingency planning:			
Guidelines and tools	Completed	Completed	Completed
Plan development	Completed	Completed	90% Complete
Contingency plan testing and resourcing:			
Guidelines and tools	Completed	Completed	Completed
Testing and resourcing	In progress Sept-Nov 1999	In progress Sept-Nov 1999	In progress Sept-Nov 1999
Mobilization, alert, and standby	In progress Nov-Dec 1999	In progress Nov-Dec 1999	In progress Nov-Dec 1999

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three months ended September 30, 1999, the company's balance in marketable securities declined approximately $65 million due to changes in the market prices of the security portfolio. The company has not experienced any other significant changes in its exposure to market risk since December 31, 1998. For additional information on the company's market risk, see the Form 10-K dated December 31, 1998.

ITEM 1. LEGAL PROCEEDINGS

The company, its subsidiary Westar Capital, Inc. (Westar), Protection One, its subsidiary Protection One Alarm Monitoring, Inc. (Monitoring), and certain present and former officers and directors of Protection One are defendants in a purported class action litigation pending in the United States District Court for the Central District of California, "David Lyons v. Protection One, Inc., et. al.", No. CV 99-3755 DT (RCx). Pursuant to an Order dated August 2, 1999 which consolidated four pending purported class actions, the plaintiffs filed a single Consolidated Amended Class Action Complaint (Amended Complaint) on October 15, 1999. The Amended Complaint asserts claims under Section 11 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 against Protection One, Monitoring, and certain present and former officers and directors of Protection One based on allegations that various statements concerning Protection One's financial results and operations for 1997 and 1998 were false and misleading and not in compliance with generally accepted accounting principles. Plaintiffs allege, among other things, that former employees of Protection One, including an unnamed former executive officer and an unnamed former staff accountant, have reported that Protection One lacked adequate internal accounting controls and that certain accounting information was unsupported or manipulated by management in order to avoid disclosure of accurate information. The Amended Complaint further asserts claims against the company and Westar as controlling persons under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. A claim is also asserted under Section 11 of the Securities Act of 1933 against Protection One's auditor, Arthur Andersen LLP. The Amended Complaint seeks an unspecified amount of compensatory damages and an award of fees and expenses, including attorneys' fees. The time for the defendants to respond to the Amended Complaint has not yet expired. The company and Protection One believe that all the claims asserted in the Amended Complaint are without merit and intends to defend against them vigorously. The company and Protection One cannot currently predict the impact of this litigation which could be material.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit 3	-	Certificate of Amendment to the Restated Articles of Incorporation, as amended, of Western Resources, Inc. dated July 21, 1999 (filed electronically)
Exhibit 12	-	Computation of Ratio of Consolidated Earnings to Fixed Charges for Nine Months Ended September 30, 1999 (filed electronically)
Exhibit 18	-	Letter Regarding Change in Accounting Principles
Exhibit 27	-	Financial Data Schedule (filed electronically)

(b) Reports on Form 8-K:

Form 8-K filed July 23, 1999 - Press release and employee update reporting Western Resources and KCPL reach agreement in Missouri. Press release and employee update reporting Western Resources announces stock repurchase plan.

Form 8-K filed August 12, 1999 - Press release reporting Western Resources second quarter earnings.

Form 8-K filed August 24, 1999 - Press release reporting Western Resources and KCPL agreement reached with FERC staff.

Form 8-K filed October 12, 1999 - Press release reporting Western Resources and BPU agreement reached in KCPL merger and power market issues resolved at FERC.

Form 8-K filed October 12, 1999 - Press release reporting Western Resources and Protection One's review of capital structure and financial alternatives.

Form 8-K filed October 14, 1999 - Press release reporting Western Resources filing of a petition for reconsideration with the Kansas Corporation Commission (KCC) on the KCC order issued September 28, 1999.

Form 8-K filed October 15, 1999 - Press release reporting a preview of Western Resources's third-quarter results.

Form 8-K filed October 22, 1999 - Press release reporting the certification of the FERC settlement agreement by a FERC judge, and as a result, no hearings will be necessary.

Form 8-K filed November 8, 1999 - Press release reporting Western Resources receives KCC order on the merger with KCPL.

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.

Western Resources, Inc.

Date	November 12, 1999	By	/s/ WILLIAM B. MOORE William B. Moore, Executive Vice President, Chief Financial Officer and Treasurer
Date	November 12, 1999	By	/s/ LEROY P. WAGES Leroy P. Wages, Controller

Exhibit 3

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

We, David C. Wittig, Chairman of the Board, President, and Chief Executive Officer, and Richard D. Terrill, Executive Vice President, General Counsel and Corporate 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:

The first paragraph of Article VI to be amended and read as follows:

The amount of capital stock of this Corporation shall be 160,600,000 shares of which 150,000,000 shares is Common Stock of the par value of Five Dollars ($5.00) each, 4,000,000 shares is Preference Stock without par value, 600,000 shares is preferred stock of the par value of One Hundred Dollars ($100) each and 6,000,000 shares is preferred stock without par value, all such preferred stock being termed 'Preferred Stock.'

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 annual meeting of shareholders held on June 30, 1999, 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 21st day of July, 1999.

/s/ David C. Witig
David C. Wittig
Chairman of the Board, President
and Chief Executive Officer

/s/ Richard D. Terrill
Richard D. Terrill
Executive Vice President,
General Counsel and
Corporate 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 David C. Wittig, Chairman of the Board, President, and Chief Executive Officer, and Richard D. Terrill, Executive Vice President, General Counsel and Corporate 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 21st day of July, 1999.

/s/ Merilee K. Martin

Notary Public

Exhibit 12

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 Nine Months Ended September 30,	Year Ended December 31,				
	1999	1998	1997	1996	1995	1994
Net Income	$ 88,247	$ 47,756	$ 499,518	$168,950	$181,676	$187,447
Taxes on Income.	22,357	14,557	382,987	86,102	83,392	99,951
Net Income Plus Taxes. . . .	110,604	62,313	882,505	255,052	265,068	287,398
Fixed Charges:						
Interest on Long-Term Debt . .	180,335	170,855	119,972	105,741	95,962	98,483
Interest on Other Indebtedness	26,283	37,190	55,761	34,685	27,487	20,139
Interest on Other Mandatorily Redeemable Securities. . . .	13,556	18,075	18,075	12,125	372	-
Interest on Corporate-owned Life Insurance Borrowings. .	29,007	38,236	36,167	35,151	32,325	26,932
Interest Applicable to Rentals.	26,832	32,796	34,514	32,965	31,650	29,003
Total Fixed Charges. . . .	276,013	297,152	264,489	220,667	187,796	174,557
Preferred and Preference Dividend Requirements:						
Preferred and Preference Dividends.	847	3,591	4,919	14,839	13,419	13,418
Income Tax Required.	215	1,095	3,771	7,562	6,160	7,155
Total Preferred and Preference Dividend Requirements	1,062	4,686	8,690	22,401	19,579	20,573
Total Fixed Charges and Preferred and Preference Dividend Requirements.	277,075	301,838	273,179	243,068	207,375	195,130
Earnings (1)	$386,617	$359,465	$1,146,994	$475,719	$452,864	$461,955
Ratio of Earnings to Fixed Charges	1.40	1.21	4.34	2.16	2.41	2.65
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements	1.40	1.19	4.20	1.96	2.18	2.37

(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.

Exhibit 18

Western Resources, Inc.

Re: Form 10-Q Report for the quarter ended September 30, 1999.

Gentlemen/Ladies:

This letter is written to meet the requirements of Regulation S-K calling for a letter from a registrant's independent accountants whenever there has been a change in accounting principle or practice.

We have been informed that, as of July 1, 1999, Western Resources, Inc. and Protection One Inc., an 85%-owned subsidiary of Western Resources, Inc. (collectively, the Company) changed from the straight-line method of accounting for amortizing customer acquisition costs for its North America and Europe customer account pools to a declining balance (accelerated) method. According to the management of the Company, this change was made to more closely match future amortization cost with the estimated revenue stream from these assets.

A complete coordinated set of financial and reporting standards for determining the preferability of accounting principles among acceptable alternative principles has not been established by the accounting profession. Thus, we cannot make an objective determination of whether the change in accounting described in the preceding paragraph is to a preferable method. However, we have reviewed the pertinent factors, including those related to financial reporting, in this particular case on a subjective basis, and our opinion stated below is based on our determination made in this manner.

We are of the opinion that the Company's change in method of accounting is to an acceptable alternative method of accounting, which, based upon the reasons stated for the change and our discussions with you, is also preferable under the circumstances in this particular case. In arriving at this opinion, we have relied on the business judgment and business planning of your management.

We have not audited the application of this change to the financial statements of any period subsequent to December 31, 1998. Further, we have not examined and do not express any opinion with respect to your financial statements for the three and nine months ended September 30, 1999.

Very truly yours,

ARTHUR ANDERSEN LLP

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 1999 AND THE CONSOLIDATED STATEMENT OF INCOME AND THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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