UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1995

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

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)	(I.R.S. Employer Identification No.)
818 KANSAS AVENUE, TOPEKA, KANSAS	66612
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code 913/575-6300

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $5.00 par value	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:
Preferred Stock, 4 1/2% Series, $100 par value
(Title of Class)

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

State the aggregate market value of the voting stock held by nonaffiliates of the registrant. Approximately $1,897,474,000 of Common Stock and $11,398,000 of Preferred Stock (excluding the 4 1/4% Series of Preferred Stock for which there is no readily ascertainable market value) at March 18, 1996.

Indicate the number of shares outstanding of each of the registrant's classes of common stock.

Common Stock, $5.00 par value	63,249,141
(Class)	(Outstanding at March 27, 1996)

Documents Incorporated by Reference:

Part	Document
III	Items 10-13 of the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 7, 1996.

WESTERN RESOURCES, INC.
FORM 10-K
December 31, 1995

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PART I

ITEM 1. BUSINESS

ACQUISITION AND MERGER

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

Additional information relating to the Merger can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations.

GENERAL

The Company and its wholly-owned subsidiaries, include KPL, a rate regulated electric and gas division of the Company, KGE, a rate regulated electric utility and wholly-owned subsidiary of the Company, the Westar companies, non-utility subsidiaries, and Mid Continent Market Center, Inc. (Market Center), a regulated gas transmission service provider. KGE owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating Company for Wolf Creek Generating Station (Wolf Creek). Corporate headquarters of the Company are located at 818 Kansas Avenue, Topeka, Kansas 66612. At December 31, 1995, the Company had 4,047 employees.

The Company is an investor-owned holding Company. The Company is engaged principally in the production, purchase, transmission, distribution and sale of electricity and the delivery and sale of natural gas. The Company serves approximately 601,000 electric customers in eastern and central Kansas and approximately 648,000 natural gas customers in Kansas and northeastern Oklahoma. The Company's non-utility subsidiaries market natural gas primarily to large commercial and industrial customers, provide electronic security services, and provide other energy-related products and services. The Company has acquired 30.8 million shares of common stock of ADT Limited, representing approximately 24% of ADT's outstanding common shares. ADT's principal business is providing electronic security services.

In January 1996, the KCC initiated an order for a generic investigation to analyze matters related to the potential restructuring of the electric industry and the overall implications to both utilities and public interests within the State of Kansas. This order was initiated given recent developments at the Federal Energy Regulatory Commission (FERC), other state regulatory agencies and increased competition among utilities related to large industrial electric customers. The order was established as a means to define the KCC's role within the electric generation industry as it may become more competitive, and address any developments as they may occur. Currently, there are no proceedings or actions at the KCC which would open the Company's current electric markets to greater competition, nor establish guidelines as to a change in the degree of regulatory oversight that the KCC has on the Company's operations.

For discussion regarding competition in the electric utility industry and the potential impact on the Company, see Item 7. Management's Discussion and

Analysis of Financial Condition and Results of Operations, Other Information, Competition.

To capitalize on opportunities in the non-regulated natural gas industry, the Company established Market Center. Market Center, which began operations on July 1, 1995, provides natural gas transportation, storage, and gathering services, as well as balancing and title transfer capability. The Company transferred certain natural gas transmission assets having a net book value of approximately $50 million to the Market Center. Market Center will provide no notice natural gas transportation and storage services to the Company under a long-term contract.

On January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union Company (Southern Union). The Company sold the remaining Missouri properties to United Cities Gas Company (United Cities) on February 28, 1994. The properties sold to Southern Union and United Cities are referred to herein as the "Missouri Properties." With the sales, the Company is no longer operating as a utility in the State of Missouri.

The portion of the Missouri Properties purchased by Southern Union was sold for $404 million. United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri for $665,000.

As a result of the sales of the Missouri Properties, as described in Note 2 of the Notes to Consolidated Financial Statements, the Company recognized a gain of approximately $19.3 million, net of tax, ($0.31 per share) and ceased recording the results of operations for the Missouri Properties during the first quarter of 1994. Consequently, the Company's results of operations for the twelve months ended December 31, 1994 are not comparable to the results of operations for the same period ending December 31, 1993.

The following table reflects, through the dates of the sales of the Missouri Properties, the approximate operating revenues and operating income for the years ended December 31, 1994 and 1993, and net utility plant at December 31, 1993, related to the Missouri Properties (See Notes 2 and 3 of the Notes to Consolidated Financial Statements included herein):

	1994		1993	
	Amount	Percent of Total Company	Amount	Percent of Total Company
	(Dollars in Thousands, Unaudited)			
Operating revenues.	$ 77,008	4.8%	$349,749	18.3%
Operating income.	4,997	1.9%	20,748	7.1%
Net utility plant	-	-	296,039	6.6%

Separate audited financial information was not kept by the Company for the Missouri Properties. This unaudited financial information is based on assumptions and allocations of expenses of the Company as a whole.

The following information includes the operations of KGE since March 31, 1992 and excludes the activities related to the Missouri Properties following the sales of those properties in the first quarter of 1994.

The percentages of Total Operating Revenues and Operating Income Before Income Taxes attributable to the Company's electric and natural gas operations for the past five years were as follows:

	Total Operating Revenues		Operating Income Before Income Taxes	
Year	Electric	Natural Gas	Electric	Natural Gas
1995	73%	27%	98%	2%
1994	69%	31%	97%	3%
1993	58%	42%	85%	15%
1992	57%	43%	89%	11%
1991	41%	59%	84%	16%

The difference between the percentage of electric operating revenues to total operating revenues and the percentage of electric operating income to total operating income as compared to the same percentages for natural gas operations is due to the Company's level of investment in plant and its fuel costs in each of these segments. The reduction in the percentages for the natural gas operations in 1994 is due to the sales of the Missouri Properties. The increase in the percentages for the electric operations in 1992 is due to the Merger.

The amount of the Company's plant in service (net of accumulated depreciation) at December 31, for each of the past five years was as follows:

Year	Electric	Natural Gas	Total
	(Dollars in Thousands)		
1995	$3,676,576	$525,431	$4,202,007

1994	3,676,347	496,753	4,173,100
1993	3,641,154	759,619	4,400,773
1992	3,645,364	696,036	4,341,400
1991	1,080,579	628,751	1,709,330

ELECTRIC OPERATIONS

General

The Company supplies electric energy at retail to approximately 601,000 customers in 462 communities in Kansas. These include Wichita, Topeka, Lawrence, Manhattan, Salina, and Hutchinson. The Company also supplies electric energy at wholesale to the electric distribution systems of 67 communities and 5 rural electric cooperatives. The Company has contracts for the sale, purchase or exchange of electricity with other utilities. The Company also receives a limited amount of electricity through parallel generation.

The Company's electric sales for the last five years were as follows (includes KGE since March 31, 1992):

	1995	1994	1993	1992	1991
	(Thousands of MWH)				
Residential	5,088	5,003	4,960	3,842	2,556
Commercial	5,453	5,368	5,100	4,473	3,051
Industrial	5,619	5,410	5,301	4,419	1,947
Wholesale and Interchange	4,012	3,899	4,525	3,028	1,669
Other	108	106	103	91	315*
Total	20,280	19,786	19,989	15,853	9,538*

* Includes cumulative effect to January 1, 1991, of a change in revenue recognition. The cumulative effect of this change increased electric sales by 256,000 MWH for 1991.

The Company's electric revenues for the last five years were as follows (includes KGE since March 31, 1992):

	1995	1994	1993	1992	1991
	(Dollars in Thousands)				
Residential	$ 396,025	$ 388,271	$ 384,618	$296,917	$160,831
Commercial	340,819	334,059	319,686	271,303	149,152
Industrial	268,947	265,838	261,898	211,593	78,138
Wholesale and Interchange	104,992	106,243	118,401	98,183	70,262
Other	35,112	27,370	19,934	4,889	13,456
Total	$1,145,895	$1,121,781	$1,104,537	$882,885	$471,839

Capacity

The aggregate net generating capacity of the Company's system is presently 5,240 megawatts (MW). The system comprises interests in 22 fossil fueled steam generating units, one nuclear generating unit (47% interest), seven combustion peaking turbines and one diesel generator located at eleven generating stations. Two units of the 22 fossil fueled units (aggregating 100 MW of capacity) have been "mothballed" for future use (See Item 2. Properties).

The Company's 1995 peak system net load occurred August 28, 1995 and amounted to 3,979 MW. The Company's net generating capacity together with power available from firm interchange and purchase contracts, provided a capacity margin of approximately 19% above system peak responsibility at the time of the peak.

The Company and ten companies in Kansas and western Missouri have agreed to provide capacity (including margin), emergency and economy services for each other. This arrangement is called the MOKAN Power Pool. The pool participants also coordinate the planning of electric generating and transmission facilities.

The Company is one of 47 members of the Southwest Power Pool (SPP). SPP's responsibility is to maintain system reliability on a regional basis. The region encompasses areas within the eight states of Kansas, Missouri, Oklahoma, New Mexico, Texas, Louisiana, Arkansas, and Mississippi.

In 1994, the Company joined the Western Systems Power Pool (WSPP). Under this arrangement, over 103 electric utilities and marketers throughout the western United States have agreed to market energy and to provide transmission services. WSPP's intent is to increase the efficiency of the interconnected power systems operations over and above existing operations. Services available include short-term and long-term economy energy transactions, unit commitment service, firm capacity and energy sales, energy exchanges, and transmission service by intermediate systems.

In January 1994, the Company entered into an agreement with Oklahoma Municipal Power Authority (OMPA), whereby, the Company received a prepayment of approximately $41 million for capacity (42 MW) and transmission charges through the year 2013.

During 1994, KGE entered into an agreement with Midwest Energy, Inc. (MWE), whereby KGE will provide MWE with peaking capacity of 61 MW through the year 2008. KGE also entered into an agreement with Empire District Electric Company (Empire), whereby KGE will provide Empire with peaking and base load capacity (20 MW in 1994 increasing to 80 MW in 2000) through the year 2000. In January 1995, the Company entered into another agreement with Empire, whereby the Company will provide Empire with peaking and base load capacity (10 MW in 1995 increasing to 162 MW in 2000) through the year 2010.

Future Capacity

The Company does not contemplate any significant expenditures in connection with construction of any major generating facilities through the turn of the century (See Item 7. Management's Discussion and Analysis, Liquidity and Capital Resources). Although the Company's management believes, based on current load-growth projections and load management programs, it will maintain adequate capacity margins through 2000, in view of the lead time required to construct large operating facilities, the Company may be required before 2000 to consider whether to reschedule the construction of Jeffrey Energy Center (JEC) Unit 4 or alternatively either build or acquire other capacity.

Fuel Mix

The Company's coal-fired units comprise 3,242 MW of the total 5,240 MW of generating capacity and the Company's nuclear unit provides 548 MW of capacity. Of the remaining 1,450 MW of generating capacity, units that can burn either natural gas or oil account for 1,369 MW, and the remaining units which burn only oil or diesel fuel account for 81 MW (See Item 2. Properties).

During 1995, low sulfur coal was used to produce 74% of the Company's electricity. Nuclear produced 21% and the remainder was produced from natural gas, oil, or diesel fuel. During 1996, based on the Company's estimate of the availability of fuel, coal will be used to produce approximately 79% of the Company's electricity and nuclear will be used to produce approximately 16%.

The Company's fuel mix fluctuates with the operation of nuclear powered Wolf Creek which has an 18-month refueling and maintenance schedule. The 18-month schedule permits uninterrupted operation every third calendar year. Wolf Creek was taken off-line on February 3, 1996 for its eighth refueling and maintenance outage. The outage is expected to last approximately 60 days during which time electric demand will be met primarily by the Company's coal-fired operating units.

Nuclear

The owners of Wolf Creek have on hand or under contract 75% of the uranium required for operation of Wolf Creek through the year 2003. The balance is expected to be obtained through spot market and contract purchases. The Company has contracts with the following three suppliers for uranium: Cameco, Geomex Minerals, Inc., and Power Resources, Inc.

The Company has three contracts for uranium enrichment performed by USEC, Urenco and Nuexco Trading Corp. These contractual arrangements cover 100% of Wolf Creek's uranium enrichment requirements for 1996-1997, 90% for 1998-1999, 95% for 2000-2001, and 100% for 2005-2014. The balance of the 1998-2005 requirements is expected to be obtained through a combination of spot market and contract purchases. The decision not to contract for the full enrichment requirements is one of cost rather than availability of service.

A contractual arrangement is in place with Cameco for the conversion of uranium to uranium hexafluoride sufficient to meet Wolf Creek's requirements through the year 2000.

The Company has entered into all of its uranium, uranium enrichment and uranium hexaflouride arrangements during the ordinary course of business and is not substantially dependent upon these agreements. The Company believes there are other suppliers and plentiful sources available at reasonable prices to replace, if necessary, these contracts. In the event that the Company were required to replace these contracts, it would not anticipate a substantial disruption of its business.

The Nuclear Waste Policy Act of 1982 established schedules, guidelines and responsibilities for the Department of Energy (DOE) to develop and construct repositories for the ultimate disposal of spent fuel and high-level waste. The DOE has not yet constructed a high-level waste disposal site and has announced that a permanent storage facility may not be in operation prior to 2010 although an interim storage facility may be available earlier. Wolf

Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through 2006 while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained as necessary.

Additional information with respect to insurance coverage applicable to the operations of the Company's nuclear generating facility is set forth in Note 5 of the Notes to Consolidated Financial Statements.

Coal

The three coal-fired units at JEC have an aggregate capacity of 1,795 MW (Company's 84% share) (See Item 2. Properties). The Company has a long-term coal supply contract with Amax Coal West, Inc. (AMAX), a subsidiary of Cyprus

Amax Coal Company, to supply low sulfur coal to JEC from AMAX's Eagle Butte Mine or an alternate mine source of AMAX's Belle Ayr Mine, both located in the Powder River Basin in Campbell County, Wyoming. The contract expires December 31, 2020. The contract contains a schedule of minimum annual delivery quantities based on MMBtu provisions. The coal to be supplied is surface mined and has an average Btu content of approximately 8,300 Btu per pound and an average sulfur content of .43 lbs/MMBtu (See Environmental Matters). The average delivered cost of coal for JEC was approximately $1.13 per MMBtu or $18.54 per ton during 1995.

Coal is transported from Wyoming under a long-term rail transportation contract with Burlington Northern (BN) and Union Pacific (UP) to JEC through December 31, 2013. Rates are based on net load carrying capabilities of each rail car. The Company provides 890 aluminum rail cars, under a 20 year lease, to transport coal to JEC.

The two coal-fired units at La Cygne Station have an aggregate generating capacity of 672 MW (KGE's 50% share) (See Item 2. Properties). The operator, Kansas City Power & Light Company (KCPL), maintains coal contracts summarized in the following paragraphs.

La Cygne 1 uses low sulfur Powder River Basin coal which is supplied under a variety of spot market transactions, discussed below. Illinois or Kansas/Missouri coal is blended with the Powder River Basin coal and is secured from time to time under spot market arrangements. La Cygne 1 uses a blend of 85% Powder River Basin coal.

La Cygne 2 and additional La Cygne 1 Powder River Basin coal is supplied through several contracts, expiring at various times through 1998. This low sulfur coal had an average Btu content of approximately 8,500 Btu per pound and a maximum sulfur content of .50 lbs/MMBtu (See Environmental Matters). For 1996, KCPL has secured Powder River Basin coal from Powder River Coal Company, a subsidiary of Peabody Coal Company. Transportation is covered by KCPL through its Omnibus Rail Transportation Agreement with BN and Kansas City Southern Railroad (KCS) through December 31, 2000.

During 1995, the average delivered cost of all local and Powder River Basin coal procured for La Cygne 1 was approximately $0.88 per MMBtu or $15.31 per ton and the average delivered cost of Powder River Basin coal for La Cygne 2 was approximately $0.75 per MMBtu or $12.56 per ton.

The coal-fired units located at the Tecumseh and Lawrence Energy Centers have an aggregate generating capacity of 775 MW (See Item 2. Properties). The Company contracted with Cyprus Amax Coal Company's Foidel Creek Mine located in Routt County, Colorado for low sulfur coal through December 31, 1998. During 1995, the average delivered cost of coal for the Lawrence units was approximately $1.18 per MMBtu or $26.19 per ton and the average delivered cost of coal for the Tecumseh units was approximately $1.17 per MMBtu or $26.14 per ton. This coal is transported by Southern Pacific Lines and Atchison, Topeka and Santa Fe Railway Company under a contract expiring December 31, 1998. The coal supplied from Cyprus has an average Btu content of approximately 11,200 Btu per pound and an average sulfur content of .38 lbs/MMBtu (See Environmental Matters). The Company anticipates that the Cyprus agreement will supply the minimum requirements of the Tecumseh and Lawrence Energy Centers and supplemental coal requirements will continue to be supplied from coal markets in Wyoming, Utah, Colorado and/or New Mexico.

The Company has entered into all of its coal and transportation contracts during the ordinary course of business and is not substantially dependent upon these contracts. The Company believes there are other suppliers for and plentiful sources of coal available at reasonable prices to replace, if necessary, fuel to be supplied pursuant to these contracts. In the event that the Company were required to replace its coal or transportation agreements, it would not anticipate a substantial disruption of the Company's business.

Natural Gas

The Company uses natural gas as a primary fuel in its Gordon Evans, Murray Gill, Abilene, and Hutchinson Energy Centers and in the gas turbine units at its Tecumseh generating station. Natural gas is also used as a supplemental fuel in the coal-fired units at the Lawrence and Tecumseh generating stations. Natural gas for Gordon Evans and Murray Gill Energy Centers is supplied by readily available gas from the spot market. Short-term economical spot market purchases will supply the system with the flexible natural gas supply to meet operational needs for the Gordon Evans and Murray Gill Energy Centers. Natural gas for the Company's Abilene and Hutchinson stations is supplied from the Company's main system (See Natural Gas Operations).

Oil

The Company uses oil as an alternate fuel when economical or when interruptions to natural gas make it necessary. Oil is also used as a supplemental fuel at JEC and La Cygne generating stations. All oil burned by the Company during the past several years has been obtained by spot market purchases. At December 31, 1995, the Company had approximately 3 million gallons of No. 2 and 14 million gallons of No. 6 oil which is believed to be sufficient to meet emergency requirements and protect against lack of availability of natural gas and/or the loss of a large generating unit.

Other Fuel Matters

The Company's contracts to supply fuel for its coal and natural gas-fired generating units, with the exception of JEC, do not provide full fuel requirements at the various stations. Supplemental fuel is procured on the spot market to provide operational flexibility and, when the price is favorable, to take advantage of economic opportunities.

Set forth in the table below is information relating to the weighted average cost of fuel used by the Company.

KPL Plants	1995	1994	1993	1992	1991
Per Million Btu:					
Coal	$1.15	$1.13	$1.13	$1.30	$1.33
Gas	1.63	2.66	2.71	2.15	1.72
Oil	4.34	4.27	4.41	4.19	4.25
Cents per KWH Generation	1.31	1.32	1.31	1.49	1.52

KGE Plants	1995	1994	1993	1992	1991
Per Million Btu:					
Nuclear	$0.40	$0.36	$0.35	$0.34	$0.32
Coal	0.91	0.90	0.96	1.25	1.32
Gas	1.68	1.98	2.37	1.95	1.74
Oil	4.00	3.90	3.15	4.28	4.13
Cents per KWH Generation	0.82	0.89	0.93	0.98	1.09

Environmental Matters

The Company currently holds all Federal and State environmental approvals required for the operation of its generating units. The Company believes it is presently in substantial compliance with all air quality regulations (including those pertaining to particulate matter, sulfur dioxide and nitrogen oxides (NOx)) promulgated by the State of Kansas and the Environmental Protection Agency (EPA).

The Federal sulfur dioxide standards, applicable to the Company's JEC and La Cygne 2 units, prohibit the emission of more than 1.2 pounds of sulfur dioxide per million Btu of heat input. Federal particulate matter emission standards applicable to these units prohibit: (1) the emission of more than 0.1 pounds of particulate matter per million Btu of heat input and (2) an opacity greater than 20%. Federal NOx emission standards applicable to these units prohibit the emission of more than 0.7 pounds of NOx per million Btu of heat input.

The JEC and La Cygne 2 units have met: (1) the sulfur dioxide standards through the use of low sulfur coal (See Coal); (2) the particulate matter standards through the use of electrostatic precipitators; and (3) the NOx standards through boiler design and operating procedures. The JEC units are also equipped with flue gas scrubbers providing additional sulfur dioxide and particulate matter emission reduction capability.

The Kansas Department of Health and Environment (KDHE) regulations, applicable to the Company's other generating facilities, prohibit the emission of more than 2.5 pounds of sulfur dioxide per million Btu of heat input at the Company's Lawrence generating units and 3.0 pounds at all other generating units. There is sufficient low sulfur coal under contract (See Coal) to allow compliance with such limits at Lawrence, Tecumseh and La Cygne 1 for the life of the contracts. All facilities burning coal are equipped with flue gas scrubbers and/or electrostatic precipitators.

The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and NOx emissions with Phase I effective in 1995 and Phase II effective in 2000 and a probable reduction in toxic emissions by a future date yet to be determined. To meet the monitoring and reporting requirements under the Act's acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $10 million. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although, the Company currently has no Phase I affected units, the Company has applied for and has been accepted for an early substitution permit to bring the co-owned La Cygne Generating Station under the Phase I regulations.

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

All of the Company's generating facilities are in substantial compliance with the Best Practicable Technology and Best Available Technology regulations issued by EPA pursuant to the Clean Water Act of 1977. Most EPA regulations are administered in Kansas by the KDHE.

Additional information with respect to Environmental Matters is discussed in Note 5 of the Notes to Consolidated Financial Statements included herein.

NATURAL GAS OPERATIONS

General

At December 31, 1995, the Company supplied natural gas at retail to approximately 648,000 customers in 362 communities and at wholesale to eight communities and two utilities in Kansas and Oklahoma. The natural gas systems of the Company consist of distribution systems in both states purchasing natural gas from various suppliers and transported by interstate pipeline companies and the main system, an integrated storage, gathering, transmission and distribution system. The Company also transports gas for its large commercial and industrial customers which purchase gas on the spot market. The Company earns approximately the same margin on the volume of gas transported as on volumes sold except where discounting occurs in order to retain the customer's load.

As discussed under General, above, on January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union and sold the remaining Missouri Properties to United Cities on February 28, 1994. Additional information with respect to the impact of the sales of the Missouri Properties is set forth in Notes 2 and 3 of the Notes to Consolidated Financial Statements.

The percentage of total natural gas deliveries, including transportation and operating revenues for 1995, by state were as follows:

	Total Natural Gas Deliveries	Total Natural Gas Operating Revenues
Kansas	96.4%	95.4%
Oklahoma	3.6%	4.6%

The Company's natural gas deliveries for the last five years were as follows:

	1995	1994(2)	1993	1992	1991
			(Thousands of MCF)		
Residential	55,810	64,804	110,045	93,779	97,297
Commercial	21,245	26,526	47,536	40,556	47,075
Industrial	548	605	1,490	2,214	2,655
Other	17,078(1)	43	41	94	14,960(3)
Transportation	48,292	51,059	73,574	68,425	78,055
Total	142,973	143,037	232,686	205,068	240,042

The Company's natural gas revenues for the last five years were as follows:

	1995	1994(2)	1993	1992	1991
			(Dollars in Thousands)		
Residential	$274,550	$332,348	$529,260	$440,239	$433,871
Commercial	94,349	125,570	209,344	169,470	182,486
Industrial	3,051	3,472	7,294	7,804	10,546
Other	31,860	11,544	30,143	27,457	33,434
Transportation	22,366	23,228	28,781	28,393	30,002
Total	$426,176	$496,162	$804,822	$673,363	$690,339

(1) The increase in other gas sales reflects an increase in as-available gas sales.

(2) Information reflects the sales of the Missouri Properties effective January 31, and February 28, 1994.

(3) Includes cumulative effect to January 1, 1991, of a change in revenue

recognition. The cumulative effect of this change increased natural gas sales by 14,838,000 MCF for 1991.

In compliance with orders of the state commissions applicable to all natural gas utilities, the Company has established priority categories for service to its natural gas customers. The highest priority is for residential and small commercial customers and the lowest for large industrial customers. Natural gas delivered by the Company from its main system for use as fuel for electric generation is classified in the lowest priority category.

Interstate System

The Company distributes natural gas at retail to approximately 518,000 customers located in central and eastern Kansas and northeastern Oklahoma. The largest cities served in 1995 were Wichita and Topeka, Kansas and Bartlesville, Oklahoma. The Company has transportation agreements for delivery of this gas which have terms varying in length from one to twenty years, with the following non-affiliated pipeline transmission companies: Williams Natural Gas Company (WNG), Kansas Pipeline Company (KPP), Panhandle Eastern Pipeline Company (Panhandle), and various other intrastate suppliers. The volumes transported under these agreements in 1995 and 1994 were as follows:

Transportation Volumes (BCF's)

	1995	1994
WNG	61.8	51.6
KPP	7.1	7.6
Panhandle	1.0	0.8
Others	8.0	9.3

The Company purchases this gas from various producers and marketers under contracts expiring at various times. The Company purchased approximately 61.7 BCF or 79.3% of its natural gas supply from these sources in 1995 and 52.2 BCF or 89.3% during 1994. Approximately 90.5 BCF of natural gas is made available annually under these contracts which extend beyond the year 2000.

In October 1994, the Company executed a long-term gas purchase contract (Base Contract) and a peaking supply contract with Amoco Production Company for the purpose of meeting the requirements of the customers served from the Company's interstate system over the WNG pipeline system. The Company anticipates that the Base Contract will supply between 35% and 50% of the Company's demand served by the WNG pipeline system. Amoco is one of various suppliers over the WNG pipeline system and if this contract were canceled, the Company could replace gas supplied by Amoco with gas from other suppliers. Gas available under the Amoco contract is also available for sale by the Company to other parties and sales are recorded as Other Revenue.

The Company also purchases natural gas from KPP under contracts expiring at various times. These purchases were approximately 5.3 BCF or 6.7% of its natural gas supply in 1995 and 4.4 BCF or 5.6% during 1994. The Company purchases natural gas for the interstate system from intrastate pipelines and from spot market suppliers under short-term contracts. These sources totaled 3.6 BCF and 3.8 BCF for 1995 and 1994 representing 4.6% and 6.5% of the system requirements, respectively.

During 1995 and 1994, approximately 7.3 BCF and 8.0 BCF, respectively, were transferred from the Company's main system to serve a portion of the demand for Wichita, Kansas. These system transfers represent 9.4% and 13.7%, respectively, of the interstate system supply.

The average wholesale cost per thousand cubic feet (MCF) purchased for the distribution systems for the past five years was as follows:

Interstate Pipeline Supply
(Average Cost per MCF)

	1995	1994	1993	1992	1991
WNG	$ -	$ -	$3.57	$3.64	$3.61
Other	2.78	3.32	3.01	2.30	2.36
Total Average Cost	2.78	3.32	3.23	2.88	3.02

Main System

The Company serves approximately 130,000 customers in central and north central Kansas with natural gas supplied through the main system. The principal market areas include Salina, Manhattan, Junction City, Great Bend, McPherson and Hutchinson, Kansas.

Natural gas for the Company's main system is purchased from a combination of direct wellhead production, from the outlet of natural gas processing plants, and from interstate pipeline interconnects all within the State of Kansas. Such purchases are transported entirely through Company owned transmission lines in Kansas.

Natural gas purchased for the Company's main system customer requirements is transported and/or stored by the Market Center. The Company retains a priority right to capacity on the Market Center necessary to serve the main system customers. The Company has the opportunity to negotiate for the purchase of natural gas with producers or marketers utilizing Market Center services, which increases the potential supply available to meet main system customer demands.

During 1995, the Company purchased approximately 8.7 BCF of natural gas from Mesa Operating Limited Partnership (Mesa). Approximately 3.2 BCF of natural gas was purchased through the spot market in 1995 which allowed the Company to avoid minimum take requirements associated with long-term contracts. These purchases represent approximately 39.7% and 14.6%, respectively, of the Company's main system requirements during such periods.

Spivey-Grabs field in south-central Kansas supplied approximately 4.8 BCF of natural gas in both 1995 and 1994, constituting 20.2% and 17.6%, respectively, of the main system's requirements during such periods. Such natural gas is supplied pursuant to contracts with producers in the Spivey-Grabs field, most of which are for the life of the field, and under which the Company expects to receive approximately 4.4 BCF or 23.6% of natural gas in 1996. Based on a reserve study performed by an independent petroleum engineering firm in 1995, significant quantities of gas will be available from the Spivey-Grabs field for at least twenty years.

Other sources of gas for the main system of 3.4 BCF or 15.6% of the system requirements were purchased from or transported through interstate pipelines during 1995. The remainder of the supply for the main system during 1995 and 1994 of 2.2 BCF and 2.5 BCF representing 9.9% and 9.2%, respectively, was purchased directly from producers or gathering systems.

During 1995 and 1994, approximately 7.3 BCF and 8.0 BCF, respectively, of the total main system supply was transferred to the Company's interstate system (See Interstate System).

The Company believes there is adequate natural gas available under contract or otherwise available to meet the currently anticipated needs of the main system customers.

The main system's average wholesale cost per MCF purchased for the past five years was as follows:

Natural Gas Supply - Main System
(Average Cost per MCF)

	1995	1994	1993	1992	1991
Mesa-Hugoton Contract	$1.44	$1.81	$1.78(1)	$1.47(2)	$1.36(3)
Other	2.47	2.92	2.69	2.66	2.68
Total Average Cost	2.06	2.23	2.20	2.00	1.94

(1) Includes 2.5 BCF @ $1.31/MCF of make-up deliveries.
(2) Includes 2.1 BCF @ $1.31/MCF of make-up deliveries.
(3) Includes 1.5 BCF @ $1.31/MCF of make-up deliveries.

The load characteristics of the Company's natural gas customers creates relatively high volume demand on the main system during cold winter days. To assure peak day service to high priority customers the Company owns and operates and has under contract natural gas storage facilities (See Item 2. Properties).

SEGMENT INFORMATION

Financial information with respect to business segments is set forth in Note 11 of the Notes to Consolidated Financial Statements included herein.

FINANCING

The Company's ability to issue additional debt and equity securities is restricted under limitations imposed by the charter and the Mortgage and Deed of Trust of Western Resources and KGE.

Western Resources' mortgage prohibits additional Western Resources first mortgage bonds from being issued (except in connection with certain refundings) unless the Company's net earnings available for interest, depreciation and property retirement for a period of 12 consecutive months within 15 months preceding the issuance are not less than the greater of twice the annual interest charges on, or 10% of the principal amount of, all first mortgage bonds outstanding after giving effect to the proposed issuance. Based on the Company's results for the 12 months ended December 31, 1995, approximately $487 million principal amount of additional first mortgage bonds could be issued (7.25% interest rate assumed).

Western Resources bonds may be issued, subject to the restrictions in the preceding paragraph, on the basis of property additions not subject to an unfunded prior lien and on the basis of bonds which have been retired. As of December 31, 1995, the Company had approximately $485 million of net bondable property additions not subject to an unfunded prior lien entitling the Company to issue up to $291 million principal amount of additional bonds. As of December 31, 1995, no additional bonds could be issued on the basis of retired bonds.

KGE's mortgage prohibits additional KGE first mortgage bonds from being issued (except in connection with certain refundings) unless KGE's net earnings before income taxes and before provision for retirement and depreciation of property for a period of 12 consecutive months within 15 months preceding the issuance are not less than two and one-half times the annual interest charges on, or 10% of the principal amount of, all KGE first mortgage bonds outstanding after giving effect to the proposed issuance. Based on KGE's results for the 12 months ended December 31, 1995, approximately $937 million principal amount of additional KGE first mortgage bonds could be issued (7.25% interest rate assumed).

KGE bonds may be issued, subject to the restrictions in the preceding paragraph, on the basis of property additions not subject to an unfunded prior lien and on the basis of bonds which have been retired. As of December 31, 1995, KGE had approximately $1.3 billion of net bondable property additions not subject to an unfunded prior lien entitling KGE to issue up to $922 million principal amount of additional KGE bonds. As of December 31, 1995, $1 million in additional bonds could be issued on the basis of retired bonds.

The most restrictive provision of the Company's charter permits the issuance of additional shares of preferred stock without certain specified preferred stockholder approval only if, for a period of 12 consecutive months within 15 months preceding the issuance, net earnings available for payment of interest exceed one and one-half times the sum of annual interest requirements plus dividend requirements on preferred stock after giving effect to the proposed issuance. After giving effect to the annual interest and dividend requirements on all debt and preferred stock outstanding at December 31, 1995, such ratio was 2.18 for the 12 months ended December 31, 1995.

REGULATION AND RATES

The Company is subject as an operating electric utility to the jurisdiction of the Kansas Corporation Commission (KCC) and as a natural gas utility to the jurisdiction of the KCC and the Corporation Commission of the State of Oklahoma (OCC), which have general regulatory authority over the Company's rates, extensions and abandonments of service and facilities, valuation of property, the classification of accounts and various other matters.

The Company is subject to the jurisdiction of the FERC and KCC with respect to the issuance of securities. There is no state regulatory body in Oklahoma having jurisdiction over the issuance of the Company's securities.

The Company is exempt as a public utility holding company pursuant to Section 3(a)(1) of the Public Utility Holding Company Act of 1935 from all provisions of that Act, except Section 9(a)(2). Additionally, the Company

is subject to the jurisdiction of the FERC, including jurisdiction as to rates with respect to sales of electricity for resale. The Company is not engaged in the interstate transmission or sale of natural gas which would subject it to the regulatory provisions of the Natural Gas Act. KGE is also subject to the jurisdiction of the Nuclear Regulatory Commission as to nuclear plant operations and safety.

Additional information with respect to Rate Matters and Regulation as set forth in Note 4 of Notes to Consolidated Financial Statements is included herein.

EMPLOYEE RELATIONS

As of December 31, 1995, the Company had 4,047 employees. The Company did not experience any strikes or work stoppages during 1995. The Company's current contract with the International Brotherhood of Electrical Workers was negotiated in 1995 and extends through June 30, 1997. The contract covers approximately 1,950 employees. The Company has contracts with three gas unions representing approximately 595 employees. These contracts were negotiated in 1992 and will expire June 6, 1996.

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Present Office	Other Offices or Positions Held During Past Five Years

John E. Hayes, Jr.	58	Chairman of the Board and Chief Executive Officer	President
David C. Wittig	40	President (since March 1996)	Executive Vice President, Corporate Strategy (since May 1995) Salomon Brothers, Inc. Managing Director, Co-Head of Mergers and Acquisitions
James S. Haines, Jr.	49	Executive Vice President and Chief Operating Officer (since July 1995)	Executive Vice President and Chief Administrative Officer (1992 to 1995) Group Vice President-KGE
Steven L. Kitchen	50	Executive Vice President and Chief Financial Officer	
Carl M. Koupal, Jr.	42	Executive Vice President and Chief Administrative Officer (since July 1995)	Executive Vice President Corporate Communications, Marketing, and Economic Development (since January 1995) Vice President, Corporate Marketing, And Economic Development, (1992 to 1994) Director, Economic Development, (1985 to 1992) Jefferson City,Missouri
John K. Rosenberg	50	Executive Vice President and General Counsel	
Jerry D. Courington	50	Controller	

Executive officers serve at the pleasure of the Board of Directors. There are no family relationships among any of the officers, nor any arrangements or understandings between any officer and other persons pursuant to which he/she was appointed as an officer.

ITEM 2. PROPERTIES

The Company owns or leases and operates an electric generation, transmission, and distribution system in Kansas, a natural gas integrated storage, gathering, transmission and distribution system in Kansas, and a natural gas distribution system in Kansas and Oklahoma.

During the five years ended December 31, 1995, the Company's gross property additions totaled $1,025,952,000 and retirements were $190,118,000.

ELECTRIC FACILITIES

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW) (2)
Abilene Energy Center:				
Combustion Turbine	1	1973	Gas	66
Gordon Evans Energy Center:				
Steam Turbines	1	1961	Gas--Oil	150
	2	1967	Gas--Oil	367
Hutchinson Energy Center:				
Steam Turbines	1	1950	Gas	18
	2	1950	Gas	17
	3	1951	Gas	28
	4	1965	Gas	197
Combustion Turbines	1	1974	Gas	51
	2	1974	Gas	49
	3	1974	Gas	54
	4	1975	Oil	78
Jeffrey Energy Center (84%)(3):				
Steam Turbines	1	1978	Coal	587
	2	1980	Coal	617
	3	1983	Coal	591
La Cygne Station (50%)(3):				
Steam Turbines	1	1973	Coal	341

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW) (2)
	2	1977	Coal	331
Lawrence Energy Center:				
Steam Turbines	2	1952	Gas	0 (1)
	3	1954	Coal	56
	4	1960	Coal	113
	5	1971	Coal	370
Murray Gill Energy Center:				
Steam Turbines	1	1952	Gas--Oil	46
	2	1954	Gas--Oil	74
	3	1956	Gas--Oil	107
	4	1959	Gas--Oil	106

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW) (2)
Neosho Energy Center:				
Steam Turbines	3	1954	Gas--Oil	0 (1)
Tecumseh Energy Center:				
Steam Turbines	7	1957	Coal	88
	8	1962	Coal	148
Combustion Turbines	1	1972	Gas	19
	2	1972	Gas	20
Wichita Plant:				
Diesel Generator	5	1969	Diesel	3
Wolf Creek Generating Station (47%)(3):				
Nuclear	1	1985	Uranium	548
Total				5,240

(1) These units have been "mothballed" for future use.

(2) Based on MOKAN rating.

(3) The Company jointly owns Jeffrey Energy Center (84%), La Cygne Station (50%) and Wolf Creek Generating Station (47%).

NATURAL GAS COMPRESSOR STATIONS AND STORAGE FACILITIES

The Company's transmission and storage facility compressor stations, all located in Kansas, as of December 31, 1995, are as follows:

Location	Driving Units	Year Installed	Type of Fuel	Mfr hp Ratings	Mfr Ratings of MCF/Hr Capacity at 14.65 Psia at 60 F
Abilene	4	1930	Gas	4,000	5,920
Bison	1	1951	Gas	440	316
Brehm Storage . .	2	1982	Gas	800	486
Calista	3	1987	Gas	4,400	7,490
Hope.	1	1970	Electric	600	44
Hutchinson. . . .	2	1989	Gas	1,600	707
Manhattan	1	1963	Electric	250	313
Marysville. . . .	1	1964	Electric	250	202
McPherson	1	1972	Electric	3,000	7,040
Minneola.	5	1952 - 1978	Gas	9,650	14,018
Pratt	3	1963 - 1983	Gas	1,700	3,145
Spivey.	4	1957 - 1964	Gas	7,200	1,368
Ulysses	12	1949 - 1981	Gas	17,430	6,667
Yaggy Storage . .	3	1993	Electric	7,500	5,000

The Company has contracted with the Market Center for underground storage of working storage capacity of 2.08 BCF. This contract enables the Company to supply customers up to 85 million cubic feet per day of gas supply to meet winter peaking requirements.

The Company has contracted with WNG for additional underground storage in the Alden field in Kansas. The contract, expiring March 31, 1998, enables the Company to supply customers with up to 75 million cubic feet per day of gas supply during winter peak periods. See Item I. Business, Gas Operations for proven recoverable gas reserve information.

ITEM 3. LEGAL PROCEEDINGS

On August 15, 1994, the Bishop entities filed an answer and claims against Southern Union and the Company alleging, among other things, breach of those certain gas supply contracts. The Bishop entities claimed damages up to $270 million against the Company and Southern Union. On March 1, 1995 this litigation between the Company and the Bishop entities was jointly dismissed with prejudice and the parties exchanged mutual releases of any and all claims. The gas supply contracts at issue in the above litigations were canceled. The agreements between the Company and the Bishop entities resolved disputes between them in regulatory proceedings before the KCC, the Missouri Public Service Commission, and the FERC.

Additional information on legal proceedings involving the Company is set forth in Notes 3, 4, and 5 of Notes to Consolidated Financial Statements included herein. See also Item 1. Business, Environmental Matters, and Regulation and Rates.

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

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Stock Trading

Western Resources common stock, which is traded under the ticker symbol WR, is listed on the New York Stock Exchange. As of March 1, 1996, there were 40,831 common shareholders of record. For information regarding quarterly common stock price ranges for 1995 and 1994, see Note 15 of Notes to Consolidated Financial Statements included herein.

Dividends

Western Resources common stock is entitled to dividends when and as declared by the Board of Directors. At December 31, 1995, the Company's retained earnings were restricted by $857,600 against the payment of dividends on common stock. However, prior to the payment of common dividends, dividends must be first paid to the holders of preferred stock and second to the holders of preference stock based on the fixed dividend rate for each series.

Dividends have been paid on the Company's common stock throughout the Company's history. Quarterly dividends on common stock normally are paid on or about the first of January, April, July, and October to shareholders of record as of about the third day of the preceding month. Dividends increased four cents per common share in 1995 to $2.02 per share. In January 1996, the Board of Directors declared a quarterly dividend of 51 1/2 cents per common share, an increase of one cent over the previous quarter. Future dividends depend upon future earnings, the financial condition of the Company and other factors. For information regarding quarterly dividend declarations for 1995 and 1994, see Note 15 of Notes to Consolidated Financial Statements included herein.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31,	1995	1994(1)	1993	1992(2)	1991
			(Dollars in Thousands)		
Income Statement Data:					
Operating revenues:					
Electric	$1,145,895	$1,121,781	$1,104,537	$ 882,885	$ 471,839
Natural gas.	426,176	496,162	804,822	673,363	690,339
Total operating revenues . .	1,572,071	1,617,943	1,909,359	1,556,248	1,162,178
Operating expenses	1,296,687	1,348,397	1,617,296	1,317,079	1,032,557
Allowance for funds used during construction	4,206	2,667	2,631	2,002	1,070
Income before cumulative effect of accounting change	181,676	187,447	177,370	127,884	72,285
Cumulative effect to January 1, 1991, of change in revenue recognition.	-	-	-	-	17,360
Net income	181,676	187,447	177,370	127,884	89,645
Earnings applicable to common stock.	168,257	174,029	163,864	115,133	83,268

December 31,	1995	1994(1)	1993	1992(2)	1991
			(Dollars in Thousands)		

Balance Sheet Data:					
Gross plant in service	$6,128,527	$5,963,366	$6,222,483	$6,033,023	$2,535,448
Construction work in progress. .	100,401	85,290	80,192	68,041	17,114
Total assets	5,490,677	5,371,029	5,412,048	5,438,906	2,112,513
Long-term debt, preference stock, and other mandatorily redeemable securities	1,641,263	1,507,028	1,673,988	2,077,459	690,612

Year Ended December 31,	1995	1994(1)	1993	1992(2)	1991
Common Stock Data:					
Earnings per share before cumulative effect of accounting change.	$ 2.71	$ 2.82	$ 2.76	$ 2.20	$ 1.91
Cumulative effect to January 1, 1991, of change in revenue recognition per share.	-	-	-	-	.50
Earnings per share	$ 2.71	$ 2.82	$ 2.76	$ 2.20	$ 2.41
Dividends per share.	$ 2.02	$ 1.98	$ 1.94	$ 1.90	$ 2.04(3)
Book value per share	$24.71	$23.93	$23.08	$21.51	$18.59
Average shares outstanding(000's)	62,157	61,618	59,294	52,272	34,566
Interest coverage ratio (before income taxes, including AFUDC)	3.14	3.42	2.79	2.27	2.69
Ratio of Earnings to Fixed Charges.	2.41	2.65	2.36	2.02	2.98
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements	2.18	2.37	2.14	1.84	2.61

(1) Information reflects the sales of the Missouri Properties (Note 2).
(2) Information reflects the merger with KGE on March 31, 1992.
(3) Includes special, one-time dividend of $0.18 per share paid February 28, 1991.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

GENERAL: Earnings were $2.71 per share of common stock based on 62,157,125 average common shares for 1995, a decrease from $2.82 in 1994 on 61,617,873 average common shares. Net income for 1995 decreased to $181.7 million compared to $187.4 million in 1994. The decrease in net income and earnings per share is primarily due to the inclusion of the gain on the sales of, and operating income from, the Company's natural gas distribution properties and operations in the State of Missouri prior to the sales in the first quarter of 1994.

Dividends for 1995 increased four cents per common share to $2.02 per share. In January 1996, the Board of Directors declared a quarterly dividend of 51 1/2 cents per common share, an increase of one cent over the previous quarter.

The book value per share was $24.71 at December 31, 1995, compared to $23.93 at December 31, 1994. The 1995 closing stock price of $33.38 was 135% of book value. There were 62,855,961 common shares outstanding at December 31, 1995.

On January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union Company (Southern Union). The Company sold the remaining Missouri properties to United Cities Gas Company (United Cities) on February 28, 1994. The properties sold to Southern Union and United Cities are referred to herein as the "Missouri Properties."

The portion of the Missouri Properties purchased by Southern Union was sold for $404 million. United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri, for $665,000.

During the first quarter of 1994, the Company recognized a gain of approximately $19.3 million, net of tax, on the sales of the Missouri Properties. As of the respective dates of the sales of the Missouri Properties, the Company ceased recording the results of operations, and removed the assets and liabilities related to the Missouri Properties from the Consolidated Balance Sheets. The gain is reflected in Other Income and Deductions, on the Consolidated Statements of Income.

The following table reflects, through the dates of the sales of the Missouri Properties, the approximate operating revenues and operating income for the years ended December 31, 1994 and 1993, and net utility plant at December 31, 1993, related to the Missouri Properties (See Note 2):

	1994 Amount	1994 Percent of Total Company	1993 Amount	1993 Percent of Total Company
	(Dollars in Thousands, Unaudited)			
Operating revenues. . . .	$ 77,008	4.8%	$349,749	18.3%
Operating income.	4,997	1.9%	20,748	7.1%
Net utility plant	-	-	296,039	6.6%

Separate audited financial information was not kept by the Company for the Missouri Properties. This unaudited financial information is based on assumptions and allocations of expenses of the Company as a whole.

For additional information regarding the sales of the Missouri Properties and the pending litigation see Notes 2 and 3 of the Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES: The Company's liquidity is a function of its ongoing construction and maintenance program designed to improve facilities which provide electric and natural gas service and meet future customer service requirements. Acquisitions and subsidiary investments also affect the Company's liquidity.

During 1995, construction expenditures for the Company's electric system were approximately $154 million and nuclear fuel expenditures were approximately $28 million. It is projected that adequate capacity margins will be maintained without the addition of any major generating facilities through the turn of the century. The construction expenditures for improvements on the natural gas system, including the Company's service line replacement program, were approximately $55 million during 1995.

Capital expenditures for 1996 through 1998 are anticipated to be as follows:

	Electric	Nuclear Fuel	Natural Gas
	(Dollars in Thousands)		
1996.	$117,600	$ 3,300	$56,300
1997.	126,500	22,300	43,800
1998.	119,100	20,800	42,100

These expenditures are estimates prepared for planning purposes and are subject to revisions (See Note 5).

The Company's net cash flows to capital expenditures was 83% for 1995 and during the last five years has averaged 97%. This ratio indicates the extent to which the Company is able to fund its capital expenditures with cash flow from operating activities. This ratio is calculated from the Company's Consolidated Statements of Cash Flows as net cash flow from operating activities, less changes in working capital, less dividends on preferred, preference and common stock, divided by additions to utility plant. The Company anticipates all of its cash requirements for capital expenditures through 1998 will be provided from net operating cash flows.

The Company's capital needs through 2000 for bond maturities and cash sinking fund requirements for bonds and preference stock are approximately $236 million. This capital will be provided from internal and external sources available under then existing financial conditions.

The embedded cost of long-term debt was 7.7% at December 31, 1995, an increase from 7.6% at December 31, 1994. Higher interest rates on variable-rate long-term debt contributed to the slight increase in the cost of debt in 1995 compared to 1994.

On December 14, 1995 Western Resources Capital I, a wholly-owned trust, of which the sole asset is subordinated debentures of the Company, sold in a public offering four million preferred securities of 7 7/8% Cumulative Quarterly Income Preferred Securities, Series A, for $100 million. The securities are shown as Western Resources Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust holding solely Subordinated Debentures (Other Mandatorily Redeemable Securities) on the Consolidated Balance Sheets and Consolidated Statements of Capitalization (See Note 7).

In January 1996, the Company acquired from Laidlaw Transportation Inc. 15.4 million shares of ADT Limited common stock for $215.6 million, as well as an option to acquire an additional 15.4 million shares of ADT Limited common stock. In March 1996, the Company exercised the option and acquired the additional 15.4 million shares of ADT Limited common stock from Laidlaw Transportation Inc. for approximately $228 million or $14.80 per share. The Company's total investment in ADT common stock, representing approximately 24% of ADT's shares currently outstanding, approximates $444 million. The purchases were financed with short-term borrowings (See Note 5).

The Company's short-term financing requirements are satisfied, as needed, through the sale of commercial paper, short-term bank loans and borrowings under lines of credit maintained with banks. At December 31, 1995, short-term borrowings amounted to $203 million, of which $26 million was commercial paper (See Notes 10 and 12). At December 31, 1995, the Company had bank credit arrangements available of $121 million.

The Company's short-term debt balance at December 31, 1995, decreased approximately $105 million from December 31, 1994. The decrease is primarily a result of the proceeds from the sale of the Other Mandatorily Redeemable Securities being used to pay off short-term debt.

The Company has a Dividend Reinvestment and Stock Purchase Plan (DRIP). Shares issued under the DRIP may be either original issue shares or shares purchased on the open market.

The Company's capital structure at December 31, 1995, was 48 percent common stock equity, 6 percent preferred and preference stock, 3 percent Other Mandatorily Redeemable Securities, and 43 percent long-term debt. The capital structure at December 31, 1995, including short-term debt and current maturities of long-term debt, was 45 percent common stock equity, 5 percent preferred and preference stock, 3 percent Other Mandatorily Redeemable Securities, and 47 percent debt.

RESULTS OF OPERATIONS

The following is an explanation of significant variations from prior year results in revenues, operating expenses, other income and deductions, interest charges, and preferred and preference dividend requirements. The results of operations of the Company exclude the activities related to the Missouri Properties following the sales of those properties in the first quarter of 1994.

For additional information regarding the sales of the Missouri Properties and the pending litigation, see Notes 2 and 3 of the Notes to Consolidated Financial Statements. Additional information relating to changes between years is provided in the Notes to Consolidated Financial Statements.

REVENUES

The operating revenues of the Company are based on sales volumes and rates authorized by certain state regulatory commissions and the FERC. Future natural gas and electric sales will be affected by weather conditions, competition from other sources of energy, competing fuel sources, customer conservation efforts, and the overall economy of the Company's service area.

In March 1992, in connection with the Company's acquisition of KGE, the KCC approved the elimination of the Energy Cost Adjustment Clause (ECA) for most retail customers of the Company effective April 1, 1992. The fuel costs are now included in base rates and were established at a level intended by the KCC to equal the projected average cost of fuel through August 1995. Therefore, if the Company wished to recover an increase in fuel cost above the projected average cost it would have to file a request for recovery in a rate filing with the KCC which request could be denied in whole or in part. The Company's fuel costs represented 19% of its total operating expenses for the years ended December 31, 1995 and 1994, respectively. Any increase in fuel costs from the projected average which the Company did not recover through rates would impact the Company's earnings. The degree of any such impact would be affected by a variety of factors, however, and thus cannot now be predicted.

Natural gas revenues were reduced as a result of the sales of the Missouri Properties. The Consolidated Statements of Income include revenues of $77 million for the portion of the first quarter of 1994 prior to the sales of the Missouri Properties and revenues of $350 million from the Missouri Properties for 1993. Following the sales of the Missouri Properties, no revenues related to the Missouri Properties are included in the Consolidated Statements of Income (See Note 2).

1995 Compared to 1994: Electric revenues increased two percent in 1995 as a result of increased sales in all customer classes. The increase is primarily attributable to a higher demand for air conditioning load during the summer months of 1995 compared to 1994. The Company's service territory experienced normal temperatures during the summer of 1995, but were more than 20% warmer, based on cooling degree days, compared to the summer of 1994. The Company has filed an electric rate reduction request with the KCC (See Note 4).

Natural gas revenues decreased in 1995 primarily as a result of the sales of Missouri Properties in the first quarter of 1994 (See Note 2). The Company has filed a $36 million rate increase request for its Kansas natural gas properties with the KCC (See Note 4).

Excluding natural gas sales related to the Missouri Properties, prior to the sales of those properties in the first quarter of 1994, total natural gas revenues remained virtually unchanged in 1995. Natural gas revenues increased from increased transportation sales and as-available sales, but these increases were offset by decreased commercial and industrial sales and a lower unit cost of natural gas which is passed on to customers through the purchased gas adjustment (PGA).

As-available gas is excess natural gas under contract that the Company did not require for customer sales or storage that is typically sold to gas marketers. According to the Company's tariff, the nominal margin made on as-available gas sales, is returned 50% to customers through the PGA and 50% is reflected in wholesale sales of the Company.

1994 Compared to 1993: Electric revenues increased two percent during 1994 primarily as a result of a four percent increase in commercial and industrial electric sales. Residential electric sales increased one percent despite four percent cooler temperatures during the primary air conditioning load months of June, July, and August. Partially offsetting these increases in electric revenues was a 14% decrease in wholesale and interchange sales as a result of higher than normal sales in 1993 to other utilities while their generating units were down due to the flooding of 1993.

Natural gas revenues and sales decreased significantly in 1994 as a result of the sales of the Missouri Properties as previously mentioned above. Also contributing to the decrease in natural gas revenues were reduced natural gas sales for space heating as a result of much warmer temperatures during the winter season of 1994 compared to 1993.

OPERATING EXPENSES

1995 Compared to 1994: Total operating expenses decreased four percent in 1995 compared to 1994. The decrease is largely due to the sales of Missouri Properties, lower natural gas purchases resulting from lower sales, and lower fuel expense resulting from a lower unit cost of fuel used for generation.

Partially offsetting this decrease were expenses related to an early retirement program. In the second quarter of 1995, $7.6 million related to early retirement programs was recorded as an expense.

The Company has filed a request with the KCC to increase the annual depreciation expense for Wolf Creek Generating Station (See Note 4).

The Company anticipates its operating expenses (including fuel expenses) will increase in 1996 as a result of Wolf Creek being taken out of service for refueling and maintenance as discussed under "Fuel Mix" above.

1994 Compared to 1993: Total operating expenses decreased 17% during 1994 primarily as a result of the sales of the Missouri Properties (See Note 2). Also contributing to the decrease were lower fuel costs for electric generation and reduced natural gas purchases as a result of lower sales caused by milder winter temperatures in 1994 compared to 1993.

Partially offsetting the decreases in operating expenses was higher income tax expense. As of December 31, 1993, Kansas Gas and Electric Company (KGE) had fully amortized its deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek Generating Station. The completion of the amortization of these deferred income tax reserves increased income tax expense and reduced net income by approximately $12 million in 1994.

OTHER INCOME AND DEDUCTIONS: Other income and deductions, net of taxes, decreased for the twelve months ended December 31, 1995 compared to 1994 as a result of the gain on the sales of Missouri Properties recorded in the first quarter of 1994 and additional interest expense on increased corporate-owned life insurance (COLI) borrowings. Partially offsetting this decrease was the recognition of income from death benefit proceeds under COLI contracts during the fourth quarter of 1995 (See Notes 1 and 6 for discussion of current legislation affecting COLI).

Other income and deductions, net of taxes, was higher for the twelve months ended December 31, 1994 compared to 1993 due to the recognition of the gain on the sales of the Missouri Properties of approximately $19.3 million, net of tax (See Note 2). Partially offsetting this increase was increased interest expense on COLI borrowings. Also partially offsetting the increase was the recognition of income in 1993 from death benefit proceeds from COLI policies.

INTEREST CHARGES AND PREFERRED AND PREFERENCE DIVIDEND REQUIREMENTS: Total interest charges increased three percent for the twelve months ended December 31, 1995, primarily due to higher debt balances and higher interest rates on short-term borrowings and variable long-term debt.

The Company's embedded cost of long-term debt increased to 7.7% at December 31, 1995, compared to 7.6% and 8.1% at December 31, 1994 and 1993. Higher interest rates on variable-rate long-term debt contributed to the slight increase in the cost of debt in 1995 compared to 1994.

Total interest charges decreased 17% in 1994 compared to 1993 as a result of lower debt balances and the refinancing of higher cost debt, as well as increased COLI borrowings, the interest on which is reflected in Other Income and Deductions, on the Consolidated Statements of Income. Partially offsetting these decreases in interest expense were higher interest rates on short-term borrowings.

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

Based on the order issued by the KCC, with regard to the recovery of the acquisition premium, the Company must achieve a level of savings on an annual basis (considering sharing provisions) of approximately $27 million in order to recover the entire acquisition premium. To the extent that the Company's actual operations and maintenance expense is lower than the KCC-stipulated index, the Company will realize merger savings. The Company has calculated, in conformance with the KCC order, annual savings associated with the acquisition to be in excess of $27 million for 1995. As management presently expects to continue this level of savings, the amount is expected to be sufficient to allow for the full recovery of the acquisition premium.

OTHER INFORMATION

INFLATION: Under the ratemaking procedures prescribed by the regulatory commissions to which the Company is subject, only the original cost of plant is recoverable in rates charged to customers. Therefore, because of inflation, present and future depreciation provisions are inadequate for purposes of maintaining the purchasing power invested by common shareholders and the related cash flows are inadequate for replacing property. The impact of this ratemaking process on common shareholders is mitigated to the extent depreciable property is financed with debt that can be repaid with dollars of less purchasing power. While the Company has experienced relatively low inflation in the recent past, the cumulative effect of inflation on operating costs may require the Company to seek regulatory rate relief to recover these higher costs.

ENVIRONMENTAL: The Company has taken a proactive position with respect to the potential environmental liability associated with former manufactured gas sites and has an agreement with the Kansas Department of Health and Environment to systematically evaluate these sites in Kansas (See Note 5).

Although the Company currently has no Phase I affected units under the Clean Air Act of 1990, the Company has applied for and has been accepted for an early substitution permit to bring the co-owned La Cygne Station under the Phase I guidelines. The oxides of nitrogen and toxic limits, which were not set in the law, were proposed by the EPA in January 1996. The Company is currently evaluating the steps it will need to take in order to comply with the proposed new rules, but is unable to determine its compliance options or related compliance costs until the evaluation is finished later this year. The Company will have three years to comply with the new rules. (See Note 5).

COMPETITION: As a regulated utility, the Company currently has limited direct competition for retail electric service in its certified service area. However, there is competition, based largely on price, from the generation, or potential generation, of electricity by large commercial and industrial customers, and independent power producers.

The 1992 Energy Policy Act (Act) requires increased efficiency of energy usage and has affected the way electricity is marketed. The Act also provides for increased competition in the wholesale electric market by permitting the FERC to order third party access to utilities' transmission systems and by liberalizing the rules for ownership of generating facilities. As part of the Merger, the Company agreed to open access of its transmission system for wholesale transactions. During 1995, wholesale electric revenues represented approximately nine percent of the Company's total electric revenues.

Operating in this competitive environment could place pressure on utility profit margins and credit quality. Wholesale and industrial customers may threaten to pursue cogeneration, self-generation, retail wheeling, municipalization or relocation to other service territories in an attempt to obtain reduced energy costs. Increasing competition has resulted in credit rating agencies applying more stringent guidelines when making utility credit rating determinations (See Note 1 for the effects of competition on Statement of Financial Accounting Standards No. 71).

The Company is providing competitive electric rates for industrial expansion projects and economic development projects in an effort to maintain and increase electric load. During 1996, the Company will lose a major industrial customer to cogeneration resulting in a reduction to pre-tax earnings of approximately $7 to $8 million annually. This customer's decision to develop its own cogeneration project was based largely on factors other than energy cost.

To capitalize on opportunities in the non-regulated natural gas industry, the Company, through its wholly-owned subsidiary Mid Continent Market Center, Inc. (Market Center), has established a natural gas market center in Kansas. The Market Center, which began operations on July 1, 1995, provides natural gas transportation, storage, and gathering services, as well as balancing, and title transfer capability. The Company transferred certain natural gas transmission assets having a net book value of approximately $50 million to the Market Center. The Market Center will provide no notice natural gas transportation and storage services to the Company under a long-term contract.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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SCHEDULES OMITTED

The following schedules are omitted because of the absence of the conditions under which they are required or the information is included in the financial statements and schedules presented:

I, II, III, IV, and V.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors
of Western Resources, Inc.:

We have audited the accompanying consolidated balance sheets and statements of capitalization of Western Resources, Inc., and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of income, cash flows, taxes and common stock equity for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Western Resources, Inc., and subsidiaries as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As explained in Note 6 to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for postretirement benefits and effective January 1, 1994, the Company changed its method of accounting for postemployment benefits.

ARTHUR ANDERSEN LLP
Kansas City, Missouri,
January 26, 1996

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

	December 31, 1995	1994(1)
ASSETS		
UTILITY PLANT (Notes 1 and 8):		
Electric plant in service	$5,341,074	$5,226,175
Natural gas plant in service.	787,453	737,191
	6,128,527	5,963,366
Less - Accumulated depreciation	1,926,520	1,790,266
	4,202,007	4,173,100
Construction work in progress	100,401	85,290
Nuclear fuel (net).	53,942	39,890
Net utility plant.	4,356,350	4,298,280
OTHER PROPERTY AND INVESTMENTS:		
Net non-utility investments	90,044	74,017
Decommissioning trust (Note 5).	25,070	16,944
Other	9,225	13,556
	124,339	104,517
CURRENT ASSETS:		
Cash and cash equivalents (Note 1).	2,414	2,715
Accounts receivable and unbilled revenues (net) (Note 1).	257,292	219,760
Fossil fuel, at average cost.	54,742	38,762
Gas stored underground, at average cost	28,106	45,222
Materials and supplies, at average cost	57,996	56,145
Prepayments and other current assets.	20,973	27,932
	421,523	390,536
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes (Note 9)	282,476	283,297
Deferred coal contract settlement costs (Note 4).	27,274	33,606
Phase-in revenues (Note 4).	43,861	61,406
Corporate-owned life insurance (net) (Notes 1 and 6). . .	44,143	16,967
Other deferred plant costs.	31,539	31,784
Unamortized debt expense.	56,681	58,237
Other	102,491	92,399
	588,465	577,696
TOTAL ASSETS	$5,490,677	$5,371,029
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (See statements):		
Common stock equity	$1,553,110	$1,474,455
Cumulative preferred and preference stock	174,858	174,858
Western Resources obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debentures.	100,000	-
Long-term debt (net).	1,391,263	1,357,028
	3,219,231	3,006,341
CURRENT LIABILITIES:		
Short-term debt (Note 12)	203,450	308,200
Long-term debt due within one year (Note 10).	16,000	80
Accounts payable.	149,194	130,616
Accrued taxes	68,569	86,966
Accrued interest and dividends.	62,157	61,069
Other	40,266	69,025
	539,636	655,956
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes (Note 9).	1,167,470	1,152,425
Deferred investment tax credits (Note 9).	132,286	137,651
Deferred gain from sale-leaseback (Note 13)	242,700	252,341
Other	189,354	166,315
	1,731,810	1,708,732
COMMITMENTS AND CONTINGENCIES (Notes 3 and 5)		
TOTAL CAPITALIZATION AND LIABILITIES.	$5,490,677	$5,371,029

(1) Information reflects the sales of the Missouri Properties (Note 2).

The Notes to Consolidated Financial Statements are an integral part of this statement.

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

Year Ended December 31, 1995	1994(1)	1993

OPERATING REVENUES (Notes 1 and 4):			
Electric	$1,145,895	$1,121,781	$1,104,537
Natural gas	426,176	496,162	804,822
Total operating revenues	1,572,071	1,617,943	1,909,359
OPERATING EXPENSES:			
Fuel used for generation:			
Fossil fuel	211,994	220,766	237,053
Nuclear fuel	19,425	13,562	13,275
Power purchased	15,739	15,438	16,396
Natural gas purchases	263,790	312,576	500,189
Other operations	317,279	303,391	349,160
Maintenance	108,641	113,186	117,843
Depreciation and amortization	156,915	151,630	164,364
Amortization of phase-in revenues	17,545	17,544	17,545
Taxes (See Statements):			
Federal income	70,132	76,477	62,420
State income	18,388	19,145	15,558
General	96,839	104,682	123,493
Total operating expenses	1,296,687	1,348,397	1,617,296
OPERATING INCOME	275,384	269,546	292,063
OTHER INCOME AND DEDUCTIONS:			
Corporate-owned life insurance (net)	(2,668)	(5,354)	7,841
Gain on sales of Missouri Properties (Note 2)	-	30,701	-
Miscellaneous (net)	23,447	12,838	18,418
Income taxes (net) (See Statements)	5,128	(4,329)	(777)
Total other income and deductions	25,907	33,856	25,482
INCOME BEFORE INTEREST CHARGES	301,291	303,402	317,545
INTEREST CHARGES:			
Long-term debt	95,962	98,483	123,551
Other	27,859	20,139	19,255
Allowance for borrowed funds used during construction (credit)	(4,206)	(2,667)	(2,631)
Total interest charges	119,615	115,955	140,175
NET INCOME	181,676	187,447	177,370
PREFERRED AND PREFERENCE DIVIDENDS	13,419	13,418	13,506
EARNINGS APPLICABLE TO COMMON STOCK	$ 168,257	$ 174,029	$ 163,864
AVERAGE COMMON SHARES OUTSTANDING	62,157,125	61,617,873	59,294,091
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2.71	$ 2.82	$ 2.76
DIVIDENDS DECLARED PER COMMON SHARE	$ 2.02	$ 1.98	$ 1.94

(1) Information reflects the sales of the Missouri Properties (Note 2).

The Notes to Consolidated Financial Statements are an integral part of this statement.

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

	Year Ended December 31, 1995	1994(1)	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 181,676	$ 187,447	$ 177,370
Depreciation and amortization	150,186	151,630	164,364
Other amortization (including nuclear fuel)	15,193	10,905	11,254
Gain on sale of utility plant (net of tax)	(951)	(19,296)	-
Deferred taxes and investment tax credits (net)	14,972	(16,555)	27,686
Amortization of phase-in revenues	17,545	17,544	17,545
Corporate-owned life insurance	(28,548)	(17,246)	(21,650)
Amortization of gain from sale-leaseback	(9,640)	(9,640)	(9,640)
Amortization of acquisition adjustment	6,729	-	-
Changes in other working capital items (net of effects from the sales of the Missouri Properties):			
Accounts receivable and unbilled revenues (net)(Note 1)	(37,532)	(75,630)	(15,536)
Fossil fuel	(15,980)	(7,828)	18,073
Gas stored underground	17,116	(5,403)	(37,144)
Accounts payable	18,578	(41,682)	(43,169)
Accrued taxes	(19,024)	20,756	7,485
Other	8,179	41,309	25,400
Changes in other assets and liabilities	(11,555)	31,480	(45,927)

Net cash flows from operating activities	306,944	267,791	276,111
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Additions to utility plant	236,827	237,696	237,631
Utility investment	-	-	2,500
Sales of utility plant	(1,723)	(402,076)	-
Non-utility investments (net)	15,408	9,041	14,271
Corporate-owned life insurance policies	55,175	54,914	55,833
Death proceeds of corporate-owned life insurance policies	(11,187)	(1,251)	(10,590)
Net Cash flows (used in) from investing activities	294,500	(101,676)	299,645
CASH FLOWS FROM FINANCING ACTIVITIES:			
Short-term debt (net)	(104,750)	(132,695)	218,670
Bank term loan retired	-	-	(230,000)
Bonds issued	-	235,923	223,500
Bonds retired	(105)	(223,906)	(366,466)
Revolving credit agreements (net)	50,000	(115,000)	(35,000)
Other long-term debt issued	-	-	70,999
Other long-term debt retired	-	(67,893)	(63,956)
Other mandatorily redeemable securities	100,000	-	-
Borrowings against life insurance policies	49,279	70,633	211,538
Repayment of borrowings against life insurance policies	(5,384)	(225)	(1,350)
Common stock issued (net)	36,161	-	125,991
Preference stock redeemed	-	-	(2,734)
Dividends on preferred, preference, and common stock	(137,946)	(134,806)	(127,316)
Net cash flows used in (from) financing activities	(12,745)	(367,969)	23,876
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(301)	1,498	342
CASH AND CASH EQUIVALENTS:			
Beginning of the period	2,715	1,217	875
End of the period	$ 2,414	$ 2,715	$ 1,217
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
CASH PAID FOR:			
Interest on financing activities (net of amount Capitalized)	$ 136,548	$ 134,785	$ 171,734
Income taxes	84,811	90,229	49,108

(1) Information reflects the sales of the Missouri Properties (Note 2).

The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF TAXES
(Dollars in Thouands)

	Year Ended December 31, 1995	1994(1)	1993
FEDERAL INCOME TAXES:			
Payable currently	$ 51,218	$ 98,748	$ 41,200
Deferred taxes arising from:			
Alternative minimum tax credit	23,925	-	-
Depreciation and other property related items	(1,813)	29,506	25,552
Energy and purchased gas adjustment clauses	5,239	9,764	(8,192)
Natural gas line survey and replacement program	1,192	(313)	355
Missouri property sales	-	(36,343)	-
Prepaid power sale	(23)	(13,759)	-
Other	(7,046)	(800)	6,166
Amortization of investment tax credits	(6,789)	(6,739)	(1,982)
Total Federal income taxes	65,903	80,064	63,099
Less:			
Federal income taxes applicable to non-operating items:			
Missouri property sales	-	9,485	-
Other	(4,229)	(5,898)	679
Total Federal income taxes applicable to non-operating items	(4,229)	3,587	679
Total Federal income taxes charged to operations	70,132	76,477	62,420
STATE INCOME TAXES:			
Payable currently	17,203	17,758	9,869
Deferred (net)	286	2,129	5,787
Total State income taxes	17,489	19,887	15,656
Less:			
State income taxes applicable to non-operating items	(899)	742	98
Total State income taxes charged to operations	18,388	19,145	15,558

GENERAL TAXES:			
Property and other taxes.	83,738	86,687	84,583
Franchise taxes	26	5,116	22,878
Payroll taxes	13,075	12,879	16,032
Total general taxes charged to operations	96,839	104,682	123,493
TOTAL TAXES CHARGED TO OPERATIONS	$185,359	$200,304	$201,471

The effective income tax rates set forth below are computed by dividing total Federal and State income taxes by the sum of such taxes and net income. The difference between the effective rates and the Federal statutory income tax rates are as follows:

Year Ended December 31,	1995	1994(1)	1993
EFFECTIVE INCOME TAX RATE	31.8%	35.3%	31.0%
EFFECT OF:			
State income taxes.	(4.3)	(4.6)	(4.0)
Amortization of investment tax credits.	2.5	2.4	2.7
Corporate-owned life insurance.	3.2	2.1	3.0
Flow through and amortization, net	(.2)	(.7)	3.1
Other differences	2.0	.5	(.8)
STATUTORY FEDERAL INCOME TAX RATE	35.0%	35.0%	35.0%

(1) Information reflects the sales of the Missouri Properties (Note 2).

The Notes to Consolidated Financial Statements are an integral part of this statement.

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

	December 31, 1995		1994	
COMMON STOCK EQUITY (See Statements):				
Common stock, par value $5 per share, authorized 85,000,000 shares, outstanding 62,855,961 and 61,617,873 shares, respectively . .	$ 314,280		$ 308,089	
Paid-in capital.	697,962		667,992	
Retained earnings.	540,868		498,374	
	1,553,110	48%	1,474,455	49%
CUMULATIVE PREFERRED AND PREFERENCE STOCK (Note 7):				
Preferred stock not subject to mandatory redemption, Par value $100 per share, authorized 600,000 shares, outstanding -				
4 1/2% Series, 138,576 shares	13,858		13,858	
4 1/4% Series, 60,000 shares.	6,000		6,000	
5% Series, 50,000 shares.	5,000		5,000	
	24,858		24,858	
Preference stock subject to mandatory redemption, Without par value, $100 stated value, authorized 4,000,000 shares, outstanding -				
7.58% Series, 500,000 shares.	50,000		50,000	
8.50% Series, 1,000,000 shares.	100,000		100,000	
	150,000		150,000	
	174,858	6%	174,858	6%
WESTERN RESOURCES OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY COMPANY SUBORDINATED DEBENTURES (Note 7):	100,000	3%	-	0%
LONG-TERM DEBT (Note 10):				
First mortgage bonds	841,000		841,000	
Pollution control bonds.	521,817		521,922	
Revolving credit agreement.	50,000		-	
Less:				
Unamortized premium and discount (net)	5,554		5,814	
Long-term debt due within one year	16,000		80	
	1,391,263	43%	1,357,028	45%
TOTAL CAPITALIZATION	$3,219,231	100%	$3,006,341	100%

The Notes to Consolidated Financial Statements are an integral part of this statement.

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

	Common Stock	Paid-in Capital	Retained Earnings
BALANCE DECEMBER 31, 1992, 58,045,550 shares.	$290,228	$559,636	$398,503
Net income.			177,370
Cash dividends:			
Preferred and preference stock.			(13,506)
Common stock, $1.94 per share			(116,019)
Expenses on common and preference stock		(3,453)	
Issuance of 3,572,323 shares of common stock.	17,861	111,555	
BALANCE DECEMBER 31, 1993, 61,617,873 shares.	308,089	667,738	446,348
Net income.			187,447
Cash dividends:			
Preferred and preference stock.			(13,418)
Common stock, $1.98 per share			(122,003)
Expenses on common stock.		(228)	
Distribution of common stock under the Customer Stock Purchase Plan		482	
BALANCE DECEMBER 31, 1994, 61,617,873 shares.	308,089	667,992	498,374
Net income.			181,676
Cash dividends:			
Preferred and preference stock.			(13,419)
Common stock, $2.02 per share			(125,763)
Expenses on common stock.		(772)	
Issuance of 1,238,088 shares of common stock.	6,191	30,742	
BALANCE DECEMBER 31, 1995, 62,855,961 shares.	$314,280	$697,962	$540,868

The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Consolidated Financial Statements of Western Resources, Inc. (the Company) and its wholly-owned subsidiaries, include KPL, a rate-regulated electric and gas division of the Company, Kansas Gas and Electric Company (KGE), a rate-regulated electric utility and wholly-owned subsidiary of the Company, the Westar companies, non-utility subsidiaries, and Mid Continent Market Center, Inc. (Market Center), a regulated gas transmission service provider. KGE owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating Company for Wolf Creek Generating Station (Wolf Creek). The Company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities. All significant intercompany transactions have been eliminated. The operations of non-utility subsidiaries were not material to the Company's overall results of operations.

The Company is an investor-owned holding Company. The Company is engaged principally in the production, purchase, transmission, distribution and sale of electricity and the delivery and sale of natural gas. The Company serves approximately 601,000 electric customers in eastern and central Kansas and approximately 648,000 natural gas customers in Kansas and northeastern Oklahoma. The Company's non-utility subsidiaries which market natural gas primarily to large commercial and industrial customers, provide other energy related products and services and provide electronic security services.

The Company prepares its financial statements in conformity with generally accepted accounting principles as applied to regulated public utilities. The accounting and rates of the Company are subject to requirements of the Kansas Corporation Commission (KCC), the Oklahoma Corporation Commission (OCC), and the Federal Energy Regulatory Commission (FERC). The financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, to disclose contingent assets and liabilities at the balance sheet date, and to report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company follows the accounting for regulated enterprises prescribed by Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulations" (SFAS 71). This pronouncement requires deferral of certain costs and obligations based upon approvals received from regulators to permit recovery or require refund of these costs and revenues in future periods. Consequently, the recorded net book value of certain assets and liabilities may be different than that which would otherwise be recorded by unregulated enterprises. On a continuing basis, the Company reviews the continued applicability of SFAS 71 based on the current regulatory and competitive environment. Although recent developments suggest the electric generation industry may become more competitive, the degree to which regulatory oversight of the Company will be lifted and competition will be permitted is uncertain. Currently, there are no proceedings or actions at the KCC to open the Company's electric markets to greater competition. As a result, the Company continues to believe that accounting under SFAS 71 is appropriate. If the Company were to determine that the use of SFAS 71 were no longer appropriate, it would be required to write-off the deferred costs and obligations that represent regulatory assets and liabilities referred to

above. It may also be necessary for the Company to reduce the carrying value of a portion of its plant and equipment to the extent that it is expected to become impaired. At this time, it is not possible to estimate the amount of the Company's plant and equipment, if any, that would be considered unrecoverable in such circumstances, as the effect of any future competition on the Company's rates is not clear at this time.

Utility Plant: Utility plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The AFUDC rate was 6.31% in 1995, 4.08% in 1994, and 4.10% in 1993. The cost of additions to utility plant and replacement units of property are capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred. When units of depreciable property are retired, they are removed from the plant accounts and the original cost plus removal charges less salvage are charged to accumulated depreciation.

In accordance with regulatory decisions made by the KCC, amortization of the acquisition premium of approximately $801 million resulting from the KGE purchase began in August of 1995. The premium is being amortized over 40 years and has been classified as electric plant in service. Accumulated amortization through December 31, 1995 totaled $6.7 million.

In March 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). This Statement imposes stricter criteria for regulatory assets by requiring that such assets be probable of future recovery at each balance sheet date. The Company will adopt this standard on January 1, 1996 and does not expect that adoption will have a material impact on the financial position or results of operations based on the Company's current regulatory structure. This conclusion may change in the future if increases in competition influence regulation and wholesale and retail pricing in the electric industry.

Depreciation: Depreciation is provided on the straight-line method based on estimated useful lives of property. Composite provisions for book depreciation approximated 2.84% during 1995, 2.87% during 1994, and 3.02% during 1993 of the average original cost of depreciable property. The methods and rates of depreciation used by the Company have not varied materially from the methods and rates which would have been used if the Company were not regulated and not subject to the provisions prescribed by SFAS 71. In the past, the methods and rates have been determined by depreciation studies and approved by the various regulatory bodies. The Company periodically evaluates its depreciation rates considering the past and expected future experience in the operation of its facilities. The Company has proposed to more rapidly recover the Company's investment in nuclear generating assets of Wolf Creek to reduce the capital costs to a level more closely paralleling that of non-nuclear generating facilities (For information regarding such proposal, see Note 4).

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

Income Taxes: The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS 109). Under SFAS 109, deferred tax assets and liabilities are recognized based on temporary differences in amounts recorded for financial reporting purposes and their respective tax bases (See Note 9).

Investment tax credits previously deferred are being amortized to income over the life of the property which gave rise to the credits.

Revenues: Operating revenues for both electric and natural gas services include estimated amounts for services rendered but unbilled at the end of each year. Unbilled revenues of $66 million and $61 million are recorded as a component of accounts receivable and unbilled revenues (net) on the Consolidated Balance Sheets as of December 31, 1995 and 1994, respectively.

The Company's recorded reserves for doubtful accounts receivable totaled $4.9 million and $3.4 million at December 31, 1995 and 1994, respectively.

Investments: The Company records its investment and ownership percentage of earnings or losses utilizing the equity method of accounting when the Company's ownership interest allows it to exert significant influence over the operations of an investee.

In December 1995, a non-regulated subsidiary's net assets were exchanged for a 20% equity interest in a corporation supplying gas compression units to natural gas producers. This investment is valued at approximately $56 million, and is included in net non-utility investments on the Consolidated Balance Sheets as of December 31, 1995.

Debt Issuance and Reacquisition Expense: Debt premium, discount, and issuance expenses are amortized over the life of each issue. Under regulatory procedures, debt reacquisition expenses are amortized over the remaining life of the reacquired debt or, if refinanced, the life of the new debt.

Risk Management: The Company is exposed to price risk from fluctuating natural gas prices resulting from gas marketing activities of a non-regulated subsidiary. This subsidiary utilizes various financial instruments to mitigate much of its exposure to fluctuating market prices of commodities. These financial instruments are designated as hedges and as such, gains or losses associated with these financial instruments are deferred until the commodity being hedged is delivered.

At December 31, 1995, this subsidiary had entered into natural gas financial instruments with a contractual volume of 11.05 billion cubic feet expiring through 2000. The market value of these instruments as of December 31, 1995, was $2.7 million more than the contract value.

Fuel Costs: The cost of nuclear fuel in process of refinement, conversion, enrichment, and fabrication is recorded as an asset at original cost and is amortized to expense based upon the quantity of heat produced for the generation of electricity. The accumulated amortization of nuclear fuel in the reactor at December 31, 1995 and 1994, was $28.5 million and $13.6 million, respectively.

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

	1995	1994
	(Dollars in Millions)	
Cash surrender value of contracts. . .	$ 479.9	$ 408.9
Borrowings against contracts	(435.8)	(391.9)
COLI (net).	$ 44.1	$ 17.0

Income is recorded for increases in cash surrender value and net death proceeds. Interest expense is recognized for COLI borrowings except for certain contracts entered into in 1993 and 1992. The net income generated from COLI contracts purchased prior to 1992 including the tax benefit of the interest deduction and premium expenses are recorded as Corporate-owned Life Insurance (net) on the Consolidated Statements of Income. The income from increases in cash surrender value and net death proceeds was $22.7 million in 1995, $15.6 million in 1994, and $19.7 million in 1993. The interest expense deduction taken was $25.4 million for 1995, $21.0 million for 1994, and $11.9 million for 1993.

The COLI contracts entered into in 1993 and 1992 were established to mitigate the cost of postretirement and postemployment benefits. As approved by the KCC, the Company is using the net income stream generated by these COLI policies to offset the costs of postretirement and postemployment benefits. A significant portion of this income stream relates to the tax deduction currently taken for interest incurred on contract borrowings under these COLI policies. The amount of the interest deduction used to offset these benefits costs was $7.0 million for 1995, $5.8 million for 1994, and $4.5 million for 1993.

Federal legislation is pending, which, if enacted, may substantially reduce or eliminate the tax deduction for interest on COLI borrowings, and thus reduce a significant portion of the net income stream generated by the COLI contracts (See Note 6).

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

2. SALES OF MISSOURI NATURAL GAS DISTRIBUTION PROPERTIES

On January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union Company (Southern Union). The Company sold the remaining Missouri properties to United Cities Gas Company (United Cities) on February 28, 1994. The properties sold to Southern Union and United Cities are referred to herein as the "Missouri Properties."

The portion of the Missouri Properties purchased by Southern Union was sold for $404 million. For information regarding litigation in connection with the sale of the Missouri Properties to Southern Union, see Note 3. United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri for $665,000.

During the first quarter of 1994, the Company recognized a gain of approximately $19.3 million, net of tax, on the sales of the Missouri Properties. As of the respective dates of the sales of the Missouri Properties, the Company ceased recording the results of operations, and removed the assets and liabilities from the Consolidated Balance Sheet related to the Missouri Properties. The gain is reflected in Other Income and Deductions, on the Consolidated Statements of Income.

The following table reflects the approximate operating revenues and operating income included in the Company's consolidated results for the years ended December 31, 1994 and 1993, and net utility plant at December 31, 1993, related to the Missouri Properties:

	1994		1993	
	Amount	Percent of Total Company	Amount	Percent of Total Company
	(Dollars in Thousands, Unaudited)			
Operating revenues. . . .	$ 77,008	4.8%	$349,749	18.3%
Operating income.	4,997	1.9%	20,748	7.1%
Net utility plant	-	-	296,039	6.6%

Separate audited financial information was not kept by the Company for the Missouri Properties. This unaudited financial information is based on assumptions and allocations of expenses of the Company as a whole.

3. LEGAL PROCEEDINGS

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

In May, 1995, Southern Union filed its amended complaint against the Company, alleging a variety of new theories in support of its revised damage claims. Southern Union now claims that it has overpaid the Company from between $38 to $53 million dollars for the Missouri Properties. The Company has filed its amended answer denying each and every claim made by Southern Union in its amended complaint. The Company has filed motions for summary judgment against the amended complaint. The resolution of this matter is not expected to have a material adverse impact on the Company.

Subject to the approval of the KCC, the Company has entered into five new gas supply contracts with certain Bishop entities which are currently regulated by the KCC. A contested hearing was held for the approval of those contracts. While the case was under consideration by the KCC, the FERC issued an order under which it extended jurisdiction over the Bishop entities. On November 3, 1995, the KCC stayed its consideration of the contracts between the Company and the Bishop entities until the FERC takes final appealable action on its assertion of jurisdiction over the Bishop entities.

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

4. RATE MATTERS AND REGULATION

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

KCC Rate Proceedings: On August 17, 1995, the Company filed with the KCC a request to more rapidly recover its investment in its assets of Wolf Creek over the next seven years. If the request is granted, depreciation expense for Wolf Creek will increase by approximately $50 million for each of the next seven years. As a result of this proposal, the Company will also seek to reduce electric rates for KGE customers by approximately $9 million annually for the same seven year period.

The request also reduces the annual depreciation expense by approximately $11 million for electric transmission, distribution and certain generating plant assets to reflect the effect of increasing useful lives of these properties. Hearings before the KCC on the depreciation changes and voluntary rate reductions are expected to occur in May 1996.

In addition, the Company filed a $36 million annual rate increase request for its Kansas natural gas properties. The increase is being sought to recover costs associated with its service line replacement program as well as other increased operating costs (See discussion below regarding KCC order issued on January 24, 1992). In February 1996, the KCC staff submitted testimony related to this rate increase supporting the Company's increase of current gas rates of $36 million annually. The ultimate decision related to the Company's request resides with the KCC. Hearings before the KCC on the gas rate increase proposal began February 19, 1996, with an order expected by April 1996.

On June 30, 1995, the KCC granted a certificate authorizing the business operations of the Market Center. The Market Center, which began operations on July 1, 1995, provides natural gas transportation, storage, and gathering services, as well as balancing, and title transfer capability. The Company transferred certain natural gas transmission assets having a net book value of approximately $50 million to the Market Center.

On January 24, 1992, the KCC issued an order allowing the Company to continue the deferral of service line replacement program costs incurred since January 1, 1992, including depreciation, property taxes, and carrying costs for recovery in the next general rate case. At December 31, 1995, approximately $14.2 million of these deferrals have been included in Deferred Charges and Other Assets, Other, on the Consolidated Balance Sheet.

Tight Sands: In December 1991, the KCC and the OCC approved agreements authorizing the Company to refund to customers approximately $40 million of the proceeds of the Tight Sands antitrust litigation settlement to be collected on behalf of Western Resources' natural gas customers. To secure the refund of settlement proceeds, the Commissions authorized the establishment of an independently administered trust to collect and maintain cash receipts received under Tight Sands settlement agreements and provide for the refunds made. The trust has a term of ten years.

Rate Stabilization Plan: In 1988, the KCC ordered the accrual of phase-in revenues to be discontinued by KGE effective December 31, 1988. KGE began amortizing the phase-in revenue asset on a straight-line basis over 9 1/2 years beginning January 1, 1989. At December 31, 1995, approximately $44 million of deferred phase-in revenues remain to be recovered.

Coal Contract Settlements: In March 1990, the KCC issued an order allowing KGE to defer its share of a 1989 coal contract settlement with the Pittsburg and Midway Coal Mining Company amounting to $22.5 million. This amount was recorded as a deferred charge and is included in Deferred Charges and Other Assets on the Consolidated Balance Sheet. The settlement resulted in the termination of a long-term coal contract. The KCC permitted KGE to recover this settlement as follows: 76% of the settlement plus a return over the remaining term of the terminated contract (through 2002) and 24% to be amortized to expense with a deferred return equivalent to the carrying cost of the asset.

In February 1991, KGE paid $8.5 million to settle a coal contract lawsuit with AMAX Coal Company and recorded the payment as a deferred charge in Deferred Charges and Other Assets on the Consolidated Balance Sheet. The KCC approved the recovery of the settlement plus a return, equivalent to the carrying cost of the asset, over the remaining term of the terminated contract (through 1996).

5. COMMITMENTS AND CONTINGENCIES

As part of its ongoing operations and construction program, the Company has commitments under purchase orders and contracts which have an unexpended balance of approximately $92 million at December 31, 1995. Approximately $20 million is attributable to modifications to upgrade the three turbines at Jeffrey Energy Center to be completed by December 31, 1998.

In January 1994, the Company entered into an agreement with Oklahoma Municipal Power Authority (OMPA). Under the agreement, the Company received a prepayment of approximately $41 million for which the Company will provide capacity and transmission services to OMPA through the year 2013.

Investment: On December 21, 1995 the Company entered into Stock Purchase and Equity Agreements with Laidlaw Transportation Inc. to acquire up to 30.8 million common shares of ADT Limited (ADT). ADT's principal business is providing electronic security services. On January 26, 1996, the Company purchased 15.4 million of such ADT common shares for $215.6 million ($14 per share). The Company purchased the remaining 15.4 million common shares held by Laidlaw Transportation Inc. on March 18, 1996 for approximately $228 million or $14.80 per share.

The shares purchased represent approximately 24% of ADT's common equity. The Company intends to account for its investment in ADT using the equity method of accounting.

Manufactured Gas Sites: The Company has been associated with 15 former manufactured gas sites located in Kansas which may contain coal tar and other potentially harmful materials. The Company and the Kansas Department of Health and Environment (KDHE) entered into a consent agreement governing all future work at the 15 sites. The terms of the consent agreement will allow the Company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analysis. The prioritized sites will be investigated over a 10 year period. The agreement will allow the Company to set mutual objectives with the KDHE in order to expedite effective response activities and to control costs and environmental impact. The costs incurred for site investigation and risk assessment in 1995 and 1994 were minimal. The Company is aware of other Midwestern utilities which have incurred remediation costs ranging between $500,000 and $10 million per site. The KCC has permitted another Kansas utility to recover its remediation costs through rates. To the extent that such remediation costs are not recovered through rates, the costs could be material to the Company's financial position or results of operations depending on the degree of remediation required and number of years over which the remediation must be completed.

Superfund Sites: The Company is one of numerous potentially responsible parties at a groundwater contamination site in Wichita, Kansas (Wichita site) which is listed by the EPA as a Superfund site. The Company has previously been associated with other Superfund sites of which the Company's liability has been classified as de minimis and any potential obligations have been settled at minimal cost. In 1994, the Company settled Superfund obligations at three sites for a total of $57,500. The Company's obligation at the Wichita site appears to be limited based on this experience. In the opinion of the Company's management, the resolution of this matter is not expected to have a material impact on the Company's financial position or results of operations.

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in certain emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $10 million from 1993 through 1995. The Company does not expect additional equipment acquisitions or other material expenditures to be needed to meet Phase II sulfur dioxide requirements.

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

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

On June 9, 1994, the KCC issued an order approving the estimated decommissioning costs as determined by a 1993 Wolf Creek Decommissioning Cost Study to be recovered in rates. The cost study estimated the Company's share of decommissioning costs to be $595 million or approximately $174 million in 1993 dollars. The decommissioning costs are currently expected to be incurred during the period 2025 through 2033. These costs were calculated using an assumed inflation rate of 3.45% and an average after tax expected return on trust fund assets of 5.9%. Decommissioning costs are being charged to operating expenses in accordance with the KCC order. Amounts expensed approximated $3.6 million in 1995 and will increase annually to $5.5 million in 2024.

The Company's investment in the decommissioning fund, including reinvested earnings approximated $25.0 million and $16.9 million at December 31, 1995 and December 31, 1994, respectively. Trust fund earnings accumulate in the fund balance and increase the recorded decommissioning liability. These amounts are reflected in Decommissioning Trust, and the related liability is included in Deferred Credits and Other Liabilities, Other, on the Consolidated Balance Sheets.

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

The Company carries premature decommissioning insurance which has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the

reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. This decommissioning insurance will only be available if the insurance funds are not needed to implement the NRC-approved plan for stabilization and decontamination.

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

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

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

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

Fuel Commitments: To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel and coal. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1995, WCNOC's nuclear fuel commitments (Company's share) were approximately $15.3 million

for uranium concentrates expiring at various times through 2001, $120.8 million for enrichment expiring at various times through 2014, and $72.7 million for fabrication through 2025. At December 31, 1995, the Company's coal contract commitments in 1995 dollars under the remaining terms of the contracts were approximately $2.5 billion. The largest coal contract expires in 2020, with the remaining coal contracts expiring at various times through 2013.

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

6. EMPLOYEE BENEFIT PLANS

Pension: The Company maintains qualified noncontributory defined benefit pension plans covering substantially all employees. Pension benefits are based on years of service and the employee's compensation during the five highest paid consecutive years out of ten before retirement. The Company's policy is to fund pension costs accrued, subject to limitations set by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code.

Salary Continuation: The Company maintains a non-qualified Executive Salary Continuation Program for the benefit of certain management employees, including executive officers.

The following tables provide information on the components of pension and salary continuation costs under Statement of Financial Accounting Standards No. 87 "Employers' Accounting for Pension Plans" (SFAS 87), funded status and actuarial assumptions for the Company:

Year Ended December 31,	1995	1994	1993
	(Dollars in Thousands)		
SFAS 87 Expense:			
Service cost.	$ 11,059	$ 10,197	$ 9,778
Interest cost on projected benefit obligation.	32,416	29,734	35,688
(Gain) loss on plan assets. . .	(102,731)	7,351	(64,113)
Deferred investment gain (loss)	70,810	(38,457)	29,190
Net amortization.	1,132	245	(669)
Net expense	$ 12,686	$ 9,070	$ 9,874

December 31,	1995	1994	1993
	(Dollars in Thousands)		
Reconciliation of Funded Status:			
Actuarial present value of benefit obligations:			
Vested	$331,027	$278,545	$353,023
Non-vested	21,775	19,132	26,983
Total.	$352,802	$297,677	$380,006
Plan assets (principally debt and equity securities) at fair value	$444,608	$375,521	$490,339
Projected benefit obligation . . .	456,707	378,146	468,996
Funded status.	(12,099)	(2,625)	21,343
Unrecognized transition asset. . .	(527)	(2,205)	(2,756)
Unrecognized prior service costs .	57,087	47,796	64,217
Unrecognized net (gain).	(75,312)	(56,079)	(108,783)
Accrued liability.	$(30,851)	$(13,113)	$(25,979)

Year Ended December 31,	1995	1994	1993
Actuarial Assumptions:			
Discount rate.	7.5%	8.0-8.5%	7.0-7.75%
Annual salary increase rate. . .	4.75%	5.0%	5.0%
Long-term rate of return	8.5-9.0%	8.0-8.5%	8.0-8.5%

Postretirement: The Company adopted the provisions of Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) in the first quarter of 1993. This statement requires the accrual of postretirement benefits other than pensions, primarily medical benefit costs, during the years an employee provides service.

Based on actuarial projections and adoption of the transition method of implementation which allows a 20-year amortization of the accumulated benefit obligation, postretirement benefits expenses approximated $15.0 million and $12.4 million for 1995 and 1994, respectively. The Company's total postretirement benefit obligation approximated $123.2 million and $114.6 million at December 31, 1995 and 1994, respectively. In addition, the Company received an order from the KCC permitting the initial deferral of SFAS 106 expense in excess of amounts previously recognized. To mitigate the impact incremental SFAS 106 expense will have on rate increases, the Company will include in the future computation of cost of service the actual postretirement benefits expenses and an income stream generated from COLI contracts purchased in 1993 and 1992. To the extent postretirement benefits expenses exceed income from the COLI program, this excess is being deferred (in accordance with the provisions of the FASB Emerging Issues Task Force Issue No. 92-12) and will be offset by income generated through the deferral period by the COLI program. Because these expenses were deferred, there was no effect on the results of continuing operations in 1995. At December 31, 1995, approximately $25.3 million of postretirement expenses had been deferred pursuant to the KCC order. Pending federal legislation may substantially reduce or eliminate tax benefits associated with COLI contracts. If this legislation is enacted or should the income stream generated by the COLI program not be sufficient to offset postretirement benefit costs on an accrual basis, the KCC order allows the Company to seek recovery of a deficiency through the ratemaking process. Regulatory precedents established by the KCC generally permit the accrual costs of postretirement benefits to be recovered in rates.

The following table summarizes the status of the Company's postretirement benefit plans for financial statement purposes and the related amounts included in the Consolidated Balance Sheets:

December 31,	1995	1994
	(Dollars in Thousands)	
Reconciliation of Funded Status:		
Actuarial present value of postretirement benefit obligations:		
Retirees.	$ 81,402	$ 68,570
Active employees fully eligible	7,645	13,549
Active employees not fully eligible	34,144	32,484
Total	123,191	114,603
Fair value of plan assets	46	-
Funded Status	(123,145)	(114,603)
Unrecognized prior service cost	(8,900)	(9,391)
Unrecognized transition obligation.	111,443	117,967
Unrecognized net (gain)	(7,271)	(14,489)
Accrued postretirement benefit costs.	$(27,873)	$(20,516)

Year Ended December 31,	1995	1994
Actuarial Assumptions:		
Discount rate	7.5 %	8.0-8.5 %
Annual salary increase rate	4.75 %	5.0 %
Expected rate of return	9.0 %	8.5 %

For measurement purposes, an annual health care cost growth rate of 11% was assumed for 1995, decreasing one percent per year to five percent in 2001 and thereafter. The health care cost trend rate has a significant effect on the projected benefit obligation. Increasing the trend rate by one percent each year would increase the present value of the accumulated projected benefit obligation by $4.3 million and the aggregate of the service and interest cost components by $0.4 million.

Postemployment: The Company adopted Statement of Financial Accounting Standards No. 112 "Employers' Accounting for Postemployment Benefits" (SFAS 112) in the first quarter of 1994, which established accounting and reporting standards for postemployment benefits. The statement requires the Company to recognize the liability to provide postemployment benefits when the liability has been incurred. The Company received an order from the KCC permitting the initial deferral of SFAS 112 expense. To mitigate the impact SFAS 112 expense will have on rate increases, the Company will include in the future computation of cost of service the actual SFAS 112 transition costs and expenses and an income stream generated from COLI contracts purchased in 1993 and 1992. At December 31, 1995 approximately $8.3 million of postemployment expenses had been deferred pursuant to the KCC order. Pending federal legislation may substantially reduce or eliminate tax benefits associated with COLI contracts. If this legislation is enacted or should the income stream generated by the COLI program not be sufficient to offset postemployment benefit costs on an accrual basis, the KCC order allows the Company to seek recovery of such deficit through the ratemaking process. The 1995 and 1994 expense under SFAS 112 was approximately $3.6 million and $2.7 million, respectively. At December 31, 1995 and 1994, the Company's SFAS 112 liability recorded on the Consolidated Balance Sheets was approximately $8.7 million and

$8.4 million, respectively.

Savings: The Company maintains savings plans in which substantially all employees participate. The Company matches employees' contributions up to specified maximum limits. The funds of the plans are deposited with a trustee and invested at each employee's option in one or more investment funds, including a Company stock fund. The Company's contributions were $5.1 million, $5.1 million, and $5.8 million for 1995, 1994, and 1993, respectively.

7. COMMON STOCK, PREFERRED STOCK, PREFERENCE STOCK, AND OTHER MANDATORILY REDEEMABLE SECURITIES

The Company's Restated Articles of Incorporation, as amended, provides for 85,000,000 authorized shares of common stock. At December 31, 1995, 62,855,961 shares were outstanding.

The Company has a Dividend Reinvestment and Stock Purchase Plan (DRIP). Shares issued under the DRIP may be either original issue shares or shares purchased on the open market. At December 31, 1995, 3,017,627 shares were available under the DRIP registration statement.

Not subject to mandatory redemption: The cumulative preferred stock is redeemable in whole or in part on 30 to 60 days notice at the option of the Company.

Subject to mandatory redemption: The mandatory sinking fund provisions of the 8.50% Series preference stock require the Company to redeem 50,000 shares annually beginning on July 1, 1997, at $100 per share. The Company may, at its option, redeem up to an additional 50,000 shares on each July 1, at $100 per share. The 8.50% Series also is redeemable in whole or in part, at the option of the Company, subject to certain restrictions on refunding, at a redemption price of $106.23, $105.67, and $105.10 per share beginning July 1, 1995, 1996 and 1997, respectively.

The mandatory sinking fund provisions of the 7.58% Series preference stock require the Company to redeem 25,000 shares annually beginning on April 1, 2002, and each April 1 through 2006 and the remaining shares on April 1, 2007, all at $100 per share. The Company may, at its option, redeem up to an additional 25,000 shares on each April 1 at $100 per share. The 7.58% Series also is redeemable in whole or in part, at the option of the Company, subject to certain restrictions on refunding, at a redemption price of $105.31, $104.55, and $103.79 per share beginning April 1, 1995, 1996, and 1997, respectively.

Other Mandatorily Redeemable Securities: On December 14, 1995, Western Resources Capital I, a wholly-owned trust, issued four million preferred securities of 7 7/8% Cumulative Quarterly Income Preferred Securities, Series A, for $100 million. The trust interests represented by the preferred securities are redeemable at the option of Western Resources Capital I, on or after December 11, 2000, at $25 per preferred security plus accrued interest and unpaid dividends. Holders of the securities are entitled to receive distributions at an annual rate of 7 7/8% of the liquidation preference value of $25. Distributions are payable quarterly, and in substance are tax deductible by the Company. The sole asset of the trust is $103 million principal amount of 7 7/8% Deferrable Interest Subordinated Debentures, Series A due December 11, 2025 (the Subordinated Debentures).

In addition to the Company's obligations under the Subordinated Debentures, the Company has agreed, pursuant to a guarantee issued to the trust, the provisions of the trust agreement establishing the trust and a related expense agreement to guarantee on a subordinated basis payment of distributions on the preferred securities (but not if the trust does not have sufficient funds to pay such distributions) and to pay all of the expenses of the trust (collectively, the "Back-up Undertakings").

Considered together, the Back-up Undertakings constitute a full and unconditional guarantee by the Company of the trust obligations under the preferred securities. The securities are shown as Western Resources Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust holding solely Subordinated Debentures on the Consolidated Balance Sheets and Consolidated Statements of Capitalization.

8. JOINT OWNERSHIP OF UTILITY PLANTS

Company's Ownership at December 31, 1995

	In-Service Dates	Investment	Accumulated Depreciation	Net (MW)	Percent
		(Dollars in Thousands)			
La Cygne 1 (a)	Jun 1973	$ 155,566	$ 99,133	341	50
Jeffrey 1 (b)	Jul 1978	285,357	116,771	587	84
Jeffrey 2 (b)	May 1980	289,443	109,858	617	84
Jeffrey 3 (b)	May 1983	389,157	143,862	591	84

Wolf Creek (c)	Sep	1985	1,371,878	335,941	548	47

(a) Jointly owned with Kansas City Power & Light Company (KCPL)
(b) Jointly owned with UtiliCorp United Inc.
(c) Jointly owned with KCPL and Kansas Electric Power Cooperative, Inc.

Amounts and capacity represent the Company's share. The Company's share of operating expenses of the plants in service above, as well as such expenses for a 50% undivided interest in La Cygne 2 (representing 335 MW capacity) sold and leased back to the Company in 1987, are included in operating expenses on the Consolidated Statements of Income. The Company's share of other transactions associated with the plants is included in the appropriate classification in the Company's Consolidated Financial Statements.

9. INCOME TAXES

Under SFAS 109, temporary differences gave rise to deferred tax assets and deferred tax liabilities at December 31, 1995 and 1994, respectively, as follows:

	1995	1994
	(Dollars in Thousands)	
Deferred Tax Assets:		
Deferred gain on sale-leaseback.	$ 105,007	$ 110,556
Alternative Minimum tax carry forwards .	18,740	41,163
Other.	30,789	29,162
Total Deferred Tax Assets.	$ 154,536	$ 180,881
Deferred Tax Liabilities:		
Accelerated Depreciation & Other	$ 653,134	$ 661,433
Acquisition Premium.	315,513	318,190
Deferred Future Income Taxes	282,476	283,297
Other.	70,883	70,386
Total Deferred Tax Liabilities. . . .	$1,322,006	$1,333,306
Accumulated Deferred Income Taxes, Net	$1,167,470	$1,152,425

In accordance with various rate orders received from the KCC and the OCC, the Company has not yet collected through rates the amounts necessary to pay a significant portion of the net deferred income tax liabilities. As management believes it is probable that the net future increases in income taxes payable will be recovered from customers, it has recorded a deferred asset for these amounts. These assets are also a temporary difference for which deferred income tax liabilities have been provided.

At December 31, 1995, the Company has alternative minimum tax credits generated prior to April 1, 1992, which carry forward without expiration, of $18.7 million which may be used to offset future regular tax to the extent the regular tax exceeds the alternative minimum tax. These credits have been applied in determining the Company's net deferred income tax liability and corresponding deferred future income taxes at December 31, 1995.

10. LONG-TERM DEBT

The amount of Western Resources' first mortgage bonds authorized by the Western Resources Mortgage and Deed of Trust, dated July 1, 1939, as supplemented, is unlimited. The amount of KGE's first mortgage bonds authorized by the KGE Mortgage and Deed of Trust, dated April 1, 1940, as supplemented, is limited to a maximum of $2 billion. Amounts of additional bonds which may be issued are subject to property, earnings, and certain restrictive provisions of each Mortgage.

Debt discount and expenses are being amortized over the remaining lives of each issue. The Western Resources and KGE improvement and maintenance fund requirements for certain first mortgage bond series can be met by bonding additional property. With the retirement of certain Western Resources and KGE pollution control series bonds, there are no longer any bond sinking fund requirements. During 1996, $16 million of bonds will mature. $125 million of bonds will mature in 1999 and $75 million of bonds will mature in 2000.

In January 1993, the Company renegotiated its $600 million bank term loan and revolving credit facility used to finance the Merger into a $350 million revolving credit facility, secured by KGE common stock. On October 5, 1994, the Company extended the term of this facility to expire on October 5, 1999. The unused portion of the revolving credit facility may be used to provide support for outstanding short-term debt. At December 31, 1995, there was $50 million outstanding under the facility.

Long-term debt outstanding at December 31, 1995 and 1994, was as follows:

	1995	1994

	(Dollars in Thousands)	
Western Resources		
First mortgage bond series:		
7 1/4% due 1999.	125,000	125,000
8 7/8% due 2000.	75,000	75,000
7 1/4% due 2002.	100,000	100,000
8 1/2% due 2022.	125,000	125,000
7.65% due 2023.	100,000	100,000
	525,000	525,000
Pollution control bond series:		
Variable due 2032 (1).	45,000	45,000
Variable due 2032 (2).	30,500	30,500
6% due 2033.	58,420	58,500
	133,920	134,000
KGE		
First mortgage bond series:		
5 5/8% due 1996.	16,000	16,000
7.60 % due 2003.	135,000	135,000
6 1/2% due 2005.	65,000	65,000
6.20 % due 2006.	100,000	100,000
	316,000	316,000
Pollution control bond series:		
5.10 % due 2023.	13,957	13,982
Variable due 2027 (3).	21,940	21,940
7.0 % due 2031.	327,500	327,500
Variable due 2032 (4).	14,500	14,500
Variable due 2032 (5).	10,000	10,000
	387,897	387,922
Revolving Credit Agreement	50,000	-
Less:		
Unamortized debt discount.	5,554	5,814
Long-term debt due within one year . . .	16,000	80
	$1,391,263	$1,357,028

Rates at December 31, 1995: (1) 4.05%, (2) 4.049%, (3) 4.00%, (4) 3.925% and (5) 4.00%

11. SEGMENTS OF BUSINESS

The Company is principally a public utility engaged in the generation, transmission, distribution, and sale of electricity in Kansas and the transportation, distribution, and sale of natural gas in Kansas and Oklahoma.

Year Ended December 31,	1995	1994(1)	1993
	(Dollars in Thousands)		
Operating revenues:			
Electric.	$1,145,895	$1,121,781	$1,104,537
Natural gas	426,176	496,162	804,822
	1,572,071	1,617,943	1,909,359
Operating expenses excluding income taxes:			
Electric.	788,900	768,317	791,563
Natural gas	419,267	484,458	747,755
	1,208,167	1,252,775	1,539,318
Income taxes:			
Electric.	94,042	100,078	73,425
Natural gas	(5,522)	(4,456)	4,553
	88,520	95,622	77,978
Operating income:			
Electric.	262,953	253,386	239,549
Natural gas	12,431	16,160	52,514
	$ 275,384	$ 269,546	$ 292,063
Identifiable assets at December 31:			
Electric.	$4,470,359	$4,346,312	$4,231,277
Natural gas	712,858	654,483	1,040,513
Other corporate assets(2) . .	307,460	370,234	140,258
	$5,490,677	$5,371,029	$5,412,048
Other Information--			
Depreciation and amortization:			
Electric.	$ 133,421	$ 123,696	$ 126,034
Natural gas	23,494	27,934	38,330
	156,915	$ 151,630	$ 164,364
Maintenance:			
Electric.	$ 87,942	$ 88,162	$ 87,696
Natural gas	20,699	25,024	30,147
	$ 108,641	$ 113,186	$ 117,843
Capital expenditures:			
Electric.	$ 153,931	$ 152,384	$ 137,874
Nuclear fuel.	28,465	20,590	5,702
Natural gas	54,431	64,722	94,055

	$ 236,827	$ 237,696	$ 237,631

(1)Information reflects the sales of the Missouri Properties (Note 2).

(2)Principally cash, temporary cash investments, non-utility assets, and deferred charges.

The portion of the table above related to the Missouri Properties is as follows:

	1994	1993
	(Dollars in Thousands, Unaudited)	
Natural gas revenues.	$ 77,008	$349,749
Operating expenses excluding income taxes.	69,114	326,329
Income taxes.	2,897	2,672
Operating income.	4,997	20,748
Identifiable assets	-	398,464
Depreciation and amortization	1,274	12,668
Maintenance	1,099	10,504
Capital expenditures.	3,682	38,821

12. SHORT-TERM DEBT

The Company's short-term financing requirements are satisfied through the sale of commercial paper, short-term bank loans and borrowings under unsecured lines of credit maintained with banks. Information concerning these arrangements for the years ended December 31, 1995, 1994, and 1993, is set forth below:

Year Ended December 31,	1995	1994	1993
		(Dollars in Thousands)	
Available lines of credit.	$121,075	$145,000	$145,000
Short-term debt out-standing at year end	203,450	308,200	440,895
Weighted average interest rate on debt outstanding at year end (including fees)	6.02%	6.25%	3.67%
Maximum amount of short-term debt outstanding during the period.	$355,615	$485,395	$443,895
Monthly average short-term debt. .	301,871	214,180	347,278
Weighted daily average interest rates during the year (including fees)	6.15%	4.63%	3.44%

In connection with the above arrangements, the Company has agreed to pay certain fees to the banks. Available lines of credit and the unused portion of the revolving credit facility are utilized to support the Company's outstanding short-term debt.

13. LEASES

At December 31, 1995, the Company had leases covering various property and equipment. Certain lease agreements in 1994 and 1993 met the criteria, as set forth in Statement of Financial Accounting Standards No. 13, "Accounting for Leases", for classification as capital leases. Capital lease payments were $3.0 million and $3.3 million in 1994 and 1993, respectively. At December 31, 1995, the Company had no capital leases.

Rental payments for operating leases and estimated rental commitments are as follows:

Year Ended December 31,	Operating Leases
	(Dollars in Thousands)
1993	$ 55,011
1994	55,076
1995	63,353
Future Commitments:	
1996	55,992
1997	49,892
1998	45,069
1999	41,882
2000	41,292
Thereafter	721,744
Total	$955,871

In 1987, KGE sold and leased back its 50% undivided interest in the La Cygne 2 generating unit. The La Cygne 2 lease has an initial term of 29 years, with various options to renew the lease or repurchase the 50% undivided interest. KGE remains responsible for its share of operation and maintenance costs and other related operating costs of La Cygne 2. The lease is an operating lease for financial reporting purposes.

As permitted under the La Cygne 2 lease agreement, the Company in 1992 requested the Trustee Lessor to refinance $341.1 million of secured facility bonds of the Trustee and owner of La Cygne 2. The transaction was requested to reduce recurring future net lease expense. In connection with the refinancing on September 29, 1992, a one-time payment of approximately $27 million was made by the Company which has been deferred and is being amortized over the remaining life of the lease and included in operating expense as part of the future lease expense. At December 31, 1995, approximately $23.7 million of this deferral remained on the Consolidated Balance Sheet.

Future minimum annual lease payments, included in the table above, required under the La Cygne 2 lease agreement are approximately $34.6 million for each year through 2000 and $646 million over the remainder of the lease.

The gain of approximately $322 million realized at the date of the sale of La Cygne 2 has been deferred for financial reporting purposes, and is being amortized ($9.6 million per year) over the initial lease term in proportion to the related lease expense. KGE's lease expense, net of amortization of the deferred gain and a one-time payment, was approximately $22.5 million for 1995, 1994, and 1993.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value as set forth in Statement of Financial Accounting Standards No. 107 "Disclosures about Fair Value of Financial Instruments":

Cash and Cash Equivalents-
The carrying amount approximates the fair value because of the short-term maturity of these investments.

Decommissioning Trust-
The carrying amount is recorded at the fair value of the decommissioning trust and is based on quoted market prices at December 31, 1995 and 1994.

Variable-rate Debt-
The carrying amount approximates the fair value because of the short-term variable rates of these debt instruments.

Fixed-rate Debt-
The fair value of the fixed-rate debt is based on the sum of the estimated value of each issue taking into consideration the interest rate, maturity, and redemption provisions of each issue.

Redeemable Preference Stock-
The fair value of the redeemable preference stock is based on the sum of the estimated value of each issue taking into consideration the dividend rate, maturity, and redemption provisions of each issue.

Other Mandatorily Redeemable Securities-
The fair value of the other mandatorily redeemable securities is based on the sum of the estimated value of each issue taking into consideration the dividend rate, maturity, and redemption provisions of each issue.

The carrying values and estimated fair values of the Company's financial instruments are as follows:

	Carrying Value		Fair Value	
December 31,	1995	1994	1995	1994
	(Dollars in Thousands)			
Cash and cash equivalents	$ 2,414	$ 2,715	$ 2,414	$ 2,715
Decommissioning trust	25,070	16,944	25,070	16,633
Variable-rate debt	811,190	822,045	811,190	822,045
Fixed-rate debt	1,240,877	1,240,982	1,294,365	1,171,866
Redeemable preference stock	150,000	150,000	160,405	155,375
Other Mandatorily Redeemable Securities	100,000	-	102,000	-

The fair value estimates presented herein are based on information available as of December 31, 1995 and 1994. These fair value estimates have not been comprehensively revalued for the purpose of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

Certain subsidiaries of the Company use financial instruments to hedge price fluctuations in their portfolios of commodity transactions. The financial instruments used include futures and options traded on the New York Mercantile Exchange and swaps and options traded in the over-the-counter market. These subsidiaries are subject to credit risk on its over-the-counter transactions and monitors the creditworthiness of its counterparties, which consist primarily of large financial institutions.

15. QUARTERLY RESULTS (UNAUDITED)

The amounts in the table are unaudited but, in the opinion of management, contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of such periods. The business of the Company is seasonal in nature and, in the opinion of management, comparisons between the quarters of a year do not give a true indication of overall trends and changes in operations.

	First	Second	Third	Fourth
	(Dollars in Thousands, except Per Share Amounts)			
1995				
Operating revenues.	$417,546	$333,380	$423,860	$397,285
Operating income.	68,517	48,029	99,429	59,409
Net income.	41,575	21,716	71,905	46,480
Earnings applicable to common stock.	38,220	18,362	68,550	43,125
Earnings per share.	$ 0.62	$ 0.30	$ 1.10	$ 0.69
Dividends per share	$ 0.505	$ 0.505	$ 0.505	$ 0.505
Average common shares outstanding	61,747	61,886	62,244	62,712
Common stock price:				
High.	$ 33 3/8	$ 32 1/2	$ 32 7/8	$ 34
Low	$ 28 5/8	$ 30 1/4	$ 29 3/4	$ 31
1994(1)				
Operating revenues.	$538,372	$341,132	$379,213	$359,226
Operating income.	73,782	53,899	83,884	57,981
Net income.	66,133	30,247	57,679	33,388
Earnings applicable to common stock.	62,779	26,892	54,324	30,034
Earnings per share.	$ 1.02	$ 0.44	$ 0.88	$ 0.48
Dividends per share	$ 0.495	$ 0.495	$ 0.495	$ 0.495
Average common shares outstanding	61,618	61,618	61,618	61,618
Common stock price:				
High.	$ 34 7/8	$ 29 3/4	$ 29 5/8	$ 29 1/4
Low	$ 28 1/4	$ 26 1/8	$ 26 3/4	$ 27 3/8

(1) Information reflects the sales of the Missouri Properties (Note 2).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information relating to the Company's Directors required by Item 10 is set forth in the Company's definitive proxy statement for its 1996 Annual Meeting of Shareholders to be filed with the Commission. Such information is incorporated herein by reference to the material appearing under the caption Election of Directors in the proxy statement to be filed by the Company with the Commission. See EXECUTIVE OFFICERS OF THE Company on page 18 for the information relating to the Company's Executive Officers as required by Item 10.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is set forth in the Company's definitive proxy statement for its 1996 Annual Meeting of Shareholders to be filed with the Commission. Such information is incorporated herein by reference to the material appearing under the captions Information Concerning the Board of Directors, Executive Compensation, Compensation Plans, and Human Resources Committee Report in the proxy statement to be filed by the Company with the Commission.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is set forth in the Company's definitive proxy statement for its 1996 Annual Meeting of Shareholders to be filed with the Commission. Such information is incorporated herein by reference to the material appearing under the caption Beneficial Ownership of Voting Securities in the proxy statement to be filed by the Company with the

Commission.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

The following financial statements are included herein.

FINANCIAL STATEMENTS

Report of Independent Public Accountants
Consolidated Balance Sheets, December 31, 1995 and 1994
Consolidated Statements of Income, for the years ended December 31, 1995, 1994 and 1993
Consolidated Statements of Cash Flows, for the years ended December 31, 1995, 1994 and 1993
Consolidated Statements of Taxes, for the years ended December 31, 1995, 1994 and 1993
Consolidated Statements of Capitalization, December 31, 1995 and 1994
Consolidated Statements of Common Stock Equity, for the years ended December 31, 1995, 1994 and 1993
Notes to Consolidated Financial Statements

SCHEDULES

Schedules omitted as not applicable or not required under the Rules of regulation S-X: I, II, III, IV, and V

REPORTS ON FORM 8-K
Form 8-K dated December 22, 1995.

EXHIBIT INDEX

All exhibits marked "I" are incorporated herein by reference.

	Description	
3(a)	-Restated Articles of Incorporation of the Company, as amended May 25, 1988. (filed as Exhibit 4 to Registration Statement No. 33-23022)	I
3(b)	-Certificate of Correction to Restated Articles of Incorporation. (filed as Exhibit 3(b) to the December 1991 Form 10-K)	I
3(c)	-Amendment to the Restated Articles of Incorporation, as amended May 5, 1992 (filed electronically)	
3(d)	-Amendments to the Restated Articles of Incorporation of the Company (filed as Exhibit 3 to the June 1994 Form 10-Q)	I
3(e)	-By-laws of the Company. (filed electronically)	
3(f)	-Certificate of Designation of Preference Stock, 8.50% Series, without par value. (filed as Exhibit 3(d) to the December 1993 Form 10-K)	I
3(g)	-Certificate of Designation of Preference Stock, 7.58% Series, without par value. (filed as Exhibit 3(e) to the December 1993 Form 10-K)	I
4(a)	-Mortgage and Deed of Trust dated July 1, 1939 between the Company and Harris Trust and Savings Bank, Trustee. (filed as Exhibit 4(a) to Registration Statement No. 33-21739)	I
4(b)	-First through Fifteenth Supplemental Indentures dated July 1, 1939, April 1, 1949, July 20, 1949, October 1, 1949, December 1, 1949, October 4, 1951, December 1, 1951, May 1, 1952, October 1, 1954, September 1, 1961, April 1, 1969, September 1, 1970, February 1, 1975, May 1, 1976 and April 1, 1977, respectively. (filed as Exhibit 4(b) to Registration Statement No. 33-21739)	I
4(c)	-Sixteenth Supplemental Indenture dated June 1, 1977. (filed as Exhibit 2-D to Registration Statement No. 2-60207)	I
4(d)	-Seventeenth Supplemental Indenture dated February 1, 1978. (filed as Exhibit 2-E to Registration Statement No. 2-61310)	I
4(e)	-Eighteenth Supplemental Indenture dated January 1, 1979. (filed as Exhibit (b) (1)-9 to Registration Statement No. 2-64231)	I
4(f)	-Nineteenth Supplemental Indenture dated May 1, 1980. (filed as Exhibit 4(f) to Registration Statement No. 33-21739)	I
4(g)	-Twentieth Supplemental Indenture dated November 1, 1981. (filed as Exhibit 4(g) to Registration Statement No. 33-21739)	I
4(h)	-Twenty-First Supplemental Indenture dated April 1, 1982. (filed	I

as Exhibit 4(h) to Registration Statement No. 33-21739)

4(i)	-Twenty-Second Supplemental Indenture dated February 1, 1983. (filed as Exhibit 4(i) to Registration Statement No. 33-21739)	I
4(j)	-Twenty-Third Supplemental Indenture dated July 2, 1986. (filed as Exhibit 4(j) to Registration Statement No. 33-12054)	I
4(k)	-Twenty-Fourth Supplemental Indenture dated March 1, 1987. (filed as Exhibit 4(k) to Registration Statement No. 33-21739)	I
4(l)	-Twenty-Fifth Supplemental Indenture dated October 15, 1988. (filed as Exhibit 4 to the September 1988 Form 10-Q)	I
4(m)	-Twenty-Sixth Supplemental Indenture dated February 15, 1990. (filed as Exhibit 4(m) to the December 1989 Form 10-K)	I

Description

4(n)	-Twenty-Seventh Supplemental Indenture dated March 12, 1992. (filed as exhibit 4(n) to the December 1991 Form 10-K)	I
4(o)	-Twenty-Eighth Supplemental Indenture dated July 1, 1992. (filed as exhibit 4(o) to the December 1992 Form 10-K)	I
4(p)	-Twenty-Ninth Supplemental Indenture dated August 20, 1992. (filed as exhibit 4(p) to the December 1992 Form 10-K)	I
4(q)	-Thirtieth Supplemental Indenture dated February 1, 1993. (filed as exhibit 4(q) to the December 1992 Form 10-K)	I
4(r)	-Thirty-First Supplemental Indenture dated April 15, 1993. (filed as exhibit 4(r) to Form S-3, Registration Statement No. 33-50069)	I
4(s)	-Thirty-Second Supplemental Indenture dated April 15, 1994, (filed electronically)	

Instruments defining the rights of holders of other long-term debt not required to be filed as exhibits will be furnished to the Commission upon request.

10(a)	-A Rail Transportation Agreement among Burlington Northern Railroad Company, the Union Pacific Railroad Company and the Company (filed as Exhibit 10 to the June 1994 Form 10-Q)	I
10(b)	-Agreement between the Company and AMAX Coal West Inc. effective March 31, 1993. (filed as Exhibit 10(a) to the December 1993 Form 10-K)	I
10(c)	-Agreement between the Company and Williams Natural Gas Company dated October 1, 1993. (filed as Exhibit 10(b) to the December 1993 Form 10-K)	I
10(d)	-Letter of Agreement between The Kansas Power and Light Company and John E. Hayes, Jr., dated November 20, 1989. (filed as Exhibit 10(w) to the December 1989 Form 10-K)	I
10(e)	-Amended Agreement and Plan of Merger by and among The Kansas Power and Light Company, KCA Corporation, and Kansas Gas and Electric Company, dated as of October 28, 1990, as amended by Amendment No. 1 thereto, dated as of January 18, 1991. (filed as Annex A to Registration Statement No. 33-38967)	I
10(f)	-Deferred Compensation Plan (filed as Exhibit 10(i) to the December 1993 Form 10-K)	I
10(g)	-Long-term Incentive Plan (filed as Exhibit 10(j) to the December 1993 Form 10-K)	I
10(h)	-Short-term Incentive Plan (filed as Exhibit 10(k) to the December 1993 Form 10-K)	I
10(i)	-Outside Directors' Deferred Compensation Plan (filed as Exhibit 10(l) to the December 1993 Form 10-K)	I
10(j)	-Executive Salary Continuation Plan of Western Resources, Inc., as revised, effective September 22, 1995. (filed electronically)	
10(k)	-Executive Salary Continuation Plan for John E. Hayes, Jr., Dated March 15, 1995. (filed electronically)	
10(l)	-Stock Purchase Agreement between the Company and Laidlaw Transportation Inc., dated December 21, 1995. (filed electronically)	
10(l)1	-Equity Agreement between the Company and Laidlaw Transportation Inc., dated December 21, 1995. (filed electronically)	

Description

10(m)	-Letter Agreement between the Company and David C. Wittig, dated April 27, 1995. (filed electronically)
12	-Computation of Ratio of Consolidated Earnings to Fixed Charges. (filed electronically)
21	-Subsidiaries of the Registrant. (filed electronically)
23	-Consent of Independent Public Accountants, Arthur Andersen LLP (filed electronically)
27	-Financial Data Schedules (filed electronically)
99	-Kansas Gas and Electric Company's Annual Report on Form 10-K for the year ended December 31, 1995 (filed electronically)

SIGNATURE

Pursuant to the requirements of Sections 13 or 15(d) 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.

March 27, 1996 By JOHN E. HAYES, JR.
John E. Hayes, Jr., Chairman of the Board
and Chief Executive Officer

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)

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

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

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements File No. 33-50075 of Kansas Gas and Electric Company on Form S-3, No. 33-57435 of Western Resources, Inc. on Form S-8 and Nos. 33-49467, 33-49553, 33-50069, 33-62375, and 33-63505 of Western Resources, Inc. on Form S-3.

ARTHUR ANDERSEN LLP

Kansas City, Missouri,
March 26, 1996

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AT DECEMBER 31, 1995 AND THE STATEMENT OF INCOME AND THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
DEC-31-1995
DEC-31-1995
PER-BOOK
4,356,350
124,339
421,523
588,465
0
5,490,677
314,280
697,962
540,868
1,553,110
150,000
24,858
1,391,263
177,600
0
25,850
16,000
0
0
0
2,151,996
5,490,677
1,572,071
83,392
1,208,167
1,296,687
275,384
25,907
301,291
119,615
181,676
13,419
168,257
125,763
95,962
306,944
2.71
0

Exhibit 3(e)

WESTERN RESOURCES, INC.
BY-LAWS

(as amended May 5, 1992)

ARTICLE I

STOCKHOLDERS

Section 1. The annual meeting of the stockholders of the Company beginning with the year 1980, shall be held on the first Tuesday of May in each year (or if said day be a legal holiday, then on the next succeeding day not a holiday), at 11:00 A.M., at the principal office of the Company in the City of Topeka, Kansas, or such other place in the State of Kansas as the Board of Directors may designate for the purpose of electing Directors and transacting such other business as may properly be brought before the meeting.

Section 2. Special meetings of the stockholders may be held upon call of the Board of Directors or the Chairman of the Board or the President, at such time and at such place within or without the State of Kansas as may be stated in the call and notice.

Section 3. Notice stating the place, day and hour of every meeting of the stockholders, and in the case of a special meeting further stating the purpose for which such meeting is called, shall be mailed at least ten days before the meeting to each stockholder of record who shall be entitled to vote thereat, at the last known post office address of each such stockholder as it appears upon the books of the Company. Such further notice shall be given by mail, publication or otherwise, as may be required by law. Any meeting may be held without notice if all of the stockholders entitled to vote are present or represented at the meeting, or all of the stockholders entitled to notice of the meeting sign a waiver thereof in writing.

Section 4. The holders of record of a majority of the shares of the capital stock of the Company issued and outstanding, entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, and the vote of a majority of such quorum shall be necessary for the transaction of any business, unless otherwise provided by law, by the Articles of Incorporation or by the By-laws. If at any meeting there shall be no quorum, the holders of record, entitled to vote, of a majority of such shares of stock so present or represented may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall have been obtained, when any business may be transacted which might have been transacted at the meeting as first convened had there been a quorum.

Section 5. Meetings of the stockholders shall be presided over by the Chairman of the Board or, if he is not present, by the President or, in his absence, by a Vice President. In the event that none of such officers be present, then the meeting shall be presided over by a chairman to be chosen at the meeting. The Secretary of the Company or, if he is not present, an Assistant Secretary of the Company or, if neither the Secretary nor an Assistant Secretary is present, a secretary to be chosen at the meeting shall act as secretary of the meeting.

Section 6. At all meetings of the stockholders every holder of record of the shares of the capital stock of the Company, entitled to vote thereat, may vote thereat either in person or by proxy.

Section 7. At all elections of directors the voting shall be by written ballot and stockholders may cumulate their votes.

Section 8. The Board of Directors shall have power to close the stock transfer books of the Company for a period not exceeding fifty days preceding the date of

(a) Any meeting of the stockholders;
(b) Any payment of any dividends;
(c) Any allotment of rights;
(d) Any effective date of change or conversion or exchange

of capital stock; or, in lieu of closing the stock transfer books, the Board of Directors may fix in advance a date not exceeding fifty days preceding the effective date of any of the above enumerated transactions, and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to receive notice of and to vote at such meeting, or to receive payment of such dividend, or to receive allotment of rights, or to exercise rights of change, conversion or exchange of capital stock, as the case may be, or to participate in any of the above transactions, notwithstanding any transfer of any stock on the books of the Company after such record date fixed as aforesaid.

ARTICLE II

DIRECTORS

Section 1. Subject to the provisions of the Articles of Incorporation, the Directors shall be elected at the regular annual meeting of stockholders, but if such election of Directors is not held on the day of the annual meeting, the Directors shall cause the election to be held as soon thereafter as conveniently may be. Also, subject to the provisions of the Articles of Incorporation, the Directors shall be divided into three classes, which shall be as nearly equal in number as possible, and no class shall include fewer than two Directors. Directors shall hold office for a term of three years and until their successors are elected and qualified, except that in 1990, the first class of Directors shall be elected for a term of one year and the second class of Directors shall be elected for a term of two years. Each class of Directors shall be designated by the year in which its term ends. The Board shall fill vacancies in any class in the manner prescribed in this Article II, provided that any such newly elected Director shall serve for the remainder of the term applicable to the vacancy being filled. Notwithstanding the foregoing, whenever the holders of the preferred stock or preference stock issued by the Company shall have the right, voting separately by class, to elect Directors at an annual or special meeting of the stockholders, the election, term of office, and filling of vacancies of such Directors shall be governed by the terms of the Articles of Incorporation applicable thereto, and such Directors so elected shall not be divided into classes pursuant to this paragraph. Directors elected by a vote of the holders of preferred stock or preference stock as provided in the Articles of Incorporation shall hold office only so long as is required by the Articles of Incorporation. Except as otherwise provided in the By-laws and Articles of Incorporation, no Director shall be removed except for cause. This paragraph shall not be amended or repealed, and no provision inconsistent herewith shall be adopted, without the affirmative vote of the holders of at least 80% of the outstanding shares of stock of the Company entitled to vote in any election.

Each director who is not a salaried full time officer or employee of the Company shall be conclusively deemed to have resigned from the Board of Directors of the Company if he retires, resigns, or is removed from the primary business position which he held at the time of his election to the Board.

No director who is not a salaried full time officer or employee of the Company shall be designated by the Board of Directors of the Company as a nominee for re-election to the Board of Directors at an annual meeting of stockholders if he shall have attained the age of seventy (70) at year-end prior to such annual meeting.

No director who is a salaried full time officer or employee of the Company shall be designated by the Board of Directors of the Company as a nominee for re-election to the Board of Directors at an annual meeting of stockholders, if he shall have attained the age of sixty-five (65) at year-end prior to such annual meeting, or if he is no longer a full time officer or employee of the Company, or if he has been removed, during the 12 month period prior to Board action on nominees, from the position he previously held with the Company, except that any chief executive officer serving on the Board may be re-nominated for a maximum of five (5) years after his retirement as chief executive officer, on a year to year basis.

Each Director before entering upon his duties shall file with the corporation written acceptance of his office. A majority of the members of the Board shall constitute a quorum for the filling of vacancies of the Board of Directors and the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the Directors present may adjourn the meeting from time to time without notice, other than announcement of the meeting, until a quorum shall have been obtained, when any business may be transacted which might have been transacted at the meeting as first convened had there been a quorum. The acts of a majority of the Directors present at any meeting at which there is a quorum shall, except as otherwise provided by law, by the Articles of Incorporation or the By-Laws, be the acts of the Board.

Section 2. Vacancies in the Board of Directors, caused by death, resignation or otherwise, may be filled at any meeting of the Board of Directors and the directors so elected shall hold office until the next annual meeting of the stockholders and until their successors are elected and qualified.

Section 3. Meetings of the Board of Directors shall be held at such place within or without the State of Kansas as may from time to time be fixed by resolution of the Board or as may be specified in the call of any meeting. Regular meetings of the Board shall be held at such time as may from time to time be fixed by resolution of the Board, and notice of such meetings need not be given. Special meetings of the Board may be held at any time upon call of the Chairman of the Board or the President or a Vice President, by oral, telegraphic or written notice, duly served on or sent or mailed to each director not less than two days before any such meeting. Members of the Board may participate in any meeting of such Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at the meeting. A meeting of the Board may be held without notice immediately after the annual meeting of the stockholders at the same place at which such meeting is held. Any meeting may be held without notice if all of the directors are present at the meeting, or if all of the directors sign a waiver thereof in writing. Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if all members of the board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board.

Section 4. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or, if he is not present, by the President or, if he is absent, by a Vice President. In the event none of such officers are present, then the meeting shall be presided over by a chairman to be chosen at the meeting. The Secretary of the Company or, if he is not present, an Assistant Secretary of the Company or, if neither the Secretary nor an Assistant Secretary is present, a secretary to be chosen at the meeting shall act as secretary of the meeting.

Section 5. Each director of the Company who is not a salaried officer or salaried employee of the Company shall be entitled to receive such remuneration for serving as a director and as a member of any committee of the Board as may be fixed from time to time by the Board of Directors.

ARTICLE III

OFFICERS

Section 1. The Board of Directors, as soon as may be after its election held in each year, shall choose one of its number President of the Company and shall appoint one or more Vice Presidents, a Secretary and a Treasurer of the Company and from time to time may appoint such Assistant Secretaries, Assistant Treasurers, and other officers and agents of the Company as it may deem proper. The offices of Secretary and Treasurer may be held by the same person, and a Vice President of the Company may also be either the Secretary or the Treasurer.

Section 2. The term of office of all officers shall be one year or until the respective successors are chosen or appointed, but any officer or agent may be removed, with or without cause, at any time by the affirmative vote of a majority of the members of the Board then in office. No agreement for the employment of any officer or agent for a period longer than one year shall be authorized.

Section 3. Subject to such limitations as the Board of Directors may from time to time prescribe, the officers of the Company shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors. The Treasurer, the Assistant Treasurers and any other officers or employees of the Company may be required to give bond for the faithful discharge of their duties, in such sum and of such character as the Board may from time to time prescribe.

Section 4. The salaries of all officers and agents of the Company shall be fixed by the Board of Directors, or pursuant to such authority as the Board may from time to time prescribe.

ARTICLE IV

CERTIFICATES OF STOCK

Section 1. The interest of each shareholder in the Company shall be evidenced by a certificate or certificates for shares of stock of the Company in such form as the Board of Directors may from time to time prescribe. Certificates for shares of stock of the Company shall be signed by the Chairman of the Board or the President or any Vice President and the Treasurer or any Assistant Treasurer of this corporation and sealed with its corporate seal, or when the same bear the facsimile signature of the Chairman of the Board or the President or any Vice President and of the Treasurer or any Assistant Treasurer of the corporation and its facsimile seal and shall be countersigned and registered in such manner, if any, as the Board may by resolution, prescribe.

Section 2. The shares of stock of the Company shall be transferable only on the books of the Company by the holders thereof in person or by duly authorized attorney, upon surrender for cancellation of certificates for a like number of shares of the same class of stock, with duly executed assignment and power of transfer endorsed thereon or attached thereto and such proof of the authenticity of the signatures as the Company or its agents may reasonably require.

Section 3. No certificate for shares of stock of the Company shall be issued in place of any certificate alleged to have been lost, stolen or destroyed, except upon production of such evidence of the loss, theft, or destruction, and upon indemnification of the Company and its agents to such extent and in such manner as the Board of Directors may from time to time prescribe.

ARTICLE V

CHECKS, NOTES, ETC.

All checks and drafts on the Company's bank accounts and all bills of exchange and promissory notes, and all acceptances, obligations and other instruments for the payment of money, shall be signed by such officer or officers or agent or agents as shall be thereunto authorized from time to time by the Board of Directors; provided that checks drawn on the Company's dividend, general and special accounts may bear the facsimile signature, affixed thereto by a mechanical device, of such officer or agent as the Board of Directors shall authorize.

ARTICLE VI

FISCAL YEAR

The Fiscal year of the Company shall begin on the first day of January in each year and shall end on the thirty-first day of December following.

ARTICLE VII

CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Company and the words "Corporate Seal Kansas".

WESTERN RESOURCES, INC.

EXECUTIVE SALARY CONTINUATION PLAN

(Revised September 22, 1995)

WESTERN RESOURCES, INC.
EXECUTIVE SALARY CONTINUATION PLAN

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WESTERN RESOURCES, INC.
EXECUTIVE SALARY CONTINUATION PLAN

PURPOSE

The purpose of the Western Resources, Inc. Executive Salary Continuation Plan is to provide the specified benefits to a select group of management and highly compensated employees who contribute materially to the continued growth, development and future business success of Western Resources, Inc., and its subsidiaries. It is the intention of Western Resources, Inc. that this program and the individual plans established hereunder be administered as unfunded welfare benefit plans established and maintained for a select group of management or highly compensated employees.

ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 Definitions. For purposes of this Program, the following phrases or terms shall have the indicated meanings unless otherwise clearly apparent from the context:

A. "Beneficiary" shall mean the person or persons or the estate of a Participant entitled to receive any benefits under a Plan Agreement entered into in accordance with the terms of this Program.

B. "Board of Directors" shall mean the Board of Directors of Western Resources, Inc., unless otherwise indicated or the context otherwise requires.

C. "Committee" shall mean the Human Resources Committee of the Board of Directors or such other Committee appointed to manage and administer the Program and individual Plan Agreements in accordance with the provisions of Article XIII hereof.

D. "Company" shall mean Western Resources, Inc., and its subsidiaries and predecessor entities.

E. "Compensation" shall mean the base and short term incentive cash compensation paid to or deferred by a Participant during a calendar year.

F. "Totally and Permanently Disabled" means when, on the basis of medical evidence, it is determined that a Participant:

a) is totally disabled so as to be prevented from any comparable employment with the Company, including a disability resulting from an occupational cause; and

b) will be disabled permanently.

G. "Employee" shall mean any person who is in the regular full-time employment of the Company or is on authorized leave of absence therefrom, as determined by the personnel rules and practices of the Company. The term does not include persons who are retained by the Company solely as consultants or under contract.

H. "Participant" shall mean an Employee who is selected and elects to participate in the Program through the execution of a Plan Agreement in accordance with the provisions of Article II.

I. "Plan Agreement" shall mean the form of written agreement which is entered into by and between the Company and an Employee selected to become a Participant as a condition to participation in the Program. The form of agreement currently used is attached hereto as Appendix I.

J. "Program" shall mean the Western Resources, Inc. Executive Salary Continuation Plan as embodied herein and as amended from time to time.

K. "Rabbi Trust" shall mean the trust created to hold assets which will be used to pay the benefits provided hereunder, as provided in Section 7.4.

L. "Retirement" and "Retire" shall mean severance of employment with the Company, other than as the result of death or Total and Permanent Disability.

1.2 Construction. The singular when used herein may include the plural unless the context clearly indicates to the contrary. The words "hereof", "herein", "hereunder", and other similar compounds of the word "here" shall mean and refer to the entire Program and not to any particular provision or section. Whenever the words "Article" or "Section" are used in this Program, or a cross reference to an "Article" or "Section" is made, the Article or Section referred to shall be an Article or Section of this Program unless otherwise specified.

ARTICLE II
ELIGIBILITY AND PARTICIPATION

2.1 Eligibility. In order to be eligible for participation in the Program, an Employee must be selected by the Committee which, in its sole and absolute discretion, shall determine eligibility for participation in accordance with the purposes of the Program.

2.2 Participation. An Employee, having been selected to participate in this Program by the Committee, shall, as a condition to participate, complete and return to the Committee a duly executed Plan Agreement electing to participate in the Program and agreeing to the terms and conditions thereof.

ARTICLE III
DEATH BENEFIT

3.1 Amount and Payment of Death Benefit. In the event a Participant dies prior to Retirement from the Company, the Company will pay or cause to be paid a Death Benefit (as herein defined) to such Participant's Beneficiary in the amount or amounts set forth in such Particiant's Plan Agreement and as therein specified, commencing on the first day of the month following the date of such Participant's death, or as otherwise specified in such Participant's Plan Agreement.

3.2 Partial Distribution Prior to Death. If a Participant shall die after becoming entitled to a Retirement Benefit, but before the total amount payable to such Participant as a Retirement Benefit has been paid, the Retirement Benefit payments then remaining unpaid to such Participant shall be paid to such Participant's Beneficiary, in accordance with the payment schedule pursuant to which payments are made under Sections 4.1, 4.2, or 4.3.

ARTICLE IV
RETIREMENT BENEFIT

4.1 Retirement. If a Participant has remained an Employee until age sixty-five (65) and shall then retire, the Company will pay or cause to be paid to such Participant as a Retirement Benefit (as herein defined), the amount per month specified herein and in such Participant's Plan Agreement, commencing on the first day of the month following such Participant's retirement, or as otherwise specified in such Participant's Plan Agreement. If a Participant Retires prior to age sixty-five (65), the Company will pay or cause to be paid to such Participant as a Retirement Benefit, the amount (if any) per month specified herein and in such Participant's Plan Agreement, commencing on the first day of the month following such Participant's Retirement, or as otherwise specified by such Participant and as permitted by such Participant's Plan Agreement. Provided however, retirement benefit payments shall not commence until the later of (i) the Participant attaining the age of fifty (50), and (ii) the commencement of retirement benefit payments to the Participant under the Western Resources, Inc. Retirement Plan.

Retirement Age	Retirement Benefit Percentage
50 & under	50.00%
51	51.20%
52	52.40%
53	53.60%
54	54.80%
55	56.00%
56	56.57%
57	57.14%
58	57.71%
59	58.28%
60	58.85%
61	59.42%
62	60.00%
63	60.56%
64	61.13%
65 & over	61.70%

4.2 Disability. If a Participant shall become Totally and Permanently Disabled prior to Retirement and such total disability continues for more than six (6) months, such Participant shall be entitled to the same retirement benefit such Participant would have received had such Participant attained the age of sixty-five (65) at the time of such total disability.

4.3 Vesting of Retirement Benefit. Notwithstanding any provision contained herein which may imply or specify to the contrary, a Participant's Retirement Benefit shall unconditionally vest in such Participant according to the following vesting schedule:

Years of Service with the Company	Vested Percentage of Retirement Benefit
0 to 5	0%
6	10%
7	20%
8	30%
9	40%
10	50%
11	60%
12	70%
13	80%

14	90%
15 or more	100%

If a participant attains age 65, such Participant shall be 100% vested regardless of the above schedule. Retirement Benefits hereunder offsetting the limitations of Internal Revenue Code Sections 401(a)(17) and 415(b) shall be immediately vested for all purposes.

4.4 Forfeitability of Retirement Benefit. Notwithstanding any provision contained herein which may imply or specify to the contrary, a Participant's right to receive a Retirement Benefit under this Program and such Participant's Plan Agreement shall be forfeitable to the extent that such Retirement Benefit has not vested as described in Section 4.3.

ARTICLE V
BENEFICIARY

A Participant shall designate a beneficiary to receive benefits under the Program and Plan Agreement by completing the appropriate space in the Plan Agreement. If more than one Beneficiary is named, the shares and/or precedence of each Beneficiary shall be indicated. As a condition to any married Participant designating a Beneficiary other than such Participant's spouse, the Committee may require the spouse's consent. A Participant shall have the right to change the Beneficiary by submitting to the Committee a Change of Beneficiary in the form attached as Appendix III hereof; provided, however, that no change of Beneficiary shall be effective until acknowledged in writing by the Committee. If the Company has any doubt as to the proper Beneficiary to receive payments hereunder, the Company shall have the right to withhold such payments until the matter is finally adjudicated. Any payment made or caused to be made by the Company in good faith and in accordance with the provisions of this Program and a Participant's Plan Agreement shall fully discharge the Company from all further obligations with respect to such payment.

ARTICLE VI
LEAVE OF ABSENCE

If a Participant is authorized by the Company for any reason, including military, medical, or other, to take a leave of absence from employment, such Participant's Plan Agreement shall remain in effect.

ARTICLE VII
SOURCE OF BENEFITS

7.1 Benefits Payable. Amounts payable hereunder shall be paid exclusively from the general assets of the Company or the Rabbi Trust to be established pursuant to Section 7.4, and no person entitled to payment hereunder shall have any claim, right, security interest, or other interest in any fund, trust, account, insurance contract, or asset of the Company which may be looked to for such payment. The Company's liability for the payment of benefits hereunder shall be evidenced only by this Program and each Plan Agreement entered into between the Company and a Participant.

7.2 Investments to Facilitate Payment of Benefits. Although the Company is not obligated to invest in any specific asset or fund, or purchase any insurance contract, in order to provide the means for the payment of any liabilities under this Program, the Company may elect to do so, and, in such event, no Participant shall have any interest whatever in such asset, fund, or insurance contract. In the event the Company elects to purchase or causes to be purchased insurance contracts on the life of a Participant as a means for making, offsetting, or contributing to any payment, in full or in part, which may become due and payable by the Company under this Program or a Participant's Plan Agreement, such Participant agrees to cooperate in the securing of life insurance on such Participant's life by furnishing such information as the Company and the insurance carrier may require, including the results and reports of previous Company and other insurance carrier physical examinations as may be requested, and taking any other action which may be requested by the Company and the insurance carrier to obtain such insurance coverage. If a Participant does not cooperate in the securing of such life insurance, the Company shall have no further obligation to such Participant under this Program, and such Participant's Plan Agreement shall terminate.

7.3 Ownership of Insurance Contracts. The Company shall be the sole owner of any insurance contracts acquired on the life of a Participant with all incidents of ownership therein, including, but not limited to, the right to cash and loan values, dividends, if any, death benefits, and the right to termination thereof, and a Participant shall have no interest whatsoever in such contracts, if any, and shall exercise none of the incidents of ownership thereof. Provided however, the Company may assign any such insurance contracts to the trustee of the Rabbi Trust.

7.4 Trust for Payment of Retirement Benefits. The Company shall create a Rabbi Trust for the purpose of facilitating any retirement benefits payable hereunder. Such trust will be funded upon the occurrence of any of the following events:

a) At the Retirement of, and commencement of payment to, a Plan Participant;

b) Upon a decision by the Board of Directors ;

c) If the shareholders of the Company approve the merger or consolidation of the Company with or into any other corporation (other than a corporation wholly-owned by the Company immediately prior to such event) or the acquisition of substantially all of the business or assets of the Company by any other person or entity (other than a corporation wholly-owned by the Company immediately prior to such event);

d) If a change occurs in the Board of Directors of the Company whereby Directors comprising a majority of the Board of Directors immediately prior to such change do not continue to comprise such a majority immediately after such change, provided that incremental and/or related changes (including but not limited to resignations from the Board of Directors) which occur within an 18 month period of time shall be considered to be but a single change for purposes of this subparagraph; or

e) If, as a result of any tender offer or otherwise, any person or entity or affiliated group becomes the beneficial or record owner (directly or indirectly) of more than 10% of the outstanding voting securities of the Company.

Such funding will be in the form of Single Premium Annuities, or an amount sufficient for the trustee to purchase Single Premium Annuities, from qualified and financially sound insurance companies to provide the applicable vested retirement benefits payable under this Program and Plan Agreements. Such funding and the purchase of insurance, if any, will not relieve the Company of its obligations to pay or cause to be paid the benefits hereunder.

In lieu of such funding of the trust with respect to a Participant, the Participant may elect prior to such funding by the Company to receive the present value thereof in a lump sum payment, less 6% of the amount thereof as a substantial penalty, which penalty will be forfeited by the Participant. Upon such lump sum payment the Company shall have no further obligation to the Participant.

ARTICLE VIII
TERMINATION OF EMPLOYMENT

Neither this Program nor a Participant's Plan Agreement, either singly or collectively, in any way obligate the Company, or any subsidiary of the Company, to continue the employment of a Participant with the Company, or any subsidiary of the Company, nor does either limit the right of the Company or any subsidiary of the Company at any time and for any reason to terminate the Participant's employment. Termination of a Participant's employment with the Company, or any subsidiary of the Company, for any reason, whether by action of the Company, subsidiary, or Participant, shall immediately terminate the Participant's participation in this Program and such Participant's Plan Agreement, and all further obligations of either party thereunder, except as may be provided in Article X and the Participant's Plan Agreement. In no event shall this Program or a Plan Agreement, either singly or collectively, by their terms or implications constitute an employment contract of any nature whatsoever between the Company, or any subsidiary, and a Participant.

ARTICLE IX
TERMINATION OF PARTICIPATION

A Participant reserves the right to terminate participation in this Program and such Participant's Plan Agreement at any time by giving the Company written notice of such termination not less than 30 days (i) prior to the anniversary date of any contract or contracts of insurance on the life of such Participant which may be in force and utilized by the Company in connection with this Program, or (ii) prior to the date a Participant selects for termination if no insurance contract is in effect.

ARTICLE X
TERMINATIONS, AMENDMENT, MODIFICATION, OR SUPPLEMENT OF PLAN

10.1 Termination. The Company reserves the right to terminate, amend, modify, or supplement this Program, wholly or partially, from time to time, and at any time. The Company likewise reserves the right to amend, modify, or supplement any Plan Agreement, wholly or partially, from time to time. Such right to terminate, amend, modify, or supplement this Program or any Plan Agreement shall be exercised for the Company by the Committee; provided, however, that the Committee shall take no action to terminate this Program or a Plan Agreement or to reduce benefits, with respect to any person who is a Participant (or a Beneficiary) at the time of the termination or reduction. This prohibition against the reduction of Participants' benefits shall apply as well to benefits Participants may earn (under this Program and their Plan Agreement) by their future service and future increases in compensation. Any termination of this Program shall be limited to Employees who at the time of such termination are not Participants. Provided however, in the event of a change of control of the Company, the surviving corporation, if other than the Company, may terminate this Program and the Plan Agreements upon substitution by such corporation of a plan or program providing benefits no less favorable to the Participants.

10.2 Rights and Obligations Upon Termination. Upon the termination of this Program by the Committee, or the termination of any Plan Agreement by a Participant, in accordance with the provisions for such termination, neither this Program nor the Plan Agreement shall be of any further force or effect, and no party shall have any further obligation under either this Program or any Plan Agreement so terminated, except as provided in Sections 4.3, 10.1 or as elsewhere provided in this Program.

ARTICLE XI
OTHER BENEFITS AND AGREEMENTS

The benefits provided for a Participant and such Participant's Beneficiary hereunder and under such Participant's Plan Agreement are in addition to any other benefits available to such Participant under any other program, plan or agreement of the Company for its Employees and the Participants, and, except as may be otherwise expressly provided for, this Program and Plan Agreements entered into hereunder shall supplement and shall not supersede, modify, or amend any other program, plan or agreement of the Company or a Participant. Moreover, benefits under this Program and Plan Agreements entered into hereunder shall not be considered compensation for the purpose of computing contributions or benefits under any plan maintained by the Company, or any of its subsidiaries, which is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended.

ARTICLE XII
RESTRICTIONS ON ALIENATION OF BENEFITS

No right or benefit under this Program or a Plan Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder or under any Plan Agreement shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant or Beneficiary under this Program or a Plan Agreement should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right to a benefit hereunder or under any Plan Agreement, then such right or benefit shall, in the discretion of the Committee, cease, and in such event, the Committee may hold or apply the same or any part thereof for the benefit of such Participant or Beneficiary, his or her spouse, children, or other dependents, or any of them, in such portion as the Committee, in its sole and absolute discretion, may deem proper.

ARTICLE XIII
ADMINISTRATION OF THIS PROGRAM

13.1 Appointment of Committee. The general administration of this Program, and any Plan Agreements executed hereunder, as well as construction and interpretation thereof, shall be vested in the Committee, the number and members of which shall be designated and appointed from time to time by, and shall serve at the pleasure of, the Board of Directors. Any such member of the Committee may resign by notice in writing filed with the secretary of the Committee. Vacancies shall be filled promptly by the Board of Directors.

13.2 Committee Officials. The Board of Directors may designate one of the members of the Committee as Chairman and may appoint a secretary who need not be a member of the Committee. The secretary shall keep minutes of the Committee's proceedings and all data, records, and documents relating to the Committee's administration of this Program and any Plan Agreements executed hereunder. The Committee may appoint from its number such subcommittees with such powers as the Committee shall determine and may authorize one or more of its members or any agent to execute or deliver any instrument or make any payment on behalf of the Committee.

13.3 Committee Action. All resolutions or other actions taken by the Committee shall be by the vote of a majority of those present at a meeting at which a majority of the members are present, or in writing by all the members at the time in office if they act without a meeting.

13.4 Committee Rules and Powers - General. Subject to the provisions of this Program, the Committee may from time to time establish rules, forms, and procedures for the administration of this Program, including Plan Agreements. Except as herein otherwise expressly provided, the Committee shall have the exclusive right to interpret this Program and any Plan Agreements, and to decide any and all matters arising thereunder or in connection with the administration of this Program and any Plan Agreements, and it shall endeavor to act, whether by general rules or by particular decisions, so as not to discriminate in favor of or against any person. The Committee shall have the exclusive right to determine Total and Permanent Disability with respect to a Participant (consistent with this Plan's definition of the term), such determinations to be made on the basis of such medical and/or other evidence that the Committee, in its sole and absolute discretion, may require. Such decisions, actions, and records of the Committee shall be conclusive and binding upon the Company, the Participants, and all persons having or claiming to have rights or interests in or under this Program.

13.5 Reliance on Certificates, etc. The members of the Committee and the Officers and Directors of the Company shall be entitled to rely on all certificates and reports made by any duly appointed accountants, and on all opinions given by any duly appointed legal counsel. Such legal counsel may be counsel for the Company.

13.6 Liability of Committee. No member of the Committee shall be liable for any act or omission of any other member of the Committee, or for any act or omission on his part, excepting only his own willful misconduct. The Company shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of membership on the Committee, excepting only expenses and liabilities arising out of a Committee member's own willful misconduct. Expenses against which a member of the Committee shall be indemnified hereunder shall include, without limitation, the amount of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted, or a proceeding brought, or settlement thereof. The foregoing right of indemnification shall be in addition to any other rights to which any such member may be entitled .

13.7 Determination of Benefits. In addition to the powers hereinabove specified, the Committee shall have the power to compute and certify, under this Program and any Plan Agreement, the amount and kind of benefits from time to time payable to Participants and their Beneficiaries, and to authorize all disbursements for such purposes.

13.8 Information to Committee. To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death, or other cause for termination of employment, and such other pertinent facts as the Committee may require.

13.9 Manner and Time of Payment of Benefits. The Committee shall have the power, in its sole and absolute discretion, to change the manner and time of payment of benefits to be made to a Participant or his Beneficiary from that set forth in the Participant's Plan Agreement if requested to do so by such Participant or Beneficiary.

ARTICLE XIV
ADOPTION OF PLAN BY SUBSIDIARY, AFFILIATED OR ASSOCIATED COMPANIES

Any corporation which is a subsidiary of the Company may, with the approval of the Committee, adopt this Plan and thereby come within the definition of Company in Article I hereof.

ARTICLE XV
MISCELLANEOUS

15.1 Execution of Receipts and Releases. Any payment to a Participant, a Participant's legal representative, or Beneficiary in accordance with the provisions of this Program or any Plan Agreement executed hereunder shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Company. The Company may require such Participant, legal representative, or Beneficiary, as a condition precedent to such payment, to execute a receipt and release therefor in such form as it may determine.

15.2 No Guarantee of Interests. Neither the Committee nor any of its members guarantees the payment of any amounts which may be or becomes due to any person or entity under this Program or any Plan Agreement executed hereunder. The liability of the Company to make any payment under this Program or any Plan Agreement executed hereunder is limited to the then available assets of the Company and the trust established under Section 7.4 hereof.

15.3 Company Records. Records of the Company as to a Participant's employment, termination of employment and the reason therefor, reemployment, authorized leaves of absence, and compensation shall be conclusive on all persons and entities, unless determined to be incorrect.

15.4 Evidence. Evidence required of anyone under this Program and any Plan Agreement executed hereunder may be by certificate, affidavit, document, or other information which the person or entity acting on it considers pertinent and reliable, and signed, made, or presented by the proper party or parties.

15.5 Notice. Any notice which shall be or may be given under this Program or a Plan Agreement executed hereunder shall be in writing and shall be mailed by United States mail, postage prepaid. If notice is to be given to the Company, such notice shall be addressed to the Company at:

818 S. Kansas Avenue
Topeka, Kansas 66612

and marked to the attention of the Secretary, Executive Salary Continuation Plan Administrative Committee; or, if notice to a Participant, addressed to the address shown on such Participant's most recent employment file with the Company.

15.6 Change of Address. Any party may, from time to time, change the address to which notices shall be mailed by giving written notice of such new address.

15.7 Effect of Provisions. The provisions of this Program and of any Plan Agreement executed hereunder shall be binding upon the Company and its successors and assigns, and upon a Participant, his Beneficiary, assigns, heirs, executors, and administrators.

15.8 Headings. The titles and headings of Articles and Sections are included for convenience of reference only and are not to be considered in the construction of the provisions hereof or any Plan Agreement executed hereunder.

15.9 Governing Law. All questions arising with respect to this Program and any Plan Agreement executed hereunder shall be determined by reference to the laws of the State of Kansas in effect at the time of their adopting and execution, respectively.

15.10 Effective Date. The changes made by this revised and restated Program shall be effective for Participants with respect to whom no Retirement, Disability, or Death Benefit payments have commenced as of September 22, 1995 and their Beneficiaries.

WESTERN RESOURCES, INC.

By______________________________

Attested by: (Executive Vice President)

____

(Secretary)

APPENDIX I

EXECUTIVE SALARY CONTINUATION PLAN AGREEMENT FOR

WESTERN RESOURCES, INC.

EXECUTIVE SALARY CONTINUATION PLAN AGREEMENT
FOR WESTERN RESOURCES, INC.

I acknowledge that, as an Employee of Western Resources, Inc., I have been offered an opportunity to participate in the Western Resources, Inc. Executive Salary Continuation Program (Program) described in the attached document (which is incorporated herein by reference), and that I have elected one of the alternatives set forth as indicated by the space which I have checked:

________ To participate in the Program

________ Not to participate in the Program

My Retirement Benefit, disability benefits, death benefits, and commencement of such payments, and designated Beneficiary(ies) are agreed to be as follows:

1.A Retirement Benefit (Article IV of Program). Subject to the vesting schedule in Section 4.3 of the Program, an amount which, when combined with existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide the percentage of the final 36 months average Compensation, for life (15 years minimum) as illustrated below:

Retirement Age	Retirement Benefit Percentage
50 & under	50.00%
51	51.20%
52	52.40%
53	53.60%
54	54.80%
55	56.00%
56	56.57%
57	57.14%
58	57.71%
59	58.28%
60	58.85%
61	59.42%
62	60.00%
63	60.56%
64	61.13%
65 & over	61.70%

1.B Commencement of Retirement Benefit Payments. The amount of the Retirement Benefit Payments will be based on the following table depending upon the Participant's age when Benefit Payments are to commence:

Age At Commencement of Benefit Payments	Payout Percentage Factor Of Retirement Benefit Percentage
50	50%
51	55%
52	60%
53	65%
54	70%
55	75%
56	80%
57	85%
58	90%
59	95%
60 & older	100%

2. IRC Sections 401(a)(17) and 415(b) Limitations. Notwithstanding Paragraphs 1A and 1B above, the Program and this Plan Agreement shall provide a Retirement Benefit attributable to the Participant's annual base compensation that is in excess of IRC Sections 401(a)(17) and 415(b) limitations. This benefit will be computed by applying the same benefit formula, vesting provisions, and early retirement provisions as are in the Western Resources, Inc. Pension Plan. Any benefit provided under this provision will offset the benefit provided under Paragraphs 1A and 1B above.

3. Disability Benefit (Article IV of Program). If Total and Permanent Disability should occur prior to Retirement, an amount which, when combined with then existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide 61.7% of the final 36 months average Compensation for life (15 years minimum).

4. Death Benefit. (Article III of Program). If death occurs before Retirement, an amount which, when combined with then existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide 50% (or the vested Retirement Benefit, whichever is greater) of the previous 36 months

average Compensation, payable to the Beneficiary for 180 months following death.

5. Participant hereby designates as Primary Beneficiary under the Program and this Plan Agreement:

and, Participant hereby designates as Secondary Beneficiary under the Program and this Plan Agreement:

The term "Beneficiary" as used herein shall mean the Primary Beneficiary if such Primary Beneficiary shall survive Participant by at least 30 days, and shall mean the Secondary Beneficiary if Primary Beneficiary does not survive Participant by at least 30 days, and shall mean the Estate of the Participant, if neither Primary nor Secondary Beneficiary survives Participant by at least 30 days. Participant shall have the right to change Participant's designation of Primary and/or Secondary Beneficiary from time to time, in such manner as shall be required by the Company, it being agreed that no change in beneficiary shall be effective until acknowledged in writing by the Committee. (If Beneficiary is to be irrevocable, strike and initial previous sentence.)

I further acknowledge that neither the Company nor any of its subsidiaries, affiliated companies, officers, employees, or agents has any responsibility whatsoever for the changes which I may make in other personal plans or programs as a result of my decision regarding the Program and they are fully released to such extent. The Company agrees that although the Program may be terminated or modified at any time, in the sole discretion of the Company, a Participant shall have those rights provided for in Article X of said Program to the extent such may be applicable to such Participant's at the time of such termination.

IN WITNESS WHEREOF, Western Resources, Inc. and Plan Participant have executed this Plan Agreement as of _____________, 1995.

WESTERN RESOURCES, INC.

____

PARTICIPANT:

(Signature)

(Type or Print Name)

APPENDIX II
EXECUTIVE SALARY CONTINUATION PLAN
AGREEMENT FOR ASTRA RESOURCES, INC.

EXECUTIVE SALARY CONTINUATION PLAN AGREEMENT
FOR ASTRA RESOURCES, INC., A WHOLLY OWNED SUBSIDIARY OF
WESTERN RESOURCES, INC.

I acknowledge that, as an Employee of Astra Resources, Inc., a wholly owned subsidiary of Western Resources, Inc., I have been offered an opportunity to participate in the Western Resources, Inc. Executive Salary Continuation Program (Program) described in the attached document, and that I have elected one of the alternatives set forth as indicated by the space which I have checked:

To participate in the Program

Not to participate in the Program

My Retirement Benefit, disability benefits, death benefits, and commencement of such payments, and designated Beneficiary(ies) are agreed to be as follows:

1.A Retirement Benefit (Article IV of Program). Subject to the vesting schedule in Section 4.3 of the Program, an amount which, when combined with existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide the percentage of the final 36 months average Compensation, for life (15 years minimum) as illustrated below:

Retirement Age	Retirement Benefit Percentage
50 & under	50.00%
51	51.20%
52	52.40%
53	53.60%
54	54.80%
55	56.00%
56	56.57%
57	57.14%
58	57.71%
59	58.28%
60	58.85%
61	59.42%
62	60.00%
63	60.56%
64	61.13%
65 & over	61.70%

1.B Commencement of Retirement Benefit Payments. The amount of the Retirement Benefit Payments will be based on the following table depending upon the Participant's age when Benefit Payments are to commence:

Age At Commencement of Benefit Payments	Payout Percentage Factor Of Retirement Benefit Percentage
50	50%
51	55%
52	60%
53	65%
54	70%
55	75%
56	80%

57	85%
58	90%
59	95%
60 & older	100%

2. IRC Sections 401(a)(17) and 415(b) Limitations. Notwithstanding Paragraphs 1A and 1B above, the Program and this Plan Agreement shall provide a Retirement Benefit attributable to the Participant's annual base compensation that is in excess of IRC Sections 401(a)(17) and 415(b) limitations. This benefit will be computed by applying the same benefit formula, vesting provisions, and early retirement provisions as are in the Western Resources, Inc. Pension Plan. Any benefit provided under this provision will offset the benefit provided under Paragraphs 1A and 1B above.

3. Disability Benefit (Article IV of Program). If Total and Permanent Disability should occur prior to Retirement, an amount which, when combined with then existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide 61.7% of the final 36 months average Compensation for life (15 years minimum).

4. Death Benefit. (Article III of Program). If death occurs before Retirement, an amount which, when combined with then existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide 50% (or the vested Retirement Benefit, whichever is greater) of the previous 36 months average Compensation, payable to the Beneficiary for 180 months following death.

5. Participant hereby designates as Primary Beneficiary under the Program and this Plan Agreement:

and, Participant hereby designates as Secondary Beneficiary under the Program and this Plan Agreement:

The term "Beneficiary" as used herein shall mean the Primary Beneficiary if such Primary Beneficiary shall survive Participant by at least 30 days, and shall mean the Secondary Beneficiary if Primary Beneficiary does not survive Participant by at least 30 days, and shall mean the Estate of the Participant, if neither Primary nor Secondary Beneficiary survives Participant by at least 30 days. Participant shall have the right to change Participant's designation of Primary and/or Secondary Beneficiary from time to time, in such manner as shall be required by the Company, it being agreed that no change in beneficiary shall be effective until acknowledged in writing by the Committee. (If Beneficiary is to be irrevocable, strike and initial previous sentence.)

I further acknowledge that neither the Company nor any of its subsidiaries, affiliated companies, officers, employees, or agents has any responsibility whatsoever for the changes which I may make in other personal plans or programs as a result of my decision regarding the Program and they are fully released to such extent. The Company agrees that although the Program may be terminated or modified at any time, in the sole discretion of the Company, a Participant shall have those rights provided for in Article X of said Program to the extent such may be applicable to such Participant's at the time of such termination.

IN WITNESS WHEREOF, Western Resources, Inc. and Plan Participant have executed this Plan Agreement as of __________________, 1995.

WESTERN RESOURCES, INC.

____

PARTICIPANT:

____
(Signature)

____
(Type or Print Name)

APPENDIX III
CHANGE OF BENEFICIARY FORM FOR
EXECUTIVE SALARY CONTINUATION PLAN

WESTERN RESOURCES, INC.
CHANGE OF BENEFICIARY FORM FOR
EXECUTIVE SALARY CONTINUATION PLAN

I,___________________________________, as a Participant in the above Plan, hereby request to change the Beneficiary Designation dated ________________ as follows:

Primary Beneficiary:

Secondary Beneficiary:

The term "Beneficiary" as used herein shall mean the Primary Beneficiary if such Primary Beneficiary shall survive Participant by at least 30 days, and shall mean the Secondary Beneficiary if Primary Beneficiary does not survive Participant by at least 30 days, and shall mean Estate of the Participant, if neither Primary nor Secondary Beneficiary survives Participant by at least 30 days. Participant shall have the right to change Participant's designation of Primary and/or Secondary Beneficiary from time to time in such manner as shall be required by the Company, it being agreed that no change in beneficiary shall be effective until acknowledged in writing by the Committee. (If Beneficiary is to be irrevocable, strike and initial previous sentence.)

DATE: PARTICIPANT:

_________________________ ____________________________________
(Signature)

____
Type or Print Name)

PARTICIPANT'S SPOUSE:

____
(Signature)

____
(Type or Print Name)

Exhibit 10(k)

EXECUTIVE SALARY CONTINUATION PLAN AGREEMENT
FOR WESTERN RESOURCES, INC.

I acknowledge that, as an Employee of Western Resources, Inc., I have been offered an opportunity to participate in the Western Resources, Inc. Executive Salary Continuation Program (Program) described in the attached document (which is incorporated herein by reference), and that I have elected one of the alternatives set forth as indicated by the space which I have checked:

________ To participate in the Program

________ Not to participate in the Program

My Retirement Benefit, disability benefits, death benefits, and commencement of such payments, and designated Beneficiary(ies) are agreed to be as follows:

1.A Retirement Benefit (Article IV of Program). Subject to the vesting schedule in Section 4.3 of the Program, provided the reference to age 65 in the next to last sentence thereof shall be age 61, and notwithstanding the schedule contained therein, an amount which, when combined with existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide the percentage of the final 36 months average Compensation, for life (15 years minimum) as illustrated below:

Retirement Age	Retirement Benefit Percentage
50 & under	50.00%
51	51.20%
52	52.40%
53	53.60%
54	54.80%
55	56.00%
56	56.57%
57	57.14%
58	57.71%
59	58.28%
60	58.85%
61	60.00%
62	60.00%
63	60.56%
64	61.13%
65 & over	61.70%

1.B Commencement of Retirement Benefit Payments. The amount of the Retirement Benefit Payments will be based on the following table depending upon the Participant's age when Benefit Payments are to commence:

Age At Commencement of Benefit Payments	Payout Percentage Factor Of Retirement Benefit Percentage
50	50%
51	55%
52	60%
53	65%
54	70%
55	75%
56	80%
57	85%
58	90%
59	95%
60 & older	100%

2. IRC Section 401(a)(17) Limitations. Notwithstanding Paragraphs 1A and 1B above, the Program and this Plan Agreement shall provide a Retirement Benefit attributable to the Participant's annual base compensation that is in excess of IRC Section 401(a)(17) limitations. This benefit will be computed by applying the same benefit formula, vesting provisions, and early retirement provisions as are in the Western Resources, Inc. Pension Plan. Any benefit provided under this provision will offset the benefit provided under Paragraphs 1A and 1B above.

3. Disability Benefit (Article IV of Program). If Total and Permanent Disability should occur prior to Retirement, an amount which, when combined with then existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide 61.7% of the final 36 months average

Compensation for life (15 years minimum).

4. Death Benefit. (Article III of Program). If death occurs before Retirement, an amount which, when combined with then existing pension benefits under the Western Resources, Inc. Retirement Plan, will provide 50% (or the vested Retirement Benefit, whichever is greater) of the previous 36 months average Compensation, payable to the Beneficiary for 180 months following death.

5. Participant hereby designates as Primary Beneficiary under the Program and this Plan Agreement:

and, Participant hereby designates as Secondary Beneficiary under the Program and this Plan Agreement:

The term "Beneficiary" as used herein shall mean the Primary Beneficiary if such Primary Beneficiary shall survive Participant by at least 30 days, and shall mean the Secondary Beneficiary if Primary Beneficiary does not survive Participant by at least 30 days, and shall mean the Estate of the Participant, if neither Primary nor Secondary Beneficiary survives Participant by at least 30 days. Participant shall have the right to change Participant's designation of Primary and/or Secondary Beneficiary from time to time, in such manner as shall be required by the Company, it being agreed that no change in beneficiary shall be effective until acknowledged in writing by the Committee. (If Beneficiary is to be irrevocable, strike and initial previous sentence.)

I further acknowledge that neither the Company nor any of its subsidiaries, affiliated companies, officers, employees, or agents has any responsibility whatsoever for the changes which I may make in other personal plans or programs as a result of my decision regarding the Program and they are fully released to such extent. The Company agrees that although the Program may be terminated or modified at any time, in the sole discretion of the Company, a Participant shall have those rights provided for in Article X of said Program to the extent such may be applicable to such Participant's at the time of such termination.

IN WITNESS WHEREOF, Western Resources, Inc. and Plan Participant have executed this Plan Agreement as of March 15, 1995.

WESTERN RESOURCES, INC.

Executive Vice President

PARTICIPANT:

(Signature)

John E. Hayes, Jr.

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated December 21, 1995, by and among Laidlaw Transportation, Inc., a Delaware corporation (the "Seller") and an indirect wholly-owned subsidiary of Laidlaw Inc., a corporation continued under the laws of Canada ("Guarantor"), Guarantor, and Western Resources, Inc., a Kansas corporation (the "Purchaser"). Certain capitalized terms used herein are defined in Section 9.7 hereof.

W I T N E S S E T H :

WHEREAS, the Seller owns, in the aggregate, 30,800,000 common shares, par value of $.10 per share (the "Common Shares"), of ADT Limited, a corporation organized under the laws of Bermuda (the "Company"); and

WHEREAS, the Seller desires to sell to the Purchaser, and the Purchaser desires to purchase from the Seller, 15,400,000 Common Shares (the "Shares") upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

I. SALE OF SHARES; PURCHASE PRICE

1.1 Sale of Shares. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing (as defined in Section 6.1), the Seller shall sell and deliver to the Purchaser the Shares, and the Purchaser shall purchase from the Seller the Shares.

1.2 Purchase Price; Payment.

(a) The purchase price for the Shares shall be $215,600,000 in cash (the "Purchase Price").

(b) On the Closing Date (as defined in Section 6.1), the Purchaser shall pay to the Seller the Purchase Price by wire transfer of immediately available funds to such bank account as the Seller shall specify in writing to Purchaser not later than three Business Days prior to the Closing Date, against evidence that the Purchaser has been entered in the register of members of the Company and issuance to the Purchaser by the transfer agent of the Company of a certificate or certificates representing the Shares and bearing a customary legend reflecting that the Shares have not been registered under the Securities Act, such certificate and legend in form and substance satisfactory to the Purchaser and in such name or names designated by the Purchaser.

II. REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE GUARANTOR

The Seller and the Guarantor hereby represent and warrant to the Purchaser as follows:

2.1 Organization and Good Standing. Each of the Seller and the Guarantor are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation.

2.2 Authority Relative to Agreement. Each of the Seller and the Guarantor have all requisite power and authority to execute, deliver and perform their respective obligations under this Agreement and the Equity Agreement. The execution and delivery by the Seller and the Guarantor of this Agreement and the Equity Agreement, and the consummation by the Seller and the Guarantor of the transactions contemplated hereby and thereby (i) have been authorized by all necessary action on the part of the Seller and the Guarantor, (ii) do not violate any provision of law or regulation applicable to the Seller or the Guarantor and (iii) do not conflict with or result in a breach of any provision of, or constitute a default under, the certificate of incorporation or bylaws of the Seller or the Guarantor, or any agreement, order, judgment or decree binding upon the Seller or the Guarantor.

2.3 Consents and Approvals. No filing or registration with, notification to, or authorization, consent or approval of, any governmental authority is required by Seller or Guarantor in connection with the execution and delivery of this Agreement and the Equity Agreement, or the consummation of the transactions contemplated hereby and thereby.

2.4 Effect of Agreement. This Agreement and the Equity Agreement have been duly executed and delivered by the Seller and the Guarantor and (assuming the due authorization, execution and delivery by the Purchaser) constitute legal, valid and binding obligations of the Seller and the Guarantor enforceable against the Seller and the Guarantor in accordance with their respective terms.

2.5 The Shares.

(a) The Seller owns all right, title and interest in and to the Shares, free and clear of any liens, claims, security interests or encumbrances whatsoever (including, without limitation, any voting trust or similar arrangement affecting the right to vote the Shares).

(b) The Seller will transfer and deliver to the Purchaser at the Closing valid title to the Shares, free and clear of any liens, claims, security interests or encumbrances whatsoever (including, without limitation, any voting trust or similar arrangement affecting the right to vote the Shares).

2.6 Brokers, Finders, etc. Neither the Seller nor the Guarantor is subject to the valid claim of any broker, finder, consultant or other intermediary in connection with the transactions contemplated hereby who would have a claim for a fee or commission from the Purchaser in connection with such transactions.

2.7 Absence of Certain Changes. Except as disclosed in any report or statement filed as of the date hereof with respect to the Company pursuant to the Exchange Act, neither the Seller nor the Guarantor has any knowledge that the Company has suffered any event or occurrence which would have any actual or potential material adverse effect on the business, properties, operations, assets, condition (financial or otherwise), results of operations or prospects of the Company (a "Company Material Adverse Effect").

2.8 Public Utility Holding Company Act. None of the Seller, the Guarantor or, to the best of the Seller's knowledge, the Company is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

III. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Seller as follows:

3.1 Organization and Good Standing. The Purchaser is duly organized, validly existing and in good standing under the laws of the State of Kansas.

3.2 Authority Relative to Agreement. The Purchaser has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and the Equity Agreement. The execution and delivery by the Purchaser of this Agreement and the Equity Agreement, and the consummation by the Purchaser of the transactions contemplated hereby and thereby (including, subject to the consent of the KCC, the issuance of the Note) (i) have been authorized by all necessary action on the part of the Purchaser, (ii) do not violate any provision of law or regulation applicable to the Purchaser and (iii) do not conflict with or result in a breach of any provision of, or constitute a default under, the certificate of incorporation or bylaws of the Purchaser, or any agreement, order, judgment or decree binding upon the Purchaser.

3.3 Consents and Approvals. No filing or registration with, notification to, or authorization, consent or approval of, any governmental entity is required by Purchaser in connection with the execution and delivery of this Agreement and the Equity Agreement, or the consummation of the transactions contemplated hereby or thereby, except (i) in connection with the applicable requirements of the HSR Act, (ii) in connection with filings under the Exchange Act and (iii) in connection with obtaining the approval of the KCC with respect to the issuance of the Note.

3.4 Effect of Agreement. This Agreement and the Equity

Agreement have been duly executed and delivered by the Purchaser and (assuming the due authorization, execution and delivery by the Seller and the Guarantor) constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their respective terms.

3.5 Brokers, Finders, etc. The Purchaser is not subject to the valid claim of any broker, finder, consultant or other intermediary in connection with the transactions contemplated hereby who would have a claim for a fee or commission from the Seller or the Guarantor in connection with such transactions.

3.6 Securities Act. The Purchaser is acquiring the Shares with no intention of distributing or reselling the Shares or any part of the Shares in any transaction which would be in violation of the Securities Act.

IV. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE PURCHASER

The obligations of the Purchaser to effect the purchase of the Shares from the Seller pursuant to this Agreement shall be subject to the satisfaction, or waiver by the Purchaser on the Closing Date, of the following conditions:

4.1 Accuracy of Representations and Warranties; Covenants. Each of the representations and warranties of the Seller and the Guarantor contained herein shall be true and correct in all material respects when made and on and as of the Closing Date, with the same force and effect as though the same had been made on and as of the Closing Date, and the Seller and the Guarantor shall have performed and complied in all material respects with the covenants and provisions contained herein required to be performed or complied with at or prior to the Closing.

4.2 No Proceeding or Litigation. No party hereto shall be legally enjoined by a writ, order, decree or injunction from a court of competent jurisdiction or governmental entity from consummating the transactions contemplated by this Agreement or the Equity Agreement or restricting the Purchaser's exercise of full rights to own the Shares, and no proceeding shall have been commenced or threatened seeking to enjoin the consummation of the transactions contemplated hereby or by the Equity Agreement or restrict the Purchaser's full rights to own the Shares.

4.3 Certificate. The Purchaser shall have received a certificate from each of the Seller and the Guarantor to the effect set forth in Section 4.1 hereof, dated the Closing Date, duly signed by a duly authorized officer of the Seller or the Guarantor.

4.4 Consents and Approvals. All necessary consents and approvals of any United States or any other governmental authority or any other third party required for the consummation of the transactions contemplated by this Agreement and the Equity Agreement (other than the KCC with respect to the issuance of the Note under the Equity Agreement) shall have been obtained and all applicable waiting periods in respect of the transactions contemplated by this Agreement under the HSR Act shall have expired or been terminated.

4.5 Equity Agreement. The Equity Agreement shall be in full force and effect.

V. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

The obligations of the Seller to effect the sale of the Shares pursuant to this Agreement shall, at the option of the Seller, be subject to the satisfaction, on the Closing Date, of the following conditions:

5.1 Accuracy of Representations and Warranties; Covenants. Each of the representations and warranties of the Purchaser contained herein shall be true and correct in all material respects when made and on and as of the Closing Date, with the same force and effect as though the same had been made on and as of the Closing Date, and the Purchaser shall have complied in all material respects with the covenants and provisions contained herein required to be performed or complied with at or prior to the Closing.

5.2 No Proceeding or Litigation. No party hereto shall be enjoined by a writ, order, decree or injunction from a court of competent jurisdiction or governmental entity from consummating the transactions contemplated by this Agreement or the Equity Agreement, and no proceeding shall have been commenced seeking to enjoin the consummation of the transactions contemplated hereby or by the Equity Agreement.

5.3 Officer's Certificate. The Seller shall have received a certificate from the Purchaser to the effect set forth in Section 5.1 hereof, dated the Closing Date, signed by a duly authorized officer of the Purchaser.

5.4 Consents and Approvals. All necessary consents and approvals of any United States or any other governmental authority or any other third party required for the consummation of the transactions contemplated by this Agreement and the Equity Agreement (other than the KCC with respect to the issuance of the Note pursuant to the Equity Agreement) shall have been obtained and all applicable waiting periods in respect of the transactions contemplated by this Agreement under the HSR Act shall have expired or been terminated.

5.5 Equity Agreement. The Equity Agreement shall be in full force and effect.

VI. CLOSING

6.1 Closing Date. The closing with respect to the transactions provided for in this Agreement (the "Closing") shall take place at 10:00 a.m., local time, at the offices of Cahill Gordon & Reindel, 80 Pine Street, New York, New York 10005 on the fifth Business Day following the satisfaction or waiver of the conditions referred to in Articles IV and V hereof (or at such other time or location as the Purchaser and the Seller may agree) (such date being herein referred to as the "Closing Date").

6.2 Seller Closing Documents. At the Closing, the Seller shall deliver or cause to be delivered to the Purchaser the following:

(a) a certificate or certificates representing the Shares, as provided in Section 1.2(b) hereof;

(b) the officer's certificates of the Seller and the Guarantor referred to in Section 4.3 hereof; and

(c) an opinion of general counsel to the Seller and the Guarantor, containing customary qualifications reasonably acceptable to the Purchaser, to the effect of Sections 2.1, 2.2, 2.3, 2.4, 2.5 and 2.8 hereof.

6.3 Purchaser Closing Documents. At the Closing, the Purchaser shall deliver or cause to be delivered to the Seller the following:

(a) the Purchase Price, as provided in Section 1.2(b) hereof;

(b) the officer's certificate of the Purchaser referred to in Section 5.3 hereof; and

(c) an opinion of counsel to the Purchaser, which may be general counsel of Purchaser, containing customary qualifications reasonably acceptable to the Seller, to the effect of Sections 3.1, 3.2, 3.3 and 3.4 hereof.

6.4 Proceedings. All proceedings that shall be taken and all documents that shall be executed and delivered by the parties hereto on the Closing Date shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered. By a party's proceeding with the Closing, the conditions to such party's obligations set forth in Article IV or V hereof, as the case may be, shall be deemed satisfied or waived.

VII. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

7.1 General Survival. The representations and warranties contained in this Agreement shall survive the Closing.

7.2 Indemnification. The Seller and the Guarantor (on the one hand) or the Purchaser (on the other hand) (the "Indemnifying Party"), shall indemnify respectively the Purchaser (on the one hand) or the Seller and the Guarantor (on the other hand), respectively (the "Indemnified Party"), as the case may be, and their respective directors, officers, agents, and affiliates, against and in respect of any liabilities, damages, losses, costs and expenses (including reasonable expenses of investigation and litigation and reasonable attorneys', accountants' and other professionals' fees and costs incurred in the investigation or defense thereof or the enforcement of rights hereunder) incurred by the Indemnified Party ("Losses") as a result or arising out of any breach of the Indemnifying Party's representations and warranties or covenants and agreements set forth in this Agreement or the Equity Agreement.

7.3 Method of Asserting Claims, etc. All claims for indemnification by any Indemnified Party hereunder shall be asserted and resolved as set forth in this Section 7.3.

(a) The Indemnified Party shall give prompt written notice (a "Claim Notice") to the Indemnifying Party of any assertion of liability which might give rise to a claim for indemnification based on the provisions of Section 7.2 hereof, which notice shall state the nature and basis of the assertion and the estimated amount thereof to the extent then feasible (which amount shall not be conclusive of the final amount), provided, however, that no delay on the part of the Indemnified Party in giving any such Claim Notice shall relieve the Indemnifying Party of any indemnification obligation hereunder.

(b) If any claim is made or any action, suit or proceeding is brought by a third party (a "Third Party Claim") against an Indemnified Party with respect to which the Indemnifying Party may have liability under the provisions of Section 7.2 hereof, the Indemnifying Party shall have the right to defend such Third Party Claim provided that it gives written notice to the Indemnified Party within 30 days after its receipt of the related Claim Notice that such Third Party Claim is covered by the provisions of Section 7.2 hereof.

(c) Notwithstanding the provision of the previous subsection, until the Indemnifying Party shall have assumed the defense of any such Third Party Claim, the Indemnified Party shall retain the right to handle the defense thereof. Furthermore, if (i) the Indemnified Party shall have reasonably concluded that there are likely to be defenses available to the Indemnified Party that are different from or in addition to those available to the Indemnifying Party; or (ii) the Third Party Claim involves other than money damages and seeks injunctive or other equitable relief, the Indemnifying Party shall not be entitled to assume the defense of such third Party Claim and the defense of the Third Party Claim shall be handled by the Indemnified Party. If under any circumstances the defense of the Third Party Claim is handled by the Indemnified Party, the Indemnifying Party shall pay all legal and other expenses reasonably incurred by the Indemnified Party in conducting such defense in accordance with Section 7.2 hereof.

(d) In any Third Party Claim initiated by a third party and defended by the Indemnifying Party (i) the Indemnified Party shall have the right to be represented by advisory counsel and accountants, at its own expense, (ii) the Indemnifying Party shall keep the Indemnified Party fully informed as to the status of such Third Party Claim, at all stages thereof, whether or not the Indemnified Party is represented by its own counsel, (iii) the Indemnifying Party and the Indemnified Party shall make available to the other, and its counsel, accountants and other representatives, all of such party's books and records relating to such Third Party Claim and (iv) the parties shall render to each other such assistance as may be reasonably required in order to ensure the proper and adequate defense of such Third Party Claim.

(e) In any Third Party Claim initiated by a third party and defended by the Indemnifying Party, the Indemnifying Party shall not have the right to settle or compromise such Third Party Claim without the prior written consent of the Indemnified Party.

VIII. COVENANTS

8.1 Best Efforts. Each party hereto shall use its best efforts to cause the satisfaction of the conditions precedent set forth in Articles IV and V hereof and otherwise to cause the consummation of the transactions contemplated hereby in accordance with the terms hereof.

8.2 HSR Act Compliance. The Purchaser agrees that it shall, as soon as reasonably practicable, make or cause to be made all required filings under the HSR Act in order to commence the running of the waiting period thereunder, to continue the running of said waiting period (including any extensions) and prevent or minimize any tolling thereof.

8.3 Consents and Approvals. Each party hereto agrees to use its commercially reasonable best efforts to obtain any governmental or third party consents or approvals necessary to consummate the transactions contemplated by this Agreement and the Equity Agreement.

8.4 Publicity. Except as required by law, each party hereto agrees not to make any press release or public statement about the transactions contemplated hereby without the prior approval of the other party hereto with respect to the form and content of such disclosure.

8.5 No Negotiations. Neither the Seller nor any affiliate of the Seller (including the Guarantor), nor any of their officers, directors, employees, agents or representatives, shall, directly or indirectly, initiate or participate in discussions with, or otherwise solicit from or communicate with, any Person regarding any proposals or offers relating directly or indirectly to the sale of any or all of the Common Shares owned by the Seller or that could have the effect of frustrating the consummation of the transactions contemplated hereby or by the Equity Agreement, unless and until this Agreement and the Equity Agreement are terminated in accordance with their terms. The Seller or the Guarantor will promptly inform the Purchaser in writing of any inquiries, proposals or offers from any Person with respect to any of the foregoing matters, including the identity of any such Person and a copy of any written proposal or communication.

IX. GUARANTEE

9.1 Guarantee. The Guarantor hereby irrevocably and unconditionally guarantees the prompt and punctual performance by Seller of each of its obligations under this Agreement and the Equity Agreement.

X. MISCELLANEOUS

10.1 Waivers and Amendments.

(a) This Agreement may not be amended, modified or supplemented except by a written instrument executed by the parties hereto. The provisions of this Agreement may be waived only by an instrument in writing executed by the party granting the waiver. The waiver by any party hereto of compliance with any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such noncompliance or as a waiver of any other or subsequent noncompliance.

(b) No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

10.2 Fees and Expenses. Each party hereto shall be responsible for its costs and expenses, including all fees and expenses of attorneys, investment bankers, lenders, financial advisors and accountants, in connection with the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, whether or not such transactions are consummated.

10.3 Notices. Any and all notices, requests, consents or any other communication provided for herein shall be made by hand delivery, first-class mail (registered or certified, return receipt requested), telecopier or overnight courier and, pending the designation of another address, addressed as follows:

If to the Seller or the Guarantor at:

3221 North Service Road
P.O. Box 5028
Burlington
Ontario, Canada 17R 3Y8
Fax No. - (905) 332-6550
Attn: Ivan R. Cairns, Esq.

If to the Purchaser at:

818 Kansas Avenue
Topeka, Kansas 66601
Fax No. - (913) 575-8061
Attn: David Wittig

with a copy to:

John K. Rosenberg, Esq.
818 Kansas Avenue
Topeka, Kansas
Fax No. - (913) 575-8136

Except as otherwise provided in this Agreement, each such notice shall be deemed given at the time delivered.

10.4 Entire Agreement. This Agreement and the Equity Agreement set forth the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties hereto with respect to the subject matter hereof.

10.5 Binding Effect; Benefits. This Agreement and the Equity Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto, or their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

10.6 Assignability. This Agreement and any rights pursuant hereto shall not be assignable by either party hereto without the prior written consent of the other party; provided, however, that Purchaser may assign its rights hereunder to any wholly-owned subsidiary of the Purchaser.

10.7 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Business Day" means any day on which banks are not required or authorized to close in New York City.

(b) "Equity Agreement" means the Equity Agreement dated as of the date hereof attached hereto as Exhibit 1.

(c) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(d) "HSR Act" means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

(e) "KCC" means the State Corporation Commission of the State of Kansas.

(f) "Note" shall have the meaning ascribed thereto in the Equity Agreement.

(g) "Person" means an individual, partnership, corporation (including, without limitation, a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture or other entity, government or governmental authority.

(h) "Securities Act" means the Securities Act of 1933, as amended.

10.8 Applicable law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

10.9 Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

10.10 Submission to Jurisdiction. (a) Each of the parties hereto irrevocably consents that any action or proceeding brought by the other party hereto in respect of the transaction contemplated hereby may be brought in the courts of the State of New York in the Borough of Manhattan or of the United States of America for the Southern District of New York and, by execution and delivery of this Agreement, the parties hereto hereby irrevocably waive any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which any of them may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdiction.

(b) Each of the parties hereto irrevocably consents to the service of process of any of the aforesaid courts in any such action or proceeding by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address provided herein.

10.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; provided, however, that this Agreement shall not be effective unless and until at least one counterpart is executed and delivered by each party hereto.

10.12 Termination. Any party hereto shall be able to terminate this Agreement and their obligations hereunder if the Closing shall not have occurred by February 15, 1996, provided that the party seeking termination is not in breach of any of its representations, warranties, covenants or agreements contained herein.

IN WITNESS WHEREOF, the parties hereto have duly executed this Stock Purchase Agreement on the day and year first above written.

LAIDLAW TRANSPORTATION, INC.

By:
Name:
Title:

LAIDLAW INC.

By:
Name:
Title:

WESTERN RESOURCES, INC.

By:
Name:
Title:

EQUITY AGREEMENT

EQUITY AGREEMENT, dated December 21, 1995, by and between Laidlaw Transportation, Inc., a Delaware corporation (the "Seller") and an indirect wholly-owned subsidiary of Laidlaw Inc., a corporation continued under the laws of Canada (the "Guarantor"), Guarantor and Western Resources, Inc., a Kansas corporation (the "Purchaser"). Certain capitalized terms used herein are defined in Section 9.7 hereof.

W I T N E S S E T H :

WHEREAS, the Seller owns, in the aggregate, 30,800,000 common shares, par value of $.10 per share (the "Common Stock"), of ADT Limited, a corporation organized under the laws of Bermuda (the "Company");

WHEREAS, the Seller, Guarantor and the Purchaser are parties to a Stock Purchase Agreement dated as of the date hereof (as modified, amended and supplemented in accordance with its terms, the "Stock Purchase Agreement"), pursuant to which, subject to the terms and conditions set forth therein, the Seller has agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Seller 15,400,000 shares of Common Stock (the "Shares") on the Closing Date (as determined under the Stock Purchase Agreement);

WHEREAS, the Seller desires to grant to the Purchaser an option to purchase 15,400,000 shares of Common Stock (the "Option Shares"), upon the terms and subject to the conditions set forth herein; and

WHEREAS, the Seller, Guarantor and the Purchaser also desire to set forth their agreements with respect to certain rights which exist between them with respect to the Shares and the Option Shares.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

I. OPTION

1.1 Grant of Option to Purchase Option Shares. The Seller hereby irrevocably grants to the Purchaser an option to purchase at any time on or after the Closing Date (as defined in the Stock Purchase Agreement) and prior to May 15, 1997, the Option Shares at a price per share of Common Stock of the greater of (i) $14.00 per share of Common Stock, subject to adjustment as provided herein (the "Floor Price"), and (ii) the Market Price per share of Common Stock at the time the Purchaser delivers a notice of exercise pursuant to Section 1.2, subject to adjustment as provided herein (the "Exercise Price") (such option is referred to herein as the "Option").

1.2 Exercise of the Option. The Option may be exercised by the Purchaser by delivering to the Seller at least 5 Business Days in advance of the exercise date specified in the notice (the "Exercise Date") written notice of such exercise, signed by the Purchaser.

1.3 Exercise Price; Payment.

(a) The Exercise Price shall consist of (i) cash, or (ii) at Purchaser's option, (A) a 6% promissory note due January 10, 1999 substantially in the form of Exhibit A hereto (the "Note") of the Purchaser in an aggregate principal amount, at the Purchaser's option, of up to $150,000,000 and (B) an amount of cash equal to the balance of the Exercise Price. Purchaser may not issue the Note in satisfaction of a portion of the Exercise Price if, at the date of delivery of notice of the Exercise Date, Purchaser's First Mortgage Notes are rated less than investment grade by either Standard & Poor's Corporation or Moody's Investors Service, Inc.

(b) On the Exercise Date at the Closing (as defined in Section 6.1), the Purchaser shall, as required by Section 1.3(a), (i) deliver to the Seller a duly executed Note and (ii) pay to the Seller any cash consideration by wire transfer of immediately available funds to such bank account as the Seller shall specify in writing to Purchaser not later than three Business Days prior to the Exercise Date, against evidence that the Purchaser has been entered in the register of members of the Company and delivery to the Purchaser by the transfer agent of the Company of a certificate or certificates representing the Option Shares (subject to adjustment as provided herein), free and clear of all liens, claims, security interests or encumbrances whatsoever (including, without limitation, any voting trust or similar agreement affecting the right to vote the Options Shares), and, if required, bearing a customary legend reflecting that the Option Shares have not been registered under the Securities Act, such legend, if any, and certificate in form and substance satisfactory to the Purchaser and in such name or names designated by the Purchaser.

(c) Following the Exercise Date, and for a period equal to the shorter of (a) twenty days after the Exercise Date and (b) the time of a public announcement by a third party unaffiliated with the Purchaser that it intends to acquire the entire share capital of the Company, Purchaser and its affiliates will not publicly announce that they intend to acquire the entire share capital of the Company at a fixed price per share of common stock unless they pay to Seller in cash the difference between such price and the Exercise Price; provided, however, that such additional payment shall only be made if Purchaser and its affiliates consummate such transaction at a price equal to or greater than the announced price.

1.4 Adjustments Generally. The Floor Price and the number of shares of Common Stock (or other securities or property) deliverable upon exercise of the Option shall be subject to adjustment from time to time upon the occurrence of certain events, as provided in Sections 1.5 to 1.10 hereof.

1.5 Common Stock Reorganization. If the Company shall after the date hereof subdivide its outstanding shares of Common Stock into a greater number of shares or consolidate its outstanding shares of Common Stock into a smaller number of shares (any such event being called a "Common Stock Reorganization"), then (a) the Floor Price shall be adjusted, effective immediately after the record date at which the holders of shares of Common Stock are determined for purposes of such Common Stock Reorganization, to a price determined by multiplying the Floor Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on such record date before giving effect to such Common Stock Reorganization and the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such Common Stock Reorganization, and (b) the number of shares of Common Stock subject to purchase upon exercise of the Option shall be adjusted, effective at such time, to a number determined by multiplying the number of shares of Common Stock subject to purchase immediately before such Common Stock Reorganization by a fraction, the numerator of which shall be the number of shares outstanding after giving effect to such Common Stock Reorganization and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such Common Stock Reorganization.

1.6 Common Stock Distribution. If the Company shall after the date hereof issue or otherwise sell any shares of Common Stock (otherwise than pursuant to a Common Stock Reorganization), or any right to subscribe for or purchase Common Stock or a security convertible into or exchangeable for Common Stock, or issue any securities convertible into or exercisable for Common Stock, such that the price per share of Common Stock so issued or sold, or the price per share of Common Stock issuable upon exercise, conversion or exchange, is less than the Fair Market Value of the Common Stock on the date of any such issuance or the date of announcement of any such issuance, the Purchaser and Seller shall in good faith determine an adjustment to the Floor Price that reflects the dilutive effect of any such issuance. In the event that the Purchaser and Seller cannot agree to an adjustment, Purchaser and Seller shall reduce their respective proposals to writing and shall mutually designate a nationally recognized investment bank to select one of the two proposals, as submitted, as the final determination of the dispute. The fees and expenses of the investment bank so selected shall be for the account of the party whose proposal is not adopted by the investment bank.

1.7 Dividends. If the Company shall after the date hereof issue or distribute to all or substantially all holders of shares of Common Stock evidences of indebtedness, any other securities of the Company or any cash, property or other assets, and if such issuance or distribution does not constitute a Common Stock Reorganization or a Common Stock Distribution (any such nonexcluded event being herein called a "Dividend"), such Dividend shall be held by the Seller in trust for the Purchaser. At the time of the exercise of the Option, Purchaser shall have the option to either (A) elect to receive any such Dividend in which event the Market Price shall be increased by the Fair Market Value of the Dividend at the time of its distribution or (B) elect not to receive any such Dividend, in which event the Floor Price shall be reduced by the Fair Market Value of the Dividend at the time of its distribution.

1.8 Capital Reorganization. If after the date hereof there shall be any consolidation or merger to which the Company is a party, other than a consolidation or a merger in which the Company is a continuing corporation and which does not result in any reclassification of, or change (other than a Common Stock Reorganization or a change in par value), in, outstanding shares of Common Stock, or any sale or conveyance of the property of the Company as an entirety or substantially as an entirety (any such event being called a "Capital Reorganization"), then, effective upon the effective date of such Capital Reorganization, the Purchaser shall have the right to purchase, upon exercise of the Option, the kind and amount of shares of stock and other securities and property (including cash) which the Purchaser would have owned or have been entitled to receive after such Capital Reorganization if the Option had been exercised immediately prior to such Capital Reorganization.

1.9 Certain Other Events. If any event occurs after the date hereof as to which the foregoing Sections 1.5 to 1.8 of this Article I are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Purchaser, fairly protect the purchase right of the Option in accordance with the essential intent and principles of such provisions, then the Purchaser and the Seller shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary to protect such purchase rights as aforesaid, but in no event shall any such adjustment have the effect of increasing the Floor Price or decreasing the number of shares of Common Stock subject to purchase upon exercise of the Option, or otherwise adversely affect the holder of the Option.

1.10 Adjustment Rules. (a) Any adjustments pursuant to Sections 1.5 to 1.9 of this Article I shall be made successively whenever an event referred to herein shall occur.

(b) If the Company shall set a record date to determine the holders of shares of Common Stock for purposes of a Common Stock Reorganization, Common Stock Distribution, Dividend or Capital Reorganization, and shall legally abandon such action prior to effecting such Action, then no adjustment shall be made pursuant to this Article I in respect of such action.

1.11 Reservation of Shares. The Seller will keep available at all times the number of Option Shares deliverable from time to time upon exercise of the Option, free and clear of all liens, claims, security interests or encumbrances whatsoever.

II. VOTING RIGHTS WITH RESPECT TO OPTION SHARES

2.1 Proxy. The Seller hereby grants the Purchaser or a corporate representative of the Purchaser an irrevocable proxy deemed coupled with an interest, with full power of substitution, effective as of the Closing Date (as defined in the Stock Purchase Agreement) with the full right, power and authority to exercise all voting and other rights of the Seller with respect to the Option Shares at any annual, special, adjourned or postponed meeting of the Company's shareholders, by written consent or otherwise; provided that such proxy shall terminate with respect to all Option Shares upon the expiration of the Option or the termination of this Agreement. The Seller agrees to execute such additional forms of proxy consistent with the terms of this Section 2.1 as the Purchaser may request in order to more effectively vest in the Purchaser the right to vote the Option Shares in accordance with the Section 2.1. If at any time the holder of this proxy votes the Option Shares in accordance with the Seller's written request, such action shall not serve to revoke the proxy or to require the Purchaser to vote in accordance with the Seller's request in future votes. The Seller agrees that during the term of the proxy granted pursuant to this Section 2.1 that the Seller will not directly or indirectly deposit any Option Shares in a voting trust or subject them to a voting agreement, grant any other proxy with respect thereto or enter into any other arrangement of similar effect.

III. TAG ALONG RIGHTS

3.1 Sales by the Purchaser Subject to Tag-Along Rights. (a) In the event that the Purchaser proposes at any time on or before May 15, 1997 to effect a sale of more than 2,000,000 Shares prior to the Exercise Date, then the Purchaser shall promptly give written notice (the "Tag-Along Notice") to the Seller at least thirty days prior to the closing of such sale. The Tag-Along Notice shall describe in reasonable detail the proposed sale including, without limitation, the name of, and the number of Shares to be purchased by, the transferee, the purchase price of each Share to be sold, any other significant terms of such sale and the date such proposed sale is expected to be consummated.

(b) The Seller shall have the right, exercisable upon irrevocable written notice to the Purchaser within five Business Days after receipt of the Tag-Along Notice, to participate in such sale of Shares on the same terms and conditions as set forth in the Tag-Along Notice, including, without limitation, the making of all representations, warranties, indemnifications and similar agreements, and to sell any portion of the number of the Option Shares but not more than the Seller's pro rata portion of the Shares proposed to be sold. The Seller shall also pay its pro rata portion of the reasonable out-of-pocket fees and expenses of third parties incurred by the Purchaser in connection with any such sale. The Seller shall indicate in its notice of election to the Purchaser the number of Option Shares it desires to sell in such sale, which number may not be in excess of one-half the number of Shares proposed to be sold in the Tag-Along Notice. To the extent the Seller exercises such right of participation in accordance with the terms and conditions set forth in this Section 3.1, the number of Shares that the Purchaser may sell in the transaction shall be correspondingly reduced. Not later than two Business Days prior to the date scheduled for such sale, the Purchaser shall confirm to the Seller the number of Option Shares to be sold by the Seller in such sale.

(c) The Seller shall effect its participation in the sale by delivering on the date scheduled for such sale to the Purchaser for delivery to the prospective transferee one or more certificates, in proper form for transfer, which represent the number of Option Shares which the Seller is entitled to sell in accordance with this Section 3.1. In addition, the Seller shall deliver such other documents and certificates as are required in connection with such sale. Such stock certificate or certificates that the Seller delivers to the Purchaser shall be delivered on such date to such transferee in consummation of the sale of the Option Shares pursuant to the terms and conditions specified in the Tag-Along Notice, and the Purchaser shall concurrently therewith remit to the Seller that portion of the sale proceeds to which the Seller is entitled by reason of its participation in such sale. The Purchaser's sale of Shares in any sale proposed in a Tag-Along Notice shall be effected on the terms and conditions set forth in such Tag-Along Notice.

(d) The exercise or non-exercise of the rights of the Seller to participate in one or more sales of Shares made by the Purchaser shall not adversely affect its rights to participate in subsequent sales of Shares subject to this Section 3.1

IV. REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE GUARANTOR

The Seller and the Guarantor hereby represent and warrant to the Purchaser as follows:

4.1 Organization and Good Standing. Each of the Seller and the Guarantor are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation.

4.2 Authority Relative to Agreement. Each of the Seller and the Guarantor have all requisite power and authority to execute, deliver and perform their respective obligations under this Agreement and the Stock Purchase Agreement. The execution and delivery by the Seller and the Guarantor of this Agreement and the Stock Purchase Agreement, and the consummation by the Seller and the Guarantor of the transactions contemplated hereby and thereby (i) have been authorized by all necessary action on the part of the Seller and the Guarantor, (ii) do not violate any provision of law or regulation applicable to the Seller or the Guarantor and (iii) do not conflict with or result in a breach of any provision of, or constitute a default under, the certificate of incorporation or bylaws of the Seller or the Guarantor, or any agreement, order, judgment or decree binding upon the Seller or the Guarantor.

4.3 Consents and Approvals. No filing or registration with, notification to, or authorization, consent or approval of, any governmental authority is required by Seller or Guarantor in connection with the execution and delivery of this Agreement and the Stock Purchase Agreement, or the consummation of the transactions contemplated hereby and thereby.

4.4 Effect of Agreement. This Agreement and the Stock Purchase Agreement have been duly executed and delivered by the Seller and the Guarantor and (assuming the due authorization, execution and delivery by the Purchaser) constitute legal, valid and binding obligations of the Seller and the Guarantor enforceable against the Seller and the Guarantor in accordance with their respective terms.

4.5 The Option Shares.

(a) The Seller owns all right, title and interest in and to the Option Shares, free and clear of any liens, claims, security interests or encumbrances whatsoever (including, without limitation, any voting trust or similar arrangement affecting the right to vote the Option Shares).

(b) The Seller will transfer and deliver to the Purchaser on the Exercise Date at the Closing valid title to the Option Shares, free and clear of any liens, claims, security interests or encumbrances whatsoever (including, without limitation, any voting trust or similar arrangement affecting the right to vote the Options Shares).

V. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Seller as follows:

5.1 Organization and Good Standing. The Purchaser is duly organized, validly existing and in good standing under the laws of the State of Kansas.

5.2 Authority Relative to Agreement. The Purchaser has all requisite power and authority to (i) execute, deliver and perform its obligations under this Agreement and the Stock Purchase Agreement and (ii) subject to the consent of the KCC, issue the Note to be issued by it in the manner and for the purposes contemplated by this Agreement. The execution and delivery by the Purchaser of this Agreement and the Stock Purchase Agreement, and the consummation by the Purchaser of the transactions contemplated hereby (including, subject to the consent of the KCC, the issuance by the Purchaser of the Note pursuant hereto) and thereby (i) have been authorized by all necessary action on the part of the Purchaser, (ii) do not violate any provision of law or regulation applicable to the Purchaser and (iii) do not conflict with or result in a breach of any provision of, or constitute a default under, the certificate of incorporation or bylaws of the Purchaser, or any agreement, order, judgment or decree binding upon the Purchaser.

5.3 Consents and Approvals. No filing or registration with, notification to, or authorization, consent or approval of, any governmental entity is required by Purchaser in connection with the execution and delivery of this Agreement and the Stock Purchase Agreement, or the consummation of the transactions contemplated hereby or thereby, except (i) in connection with the applicable requirements of the HSR Act, (ii) in connection with filings under the Exchange Act and (iii) in connection with obtaining the approval of the KCC with respect to the issuance of the Note.

5.4 Effect of Agreement. This Agreement and the Stock Purchase Agreement have been duly executed and delivered by the Purchaser and (assuming the due authorization, execution and delivery by the Seller and the Guarantor) constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their respective terms.

VI. CLOSING

6.1 Closing Date. The closing with respect to the transactions provided for in this Agreement (the "Closing") shall take place at 10:00 a.m., local time, at the offices of Cahill Gordon & Reindel, 80 Pine Street, New York, New York 10005 on the Exercise Date (or at such other time or location as the Purchaser and the Seller may agree).

VII. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

7.1 General Survival. The representations and warranties contained in this Agreement shall survive the Closing.

VIII. GUARANTEE

8.1 Guarantee. The Guarantor hereby irrevocably and unconditionally guarantees the prompt and punctual performance by Seller of each of its obligations under this Agreement and the Stock Purchase Agreement.

IX. MISCELLANEOUS

9.1 Waivers and Amendments.

(a) This Agreement may not be amended, modified or supplemented except by a written instrument executed by the parties hereto. The provisions of this Agreement may be waived only by an instrument in writing executed by the party granting the waiver. The waiver by any party hereto of compliance with any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such noncompliance or as a waiver of any other or subsequent noncompliance.

(b) No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

9.2 Fees and Expenses. Each party hereto shall be responsible for its costs and expenses, including all fees and expenses of attorneys, investment bankers, lenders, financial advisors and accountants, in connection with the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, whether or not such transactions are consummated.

9.3 Notices. Any and all notices, requests, consents or any other communication provided for herein shall be made by hand delivery, first-class mail (registered or certified, return receipt requested), telecopier or overnight courier and, pending the designation of another address, addressed as follows:

If to the Seller or the Guarantor at:

3221 North Service Road
P.O. Box 5028
Burlington
Ontario, Canada 17R 3Y8
Fax No. - (905) 332-6550
Attn: Ivan R. Cairns, Esq.

If to the Purchaser at:

818 Kansas Avenue
Topeka, Kansas 66601
Fax No. - (913) 575-8061
Attn: David Wittig

with a copy to:

John K. Rosenberg, Esq.
818 Kansas Avenue
Topeka, Kansas
Fax No. - (913) 575-8136

Except as otherwise provided in this Agreement, each such notice shall be deemed given at the time delivered.

9.4 Entire Agreement. This Agreement and the Stock Purchase Agreement set forth the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties hereto with respect to the subject matter hereof.

9.5 Binding Effect; Benefits. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto, or their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.6 Assignability. This Agreement and any rights pursuant hereto shall not be assignable by either party hereto without the prior written consent of the other party; provided, however, that Purchaser may assign its rights hereunder to any wholly-owned subsidiary of the Purchaser.

9.7 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Business Day" shall mean any day on which banks are not required or authorized to close in New York City.

(b) "Closing Price" with respect to any security on any day means (a) if such security is listed or admitted for trading on a national securities exchange, the reported last sales price regular way or, if no such reported sale occurs on such day, the average of the closing bid and asked prices regular way on such day, in each case as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such class of security is listed or admitted to trading, or (b) if such security is not listed or admitted to trading on any national securities exchange, the last quoted sales price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market on such day as reported by NASDAQ or any comparable system then in use or, if not so reported, as reported by any New York Stock Exchange member firm reasonably selected by the Purchaser for such purpose.

(c) "Fair Market Value" means the fair market value of the business or property in question, as determined in good faith by Purchaser and Seller, provided, however, that the Fair Market Value of any security for which a Closing Price is available shall be the Trading Market Price of such security. The Fair Market Value of the Company shall be the Fair Market Value of the Company and its subsidiaries as a going concern. Notwithstanding the foregoing, if, at any date of determination of the Fair Market Value of the Company, the Common Stock of any class shall then be publicly traded, the Fair Market Value of the Company on such date shall be the Trading Market Price on such date multiplied by the number of shares of Common Stock then outstanding on a fully diluted basis.

(d) "KCC" means the State Corporation Commission of the State of Kansas.

(e) "Market Price" means the amount equal to the average per share closing price (regular way) for a round lot of the shares of Common Stock on the New York Stock Exchange (or, if not listed on the New York Stock Exchange, such other principal exchange or system in the United States on which the Common Stock shall from time to time be traded) on each of the twenty (20) trading days immediately preceding the delivery of notice of the Exercise Date; provided, however, that if, within twenty (20) trading days immediately preceding delivery of notice of the Exercise Date, a third party unaffiliated with the Purchaser makes a public announcement that it intends to acquire the entire share capital of the Company at a fixed price per share of Common Stock, Market Price shall mean the amount equal to the average per share closing price (regular way) for a round lot of shares of Common Stock on the New York Stock Exchange (or, if not listed on the New York Stock Exchange, such other principal exchange or system in the United States on which the Common Stock shall from time to time be traded) on each trading day ended after such announcement, but in no event more than the fixed price so announced.

(f) "Person" shall mean an individual, partnership, corporation (including, without limitation, a business trust), joint stock company, limited liability company trust, unincorporated association, joint venture or other entity, government or governmental authority.

(g) "Securities Act" means the Securities Act of 1933, as amended.

(h) "Trading Market Price" with respect to any security on any day means the average of the daily Closing Prices of a share or unit of such security for the 20 consecutive Business Days ending on the most recent Business Day for which a Closing Price is available; provided, however, that in the event that, in the case of Common Stock, the Trading Market Price is determined during a period following the announcement by the Company of (A) a dividend or distribution of Common Stock, or (B) any subdivision, combination or reclassification of Common Stock and prior to the expiration of 20 Business Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the Trading Market Price shall be appropriately adjusted to reflect the current market price per share equivalent of Common Stock.

9.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

9.9 Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

9.10 Submission to Jurisdiction. (a) Each of the parties hereto irrevocably consents that any action or proceeding brought by the other party hereto in respect of the transaction contemplated hereby may be brought in the courts of the State of New York in the Borough of Manhattan or of the United States of America for the Southern District of New York and, by execution and delivery of this Agreement, the parties hereto hereby irrevocably waive any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which any of them may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdiction.

(b) Each of the parties hereto irrevocably consents to the service of process of any of the aforesaid courts in any such action or proceeding by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address provided herein.

9.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; provided, however, that this Agreement shall not be effective unless and until at least one counterpart is executed and delivered by each party hereto.

9.12 Termination. Any party hereto shall be able to terminate this Agreement and their obligations hereunder if the Stock Purchase Agreement has been terminated pursuant to Section 10.12 thereof.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

LAIDLAW TRANSPORTATION, INC.

By:
Name:
Title:

LAIDLAW INC.

By:
Name:
Title:

WESTERN RESOURCES, INC.

By:
Name:
Title:

Exhibit A to
Equity Agreement

FORM OF PROMISSORY NOTE

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD, UNLESS IT HAS BEEN REGISTERED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

$[ ]

WESTERN RESOURCES, INC.

6% Promissory Note

Western Resources, Inc., a Kansas corporation (together with its successors, the "Borrower"), for value received hereby promises to pay to

LAIDLAW TRANSPORTATION, INC.

(the "Holder") the principal sum of

AMOUNT IN WORDS

by wire transfer of immediately available funds to the Holder's account (the "Bank Account") at such bank in the United States as may be specified in writing by the Holder to the Borrower at the time of issuance of the Note, on January 10, 1999, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semi-annually in arrears, on January 10 and July 10 (unless such day is not a Business Day, in which event on the next succeeding Business Day) (each an "Interest Payment Date") of each year in which this Note remains outstanding, commencing with the next January 10 or July 10 after issuance of this Note, on the principal sum hereof outstanding in like coin or currency, at the rate of 6% per annum, by wire transfer of immediately available funds to the Bank Account from the most recent Interest Payment Date to which interest has been paid on this Note, or if no interest has been paid on this Note, from the date of issuance of this Note, until payment in full of the principal sum hereof has been made. Interest shall be computed on the basis of a 360-day year and twelve months of 30 days.

This Note is a duly authorized Promissory Note of the Borrower (the "Note") referred to in the Equity Agreement dated as of December 21, 1995 between the Borrower and the Holder (as the same may be amended from time to time in accordance with its terms, the "Agreement").

1. Certain Terms Defined. All terms defined in the Agreement and not otherwise defined herein shall have for purposes hereof the meanings provided for therein.

2. Event of Default Defined; Acceleration of Maturity. In case one or more of the following Events of Default (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing:

(a) default in the payment of all or any part of the principal on this Note as and when the same shall become due and payable at maturity; or

(b) default in the payment of any installment of interest upon this Note, as and when the same shall become due and payable, and continuance of such default for a period of 10 days; or

(c) the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(d) an involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 120 days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws as now or hereafter in effect;

then, and in each and every such case (other than under clauses (iii) and (iv)), unless the principal of this Note shall have already become due and payable, the Holder, by notice in writing to the Borrower, may declare the entire principal amount of this Note together with accrued interest thereon to be, and upon the Borrower's receipt of such notice the entire principal amount of this Note together with accrued interest thereon shall become, immediately due and payable. If an Event of Default specified in clause (iii) or (iv) occurs, the principal of and accrued interest on this Note will be immediately due and payable without any declaration or other act on the part of the Holder. The Holder may rescind an acceleration and its consequences.

3. Prepayment of Note. The Borrower at its option may at any time prepay all or any part of the principal amount of this Note at a redemption price equal to 100.00% of the principal amount of this Note so prepaid, together with accrued and unpaid interest thereon through the day of prepayment.

4. Transfer Limitation. This Note may not be sold, assigned, pledged, hypothecated or transferred in any manner without the consent of Borrower.

5. Security. Subject to compliance with applicable governmental regulations, the obligations of the Borrower to pay interest and principal on this Note are secured by a pledge to the Borrower, as agent for the Holder, of the minimum number of Option Shares which will comply with applicable government regulations and be not less than the outstanding principal amount of this Note divided by the Exercise Price per Option Share paid by the Borrower.

6. Miscellaneous. THIS NOTE SHALL BE DEEMED TO BE A CONTRACT UNDER THE LAWS OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF SAID STATE WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THEREOF. The parties hereto hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, except as specifically provided herein, and assent to extensions of the time of payment, or forbearance or other indulgence without notice. The Borrower and Holder hereby submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Note. The Borrower and Holder irrevocably waive, to the fullest extent permitted by law, any objection which either may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

The Holder of this Note by acceptance of this Note agrees to be bound by the provisions of this Note which are expressly binding on such Holder.

IN WITNESS WHEREOF, the Borrower has caused this instrument to be duly executed.

Dated: , 199

WESTERN RESOURCES, INC.

By:
Name:
Title:

Exhibit 10(m)

April 27, 1995

Mr. David C. Wittig
1030 Fifth Avenue, Apt. 8W
New York, NY 10028

Dear David:

We have had discussions over the last few months about our mutual interest in your taking a position on Western Resources' senior management team. Based on those discussions, and subject to the approval of the Western Resources Board of Directors, I am pleased to offer you the position of Executive Vice President, Corporate Strategy for Western Resources. In that position, you would report to me and be primarily responsible for leading our effort to grow our business. In addition, as a member of Western Resources' President's Council, you would participate with other senior officers in the formation and implementation of corporate policy regarding all aspects of the Company's operations.

Your annual base compensation would be set at $425,000. The Board's current practice is to review officer compensation annually at its January meeting. In addition to base compensation, you would be eligible to participate in the Company's standard short and long term incentive plans for officers. Those plans, while subject to change, currently provide an opportunity for additional cash compensation of up to 36% of base and, on a rolling three year basis, a common stock grant equivalent in value of up to 10% of base. (Since you would be joining the Company at mid-year, we would establish partial year goals for you for the balance of 1995 and would pro rate your eligibility for 1995 incentive awards.) In addition, you will be enrolled in Western Resources, Inc.'s Executive Salary Continuation Plan (revised March 15, 1995).

As an inducement to cause you to favorably consider accepting a combined level of base and incentive compensation, which is significantly below the level you have regularly earned in your present position, and as a means to encourage your long term commitment to Western Resources, we offer you the following non-standard benefit. Upon four years employment with Western Resources, you will vest in a supplemental benefit in a form agreeable to you and the Company, which is equivalent in value to an annual cash outlay by the Company of $25,000, beginning in 1995 and continuing through 2020.

In addition to the above, you will receive all benefits which are customarily offered to officers who serve on Western Resources' President's Council. These include a deferred compensation plan, a 401(K) savings plan, a qualified retirement plan, medical/dental insurance, life insurance, accidental death and dismemberment insurance, short and long term disability protection, sick leave, vacation and holiday leave, up to $5,000 annually to cover financial planning and tax preparation, a car allowance, personal use of a cellular phone, a club membership, an employment agreement, and relocation benefits, as we have discussed.

David, I believe this is an outstanding opportunity for you and for Western Resources. I look forward to your early reply and to welcoming you to the Western Resources team. Please call me if you want to discuss any of this.

Sincerely,

Accepted:

David C. Wittig

Date

Exhibit 21

WESTERN RESOURCES, INC.
Subsidiaries of the Registrant

Subsidiary	State of Incorporation	Date Incorporated
1) Kansas Gas and Electric Company	Kansas	October 9, 1990
2) Mid Continent Market Center, Inc.	Kansas	December 13, 1994
3) Westar Business Services	Kansas	April 14, 1995
4) Westar Consumer Services	Kansas	April 14, 1995
5) Westar Capital	Kansas	October 8, 1990

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1995

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

Commission file number 1-7324

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

KANSAS	48-1093840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. BOX 208, WICHITA, KANSAS	67201
(Address of Principal Executive Offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

Indicate the number of shares outstanding of each of the registrant's classes of common stock.

Common Stock, No par value	1,000 Shares
(Title of each class)	(Outstanding at March 27, 1996)

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

Registrant meets the conditions of General Instruction J(1)(a) and (b) to Form 10-K for certain wholly-owned subsidiaries and is therefore filing an abbreviated form.

KANSAS GAS AND ELECTRIC COMPANY
FORM 10-K
December 31, 1995

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PART I

ITEM 1. BUSINESS

ACQUISITION AND MERGER

On March 31, 1992, Western Resources, Inc. (formerly The Kansas Power and Light Company) (Western Resources) through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of Kansas Gas and Electric Company (KGE) (the Merger). Simultaneously, KCA and Kansas Gas and Electric Company merged and adopted the name Kansas Gas and Electric Company (the Company, KGE).

Additional information relating to the Merger can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations.

GENERAL

The Company is an electric public utility engaged in the generation, transmission, distribution and sale of electric energy in the southeastern quarter of Kansas including the Wichita metropolitan area. The Company owns 47% of Wolf Creek Nuclear Operating Corporation, the operating company for Wolf Creek Generating Station (Wolf Creek). Corporate headquarters of the Company is located in Wichita, Kansas. The Company has no gas properties. At December 31, 1995, the Company had no employees. All employees are provided by the Company's parent, Western Resources, Inc. (Western Resources).

In January 1996, the KCC initiated an order for a generic investigation to analyze matters related to the potential restructuring of the electric industry and the overall implications to both utilities and public interests within the state of Kansas. This order was initiated given recent developments at the Federal Energy Regulatory Commission (FERC), other state regulatory agencies and increased competition among utilities related to large industrial electric customers. The order was established as a means to define the KCC's role within the electric generation industry as it may become more competitive, and address any developments as they may occur. Currently, there are no proceedings or actions at the KCC which would open the Company's current electric markets to greater competition, nor establish guidelines at to a change in the degree of regulatory oversight that the KCC has on the Company's operations.

For discussion regarding competition in the electric utility industry and the potential impact on the Company, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Other Information, Competition included herein.

Discussion of other factors affecting the Company are set forth in the Notes to Financial Statements and Management's Discussion and Analysis included herein.

ELECTRIC OPERATIONS

General

The Company supplies electric energy at retail to approximately 275,000 customers in 139 communities in Kansas. The Company also supplies electric energy to 27 communities and 1 rural electric cooperative, and has contracts for the sale, purchase or exchange of electricity with other utilities at wholesale.

The Company's electric sales for the last five years were as follows:

	1995	1994	1993	1992	1991
		(Thousands of MWH)			
Residential	2,385	2,384	2,386	2,102	2,341
Commercial	2,095	2,068	1,991	1,892	1,908
Industrial	3,542	3,371	3,323	3,248	3,194
Wholesale and Interchange	1,292	1,590	2,004	1,267	1,168
Other	45	45	45	46	46
Total	9,359	9,458	9,749	8,555	8,657

The Company's electric revenues for the last five years were as follows:

	1995	1994	1993	1992	1991
		(Dollars in Thousands)			
Residential	$221,628	$220,067	$219,069	$194,142	$219,907
Commercial	171,654	167,499	162,858	154,005	155,847
Industrial	182,930	181,119	179,256	174,226	172,953
Wholesale and Interchange	31,143	38,750	45,843	28,086	29,989
Other	16,513	12,445	9,971	6,792	16,272
Total	$623,868	$619,880	$616,997	$554,251	$594,968

Capacity

The aggregate net generating capacity of the Company's system is presently 2,501 megawatts (MW). The system comprises interests in twelve fossil fueled steam generating units, one nuclear generating unit (47% interest) and one diesel generator, located at seven generating stations. One of the twelve fossil fueled units (70 MW capacity) has been "mothballed" for future use (See Item 2. Properties).

The Company's 1995 peak system net load occurred on July 11, 1995 and amounted to 1,855 MW. The Company's net generating capacity together with power available from firm interchange and purchase contracts, provided a capacity margin of approximately 17% above system peak responsibility at the time of the peak.

The Company and ten companies in Kansas and western Missouri have agreed to provide capacity (including margin), emergency and economy services for each other. This arrangement is called the MOKAN Power Pool. The pool participants also coordinate the planning of electric generating and transmission facilities.

The Company is one of 47 members of the Southwest Power Pool (SPP). SPP's responsibility is to maintain system reliability on a regional basis. The region encompasses areas within the eight states of Kansas, Missouri, Oklahoma, New Mexico, Texas, Louisiana, Arkansas, and Mississippi.

In 1994, the Company joined the Western Systems Power Pool (WSPP). Under this arrangement, over 103 electric utilities and marketers throughout the western United States have agreed to market energy and to provide transmission services. WSPP's intent is to increase the efficiency of the interconnected power systems operations over and above existing operations. Services available include short-term and long-term economy energy transactions, unit commitment service, firm capacity and energy sales, energy exchanges, and transmission service by intermediate systems.

During 1994, the Company entered into an agreement with Midwest Energy, Inc. (MWE), whereby the Company will provide MWE with peaking capacity of 61 megawatts through the year 2008. The Company also entered into an agreement with Empire District Electric Company (Empire), whereby the Company will provide Empire with peaking and base load capacity (20 megawatts in 1994 increasing to 80 megawatts in 2000) through the year 2000.

Future Capacity

The Company does not contemplate any significant expenditures in connection with construction of any major generating facilities through the turn of the century (See Item 7. Management's Discussion and Analysis, Liquidity and Capital Resources). The Company has capacity available which may not be fully utilized by growth in customer demand for at least 4 years. The Company continues to market this capacity and energy to other utilities.

Fuel Mix

The Company's coal-fired units comprise 1,100 MW of the total 2,501 MW of generating capacity and the Company's nuclear unit provides 548 MW of capacity. Of the remaining 853 MW of generating capacity, units that can burn either natural gas or oil account for 850 MW, and the remaining unit which burns only diesel fuel accounts for 3 MW (See Item 2. Properties).

During 1995, low sulfur coal was used to produce 52% of the Company's electricity. Nuclear produced 40% and the remainder was produced from natural gas, oil, or diesel fuel. During 1996, based on the Company's estimate of the availability of fuel, coal will to be used to produce approximately 61% of the Company's electricity and nuclear will be used to produce 31%.

The Company's fuel mix fluctuates with the operation of nuclear powered Wolf Creek which has an 18-month refueling and maintenance schedule. The 18-month schedule permits uninterrupted operation every third calendar year. Wolf Creek was taken off-line on February 3, 1996 for its eighth refueling and maintenance outage. The outage is expected to last approximately 60 days during which time electric demand will be met primarily by the Company's coal-fired operating units.

Nuclear

The owners of Wolf Creek have on hand or under contract 75% of the uranium required for operation of Wolf Creek through the year 2003. The balance is expected to be obtained through spot market and contract purchases. The Company has four contracts with the following three suppliers for uranium: Cameco, Geomex Minerals, Inc., and Power Resources, Inc.

The Company has three contracts for uranium enrichment performed by USEC, Urenco and Nuexco Trading Corp. These contractual arrangements cover 100% of Wolf Creek's uranium enrichment requirements for 1996-1997, 90% for 1998-1999, 95% for 2000-2001 and 100% for 2005-2014. The balance of the 1998-2005 requirements is expected to be obtained through a combination of spot market and contract purchases. The decision not to contract for the full enrichment requirements is one of cost rather than availability of service.

A contractual arrangement is in place with Cameco for the conversion of uranium to uranium hexafluoride sufficient to meet Wolf Creek's requirements through the year 2000.

The Company has entered into all of its uranium, uranium enrichment and uranium hexaflouride arrangements during the ordinary course of business and is not substantially dependent upon these agreements. The Company believes there are other suppliers and plentiful sources available at reasonable prices to replace, if necessary, these contracts. In the event that the Company were required to replace these contracts, it would not anticipate a substantial disruption of its business.

The Nuclear Waste Policy Act of 1982 established schedules, guidelines and responsibilities for the Department of Energy (DOE) to develop and construct repositories for the ultimate disposal of spent fuel and high-level waste. The DOE has not yet constructed a high-level waste disposal site and has announced that a permanent storage facility may not be in operation prior to 2010 although an interim storage facility may be available earlier. Wolf Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through 2006 while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained as necessary.

Additional information with respect to insurance coverage applicable to the operations of the Company's nuclear operating facility is set forth in Note 2 of the Notes to Financial Statements.

Coal

The three coal-fired units at Jeffrey Energy Center (JEC) have an aggregate capacity of 428 MW (KGE's 20% share) (See Item 2. Properties). Western Resources, the operator of JEC, and KGE, have a long-term coal supply contract with Amax Coal West, Inc. (AMAX), a subsidiary of Cyprus Amax Coal Company, to supply low sulfur coal to JEC from AMAX's Eagle Butte Mine or an alternate mine source of AMAX's Belle Ayr Mine, both located in the Powder River Basin in Campbell County, Wyoming. The contract expires December 31, 2020. The contract contains a schedule of minimum annual delivery quantities based on MMBtu provisions. The coal to be supplied is surface mined and has an average Btu content of approximately 8,300 Btu per pound and an average

sulfur content of .43 lbs/MMBtu (See Environmental Matters). The average delivered cost of coal for JEC was approximately $1.13 per MMBtu or $18.71 per ton during 1995.

Coal is transported by Western Resources from Wyoming under a long-term rail transportation contract with Burlington Northern (BN) and Union Pacific (UP) to JEC through December 31, 2013. Rates are based on net load carrying capabilities of each rail car. Western Resources provides 890 aluminum rail cars, under a 20 year lease, to transport coal to JEC.

The two coal-fired units at La Cygne Station have an aggregate generating capacity of 672 MW (KGE's 50% share) (See Item 2. Properties). The operator, Kansas City Power & Light Company (KCPL), maintains coal contracts as discussed in the following paragraphs.

La Cygne 1 uses low sulfur Powder River Basin coal which is supplied under a variety of spot market transactions, discussed below. Illinois or Kansas/Missouri coal is blended with the Powder River Basin coal and is secured from time to time under spot market arrangements. La Cygne 1 uses a blend of 85% Powder River Basin coal.

La Cygne 2 and additional La Cygne 1 Powder River Basin coal is supplied through several contracts expiring at various times through 1998. This low sulfur coal had an average Btu content of approximately 8,500 Btu per pound and a maximum sulfur content of .50 lbs/MMBtu (See Environmental Matters). For 1996, KCPL has secured Powder River Basin coal from Powder River Coal Company, a subsidiary of Peabody Coal Company. Transportation is covered by KCPL through its Omnibus Rail Transportation Agreement with BN and Kansas City Southern Railroad through December 31, 2000.

During 1995, the average delivered cost of all local and Powder River Basin coal procured for La Cygne 1 was approximately $0.88 per MMBtu or $15.31 per ton and the average delivered cost of Powder River Basin coal for La Cygne 2 was approximately $0.75 per MMBtu or $12.56 per ton.

The Company has entered into all of its coal and transportation contracts during the ordinary course of business and is not substantially dependent upon these contracts. The Company believes there are other supplies for and plentiful sources of coal available at reasonable prices to replace, if necessary, fuel to be supplied pursuant to these contracts. In the event that the Company were required to replace its coal or transportation agreements, it would not anticipate a substantial disruption of the Company's business.

Natural Gas

The Company uses natural gas as a primary fuel in its Gordon Evans and Murray Gill Energy Centers. Natural gas for these generating stations is supplied by readily available gas from the spot market. Short-term economical spot market purchases will supply the system with the flexible natural gas supply to meet operational needs.

Oil

The Company uses oil as an alternate fuel when economical or when interruptions to natural gas make it necessary. Oil is also used as a supplemental fuel at JEC and La Cygne generating stations. All oil burned by

the Company during the past several years has been obtained by spot market purchases. At December 31, 1995, the Company had approximately 676 thousand gallons of No. 2 oil and 11 million gallons of No. 6 oil which is believed to be sufficient to meet emergency requirements and protect against lack of availability of natural gas and/or the loss of a large generating unit.

Other Fuel Matters

The Company's contracts to supply fuel for its coal and natural gas-fired generating units, with the exception of JEC, do not provide full fuel requirements at the various stations. Supplemental fuel is procured on the spot market to provide operational flexibility and, when the price is favorable, to take advantage of economic opportunities.

Set forth in the table below is information relating to the weighted average cost of fuel used by the Company.

	1995	1994	1993	1992	1991
Per Million Btu:					
Nuclear	$0.40	$0.36	$0.35	$0.34	$0.32
Coal	0.91	0.90	0.96	1.25	1.32
Gas	1.68	1.98	2.37	1.95	1.74
Oil	4.00	3.90	3.15	4.28	4.13
Cents per KWH Generation	0.82	0.89	0.93	0.98	1.09

Environmental Matters

The Company currently holds all Federal and State environmental approvals required for the operation of its generating units. The Company believes it is presently in substantial compliance with all air quality regulations (including those pertaining to particulate matter, sulfur dioxide and nitrogen oxides (NOx)) promulgated by the State of Kansas and the Environmental Protection Agency (EPA).

The Federal sulfur dioxide standards applicable to the Company's JEC and La Cygne 2 units, prohibit the emission of more than 1.2 pounds of sulfur dioxide per million Btu of heat input. Federal particulate matter emission standards applicable to these units prohibit: (1) the emission of more than 0.1 pounds of particulate matter per million Btu of heat input and (2) an opacity greater than 20%. Federal NOx emission standards applicable to these units prohibit the emission of more than 0.7 pounds of NOx per million Btu of heat input.

The JEC and La Cygne 2 units have met: (1) the sulfur dioxide standards through the use of low sulfur coal (See Coal); (2) the particulate matter standards through the use of electrostatic precipitators; and (3) the NOx standards through boiler design and operating procedures. The JEC units are also equipped with flue gas scrubbers providing additional sulfur dioxide and particulate matter emission reduction capability.

The Kansas Department of Health and Environment regulations, applicable to the Company's other generating facilities, prohibit the emission of more than 3.0 pounds of sulfur dioxide per million Btu of heat input at the Company's generating units. The Company has sufficient low sulfur coal under contract (See Coal) to allow compliance with such limits at La Cygne 1. All facilities burning coal are equipped with flue gas scrubbers and/or electrostatic precipitators.

The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and NOx emissions with Phase I effective in 1995 and Phase II effective in 2000 and a probable reduction in toxic emissions by a future date not yet determined. To meet the monitoring and reporting requirements under the Act's acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $2.3 million. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although the Company currently has no Phase I affected units, the Company has applied for and has been accepted for an early substitution permit to bring the co-owned La Cygne Generating Station under the Phase I regulations.

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

All of the Company's generating facilities are in substantial compliance with the Best Practicable Technology and Best Available Technology regulations issued by EPA pursuant to the Clean Water Act of 1977. Most EPA regulations are administered in Kansas by the Kansas Department of Health and Environment.

Additional information with respect to Environmental Matters is discussed in Note 2 of the Notes to Financial Statements.

FINANCING

The Company's ability to issue additional debt is restricted under limitations imposed by the Mortgage and Deed of Trust of the Company.

The Company's mortgage prohibits additional first mortgage bonds from being issued (except in connection with certain refundings) unless the Company's net earnings before income taxes and before provision for retirement and depreciation of property for a period of 12 consecutive months within 15 months preceding the issuance are not less than two and one-half times the annual interest charges on, or 10% of the principal amount of, all first mortgage bonds outstanding after giving effect to the proposed issuance. Based on the Company's results for the 12 months ended December 31, 1995, approximately $937 million principal amount of additional first mortgage bonds could be issued (7.25% interest rate assumed).

KGE bonds may be issued, subject to the restrictions in the preceding paragraph, on the basis of property additions not subject to an unfunded prior lien and on the basis of bonds which have been retired. As of December 31, 1995, the Company had approximately $1.3 billion of net bondable property additions not subject to an unfunded prior lien entitling the Company to issue up to $922 million principal amount of additional bonds. As of December 31, 1995, $1 million in additional bonds could be issued on the basis of retired bonds.

REGULATION AND RATES

The Company is subject as an operating electric utility to the jurisdiction of the Kansas Corporation Commission (KCC) which has general regulatory authority over the Company's rates, extensions and abandonments of service and facilities, valuation of property, the classification of accounts and various other matters. The Company is also subject to the jurisdiction of the FERC and the KCC with respect to the issuance of the Company's securities.

Additionally, the Company is subject to the jurisdiction of the FERC, including jurisdiction as to rates with respect to sales of electricity for resale, and the Nuclear Regulatory Commission as to nuclear plant operations and safety.

Additional information with respect to Regulation and Rates is discussed in Notes 1 and 3 of the Notes to Financial Statements.

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Present Office	Other Offices or Positions Held During Past Five Years
William B. Moore	43	Chairman of the Board and President (since June 1995)	Vice President, Finance Western Resources, Inc.
Richard D. Terrill	41	Secretary, Treasurer and General Counsel	

Executive officers serve at the pleasure of the Board of Directors. There are no family relationships among any of the officers, nor any arrangements or understandings between any officer and other persons pursuant to which he/she was appointed as an officer.

ITEM 2. PROPERTIES

The Company owns or leases and operates an electric generation, transmission, and distribution system in Kansas.

During the five years ended December 31, 1995, the Company's gross property additions totaled $389,689,000 and retirements were $127,740,000.

ELECTRIC FACILITIES

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW) (2)
Gordon Evans Energy Center:				
Steam Turbines	1	1961	Gas--Oil	150
	2	1967	Gas--Oil	367
Jeffrey Energy Center (20%) (3):				
Steam Turbines	1	1978	Coal	140
	2	1980	Coal	147
	3	1983	Coal	141
La Cygne Station (50%) (3):				
Steam Turbines	1	1973	Coal	341
	2	1977	Coal	331
Murray Gill Energy Center:				
Steam Turbines	1	1952	Gas--Oil	46
	2	1954	Gas--Oil	74
	3	1956	Gas--Oil	107
	4	1959	Gas--Oil	106
Neosho Energy Center:				
Steam Turbine	3	1954	Gas--Oil	0 (1)
Wichita Plant:				
Diesel Generator	5	1969	Diesel	3
Wolf Creek Generating Station (47%)(3):				
Nuclear	1	1985	Uranium	548
Total				2,501

(1) This unit has been "mothballed" for future use.

(2) Based on MOKAN rating.

(3) The Company jointly owns Jeffrey Energy Center (20%), La Cygne Station (50%) and Wolf Creek Generating Station (47%).

ITEM 3. LEGAL PROCEEDINGS

Information on legal proceedings involving the Company is set forth in Notes 2, 3, and 9 of Notes to Financial Statements included herein. See also Item 1. Business, Environmental Matters, and Regulation and Rates.

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

Information required by Item 4 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is owned by Western Resources and is not traded on an established public trading market.

ITEM 6. SELECTED FINANCIAL DATA

	1995	1994	1993	1992	1991
			(Dollars in Thousands)		
Income Statement Data:					
Operating revenues	$ 623,868	$ 619,880	$ 616,997	$ 554,251	$ 594,968
Operating expenses	474,864	470,869	469,616	424,089	468,885
Operating income	149,004	149,011	147,381	130,162	126,083
Net income	110,873	104,526	108,103	77,981	53,602
Balance Sheet Data:					
Gross electric plant in service.	$3,427,928	$3,390,406	$3,339,832	$3,293,365	$2,468,959
Construction work in progress. .	40,810	32,874	28,436	29,634	13,612
Total assets	3,203,414	3,237,684	3,187,479	3,279,232	2,350,546
Long-term debt	684,082	699,992	653,543	871,652	850,851
Interest coverage ratio (before income taxes, including AFUDC)	4.11	4.02	3.58	2.35	1.90
Ratio of Earnings to Fixed Charge	2.58	2.61	2.60	1.89	1.59

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

GENERAL: The Company had net income of $110.9 million for 1995 compared to net income of $104.5 million in 1994. The increase in net income is primarily due to increased retail sales and the receipt of death benefit proceeds from corporate-owned life insurance policies in the fourth quarter of 1995.

LIQUIDITY AND CAPITAL RESOURCES: The Company's liquidity is a function of its ongoing construction and maintenance program designed to improve facilities which provide electric service and meet future customer service requirements.

During 1995, construction expenditures for the Company's electric system were approximately $65 million and nuclear fuel expenditures were approximately $28 million. It is projected that adequate capacity margins will be maintained through the turn of the century. The construction program is focused on providing service to new customers and improving present electric facilities.

Capital expenditures for 1996 through 1998 are anticipated to be as follows:

	Electric	Nuclear Fuel
	(Dollars in Thousands)	
1996.	$51,800	$ 3,300
1997.	51,900	22,300
1998.	49,200	20,800

These expenditures are estimates prepared for planning purposes and are subject to revisions.

The Company's net cash flows to capital expenditures exceeded 100% for 1995 and during the last five years has also averaged in excess of 100%. This ratio indicates the extent to which the Company is able to fund its capital expenditures with cash flow from operating activities. This ratio is calculated from the Company's Statements of Cash Flows as net cash flow from operating activities, less changes in working capital, less dividends on common stock, divided by additions to utility plant. The Company anticipates all of its cash requirements for capital expenditures through 1998 will be provided from net cash flows. The Company also has $16 million of bonds maturing through 2000, all in 1996, which will be provided from internal and external sources available under then existing financial conditions.

The embedded cost of long-term debt was 7.3% at December 31, 1995 and December 31, 1994.

In 1986, the Company purchased corporate-owned life insurance policies (COLI) on certain of its employees. The annual cash outflow for the premiums on these policies was approximately $30 million for 1995 and $27 million for 1994 and 1993. In June, 1995, the Company increased its borrowings against the accumulated cash surrender values of the policies by $45 million. Total 1995 COLI borrowings amounted to $353 million. See Note 1 of the Notes to Financial Statements for additional information on the accumulated cash

surrender value. The borrowings are expected to produce annual cash inflows, net of expenses, through the remaining life of the policies. Borrowings against the policies will be repaid from death proceeds (See Note 1).

The Company's short-term financing requirements are satisfied, as needed, through short-term bank loans and borrowings under other lines of credit maintained with banks. Short-term borrowings amounted to $50 million at December 31, 1995 and December 31. 1994.

The Company's capital structure at December 31, 1995, was 63% common stock equity and 37% long-term debt. The capital structure at December 31, 1995, including short-term debt was 61% common stock equity and 39% debt.

RESULTS OF OPERATIONS

The following is an explanation of significant variations from prior year results in revenues, operating expenses, other income and deductions, and interest charges. Additional information relating to changes between years is provided in the Notes to Financial Statements.

REVENUES

The operating revenues of the Company are based on sales volumes and rates authorized by the KCC and the FERC. Rates charged for the sale and delivery of electricity are designed to recover the cost of service and allow investors a fair rate of return. Future electric sales will be affected by weather conditions, competition from other sources of energy, competing fuel sources, customer conservation efforts and the overall economy of the Company's service area.

In March 1992, in connection with the acquisition of the Company by Western Resources, the KCC approved the elimination of the Energy Cost Adjustment Clause (ECA) for most retail customers of the Company effective April 1, 1992. The fuel costs are now included in base rates and were established at a level intended by the KCC to equal the projected average cost of fuel through August 1995. Therefore, if the Company wished to recover an increase in fuel costs above the projected average cost it would have to file a request for recovery in a rate filing with the KCC which request could be denied in whole or in part. The Company's fuel costs represented 22% and 24% of its total operating expenses for the years ended December 31, 1995 and 1994, respectively. Any increase in fuel costs from the projected average which the Company did not recover through rates would impact the Company's earnings. The degree of any such impact would be affected by a variety of factors, however, and thus cannot now be predicted.

1995 Compared to 1994: Total operating revenues for 1995 of $623.9 million increased less than one percent from revenues of $619.9 million for 1994 as a result of increased sales in all retail customer classes. The increase is primarily attributable to a higher demand for air conditioning load during the third quarter of 1995 compared to 1994. The Company's service territory experienced a 14% increase in the number of cooling degree days during that quarter, as compared to the third quarter of 1994. The Company has filed an electric rate reduction request with the KCC (See Note 3).

1994 Compared to 1993: Total operating revenues for 1994 of $619.9 million increased less than one percent from revenues of $617.0 million for 1993. The increase can be attributed to higher revenues in all retail customer classes. While residential sales remained virtually unchanged, commercial and industrial sales increased over two percent during 1994. Partially offsetting these increases was a 21% decrease in wholesale and interchange sales as a result of higher than normal sales in 1993 to other utilities while their generating units were down due to the flooding of 1993.

OPERATING EXPENSES

1995 Compared to 1994: Total operating expenses for 1995 were $474.9 million compared to $470.9 million for 1994, an increase of less than one percent. The increase is a result of increased depreciation and amortization expense as a result of the amortization of the acquisition premium attributable to the Merger which began in August 1995 as discussed in Merger Implementation below.

The Company has filed a request with the KCC to increase the annual depreciation expense for Wolf Creek Generating Station (See Note 3). The Company anticipates its operating expenses (including fuel expenses) will increase in 1996 as a result of Wolf Creek being taken out of service for refueling and maintenance as discussed under "Fuel Mix" above.

1994 Compared to 1993: Total operating expenses for 1994 of $470.9 million increased slightly from total operating expenses of $469.6 million for 1993. Federal and state income taxes increased $13.5 million and maintenance expense increased three percent primarily as a result of the major boiler overhaul of the Company's coal fired La Cygne 1 generating station.

The increase in income tax expense was due to the completion at December 31, 1993, of the accelerated amortization of deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek. The completion of the amortization of these deferred income tax reserves increased income tax expense and thereby reduced net income by approximately $12 million in 1994, and in the future will reduce net income by this same amount each year.

Partially offsetting the increases in total operating expenses were lower fuel costs, due to decreased electric generation during 1994, and lower other operations expense.

OTHER INCOME AND DEDUCTIONS: Other income and deductions, net of taxes, increased for the twelve months ended December 31, 1995 compared to 1994 as a result of the additional interest expense on increased corporate-owned life insurance (COLI) borrowings. Partially offsetting this increase was the recognition of income from death benefit proceeds under COLI contracts during the fourth quarter of 1995 (See Notes 1 and 7 for discussion of current legislation affecting COLI).

Other income and deductions, net of taxes, decreased significantly in 1994 compared to 1993 primarily as a result of increased interest expense on higher COLI borrowings. Interest on COLI borrowings increased $9.1 million in 1994 compared to 1993. Also contributing to the decrease was the receipt of death benefit proceeds from COLI policies in the third quarter of 1993.

INTEREST CHARGES: The Company's embedded cost of long-term debt was 7.3% at December 31, 1995 and December 31, 1994 compared to 7.7% at December 31, 1993.

Interest charges decreased 12% in 1994 compared to 1993 primarily as a result of the refinancing of higher cost fixed-rate debt. Also accounting for the decrease was the impact of increased COLI borrowings which reduce the need for other long-term debt and thereby reduced interest expense. COLI interest is reflected in Other Income and Deductions on the Income Statement.

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

Based on the order issued by the KCC, with regard to the recovery of the acquisition premium, the combined companies must achieve a level of savings on an annual basis (considering sharing provisions) of approximately $27 million in order to recover the entire acquisition premium. To the extent that the combined companies actual operations and maintenance expense is lower than the KCC-stipulated utility price index, the combined companies will realize merger savings. Western Resources has calculated, in conformance with the KCC order, annual savings associated with the acquisition to be in excess of $27 million for 1995. As Western Resources' management presently expects to continue this level of savings, the amount is expected to be sufficient to allow for the full recovery of the acquisition premium.

OTHER INFORMATION

INFLATION: Under the ratemaking procedures prescribed by the regulatory commissions to which the Company is subject, only the original cost of plant is recoverable in rates charged to customers. Therefore, because of inflation, present and future depreciation provisions are inadequate for purposes of maintaining the purchasing power invested by common shareholders and the related cash flows are inadequate for replacing property. The impact of this ratemaking process on common shareholders is mitigated to the extent depreciable property is financed with debt that can be repaid with dollars of less purchasing power. While the Company has experienced relatively low inflation in the recent past, the cumulative effect of inflation on operating costs may require the Company to seek regulatory rate relief to recover these higher costs.

ENVIRONMENTAL: The Company has taken a proactive position with respect to the potential environmental liability associated with former manufactured gas sites and has an agreement with the Kansas Department of Health and Environment to systematically evaluate these sites (See Note 3).

Although the Company currently has no Phase I affected units under the Clean Air Act of 1990, the Company has applied for and has been accepted for an early substitution permit to bring the co-owned La Cygne Generating Station under the Phase I guidelines. The NOx and toxic limits, which were not set in the law, were proposed by the EPA in January 1996. The Company is currently

evaluating the steps it will need to take in order to comply with the proposed new rules, but is unable to determine its compliance options or related compliance costs until the evaluation is finished later this year. The Company will have three years to comply with the new rules. (See Note 3).

COMPETITION: As a regulated utility, the Company currently has limited direct competition for retail electric service in its certified service area. However, there is competition, based largely on price, from the generation, or potential generation, of electricity by large commercial and industrial customers, and independent power producers.

The 1992 Energy Policy Act (Act) requires increased efficiency of energy usage and has effected the way electricity is marketed. The Act also provides for increased competition in the wholesale electric market by permitting the FERC to order third party access to utilities' transmission systems and by liberalizing the rules for ownership of generating facilities. As part of the Merger, the Company agreed to open access of its transmission system for wholesale transactions. During 1995, wholesale revenues represented less than five percent of the Company's total revenues.

Operating in this competitive environment could place pressure on utility profit margins and credit quality. Wholesale and industrial customers may threaten to pursue cogeneration, self-generation, retail wheeling, municipalization or relocation to other service territories in an attempt to obtain reduced energy costs. Increasing competition has resulted in credit rating agencies applying more stringent guidelines when making utility credit rating determinations (See Note 1 for the effects of competition on Statement of Financial Accounting Standards No. 71).

The Company is providing competitive electric rates for industrial expansion projects and economic development projects in an effort to maintain and increase electric load. During 1996, the Company will lose a major industrial customer to cogeneration resulting in a reduction to pre-tax earnings of approximately $7 to $8 million annually. This customer's decision to develop its own cogeneration project was based largely on factors other than energy cost.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TABLE OF CONTENTS

SCHEDULES OMITTED

The following schedules are omitted because of the absence of the conditions under which they are required or the information is included in the financial statements and schedules presented:

I, II, III, IV, and V.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Kansas Gas and Electric Company:

We have audited the accompanying balance sheets and statements of capitalization of Kansas Gas and Electric Company (a wholly-owned subsidiary of Western Resources, Inc.) as of December 31, 1995 and 1994, and the related statements of income, cash flows, taxes, and common stock equity for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Gas and Electric Company as of December 31, 1995 and 1994, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As explained in Note 7 to the financial statements, effective January 1, 1993, the Company changed its method of accounting for postretirement benefits and effective January 1, 1994, the Company changed its method of accounting for postemployment benefits.

ARTHUR ANDERSEN LLP

Kansas City, Missouri,
January 26, 1996

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

	December 31, 1995	1994
ASSETS		
UTILITY PLANT:		
Electric plant in service (Notes 1 and 11).	$3,427,928	$3,390,406
Less - Accumulated depreciation	893,728	833,953
	2,534,200	2,556,453
Construction work in progress	40,810	32,874
Nuclear fuel (net).	53,942	39,890
Net utility plant	2,628,952	2,629,217
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust (Note 2).	25,070	16,944
Other	7,885	11,561
	32,955	28,505
CURRENT ASSETS:		
Cash and cash equivalents (Note 1).	53	47
Accounts receivable and unbilled revenues (net)(Note 1) .	76,490	67,833
Advances to parent company (Note 13).	34,948	64,393
Fossil fuel, at average cost, ...	17,522	13,752
Materials and supplies, at average cost	31,458	30,921

Prepayments and other current assets	17,128	16,662
	177,599	193,608
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes (Note 8)	208,367	197,663
Deferred coal contract settlement costs (Note 3)	14,612	17,944
Phase-in revenues (Note 3)	43,861	61,406
Other deferred plant costs	31,539	31,784
Corporate-owned life insurance (net) (Notes 1 and 7)	7,279	9,350
Unamortized debt expense	25,605	27,777
Other	32,645	40,430
	363,908	386,354
TOTAL ASSETS	$3,203,414	$3,237,684
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (See Statements):		
Common stock equity	$1,186,077	$1,225,204
Long-term debt (net)	684,082	699,992
	1,870,159	1,925,196
CURRENT LIABILITIES:		
Short-term debt (Note 4)	50,000	50,000
Long-term debt due within one year (Note 5)	16,000	-
Accounts payable	50,783	49,093
Accrued taxes	17,766	15,737
Accrued interest	7,903	8,337
Other	6,608	11,160
	149,060	134,327
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes (Note 8)	800,934	784,043
Deferred investment tax credits (Note 8)	72,970	74,841
Deferred gain from sale-leaseback (Note 6)	242,700	252,341
Other	67,591	66,936
	1,184,195	1,178,161
COMMITMENTS AND CONTINGENCIES (Notes 2 and 9)		
TOTAL CAPITALIZATION AND LIABILITIES	$3,203,414	$3,237,684

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

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

	Year Ended December 31,		
	1995	1994	1993
OPERATING REVENUES (Notes 1 and 3)	$ 623,868	$ 619,880	$ 616,997
OPERATING EXPENSES:			
Fuel used for generation:			
Fossil fuel	80,592	90,383	93,388
Nuclear fuel	19,425	13,562	13,275
Power purchased	4,577	7,144	9,864
Other operations	117,876	115,060	118,948
Maintenance	48,056	47,988	46,740
Depreciation and amortization	79,679	71,457	75,530
Amortization of phase-in revenues	17,545	17,544	17,545
Taxes (See Statements):			
Federal income	48,330	50,212	39,553
State income	12,543	12,427	9,570
General	46,241	45,092	45,203
Total operating expenses	474,864	470,869	469,616
OPERATING INCOME	149,004	149,011	147,381
OTHER INCOME AND DEDUCTIONS:			
Corporate-owned life insurance (net)	(2,668)	(5,354)	7,841
Miscellaneous (net)	4,884	5,079	9,271
Income taxes (net) (See Statements)	9,086	7,290	2,227
Total other income and deductions	11,302	7,015	19,339
INCOME BEFORE INTEREST CHARGES	160,306	156,026	166,720
INTEREST CHARGES:			
Long-term debt	47,073	47,827	53,908
Other	5,190	5,183	6,075
Allowance for borrowed funds used			

during construction (credit).	(2,830)	(1,510)	(1,366)
Total interest charges.	49,433	51,500	58,617
NET INCOME.	$ 110,873	$ 104,526	$ 108,103

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

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

	Year Ended December 31, 1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.	$ 110,873	$ 104,526	$ 108,103
Depreciation and amortization	72,950	71,457	75,530
Other amortization (including nuclear fuel)	15,193	10,905	11,254
Gain on sales of utility plant (net of tax)	(951)	-	-
Deferred taxes and investment tax credits (net)	3,851	25,349	22,572
Amortization of phase-in revenues	17,545	17,544	17,545
Corporate-owned life insurance.	(28,548)	(17,246)	(21,650)
Amortization of gain from sale-leaseback.	(9,640)	(9,640)	(9,640)
Amortization of acquisition adjustment.	6,729	-	-
Changes in working capital items:			
Accounts receivable and unbilled revenues (net) (Note 1)	(8,657)	(56,721)	(569)
Fossil fuel	(3,770)	(6,158)	8,507
Accounts payable.	1,690	(2,002)	(9,813)
Interest and taxes accrued.	967	4,508	(9,053)
Other	(1,980)	(922)	(2,191)
Changes in other assets and liabilities	14,525	(11,181)	(16,530)
Net cash flows from operating activities.	190,777	130,419	174,065
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Additions to utility plant.	93,938	89,880	66,886
Sales of utility plant.	(1,723)	-	-
Corporate-owned life insurance policies	30,347	26,418	27,268
Death proceeds of corporate-owned life insurance.	(10,583)	-	(10,160)
Net cash flows used in investing activities	111,979	116,298	83,994
CASH FLOWS FROM FINANCING ACTIVITIES:			
Short-term debt (net)	-	(105,800)	62,300
Advances to parent company (net).	29,445	128,399	(118,503)
Bonds issued.	-	160,422	65,000
Bonds retired	(25)	(46,440)	(140,000)
Other long-term debt issued	-	-	70,999
Other long-term debt retired.	-	(67,893)	(63,956)
Borrowings against life insurance policies.	47,046	42,175	184,550
Repayment of borrowings against life insurance policies .	(5,258)	-	(1,290)
Revolving credit agreement (net).	-	-	(150,000)
Dividends to parent company	(150,000)	(125,000)	-
Net cash flows from (used in) financing activities . .	(78,792)	(14,137)	(90,900)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS. . . .	6	(16)	(829)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.	47	63	892
CASH AND CASH EQUIVALENTS AT END OF PERIOD.	$ 53	$ 47	$ 63
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
CASH PAID FOR:			
Interest on financing activities (net of amount capitalized)	$ 71,808	$ 68,544	$ 77,653
Income taxes	42,100	28,509	29,354

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

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

	Year Ended December 31, 1995	1994	1993
FEDERAL INCOME TAXES:			

Payable currently	$ 34,661	$ 24,427	$ 19,220
Deferred (net)	9,528	23,002	16,691
Investment tax credit-Deferral	-	-	4,900
-Amortization	(3,314)	(3,208)	(3,114)
Total Federal income taxes	40,875	44,221	37,697
Less:			
Federal income taxes applicable to non-operating items	(7,455)	(5,991)	(1,856)
Total Federal income taxes charged to operations	48.330	50,212	39,553
STATE INCOME TAXES:			
Payable currently	13,275	5,574	5,104
Deferred (net)	(2,363)	5,554	4,095
Total State income taxes	10,912	11,128	9,199
Less:			
State income taxes applicable to non-operating items	(1,631)	(1,299)	(371)
Total State income taxes charged to operations	12.543	12,427	9,570
GENERAL TAXES:			
Property	40,827	40,104	38,432
Payroll and other taxes	5,414	4,988	6,771
Total general taxes charged to operations	46.241	45,092	45,203
TOTAL TAXES CHARGED TO OPERATIONS	$ 107.114	$ 107,731	$ 94,326

The effective income tax rates set forth below are computed by dividing total Federal and State income taxes by the sum of such taxes and net income. The difference between the effective rates and the Federal statutory income tax rates are as follows:

Year Ended December 31,	1995	1994	1993
EFFECTIVE INCOME TAX RATE	32%	35%	30%
Effect of:			
State income taxes	(4)	(5)	(4)
Amortization of investment tax credits	2	2	2
Corporate-owned life insurance	5	4	5
Flow through and amortization, net	-	(1)	5
Other differences	-	-	(3)
STATUTORY FEDERAL INCOME TAX RATE	35%	35%	35%

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

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

					December 31, 1995		1994	
COMMON STOCK EQUITY (See Statements):								
Common stock, without par value, authorized and issued 1,000 shares					$1,065,634		$1,065,634	
Retained earnings					120,443		159,570	
Total common stock equity					1,186,077	63%	1,225,204	64%
LONG-TERM DEBT (Note 5):								
First Mortgage Bonds:								
	Series	Due	1995	1994				
	5-5/8%	1996	$ 16,000	$ 16,000				
	7.6%	2003	135,000	135,000				
	6-1/2%	2005	65,000	65,000				
	6.20%	2006	100,000	100,000				
					316,000		316,000	
Pollution Control Bonds:								
	5.10%	2023	13,957	13,982				
	Variable (1)	2027	21,940	21,940				
	7.0%	2031	327,500	327,500				
	Variable (2)	2032	14,500	14,500				
	Variable (3)	2032	10,000	10,000				
					387,897		387,922	
	Total bonds				703,897		703,922	
Less:								
Unamortized premium and discount (net)					3,815		3,930	
Long-term debt due within one year					16,000		-	

Total long-term debt	684,082	37%	699,992	36%
TOTAL CAPITALIZATION	$1,870,159	100%	$1,925,196	100%

Market-Adjusted Tax Exempt Securities (MATES). The interest rate is reset periodically via an auction process. Rates at December 31, 1995: (1) 4.00%, (2) 3.925%, and (3) 4.00%.

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

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

	Common Stock	Retained Earnings
BALANCE DECEMBER 31, 1992, 1,000 shares	$1,065,634	$ 71,941
Net income		108,103
BALANCE DECEMBER 31, 1993, 1,000 shares	1,065,634	180,044
Net income		104,526
Dividend to parent company		(125,000)
BALANCE DECEMBER 31, 1994, 1,000 shares	1,065,634	159,570
Net Income		110,873
Dividend to parent company		(150,000)
Balance December 30, 1995, 1,000 shares	$1,065,634	$ 120,443

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

KANSAS GAS AND ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Company prepares its financial statements in conformity with generally accepted accounting principles as applied to regulated public utilities. The accounting and rates of the Company are subject to requirements of the Kansas Corporation Commission (KCC) and the Federal Energy Regulatory Commission (FERC). The financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, to disclose contingent assets and liabilities at the balance sheet date, and to report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company follows the accounting for regulated enterprises prescribed by Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulations" (SFAS 71). This pronouncement requires deferral of certain costs and obligations based upon approvals received from regulators to permit recovery or require refund of these costs and revenues in future periods. Consequently, the recorded net book value of certain assets and liabilities may be different than that which would otherwise be recorded by unregulated enterprises. On a continuing basis, the Company reviews the continued applicability of SFAS 71 based on the current regulatory and competitive environment. Although recent developments suggest the electric generation industry may become more competitive, the degree to which regulatory oversight of the Company will be lifted and competition will be permitted is uncertain. Currently, there are no proceedings or actions at the KCC to open the Company's electric markets to greater competition. As a result, the Company continues to believe that accounting under SFAS 71 is appropriate. If the Company were to determine that the use of SFAS 71 were no longer appropriate, it would be required to write-off the deferred costs and obligations that represent regulatory assets and liabilities referred to above. It may also be necessary for the Company to reduce the carrying value of a portion of its plant and equipment to the extent that it is expected to become impaired. At this time, it is not possible to estimate the amount of the Company's plant and equipment, if any, that would be considered unrecoverable in such circumstances, as the effect of any future competition on the Company's rates is not clear at this time.

Utility Plant: Utility plant (including plant acquisition adjustment) is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The AFUDC rate was 6.39% for 1995, 4.07% for 1994, and 4.41% for 1993. The cost of additions to utility plant and replacement units of property is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred. When units of depreciable property are retired, they are removed from the plant accounts and the original cost plus removal charges less salvage are charged to accumulated depreciation.

In accordance with regulatory decisions made by the KCC, amortization of the acquisition premium of approximately $801 million resulting from the KGE purchase began in August of 1995. The premium is being amortized over 40 years and has been classified as electric plant in service. Accumulated amortization through December 31, 1995 totaled $6.7 million.

In March 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). This Statement imposes stricter criteria for regulatory assets by requiring that such assets be probable of future recovery at each balance sheet date. The Company will adopt this standard on January 1, 1996 and does not expect that adoption will have a material impact on the financial position or results of operations based on the Company's current regulatory structure. This conclusion may change in the future if increases in competition influence regulation and wholesale and retail pricing in the electric industry.

Depreciation: Depreciation is provided on the straight-line method based on estimated useful lives of property. Composite provisions for book depreciation approximated 2.72% during 1995, 2.7% during 1994, and 2.9% during 1993 of the average original cost of depreciable property. The methods and rates of depreciation used by the Company have not varied materially from the methods and rates which would have been used if the Company were not regulated and not subject to the provisions prescribed by SFAS 71. In the past, the methods and rates have been determined by depreciation studies and approved by the various regulatory bodies. The Company periodically evaluates its depreciation rates considering the past and expected future experience in the operation of its facilities. The Company has proposed to more rapidly recover the Company's investment in nuclear generating assets of Wolf Creek to reduce the capital costs to a level more closely paralleling that of non-nuclear generating facilities
(For information regarding such proposal, See Note 3).

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

Income Taxes: The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS 109). Under SFAS 109, deferred tax assets and liabilities are recognized based on temporary differences in amounts recorded for financial reporting purposes and their respective tax bases (See Note 8).

Investment tax credits previously deferred are being amortized to income over the life of the property which gave rise to the credits.

Revenues: Operating revenues include amounts actually billed for services rendered and an accrual of estimated unbilled revenues. Unbilled revenues represent the estimated amount customers will be billed for service provided from the time meters were last read to the end of the accounting period. Unbilled revenues of $21.8 million and $21.4 million are recorded as a component of accounts receivable and unbilled revenue (net) on the balance sheets as of December 31, 1995 and 1994, respectively.

The Company's recorded reserves for doubtful accounts receivable totaled $3.3 million and $1.9 million at December 31, 1995 and 1994, respectively.

Debt Issuance and Reacquisition Expense: Debt premium, discount and issuance expenses are amortized over the life of each issue. Under regulatory procedures, debt reacquisition expenses are amortized over the remaining life of the reacquired debt or, if refinanced, the life of the new debt.

Fuel Costs: The cost of nuclear fuel in process of refinement, conversion, enrichment, and fabrication is recorded as an asset at original cost and is amortized to expense based upon the quantity of heat produced for the generation of electricity. The accumulated amortization of nuclear fuel in the reactor at December 31, 1995 and 1994, was $28.5 and $13.6 million, respectively.

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

	1995	1994
	(Dollars in Millions)	
Cash surrender value of contracts. . .	$360.3	$320.6
Borrowings against contracts	(353.0)	(311.2)
COLI (net)	$ 7.3	$ 9.4

Income is recorded for increases in cash surrender value and net death proceeds. Interest expense is recognized for COLI borrowings. The net income generated from COLI contracts, including the tax benefit of the interest deductions and premium expenses, are recorded as Corporate-owned Life Insurance (net) on the Statements of Income. The income from increases in cash surrender value and net death proceeds was $22.7 million for 1995, $15.6 million for 1994, and $19.7 million for 1993. The interest expense deduction taken was $25.4 million for 1995, $21.0 million for 1994, and $11.9 million for 1993.

Federal legislation is pending, which, if enacted, may substantially reduce or eliminate the tax deduction for interest on COLI borrowings, and thus reduce a significant portion of the net income stream generated by the COLI contracts (see Note 7).

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

2. COMMITMENTS AND CONTINGENCIES

Manufactured Gas Sites: The Company has been associated with three former manufactured gas sites which may contain coal tar and other potentially harmful materials. The Company and the Kansas Department of Health and Environment (KDHE) entered into a consent agreement governing all future work at the three sites. The terms of the consent agreement will allow the Company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analysis. The prioritized sites will be investigated over a 10 year period. The agreement will allow the Company to set mutual objectives with the KDHE in order to expedite effective response activities and to control costs and environmental impact. The costs incurred for site investigation and risk assessment in 1995 and 1994 were minimal. The Company is aware of other Midwestern utilities which have incurred remediation costs ranging between $500,000 and $10 million per site. The KCC has permitted another Kansas utility to recover its remediation costs through rates. To the extent that such remediation costs are not recovered through rates, the costs could be material to the Company's financial position or results of operations depending on the degree of remediation and number of years over which the remediation must be completed.

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

On June 9, 1994, the KCC issued an order approving the estimated decommissioning costs as determined by a 1993 Wolf Creek Decommissioning Cost Study to be recovered in rates. The cost study estimated the Company's share of decommissioning costs to be $595 million or approximately $174 million in 1993 dollars. The decommissioning costs are currently expected to be incurred during the period 2025 through 2033. These costs were calculated using an assumed inflation rate of 3.45% and an average after tax expected return on trust fund assets of 5.9%. Decommissioning costs are being charged to operating expenses in accordance with the KCC order. Amounts expensed approximated $3.6 million in 1995 and will increase annually to $5.5 million in 2024.

The Company's investment in the decommissioning fund, including reinvested earnings approximated $25.0 million and $16.9 million at December 31, 1995 and December 31, 1994, respectively. Trust fund earnings accumulate in the fund balance and increase the recorded decommissioning liability.

These amounts are reflected in Decommissioning Trust, and the related liability is included in Deferred Credits and Other Liabilities, Other, on the Consolidated Balance Sheets.

The staff of the SEC has questioned certain current accounting practices used by nuclear electric generating station owners regarding the recognition, measurement and classification of decommissioning costs for nuclear electric generating stations. In response to these questions, the FASB is expected to issue new accounting standards for removal costs, including decommissioning in 1996. If current electric utility industry accounting practices for such decommissioning costs are changed: (1) annual decommissioning expenses could increase, (2) the estimated present value of decommissioning costs could be

recorded as a liability rather than as accumulated depreciation, and (3) trust fund income from the external decommissioning trusts could be reported as investment income rather than as a reduction to decommissioning expense. When revised accounting guidance is issued, the Company will also have to evaluate its effect on accounting for removal costs of other long-lived assets. At this time, the Company is not able to predict what effect such changes would have on results of operations, financial position, or related regulatory practices until the final issuance of revised accounting guidance.

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

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

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

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

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

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in certain emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $2.3 million from 1993 through 1995. The Company does not expect additional equipment acquisitions or other material expenditures to be needed to meet Phase II sulfur dioxide requirements.

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

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

3. RATE MATTERS AND REGULATION

KCC Rate Proceedings: On August 17, 1995, the Company filed with the KCC a request to more rapidly recover its investment in its assets of Wolf Creek over the next seven years. If the request is granted, depreciation expense for Wolf Creek will increase by approximately $50 million for each of the next seven years. As a result of this proposal, the Company will also seek to reduce electric rates for its customers by approximately $9 million annually for the same seven year period.

The request also reduces the annual depreciation by approximately $3 million for electric transmission, distribution and certain generating plant assets to reflect the effect of increasing useful lives of these properties. Hearings before the KCC on the depreciation changes and voluntary rate reductions are expected to occur in May 1996.

Rate Stabilization Plan: In 1988, the KCC ordered the accrual of phase-in revenues to be discontinued effective December 31, 1988. The Company began amortizing the phase-in revenue asset on a straight-line basis over 9-1/2 years beginning January 1, 1989. At December 31, 1995, approximately $44 million of deferred phase-in revenues remain to be recovered.

Coal Contract Settlements: In March 1990, the KCC issued an order allowing the Company to defer its share of a 1989 coal contract settlement with the Pittsburg and Midway Coal Mining Company amounting to $22.5 million. This amount was recorded as a deferred charge and is included in Deferred

Charges and Other Assets on the balance sheet. The settlement resulted in the termination of a long-term coal contract. The KCC permitted the Company to recover this settlement as follows: 76% of the settlement plus a return over the remaining term of the terminated contract (through 2002) and 24% to be amortized to expense with a deferred return equivalent to the carrying cost of the asset. Approximately $15 million of this deferral remains on the balance sheet at December 31, 1995.

In February 1991, the Company paid $8.5 million to settle a coal contract lawsuit with AMAX Coal Company and recorded the payment as a deferred charge in Deferred Charges and Other Assets on the balance sheet. The KCC approved the recovery of the settlement plus a return equivalent to the carrying cost of the asset, over the remaining term of the terminated contract (through 1996).

4. SHORT-TERM BORROWINGS

The Company's short-term financing requirements are satisfied through short-term bank loans and uncommitted loan participation agreements. Maximum short-term borrowings outstanding during 1995 and 1994 were $75.8 million on January 17, 1995 and $172.3 million on January 4, 1994. The weighted average interest rates, including fees, were 6.1% for 1995, 4.5% for 1994, and 3.5% for 1993.

5. LONG-TERM DEBT

The amount of KGE's first mortgage bonds authorized by the KGE Mortgage and Deed of Trust (Mortgage) dated April 1, 1940, as supplemented, is limited to a maximum of $2 billion. Amounts of additional bonds which may be issued are subject to property, earnings, and certain restrictive provisions of the Mortgage. Electric plant is subject to the lien of the Mortgage except for transportation equipment.

Debt discount and expenses are being amortized over the remaining lives of each issue. The improvement and maintenance fund requirements for certain first mortgage bond series can be met by bonding additional property. With the retirement of certain Company pollution control series bonds, there are no longer any bond sinking fund requirements. During 1996, $16 million of bonds will mature.

6. SALE-LEASEBACK OF LA CYGNE 2

In 1987, the Company sold and leased back its 50% undivided interest in the La Cygne 2 generating unit. The La Cygne 2 lease has an initial term of 29 years, with various options to renew the lease or repurchase the 50% undivided interest. The Company remains responsible for its share of operation and maintenance costs and other related operating costs of La Cygne 2. The lease is an operating lease for financial reporting purposes.

As permitted under the La Cygne 2 lease agreement, the Company in 1992 requested the Trustee Lessor to refinance $341.1 million of secured facility bonds of the Trustee and owner of La Cygne 2. The transaction was requested to reduce recurring future net lease expense. In connection with the

refinancing on September 29, 1992, a one-time payment of approximately $27 million was made by the Company which has been deferred and is being amortized over the remaining life of the lease and included in operating expense as part of the future lease expense. At December 31, 1995, approximately $23.7 million of this deferral remained on the balance sheet.

Future minimum annual lease payments required under the La Cygne 2 lease agreement are approximately $34.6 million for each year through 2000 and $646 million over the remainder of the lease.

The gain of approximately $322 million realized at the date of the sale of La Cygne 2 has been deferred for financial reporting purposes, and is being amortized ($9.6 million per year) over the initial lease term in proportion to the related lease expense. The Company's lease expense, net of amortization of the deferred gain and a one-time payment, was approximately $22.5 million for 1995, 1994, and 1993.

7. EMPLOYEE BENEFIT PLANS

Pension: In 1995, the Company's qualified noncontributory defined benefit pension plan was merged into Western Resources, Inc. Retirement Plan (the Plan). The Plan covers substantially all employees of the Company. Pension benefits under the Plan are based on years of service and the employee's compensation during the five highest paid consecutive years out of ten before retirement. Western Resources' policy is to fund pension costs accrued, subject to limitations set by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. Pension expense of $1.6 million was allocated to the Company by Western Resources in 1995. Also, substantially all Wolf Creek employees are covered under a plan similar to the Plan.

The following table provides information on the components of pension cost under Statement of Financial Accounting Standards No. 87 "Employers' Accounting for Pension Plans" (SFAS 87), funded status and actuarial assumptions for the Company:

	1995(1)	1994	1993
	(Dollars in Millions)		
SFAS 87 Expense:			
Service cost.	$ 1.2	$ 3.7	$ 3.2
Interest cost on projected benefit obligation.	1.0	9.7	9.5
(Gain) loss on plan assets.	(1.7)	2.1	(14.1)
Net amortization and deferral	1.1	(11.4)	4.9
Net expense	$ 1.6	$ 4.1	$ 3.5

The following table sets forth the plans' actuarial present value and funded status at November 30, 1995 and 1994 (the plan years) and a reconciliation of such status to the December 31, 1995, 1994, and 1993 financial statements:

	1995(1)	1994	1993
	(Dollars in Millions)		
Reconciliation of Funded Status:			
Actuarial present value of benefit obligations:			
Vested.	$ 7.3	$ 94.0	$ 95.2
Non-vested.	1.9	6.3	6.1
Total	$ 9.2	$100.3	$101.3
Plan assets at November 30 (principally debt and equity securities) at fair value	$ 8.8	$115.4	$119.9
Projected benefit obligation at November 30	(17.8)	(125.4)	(125.5)
Funded status at November 30.	(9.0)	(10.0)	(5.6)
Unrecognized transition asset	0.9	(1.5)	(1.7)
Unrecognized prior service costs.	0.4	9.6	12.4

Unrecognized net gain	(0.4)	(11.1)	(20.6)
Accrued pension costs at December 31. . .	$ (8.1)	$(13.0)	$(15.5)

Year Ended December 31,	1995	1994	1993
Actuarial Assumptions:			
Discount rate	7.5 %	8.0-8.5 %	7.0-7.75%
Annual salary increase rate . . .	(2)	5.0 %	5.0 %
Long-term rate of return.	8.5 %	8.0-8.5 %	8.0-8.5 %

(1) 1995 includes only the Company's 47% share of the Wolf Creek Plan.
(2) Graded based on age: 6.5% at age 20 graded to 4.5% at age 60.

Postretirement: Western Resources and the Company adopted the provisions of Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) in the first quarter of 1993. This statement requires the accrual of postretirement benefits other than pensions, primarily medical benefits costs, during the years an employee provides service.

The Company's total obligation is recorded by Western Resources, and the related postretirement benefits expenses are allocated to the Company. The total postretirement benefits expenses allocated to the Company by Western Resources under SFAS 106 were approximately $3.7 million in 1995 and $3.8 million in 1994.

The KCC issued an order permitting Western Resources to defer the initial SFAS 106 expense. To mitigate the impact incremental SFAS 106 expense will have on rate increases, Western Resources will include in future computations of cost of service the actual postretirement benefits expenses and an income stream generated from COLI contracts purchased in 1993 and 1992. To the extent postretirement benefits expenses exceed income from the COLI program, this excess is being deferred (in accordance with the provisions of the FASB Emerging Issues

Task Force Issue No. 92-12) and will be offset by income generated through the deferral period by the COLI program. Because these expenses were deferred by Western Resources, the Company's results of continuing operations are not affected.

At December 31, 1995, approximately $7.0 million related to the Company's portion of postretirement expenses had been deferred by Western Resources pursuant to the KCC order. Pending federal legislation may substantially reduce or eliminate tax benefits associated with COLI contracts. If this legislation is enacted or should the income stream generated by the COLI program not be sufficient to offset postretirement benefit costs on an accrual basis, the KCC order allows Western Resources and the Company to seek recovery of a deficiency through the ratemaking process. Regulatory precedents established by the KCC generally permit the accrual costs of postretirement benefits to be recovered in rates.

The Company also records, based on actuarial projections, the postretirement benefit expenses related to its 47% ownership in Wolf Creek, which approximated $0.3 million and $0.4 million for 1995 and 1994, respectively.

The following table summarizes the status of the Company's postretirement plan for financial statement purposes and the related amounts included in the balance sheet:

December 31,	1995(2)	1994	1993
	(Dollars in Millions)		
Reconciliation of Funded Status:			
Actuarial present value of postretirement benefit obligations:			
Retirees.	$ (1.7)	$(12.9)	$(12.4)
Active employees fully eligible	-	(3.0)	(2.5)
Active employees not fully eligible	(1.0)	(9.4)	(9.0)
Funded status.	(2.7)	(25.3)	(23.9)
Unrecognized prior service cost	-	3.2	.1
Unrecognized transition obligation.	0.7	19.3	20.4
Unrecognized net (gain) loss.	0.9	(.9)	1.7
Accrued postretirement benefit costs.	$ (1.1)	$ (3.7)	$ (1.7)

Year Ended December 31,	1995	1994	1993
Assumptions:			
Discount rate.	7.5 %	8.0-8.5 %	7.75%
Annual compensation increase rate.	4.75%	5.0 %	5.0 %
Expected rate of return.	9.0 %	8.5 %	8.5 %

(2) 1995 includes only the Company's 47% share of the Wolf Creek Plan.

For measurement purposes, an annual health care cost growth rate of 10.5%

was assumed for 1995, decreasing to six percent in 1997. The health care cost trend rate has a significant effect on the projected benefit obligation. Increasing the trend rate by one percent each year would increase the present value of the accumulated projected benefit obligation by $1.4 million and the aggregate of the service and interest cost components by $0.2 million.

Postemployment: Western Resources and the Company adopted the provisions of Statement of Financial Accounting Standards No. 112 "Employers' Accounting for Postemployment Benefits" (SFAS 112) in the first quarter of 1994. This

statement requires the recognition of the liability to provide postemployment benefits when the liability has been incurred. Due to the immaterial amounts and the rate treatment from the Company's regulators, there was no material impact upon the Company's continuing operations.

The Company's total obligation is recorded by Western Resources, and the related postemployment benefits expenses are allocated to the Company. The total postemployment benefits expenses allocated to the Company by Western Resources under SFAS 112 were approximately $0.9 million in 1995 and $0.8 million in 1994, respectively.

The KCC issued an order permitting Western Resources to defer the initial SFAS 112 expense. At December 31, 1995, approximately $1.9 million related to the Company's portion of postemployment expenses had been deferred pursuant to the KCC order.

Savings: Effective January 1, 1995, the Company's 401(k) savings plan was merged with Western Resources savings plan. Western Resources maintains a savings plan in which substantially all employees participate. Prior to the merger of the savings plans, funds of the plans were deposited with a trustee and invested at each employee's option in one or more investment funds, including a Western Resources common stock fund. The Company's contributions were $1.8 million for 1994 and $2.0 million for 1993. In 1995, 401(k) contribution expense allocated to the Company was $1.7 million.

8. INCOME TAXES

Under SFAS 109, temporary differences gave rise to deferred tax assets and deferred tax liabilities at December 31, 1995 and 1994, respectively, as follows:

	1995	1994
	(Dollars in Thousands)	
Deferred Tax Assets:		
Deferred gain on sale-leaseback.	$ 105,007	$ 110,556
Alternative Minimum tax carry forwards .	18,740	41,163
Other.	10,870	11,253
Total Deferred Tax Assets.	$ 134,617	$ 162,972
Deferred Tax Liabilities:		
Accelerated Depreciation & Other	$ 375,079	$ 381,800
Acquisition Premium.	314,933	317,610
Deferred Future Income Taxes	208,367	197,663
Other.	37,172	49,942
Total Deferred Tax Liabilities	$ 935,551	$ 947,015
Accumulated Deferred Income Taxes, Net	$ 800,934	$ 784,043

In accordance with various rate orders received from the KCC, the Company has not yet collected through rates the amounts necessary to pay a significant portion of the net deferred income tax liabilities. As management believes it is probable that the net future increases in income taxes payable will be recovered from customers, it has recorded a deferred asset for these amounts. These assets are also a temporary difference for which deferred income tax liabilities have been provided.

At December 31, 1995, the Company has alternative minimum tax credits generated prior to April 1, 1992, which carry forward without expiration, of $18.7 million which may be used to offset future regular tax to the extent the regular tax exceeds the alternative minimum tax. These credits have been applied in determining the Company's net deferred income tax liability and corresponding deferred future income taxes at December 31, 1995.

9. LEGAL PROCEEDINGS

The Company is involved in various legal and environmental proceedings. Management believes that adequate provision has been made within the financial statements for these matters and accordingly believes their ultimate dispositions will not have a material adverse effect upon the financial position or results of operations of the Company.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value as set forth in Statement of Financial Accounting Standards No. 107 "Disclosures About Fair Value of Financial Instruments":

Cash and Cash Equivalents-
The carrying amount approximates the fair value because of the short-term maturity of these investments.

Decommissioning Trust-
The carrying amount is recorded at the fair value of the decommissioning trust and is based on quoted market prices at December 31, 1995 and 1994.

Variable-rate Debt-
The carrying amount approximates the fair value because of the short-term variable rates of these debt instruments.

Fixed-rate Debt-
The fair value of the fixed-rate debt is based on the sum of the estimated value of each issue taking into consideration the interest rate, maturity, and redemption provisions of each issue.

The estimated fair values of the Company's financial instruments are as follows:

December 31,	Carrying Value 1995	Carrying Value 1994	Fair Value 1995	Fair Value 1994
	(Dollars in Thousands)			
Cash and cash equivalents.	$ 53	$ 47	$ 53	$ 47
Decommissioning trust. . .	25,070	16,944	25,070	16,633
Variable-rate debt	449,433	407,645	449,433	407,645
Fixed-rate debt.	657,457	657,482	675,471	623,331

11. JOINT OWNERSHIP OF UTILITY PLANTS

	Company's Ownership at December 31, 1995				
	In-Service Dates	Investment	Accumulated Depreciation	Net (MW)	Percent
		(Dollars in Thousands)			
La Cygne 1 (a)	Jun 1973	$ 155,566	$ 99,133	341	50
Jeffrey 1 (b)	Jul 1978	67,322	28,312	140	20
Jeffrey 2 (b)	May 1980	68,151	26,951	147	20
Jeffrey 3 (b)	May 1983	96,031	36,333	141	20
Wolf Creek (c)	Sep 1985	1,371,878	335,941	548	47

(a) Jointly owned with Kansas City Power & Light Company (KCPL)
(b) Jointly owned with Western Resources and UtiliCorp United Inc.
(c) Jointly owned with KCPL and Kansas Electric Power Cooperative, Inc.

Amounts and capacity represent the Company's share. The Company's share of operating expenses of the plants in service above, as well as such expenses for a 50% undivided interest in La Cygne 2 (representing 335 MW capacity) sold and leased back to the Company in 1987, are included in operating expenses on the Statements of Income. The Company's share of other transactions associated with the plants is included in the appropriate classification in the Company's financial statements.

12. QUARTERLY FINANCIAL STATISTICS (Unaudited)

The amounts in the table are unaudited but, in the opinion of management, contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of such periods. The business of the Company is seasonal in nature and, in the opinion of management, comparisons between the quarters of a year do not give a true indication of overall trends and changes in operations.

	1995			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
	(Dollars in Thousands)			
Operating revenues.	$138,182	$202,382	$144,747	$138,557
Operating income.	25,974	63,684	30,779	28,567
Net income.	21,598	51,836	19,567	17,872

	1994			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
	(Dollars in Thousands)			
Operating revenues.	$139,087	$189,202	$154,987	$136,604
Operating income.	33,607	56,978	33,548	24,878
Net income.	22,212	45,481	23,623	13,210

13. RELATED PARTY TRANSACTIONS

The cash management function, including cash receipts and disbursements, for KGE is performed by Western Resources. An intercompany account is used to record net receipts and dusbursements handled by Western Resources. The net amount advanced by KGE to Western Resources approximated $35 million and $64 million at December 31, 1995 and 1994, respectively. These amounts are recorded as advances to parent company in Current Assets on the balance sheet.

Certain operating expenses have been allocated to the Company from Western Resources. These expenses are allocated, depending on the nature of the expense, based on allocation studies, net investment, number of customers, and/or other appropriate allocators. Management believes such allocation procedures are reasonable. During 1995, the Company declared a dividend to Western Resources of $150 million.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements with accountants on accounting and financial disclosure.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Western Resources, Inc. owns 100% of the Company's outstanding common stock.

Name	Age	Business Experience Since 1990 and Other Directorships Other Than The Company	A Director Continuously Since
William B. Moore	43	Chairman of the Board and President (since June 1995), and prior to that Vice President, Finance, Western Resources, Inc.	1995
Robert T. Crain (a)	70	Owner, Crain Realty, Co., Fort Scott, Kansas Directorships Citizens National Bank Ft. Scott Industries, Inc.	1992(b)
Anderson E. Jackson	62	President, Jackson Mortuary, Wichita, Kansas	1994
Donald A. Johnston (a)	62	Retired President, Maupintour, Inc., Lawrence, Kansas (Escorted Tours And Travel) Directorships Commerce Bank, Lawrence	1992(b)
Steven L. Kitchen	50	Executive Vice President and Chief Financial Officer, Western Resources, Inc.	1992
Glenn L. Koester	70	Retired Vice President - Nuclear of the Company	1992(b)
Marilyn B. Pauly (a)	46	President, Wichita (since October 1993) and prior to that Executive Vice President, Wichita, Bank IV, N.A., Wichita, Kansas Directorships Farmers Mutual Alliance Insurance Company	1994
Richard D. Smith	62	President, Range Oil Company Directorships Boatmen's National Bank of Kansas	1993

(a) Member of the Audit Committee of which Mr. Johnston is Chairman. The Audit Committee has responsibility for the investigation and review of the financial affairs of the Company and its relations with independent accountants.
(b) Mr. Crain, Mr. Johnston, and Mr. Koester were directors of the former Kansas Gas & Electric Company since 1981, 1980, and 1986, respectively.

Outside Directors are paid $3,750 per quarter retainer and are paid an attendance fee of $600 for Directors' meetings ($300 if attending by phone). A committee attendance fee of $800 is paid to the outside Director Audit

Committee Chairman, and $500 to other outside Committee members. All outside Directors are reimbursed mileage and expenses while attending Directors' and Committee Meetings.

During 1995, the Board of Directors met five times and the Audit Committee met once. Each director attended at least 75% of the total number of Board and Committee meetings held while he/she served as a director or a member of the committee.

Other information required by Item 10 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information required by Item 11 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by Item 12 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by Item 13 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

The following financial statements are included herein under Item 8.

FINANCIAL STATEMENTS

Balance Sheets, December 31, 1995 and 1994
Statements of Income for the year ended December 31, 1995, 1994 and 1993
Statements of Cash Flows for the year ended December 31, 1995, 1994 and 1993
Statements of Taxes for the year ended December 31, 1995, 1994 and 1993
Statements of Capitalization, December 31, 1995 and 1994
Statements of Common Stock Equity for the year ended December 31, 1995
Notes to Financial Statements

REPORTS ON FORM 8-K

None

EXHIBIT INDEX

All exhibits marked "I" are incorporated herein by reference.

	Description	
2(a)	Agreement and Plan of Merger (Filed as Exhibit 2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324)	I
2(b)	Amendment No. 1 to Agreement and Plan of Merger (Filed as Exhibit 2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324)	I
3(a)	Articles of Incorporation (Filed as Exhibit 3(a) to Form 10-K for the year ended December 31, 1992, File No. 1-7324)	I
3(b)	Certificate of Merger of Kansas Gas and Electric Company into KCA Corporation (Filed as Exhibit 3(b) to Form 10-K for the year ended December 31, 1992, File No. 1-7324)	I
3(c)	By-laws as amended (Filed as Exhibit 3(c) Form 10-K for the year ended December 31, 1992, File No. 1-7324)	I
4(c)1	Mortgage and Deed of Trust, dated as of April 1, 1940 to Guaranty Trust Company of New York (now Morgan Guaranty Trust Company of New York) and Henry A. Theis (to whom W. A. Spooner is successor), Trustees, as supplemented by thirty-eight Supplemental Indentures, dated as of June 1, 1942, March 1, 1948, December 1, 1949, June 1, 1952, October 1, 1953, March 1, 1955, February 1, 1956, January 1, 1961, May 1, 1966, March 1, 1970, May 1, 1971, March 1, 1972, May 31, 1973, July 1, 1975, December 1, 1975, September 1, 1976, March 1, 1977, May 1, 1977, August 1, 1977, March 15, 1978, January 1, 1979, April 1, 1980,	I

July 1, 1980, August 1, 1980, June 1, 1981, December 1, 1981, May 1, 1982, March 15, 1984, September 1, 1984 (Twenty-ninth and Thirtieth), February 1, 1985, April 15, 1986, June 1, 1991 March 31, 1992, December 17, 1992, August 24, 1993, January 15, 1994 and March 1, 1994, (Filed, respectively, as Exhibit A-1 to Form U-1, File No. 70-23; Exhibits 7(b) and 7(c), File No. 2-7405; Exhibit 7(d), File No. 2-8242; Exhibit 4(c), File No. 2-9626; Exhibit 4(c), File No. 2-10465; Exhibit 4(c), File No. 2-12228; Exhibit 4(c), File No. 2-15851; Exhibit 2(b)-1, File No. 2-24680; Exhibit 2(c), File No. 2-36170; Exhibits 2(c) and 2(d), File No. 2-39975; Exhibit 2(d), File No. 2-43053; Exhibit 4(c)2 to Form 10-K, for December 31, 1989, File No. 1-7324; Exhibit 2(c), File No. 2-53765; Exhibit 2(e), File No. 2-55488; Exhibit 2(c), File No. 2-57013; Exhibit 2(c), File No. 2-58180; Exhibit 4(c)3 to Form 10-K for December 31, 1989, File No. 1-7324; Exhibit 2(e), File No. 2-60089; Exhibit 2(c), File No. 2-60777; Exhibit 2(g), File No. 2-64521; Exhibit 2(h), File No. 2-66758; Exhibits 2(d) and 2(e), File No. 2-69620; Exhibits 4(d) and 4(e), File No. 2-75634; Exhibit 4(d), File No. 2-78944; Exhibit 4(d), File No. 2-87532; Exhibits 4(c)4, 4(c)5 and 4(c)6 to Form 10-K for December 31, 1989, File No. 1-7324; Exhibits 4(c)2 and 4(c)3 to Form 10-K for

Description

December 31, 1992, File No. 1-7324; Exhibit 4(b) to Form S-3, File No. 33-50075; Exhibits 4(c)2 and 4(c)3 to Form 10-K for December 31, 1993, File No. 1-7324; Exhibit 4(c)2 to Form 10-K for December 31, 1994, File No. 1-7324)

Instruments defining the rights of holders of other long-term debt not required to be filed as exhibits will be furnished to the Commission upon request.

10(a) La Cygne 2 Lease (Filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1988, File No. 1-7324) I

10(a)1 Amendment No. 3 to La Cygne 2 Lease Agreement dated as of September 29, 1992 (Filed as Exhibit 10(b)1 to Form 10-K for the year ended December 31, 1992, File No. 1-7324) I

10(b) Outside Directors' Deferred Compensation Plan (Filed as Exhibit 10(c) to the Form 10-K for the year ended December 31, 1993, File No. 1-7324) I

12 Computation of Ratio of Consolidated Earnings to Fixed Charges (Filed electronically)

23 Consent of Independent Public Accountants, Arthur Andersen LLP (Filed electronically)

27 Financial Data Schedule (Filed electronically)

SIGNATURE

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KANSAS GAS AND ELECTRIC COMPANY

March 27, 1996

By WILLIAM B. MOORE
William B. Moore, Chairman of the Board and President