



WESTERN RESOURCES, INC.

Item 5. Other Events

On October 12, 2001, Public Service Company of New Mexico ("PNM") filed a complaint in the Supreme Court of the State of New York, County of New York, arising out of the Agreement and Plan of Restructuring and Merger (the "Agreement") dated as of November 8, 2000 among PNM, Western Resources, Inc. (the "Company"), and certain other parties. The complaint seeks monetary damages for breach of representation in an amount to be proven at trial. The complaint also seeks a declaratory judgment that, among other things:

(1) the conditions precedent set forth in Sections 8.1(e) and (g) of the Agreement, requiring the split-off of Westar Industries, Inc. ("Westar") and that there be no order enjoining or otherwise prohibiting the transactions contemplated in the Agreement, cannot be satisfied and, as a result, that PNM is not obligated to perform its obligations under the Agreement;

(2) any alternatives to the split-off that are materially different from the terms of the Agreement cannot satisfy the condition precedent that a split-off occur prior to the mergers contemplated by the Agreement;

(3) the rate orders issued by the Kansas Corporation Commission constitute a material adverse effect under Section 8.2(f) of the Agreement and, as a result, PNM is not obligated to effect the transaction;

(4) the termination date of the Agreement is December 31, 2001; and

(5) PNM is not required to comply with its obligations under Sections 6.3 and 7.5 of the Agreement which, among other things, require that PNM prepare a proxy statement and submit the transaction to its shareholders for approval.

The Company is evaluating the complaint and the time to file an answer has not run.

Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit 99.1 - Press release dated October 12, 2001 issued by Public Service Company of New Mexico

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Western Resources, Inc.

Date October 16, 2001  
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By /s/ Paul R. Geist  
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Paul R. Geist, Senior Vice  
President and Chief Financial  
Officer

EXHIBIT INDEX

Exhibit Number

Description of Exhibit

99.1 Press release dated October 12, 2001 issued by Public Service Company of New Mexico.

PNM Asks Court to Rule on Western Resources Agreement

October 12, 2001 05:30 PM ET

ALBUQUERQUE, N.M., October 12/PRNewswire/ -- PNM, Public Service Company of New Mexico (PNM) today asked a New York court to resolve PNM's disagreement with Western Resources (WR) regarding PNM's pending acquisition of Western's electric utilities.

In its complaint, PNM asks the court to find that it is impossible to complete the proposed transaction under the original terms. PNM also asks the court to rule that an electric rate reduction mandated for Western by the Kansas Corporation Commission (KCC) is sufficient cause for PNM to terminate its agreement with Western.

Last November, PNM agreed to purchase Western's electric utility operations in a stock for stock transaction valued in excess of \$4 billion. That agreement requires Western to separate its electric utilities from its other businesses and split off those other businesses to Western's shareholders. As part of the transaction, Western claimed that regulatory approval was not required for the split-off. But in an order issued in July and since reaffirmed, the KCC has ruled that Western's plan to restructure its operations, including the split-off, is contrary to the public interest, unlawful and prohibited with or without a merger.

"Although we take this step reluctantly, we believe we have no choice," said Jeff Sterba, PNM chairman, president and CEO. "Western has demanded that we seek KCC approval of the original transaction, even though it contains a provision that has now been ruled unlawful by the KCC. We believe it would be futile for us to make such a filing.

"We believe the current agreement must be restructured, so that it can be approved by the KCC," Sterba added.

PNM is a combined electric and gas utility serving approximately 1.3 million people in New Mexico. The company also sells power on the wholesale market in the Western U.S. PNM stock is traded primarily on the NYSE under the symbol PNM. For more information about PNM, see the Company's web site at [www.pnm.com](http://www.pnm.com).

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Statements made in this news release that relate to future events are made pursuant to the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon current expectations and the company assumes no obligation to update this information. Because actual results may differ materially from expectations, the company cautions readers not to place undue reliance on these statements. A number of factors, including rulings issued by New Mexico Public Regulation Commission pursuant to the Electric Utility Industry Restructuring Act of 1999(as amended), and in other cases now pending or which may be brought before the commission, and decisions of regulatory agencies involving or affecting the proposed transaction to acquire Western Resources' electric utility operations could

cause future events to differ from those forecast in this press release. For a detailed discussion of the important factors affecting PNM, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-K, as amended, for the year ended December 31, 2000, as amended, Form 10-Q for the quarters ended March 31, 2001 and June 30, 2001, and Form 8-K filings with the Securities and Exchange Commission.