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, 2000

[_] 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 785/575-6300

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)

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

Yes X No

Indicate 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]

State the aggregate market value of the voting stock held by nonaffiliates of the registrant. Approximately $1,682,196,624 of Common Stock and $10,181,490 of Preferred Stock (excluding the 4 1/4% Series of Preferred Stock for which there is no readily ascertainable market value) at March 19, 2001.

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

Common Stock, $5.00 par value	84,460,817
(Class)	(Outstanding at March 19, 2001)

Documents Incorporated by Reference:

Part	Document
III	The information required by Items 11-12 of this Form 10-K will be included in an amendment to this Form 10-K to be filed with the Commission.

WESTERN RESOURCES, INC.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Certain matters discussed here and elsewhere in this Annual Report are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like we "believe," "anticipate," "expect" or words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals. Such statements address future events and conditions concerning capital expenditures, earnings, liquidity and capital resources, litigation, rate and other regulatory matters, possible corporate restructurings, mergers, acquisitions, dispositions, including the proposed separation of Westar Industries, Inc. from our electric utility businesses and the consummation of the acquisition of our electric operations by Public Service Company of New Mexico, compliance with debt covenants, changes in accounting requirements and other accounting matters, interest and dividends, Protection One's financial condition and its impact on our consolidated results, environmental matters, changing weather, nuclear operations, ability to enter new markets successfully and capitalize on growth opportunities in non-regulated businesses, events in foreign markets in which investments have been made, and the overall economy of our service area. What happens in each case could vary materially from what we expect because of such things as electric utility deregulation, ongoing municipal, state and federal activities, such as the Wichita municipalization efforts; future economic conditions; legislative and regulatory developments; competitive markets; and other circumstances affecting anticipated operations, sales and costs. See Risk Factors in Item 1. Business for additional information on these and other matters.

PART I

ITEM 1. BUSINESS

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GENERAL

Western Resources, Inc. is a publicly traded consumer services company incorporated in 1924. Unless the context otherwise indicates, all references in this report on Form 10-K to the "company," "Western Resources," "we," "us" "our" or similar words are to Western Resources, Inc. and its consolidated subsidiaries. Our primary business activities are providing electric generation, transmission and distribution services to approximately 636,000 customers in Kansas and providing monitored security services to over 1.5 million customers in North America, the United Kingdom and continental Europe. Rate regulated electric service is provided by KPL, a division of the company, and Kansas Gas and Electric Company (KGE), a wholly owned subsidiary. Monitored security services are provided by Protection One, Inc., a publicly traded, approximately 85%-owned subsidiary, and other wholly owned subsidiaries collectively referred to as Protection One Europe. KGE owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station (Wolf Creek). In addition, through our 45% ownership interest in ONEOK, Inc., natural gas transmission and distribution services are provided to approximately 1.4 million customers in Oklahoma and Kansas. Westar Industries, Inc., our wholly owned subsidiary, owns our interests in Protection One, Protection One Europe, ONEOK, and other non-utility businesses. Our corporate headquarters are located at 818 South Kansas Avenue, Topeka, Kansas 66612.

On November 8, 2000, we entered into an agreement under which Public Service Company of New Mexico (PNM) will acquire our electric utility businesses in a stock-for-stock transaction. Under the terms of the agreement, both we and PNM will become subsidiaries of a new holding company. Immediately prior to the consummation of this combination, we will split-off our remaining interest in Westar Industries to our shareholders.

Westar Industries has filed a registration statement with the Securities and Exchange Commission (SEC) which covers the proposed sale of a portion of its common stock through the exercise of non-transferable rights proposed to be distributed by Westar Industries to our shareholders.

We can give no assurance as to whether or when the rights offering will be consummated or whether or when the separation of our electric and non-electric utility businesses, or the consummation of the acquisition of the company by PNM may occur.

ELECTRIC UTILITY OPERATIONS

General

We supply electric energy at retail to approximately 636,000 customers in Kansas including the communities of Wichita, Topeka, Lawrence, Manhattan, Salina and Hutchinson. We also supply electric energy at wholesale to the electric distribution systems of 65 communities and 4 rural electric cooperatives. We have contracts for the sale, purchase or exchange of wholesale electricity with other utilities. In addition, we have power marketing operations in which electric purchases and sales are made in areas outside of our historical marketing territory.

Our electric sales for the last three years ended December 31 are as follows:

	2000	1999	1998
	(In Thousands)		
Residential	$ 452,674	$ 407,371	$ 428,680
Commercial	367,367	356,314	356,610
Industrial	252,243	251,391	257,186
Wholesale and Interchange	214,721	174,895	145,320
Power Marketing	457,178	190,101	382,601
System Hedging	35,321	3,320	-
Other	49,628	46,306	41,288
Total	$1,829,132	$1,429,698	$1,611,685

Our electric sales volumes for the last three years ended December 31 are as follows:

	2000	1999	1998
	(Thousands of MWH)		
Residential	6,222	5,551	5,815
Commercial	6,485	6,202	6,199
Industrial	5,820	5,743	5,808
Wholesale and Interchange	6,892	5,617	4,826
Other	108	108	108
Total	25,527	23,221	22,756

Power marketing and system hedging sales do not have any physical sales volumes associated with them.

Fossil Fuel Generation

Capacity: The aggregate net generating capacity of our system is presently 5,604 megawatts (MW). The system has interests in 21 fossil-fuel steam generating units, one nuclear generating unit (47% interest), nine combustion peaking turbines, two diesel generators, and two wind generators. A fossil fueled unit at Lawrence Energy Center (31 MW of capacity) was retired in 2000.

Our aggregate 2000 peak system net load, which was also our all time peak system net load, occurred on September 11, 2000 and amounted to 4,531 MW. Our net generating capacity combined with firm capacity purchases and sales provided a capacity margin of approximately 11.7% above system peak responsibility at the time of the peak.

We are a member of the Western Systems Power Pool (WSPP). Under this arrangement, electric utilities and marketers throughout the western United States have agreed to market energy. Services available include short-term and long-term energy transactions, unit commitment service, firm capacity, energy sales and energy exchanges. We are also a member of the Southwest Power Pool as discussed under Power Delivery.

We have agreed to provide generating capacity to other utilities for certain periods as set forth below:

Utility	Capacity (MW)	Period Ending
Oklahoma Municipal Power Authority (OMPA)	60	December 2013
Midwest Energy, Inc.	60	May 2008
	125	May 2010
Empire District Electric Company (Empire)	80	May 2001
	162	May 2010
McPherson Board of Public Utilities (McPherson)	(a)	May 2027

(a) We provide base capacity to McPherson and McPherson provides peaking capacity to us. During 2000, we provided approximately 73 MW to and received approximately 185 MW from McPherson. The amount of base capacity provided to McPherson is based on a fixed percentage of McPherson's annual peak system load.

Future Capacity: We are installing a new combustion turbine generator with a capacity of approximately 154 MW. The unit is scheduled to be placed in operation in mid-2001. We estimate that completion of the project will require approximately $20 million in capital resources during 2001. We forecast that we will need additional capacity of approximately 150 MW by 2005 to serve our customers' expected electricity needs. The methods for supplying this estimated additional energy will be determined at a future date.

In July 1999, we and Empire agreed to jointly construct a 500-MW combined cycle generating plant, which Empire will operate. We will own a 40% interest in the plant through a subsidiary, Westar Generating, Inc. We estimate that our share of the cost of completing the project will require approximately $31 million in capital resources during 2001. Commercial operation is expected to begin in mid-2001.

For further discussion regarding future capacity and cash requirements, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Fuel Mix: Coal-fired units comprise 3,366 MW of our total 5,604 MW of generating capacity and the nuclear unit provides 550 MW of capacity. Of the remaining 1,688 MW of generating capacity, units that can burn either natural gas or oil account for 1,603 MW, units that burn only diesel fuel account for 84 MW, and units which are powered by wind account for 1 MW (See Item 2. Properties).

During 2000, coal was used to produce 78% of our electricity. Nuclear fuel produced 16% and the remainder was produced from natural gas, oil, or diesel fuel.

Our fuel mix fluctuates with the operation of nuclear powered Wolf Creek as discussed below under Nuclear Generation, fuel costs, plant availability and power available on the wholesale market.

Coal: The three coal-fired units at Jeffrey Energy Center (JEC) have an aggregate capacity of 1,870 MW (our 84% share). We have a long-term coal supply contract with Amax Coal West, Inc., a subsidiary of RAG America Coal Company (RAG), to supply coal to JEC from mines located in the Powder River Basin in Wyoming. The contract expires December 31, 2020. The contract contains a schedule of minimum annual MMBtu delivery quantities. The coal to be supplied is surface mined and has an average Btu content of approximately 8,397 Btu per pound and an average sulfur content of .43 lbs/MMBtu (See Environmental Matters). The average cost of coal burned at JEC during 2000 was approximately $1.14 per MMBtu, or $19.09 per ton.

Coal is transported from Wyoming under a long-term rail transportation contract with Burlington Northern Santa Fe (BNSF) and Union Pacific (UP) railroads with a term continuing through December 31, 2013. This contract is currently the subject of litigation.

The two coal-fired units at La Cygne Station have an aggregate generating capacity of 681 MW (KGE's 50% share). La Cygne 1 uses a blended fuel mix containing approximately 85% Powder River Basin coal and 15% Kansas/Missouri coal. La Cygne 2 uses Powder River Basin coal. The operator of La Cygne Station, Kansas City Power & Light Company (KCPL), administers the coal and coal transportation contracts. A portion of the La Cygne 1 and La Cygne 2 Powder River Basin coal is supplied through several fixed price and spot market contracts which expire at various times through 2003 and is transported under KCPL's Omnibus Rail Transportation Agreement with BNSF and Kansas City Southern Railroad through December 31, 2010. Additional coal may be acquired on the spot market. The La Cygne 1 Kansas/Missouri coal is purchased from time to time from local Kansas and Missouri producers.

The Powder River Basin coal supplied during 2000 had an average Btu content of approximately 8,800 Btu per pound and an average sulfur content of .45 lbs/MMBtu. During 2000, the average cost of all coal burned at La Cygne 1 was approximately $0.81 per MMBtu, or $13.92 per ton. The average cost of coal burned at La Cygne 2 was approximately $0.72 per MMBtu, or $12.30 per ton.

The coal-fired units located at the Tecumseh and Lawrence Energy Centers have an aggregate generating capacity of 815 MW. In 2000, we obtained coal from Montana and Colorado. The Montana coal supplied in 2000 had an average Btu content of approximately 9,750 Btu per pound and an average sulfur content of .80 lbs/MMBtu. The Colorado coal supplied in 2000 had an average Btu content of approximately 10,568 Btu per pound and an average sulfur content of .45 lbs/MMBtu. During 2000, the average cost of all coal burned in the Lawrence units was approximately $1.14 per MMBtu, or $22.50 per ton. The average cost of all coal burned in the Tecumseh units was approximately $1.08 per MMBtu, or $20.92 per ton.

During the first quarter of 2001, the Lawrence and Tecumseh Energy Centers switched from Montana Coal to Wyoming Powder River Basin Coal transported by BNSF railroad. Fuel switching is done in an effort to find alternative economical supplies of coal that meet our generation needs. Colorado coal will supplement the Wyoming coal and will be transported by BNSF and UP railroads. We have enough Wyoming and Colorado coal under contract to support the anticipated operation of these units through the end of 2001. We have a portion of our Colorado coal needs under a contract that expires in 2004. We intend to negotiate contracts for Wyoming and Colorado coal for these facilities for future operations. We may also purchase coal on the spot market.

We have entered into all of our coal contracts in the ordinary course of business and do not believe we are substantially dependent upon these contracts. We believe there are other suppliers with plentiful sources of coal available at spot market prices to replace, if necessary, fuel to be supplied pursuant to these contracts. In the event that we were required to replace our coal agreements, we would not anticipate a substantial disruption of our business although the cost of purchasing coal could increase.

We have entered into all of our coal transportation contracts in the ordinary course of business. Several rail carriers are capable of serving our origin coal mines, but several of our generating stations can be served by only one rail carrier. In the event the rail carrier to one of our generating stations fails to provide reliable service, we could experience a short-term disruption of our business. However, due to the obligation of the rail carriers to provide service under the Interstate Commerce Act, we do not anticipate any substantial long-term disruption of our business although the cost of transporting coal could increase.

Natural Gas: We use natural gas as a primary fuel in our Gordon Evans, Murray Gill, Neosho, Abilene, and Hutchinson Energy Centers and in the gas turbine units at our 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 all facilities is purchased in the short-term spot market which supplies the system with a flexible natural gas supply necessary to meet operational needs. For Abilene and Hutchinson Energy Centers, we have maintained interruptible natural gas transportation with Kansas Gas Service under a contract which expires March 31, 2001. We are in the process of replacing the current contract.

For Gordon Evans, Murray Gill, Neosho, Lawrence and Tecumseh Energy Centers, we meet a portion of our natural gas transportation requirements through firm natural gas transportation capacity agreements with Williams Gas Pipelines Central. The firm transportation agreements that serve Gordon Evans, Murray Gill, Lawrence and Tecumseh extend through April 1, 2010 and the agreement for the Neosho facility extends through June 1, 2016.

Oil: We use oil as an alternate fuel when economical or when interruptions to natural gas make it necessary. Oil is also used as a start-up fuel at some of our generating stations and as a primary fuel in the Hutchinson Unit 4 combustion turbine and in the diesel generators. Oil is obtained by spot market purchases and year-long contracts. We maintain quantities in inventory to meet emergency requirements and protect against reduced availability of natural gas for limited periods or when the primary fuel becomes uneconomical to burn.

Other Fuel Matters: Our contracts to supply fuel for our 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. We use financial instruments to hedge a portion of our anticipated fossil fuel needs in an attempt to offset the volatility of the spot market. Due to the volatility of these markets, we are unable to determine what the value will be when the agreements are actually settled. See the Market Risk Disclosure for further information.

Natural gas and oil prices increased significantly during 2000 throughout the nation. During 2000, our region experienced a price range of $2.09 per MMBtu to $11.53 per MMBtu for natural gas. We experienced a 45% increase in our average cost for natural gas purchased, or an increase of $1.07 per MMBtu. See the Market Risk Disclosure for further discussion.

During the first quarter of 2001, spot market prices for western coal markets increased significantly. This increase will impact the fuel contracts currently in place for the portion of our 2001 anticipated coal which is indexed to or purchased on the spot market for our La Cygne Generating Station, increasing our coal commodity price market risk. We do not believe that 2001 spot market purchases will be at rates as favorable as those experienced during 2000.

Set forth in the table below is information relating to the weighted average cost of fuel that we have used (which includes the commodity cost, transportation cost to our facilities and any other associated costs).

KPL Plants	2000	1999	1998
Per Million Btu:			
Coal...............	$1.13	$1.09	$1.15
Gas................	3.84	2.66	2.29
Oil................	3.45	4.17	4.40
Per MWH Generation....	1.36	1.26	1.31

KGE Plants	2000	1999	1998
Per Million Btu:			
Nuclear............	$0.44	$0.45	$0.48
Coal...............	0.91	0.87	0.86
Gas................	3.34	2.31	2.28
Oil................	3.12	2.11	4.05
Per MWH Generation....	1.11	0.98	0.94

Nuclear Generation

Fuel Supply: The owners of Wolf Creek have on hand or under contract 100% of their uranium needs for 2001 and 65% of the uranium required for operation of Wolf Creek through March 2005. The balance is expected to be obtained through spot market and contract purchases.

Contractual arrangements are in place for 100% of Wolf Creek's uranium conversion needs for 2001 and 65% of the uranium conversion required for operation of Wolf Creek through March 2005. The owners have under contract 100% of Wolf Creek's uranium enrichment needs for 2001 and 77% of the uranium enrichment required to operate Wolf Creek through March 2005. The balance of Wolf Creek's conversion and enrichment needs are expected to be obtained through term contract and spot market purchases.

All uranium, uranium hexaflouride and uranium enrichment arrangements have been entered into in the ordinary course of business and Wolf Creek is not substantially dependent upon these agreements. Wolf Creek's management believes there are other supplies available at reasonable prices to replace, if necessary, these contracts. In the event that these contracts were required to be replaced, Wolf Creek's management does not anticipate a substantial disruption of Wolf Creek's operations.

Nuclear fuel is amortized to cost of sales based on the quantity of heat produced for the generation of electricity.

Fuel Disposal: Under the Nuclear Waste Policy Act of 1982 (NWPA), the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. Wolf Creek pays the DOE a quarterly fee of one-tenth of a cent for each kilowatt-hour of net nuclear generation delivered for the future disposal of spent nuclear fuel. These disposal costs are charged to cost of sales.

In 1996 and 1997, a U.S. Court of Appeals issued decisions that (1) the NWPA unconditionally obligated the DOE to begin accepting spent fuel for disposal in 1998, and (2) precluded the DOE from concluding that its delay in accepting spent fuel is "unavoidable" under its contracts with utilities due to lack of a repository or interim storage authority.

In May 1998, the Court issued an order in response to the utilities' petitions for remedies for DOE's failure to begin accepting spent fuel for disposal. The Court affirmed its conclusion that the sole remedy for DOE's breach of its statutory obligation under the NWPA is a contract remedy, and indicated that the court will not revisit the matter until the utilities have completed their pursuit of that remedy. Wolf Creek intends to pursue its claims against the DOE.

A permanent disposal site may not be available for the nuclear industry until 2010 or later, although an interim facility may be available earlier. Under current DOE policy, once a permanent site is available, the DOE will accept spent nuclear fuel on a priority basis. The owners of the oldest spent fuel will be given the highest priority. As a result, disposal services for Wolf Creek may not be available prior to 2016. Wolf Creek has on-site temporary storage for spent nuclear fuel. In early 2000, Wolf Creek completed replacement of spent fuel storage racks to increase its on-site storage capacity for all spent fuel expected to be generated by Wolf Creek through the end of its licensed life in 2025.

The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated that the various states, individually or through interstate compacts, develop alternative low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Central Interstate Low-Level Radioactive Waste Compact and selected a site in Nebraska to locate a disposal facility. WCNOC and the owners of the other five nuclear units in the Compact have provided most of the pre-construction financing for this project. Our net investment in the Compact through December 31, 2000, was approximately $7.4 million.

On December 18, 1998, the application for a license to construct this project was denied. The license applicant has sought a hearing on the license denial, but a U.S. District Court has delayed indefinitely proceedings related to the hearing. In December 1998, the utilities filed a federal court lawsuit contending Nebraska officials acted in bad faith while handling the license application and seeking damages related to the utilities' costs incurred because of the delay in processing the application. In May 1999, the Nebraska legislature passed a bill withdrawing Nebraska from the Compact. In August 1999, the Nebraska governor gave official notice of the withdrawal to the other member states. Withdrawal will not be effective for five years and will not, of itself, nullify the site license proceeding.

Wolf Creek disposes of all classes of its low-level radioactive waste at existing third-party repositories. Should disposal capability become unavailable, Wolf Creek is able to store its low-level radioactive waste in an on-site facility for up to five years under current regulations. Wolf Creek believes that a temporary loss of low-level radioactive waste disposal capability will not affect continued operation of the power plant.

Scheduled Outages: Wolf Creek has an 18-month refueling and maintenance schedule which permits uninterrupted operation every third calendar year. The next outage is scheduled in the spring of 2002. During the outage, electric demand is expected to be met primarily by our other fossil-fueled generating units and by purchased power.

Insurance: Information with respect to insurance coverage applicable to the operations of our nuclear generating facility is set forth in Note 14 of the Notes to Consolidated Financial Statements.

Power Delivery

Our Power Delivery segment transports electricity from the generating stations to approximately 636,000 customers in Kansas. It also transports electric energy to the electric distribution systems of 65 communities and 4 rural electric cooperatives. Power Delivery properties include substations, poles, wire, underground cable systems, and customer meters. Power Delivery's objective is to provide low-cost electricity transportation while maintaining a high level of system reliability and customer service.

We are a member of the Southwest Power Pool (SPP). SPP's responsibility is to maintain transmission system reliability on a regional basis. SPP is working to become a regional transmission organization (RTO) for the region encompassing areas within the eight states of Kansas, Missouri, Oklahoma, New Mexico, Texas, Louisiana, Arkansas, and Mississippi. We are also a member of the SPP transmission tariff along with ten other transmission providers in the region. Revenues from this tariff are divided among the tariff members based upon calculated impacts to their respective system. The tariff allows for both non-firm and firm transmission access.

The Power Delivery segment also includes the customer service portion of our electric utility business. Customer service includes, among other things, operating our phone center, handling credit and collections, billing, meter reading, and field service.

Competition and Deregulation

Electric utilities have historically operated in a rate regulated environment. Federal and state regulatory agencies having jurisdiction over our rates and services and other utilities have initiated steps that were expected to result in a more competitive environment for utility services. However, during 2000 and early 2001, extensive problems in the deregulated California market have caused many states to reconsider deregulation efforts. The Kansas Legislature took no action on deregulation in 2000.

In a deregulated environment, utility companies that are not responsive to a competitive energy marketplace may suffer erosion in market share, revenues and profits as recently experienced in the California energy market. Increased competition for retail electricity sales may in the future reduce our earnings which could impact our ability to pay dividends and could have a material adverse impact on our operations and our financial condition. A material non-cash charge to earnings may be required should we discontinue accounting under Statement of Financial Accounting Standard No. 71, "Accounting for the Effects of Certain Types of Regulation."

The 1992 Energy Policy Act began deregulating the electricity market for generation. The Energy Policy Act permitted the Federal Energy Regulatory Commission (FERC) to order electric utilities to allow third parties the use of their transmission systems to sell electric power to wholesale customers. In 1992, we agreed to open access of our transmission system for wholesale transactions. FERC also requires us to provide transmission services to others under terms comparable to those we provide ourselves. In December 1999, FERC issued an order (FERC Order 2000) encouraging formation of regional transmission organizations (RTOs), whose purpose is to facilitate greater competition at the wholesale level. We anticipate that FERC Order 2000 will not have a material effect on us or our operations.

For further discussion regarding competition and its potential impact on us, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Regulation and Rates

As a Kansas electric utility, we are subject to the jurisdiction of the Kansas Corporation Commission (KCC) which has general regulatory authority over our rates, extensions and abandonments of service and facilities, valuation of property, the classification of accounts and various other matters. We are also subject to the jurisdiction of the KCC with respect to the issuance of certain securities.

Additionally, we are subject to the jurisdiction of the FERC, which has authority over wholesale sales of electricity, the transmission of electric power and the issuance of certain securities. We are subject to the jurisdiction of the Nuclear Regulatory Commission for nuclear plant operations and safety. We are also 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).

On November 27, 2000, we and KGE filed applications with the KCC for a change in retail rates which included a cost allocation study and separate cost of service studies for our KPL division and KGE. We and KGE also provided revenue requirements on a combined company basis on December 28, 2000. If approved as proposed, the impact of these rate requests will be an annual increase of $93.0 million for our KPL division and $58.0 million for KGE for a total of $151.0 million. The proposal also contains a mechanism for adjusting these rate requests up or down if projected natural gas fuel prices are different from the prices utilized in the November 27, 2000 filings. We anticipate a ruling by the KCC in July 2001 but are unable to predict the outcome. We can give no assurance that these rate requests will be approved as proposed.

Additional information with respect to Rate Matters and Regulation is set forth in Notes 1 and 3 of Notes to Consolidated Financial Statements and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Environmental Matters

We currently hold all Federal and State environmental approvals required for the operation of our generating units. We believe we are 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, or EPA.

The JEC and La Cygne 2 units have met: (1) the Federal sulfur dioxide standards through the use of low sulfur coal; (2) the Federal particulate matter standards through the use of electrostatic precipitators; and (3) the Federal 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 when needed to meet permit limits.

The Kansas Department of Health and Environment (KDHE) regulations applicable to our other generating facilities prohibit the emission of more than 3.0 pounds of sulfur dioxide per million Btu of heat input. We meet these standards through the use of low sulfur coal and by all facilities burning coal being equipped with flue gas scrubbers and/or electrostatic precipitators.

We must comply with the provisions of The Clean Air Act Amendments of 1990 that require a two-phase reduction in certain emissions. We have installed continuous monitoring and reporting equipment to meet the acid rain requirements. We have not had to make any material capital expenditures to meet Phase II sulfur dioxide and nitrogen oxide requirements.

All of our generating facilities are in substantial compliance with the Best Practicable Technology and Best Available Technology regulations issued by the 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 14 of the Notes to Consolidated Financial Statements.

MONITORED SERVICES

General: We provide property monitoring services through Protection One and Protection One Europe to over 1.5 million customers. Security services are provided to residential (both single family and multifamily residences), commercial and wholesale customers. Revenues are generated primarily from recurring monthly payments for monitoring and maintaining the alarm systems installed in customer's homes and businesses.

Protection One and Protection One Europe are owned by Westar Industries and will therefore cease to be part of Western Resources upon consummation of a separation of our electric utility and non-electric utility businesses.

Operations: Operations consist principally of alarm monitoring, customer service functions and branch operations.

Security alarm systems include many different types of devices installed at customers' premises designed to detect or react to various occurrences or conditions, such as intrusion or the presence of fire or smoke. Products range from basic intrusion and fire detection equipment to fully integrated systems with card access, closed circuit television and voice/video monitoring.

Alarm monitoring customer contracts generally have initial terms ranging from two to ten years in duration, and provide for automatic renewals for a fixed period (typically one year) unless one of the parties elects to cancel the contract at the end of its term.

Protection One maintains nine major service centers in North America to provide monitoring services to the majority of its customer base. In the United Kingdom, Protection One Europe's service centers are based in the metropolitan London area. The service centers in continental Europe are based in Paris and in metropolitan Marseilles, France.

Protection One Europe has a significant number of customers in the United Kingdom whose security systems are not monitored. Systems for these customers are designed to detect unauthorized entry and emit an audible alarm. Protection One Europe provides maintenance service for these customers.

Branch Operations: Protection One maintains 69 service branches in North America from which Protection One provides field repair, customer care, alarm response and sales services and 11 satellite locations from which Protection One provides field repair services. Protection One's branch infrastructure plays an important role in enhancing customer satisfaction, reducing customer loss and building brand awareness. Protection One Europe maintains approximately 44 sales branch offices in the United Kingdom and continental Europe.

Sales and Marketing: Protection One relies on a diverse customer acquisition strategy including a mix of internal sales efforts, "tuck-in" acquisitions and a dealer program. Protection One Europe relies on an internal sales force. In February 2000, Protection One initiated a commission only internal sales team, now operating in all Protection One markets, with a goal of producing accounts at a cost lower than its external sales efforts. This program utilizes Protection One's existing branch infrastructure in all its markets. Protection One is also pursuing alliances with strategic partners in an effort to further diversify its marketing distribution channels. Protection One's dealer marketing program provides support services to dealers as they grow their independent businesses. On behalf of dealer program participants, Protection One obtains purchase discounts on security systems, coordinates cooperative dealer advertising and provides assistance in marketing and employee training support services.

Competition: The security alarm industry is highly competitive. In North America, there are only five alarm companies that offer services across the U.S. and Canada with the remainder being either large regional or small, privately held alarm companies. Based on number of residential customers, Protection One believes the top five alarm companies in North America are:

- ADT Security Services, a subsidiary of Tyco International, Inc.;
- SecurityLink from Cambridge Securities (previously from Ameritech Inc., a subsidiary of Ameritech Corporation);
- Protection One;
- Brinks Home Security Inc., a subsidiary of The Pittston Services Group of North America; and
- Honeywell Inc.

Competition in the security alarm industry is based primarily on reliability of equipment, market visibility, services offered, reputation for quality of service, price and the ability to identify and to solicit prospective customers as they move into homes. Protection One and Protection One Europe believe that they compete effectively with other national, regional and local security alarm companies due to their reputation for reliable equipment and services, their prominent presence in the areas surrounding their branch offices and dealers, and their ability to offer combined monitoring, repair and enhanced services.

Intellectual Property: Protection One owns trademarks related to the name and logo for each of Protection One, Network Multifamily Security, and PowerCall as well as a variety of trade and service marks related to individual services Protection One provides. Protection One owns certain proprietary software applications, which it uses to provide services to its customers. While Protection One believes its trademarks, service marks and proprietary information are important to its business, other than the trademarks Protection One owns in its own name and logo, Protection One does not believe its inability to use any of its trademarks and service marks would have a material adverse effect on its business as a whole.

Regulatory Matters: A number of local governmental authorities have adopted or are considering various measures aimed at reducing the number of false alarms. Such measures include:

- Permitting of individual alarm systems and the revocation of such permits following a specified number of false alarms;
- Imposing fines on alarm customers for false alarms;
- Imposing limitations on the number of times the police will respond to alarms at a particular location after a specified number of false alarms;
- Requiring further verification of an alarm signal before the police will respond; and
- Subjecting alarm monitoring companies to fines or penalties for transmitting false alarms.

Protection One's and Protection One Europe's operations are subject to a variety of other laws, regulations and licensing requirements of both domestic and foreign federal, state, and local authorities. In certain jurisdictions, Protection One and Protection One Europe are required to obtain licenses or permits, to comply with standards governing employee selection and training, and to meet certain standards in the conduct of its business. Many jurisdictions also require certain employees to obtain licenses or permits. Those employees who serve as patrol officers are often subject to additional licensing requirements, including firearm licensing and training requirements in jurisdictions in which they carry firearms.

The alarm industry is also subject to requirements imposed by various insurance, approval, listing, and standards organizations. Depending upon the type of customer served, the type of security service provided, and the requirements of the applicable local governmental jurisdiction, adherence to the requirements and standards of such organizations is mandatory in some instances and voluntary in others.

Protection One's advertising and sales practices are regulated in the United States by both the Federal Trade Commission and state consumer protection laws. In addition, certain administrative requirements and laws of the jurisdictions in which Protection One and Protection One Europe operate also regulate such practices. Such laws and regulations include restrictions on the promotion of the sale of security alarm systems, the obligation to provide purchasers of its alarm systems with certain rescission rights and certain foreign jurisdictions' restrictions on a company's freedom to contract.

Protection One's alarm monitoring business utilizes telephone lines and radio frequencies to transmit alarm signals. The cost of telephone lines, and the type of equipment, which may be used in telephone line transmission, are currently regulated by both federal and state governments. The Federal Communications Commission and state public utilities commissions regulate the operation and utilization of radio frequencies. In addition, the laws of certain foreign jurisdictions in which Protection One and Protection One Europe operate regulate the telephone communications with the local authorities.

Risk Management: The nature of the services provided by Protection One and Protection One Europe potentially exposes them to greater risks of liability for employee acts or omissions, or system failure, than may be inherent in other businesses. Substantially all of Protection One's and Protection One Europe's alarm monitoring agreements, and other agreements, pursuant to which their products and services are sold, contain provisions limiting liability to customers in an attempt to reduce this risk.

Protection One and Protection One Europe carry insurance of various types, including general liability and errors and omissions insurance in amounts considered adequate and customary for the industry and business. Loss experience, and the loss experiences at other security service companies, may affect the availability and cost of such insurance. Certain insurance policies, and the laws of some states, may limit or prohibit insurance coverage for punitive or certain other types of damages, or liability arising from gross negligence.

SEGMENT INFORMATION

Financial information with respect to business segments is set forth in Note 22 of the Notes to Consolidated Financial Statements.

GEOGRAPHIC INFORMATION

Geographic information is set forth in Note 22 of the Notes to Consolidated Financial Statements.

EMPLOYEES

As of December 31, 2000, we had approximately 8,300 employees, of which approximately 5,800 were monitored service employees. We did not experience any strikes or work stoppages during 2000. Our current contract with the International Brotherhood of Electrical Workers extends through June 30, 2002. The contract covers approximately 1,400 employees.

RISK FACTORS

Cautionary Statements Regarding Future Results of Operations

You should read the following risk factors in conjunction with discussions of factors discussed elsewhere in this and other of our filings with the SEC. These cautionary statements are intended to highlight certain factors that may affect our financial condition and results of operations and are not meant to be an exhaustive discussion of risks that apply to public companies with broad operations, such as us. Like other businesses, we are susceptible to macroeconomic downturns in the United States or abroad that may affect the general economic climate and our performance or that of our customers. Similarly, the price of our securities is subject to volatility due to fluctuations in general market conditions, differences in our results of operations from estimates and projections generated by the investment community and other factors beyond our control.

Efforts by Wichita to Equalize Rates May Affect Operations and Results: In September 1999, the City of Wichita filed a complaint with FERC against KGE, alleging improper affiliate transactions between KGE and Western Resources' KPL division. The City of Wichita asked that FERC equalize the generation costs between KGE and KPL, in addition to other matters. On November 9, 2000, a FERC administrative law judge ruled in our favor that no change in rates was required. On December 13, 2000, the City of Wichita filed a brief with

FERC asking that the Commission overturn the judge's decision. We anticipate a decision by FERC in the second quarter of 2001. A decision requiring equalization of rates could have a material adverse effect on our business and financial condition.

Municipalization Efforts by Wichita May Affect Operations and Results: In December 1999, the City Council of Wichita, Kansas, authorized the hiring of an outside consultant to determine the feasibility of creating a municipal electric utility to replace KGE as the supplier of electricity in Wichita. The feasibility study was released in February 2001 and estimates that the City of Wichita would be required to pay us $145 million for our stranded costs if it were to municipalize. However, we estimate the amount to be substantially greater. In order to municipalize KGE's Wichita electric facilities, the City of Wichita would be required to purchase KGE's facilities or build a separate independent system and arrange for its own power supply. These costs are in addition to the stranded costs for which the city would be required to reimburse us. On February 2, 2001, the City of Wichita announced its intention to proceed with its attempt to municipalize KGE's retail electric utility business in Wichita. KGE will oppose municipalization efforts by the City of Wichita. Should the city be successful in its municipalization efforts without providing us adequate compensation for our assets and lost revenues, the adverse effect on our business and financial condition could be material.

KGE's franchise with the City of Wichita to provide retail electric service expires in March 2002. There can be no assurance that we can successfully renegotiate the franchise with terms similar, or as favorable, as those in the current franchise. Under Kansas law, KGE will continue to have the right to serve the customers in Wichita following the expiration of the franchise, assuming the system is not municipalized. Customers within the Wichita metropolitan area account for approximately 25% of our total energy sales.

Electric Fuel Costs and Purchased Power are Included in Base Rates and are not Recovered Automatically: Electric fuel costs and purchased power are included in base rates. Therefore, if we wish to recover an increase in fuel and purchased power costs, we have to file a request for recovery in a rate filing with the KCC, which could be denied in whole or in part. Any increase in fuel and purchased power costs from the projected average which we did not recover through rates would reduce our earnings.

Purchased Power and Fossil-Fuel Commodity Prices are Volatile: In 2000 and 1999, the wholesale power market experienced extreme volatility in prices and supply. This volatility impacts our costs of power purchased and our participation in power trades. If we were unable to generate an adequate supply of electricity for our customers, we would have to purchase power in the wholesale market, if available, or implement curtailment or interruption procedures. To the extent open positions exist in our power marketing portfolio, we are exposed to fluctuating market prices that may adversely impact our financial position and results of operations. The increased expenses or loss of revenues associated with this could be material and adverse to our consolidated results of operations and financial condition. Over the last few years, purchased power prices have increased above historical levels and are not expected to decrease.

We use a mix of various fuel types, including coal and natural gas, to operate our system. Natural gas prices increased significantly during 2000 throughout the nation. This increase impacted the cost of gas we used for generation as well as our cost of purchased power. The higher natural gas prices increased our total cost of gas purchased during 2000 although we decreased the quantity burned.

During the first quarter of 2001, spot market prices for western coal markets increased significantly. This increase will impact the portion of our anticipated cost of coal which is indexed to or purchased on the spot market.

In an effort to mitigate fuel commodity price market risk, we use hedging arrangements to minimize our exposure to increased coal, natural gas and oil prices. Our future exposure to changes in fossil fuel prices will be dependent upon the market prices and the extent and effectiveness of any hedging arrangements we may have. Increases in purchased power and fossil fuel prices could have a material adverse effect on our results of operation.

Hedging and Trading Activities Involve Risks: We are involved in hedging and trading activities primarily to minimize risk from commodity market fluctuations, capitalize on market knowledge and enhance system reliability. In these activities, we utilize a variety of financial instruments, including forward contracts involving cash settlements or physical delivery of an energy commodity, options, swaps requiring payments (or receipt of payments) from counter-parties based on the differential between specified prices for the related commodity, and futures traded on electricity and natural gas.

Our hedging and trading activities involve risks, including the risk that market prices will move against the prices reflected in our contracts, credit risks associated with the financial condition of our counter-parties, and the risk of increased earnings volatility from period to period. See Market Risk Disclosure in Item 7. Management's Discussion and Analysis for further discussion.

Strategic Transactions May Not Be Completed and the Separation of Westar Industries Would Impact Results of Operation: Our strategic plans contemplate acquisition of our electric utility business by PNM and the split-off of Westar Industries to our shareholders. Prior to the completion of these transactions, Westar Industries intends to sell a portion of its common stock in a rights offering to our shareholders. The completion of these transactions is subject to the satisfaction of various conditions, including the receipt of shareholder and regulatory approvals in the case of the PNM transaction. We can give no assurance that the conditions to closing will be satisfied and that the transactions will be consummated as contemplated. Furthermore, if the Westar Industries rights offering is completed, we would record a non-cash charge against income equal to the difference between the book value of the portion of our investment in Westar Industries sold in the rights offering and the offering proceeds received by Westar Industries. Similarly, if the split-off of Westar Industries is completed, we would record a non-cash charge against income equal to the difference between the book value of our remaining investment in Westar Industries and the fair market value of the shares of Westar Industries common stock distributed to our shareholders. We are unable to determine the amount of the charges at this time because the subscription price in the rights offering has not been determined and the fair market value of the common stock of Westar Industries distributed in the split-off will be determined at the time of the split-off. However, the charges would be material and would have a material adverse effect on our operating results in the period recorded.

Monitored Services Has Had a History of Losses Which are Likely to Continue: Monitored services incurred net losses of $77.8 million in 2000 (a net loss of $127.1 million excluding extraordinary gains of $49.3 million, net of tax), $80.7 million in 1999 (a net loss of $91.9 million excluding the effect of the Mobile Services Group gain, net of tax) and $17.8 million in 1998. These losses reflect, among other factors:

- lower revenue and higher costs per customer due to a smaller customer base;
- substantial charges incurred for amortization of purchased customer accounts;
- interest incurred on indebtedness;
- other charges required to manage operations; and
- costs associated with the integration of acquisitions.

Substantial charges for amortization of purchased customer accounts will continue on monitored services' existing customer base and customer accounts acquired in the future. We anticipate that Protection One will also continue to incur substantial interest expense because of its substantial debt. We do not expect monitored services to attain profitable operations in the forseeable future.

The Impact of Recently Proposed Accounting Changes Requiring the Write Off of Goodwill Could Be Significant: The Financial Accounting Standards Board issued an exposure draft on February 14, 2001 which, if adopted as proposed, would establish a new accounting standard for the treatment of goodwill in a business combination. The new standard would continue to require recognition of goodwill as an asset in a business combination but would not permit amortization as currently required by APB Opinion No. 17, "Intangible Assets." The new standard would require that goodwill be separately tested for impairment using a fair-value based approach as opposed to an undiscounted cash flow approach which is required under current accounting standards. If goodwill is found to be impaired, we would be required to record a non-cash charge against income. The impairment charge would be equal to the amount by which the carrying amount of the goodwill exceeds the fair value. Goodwill would no longer be amortized on a current basis as is required under current accounting standards. The exposure draft contemplates this standard to become effective on July 1, 2001, although this effective date is not certain. Furthermore, the proposed standard could be modified prior to its adoption.

If the new standard is adopted as proposed, any subsequent impairment test on our customer accounts would be performed on the customer accounts alone rather than in conjunction with goodwill utilizing an undiscounted cash flow test pursuant to SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

At December 31, 2000, we had $976 million in goodwill attributable to acquisitions of businesses and $1,006 million for monitored services' customer accounts. These intangible assets together represented 25.5% of the book value of our total assets. We recorded approximately $61.4 million in goodwill amortization expense in 2000. If the new standard becomes effective July 1, 2001 as proposed, we believe it is probable that we would be required to record a non-cash impairment charge. We cannot determine the amount at this time, but we believe the amount would be material and could be a substantial portion of our intangible assets. This impairment charge would have a material adverse effect on our operating results in the period recorded.

The Impact of Protection One Class Action Litigation May Be Material: We, our subsidiary Westar Industries, Protection One, its subsidiary Protection One Alarm Monitoring, Inc., and certain present and former officers and directors of Protection One are defendants in a purported class action litigation pending in the United States District Court for the Central District of California brought on behalf of shareholders of Protection One. The plaintiffs are seeking unspecified compensatory damages based on allegations that various statements concerning Protection One's financial results and operations for 1997, 1998, 1999 and the first three quarters of 2000 were false and misleading. We and Protection One cannot predict the impact of this litigation which could be material. (See Item 3. Legal Proceedings and Note 15 of the Notes to Consolidated Financial Statements for more information.)

For additional risk factors relating to Protection One, see its December 31, 2000 Annual Report on Form 10-K.

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Present Office	Other Offices or Positions Held During Past Five Years
David C. Wittig	45	Chairman of the Board (since January 1999) Chief Executive Officer (since July 1998) and President (since March 1996)	
Thomas L. Grennan	49	Executive Vice President, Electric Operations (since November 1998)	Senior Vice President, Electric Operations (September 1998 to November 1998) Vice President, Generation Services (May 1995 to August 1998)
Carl M. Koupal, Jr.	47	Executive Vice President and Chief Administrative Officer	
Douglas T. Lake	50	Director (since October 2000) Executive Vice President, Chief Strategic Officer (since September 1998)	Bear Stearns & Co., Inc. - Senior Managing Director (1995 to August 1998)
James A. Martin	43	Senior Vice President, and Treasurer (since August 2000)	Vice President (July 1995 to August 2000)
Richard D. Terrill	46	Executive Vice President, General Counsel (since May 1999)	Executive Vice President, General Counsel, Corporate Secretary (May 1999 to May 2000) Vice President, Law and Corporate Secretary (July 1998 to May 1999) Secretary and Associate General Counsel (April 1992 to June 1998)
Rita A. Sharpe	42	Executive Vice President, Shared Services (since May 2000)	Western Resources, Inc. - Vice President, Shared Services (October 1998 to May 2000) Westar Energy, Inc., - Chairman and President (February 1997 to October 1998) Vice President and Assistant Secretary (May 1995 to February 1997)

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

ITEM 2. PROPERTIES

ELECTRIC GENERATING FACILITIES

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW)
Abilene Energy Center:				
Combustion Turbine	1	1973	Gas	66.0
Gordon Evans Energy Center:				
Steam Turbines	1	1961	Gas--Oil	151.0
	2	1967	Gas--Oil	383.0
Combustion Turbines	1	2000	Gas--Oil	74.0
	2	2000	Gas--Oil	74.0
Diesel Generator	1	1969	Diesel	3.0
Hutchinson Energy Center:				
Steam Turbines	1	1950	Gas	18.0
	2	1950	Gas	18.0
	3	1951	Gas	31.0
	4	1965	Gas	191.0
Combustion Turbines	1	1974	Gas	52.0
	2	1974	Gas	50.0
	3	1974	Gas	52.0
	4	1975	Oil--Diesel	78.0
Diesel Generator	1	1983	Diesel	3.0
Jeffrey Energy Center (84%)(a):				
Steam Turbines	1	1978	Coal	625.0
	2	1980	Coal	622.0
	3	1983	Coal	623.0
Wind Turbines	1	1999	-	0.6
	2	1999	-	0.6
La Cygne Station (50%):				
Steam Turbines	1 (a)	1973	Coal	344.0
	2 (b)	1977	Coal	337.0
Lawrence Energy Center:				
Steam Turbines	3	1954	Coal	59.0
	4	1960	Coal	119.0
	5	1971	Coal	394.0
Murray Gill Energy Center:				
Steam Turbines	1	1952	Gas--Oil	43.0
	2	1954	Gas--Oil	74.0
	3	1956	Gas--Oil	112.0
	4	1959	Gas--Oil	106.0
Neosho Energy Center:				
Steam Turbine	3	1954	Gas--Oil	67.0
Tecumseh Energy Center:				
Steam Turbines	7	1957	Coal	85.0
	8	1962	Coal	158.0
Combustion Turbines	1	1972	Gas	20.0
	2	1972	Gas	21.0
Wolf Creek Generating Station (47%):				
Nuclear	1 (a)	1985	Uranium	550.0
Total				5,604.2

(a) We jointly own Jeffrey Energy Center (84%), La Cygne 1 generating unit (50%), and Wolf Creek Generating Station (47%).
(b) In 1987, KGE entered into a sale leaseback transaction involving its 50% interest in the La Cygne 2 generating unit.

We own approximately 6,300 miles of transmission lines, approximately 21,000 miles of overhead distribution lines, and approximately 2,800 miles of underground distribution lines.

Substantially all of our utility properties are encumbered by first priority mortgages pursuant to which bonds have been issued and are outstanding.

MONITORED SERVICES FACILITIES

Protection One:

Location	Size (Sq. ft.)	Lease/Own	Principal Purpose
United States:			
Addison, TX	28,512	Lease	Service Center/Multifamily Administrative Headquarters
Beaverton, OR	44,600	Lease	Service Center
Hagerstown, MD (1)	21,370	Lease	Service Center
Irving, TX	53,750	Lease	Service Center
Irving, TX	27,197	Lease	Administrative Functions
Orlando, FL	11,020	Lease	Wholesale Service Center
Topeka, KS	17,703	Lease	Financial/Administrative Headquarters
Wichita, KS	50,000	Own	Service Center/Administrative Functions
Canada:			
Ottawa, ON	7,937	Lease	Service Center/Administrative Headquarters
Vancouver, BC	5,177	Lease	Service Center

(1) In March 2001, this facility was closed.

Protection One Europe:

Location	Size (Sq. ft.)	Lease/Own	Principal Purpose
Europe:			
London, UK	8,900	Lease	Administrative/Service Center
Basingstoke (London), UK	4,600	Lease	Financial/Administrative Offices/Service Center
Paris, FR	3,498	Lease	Financial/Administrative Offices/Service Center
Vitrolles (Marseilles), FR	13,003	Lease	Administrative/Service Center

ITEM 3. LEGAL PROCEEDINGS

The Securities and Exchange Commission (SEC) commenced a private investigation in 1997 relating to, among other things, the timeliness and adequacy of disclosure filings with the SEC by us with respect to securities of ADT Ltd. We are cooperating with the SEC staff in this investigation.

The company, its subsidiary Westar Industries, Protection One, its subsidiary Protection One Alarm Monitoring, Inc. (Monitoring), and certain present and former officers and directors of Protection One are defendants in a purported class action litigation pending in the United States District Court for the Central District of California, "Alec Garbini, et al v. Protection One, Inc., et al," No. CV 99-3755 DT (RCx). Pursuant to an Order dated August 2, 1999, four pending purported class actions were consolidated into a single action. On February 27, 2001, plaintiffs filed a Third Consolidated Amended Class Action Complaint ("Amended Complaint"). Plaintiffs purported to bring the action on behalf of a class consisting of all purchasers of publicly traded securities of Protection One, including common stock and notes, during the period of February 10, 1998 through February 2, 2001. The Amended Complaint asserts claims under Section 11 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 against Protection One, Monitoring, and certain present and former officers and directors of Protection One based on allegations that various statements concerning Protection One's financial results and operations for 1997, 1998, 1999 and the first three quarters of 2000 were false and misleading and not in compliance with generally accepted accounting principles. Plaintiffs allege, among other things, that former employees of Protection One have reported that Protection One lacked adequate internal accounting controls and that certain accounting information was unsupported or manipulated by management in order to avoid disclosure of accurate information. The Amended Complaint further asserts claims against the company and Westar Industries as controlling persons under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. A claim is also asserted under Section 11 of the Securities Act of 1933 against Protection One's auditor, Arthur Andersen LLP. The Amended Complaint seeks an unspecified amount of compensatory damages and an award of fees and expenses, including attorneys' fees. Defendants have until April 9, 2001 to respond to the Amended Complaint. The company and Protection One intend to vigorously defend against all the claims asserted in the Amended Complaint. The company and Protection One cannot predict the impact of this litigation which could be material.

Additional information on legal proceedings involving the company is set forth in Notes 3 and 15 of Notes to Consolidated Financial Statements. See also Item 1. Business, Environmental Matters and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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

No matter was submitted to a vote of our security holders through the solicitation of proxies or otherwise during the fourth quarter of 2000.

PART II

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

Stock Trading

Our common stock is listed on the New York Stock Exchange and traded under the ticker symbol WR. As of March 19, 2001, there were 39,546 common shareholders of record. For information regarding quarterly common stock price ranges for 2000 and 1999, see Note 23 of Notes to Consolidated Financial Statements.

Dividends

Holders of our common stock are entitled to dividends when and as declared by the Board of Directors. However, prior to the payment of common dividends, dividends must be first paid to the holders of preferred stock based on the fixed dividend rate for each series and our obligations with respect to mandatorily redeemable preferred securities issued by subsidiary trusts must be met.

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 or about the ninth day of the preceding month. The company's board of directors reviews its dividend policy from time to time. Among the factors the board of directors considers in determining its dividend policy are earnings, cash flows, capitalization ratios, competition and financial loan covenants. In March 2000, the company announced a quarterly dividend of $0.30 per share (an indicated dividend rate of $1.20 per share on an annual basis). In February 2001, the company's board of directors declared a first-quarter 2001 dividend of 30 cents per share. Our agreement with PNM prohibits an increase in the dividend paid on our common stock without the consent of PNM.

Our Articles of Incorporation contain restrictions on the payment of dividends or the making of other distributions on our common stock while any preferred shares remain outstanding unless certain capitalization ratios and other conditions are met. At December 31, 2000, under these provisions, the company's paid-in capital and retained earnings were restricted by $857,600 against the payment of dividends on common stock.

For information regarding quarterly dividend declarations for 2000 and 1999, see Note 23 of Notes to Consolidated Financial Statements included herein. See also Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 6. SELECTED FINANCIAL DATA

	For the Year Ended December 31,				
	2000	1999(a)	1998(b)	1997(c)	1996
	(In Thousands)				
Income Statement Data:					
Sales	$2,368,476	$2,030,087	$2,034,054	$2,151,765	$2,046,827
Net income before extraordinary gain and accounting change	91,050	2,554	34,058	498,652	168,950
Earnings available for common stock	135,352	13,167	32,058	493,733	154,111

	For the Year Ended December 31,				
	2000	1999(a)	1998(b)	1997(c)	1996
	(In Thousands)				
Balance Sheet Data:					
Total assets	$7,767,208	$7,989,892	$7,929,776	$6,945,350	$6,647,781
Long-term debt (net) and other mandatorily redeemable securities	3,457,849	3,103,066	3,283,064	2,391,889	1,951,583

	For the Year Ended December 31,				
	2000	1999(a)	1998(b)	1997(c)	1996
Common Stock Data:					
Basic and diluted earnings per share available for common stock before extraordinary gain and accounting change	$ 1.30	$ 0.02	$ 0.46	$ 7.58	$ 2.41
Basic and diluted earnings per share available for common stock	$ 1.96	$ 0.20	$ 0.48	$ 7.58	$ 2.41
Dividends per share (d)	$ 1.44	$ 2.14	$ 2.14	$ 2.10	$ 2.06
Book value per share	$ 27.20	$ 27.66	$ 29.21	$ 30.86	$ 25.15
Average shares outstanding(000's)	68,962	67,080	65,634	65,128	63,834

(a) Information reflects the impairment of marketable securities and the change to an accelerated amortization method for Monitored Services customer accounts.
(b) Information reflects exit costs associated with international power development activities.
(c) Information reflects the gain on the sale of Tyco common shares, our strategic alliance with ONEOK and the acquisition of Protection One.
(d) In March 2000, the company announced a new dividend policy. See Item 5. Dividends.

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

INTRODUCTION

Unless the context otherwise indicates, all references in this report on Form 10-K to the "company," "Western Resources," "we," "us," "our" or similar words are to Western Resources, Inc. and its consolidated subsidiaries.

In Management's Discussion and Analysis we explain the general financial condition, significant annual changes and the operating results for Western Resources and its subsidiaries. We explain:

- What factors impact our business
- What our earnings and costs were in 2000 and 1999
- Why these earnings and costs differ from year to year
- How our earnings and costs affect our overall financial condition
- What our capital expenditures were for 2000
- What we expect our capital expenditures to be for the years 2001 through 2003
- How we plan to pay for these future capital expenditures
- Any other items that particularly affect our financial condition or earnings

As you read Management's Discussion and Analysis, please refer to our Consolidated Financial Statements which show our operating results.

SUMMARY OF SIGNIFICANT ITEMS

PNM Merger and Split-off of Westar Industries

On November 8, 2000, we entered into an agreement under which Public Service Company of New Mexico (PNM) will acquire our electric utility businesses in a stock-for-stock transaction. Under the terms of the agreement, both we and PNM will become subsidiaries of a new holding company. Immediately prior to the consummation of this combination, we will split-off our remaining interest in Westar Industries to our shareholders. Westar Industries, our wholly owned subsidiary, owns our interests in Protection One, Inc., Protection One Europe, ONEOK, Inc., and other non-utility businesses. In connection with this transaction, in February 2001 Westar Industries converted a portion of a receivable owed by us into approximately 14.4 million shares of our common stock. See Note 2 of the Notes to Consolidated Financial Statements.

Westar Industries has filed a registration statement with the Securities and Exchange Commission (SEC) covering the proposed sale of a portion of its common stock through the exercise of non-transferable rights proposed to be distributed by Westar Industries to our shareholders. We anticipate that the rights offering will be completed in 2001.

We can give no assurance as to whether or when the rights offering will be consummated or whether or when the separation of our electric and non-electric utility businesses, or the consummation of the acquisition of the company by PNM may occur.

Extraordinary Gain on Extinguishment of Debt

During 2000, Westar Industries purchased $170.0 million face value of Protection One bonds on the open market. In exchange for cash and the settlement of certain intercompany payables and receivables, $103.9 million of these debt securities were transferred to Protection One. Protection One also purchased $30.5 million face value of its bonds on the open market during 2000. An extraordinary gain of $49.2 million, net of tax of $26.5 million, was recognized at December 31, 2000, on these retirements.

Exposure Draft for Goodwill Accounting

The Financial Accounting Standards Board (FASB) issued an exposure draft on February 14, 2001 which, if adopted as proposed, would establish a new accounting standard for the treatment of goodwill in a business combination. The new standard would continue to require recognition of goodwill as an asset in a business combination but would not permit amortization as currently required by APB Opinion No. 17, "Intangible Assets." The new standard would require that goodwill be separately tested for impairment using a fair-value based approach as opposed to an undiscounted cash flow approach which is required under current accounting standards. If goodwill is found to be impaired, we would be required to record a non-cash charge against income. The impairment charge would be equal to the amount by which the carrying amount of the goodwill exceeds the fair value. Goodwill would no longer be amortized on a current basis as is required under current accounting standards. The exposure draft contemplates this standard to become effective on July 1, 2001, although this effective date is not certain. Furthermore, the proposed standard could be modified prior to its adoption.

If the new standard is adopted as proposed, any subsequent impairment test on our customer accounts would be performed on the customer accounts alone rather than in conjunction with goodwill utilizing an undiscounted cash flow test pursuant to SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

At December 31, 2000, we had $976 million in goodwill attributable to acquisitions of businesses and $1,006 million for monitored services' customer accounts. These intangible assets together represented 25.5% of the book value of our total assets. We recorded approximately $61.4 million in goodwill amortization expense in 2000. If the new standard becomes effective July 1, 2001 as proposed, we believe it is probable that we would be required to record a non-cash impairment charge. We cannot determine the amount at this time, but we believe the amount would be material and could be a substantial portion of our intangible assets. This impairment charge would have a material adverse effect on our operating results in the period recorded.

Strategic Transaction and the Separation of Westar Industries

Our strategic plans contemplate the acquisition of our electric utility businesses by PNM and the split-off of Westar Industries to our shareholders. Prior to the completion of these transactions, Westar Industries intends to sell a portion of its common stock in a rights offering to our shareholders. The completion of these transactions is subject to the satisfaction of various conditions, including the receipt of shareholder and regulatory approvals in the case of the PNM transaction. We can give no assurance that the conditions to closing will be satisfied and that the transactions will be consummated as contemplated. Futhermore, if the Westar Industries rights offering is completed, we would record a non-cash charge against income equal to the difference between the book value of the portion of our investment in Westar Industries sold in the rights offering and the offering proceeds received by Westar Industries. Similarly, if the split-off of Westar Industries is completed, we would record a non-cash charge against income equal to the difference between the book value of our remaining investment in Westar Industries and the fair market value of the shares of Westar Industries common stock distributed to our shareholders. We are unable to determine the amount of the charges at this time because the subscription price in the rights offering has not been determined and the fair market value of the common stock of Westar Industries distributed in the split-off will be determined at the time of the split-off. However, the charges would be material and would have a material adverse effect on our operating results in the period recorded.

Monitored Services Change in Estimate of Useful Life of Goodwill

In January 2000, Protection One re-evaluated the original assumptions and rationale utilized in the establishment of the carrying value and estimated useful life of goodwill. Protection One concluded that due to continued losses, increased levels of attrition experienced in 1999 and other factors, the estimated useful life of goodwill should be reduced from 40 years to 20 years as of January 1, 2000. After that date, remaining goodwill, net of accumulated amortization, is being amortized over its remaining useful life based on a 20-year life. Protection One Europe made a similar change. Based on Protection One's and Protection One Europe's existing account bases at January 1, 2000, this resulted in an increase in aggregate annual goodwill amortization of approximately $33.0 million in 2000.

Marketable Securities

During the fourth quarter of 1999, we decided to sell our remaining marketable security investments in paging industry companies. These securities were classified as available-for-sale; therefore, changes in market value were historically reported as a component of other comprehensive income.

The market value for these securities declined during the last six to nine months of 1999. We determined that the decline in value of these securities was other than temporary and a charge to earnings for the decline in value was required at December 31, 1999. Therefore, a non-cash charge of $76.2 million was recorded in the fourth quarter of 1999 and is presented separately in the accompanying Consolidated Statements of Income.

During the first quarter of 2000, we sold the remainder of our portfolio of paging company securities. We realized a gain of $24.9 million on these sales. This gain was largely attributable to a general increase in the market value of paging companies triggered by an announcement made by one paging company in February 2000 which had a favorable impact on the market value of public paging company securities.

During 2000, we sold our equity investment in a gas compression company and realized a pre-tax gain of $91.1 million.

OPERATING RESULTS

Western Resources Consolidated

2000 Compared to 1999: Basic earnings per share was $1.96 compared to $0.20 in 1999. This increase is primarily attributable to increased investment earnings from the sale of certain investments and the extraordinary gain on the retirement of Protection One bonds. This increase was partially offset by a change in the estimated life of goodwill and operating losses from our monitored services segment.

1999 Compared to 1998: Basic earnings per share was $0.20 compared to $0.48 in 1998. Our 1999 results of operations benefited from the performance of the regulated electric utility operations. However, this performance was not sufficient to offset the impairment recorded on marketable securities in the fourth quarter of 1999 or the losses from our monitored services segment.

The following discussion explains significant changes from prior year results in sales, costs of sales, operating expenses, other income (expense), interest expense, income taxes, and preferred dividends.

Electric Utility

We supply electric energy at retail to approximately 636,000 customers in Kansas. We also supply electric energy at wholesale to the electric distribution systems of 65 communities and 4 rural electric cooperatives. We have contracts for the sale, purchase or exchange of electricity with other utilities.

In addition, we have power marketing operations and we engage in system hedging transactions. Power marketing transactions are electric purchases and sales made in areas outside of our historical marketing territory. System hedging transactions are entered into at certain times to reduce exposure relative to the volatility of market prices for purchased power. The settlement of system hedging transactions affects both our sales and our cost of sales although the net effect in 2000 was insignificant. If the cost of settling the hedging transactions exceeds the premiums from the related sales, the net effect will be a loss just as there would be a net gain if the premiums from the sales exceed the corresponding cost of the sales.

Many things will affect our future electric sales. They include:

- The weather
- Our electric rates
- Competitive forces
- Customer conservation efforts
- Wholesale demand
- The overall economy of our service area
- The City of Wichita's attempt to create a municipal electric utility
- The cost of fuel and purchased power included in base rates
- The results of our power marketing and system hedging transactions

Our electric sales for the last three years are as follows:

	2000	1999	1998
	(In Thousands)		
Residential	$ 452,674	$ 407,371	$ 428,680
Commercial	367,367	356,314	356,610
Industrial	252,243	251,391	257,186
Wholesale and Interchange	214,721	174,895	145,320
Power Marketing	457,178	190,101	382,601
System Hedging	35,321	3,320	-
Other	49,628	46,306	41,288
Total	$1,829,132	$1,429,698	$1,611,685

The following tables reflect the changes in electric sales volumes, as measured by megawatt hours, for the years ended December 31, 2000, 1999 and 1998:

	2000	1999	% Change
	(Thousands of MWH)		
Residential	6,222	5,551	12.1%
Commercial	6,485	6,202	4.6
Industrial	5,820	5,743	1.4
Other	108	108	-
Total retail	18,635	17,604	5.9
Wholesale	6,892	5,617	22.7
Total	25,527	23,221	9.9%

	1999	1998	% Change
	(Thousands of MWH)		
Residential	5,551	5,815	(4.5)%
Commercial	6,202	6,199	0.1
Industrial	5,743	5,808	(1.1)
Other	108	108	-
Total retail	17,604	17,930	(1.8)
Wholesale	5,617	4,826	16.4
Total	23,221	22,756	2.0%

Power marketing and system hedging sales do not have any physical sales volumes associated with them.

2000 compared to 1999: Electric operations gross profit increased $28.3 million, or 3%. The increase is due primarily to increased power marketing sales. Electric operations gross profit as a percentage of sales decreased to 54% from 67% primarily due to higher fuel and purchased power prices. (See Market Risk Disclosure for further discussion.)

Additionally, we experienced a 12% increase in residential sales volumes and a 23% increase in wholesale sales volumes. The increase in residential sales is primarily due to increased demand caused by warm weather. Cooling-degree days increased by 27%. The increase in wholesale sales volumes was primarily due to increased wholesale market opportunities because of our larger trading operation.

Items included in energy cost of sales are fuel expense, purchased power expense (electricity we purchase from others for resale) and power marketing expense.

Partially offsetting the higher sales was an increase of $371.3 million in cost of sales primarily due to higher power marketing expense of $263.0 million and increased fuel and purchased power expenses of approximately $71.0 million. Fuel and purchased power expenses were higher primarily due to increased commodity prices, increased demand from retail customers because of warmer weather and higher wholesale sales volumes.

1999 compared to 1998: Electric utility gross profit increased 3%, or $30.5 million. Gross profit as a percentage of sales improved to 67% from 57%. These improvements were due primarily to increased power marketing profit and increased wholesale sales. In the summer of 1999, we had increased power plant availability during hot weather when demand was high which allowed increased wholesale sales. Power plant availability impacts both gross profit and gross profit percentage, as it is more profitable for us to generate electricity for resale than to purchase power for resale. Partially offsetting these increases were lower retail sales due to weather which was milder in 1999.

BUSINESS SEGMENTS

Our business is segmented based on differences in products and services, production processes, and management responsibility. Based on this approach, we have identified four reportable segments: Fossil Generation, Nuclear Generation, Power Delivery and Monitored Services. We also have other non-utility operations and our ONEOK investment.

Fossil Generation produces power for sale internally to the Power Delivery segment and externally to wholesale customers. Power marketing and system hedging are components of our Fossil Generation segment. Nuclear Generation represents our 47% ownership in the Wolf Creek nuclear generating facility. This segment has only internal sales because it provides all of its power to its co-owners. The Power Delivery segment consists of the transmission and distribution of power to our retail customers in Kansas and the customer service provided to these customers and the transmission of wholesale energy. Monitored Services represents our security alarm monitoring business in North America and Europe.

We manage our business segments' performance based on their earnings before interest and taxes (EBIT). EBIT does not represent cash flow from operations as defined by generally accepted accounting principles, should not be construed as an alternative to operating income and is indicative neither of operating performance nor cash flows available to fund the cash needs of our company. Items excluded from EBIT are significant components in understanding and assessing the financial performance of our company. We believe presentation of EBIT enhances an understanding of financial condition, results of operations and cash flows because EBIT is used by our company to satisfy its debt service obligations, capital expenditures, dividends and other operational needs, as well as to provide funds for growth. Our computation of EBIT may not be comparable to other similarly titled measures of other companies.

The following tables reflect key information for our three electric utility business segments:

	For the years ended December 31,		
	2000	1999	1998
		(In Thousands)	
Fossil Generation:			
External sales.................	$ 705,536	$ 365,311	$ 525,974
Internal sales.................	572,533	546,683	517,363
Depreciation and amortization..	60,331	55,320	53,132
EBIT...........................	202,744	219,087	144,357
Nuclear Generation (a):			
Internal sales.................	$ 107,770	$ 108,445	$ 117,517
Depreciation and amortization..	40,052	39,629	39,583
EBIT...........................	(24,323)	(25,214)	(20,920)
Power Delivery:			
External sales.................	$1,123,590	$1,064,385	$1,085,711
Internal sales.................	291,927	293,522	66,492
Depreciation and amortization..	75,419	71,717	68,297
EBIT...........................	171,872	145,603	196,398

(a) Our 47% share of Wolf Creek's operating results.

Fossil Generation

Fossil Generation's external sales include power produced for sale to external wholesale customers located outside our historical marketing territory and the amounts associated with the system hedging transactions discussed above. Internal sales include power produced for sale to Power Delivery which delivers the power to our retail and wholesale customers. The internal transfer price for these sales is set by us based upon what we believe would be competitive market prices for capacity and energy at the time of sale.

2000 compared to 1999: External sales increased $340.2 million primarily due to power marketing sales which increased by $267.1 million, wholesale sales which increased by $39.8 million and system hedging sales which increased by $32.0 million. Since 1997, we have gradually increased the size of our power trading operation in an effort to better utilize our market knowledge and to mitigate the risk associated with energy prices.

While sales increased significantly, EBIT was $16.3 million lower because of higher cost of sales. Cost of sales was $371.3 million higher primarily due to higher power marketing expense of $263.0 million, increased fuel and purchased power expenses of approximately $71.0 million and system hedging transaction costs of approximately $33.1 million.

Fuel and purchased power expenses were higher primarily due to increased commodity prices, increased demand from retail customers because of warmer weather and higher wholesale sales volumes.

The cost of fuel was significantly affected by increased gas costs of $13.3 million (despite a 9% reduction in MMBtu of gas burned). Our average natural gas price increased 45% during the year compared to 1999. Additionally, coal costs increased by $35.1 million primarily due to increasing the quantities of coal burned in our efforts to minimize gas costs and cost of oil increased $7.2 million primarily due to increased price and increasing the quantities of oil burned. See the Market Risk Disclosure in Item 7. Management's Discussion and Analysis for further discussion.

1999 compared to 1998: External sales decreased $160.7 million, or 31%, primarily due to lower power marketing sales. Power marketing sales decreased $189.2 million, or 50%, due to milder weather compared to 1998. In 1999 and 1998, the wholesale power market experienced extreme volatility in prices and supply. This volatility impacts our cost of power purchased and our participation in power trades.

The decrease in power marketing sales was partially offset by higher wholesale sales of $29.6 million. Due to warmer than normal weather throughout the Midwest in July and increased availability of our coal-fired generation stations, we were able to sell more electricity to wholesale customers in 1999 than in 1998. During the summer of 1998, one of our coal-fired generation units was unavailable for an extended period of time, reducing our wholesale sales capacity.

The internal transfer price Fossil Generation charged Power Delivery was higher due to a higher forecasted peak demand. Therefore, internal sales and EBIT of Fossil Generation were higher. EBIT was also higher due to improved net profit on power marketing transactions.

Nuclear Generation

Nuclear generation has only internal sales because it provides all of its power to its co-owners: KGE, Kansas City Power and Light Company, and Kansas Electric Power Cooperative, Inc. KGE owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station (Wolf Creek). Internal sales are priced at the internal transfer price that Nuclear Generation charges to Power Delivery.

Wolf Creek has a scheduled refueling and maintenance outage approximately every 18 months. The next outage is scheduled in the spring of 2002. During an outage, Wolf Creek produces no power for its co-owners; therefore internal sales, EBIT and nuclear fuel expense decrease.

2000 compared to 1999: Wolf Creek shut down on September 29, 2000, for its eleventh scheduled refueling and maintenance outage. Internal sales and EBIT declined immaterially because both periods had scheduled refueling and maintenance outages.

1999 compared to 1998: Internal sales and EBIT decreased primarily due to the scheduled 36-day refueling and maintenance outage at Wolf Creek in 1999. In 1998, Wolf Creek operated the entire year without any refueling outages.

Power Delivery

The Power Delivery segment's external sales consist of the transmission and distribution of power to our electric retail and wholesale customers and the customer service provided to them. Internal sales consist of the intra-segment transfer price charged to Fossil Generation and Nuclear Generation for the use of the distribution lines and transformers.

2000 compared to 1999: External sales increased $59.2 million, or 6% and EBIT increased $26.3 million, or 18%. We experienced a 12% increase in residential sales volumes primarily due to a 27% increase in cooling degree days and a 15% increase in heating degree days which increased the demand for power on our system.

1999 compared to 1998: External sales decreased $21.3 million due primarily to 2% lower retail electric sales volumes. Retail sales volumes decreased primarily as a result of milder temperatures in 1999 than in 1998. Our service territories averaged 22% fewer cooling degree days in 1999. The cumulative effect of the electric rate decreases implemented on June 1, 1998, and June 1, 1999, reduced sales by approximately $10 million.

Internal sales were $227 million higher due to a change in the internal transfer price charged for the use of the distribution lines and transformers.

EBIT decreased $50.8 million primarily due to $21.3 million lower external sales, a $16.1 million higher internal transfer price charged by Fossil Generation and $8.3 million in ancillary service fees charged by Fossil Generation. Ancillary services include such items as voltage stabilization and spinning reserve. No ancillary service fees were charged by Fossil Generation in 1998. The increased internal transfer price was due to higher peak demand to accommodate air conditioning load.

Monitored Services

Protection One and Protection One Europe comprise our monitored services business. The results discussed below reflect monitored services on a stand-alone basis. These results do not take into consideration Protection One's minority interest of approximately 15% at December 31, 2000, 1999 and 1998.

	2000	1999	1998
	(In Thousands)		
External sales..................	$537,859	$599,105	$421,095
Depreciation and amortization....	248,414	235,465	125,103
EBIT............................	(91,370)	(20,675)	34,438

2000 compared to 1999: Sales decreased $61.2 million primarily due to a decline in customer base and the effect of the adoption of Staff Accounting Bulletin No. 101, "Revenue Recognition" (SAB 101). Adoption of SAB 101 reduced revenue by $10.9 million. In North America, Protection One had a net decrease of 141,527 customers in 2000 as compared to a net increase of 8,595 customers in 1999. The decrease in customers is primarily attributable to the fact that Protection One's present customer acquisition strategies were not able to generate accounts in a sufficient volume at acceptable costs to replace accounts lost through attrition. Protection One expects this trend will continue until the efforts it is making to acquire new accounts and reduce attrition become more successful than they have been to date. Until Protection One is able to reverse this trend, net losses of customer accounts will materially and adversely affect its business, financial condition and results of operations. Protection One's focus remains on the completion of its current infrastructure projects, the development of cost effective marketing programs, the development of its commercial business and the generation of positive cash flow. Protection One Europe had a net increase of 9,115 customers. The increase is primarily due to internal marketing efforts.

EBIT decreased $70.7 million due to lower sales, higher cost of sales and lower other income. Cost of sales increased $5.6 million due to increased compensation costs for additional personnel hired at Protection One's monitoring centers, an increase in the cost of parts and materials, and increased vehicle costs. Other income decreased because Protection One recorded a $17.2 million gain on the sale of the Mobile Services Group in the third quarter of 1999.

Depreciation and amortization expense increased by $12.9 million primarily due to the change in the estimated life of goodwill which was reduced from 40 years to 20 years.

Operating and maintenance expense decreased $13.6 million primarily due to declines in third party monitoring costs, signs and decals, printing and compensation expenses. These decreases are a direct result of the significant decline in the number of new accounts acquired during 2000 primarily due to the restructuring of Protection One's dealer program.

1999 compared to 1998: Monitored services had a net increase of 63,611 customers in 1999 as compared to a net increase of 544,521 customers in 1998. Accordingly, results for 1999 include a full year of operations with the customers added throughout 1998. The increase in customers is the primary reason for the $178.0 million increase in external sales.

EBIT decreased $53.6 million due to higher cost of sales as a result of increased customers, higher depreciation and amortization expense and higher selling general and administrative expenses.

Depreciation and amortization expense increased $108.8 million. In 1999, Protection One and Protection One Europe changed their customer amortization method from a 10-year straight line method to a 10-year declining balance method for most of the North American and European customers. This change increased amortization expense by approximately $39.2 million. The balance of the increase is primarily attributed to a full year of amortization expense on customers acquired during 1998. See Note 1 of Notes to Consolidated Financial Statements for further discussion.

Selling, general and administrative expenses increased $71.5 million primarily due to costs associated with the overall increase in the average number of customers billed, additional bad debt expense of approximately $10.5 million resulting from higher attrition, costs associated with Year 2000 compliance, professional fees and salary increases.

Western Resources Consolidated

Other Operating Expenses

In 1999, we recorded a charge of $17.6 million for deferred KCPL merger costs related to the termination of the KCPL merger.

In 1998, we recorded a $98.9 million charge to income associated with our decision to exit the international power project development business. See Note 17 of Notes to Consolidated Financial Statements for further discussion.

Other Income (Expense)

2000 compared to 1999: Other income increased $214.4 million primarily due to a $91.1 million gain on the sale of our remaining investment in a gas compression company and a $24.5 million gain on the sale of marketable securities. Other income also improved in 2000 because of a special charge of $76.2 million we recorded in 1999 related to our paging securities portfolio. These increases were partially offset by a decrease in other income due to the $17.2 million gain on the sale of Protection One's Mobile Services Group recorded in the third quarter of 1999.

1999 compared to 1998: Other income for 1999 decreased $57.3 million primarily due to the impairment charge for an other than temporary decline in the value of marketable securities recorded in 1999 as discussed above.

Interest Expense

2000 compared to 1999: Interest expense represents the interest we paid on outstanding debt. We retired long-term debt during 1999 and 2000, causing long-term debt interest expense to decrease by $10.0 million for the year ended December 31, 2000. The retirements included $125 million of Western Resources' first mortgage bonds in 1999 and $75 million in 2000. We also retired Protection One bonds in the fourth quarter of 1999 and during 2000 with an aggregate face value of $290.4 million. For more information, see the Liquidity and Capital Resources section below.

Short-term debt interest expense was $5.5 million higher due to increased short-term borrowings under our credit facilities. The majority of this short-term debt was repaid in the third quarter of 2000 with proceeds from the $600 million term loan.

1999 compared to 1998: Interest expense increased 30% primarily due to Protection One incurring additional long-term debt to fund purchases of customer accounts. We also had higher long-term debt interest expense because of the 6.25% and 6.8% unsecured senior notes due in 2018 that we issued in the third quarter of 1998. Short-term debt interest expense was $2.4 million higher due to higher average balances of short-term debt in 1999.

Income Taxes

2000 compared to 1999: We had income tax expense of $46.1 million in 2000 compared to an income tax benefit of $32.2 million in 1999. Our effective income tax rates were 33.6% for December 31, 2000 and (108.6%) for December 31, 1999. This change is primarily due to earnings before income taxes in 2000 compared to a loss before income taxes in 1999. Earnings before income taxes increased primarily due to the $115.6 million gain on the sale of investments.

In 1999, our loss before income taxes included an impairment charge for marketable securities and the charge related to the termination of the KCPL merger.

In 2000, we also had tax expense of $26.5 million related to our extraordinary gain on the purchase of Protection One bonds.

The difference between our effective tax rate and the statutory rate is primarily attributable to the tax benefit of excluding from taxable income, in accordance with IRS rules, 70% of the dividends received from ONEOK, the generation and utilization of tax credits from affordable housing investments, the amortization of prior years' investment tax credits, the amortization of non-deductible goodwill, the tax benefits from corporate-owned life insurance and the deduction for state income taxes.

1999 compared to 1998: We have recorded an income tax benefit in 1999 of $32.2 million and income tax expense in 1998 of $6.8 million. This change is primarily due to lower earnings before income taxes in 1999. Earnings before income taxes decreased primarily due to operating results at Protection One, the impairment of marketable securities discussed above and the charge related to the termination of the KCPL merger.

We also had tax expense of $7.2 million related to Westar Industries' extraordinary gain on the purchase of Protection One bonds, which is presented on the consolidated statement of income after income from continuing operations.

LIQUIDITY AND CAPITAL RESOURCES

The following discussion explains significant factors in liquidity and capital resources at December 31, 2000.

Overview

Most of our cash requirements consist of capital expenditures and maintenance costs associated with the electric utility business, cash needs of our monitored services business, debt service and cash payments of common stock dividends. Our ability to attract necessary financial capital on reasonable terms is critical to our overall business plan. Historically, we have paid for these items with cash on hand and the issuance of stock or long- or short-term debt. Our ability to provide the cash, stock or debt to fund our capital expenditures depends upon many things, including available resources, our financial condition and current market conditions.

We had $8.8 million in cash and cash equivalents at December 31, 2000. We consider cash equivalents to be highly liquid debt instruments when purchased with a maturity of three months or less. We also had $22.2 million of restricted cash classified as a current asset. The current asset portion of our restricted cash consists primarily of cash held in escrow as required by certain letters of credit. In addition, we had $35.9 million of restricted cash classified as a long-term asset which consists primarily of cash held in escrow required by the terms of a pre-paid capacity and transmission agreement.

At December 31, 2000, current maturities of long-term debt were $41.8 million and short-term debt outstanding was $35.0 million. At March 19, 2001, our short-term debt outstanding was $72.0 million.

On June 28, 2000, we entered into a $600 million, multi-year term loan that replaced two revolving credit facilities which matured on June 30, 2000. The net proceeds of the term loan were used to retire short-term debt. The term loan is secured by first mortgage bonds of the company and KGE and has a final maturity date of March 17, 2003.

Maturities of the term loan through March 17, 2003, are as follows:

Year	Principal Amount (In Thousands)
2001	$ 9,000
2002	6,000
2003	585,000
	$ 600,000

The terms of the loan contain requirements for maintaining certain consolidated leverage ratios, interest coverage ratios and consolidated debt to capital ratios. We are in compliance with all of these requirements.

Interest on the term loan is payable on the expiration date of each borrowing under the facility or quarterly if the term of the borrowing is greater than three months. The weighted average interest rate, including amortization of fees, on the term loan for the year ending December 31, 2000 was 10.28%.

We also have an arrangement with certain banks to provide a revolving credit facility on a committed basis totaling $500 million. The facility is secured by first mortgage bonds of the company and KGE and matures on March 17, 2003. Borrowings on this facility were $35.0 million at December 31, 2000 and $72.0 million at March 19, 2001. Under the terms of the agreement, we are required, among other restrictions, to maintain a total debt to total capitalization ratio of not greater than 65% at all times. We are in compliance with this restriction.

We have registered securities for sale with the Securities and Exchange Commission (SEC). As of December 31, 2000, these included $400 million of unsecured senior notes, $500 million of our first mortgage bonds, $50 million of KGE first mortgage bonds and approximately 11.2 million of our common shares.

Our ability to issue additional debt and equity securities is restricted under limitations imposed by the Articles of Incorporation and the Mortgage and Deed of Trusts of Western Resources and KGE.

Our mortgage prohibits additional first mortgage bonds from being issued (except in connection with certain refundings) unless our unconsolidated net earnings available for interest, depreciation and property retirement (which as defined, does not include earnings or losses attributable to the ownership of securities of subsidiaries) 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. In addition, the issuance of bonds is subject to limitations based upon the amount of bondable property additions. As of December 31, 2000, $39 million of first mortgage bonds (at an assumed interest rate of 9.5%) could be issued under the most restrictive provisions in the mortgage.

KGE's mortgage prohibits additional 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 either 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. In addition, the issuance of bonds is subject to limitations based upon the amount of bondable property additions. As of December 31, 2000, approximately $242 million principal amount of additional KGE first mortgage bonds could be issued under the most restrictive provisions in the mortgage.

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

As of March 15, 2001, ratings with these agencies are as follows:

Rating Agency	Western Resources' Mortgage Bond Rating	Western Resources Unsecured Debt	KGE's Mortgage Bond Rating	Protection One's Senior Unsecured Debt	Protection One's Senior Subordinated Unsecured Debt
S&P	BBB-	BB-	BB+	B+	B-
Fitch	BB+	BB	BB+	B+	B-
Moody's	Ba1	Ba2	Ba1	B3	Caa2

Credit rating agencies are applying more stringent guidelines when rating utility companies due to increasing competition and utility investment in non-utility businesses.

Following the announcement on November 9, 2000, of an agreement under which PNM will acquire our electric utility businesses, S&P revised its Credit Watch for us from developing to positive. Moody's has also upgraded its outlook from negative to positive. Fitch also revised our Rating Watch from negative to evolving after the November 2000 announcement.

On March 24, 2000, Moody's downgraded its ratings on Protection One's outstanding securities and on March 9, 2001, Moody's further downgraded these ratings citing concerns regarding Protection One's operations, leverage and liquidity over the intermediate term, with outlook remaining negative. S&P and Fitch currently have Protection One's ratings on negative watch.

Sale of Accounts Receivable

On July 28, 2000, we and KGE entered into an agreement to sell, on an ongoing basis, all of our accounts receivable arising from the sale of electricity, to WR Receivables Corporation, a special purpose entity wholly owned by the company. The agreement expires on July 26, 2001, and is annually renewable upon agreement by both parties. The special purpose entity has sold and, subject to certain conditions, may from time to time sell, up to $125 million (and upon request, subject to certain conditions, up to $175 million) of an undivided fractional ownership interest in the pool of receivables to a third-party, multi-seller receivables funding entity affiliated with a lender. Our retained interests in the receivables sold are recorded at cost which approximates fair value. We have received net proceeds of $115.0 million as of December 31, 2000.

Cash Flows from Operating Activities

Cash from operations decreased to $286.1 million for the year ended December 31, 2000, from $368.4 million for the same period of 1999. The primary reasons for this decrease are income taxes paid on the sale of marketable securities in 2000 and cash required to be escrowed in 2000 for certain contractual agreements as discussed in Liquidity and Capital Resources. Changes in working capital also contributed to this decrease in cash flow from operations.

Cash Flows (used in) Investing Activities

Investing activities used net cash flow of $86.0 million in 2000. The proceeds from the sale of marketable securities of approximately $218.6 million were offset by $308.1 million of capital additions which included costs associated with two new combustion turbine generators which were placed in service in June 2000.

Investing activities used net cash flow of $467.1 million in 1999 primarily due to net additions to property, plant and equipment of approximately $275.7 million and Protection One's use of approximately $268.4 million for customer account and security alarm business acquisitions.

Cash Flows (used in) from Financing Activities

We had a net use of cash for financing activities totaling $202.4 million during 2000 due primarily to net payments on short-term and long-term debt and dividend payments. In June 2000, we received $600 million of proceeds on a multi-year term loan, which was used to replace two revolving credit facilities, which matured at the end of the second quarter. The proceeds from the sale of marketable securities and accounts receivable were also used to reduce short-term debt and to retire long-term debt.

We had net cash provided from financing activities totaling $93.3 million during 1999 due primarily to proceeds of short-term and long-term debt of $408.9 million offset by payments on long-term debt totaling $198.0 million and dividend payments of $145.0 million.

Debt and Equity Repurchase Plans

We and Protection One may from time to time purchase our and Protection One's debt and equity securities in the open market or through negotiated transactions. The timing and terms of purchases, and the amount of debt or equity actually purchased, will be determined by the company and Protection One based on market conditions and other factors.

Future Cash Requirements

We believe that internally generated funds and access to capital markets will be sufficient to meet our operating and capital expenditure requirements, debt service and dividend payments through the year 2003. Uncertainties affecting our ability to meet these requirements include the factors affecting sales described above, the impact of inflation on operating expenses, regulatory actions, the proposed change in accounting for goodwill, the rights offering, compliance with future environmental regulations, municipalization efforts by the City of Wichita, the pending rate applications and the impact of our monitored services' operations and financial condition.

Additionally, our ability to access capital markets will affect the new and existing credit agreements we have available to meet our operating and capital expenditure requirements, debt service and dividend payments. We have $747 million of long-term debt and a $500 million revolving credit facility that will mature in 2003. Additionally, we have $400 million of putable/callable bonds that may either mature in August 2003 or be remarketed and repriced at our current credit spread and mature in 2018. We believe we will be successful in refinancing these obligations but can make no assurance that these financings will be completed at similar costs to maturing debt or at all.

We are constructing a new combustion turbine generator with an installed capacity of approximately 154 MW. The unit is scheduled to be placed in operation in mid-2001. We estimate that completion of the project will require approximately $20 million in capital resources during 2001.

We forecast that we will need additional capacity of approximately 150 MW by 2005 to serve our customer's expected electricity needs. The methods for supplying this additional energy will be determined at a future date.

In July 1999, we and Empire District Electric Company (Empire) agreed to jointly construct a 500-MW combined cycle generating plant, which Empire will operate. We will own a 40% interest in the plant through a subsidiary, Westar Generating, Inc. which will be entitled to 40% of the plant's capacity. We estimate that our share of the cost of completing the project will require approximately $31 million in capital resources during 2001. Commercial operation is expected to begin in mid-2001.

Our business requires significant capital investments. We currently expect that through the year 2003, we will need cash mostly for:

- Ongoing utility construction and maintenance programs designed to maintain and improve facilities providing electric service.
- Improving operations within the monitored services business and the acquisition of customer accounts.

Capital expenditures for 2000 and anticipated capital expenditures for 2001 through 2003 are as follows:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	Other	Total
			(In Thousands)			
2000. . .	$162,600	$25,900	$97,000	$ 69,500	$ 2,900	$357,900
2001. . .	110,700	16,700	89,300	92,900	200	309,800
2002. . .	76,600	19,900	97,100	101,300	-	294,900
2003. . .	70,400	29,400	96,000	134,900	-	330,700

Monitored Services includes capital expenditures for Protection One and Protection One Europe, including purchases of customer accounts. Other represents our commitment to fund our affordable housing tax credit program.

These estimates are prepared for planning purposes and will be revised from time to time. See Note 6 of Notes to Consolidated Financial Statements. Actual expenditures are likely to differ from our estimates.

Maturities of long-term debt as of December 31, 2000 are as follows:

Year	Principal Amount
(In Thousands)	
2001	$ 41,825
2002	116,705
2003	747,207
2004	370,617
2005	313,007
Thereafter	1,683,819
	$3,273,180

Capital Structure

Our capital structure at December 31, 2000 and 1999 was as follows:

	2000	1999
Shareholders' Equity	35%	38%
Preferred stock	1	1
Western Resources obligated mandatorily redeemable preferred securities of subsidiary trust holding solely company subordinated debentures	4	4
Long-term debt	60	57
Total	100%	100%

Dividend Policy

Our board of directors reviews our dividend policy from time to time. Among the factors the board of directors considers in determining our dividend policy are earnings, cash flows, capitalization ratios, competition and financial loan covenants. Provisions in our Articles of Incorporation contain restrictions on the payment of dividends or the making of other distributions on our common stock while any preferred shares remain outstanding unless certain capitalization ratios and other conditions are met. Our agreement with PNM prohibits an increase in the dividend paid on our common stock without the consent of PNM.

OTHER INFORMATION

Electric Utility

City of Wichita Municipalization Efforts: In December 1999, the City Council of Wichita, Kansas, authorized the hiring of an outside consultant to determine the feasibility of creating a municipal electric utility to replace KGE as the supplier of electricity in Wichita. The feasibility study was released in February 2001 and estimates that the City of Wichita would be required to pay us $145 million for our stranded costs if it were to municipalize. However, we estimate the amount to be substantially greater. In order to municipalize KGE's Wichita electric facilities, the City of Wichita would be required to purchase KGE's facilities or build a separate independent system and arrange for its own power supply. These costs are in addition to the stranded costs for which the city would be required to reimburse us. On February 2, 2001, the City of Wichita announced its intention to proceed with its attempt to municipalize KGE's retail electric utility business in Wichita. KGE will oppose municipalization efforts by the City of Wichita. Should the city be successful in its municipalization efforts without providing us adequate compensation for our assets and lost revenues, the adverse effect on our business and financial condition could be material.

KGE's franchise with the City of Wichita to provide retail electric service expires in March 2002. There can be no assurance that we can successfully renegotiate the franchise with terms similar, or as favorable, as those in the current franchise. Under Kansas law, KGE will continue to have the right to serve the customers in Wichita following the expiration of the franchise, assuming the system is not municipalized. Customers within the Wichita metropolitan area account for approximately 25% of our total energy sales.

KCC Rate Proceedings: On November 27, 2000, we and KGE filed applications with the KCC for a change in retail rates which included a cost allocation study and separate cost of service studies for our KPL division and KGE. We and KGE also provided revenue requirements on a combined company basis on December 28, 2000. If approved as proposed, the impact of these rate requests will be an annual increase of $93.0 million for our KPL division and $58.0 million for KGE for a total of $151.0 million. The proposal also contains a mechanism for adjusting these rate requests up or down if projected natural gas fuel prices are different from the prices utilized in the November 27, 2000 filings. We anticipate a ruling by the KCC in July 2001 but are unable to predict its outcome. We can give no assurance that these rate requests will be approved as proposed.

FERC Proceeding: In September 1999, the City of Wichita filed a complaint with FERC against us alleging improper affiliate transactions between our KPL division and KGE, our wholly owned subsidiary. The City of Wichita asked that FERC equalize the generation costs between KPL and KGE, in addition to other matters. A hearing on the case was held at FERC on October 11 and 12, 2000 and on November 9, 2000, a FERC administrative law judge ruled in our favor that no change in rates was required. On December 13, 2000, the City of Wichita filed a brief with FERC asking that the Commission overturn the judge's decision. On January 5, 2001, we filed a brief opposing the city's position. We anticipate a decision by FERC in the second quarter of 2001. A decision requiring equalization of rates could have a material adverse effect on our business and financial condition.

Competition and Deregulation: The United States electric utility industry is evolving from a regulated monopolistic market to a competitive marketplace. During 2000 and early 2001, extensive problems in the deregulated California market have made many states reconsider deregulation efforts. Various states have taken steps to allow retail customers to purchase electric power from providers other than their local utility company. Several bills promoting deregulation were introduced to the Kansas Legislature in the 1999 legislative session, but none passed. No bills were considered in the legislature during the 2000 legislative session. Based on these events, we do not anticipate deregulation to occur in Kansas in the near term.

The 1992 Energy Policy Act began deregulating the electricity market for generation. The Energy Policy Act permitted the FERC to order electric utilities to allow third parties the use of their transmission systems to sell electric power to wholesale customers. During 2000, traditional wholesale electric sales, excluding power marketing sales, represented approximately 12% of total electric sales. In 1992, we agreed to open access of our transmission system for wholesale transactions. FERC also requires us to provide transmission services to others under terms comparable to those we provide ourselves. In December 1999, FERC issued an order (FERC Order 2000) encouraging formation of regional transmission organizations (RTOs), whose purpose is to facilitate greater competition at the wholesale level. We are a member of the Southwest Power Pool (SPP) which filed a second request with FERC in October 2000 to seek RTO recognition which reflects FERC comments to the SPP's first request.
We anticipate that FERC Order 2000 will not have a material effect on us or our operations.

If retail wheeling is implemented in Kansas, increased competition for retail electricity sales may reduce our future electric utility earnings compared to our historical electric utility earnings. Wholesale and industrial customers may pursue cogeneration, self-generation, retail wheeling, municipalization or relocation to other service territories in an attempt to cut their energy costs. Our rates range from approximately 5% to 24% below the national average for retail customers. Because of these rates, we expect to retain a substantial part of our current volume of sales volumes in a competitive environment.

Stranded Costs: The definition of stranded costs for a utility business is the investment in and carrying costs on property, plant and equipment and other regulatory assets which exceed the amount that can be recovered in a competitive market. We currently apply accounting standards that recognize the economic effects of rate regulation and record regulatory assets and liabilities related to our fossil generation, nuclear generation and power delivery operations. If we determine that we no longer meet the criteria of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS 71), we may have a material extraordinary non-cash charge to earnings. Reasons for discontinuing SFAS 71 accounting treatment include increasing competition that restricts our ability to charge prices needed to recover costs already incurred and a significant change by regulators from a cost-based rate regulation to another form of rate regulation and the impact should the City of Wichita municipalization efforts be successful. We periodically review SFAS 71 criteria and believe our net regulatory assets, including those related to generation, are probable of future recovery. If we discontinue SFAS 71 accounting treatment based upon competitive or other events, such as the successful municipalization efforts by areas we serve, we may significantly impact the value of our net regulatory assets and our utility plant investments, particularly Wolf Creek.

Regulatory changes, including competition or successful municipalization efforts by the City of Wichita, could adversely impact our ability to recover our investment in these assets. As of December 31, 2000, we have recorded regulatory assets which are currently subject to recovery in future rates of approximately $327.4 million. Of this amount, $187.3 million is a receivable for income tax benefits previously passed on to customers. The remainder of the regulatory assets are items that may give rise to stranded costs, including debt issuance costs, deferred employee benefit costs, deferred plant costs, and coal contract settlement costs.

In a competitive environment or because of such successful municipalization efforts, we may not be able to fully recover our entire investment in Wolf Creek. KGE presently owns 47% of Wolf Creek. We may also have stranded costs from an inability to recover our environmental remediation costs and long-term fuel contract costs in a competitive environment. If we determine that we have stranded costs and we cannot recover our investment in these assets, our future net utility income will be lower than our historical net utility income has been unless we compensate for the loss of such income with other measures.

Nuclear Decommissioning: Decommissioning is a nuclear industry term for the permanent shut-down of a nuclear power plant. The Nuclear Regulatory Commission (NRC) will terminate a plant's license and release the property for unrestricted use when a company has reduced the residual radioactivity of a nuclear plant to a level mandated by the NRC. The NRC requires companies with nuclear plants to prepare formal financial plans to fund decommissioning. These plans are designed so that funds required for decommissioning will be accumulated during the estimated remaining life of the related nuclear power plant.

On September 1, 1999, Wolf Creek submitted the 1999 Decommissioning Cost Study to the KCC for approval. The KCC approved the 1999 Decommissioning Cost Study on April 26, 2000. Based on the study, our share of Wolf Creek's decommissioning costs, under the immediate dismantlement method, is estimated to be approximately $631 million during the period 2025 through 2034, or approximately $221 million in 1999 dollars. These costs include decontamination, dismantling and site restoration and were calculated using an assumed inflation rate of 3.6% over the remaining service life from 1999 of 26 years. The actual decommissioning costs may vary from the estimates because of changes in the assumed dates of decommissioning, changes in regulatory requirements, changes in technology and changes in costs of labor, materials and equipment. On May 26, 2000, we filed an application with the KCC requesting approval of the funding of our decommissioning trust on this basis. Approval was granted by the KCC on September 20, 2000.

The FASB is reviewing the accounting for closure and removal costs, including decommissioning of nuclear power plants. The FASB has issued an Exposure Draft "Accounting for Obligations Associated with the Retirement of Long-Lived Assets." The FASB expects to issue a final statement of financial accounting standard in the second quarter of 2001. The proposed Exposure Draft contains an effective date of fiscal years beginning after June 15, 2001. However, the ultimate effective date has not been finalized. If current accounting practices for nuclear power plant decommissioning are changed, the following could occur:

- Our annual decommissioning expense could be higher than in 2000
- The estimated cost for decommissioning could be recorded as a liability (rather than as accumulated depreciation)
- The increased costs could be recorded as additional investment in the Wolf Creek plant

We do not believe that such changes, if required, would adversely affect our operating results due to our current ability to recover decommissioning costs through rates. See Note 14 of the Notes to Consolidated Financial Statements.

Monitored Services

Attrition: Customer attrition has a direct impact on Protection One's and Protection One Europe's results of operations since it affects revenues, amortization expense and cash flow. Any significant change in the pattern of their historical attrition experience would have a material effect on the results of operations.

Customer attrition for the years ended December 31, 2000 and 1999 is summarized below:

	Customer Account Attrition			
	December 31, 2000		December 31, 1999	
	Annualized Fourth Quarter	Trailing Twelve Month	Annualized Fourth Quarter	Trailing Twelve Month
Protection One	15.0%	14.0%	14.7%	14.3%
Protection One Europe	11.4%	12.2%	10.7%	9.5%

Our monitored services segment had a net decrease of 119,415 customers from December 31, 1999 to December 31, 2000. The number of customers decreased primarily because monitored services' customer acquisition strategies were not able to generate accounts in a sufficient volume at acceptable costs to replace accounts lost through attrition. We expect that this trend will continue until the efforts being made to acquire new accounts at acceptable costs and reduce attrition become more successful than they have been to date. Until this trend has been reversed, net losses of customer accounts will materially and adversely affect monitored services' business, financial condition, results of operation and prospects.

Related Party Transactions

We and ONEOK have shared services agreements in which we provide and bill one another for facilities, utility field work, information technology, customer support, bill processing and human resources services. Payments for these services are based on various hourly charges, negotiated fees and out-of-pocket expenses. In 2000 and 1999, ONEOK paid us $5.0 million and $5.6 million, net of what we owed ONEOK, for services.

At December 31, 2000, $44.0 million was outstanding under Protection One's senior credit facility with Westar Industries. In February 2001, the facility maturity date was extended to January 2, 2002 and in March 2001, Protection One requested a $40 million increase in the commitment under the facility pursuant to the terms of the facility.

We have a tax sharing agreement with Protection One. This pro rata tax sharing agreement allows Protection One to be reimbursed for current tax benefits utilized in our consolidated tax return. Upon consummation of the PNM merger and the split-off, we will no longer consolidate Protection One's tax return with ours.

During 2000, Westar Industries purchased $170.0 million face value of Protection One bonds on the open market. In exchange for cash and the settlement of certain intercompany payables and receivables, $103.9 million of these debt securities were transferred to Protection One. The balance of the bonds were sold to Protection One in March 2001. No gain or loss was recognized on these transactions.

On February 29, 2000, Westar Industries purchased the European operations of Protection One, and certain investments held by a subsidiary of Protection One for an aggregate purchase price of $244 million. Westar Industries paid approximately $183 million in cash and transferred Protection One debt securities with a market value of approximately $61 million to Protection One. Westar Industries has agreed to pay Protection One a portion of the net gain, if any, on a subsequent sale of the European businesses on a declining basis over the four years following the closing. Cash proceeds from the transaction were used to reduce the outstanding balance owed to Westar Industries on Protection One's revolving credit facility. No gain or loss was recorded on this intercompany transaction and the net book value of the assets was unaffected.

We may acquire additional Protection One debt securities. The timing and terms of purchases, and the amount of debt actually purchased, will be based on market conditions and other factors. Purchases are expected to be made in the open market or through negotiated transactions. Because Protection One's debt currently trades at less than its carrying value, we would expect to realize an extraordinary gain on extinguishment of debt on any future purchases.

On February 28, 2001, Westar Industries converted a portion of a receivable owed by us into approximately 14.4 million shares of our common stock. See Note 2 of the Notes to Consolidated Financial Statements.

Market Risk Disclosure

Market Price Risks: We are exposed to market risk, including market changes, changes in commodity prices, equity instrument investment prices and interest rates.

Commodity Price Exposure: In 2000, we engaged in both trading and non-trading activities in our commodity price risk management activities. We traded electricity, gas and oil. We utilized a variety of financial instruments, including forward contracts involving cash settlements or physical delivery of an energy commodity, options, swaps requiring payments (or receipt of payments) from counter-parties based on the differential between specified prices for the related commodity and futures traded on electricity, natural gas and oil.

We are involved in trading activities primarily to minimize risk from market fluctuations, capitalize on our market knowledge and enhance system reliability. We attempted to balance our physical and financial purchase and sale contracts in terms of quantities and contract terms. Net open positions existed or were established due to the origination of new transactions and our assessment of, and response to, changing market conditions. To the extent we had open positions, we were exposed to the risk that fluctuating market prices could adversely impact our financial position or results from operations. In 2001, we expect to trade coal, natural gas and oil fossil fuel types as well as electricity.

We manage and measure the exposure of our trading portfolio using a variance/covariance value-at-risk (VAR) model, which simulates forward price curves in the energy markets to estimate the size of future potential losses. The quantification of market risk using VAR methodologies provides a consistent measure of risk across diverse energy markets and products.

The use of the VAR method requires a number of key assumptions including the selection of a confidence level for losses and the estimated holding period. We express VAR as a potential dollar loss based on a 95% confidence level using a one-day holding period. Our Risk Oversight Committee sets the VAR limit. The high, low and average VAR amounts for the year ended December 31, 2000, were $725,403, $36,559 and $269,217. We employ additional risk control mechanisms such as stress testing, daily loss limits, and commodity position limits. We expect to use the same VAR model and VAR limits in 2001.

We have considered a number of risks and costs associated with the future contractual commitments included in our energy portfolio. These risks include credit risks associated with the financial condition of counter-parties, product location (basis) differentials and other risks which management policy dictates. The counter-parties in our portfolio are primarily large energy marketers and major utility companies. The creditworthiness of our counter-parties could positively or negatively impact our overall exposure to credit risk. We maintain credit policies with regard to our counter-parties that, in management's view, minimize overall credit risk.

We are also exposed to commodity price changes outside of trading activities. We use derivatives for non-trading purposes primarily to reduce exposure relative to the volatility of market prices. From 1999 to 2000, we experienced a 13% increase in the average price per MW of electricity purchased for utility operations. Actual purchased power market volatility was significantly greater than the average price increase indicates. If we were to have a similar increase from 2000 to 2001, given the amount of power purchased for utility operations during 2000, we would have an exposure of approximately $5.4 million of operating income. Due to the volatility of the power market, past prices can not be used to predict future prices.

We use a mix of various fuel types, including coal and natural gas, to operate our system which helps lessen our risk associated with any one fuel type. Natural gas prices increased significantly during 2000 throughout the nation. This increase impacted the cost of gas we used for generation as well as our cost of purchased power. From December 31, 1999 to December 31, 2000, we experienced a 45% increase in our average cost for natural gas purchased for utility operations, or an increase of $1.07 per MMBtu. The higher natural gas prices increased our total cost of gas purchased during 2000 by approximately $16.9 million although we decreased the quantity burned by 1.5 million MMBtu. If we were to have a similar increase from 2000 to 2001, we would have an exposure of approximately $24.4 million of operating income.

Based on MMBtu's of natural gas and fuel oil burned during 2000, we had exposure of approximately $6.8 million of operating income for a 10% change in average price paid per MMBtu. Actual natural gas market volatility was significantly greater than that indicated by the average price increase. Due to the volatility of natural gas prices, past prices can not be used to predict future prices.

During the first quarter of 2001, spot market prices for western coal markets increased significantly. This increase will impact the fuel contracts currently in place for a portion of our 2001 anticipated coal needs at our La Cygne Generating Station, increasing our coal commodity price market risk. We believe that 2001 spot market purchases will be at higher rates than those experienced during 2000.

In an effort to mitigate fuel commodity price market risk, we use hedging arrangements to minimize our exposure to increased coal, natural gas and oil prices. Our future exposure to changes in fossil fuel prices will be dependent upon the market prices and the extent and effectiveness of any hedging arrangements we enter into.

Additional factors that affect our commodity price exposure are the quantity and availability of fuel used for generation and the quantity of electricity customers will consume. Quantities of fossil fuel used for generation could vary dramatically year to year based on the individual fuel's availability, price, deliverability, unit outages and nuclear refueling. Our customer's electricity usage could also vary dramatically year to year based on the weather or other factors.

Financial Hedging Exposure: We also use financial instruments to hedge a portion of our anticipated fossil fuel needs. At the time we enter into these transactions, we are unable to determine what the value will be when the agreements are actually settled.

Decline in Equity Price Risk: During 2000, our balance in marketable securities declined approximately $173.2 million from December 31, 1999, due to the sale of a significant portion of our marketable security portfolio. We do not expect to be materially impacted by changes in the market prices of our remaining investments.

Interest Rate Exposure: We have approximately $156.9 million of variable rate debt and current maturities of fixed rate debt as of December 31, 2000. Our weighted average interest rate increased from 6.96% at December 31, 1999 to 8.11% at December 31, 2000. A 100 basis point change in each debt series' benchmark rate used to set the rate for such series would impact net income on an annual basis by approximately $1.6 million after tax.

Foreign Currency Exchange Rates: We have foreign operations with functional currencies other than the United States dollar. As of December 31, 2000, the unrealized loss on currency translation, presented as a separate component of shareholders' equity and reported within other comprehensive income was approximately $9.4 million pretax. A 10% change in the currency exchange rates would have an immaterial effect on other comprehensive income.

New Accounting Pronouncements

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133, as amended, is effective for fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

We adopted SFAS 133 on January 1, 2001. We have evaluated our commodity contracts, financial instruments and other contracts and have determined that we have derivative instruments which will be marked to market through earnings in accordance with SFAS 133. We will not designate any derivatives as hedges. We estimate that the effect on our financial statements of adopting SFAS 133 on January 1, 2001, will be to increase pre-tax earnings for the first quarter of 2001 by approximately $31 million. Accounting for derivatives under SFAS 133 may increase volatility in future earnings.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information relating to market risk disclosure is set forth in Other Information of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included herein.

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, 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 of Western Resources, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for each of the three years in the period ended December 31, 2000. These financial statements and the schedule referred to below are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements and this schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 financial position of Western Resources, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II - Valuation and Qualifying Accounts is presented for purposes of complying with the Securities and Exchange Commission rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Kansas City, Missouri,
March 9, 2001

WESTERN RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands)

	December 31, 2000	December 31, 1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,762	$ 11,040
Restricted cash	22,205	15,962
Accounts receivable (net)	152,165	229,200
Inventories and supplies (net)	101,303	112,392
Marketable securities	3,946	177,128
Energy trading contracts	185,364	16,370
Prepaid expenses and other	40,503	40,876
Total Current Assets	514,248	602,968
PROPERTY, PLANT AND EQUIPMENT (NET)	3,993,438	3,889,444
OTHER ASSETS:		
Restricted cash	35,878	-
Investment in ONEOK	591,173	590,109
Customer accounts (net)	1,005,505	1,122,585
Goodwill (net)	976,102	1,057,041
Regulatory assets	327,350	366,004
Other	323,514	361,741
Total Other Assets	3,259,522	3,497,480
TOTAL ASSETS	$7,767,208	$7,989,892
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 41,825	$ 111,667
Short-term debt	35,000	705,421
Accounts payable	177,067	132,834
Accrued liabilities	207,329	226,786
Accrued income taxes	53,834	40,328
Deferred security revenues	73,585	61,148
Energy trading contracts	191,673	15,182
Other	34,187	57,829
Total Current Liabilities	814,500	1,351,195
LONG-TERM LIABILITIES:		
Long-term debt (net)	3,237,849	2,883,066
Western Resources obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company subordinated debentures	220,000	220,000
Deferred income taxes and investment tax credits	919,807	976,135
Minority interests	184,591	192,734
Deferred gain from sale-leaseback	186,294	198,123
Other	272,747	279,451
Total Long-term Liabilities	5,021,288	4,749,509
COMMITMENTS AND CONTINGENCIES (Note 14)		
SHAREHOLDERS' EQUITY:		
Cumulative preferred stock	24,858	24,858
Common stock, par value $5 per share, authorized 150,000,000 shares, outstanding 70,082,314 and 67,401,657 shares, respectively	350,412	341,508
Paid-in capital	850,100	820,945
Retained earnings	714,454	679,880
Accumulated other comprehensive income (loss) (net)	(8,404)	37,788
Treasury stock, at cost, 0 and 900,000 shares, respectively	-	(15,791)
Total Shareholders' Equity	1,931,420	1,889,188
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$7,767,208	$7,989,892

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

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

	Year Ended December 31,		
	2000	1999	1998
SALES:			
Energy	$ 1,830,617	$1,430,982	$1,612,959
Monitored services	537,859	599,105	421,095
Total Sales	2,368,476	2,030,087	2,034,054
COST OF SALES:			
Energy	850,277	478,982	691,468
Monitored services	185,555	179,964	131,791
Total Cost of Sales	1,035,832	658,946	823,259
Gross profit	1,332,644	1,371,141	1,210,795
OPERATING EXPENSES:			
Operating and maintenance expense	337,481	337,081	337,507
Depreciation and amortization	426,369	403,669	288,125
Selling, general and administrative expense	343,163	340,609	263,310
International power development costs	-	(5,632)	98,916
Deferred merger costs	-	17,600	-
Total Operating Expenses	1,107,013	1,093,327	987,858
INCOME FROM OPERATIONS	225,631	277,814	222,937
OTHER INCOME (EXPENSE):			
Investment earnings	192,423	35,979	49,797
Impairment of marketable securities	-	(76,166)	-
Minority interests	8,625	12,600	2,762
Other	-	14,234	(8,563)
Total Other Income (Expense)	201,048	(13,353)	43,996
EARNINGS BEFORE INTEREST AND TAXES	426,679	264,461	266,933
INTEREST EXPENSE:			
Interest expense on long-term debt	226,419	236,417	170,855
Interest expense on short-term debt and other	63,149	57,687	55,265
Total Interest Expense	289,568	294,104	226,120
EARNINGS (LOSS) BEFORE INCOME TAXES	137,111	(29,643)	40,813
Income tax expense (benefit)	46,061	(32,197)	6,755
NET INCOME BEFORE EXTRAORDINARY GAIN AND ACCOUNTING CHANGE	91,050	2,554	34,058
Extraordinary gain, net of tax of $26,514, $6,322 and $2,730	49,241	11,742	1,591
Cumulative effect of accounting change, net of tax of $1,097	(3,810)	-	-
NET INCOME	136,481	14,296	35,649
Preferred dividends	1,129	1,129	3,591
EARNINGS AVAILABLE FOR COMMON STOCK	$ 135,352	$ 13,167	$ 32,058
Average common shares outstanding	68,962,245	67,080,281	65,633,743
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING:			
Before extraordinary gain and accounting change	$ 1.30	$ 0.02	$0.46
Extraordinary gain	0.71	0.18	0.02
Accounting change	(0.05)	-	-
After extraordinary gain and accounting change	$ 1.96	$ 0.20	$ 0.48
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.435	$ 2.14	$ 2.14

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	Year Ended December 31,		
	2000	1999	1998
NET INCOME	$ 136,481	$ 14,296	$ 35,649
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Unrealized holding gains/(losses) on marketable securities arising during the year	43,174	(55,420)	(17,244)
Adjustment for (gains)/losses included in net income	(114,948)	102,417	14,029
Net change in unrealized gain/(loss) on marketable securities	(71,774)	46,997	(3,215)
Foreign currency translation adjustment	(9,376)	(115)	(1,026)
Income tax (expense)/benefit	34,958	(18,602)	1,630
Total other comprehensive income (loss), net of tax	(46,192)	28,280	(2,611)
COMPREHENSIVE INC0ME	$ 90,289	$ 42,576	$ 33,038

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended December 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 136,481	$ 14,296	$ 35,649
Adjustments to reconcile net income to net cash provided by operating activities:			
Extraordinary gain	(49,241)	(11,742)	(1,591)
Cumulative effect of accounting change	3,810	-	-
Depreciation and amortization	426,369	403,669	288,125
Amortization of gain on sale-leaseback	(11,828)	(11,828)	(11,828)
Equity in earnings from investments	(11,219)	(8,199)	(6,064)
Minority interests	(8,625)	(12,600)	(2,762)
(Gain)/loss on sale of marketable securities	(114,948)	26,251	14,029
Impairment of marketable securities	-	76,166	-
Gain on sale of investments	(9,562)	(17,249)	-
Accretion of debt premium	(6,237)	(6,799)	3,034
Write-off of international development activities	-	(5,632)	98,916
Net deferred taxes	(29,744)	(15,825)	(57,119)
Deferred merger costs	-	17,600	-
Changes in working capital items (net of effects from acquisitions):			
Restricted cash	(15,234)	(18,689)	(11,987)
Accounts receivable (net)	(37,127)	(3,824)	118,844
Inventories and supplies (net)	12,282	(15,024)	(8,000)
Accounts payable	44,172	5,000	(33,613)
Accrued liabilities	(19,457)	(20,152)	(42,411)
Accrued income taxes	13,506	7,386	5,582
Deferred security revenues	(2,065)	3,479	(2,237)
Other	(10,314)	(2,571)	43,518
Changes in other assets and liabilities	(24,875)	(35,272)	(29,873)
Net cash flows from operating activities	286,144	368,441	400,212
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Additions to property, plant and equipment (net)	(308,073)	(275,744)	(182,885)
Customer account acquisitions	(35,513)	(241,000)	(277,667)
Security alarm monitoring acquisitions, net of cash acquired	(11,748)	(27,409)	(549,196)
Purchases of marketable securities	-	(12,003)	(261,036)
Proceeds from sale of marketable securities	218,609	73,456	27,895
Other investments (net)	50,688	15,556	(91,451)
Net cash flows used in investing activities	(86,037)	(467,144)	(1,334,340)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Short-term debt (net)	(670,421)	392,949	75,972
Proceeds of long-term debt	610,045	16,000	1,096,238
Retirements of long-term debt	(208,952)	(198,021)	(167,068)
Proceeds from accounts receivable sale (net)	115,000	-	-
Proceeds from issuance of stock by subsidiary	-	-	45,565
Issuance of common stock (net)	38,059	43,245	17,284
Redemption of preference stock	-	-	(50,000)
Cash dividends paid	(98,827)	(145,033)	(144,077)
Acquisition of treasury stock	(9,187)	(15,791)	-
Reissuance of treasury stock	21,898	-	-
Net cash flows from (used in) financing activities	(202,385)	93,349	873,914
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,278)	(5,354)	(60,214)
CASH AND CASH EQUIVALENTS:			
Beginning of year	11,040	16,394	76,608
End of year	$ 8,762	$ 11,040	$ 16,394

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

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

	Cumulative Preferred and Preference Stock	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Unearned Compensation	Treasury Stock	Total
BALANCE, December 31, 1997.......	$ 74,858	$327,048	$760,553	$ 919,045	$ 12,119	$ -	$ -	$2,093,623
Net income.......................	-	-	-	35,649	-	-	-	35,649
Redemption of preference stock...	(50,000)	-	-	-	-	-	-	(50,000)
Dividends on preferred and preference stock................	-	-	-	(3,591)	-	-	-	(3,591)
Issuance of common stock.........	-	2,500	12,711	-	-	-	-	15,211
Dividends on common stock........	-	-	-	(140,486)	-	-	-	(140,486)
Unrealized loss on marketable securities......................	-	-	-	-	(3,215)	-	-	(3,215)
Currency translation adjustments.....................	-	-	-	-	(1,026)	-	-	(1,026)
Tax benefit......................	-	-	-	-	1,630	-	-	1,630
Grant of restricted stock........	-	-	4,137	-	-	(4,137)	-	-
Amortization of restricted stock.	-	-	-	-	-	2,073	-	2,073
BALANCE, December 31, 1998.......	$ 24,858	$329,548	$777,401	$ 810,617	$ 9,508	$ (2,064)	$ -	$ 1,949,868
Net income.......................	-	-	-	14,296	-	-	-	14,296
Dividends on preferred and preference stock................	-	-	-	(1,129)	-	-	-	(1,129)
Issuance of common stock.........	-	11,960	44,906	-	-	-	-	56,866
Dividends on common stock........	-	-	-	(143,904)	-	-	-	(143,904)
Unrealized gain on marketable securities......................	-	-	-	-	46,997	-	-	46,997
Currency translation adjustments.....................	-	-	-	-	(115)	-	-	(115)
Tax benefit......................	-	-	-	-	(18,602)	-	-	(18,602)
Acquisition of treasury stock....	-	-	-	-	-	-	(15,791)	(15,791)
Grant of restricted stock........	-	-	4,333	-	-	(4,333)	-	-
Amortization of restricted stock.	-	-	-	-	-	702	-	702
BALANCE, December 31, 1999.......	$ 24,858	$341,508	$826,640	$679,880	$ 37,788	$ (5,695)	$(15,791)	$1,889,188
Net income.......................	-	-	-	136,481	-	-	-	136,481
Dividends on preferred and preference stock..............	-	-	-	(1,129)	-	-	-	(1,129)
Issuance of common stock.........	-	8,904	18,537	-	-	-	-	27,441
Dividends on common stock........	-	-	-	(97,698)	-	-	-	(97,698)
Unrealized loss on marketable securities.....................	-	-	-	-	(71,774)	-	-	(71,774)
Currency translation adjustments.	-	-	-	-	(9,376)	-	-	(9,376)
Tax benefit......................	-	-	-	-	34,958	-	-	34,958
Acquisition of treasury stock....	-	-	-	-	-	-	(9,187)	(9,187)
Issuance of treasury stock.......	-	-	-	(3,080)	-	-	24,978	21,898
Grant of restricted stock........	-	-	22,989	-	-	(22,989)	-	-
Amortization of restricted stock.	-	-	-	-	-	10,618	-	10,618
BALANCE, December 31, 2000.......	$24,858	$350,412	$868,166	$714,454	$ (8,404)	$ (18,066)	$ -	$1,931,420

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Western Resources, Inc. (Western Resources, the company) is a publicly traded consumer services company. The company's primary business activities are providing electric generation, transmission and distribution services to approximately 636,000 customers in Kansas and providing monitored security services to approximately 1.5 million customers in North America and Europe. Rate regulated electric service is provided by KPL, a division of the company, and Kansas Gas and Electric Company (KGE), a wholly owned subsidiary. Monitored security services are provided by Protection One, Inc., a publicly traded, approximately 85%-owned subsidiary, and other wholly owned subsidiaries collectively referred to as Protection One Europe. In addition, through the company's 45% ownership interest in ONEOK, Inc., natural gas transmission and distribution services are provided to approximately 1.4 million customers in Oklahoma and Kansas. Westar Industries, Inc., the company's wholly owned subsidiary, owns the company's interests in Protection One, Protection One Europe, ONEOK and other non-utility businesses.

Principles of Consolidation: The company prepares its financial statements in conformity with accounting principles generally accepted in the United States. The accompanying Consolidated Financial Statements include the accounts of Western Resources and its wholly owned and majority owned subsidiaries. All material intercompany accounts and transactions have been eliminated. Common stock investments that are not majority owned are accounted for using the equity method when the company's investment allows it the ability to exert significant influence.

Regulatory Accounting: The company currently applies accounting standards for its rate regulated electric business that recognize the economic effects of rate regulation in accordance with Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation," (SFAS 71) and, accordingly, has recorded regulatory assets and liabilities when required by a regulatory order or when it is probable, based on regulatory precedent, that future rates will allow for recovery of a regulatory asset.

Use of Management's Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The company considers highly liquid collateralized debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Cash: Restricted cash consists of cash used to collateralize letters of credit and cash held in escrow.

Accounts Receivable: Receivables, which consist primarily of trade accounts receivable, were reduced by allowances for doubtful accounts of $45.8 million at December 31, 2000 and $35.8 million at December 31, 1999.

Available-for-sale Securities: The company classifies marketable equity and debt securities accounted for under the cost method as available-for-sale. These securities are reported at fair value based on quoted market prices. Cumulative, temporary unrealized gains and losses, net of the related tax effect, are reported as a separate component of shareholders' equity until realized. Current temporary changes in unrealized gains and losses are reported as a component of other comprehensive income. Realized gains and losses are included in earnings and are derived using the specific identification method.

The following table summarizes the company's investments in marketable securities as of December 31:

		Gross Unrealized		
	Cost	Gains	Losses	Fair Value
		(In Thousands)		
2000:				
Equity securities	$ 6,690	$ -	$ (2,744)	$ 3,946
Debt securities	-	-	-	-
Total	$ 6,690	$ -	$ (2,744)	$ 3,946
1999:				
Equity securities	$ 43,124	$70,407	$ (1,628)	$111,903
Debt securities	65,225	-	-	65,225
Total	$108,349	$70,407	$ (1,628)	$177,128

Proceeds from the sales of equity and debt securities were $218.6 million in 2000 and $73.5 million in 1999. The gross realized gains from sales of equity and debt investments were $116.0 million in 2000 and $12.6 million in 1999. The gross realized losses from sales of equity and debt investments were $1.0 million in 2000 and $38.8 million in 1999.

Energy Trading Contracts: The company is involved in system hedging and trading activities primarily to minimize risk from commodity market fluctuations, capitalize on its market knowledge and enhance system reliability. In these activities, the company utilizes a variety of financial instruments, including forward contracts involving cash settlements or physical delivery of an energy commodity, options, swaps requiring payments (or receipt of payments) from counter-parties based on the differential between specified prices for the related commodity, and futures traded on electricity and natural gas.

The company accounts for transactions on either a settlement basis or using the mark-to-market method of accounting. On a settlement basis, the company recognizes the gains or losses on system hedging transactions as the power is delivered. Under the mark-to-market method of accounting, trading transactions are shown at fair value in the consolidated balance sheets as energy trading contracts assets - current and energy trading contracts liabilities-current. Long term energy trading contract assets and liabilities are included in other long term assets and other long term liabilities, respectively. The company reflects changes in fair value resulting in unrealized gains and losses from these transactions in energy sales. The company records the revenues and costs for all transactions in its consolidated statements of income when the contracts are settled. The company recognizes revenues in energy sales; costs are recorded in energy cost of sales.

The company values contracts in the trading portfolio using end-of-the-period market prices, utilizing the following factors (as applicable):

- closing exchange prices (that is, closing prices for standardized electricity products traded on an organized exchange such as the New York Mercantile Exchange);
- broker dealer and over-the-counter price quotations;

Property, Plant and Equipment: Property, plant and equipment is stated at cost. For utility 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). AFUDC represents the cost of borrowed funds used to finance construction projects. The AFUDC rate was 7.39% in 2000, 6.00% in 1999 and 6.00% in 1998. The cost of additions to utility plant and replacement units of property are capitalized. Interest capitalized into construction in progress was $9.4 million in 2000, $4.4 million in 1999 and $1.9 million in 1998.

Maintenance costs and replacement of minor items of property are charged to expense as incurred. Incremental costs incurred during scheduled Wolf Creek Generating Station refueling and maintenance outages are deferred and amortized monthly over the unit's operating cycle, normally about 18 months. When units of depreciable property are retired, the original cost and removal cost, less salvage value, are charged to accumulated depreciation.

In accordance with regulatory decisions made by the Kansas Corporation Commission (KCC), the acquisition premium of approximately $801 million resulting from the acquisition of KGE in 1992 is being amortized over 40 years. The acquisition premium is classified as electric plant in service. Accumulated amortization totaled $108.2 million as of December 31, 2000 and $88.1 million as of December 31, 1999.

Depreciation: Utility plant is depreciated on the straight-line method at rates approved by regulatory authorities. Utility plant is depreciated on an average annual composite basis using group rates that approximated 2.99% during 2000, 2.92% during 1999 and 2.88% during 1998. Nonutility property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets. The company periodically evaluates its depreciation rates considering the past and expected future experience in the operation of its facilities.

Inventories and Supplies: Inventories and supplies for the company's utility business are stated at average cost. Monitored services' inventories, comprised of alarm systems and parts, are stated at the lower of average cost or market.

Nuclear Fuel: 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 cost of sales based upon the quantity of heat produced for the generation of electricity. The accumulated amortization of nuclear fuel in the reactor was $18.6 million at December 31, 2000 and $29.3 million at December 31, 1999.

Customer Accounts: Customer accounts are stated at cost. The cost includes amounts paid to dealers and the estimated fair value of accounts acquired in business acquisitions. Internal costs incurred in support of acquiring customer accounts are expensed as incurred.

Protection One and Protection One Europe historically amortized most customer accounts by using the straight-line method over a ten-year life. The choice of an amortization life was based on estimates and judgments about the amounts and timing of expected future revenues from these assets and average customer account life. Selected periods were determined because, in Protection One's and Protection One Europe's opinion, they would adequately match amortization cost with anticipated revenue.

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

Protection One's and Protection One Europe's amortization rates consider the average estimated remaining life and historical and projected attrition rates. The amortization method for each customer pool is as follows:

Pool	Method
North America	
Acquired Westinghouse customers	Eight-year 120% declining balance
Other customers	Ten-year 130% declining balance
Europe	Ten-year 125% declining balance
Multifamily	Ten-year straight-line

Adoption of the declining balance method effectively shortens the estimated expected average customer life for these customer pools, and does so in a way that does not make it possible to distinguish the effect of a change in method (straight-line to declining balance) from the change in estimated lives. In such cases, generally accepted accounting principles require that the effect of such a change be recognized in operations in the period of the change, rather than as a cumulative effect of a change in accounting principle. Protection One changed to the declining balance method in the third quarter of 1999 for Europe customers and the North America customers which had been amortized on a straight-line basis. Accordingly, the effect of the change in accounting principle increased Protection One's amortization expense reported in the third quarter of 1999 by approximately $40 million. Accumulated amortization would have been approximately $34 million higher through the end of the second quarter of 1999 if the declining balance method had historically been used.

In accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," long-lived assets held and used by Protection One and Protection One Europe are evaluated for recoverability on a periodic basis or as circumstances warrant. An impairment would be recognized when the undiscounted expected future operating cash flows by customer pool derived from customer accounts is less than the carrying value of capitalized customer accounts and related goodwill.

Goodwill has been recorded in business acquisitions where the principal asset acquired was the recurring revenues from the acquired customer base. For purposes of the impairment analysis, goodwill has been considered directly related to the acquired customers.

Due to the high level of customer attrition experienced in 2000 and 1999, the decline in market value of Protection One's publicly traded equity and debt securities and because of recurring losses, Protection One and Protection One Europe performed an impairment test on their customer account assets and goodwill in both 2000 and 1999. These tests indicated that future estimated undiscounted cash flows exceeded the sum of the recorded balances for customer accounts and goodwill.

Goodwill: Goodwill represents the excess of the purchase price over the fair value of net assets acquired by Protection One and Protection One Europe. Protection One and Protection One Europe changed their estimates of goodwill life from 40 years to 20 years as of January 1, 2000. After that date, remaining goodwill, net of accumulated amortization, is being amortized over its remaining useful life based on a 20-year life. As a result of this change in estimate, goodwill amortization expense for the year ended December 31, 2000 increased by approximately $33.0 million.

The carrying value of goodwill was included in the evaluations of recoverability of customer accounts. No reduction in the carrying value was necessary at December 31, 2000.

Amortization expense was $61.4 million, $31.6 million and $22.5 million for the years ended December 31, 2000, 1999 and 1998. Accumulated amortization was $118.6 million and $59.3 million at December 31, 2000 and 1999.

The Financial Accounting Standards Board (FASB) issued an exposure draft on February 14, 2001 which, if adopted as proposed, would establish a new accounting standard for the treatment of goodwill in a business combination. The new standard would continue to require recognition of goodwill as an asset in a business combination but would not permit amortization as currently required by APB Opinion No. 17, "Intangible Assets." The new standard would require that goodwill be separately tested for impairment using a fair-value based approach as opposed to an undiscounted cash flow approach which is required under current accounting standards. If goodwill is found to be impaired, the company would be required to record a non-cash charge against income. The impairment charge would be equal to the amount by which the carrying amount of the goodwill exceeds the fair value. Goodwill would no longer be amortized on a current basis as is required under current accounting standards. The exposure draft contemplates this standard to become effective on July 1, 2001, although this effective date is not certain. Furthermore, the proposed standard could be modified prior to its adoption.

If the new standard is adopted, any subsequent impairment test on the company's customer accounts would be performed on the customer accounts alone rather than in conjunction with goodwill utilizing an undiscounted cash flow test pursuant to SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

At December 31, 2000, the company had $976 million in goodwill attributable to acquisitions of businesses and $1,006 million for monitored services' customer accounts. These intangible assets together represented 25.5% of the book value of the company's total assets. The company recorded approximately $61.4 million in goodwill amortization expense in 2000. If the new standard becomes effective July 1, 2001 as proposed, the company believes it is probable that it would be required to record a non-cash impairment charge. The company cannot determine the amount at this time, but it believes the amount would be material and could be a substantial portion of its intangible assets. This impairment charge would have a material adverse effect on the company's operating results in the period recorded.

Regulatory Assets and Liabilities: Regulatory assets represent probable future revenue associated with certain costs that will be recovered from customers through the rate-making process. The company has recorded these regulatory assets in accordance with SFAS 71. If the company were required to terminate application of that statement for all of its regulated operations, the company would have to record the amounts of all regulatory assets and liabilities in its Consolidated Statements of Income at that time. The company's earnings would be reduced by the total amount in the table below, net of applicable income taxes. Regulatory assets reflected in the Consolidated Financial Statements are as follows:

	As of December 31,	
	2000	1999
	(In Thousands)	
Recoverable income taxes	$187,308	$218,239
Debt issuance costs	63,263	68,239
Deferred employee benefit costs	36,251	36,251
Deferred plant costs	29,921	30,306
Other regulatory assets	10,607	12,969
Total regulatory assets	$327,350	$366,004

- Recoverable income taxes: Recoverable income taxes represent amounts due from customers for accelerated tax benefits which have been previously flowed through to customers and are expected to be recovered in the future as the accelerated tax benefits reverse.

- Debt issuance costs: Debt reacquisition expenses are amortized over the remaining term of the reacquired debt or, if refinanced, the term of the new debt. Debt issuance costs are amortized over the term of the associated debt.

- Deferred employee benefit costs: Deferred employee benefit costs represent costs to be recovered by income generated through the company's Affordable Housing Tax Credit (AHTC) investment program as authorized by the KCC.

- Deferred plant costs: Costs related to the Wolf Creek nuclear generating facility.

The company expects to recover all of the above regulatory assets in rates charged to customers. A return is allowed on deferred plant costs and coal contract settlement costs and approximately $18.0 million of debt issuance costs.

Minority Interests: Minority interests represent the minority shareholders' proportionate share of the shareholders' equity and net loss of Protection One.

Revenue Recognition

Energy Sales Recognition: Energy sales are recognized as services are rendered and include estimated amounts for energy delivered but unbilled at the end of each year. Unbilled sales are recorded as a component of accounts receivable (net) and amounted to $44 million at December 31, 1999. During 2000, the company sold its energy related accounts receivable, including amounts related to unbilled sales.

Monitored Services Sales Recognition: Monitored services sales are recognized when security services are provided. Installation revenue, sales revenues on equipment upgrades and direct costs of installations and sales are deferred for residential customers with service contracts. For commercial customers and national account customers, revenue recognition is dependent upon each specific customer contract. In instances when the company sells the equipment outright, revenues and costs are recognized in the period incurred. In cases where there is no outright sale, revenues and direct costs are deferred and amortized.

Deferred installation revenues and system sales revenues will be recognized over the expected useful life of the customer, utilizing a 130% declining balance. Deferred costs in excess of deferred revenues will be recognized over the contract life. To the extent deferred costs are less than deferred revenues, such costs are recognized over the customers' estimated useful life, utilizing a 130% declining balance.

Deferred revenues also result from customers who are billed for monitoring, extended service protection and patrol and response services in advance of the period in which such services are provided, on a monthly, quarterly or annual basis.

Income Taxes: Deferred tax assets and liabilities are recognized for temporary differences in amounts recorded for financial reporting purposes and their respective tax bases. Investment tax credits previously deferred are being amortized to income over the life of the property which gave rise to the credits.

Foreign Currency Translation: The assets and liabilities of the company's foreign operations are generally translated into U.S. dollars at current exchange rates and revenues and expenses are translated at average exchange rates for the year.

Cash Surrender Value of Life Insurance: The following amounts related to corporate-owned life insurance policies (COLI) are recorded in other long-term assets on the Consolidated Balance Sheets at December 31:

	2000	1999
	(In Millions)	
Cash surrender value of policies (a)	$ 705.4	$ 642.4
Borrowings against policies	(665.9)	(608.3)
COLI (net)	$ 39.5	$ 34.1

(a) Cash surrender value of policies as presented represents the value of the policies as of the end of the respective policy years and not as of December 31, 2000 and 1999.

Income is recorded for increases in cash surrender value and net death proceeds. Interest incurred on amounts borrowed is offset against policy income. Income recognized from death proceeds is highly variable from period to period. Death benefits recognized as other income approximated $0.9 million in 2000, $1.4 million in 1999 and $13.7 million in 1998.

Cumulative Effect of Accounting Change: The company adopted Staff Accounting Bulletin No. 101, "Revenue Recognition" (SAB 101) in the fourth quarter of 2000 which had a retroactive effective date of January 1, 2000. The impact of this accounting change generally requires deferral of certain monitored services sales for installation revenues and direct sales-related expenses. Deferral of these revenues and costs is generally necessary when installation revenues have been received and a monitoring contract to provide future service is obtained. Historically, Protection One acquired a majority of its customers by acquisition or through an independent dealer program for its North American operations. Dealers billed and retained any installation revenues. In 2000, Protection One began an internal sales program. Because of these factors the impact of adopting SAB 101 for Protection One was not significant. Protection One Europe has a larger concentration of commercial customers where installation revenues and related costs had previously been recognized.

The cumulative effect of the change in accounting principle was approximately $3.8 million, net of tax benefits of $1.1 million and is related to changes in revenue recognition at Protection One Europe. Prior to the adoption of SAB 101, Protection One Europe recognized installation revenues and related expenses upon completion of the installation. Pro forma amounts and amounts per share, assuming the change in accounting principle was applied retroactively are as follows:

	2000		1999		1998	
	Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
	(In Thousands, Except Per Share Amounts)					
Earnings available for common stock before extraordinary gain and accounting change:						
As reported	$ 89,921	$1.30	$ 1,425	$ 0.02	$30,467	$ 0.46
Pro forma effect of accounting change	-	-	(2,800)	(0.04)	(1,010)	(0.01)
Pro forma	$ 89,921	$1.30	$(1,375)	$(0.02)	$29,457	$ 0.45
Earnings available for common stock:						
As reported	$135,352	$1.96	$13,167	$ 0.20	$32,058	$ 0.48
Pro forma effect of accounting change	3,810	0.05	(2,800)	(0.04)	(1,010)	(0.01)
Pro forma	$139,162	$2.01	$10,367	$ 0.16	$31,048	$ 0.47

New Accounting Pronouncements: In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133, as amended, is effective for fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

The company adopted SFAS 133 on January 1, 2001. The company has evaluated its commodity contracts, financial instruments and other contracts and determined that certain commodity contracts are derivative instruments. Under current GAAP, these contracts qualify as hedges. However, under SFAS 133, these contracts will not qualify as hedges. Accordingly, the instruments will be marked to market through earnings. The company estimates that the effect on its financial statements of adopting SFAS 133 on January 1, 2001, will be to increase pre-tax earnings for the first quarter of 2001 by approximately $31 million. Accounting for derivatives under SFAS 133 may increase volatility in future earnings.

Supplemental Cash Flow Information: Cash paid for interest and income taxes for each of the years ended December 31, are as follows:

	2000	1999	1998
		(In Thousands)	
Interest on financing activities (net of amount capitalized).........	$310,345	$298,802	$220,848
Income taxes..........................	28,751	784	47,196

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

2. PNM MERGER AND SPLIT-OFF OF WESTAR INDUSTRIES

On November 8, 2000, the company entered into an agreement under which Public Service Company of New Mexico (PNM) will acquire the electric utility businesses of the company in a stock-for-stock transaction. Under the terms of the agreement, both the company and PNM will become subsidiaries of a new holding company. Immediately prior to the consummation of this combination, the company will split-off its remaining interest in Westar Industries to its shareholders.

Westar Industries has filed a registration statement with the Securities and Exchange Commission (SEC) covering the proposed sale of a portion of its common stock through the exercise of non-transferable rights proposed to be distributed by Westar Industries to the company's shareholders.

The company and Westar Industries entered into an Asset Allocation and Separation Agreement at the same time the company entered into the merger agreement with PNM. Among other things, this agreement permits a receivable owed by the company to Westar Industries to be converted into certain securities of the company. At the closing of the merger, any of these securities then owned by Westar Industries will be converted into securities of PNM or the holding company to be formed by PNM.

On February 28, 2001, Westar Industries converted $350 million of the receivable into approximately 14.4 million shares of the company's common stock pursuant to the Asset Allocation and Separation Agreement. These shares represent approximately 16.9% of the company's outstanding common stock including these shares in outstanding shares. There are no voting rights with respect to these shares as long as Westar Industries is a majority owned subsidiary of the company.

3. RATE MATTERS AND REGULATION

KCC Rate Proceedings: On November 27, 2000, the company and KGE filed applications with the KCC for a change in retail rates which included a cost allocation study and separate cost of service studies for the company's KPL division and KGE. The company requested an annual rate increase totaling approximately $151 million. The company and KGE also provided revenue requirements on a combined company basis on December 28, 2000. The company anticipates a ruling by the KCC in July 2001 but is unable to predict its outcome.

FERC Proceeding: In September 1999, the City of Wichita filed a complaint with the Federal Energy Regulatory Commission (FERC) against the company alleging improper affiliate transactions between the company's KPL division and KGE, a wholly owned subsidiary of the company. The City of Wichita asked that FERC equalize the generation costs between KPL and KGE, in addition to other matters. A hearing on the case was held at FERC on October 11 and 12, 2000 and on November 9, 2000 a FERC administrative law judge ruled in favor of the company that no change in rates was required. On December 13, 2000, the City of Wichita filed a brief with FERC asking that the Commission overturn the judge's decision. On January 5, 2001, the company filed a brief opposing the City's position. The company anticipates a decision by FERC in the second quarter of 2001.

4. SALE OF ACCOUNTS RECEIVABLE

On July 28, 2000, the company and KGE entered into an agreement to sell, on an ongoing basis, all of their accounts receivable arising from the sale of electricity, to WR Receivables Corporation, a special purpose entity wholly owned by the company. The agreement expires on July 26, 2001, and is annually renewable upon agreement by both parties. The special purpose entity has sold and, subject to certain conditions, may from time to time sell, up to $125 million (and upon request, subject to certain conditions, up to $175 million) of an undivided fractional ownership interest in the pool of receivables to a third-party, multi-seller receivables funding entity affiliated with a lender. The company's retained interests in the receivables sold are recorded at cost which approximates fair value. The company has received net proceeds of $115.0 million as of December 31, 2000.

5. SHORT-TERM DEBT

The company has an arrangement with certain banks to provide a revolving credit facility on a committed basis totaling $500 million. The facility is secured by first mortgage bonds of the company and KGE and matures on March 17, 2003. The company also has arrangements with certain banks to provide unsecured short-term lines of credit on a committed basis totaling approximately $12.0 million. As of December 31, 2000, borrowings on these facilities were $35.0 million.

The agreements provide the company with the ability to borrow at different market-based interest rates. The company pays commitment or facility fees in support of these lines of credit. Under the terms of the agreements, the company is required, among other restrictions, to maintain a total debt to total capitalization ratio of not greater than 65% at all times. The company is in compliance with all restrictions.

Information regarding the company's short-term borrowings, comprised of borrowings under the credit agreements, bank loans and commercial paper, is as follows:

	As of December 31,	
	2000	1999
	(Dollars in Thousands)	
Borrowings outstanding at year end:		
Credit agreement	$ 35,000	$ 50,000
Bank loans	-	120,000
Commercial paper notes	-	535,421
Total	$ 35,000	$ 705,421
Weighted average interest rate on debt outstanding at year end (including fees)	8.11%	6.96%
Weighted average short-term debt outstanding during the year	$402,845	$ 455,184
Weighted daily average interest rates during the year (including fees)	7.92%	5.76%
Unused lines of credit supporting commercial paper notes	$ -	$1,021,000

The company's interest expense on short-term debt and other was $63.1 million in 2000, $57.7 million in 1999 and $55.3 million in 1998.

6. LONG-TERM DEBT

Long-term debt outstanding is as follows at December 31:

	2000	1999
	(In Thousands)	
Western Resources		
First mortgage bond series:		
8 7/8% due 2000	$ -	$ 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
	325,000	400,000
Pollution control bond series:		
Variable due 2032, 4.70% at December 31, 2000	45,000	45,000
Variable due 2032, 4.62% at December 31, 2000	30,500	30,500
6% due 2033	58,410	58,420
	133,910	133,920
6 7/8% unsecured senior notes due 2004	370,000	370,000
7 1/8% unsecured senior notes due 2009	150,000	150,000
6.80% unsecured senior notes due 2018	28,977	29,783
6.25% unsecured senior notes due 2018, putable/callable 2003	400,000	400,000
Senior secured term loan	600,000	-
Other long-term agreements	16,889	21,895
	1,565,866	971,678
KGE		
First mortgage bond series:		
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
	300,000	300,000
Pollution control bond series:		
5.10% due 2023	13,623	13,653
Variable due 2027, 4.60% at December 31, 2000	21,940	21,940
7.0% due 2031	327,500	327,500
Variable due 2032, 4.60% at December 31, 2000	14,500	14,500
Variable due 2032, 4.60% at December 31, 2000	10,000	10,000
	387,563	387,593

Protection One		
Convertible senior subordinated notes due 2003, fixed rate 6.75%	23,785	53,950
Senior subordinated discount notes due 2005, effective rate of 11.8%	42,887	87,038
Senior unsecured notes due 2005, fixed rate 7.375%	204,650	250,000
Senior subordinated notes due 2009, fixed rate 8.125% (1)	255,740	341,415
Other	267	2,033
	527,329	734,436
Protection One Europe		
CET recourse financing agreements, average effective rate 15%	33,512	60,838
Unamortized debt premium	13,541	13,726
Less:		
Unamortized debt discount	(7,047)	(7,458)
Long-term debt due within one year	(41,825)	(111,667)
Long-term debt (net)	$3,237,849	$2,883,066

(1) The rate is currently 8.625% and will continue at that rate until an exchange offer related to the offering is completed.

Debt discount and expenses are being amortized over the remaining lives of each issue.

The amount of the company's first mortgage bonds authorized by its 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. First mortgage bonds are secured by the utility assets of the company and KGE. Amounts of additional bonds which may be issued are subject to property, earnings and certain restrictive provisions of each mortgage.

The company's unsecured debt represents general obligations that are not secured by any of the company's properties or assets. Any unsecured debt will be subordinated to all secured debt of the company, including the first mortgage bonds. The notes are structurally subordinated to all secured and unsecured debt of the company's subsidiaries.

On June 28, 2000, the company entered into a $600 million, multi-year term loan that replaced two revolving credit facilities which matured on June 30, 2000. The net proceeds of the term loan were used to retire short-term debt. The term loan is secured by first mortgage bonds of the company and KGE and has a maturity date of March 17, 2003.

Maturities of the term loan through March 17, 2003, are as follows:

Year	Principal Amount (In Thousands)
2001	$ 9,000
2002	6,000
2003	585,000
	$600,000

The terms of the loan contain requirements for maintaining certain consolidated leverage ratios, interest coverage ratios and consolidated debt to capital ratios. The company is in compliance with all of these requirements.

Interest on the term loan is payable on the expiration date of each borrowing under the facility or quarterly if the term of the borrowing is greater than three months. The weighted average interest rate, including amortization of fees, on the term loan for the year ending December 31, 2000, was 10.28%.

In 1998, Protection One issued $350 million of Unsecured Senior Subordinated Notes. The notes are redeemable at Protection One's option, in whole or in part, at a predefined price. Protection One did not complete a required exchange offer during 1999. As a result, the interest rate on these notes has been 8.625% since June 1999. If the exchange offer is completed, the interest rate will revert back to 8.125%. Interest on these notes is payable semi-annually on January 15 and July 15.

In 1998, Protection One issued $250 million of Senior Unsecured Notes. Interest is payable semi-annually on February 15 and August 15. The notes are redeemable at Protection One's option, in whole or in part, at a predefined price.

In 1995, Protection One issued $166 million of Unsecured Senior Subordinated Discount Notes with a fixed interest rate of 13.625%. Interest payments began in 1999 and are payable semi-annually on June 30 and December 31. In connection with the acquisition of Protection One in 1997, these notes were restated to fair value reflecting a current market yield of approximately 6.4% through June 30, 2000, the first full call date of the notes. Since the notes were not called on that date the current market yield was adjusted to 11.8% as of July 1, 2000. The 1997 revaluation resulted in bond premium being recorded to reflect the increase in value of the notes as a result of the decline in interest rates since the note issuance. This revaluation had no impact on the expected cash flow to existing noteholders. As of June 30, 2000, the notes became redeemable at Protection One's option, at a specified redemption price.

In 1998, Protection One redeemed unsecured senior subordinated discount notes with a book value of $69.4 million and recorded an extraordinary gain on the extinguishment of $1.6 million, net of tax.

In 1996, Protection One issued $103.5 million of Convertible Senior Subordinated Notes. Interest is payable semi-annually on March 15 and September 15. The notes are convertible at any time at a conversion price of $11.19 per share. The notes are redeemable, at Protection One's option, at a specified redemption price, beginning September 19, 1999.

In 1999, Westar Industries purchased Protection One bonds on the open market at amounts less than the carrying amount of the debt. The company recognized an extraordinary gain of $13.4 million, net of tax, at December 31, 1999, related to the retirement of this debt.

During 2000, Westar Industries purchased various issues of Protection One bonds on the open market at amounts less than the carrying amount of the debt. The company recognized an extraordinary gain of $49.2 million, net of tax, at December 31, 2000, related to the retirement of this debt.

Protection One Europe has recognized as a financing transaction cash received through the sale of security equipment and future cash flows to be received under security equipment operating lease agreements with customers to a third-party financing company.

Maturities of long-term debt through 2005 are as follows:

Year	Principal Amount (In Thousands)
2001	$ 41,825
2002	116,705
2003	747,207
2004	370,617
2005	313,007
Thereafter	1,683,819
	$3,273,180

The company's interest expense on long-term debt was $226.4 million in 2000, $236.4 million in 1999 and $170.9 million in 1998.

Protection One's debt instruments contain financial and operating covenants which may restrict its ability to incur additional debt, pay dividends, make loans or advances and sell assets. At December 31, 2000, Protection One was in compliance with all financial covenants governing its debt securities.

The indentures governing all of Protection One's debt securities require that Protection One offer to repurchase the securities in certain circumstances following a change of control.

7. 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, short-term borrowings and variable-rate debt are carried at cost which approximates fair value and are not included in the table below. The decommissioning trust is recorded at fair value and is based on the quoted market prices at December 31, 2000 and 1999. The fair value of fixed-rate debt and other mandatorily redeemable securities is estimated based on quoted market prices for the same or similar issues or on the current rates offered for instruments of the same remaining maturities and redemption provisions. The estimated fair values of contracts related to commodities have been determined using quoted market prices of the same or similar securities.

The recorded amounts of accounts receivable and other current financial instruments approximate fair value.

The fair value estimates presented herein are based on information available at December 31, 2000 and 1999. 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.

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

	Carrying Value		Fair Value	
	As of December 31,			
	2000	1999	2000	1999
	(In Thousands)			
Decommissioning trust....	$ 64,222	$ 58,286	$ 64,222	$ 58,286
Fixed-rate debt, net of current maturities......	3,109,415	2,743,057	2,809,711	2,350,880
Other mandatorily redeemable securities...	220,000	220,000	182,232	187,950

The tables below present the estimated fair value of contracts not settled at December 31, 2000.

The notional volumes and estimated fair values of the company's forward contracts and options for electricity positions are as follows at December 31:

	2000 Notional Volumes (MWH's)	2000 Estimated Fair Value	1999 Notional Volumes (MWH's)	1999 Estimated Fair Value
		(Dollars in Thousands)		
Forward contracts:				
Purchased................	3,581,500	$264,488	1,137,600	$33,021
Sold.....................	3,713,248	269,731	1,088,800	32,395
Options:				
Purchased................	647,600	$ 12,606	944,800	$ 5,524
Sold.....................	387,200	11,976	754,200	8,458

The notional volumes and estimated fair values of the company's forward contract and options for gas positions are as follows at December 31:

	2000 Notional Volumes (MMBtu's)	2000 Estimated Fair Value	1999 Notional Volumes (MMBtu's)	1999 Estimated Fair Value
		(Dollars in Thousands)		
Forward contracts:				
Purchased................	73,859,179	$283,453	13,010,000	$31,002
Sold.....................	50,614,417	174,441	500,000	1,108
Options:				
Purchased................	39,171,500	$ 21,887	6,000,000	$ 971
Sold.....................	30,140,000	21,196	4,000,000	615

Under mark-to-market accounting, energy trading contracts with third parties are reflected at fair market value, net of reserves, with resulting unrealized gains and losses recorded as energy trading contract assets and liabilities. These assets and liabilities are affected by the actual timing of settlements related to these contracts and current period changes resulting primarily from newly originated transactions and the impact of price movements. These changes are recognized as revenues in the consolidated statements of income in the period the changes occur. As of December 31, 2000, the company had gross mark-to-market gains (asset position) and losses (liability position) on these energy trading contracts as follows:

	2000	1999
	(In Thousands)	
Current Assets - energy trading contracts......	$185,364	$16,370
Other Assets - other...........................	15,883	-
	$201,247	$16,370
Current Liabilities - energy trading contracts.	$191,673	$15,182
Long-term liabilities - other..................	1,096	-
	$192,769	$15,182
Net mark-to-market gains.....................	$ 8,478	$ 1,188

These net mark-to-market gains have been recognized in revenue. Included within these assets and liabilities is an unrealized gain of $31 million which will be recognized through revenue in 2001 as a cumulative effect of an accounting change upon adoption of SFAS 133.

8. MONITORED SERVICES BUSINESS

In 1999, Protection One sold the assets which comprised its Mobile Services Group. Cash proceeds of this sale approximated $20 million and Protection One recorded a pre-tax gain of approximately $17 million. This gain is reflected in other income (expense) - other on the statement of income.

Protection One acquired a significant number of security companies in 1998. All companies acquired have been accounted for using the purchase method. The principal assets acquired in the acquisitions are customer accounts. The excess of the purchase price over the estimated fair value of the net assets acquired is recorded as goodwill. The results of operations of each acquisition have been included in the consolidated results of operations of Protection One from the date of the acquisition.

The following table presents the unaudited pro forma financial information considering Protection One's monitored services acquisitions in 1998. The table assumes acquisitions in 1998 occurred as of January 1, 1998.

Year Ended December 31,	1998 (Unaudited) (In Thousands, Except Per Share Data)
Sales	$2,175,089
Earnings available for common stock	$21,449
Earnings per share	$0.33

The unaudited pro forma financial information is not necessarily indicative of the results of operations had the entities been combined for the entire period nor do they purport to be indicative of results which will be obtained in the future.

9. MARKETABLE SECURITIES

During the fourth quarter of 1999, the company decided to sell its remaining marketable security investments in paging industry companies. These securities were classified as available-for-sale; therefore, changes in market value were historically reported as a component of other comprehensive income.

The market value for these securities declined during the last six to nine months of 1999. The company determined that the decline in value of these securities was other than temporary and a charge to earnings for the decline in value was required at December 31, 1999. Therefore, a non-cash charge of $76.2 million was recorded in the fourth quarter of 1999 and is presented separately in the accompanying Consolidated Statements of Income.

In February 2000, a paging company whose securities were included in the securities discussed in the paragraph above at December 31, 1999, made an announcement that significantly increased the market value of paging company securities generally in the public markets. During the first quarter of 2000, the remainder of these paging securities were sold and a gain of $24.9 million was realized.

During 2000, the company sold its equity investment in a gas compression company and realized a pre-tax gain of $91.1 million.

10. CUSTOMER ACCOUNTS

The following is a rollforward of the investment in customer accounts (at cost) for the following years:

	December 31, 2000	December 31, 1999
	(In Thousands)	
Beginning customer accounts, net	$1,122,585	$1,009,084
Acquisition of customer accounts	54,993	337,464
Amortization of customer accounts	(163,297)	(185,974)
Non-cash charges against purchase holdbacks	(8,776)	(37,989)
Ending customer accounts, net	$1,005,505	$1,122,585

Accumulated amortization of the investment in customer accounts at December 31, 2000 and 1999 was $493.4 million and $330.7 million.

11. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

The company's investments which are accounted for by the equity method are as follows:

	Ownership at December 31, 2000	Investment at December 31, 2000	Investment at December 31, 1999	Equity Earnings, Year Ended December 31 2000	Equity Earnings, Year Ended December 31 1999
		(Dollars in Thousands)			
ONEOK (a)	45%	$591,173	$590,109	$ 8,213	$6,945
Affordable Housing Tax Credit limited partnerships (b)	13% to 29%	69,364	79,460	10,066	5,615
Paradigm Direct (c)	-	-	35,385	3,006	1,254
International companies and joint ventures (d)	9% to 50%	13,514	18,724	4,799	-

(a) The company also received approximately $40 million and $41 million of preferred and common dividends in 2000 and 1999.
(b) Investment is aggregated. Individual investments are not material. Based on an order received by the KCC, equity earnings from these investments are used to offset costs associated with post-retirement and post-employment benefits offered to the company's employees.
(c) The company sold this investment on December 15, 2000.
(d) Investment is aggregated. Individual investments are not material.

The following summarized unaudited financial information for the company's investment in ONEOK is as follows:

	As of December 31,	
	2000	1999
	(In Thousands)	
Balance Sheet:		
Current assets....................	$3,324,959	$ 595,386
Non-current assets................	4,044,177	2,645,854
Current liabilities...............	3,535,352	786,713
Non-current liabilities.	2,608,827	1,303,003
Equity............................	1,224,957	1,151,524

	For the Year Ended December 31,	
	2000	1999
	(In Thousands)	
Income Statement:		
Revenues..........................	$6,642,858	$2,064,726
Gross profit......................	797,132	632,350
Net income........................	145,607	106,873

At December 31, 2000, the company's ownership interest in ONEOK is comprised of approximately 2.2 million common shares and approximately 19.9 million convertible preferred shares. If all the preferred shares were converted, the company would then own approximately 45% of ONEOK's common shares outstanding.

12. EMPLOYEE BENEFIT PLANS

Pension: The company maintains qualified noncontributory defined benefit pension plans covering substantially all utility 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. The company also maintains a non-qualified Executive Salary Continuation Program for the benefit of certain management employees, including executive officers.

Postretirement Benefits: The company accrues the cost of postretirement benefits, primarily medical benefit costs, during the years an employee provides service.

The following tables summarize the status of the company's pension and other postretirement benefit plans:

	Pension Benefits		Postretirement Benefits	
December 31,	2000	1999	2000	1999
	(Dollars in Thousands)			
Change in Benefit Obligation:				
Benefit obligation, beginning of year......	$ 350,749	$ 392,057	$ 79,287	$ 87,519
Service cost...............................	7,964	8,949	1,344	1,609
Interest cost..............................	26,901	26,487	7,158	5,854
Plan participants' contributions...........	-	-	1,130	784
Benefits paid..............................	(20,337)	(21,961)	(6,476)	(6,990)
Assumption changes.........................	19,350	(49,499)	5,038	(9,458)
Actuarial losses (gains)...................	(2,491)	(4,608)	15,049	(31)
Acquisitions...............................	-	(676)	-	-
Curtailments, settlements and special term benefits............................	1,267	-	-	-
Benefit obligation, end of year............	$ 383,403	$ 350,749	$ 102,530	$ 79,287

Change in Plan Assets:				
Fair value of plan assets, beginning of year	$ 506,995	$ 441,531	$ 261	$ 173
Actual return on plan assets	1,448	85,079	17	10
Acquisitions	-	-	-	-
Employer contribution	1,927	2,882	5,177	6,284
Plan participants' contributions	-	-	1,109	784
Benefits paid	(20,197)	(22,497)	(6,170)	(6,990)
Fair value of plan assets, end of year	$ 490,173	$ 506,995	$ 394	$ 261
Funded status	$ 106,770	$ 156,246	$ (102,136)	$(79,026)
Unrecognized net (gain)/loss	(141,443)	(205,338)	11,904	(7,733)
Unrecognized transition obligation, net	174	209	48,183	52,171
Unrecognized prior service cost	29,538	32,854	(3,264)	(3,730)
Accrued postretirement benefit costs	$ (4,961)	$ (16,029)	$ (45,313)	$(38,318)
Actuarial Assumptions:				
Discount rate	7.25-7.75%	7.75%	7.25-7.75%	7.75%
Expected rate of return	9.00-9.25%	9.00%	9.00-9.25%	9.00%
Compensation increase rate	4.25-5.00%	4.50%	4.50-5.00%	4.50%
Components of net periodic (benefit) cost:				
Service cost	$ 7,972	$ 8,949	$ 1,344	$ 1,610
Interest cost	26,977	26,487	7,157	5,854
Expected return on plan assets	(39,143)	(34,393)	(24)	(16)
Amortization of unrecognized transition obligation, net	35	34	3,988	3,987
Amortization of unrecognized prior service costs	3,316	3,455	(466)	(466)
Amortization of (gain)/loss, net	(9,427)	(3,477)	457	129
Other	9	-	-	-
Net periodic (benefit) cost	$ (10,261)	$ 1,055	$ 12,456	$ 11,098

For measurement purposes, an annual health care cost growth rate of 6.0% was assumed for 2000 decreasing to 5% in 2001 and thereafter. The health care cost trend rate has a significant effect on the projected benefit obligation. Increasing the trend rate by 1% each year would increase the present value of the accumulated projected benefit obligation by $2.5 million and the aggregate of the service and interest cost components by $0.2 million. A 1% decrease in the trend rate would decrease the present value of the accumulated projected benefit obligation by $2.3 million and the aggregate of the service and interest cost components by $0.2 million.

Savings Plans: The company maintains savings plans in which substantially all employees participate, with the exception of Protection One and Protection One Europe employees. The company matches employees' contributions up to specified maximum limits. The company's contribution to the plans are deposited with a trustee and are invested in one or more funds, including the company stock fund. The company's contributions were $3.9 million for 2000, $3.7 million for 1999 and $3.8 million for 1998.

In 1999, the company established a qualified employee stock purchase plan, the terms of which allow for full-time non-union employees to participate in the purchase of designated shares of the company's common stock at no more than a 15% discounted price. Western Resources' employees purchased 249,050 shares in 2000, pursuant to this plan, at an average price per share of $13.9984. In 1999, employees purchased 72,698 shares at an average price per share of

$14.4234. A total of 1,250,000 shares of common stock have been reserved for issuance under this program.

Protection One also maintains a savings plan. Contributions, made at Protection One's election, are allocated among participants based upon the respective contributions made by the participants through salary reductions during the year. Protection One's matching contributions may be made in Protection One common stock, in cash or in a combination of both stock and cash. Protection One's matching cash contribution to the plan was approximately $0.7 million for 2000, $0.9 million for 1999 and $1.0 million for 1998.

Protection One maintains a qualified employee stock purchase plan that allows eligible employees to acquire shares of Protection One common stock at periodic intervals through their accumulated payroll deductions. A total of 2,650,000 shares of common stock have been reserved for issuance in this program and a total of 422,133 shares have been issued including the issuance of 145,523 shares in January 2001.

Stock Based Compensation Plans: The company, excluding Protection One and Protection One Europe, has a long-term incentive and share award plan (LTISA Plan), which is a stock-based compensation plan. The LTISA Plan was implemented as a means to attract, retain and motivate employees and board members (Plan Participants). Under the LTISA Plan, the company may grant awards in the form of stock options, dividend equivalents, share appreciation rights, restricted shares, restricted share units (RSUs), performance shares and performance share units to Plan Participants. Up to five million shares of common stock may be granted under the LTISA Plan.

During 2000, 710,352 RSUs were granted to a broad-based group of over 900 non-union employees. Each RSU represents a right to receive one share of the company's common stock at the end of the restricted period. In addition, in 2000, current non-union employees were offered the opportunity to exchange their stock options for RSUs of approximately equal economic value. As a result, 2,246,865 stock options were canceled in 2000 in exchange for 614,741 RSUs. The grant of restricted stock is shown as a separate component of shareholders' equity. Unearned compensation is being amortized to expense over the vesting period. This compensation expense is shown as a separate component of shareholders' equity. The company granted a total of 152,000 restricted shares in 1999 and 136,500 in 1998.

Another component of the LTISA Plan is the Executive Stock for Compensation program where eligible employees are entitled to receive RSUs in lieu of cash compensation at the end of a deferral period. In 2000, 95,000 RSUs were deferred, representing $1.3 million in cash compensation. In 1999, 35,000 RSUs were deferred, representing $0.7 million of cash compensation. Dividend equivalents accrue on the deferred RSUs. Dividend equivalents are the right to receive cash equal to the value of dividends paid on the company's common stock.

Stock options and restricted shares under the LTISA plan are as follows:

	As of December 31,					
	2000		1999		1998	
	Shares (Thousands)	Weighted-Average Exercise Price	Shares (Thousands)	Weighted-Average Exercise Price	Shares (Thousands)	Weighted-Average Exercise Price
Outstanding, beginning of year	2,418.6	$ 34.139	1,590.7	$36.106	665.4	$30.282
Granted	1,953.1	15.513	981.6	30.613	925.3	40.293
Exercised	(0.5)	15.625	-	-	-	-
Forfeited	(2,265.6)	28.827	(153.7)	31.985	-	-
Outstanding, end of year	2,105.6	$ 22.583	2,418.6	$34.139	1,590.7	$36.106
Weighted-average fair value of awards granted during the year		$ 11.28		$ 8.22		$ 9.12

Stock options and restricted shares issued and outstanding at December 31, 2000 are as follows:

	Range of Exercise Price	Number Issued and Outstanding	Weighted-Average Contractual Life in Years	Weighted-Average Exercie Price
Options:				
2000	$ 15.3125	17,690	10.0	$15.3125
1999	27.8125-32.125	51,305	9.0	29.7357
1998	38.625-43.125	222,720	8.0	40.986
1997	30.750	137,740	7.0	30.750
1996	29.250	68,870	5.7	29.250
		498,325		
Restricted shares:				
2000	15.3125-19.875	1,319,083	6.3	15.6079
1999	27.813-32.125	151,783	8.0	29.7587
1998	38.625	136,500	7.0	38.625
		1,607,366		
Total issued		2,105,691		

An equal amount of dividend equivalents is issued to recipients of stock options and RSUs. The weighted-average grant-date fair value of the dividend equivalent was $4.62 in 2000 and $3.28 in 1999. The value of each dividend equivalent is calculated by accumulating dividends that would have been paid or payable on a share of company common stock. The dividend equivalents, with respect to stock options, expire after nine years from date of grant.

The fair value of stock options and dividend equivalents were estimated on the date of grant using the Black-Scholes option-pricing model. The model assumed the following at December 31:

	2000	1999
Dividend yield	6.32%	6.25%
Expected stock price volatility	16.42%	16.56%
Risk-free interest rate	5.79%	6.05%

Protection One Stock Warrants and Options: Protection One has outstanding stock warrants and options which were considered reissued and exercisable upon the company's acquisition of Protection One on November 24, 1997. The 1997 Long-Term Incentive Plan (the LTIP), approved by the Protection One stockholders on November 24, 1997, provides for the award of incentive stock options to directors, officers and employees. Under the LTIP, 4.2 million shares are reserved for issuance. The LTIP provides for the granting of options that qualify as incentive stock options under the Internal Revenue Code and options that do not so qualify.

Options issued since 1997 have a term of 10 years and vest ratably over 3 years.

A summary of warrant and option activity for Protection One from December 31, 1998, through December 31, 2000, is as follows:

	As of December 31,					
	2000		1999		1998	
	Shares (Thousands)	Weighted-Average Exercise Price	Shares (Thousands)	Weighted-Average Exercise Price	Shares (Thousands)	Weighted-Average Exercise Price
Outstanding, beginning of year	3,788.1	$ 7.232	3,422.7	$ 7.494	2,366.4	$ 5.805
Granted	922.5	1.436	1,092.9	7.905	1,246.5	11.033
Exercised	(5.4)	3.89	-	-	(109.6)	5.564
Forfeited	(300.6)	6.698	(727.5)	10.125	(117.4)	10.770
Adjustment to May 1995 warrants	-	-	-	-	36.8	-
Outstanding, end of year	4,404.6	$ 6.058	3,788.1	$ 7.232	3,422.7	$ 7.494
Exercisable, end of year	-	-	2,313.3	$ 6.358	2,263.2	$ 5.681

(1) There were no outstanding stock or options prior to November 24, 1997.

Stock options and warrants of Protection One issued and outstanding at December 31, 2000, are as follows:

	Range of Exercise Price	Number Issued and Outstanding	Weighted-Average Contractual Life in Years	Weighted-Average Exercise Price
Exercisable:				
Fiscal 1995	$ 6.375-$ 6.500	100,800	4.0	$ 6.491
Fiscal 1996	8.000- 10.313	248,400	5.0	8.022
Fiscal 1996	13.750- 15.500	99,000	5.0	14.947
Fiscal 1997	9.500	110,500	6.0	9.500
Fiscal 1997	15.000	37,500	6.0	15.000
Fiscal 1997	14.268	50,000	1.0	14.268
Fiscal 1998	11.000	671,835	7.0	11.000
Fiscal 1998	8.5625	23,833	7.0	8.5625
Fiscal 1999	8.9275	248,297	8.0	8.9275
Fiscal 1999	5.250- 6.125	56,222	8.0	6.028
Fiscal 2000	1.438	5,000	9.0	1.438
1993 Warrants	0.167	428,400	3.0	0.167
1995 Note Warrants	3.890	780,837	4.0	3.890
		2,860,624		
Not Exercisable:				
1998 options	$ 11.000	112,165	7.0	$ 11.000
1998 options	8.5625	11,917	7.0	8.5625
1999 options	8.9275	410,403	8.0	8.9275
1999 options	5.250- 6.125	112,444	8.0	6.028
2000 options	1.313- 1.438	896,980	9.0	1.436
		1,543,909		
	Total outstanding	4,404,533		

The weighted average fair value of options granted by Protection One during 2000, 1999 and 1998 estimated on the date of grant were $1.13, $5.41 and $6.87. The fair value was calculated using the following assumptions:

	Year Ended December 31,		
	2000	1999	1998
Dividend yield	- %	- %	- %
Expected stock price volatility	92.97%	64.06%	61.72%
Risk free interest rate	4.87%	6.76%	5.50%
Expected option life	6 years	6 years	6 years

Effect of Stock-Based Compensation on Earnings Per Share: The company accounts for both the company's and Protection One's plans under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and the related interpretations. Had compensation expense been determined pursuant to Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the company would have recognized additional compensation costs during 2000, 1999 and 1998 as shown in the table below.

Year Ended December 31,	2000	1999	1998
	(In Thousands, Except Per Share Amounts)		
Earnings available for common stock:			
As reported	$135,352	$13,167	$32,058
Pro forma	134,274	10,699	42,640
Basic and diluted earnings per common share:			
As reported	$ 1.96	$ 0.20	$ 0.48
Pro forma	1.95	0.16	0.65

Split Dollar Life Insurance Program: The company has established a split dollar life insurance program for the benefit of the company and certain of its executives. Under the program, the company has purchased life insurance policies on which the executive's beneficiary is entitled to a death benefit in an amount equal to the face amount of the policy reduced by the greater of (i) all premiums paid by the company or (ii) the cash surrender value of the policy, which amount, at the death of the executive, will be returned to the company. The company retains an equity interest in the death benefit and cash surrender value of the policy to secure this repayment obligation.

Subject to certain conditions, each executive may transfer to the company their interest in the death benefit based on a predetermined formula, beginning no earlier than the first day of the calendar year following retirement or three years from the date of the policy. The liability associated with this program was $19.1 million as of December 31, 2000, and $31.9 million as of December 31, 1999. The obligations under this program can increase and decrease based on the company's total return to shareholders and payments to plan participants. This liability decreased approximately $12.8 million in 2000 due primarily to payments to plan participants and $10.5 million in 1999 based on the company's total return to shareholders. There was no change in the liability in 1998. Under current tax rules, payments to active employees in exchange for their interest in the death benefits may not be fully deductible by the company for income tax purposes.

13. COMMON STOCK, PREFERRED STOCK AND OTHER MANDATORILY REDEEMABLE SECURITIES

The company's Restated Articles of Incorporation, as amended, provide for 150,000,000 authorized shares of common stock. At December 31, 2000, 70,082,314 shares were issued and outstanding.

The company has a Direct Stock Purchase Plan (DSPP). Shares issued under the DSPP may be either original issue shares or shares purchased on the open market. During 2000, a total of 3,220,657 shares were purchased from the company made up of 1,440,000 treasury and 1,780,657 original issue shares. These shares were for DSPP, ESPP, 401K match and other stock based plans operated under the 1996 Long-term Incentive and Share Award Plan. Of the total shares purchased from the company in 2000, 2,750,457 were for the DSPP made up of 1,021,443 treasury and 1,729,014 original issue shares. During 2000 an additional 6,000,000 shares were registered to the DSPP. At December 31, 2000, 6,020,734 shares were available under the DSPP registration statement.

In 1999, the company purchased 900,000 shares of common stock at an average price of $17.55 per share. The purchased shares were purchased with short-term debt and available funds. These purchased shares are shown as $15.8 million in treasury stock on the accompanying Consolidated Balance Sheet. In 2000, the company purchased 540,000 shares of common stock at an average price of $17.01. All of these shares were reissued during the year.

Preferred Stock 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.

Rate	Principal Outstanding	Call Price	Premium	Total Amount to Redeem
4.500%	$13,857,600	108.00%	$1,108,608	$14,966,208
4.250%	6,000,000	101.50%	90,000	6,090,000
5.000%	5,000,000	102.00%	100,000	5,100,000
	$24,857,600		$1,298,608	$26,156,208

The provisions in the company's Articles of Incorporation contain restrictions on the payment of dividends or the making of other distributions on the company's common stock while any preferred shares remain outstanding unless certain capitalization ratios and other conditions are met.

Other Mandatorily Redeemable Securities: On December 14, 1995, Western Resources Capital I, a wholly owned trust, issued 4.0 million preferred securities of 7-7/8% Cumulative Quarterly Income Preferred Securities, Series A, for $100 million. The trust interests 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 are tax deductible by the company. These distributions are recorded as interest expense. 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.

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

In addition to the company's obligations under the Subordinated Debentures discussed above, the company has agreed to guarantee, on a subordinated basis, payment of distributions on the preferred securities. These undertakings constitute a full and unconditional guarantee by the company of the trust's obligations under the preferred securities.

14. COMMITMENTS AND CONTINGENCIES

Efforts by Wichita to Equalize Electric Rates: In September 1999, the City of Wichita filed a complaint with FERC against KGE, alleging improper affiliate transactions between KGE and Western Resources' KPL division. The City of Wichita asked that FERC equalize the generation costs between KGE and KPL, in addition to other matters. On November 9, 2000, a FERC administrative law judge ruled in the company's favor that no change in rates was required. On December 13, 2000, the City of Wichita filed a brief with FERC asking that the Commission overturn the judge's decision. The company anticipates a decision by FERC in the second quarter of 2001. A decision requiring equalization of rates could have a material adverse effect on the company's operations and financial position.

Municipalization Efforts by Wichita: In December 1999, the City Council of Wichita, Kansas, authorized the hiring of an outside consultant to determine the feasibility of creating a municipal electric utility to replace KGE as the supplier of electricity in Wichita. The feasibility study was released in February 2001 and estimates that the City of Wichita would be required to pay KGE $145 million for its stranded costs if the City were to municipalize. However, the company estimates the amount to be substantially greater. In order to municipalize KGE's Wichita electric facilities, the City of Wichita would be required to purchase KGE's facilities or build a separate independent system and arrange for its own power supply. These costs are in addition to the stranded costs for which the city would be required to reimburse the company. On February 2, 2001, the City of Wichita announced its intention to proceed with its attempt to municipalize KGE's retail electric utility business in Wichita. KGE will oppose municipalization efforts by the City of Wichita. Should the city be successful in its municipalization efforts without providing the company adequate compensation for its assets and lost revenues, the adverse effect on the operations and financial position of the company could be material.

KGE's franchise with the City of Wichita to provide retail electric service expires in March 2002. There can be no assurance that this franchise can be successfully renegotiated with terms similar, or as favorable, as those in the current franchise. Under Kansas law, KGE will continue to have the right to serve the customers in Wichita following the expiration of the franchise, assuming the system is not municipalized. Customers within the Wichita metropolitan area account for approximately 25% of the company's total energy sales .

Purchase Orders and Contracts: 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 $154.2 million at December 31, 2000.

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 on the results of the investigations and risk analysis. At December 31, 2000, the costs incurred for preliminary site investigation and risk assessment have been minimal. In accordance with the terms of the strategic alliance with ONEOK, ownership of twelve of these sites and the responsibility for clean-up of these sites were transferred to ONEOK. The ONEOK agreement limits the company's future liability associated with these sites to an immaterial amount. The company's investment earnings from ONEOK could be impacted by these costs.

Superfund Sites: In December 1999, the company was identified as one of more than 1,000 potentially responsible parties at an EPA Superfund site in Kansas City, Kansas (Kansas City site). The company has previously been associated with other Superfund sites for which the company's liability has been classified as de minimis and any potential obligations have been settled at minimal cost. Since 1993, the company has settled Superfund obligations at three sites for a total of $141,300. No Superfund obligations have been settled since 1994. The company's obligation, if any, at the Kansas City site is expected to be limited based upon previous experience and the limited nature of the company's business transactions with the previous owners of the site. 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 company must comply with the provisions of The Clean Air Act Amendments of 1990 that require a two-phase reduction in certain emissions. The company has installed continuous monitoring and reporting equipment to meet the acid rain requirements. Material capital expenditures have not been required to meet Phase II sulfur dioxide and nitrogen oxide requirements.

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 September 1, 1999, Wolf Creek submitted the 1999 Decommissioning Cost Study to the KCC for approval. The KCC approved the 1999 Decommissioning Cost Study on April 26, 2000. Based on the study, the company's share of Wolf Creek's decommissioning costs, under the immediate dismantlement method, is estimated to be approximately $631 million during the period 2025 through 2034, or approximately $221 million in 1999 dollars. These costs include decontamination, dismantling and site restoration and were calculated using an assumed inflation rate of 3.6% over the remaining service life from 1999 of 26 years. The actual decommissioning costs may vary from the estimates because of changes in the assumed dates of decommissioning, changes in regulatory requirements, changes in technology and changes in costs of labor, materials and equipment. On May 26, 2000, the company filed an application with the KCC requesting approval of the funding of the company's decommissioning trust on this basis. Approval was granted by the KCC on September 20, 2000.

Decommissioning costs are currently being charged to operating expense in accordance with the prior KCC orders. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts expensed approximated $4.0 million in 2000 and will increase annually to $5.5 million in 2024. These amounts are deposited in an external trust fund. The average after-tax expected return on trust assets is 5.8%.

The company's investment in the decommissioning fund, including reinvested earnings approximated $64.2 million at December 31, 2000 and $58.3 million at December 31, 1999. Trust fund earnings accumulate in the fund balance and increase the recorded decommissioning liability.

The FASB is reviewing the accounting for closure and removal costs, including decommissioning of nuclear power plants. The FASB has issued an Exposure Draft "Accounting for Obligations Associated with the Retirement of Long-Lived Assets." The FASB expects to issue a final statement of financial accounting standard in the second quarter of 2001. The proposed Exposure Draft contains an effective date of fiscal years beginning after June 15, 2001. However, the ultimate effective date has not been finalized. If current accounting practices for nuclear power plant decommissioning are changed, the following could occur:

- The company's annual decommissioning expense could be higher than in 2000
- The estimated cost for decommissioning could be recorded as a liability (rather than as accumulated depreciation)
- The increased costs could be recorded as additional investment in the Wolf Creek plant

The company does not believe that such changes, if required, would adversely affect its operating results due to its current ability to recover decommissioning costs through rates.

Nuclear Insurance: The Price-Anderson Act limits the combined public liability of the owners of nuclear power plants to $9.5 billion for a single nuclear incident. If this liability limitation is insufficient, the United States 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. The remaining balance is provided by an assessment plan mandated by the Nuclear Regulatory Commission (NRC). Under this plan, the Owners are jointly and severally subject to a retrospective assessment of up to $88.1 million 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 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 Nuclear Electric Insurance Limited (NEIL). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination in accordance with a plan mandated by the NRC. The company's share of any remaining proceeds can be used to pay for property damage or decontamination expenses or, if certain requirements are met including decommissioning the plant, toward a shortfall in the decommissioning trust fund.

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 $5.3 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, 2000, WCNOC's nuclear fuel commitments (company's share) were approximately $7.3 million for uranium concentrates expiring in 2003, $1.1 million for conversion expiring in 2003, $16.1 million for enrichment expiring at various times through 2003 and $61.3 million for fabrication through 2025.

At December 31, 2000, the company's coal and transportation contract commitments in 2000 dollars under the remaining terms of the contracts were approximately $1.52 billion. The largest contract expires in 2020, with the remaining contracts expiring at various times through 2013.

At December 31, 2000, the company's natural gas transportation commitments in 2000 dollars under the remaining terms of the contracts were approximately $61.5 million. The natural gas transportation contracts provide firm service to several of the company's gas burning facilities and expire at various times through 2010, except for one contract which expires in 2016.

Energy Act: As part of the 1992 Energy Policy Act, a special assessment is being collected from utilities for an uranium enrichment decontamination and decommissioning fund. The company's portion of the assessment for Wolf Creek is approximately $9.6 million, payable over 15 years. Such costs are recovered through the ratemaking process.

15. LEGAL PROCEEDINGS

The SEC commenced a private investigation in 1997 relating to, among other things, the timeliness and adequacy of disclosure filings with the SEC by the company with respect to securities of ADT Ltd. The company is cooperating with the SEC staff in this investigation.

The company, its subsidiary Westar Industries, Protection One, its subsidiary

Protection One Alarm Monitoring, Inc. (Monitoring), and certain present and former officers and directors of Protection One are defendants in a purported class action litigation pending in the United States District Court for the Central District of California, "Alec Garbini, et al v. Protection One, Inc., et al," No. CV 99-3755 DT (RCx). Pursuant to an Order dated August 2, 1999, four pending purported class actions were consolidated into a single action. On February 27, 2001, plaintiffs filed a Third Consolidated Amended Class Action Complaint ("Amended Complaint"). Plaintiffs purport to bring the action on behalf of a class consisting of all purchasers of publicly traded securities of Protection One, including common stock and notes, during the period of February 10, 1998 through February 2, 2001. The Amended Complaint asserts claims under Section 11 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 against Protection One, Monitoring, and certain present and former officers and directors of Protection One based on allegations that various statements concerning Protection One's financial results and operations for 1997, 1998, 1999 and the first three quarters of 2000 were false and misleading and not in compliance with generally accepted accounting principles. Plaintiffs allege, among other things, that former employees of Protection One have reported that Protection One lacked adequate internal accounting controls and that certain accounting information was unsupported or manipulated by management in order to avoid disclosure of accurate information. The Amended Complaint further asserts claims against the company and Westar Industries as controlling persons under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. A claim is also asserted under Section 11 of the Securities Act of 1933 against Protection One's auditor, Arthur Andersen LLP. The Amended Complaint seeks an unspecified amount of compensatory damages and an award of fees and expenses, including attorneys' fees. Defendants have until April 9, 2001 to respond to the Amended Complaint. The company and Protection One intend to vigorously defend against all the claims asserted in the Amended Complaint. The company and Protection One cannot predict the impact of this litigation which could be material.

The company and its subsidiaries are involved in various other legal, environmental and regulatory proceedings. Management believes that adequate provision has been made and accordingly believes that the ultimate disposition of such matters will not have a material adverse effect upon the company's overall financial position or results of operations. See also Note 3 for discussion of regulatory proceedings and FERC proceedings including the City of Wichita and Note 14 for discussion of the City of Wichita municipalization efforts.

16. LEASES

At December 31, 2000, the company had leases covering various property and equipment.

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

Year Ended December 31,	Leases
	(In Thousands)
Rental payments:	
1998	$70,796
1999	71,771
2000	71,232
Future commitments:	
2001	$71,280
2002	67,033
2003	62,270
2004	54,647
2005	55,931
Thereafter	558,754
Total future commitments	$869,915

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. The company recognized a gain on the sale which was deferred and is being amortized over the initial lease term.

In 1992, the company deferred costs associated with the refinancing of the secured facility bonds of the Trustee and owner of La Cygne 2. These costs are being amortized over the life of the lease and are included in operating expense.

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 2002, $39.4 million in 2003, $34.6 million in 2004, $38.0 million in 2005, and $464.6 million over the remainder of the lease. KGE's lease expense, net of amortization of the deferred gain and refinancing costs, was approximately $28.9 million annually for 2000, 1999 and 1998.

17. INTERNATIONAL POWER DEVELOPMENT COSTS

During the fourth quarter of 1998, management decided to exit the international power development business. This business had been conducted by the company's wholly owned subsidiary, The Wing Group. The company recorded a $98.9 million charge to income in the fourth quarter of 1998 as a result of exiting this business.

During 1999, the company terminated the employment of all employees, closed offices, discontinued all development activities, and terminated all other matters related to the activity of The Wing Group in accordance with the terms of the exit plan. These activities were substantially completed by December 31, 1999. The actual costs incurred during 1999 to complete the exit plan approximated $16.9 million, which was $5.6 million less than the amount estimated at December 31, 1998. This was accounted for as a change in estimate in 1999.

18. INCOME TAXES

Income tax expense (benefit) is composed of the following components at December 31:

	2000	1999	1998
	(In Thousands)		
Currently payable:			
Federal	$18,600	$ 13,907	$ 52,993
State	10,131	9,622	10,881
Deferred:			
Federal	13,790	(43,090)	(46,869)
State	9,585	(6,582)	(4,185)
Amortization of investment tax credits	(6,045)	(6,054)	(6,065)
Total income tax expense (benefit)	$46,061	$(32,197)	$ 6,755

Under SFAS No. 109, "Accounting for Income Taxes," temporary differences gave rise to deferred tax assets and deferred tax liabilities as follows at December 31:

	2000	1999
	(In Thousands)	
Deferred tax assets:		
Deferred gain on sale-leaseback	$ 82,013	$ 87,220
Monitored services deferred tax assets	101,101	59,171
Other	119,344	131,976
Total deferred tax assets	$ 302,458	$ 278,367
Deferred tax liabilities:		
Accelerated depreciation and other	$ 609,396	$ 614,309
Acquisition premium	275,159	283,157
Deferred future income taxes	188,006	218,937
Other	58,158	40,508
Total deferred tax liabilities	$1,130,719	$1,156,911
Investment tax credits	$ 91,546	$ 97,591
Accumulated deferred income taxes, net.	$ 919,807	$ 976,135

In accordance with various rate orders, the company has not yet collected through rates certain accelerated tax deductions which have been passed on to customers. As management believes it is probable that the net future increases in income taxes payable will be recovered from customers, it has recorded a regulatory asset for these amounts. These assets also are a temporary difference for which deferred income tax liabilities have been provided. This liability is classified above as deferred future income taxes.

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 tax rates and the federal statutory income tax rates are as follows:

	For the Year Ended December 31,		
	2000	1999	1998
Effective income tax rate..................	33.6%	(108.6%)	16.6%
Effect of:			
State income taxes.........................	(9.4)	(7.1)	(7.3)
Amortization of investment tax credits.....	4.4	20.4	14.9
Corporate-owned life insurance policies....	8.4	28.0	22.4
Affordable housing tax credits.............	7.8	31.3	3.1
Accelerated depreciation flow through and amortization, net.....................	(4.9)	(12.2)	(4.4)
Adjustment to tax provision................	-	4.3	(16.9)
Dividends received deduction...............	7.1	34.3	23.9
Amortization of goodwill...................	(13.0)	(19.3)	(17.0)
Other......................................	1.0	(6.1)	(0.3)
Statutory federal income tax rate...........	35.0%	(35.0%)	35.0%

19. RELATED PARTY TRANSACTIONS

The company and ONEOK have shared services agreements in which facilities, utility field work, information technology, customer support, bill processing, and human resources services are provided to and billed to one another. Payments for these services are based on various hourly charges, negotiated fees and out-of-pocket expenses. ONEOK paid the company $5.0 million in 2000 and $5.6 million in 1999, net of what the company owed ONEOK, for services.

In 1999, the company sold 984,000 shares of ONEOK stock to ONEOK as a result of ONEOK's repurchase program. The company reduced its investment in ONEOK for proceeds received from this sale. All such shares were required to be sold to ONEOK in accordance with a shareholder agreement between the company and ONEOK. The company's ownership interest remains at approximately 45% as of December 31, 2000.

20. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment at December 31:

	2000	1999
	(In Thousands)	
Electric plant in service	$5,987,920	$5,769,401
Less - accumulated depreciation	2,274,940	2,141,037
	3,712,980	3,628,364
Construction work in progress	189,853	170,061
Nuclear fuel (net)	30,791	28,013
Net utility plant	3,933,624	3,826,438
Non-utility plant in service	113,040	92,872
Less - accumulated depreciation	53,226	29,866
Net property, plant and equipment	$3,993,438	$3,889,444

The company's depreciation expense on property, plant and equipment was $201.7 million in 2000, $186.1 million in 1999 and $168.9 million in 1998.

21. JOINT OWNERSHIP OF UTILITY PLANTS

		Company's Ownership at December 31, 2000				
		In-Service Dates	Investment	Accumulated Depreciation	Net (MW)	Percent
			(Dollars in Thousands)			
La Cygne 1	(a)	Jun 1973	$ 182,794	$ 115,903	344.0	50
Jeffrey 1	(b)	Jul 1978	305,838	144,009	625.0	84
Jeffrey 2	(b)	May 1980	297,979	133,701	622.0	84
Jeffrey 3	(b)	May 1983	410,926	175,482	623.0	84
Jeffrey wind 1	(b)	May 1999	828	58	0.6	84
Jeffrey wind 2	(b)	May 1999	828	57	0.6	84
Wolf Creek	(c)	Sep 1985	1,381,656	491,978	550.0	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 presented above 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 337 MW capacity) sold and leased back to KGE 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.

22. SEGMENTS OF BUSINESS

In 1998, the company adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." This statement requires the company to define and report the company's business segments based on how management currently evaluates its business.

Management has segmented its business based on differences in products and services, production processes, and management responsibility. Based on this approach, the company has identified four reportable segments: Fossil Generation, Nuclear Generation, Power Delivery and Monitored Services.

The first three segments comprise the company's electric utility business. Fossil Generation produces power for sale internally to the Power Delivery segment and externally to wholesale customers. A component of the company's Fossil Generation segment is power marketing which attempts to minimize market fluctuation risk associated with fuel and purchased power requirements and enhance system reliability. Nuclear Generation represents the company's 47% ownership in the Wolf Creek nuclear generating facility. This segment has only internal sales because it provides all of its power to its co-owners. The Power Delivery segment consists of the transmission and distribution of power to the company's retail customers in Kansas and the customer service provided to these customers and the transportation of wholesale energy. Monitored Services represents the company's security alarm monitoring business in North America, the United Kingdom and continental Europe. Other represents the company's non-utility operations and natural gas investment.

The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies. The company evaluates segment performance based on earnings before interest and taxes (EBIT). Unusual items, such as charges to income, may be excluded from segment performance depending on the nature of the charge or income. The company's ONEOK investment, marketable securities investments and other equity method investments do not represent operating segments of the company. The company has no single external customer from which it receives ten percent or more of its revenues.

Year Ended December 31, 2000:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	Other(a)	Eliminating/ Reconciling Items (b)	Total
				(In Thousands)			
External sales	$ 705,536	$ -	$1,123,590	$ 537,859	$ 1,484	$ 7	$2,368,476
Internal sales	572,533	107,770	291,927	-	-	(972,230)	-
Depreciation and amortization	60,331	40,052	75,419	248,414	2,116	37	426,369
Earnings before interest and taxes	202,744	(24,323)	171,872	(91,370)	189,289	(21,533)	426,679
Interest expense							289,568
Earnings before income taxes							137,111
Identifiable assets	1,664,300	1,068,228	1,899,951	2,139,748	994,983	(2)	7,767,208

Year Ended December 31, 1999:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	Other(a)	Eliminating/ Reconciling Items (b)	Total
				(In Thousands)			
External sales	$ 365,311	$ -	$1,064,385	$ 599,105	$ 1,284	$ 2	$2,030,087
Internal sales	546,683	108,445	293,522	-	-	(948,650)	-
Depreciation and amortization	55,320	39,629	71,717	235,465	1,448	90	403,669
Earnings before interest and taxes	219,087	(25,214)	145,603	(20,675)	(28,088)	(26,252)	264,461
Interest expense							294,104
Earnings/(loss) before income taxes							(29,643)
Identifiable assets	1,476,716	1,083,344	1,783,937	2,539,921	1,165,145	(59,171)	7,989,892

Year Ended December 31, 1998:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	Other(a)	Eliminating/ Reconciling Items (b)	Total
	(In Thousands)						
External sales	$ 525,974	$ -	$1,085,711	$ 421,095	$ 1,342	$ (68)	$2,034,054
Internal sales	517,363	117,517	66,492	-	-	(701,372)	-
Depreciation and amortization	53,132	39,583	68,297	125,103	2,010	-	288,125
Earnings before interest and taxes	144,357	(20,920)	196,398	34,438	(99,608)	12,268	266,933
Interest expense							226,120
Earnings before income taxes							40,813
Identifiable assets	1,360,102	1,121,509	1,788,943	2,489,667	1,269,013	(99,458)	7,929,776

(a) EBIT includes the gain on the sale of the company's investment in a gas compression company of $91.1 million and the gain on the sale of other marketable securities of $24.9 million.
(b) Identifiable assets includes eliminating and reclassing balances to consolidate the monitored services business.
(c) EBIT includes investment earnings of $36.0 million, an impairment of marketable securities of $76.2 million and the write-off of deferred costs of $17.6 million.
(d) EBIT includes investment earnings of $21.7 million and the write-off of international power development costs of $98.9 million.

Geographic Information: Prior to 1998, the company did not have international sales or international property, plant and equipment. The company's sales and property, plant and equipment are as follows:

	For the Year Ended December 31, 2000	1999	1998
	(In Thousands)		
External sales:			
North America operations	$2,262,381	$1,867,081	$1,990,329
International operations	106,095	163,006	43,725
Total	$2,368,476	$2,030,087	$2,034,054

	As of December 31, 2000	1999	1998
	(In Thousands)		
Property, plant and equipment, net:			
North America operations	$3,985,331	$3,881,294	$3,792,645
International operations	8,107	8,150	7,271
Total	$3,993,438	$3,889,444	$3,799,916

23. 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 electric 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
	(In Thousands, Except Per Share Amounts)			
2000				
Sales	$481,699	$546,607	$759,562	$580,608
Gross profit	306,760	331,889	395,534	298,461
Net income before extraordinary gain and accounting change	39,801	23,565	53,991	(26,307)
Net income	54,483	40,912	60,707	(19,621)
Earnings per share available for common stock before extraordinary gain and accounting change				
Basic	$ 0.58	$ 0.34	$ 0.78	$ (0.40)
Diluted	$ 0.58	$ 0.34	$ 0.77	$ (0.39)
Cash dividend per common share.	$ 0.535	$ 0.30	$ 0.30	$ 0.30
Market price per common share:				
High	$ 18.313	$ 17.813	$ 21.953	$ 25.875
Low	$ 15.313	$ 14.688	$ 15.375	$ 20.438
1999				
Sales	$460,582	$476,142	$646,740	$446,623
Gross profit	312,655	324,407	424,581	309,498
Net income before extraordinary gain and accounting change	19,980	17,722	53,203	(88,351)
Net income	19,980	17,722	53,203	(76,609)
Basic and fully diluted earnings per share available for common stock before extraordinary gain	$ 0.30	$ 0.26	$ 0.78	$ (1.32)
Cash dividend per common share.	$ 0.535	$ 0.535	$ 0.535	$ 0.535
Market price per common share:				
High	$ 33.875	$ 29.375	$ 27.125	$23.8125
Low	$26.6875	$ 23.75	$ 20.375	$16.8125

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

Director (age), year first became a director: Description

Directors (Class I) - Term Expiring in 2003

Charles Q. Chandler, IV (47), 1999: Mr. Chandler is Chairman of the Board, President, and Chief Executive Officer of INTRUST Bank, N.A. (since February 1996) and President of INTRUST Financial Corporation. Mr. Chandler was Executive Vice President and Vice Chairman of INTRUST Bank, N.A. until 1996. Both companies are located in Wichita, Kansas. Mr. Chandler is a director of INTRUST Financial Corporation, the First National Bank of Pratt, Kansas, the Will Rogers Bank in Oklahoma City, Oklahoma, and the Wesley Medical Center in Wichita, Kansas, and a trustee for the Kansas State University Endowment Foundation.

John C. Dicus (67), 1990: Mr. Dicus is Chairman of the Board and Chief Executive Officer of Capitol Federal Savings Bank. Mr. Dicus is also Chairman of the Board and Chief Executive Officer of Capitol Federal Financial and Capitol Federal Savings Bank MHC (since march 1999). These companies are located in Topeka, Kansas. Mr. Dicus is a director for Security Benefit Life Insurance Company and Columbian National Title Company, and a trustee of the Menniger Foundation, Stormont-Vail HealthCare, Inc. and the Kansas University Endowment Association.

Douglas T. Lake (50), 2000: Mr. Lake is Executive Vice President and Chief Strategic Officer of the company (since September 1998). Prior to that Mr. Lake was Senior Managing Director at Bear, Stearns & Co. Inc., an investment banking firm. Mr. Lake is also Chairman of the Board of Protection One, Inc., and a director of ONEOK, Inc. and Guardian International, Inc.

Owen F. Leonard (60), 2000: Mr. Leonard is President of KL Industries, Saddle Brook, New Jersey. KL Industries is privately held investment company which manufactures equipment for the electronics industry. Mr. Leonard is a director for QuVIS, Inc., Fox Run Holdings, Inc. and Waco Instruments, Inc.

Directors (Class II) - Term Expiring in 2001

Gene A. Budig (61), 1999: Dr. Budig is Senior Advisor to the Commissioner of Baseball in New York, New York (since March 2000). Prior to that time, Dr. Budig was President of the American League of Professional Baseball Clubs. Dr. Budig is a director of the Harry S. Truman Library Institute, the Ewing Marion Kaufman Foundation, the Major League Baseball Hall of Fame and the Media Studies Center-Freedom Forum.

John C. Nettels, Jr. (44), 2000: Mr. Nettels is a Partner with the law firm of Morrison & Hecker, L.L.P. in Wichita, Kansas.

David C. Wittig (45), 1996: Mr. Wittig is Chairman of the Board, President, and Chief Executive Officer of the Company (since January 1999, March 1996, and July 1998, respectively). Prior to that time, Mr. Wittig was Executive Vice President of Corporate Development. Mr. Wittig is a director of Waco Instruments, Inc. and Fox Run Holdings, Inc. Mr. Wittig is a trustee of the Kansas University Endowment Association and Boys Harbor, Inc.

Directors (Class III) - Term Expiring in 2002

Frank J. Becker (65), 1992: Mr. Becker is President of Becker Investments, Inc. in Lawrence, Kansas. Mr. Becker is a director of the Douglas County Bank, Martin K. Eby Construction Company, and IMA Insurance, Inc., and a trustee of the Kansas University Endowment Association.

Louis W. Smith (58), 1991: Mr. Smith is President and Chief Executive Officer (since July 1997) of the Ewing Marion Kauffman Foundation in Kansas City, Missouri. Mr. Smith is a director of the Ewing Marion Kauffman Foundation, Sprint Corporation, H & R Block, Inc., and Midwest Research Institute.

See "Executive Officers of the Company" in "Item 1. Business," for the information relating to the company's Executive Officers as required by Item 10 which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be included in an amendment to this Form 10-K to be filed by us with the SEC.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 will be included in an amendment to this Form 10-K to be filed by us with the SEC.

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, 2000 and 1999
Consolidated Statements of Income, for the years ended December 31, 2000, 1999 and 1998
Consolidated Statements of Comprehensive Income, for the years ended December 31, 2000, 1999 and 1998
Consolidated Statements of Cash Flows, for the years ended December 31, 2000, 1999 and 1998
Consolidated Statements of Shareholders' Equity, for the years ended December 31, 2000, 1999, and 1998
Notes to Consolidated Financial Statements

SCHEDULES

Schedule II - Valuation and Qualifying Accounts

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

REPORTS ON FORM 8-K

Form 8-K filed November 17, 2000 - Announcement of merger agreement between Public Service Company of New Mexico and Western Resources.

Form 8-K filed November 27, 2000 - Press release announcing that Western Resources. and KGE filed separate requests with the KCC seeking recovery of investments in new power plants and higher operating and maintenance costs.

EXHIBIT INDEX

All exhibits marked "I" are incorporated herein by reference. All exhibits marked by an asterisk are management contracts or compensatory plans or arrangements required to be identified by Item 14(a)(3) of Form 10-K.

	Description	
2(a)	-Agreement and Plan of Restructuring and Merger, dated as of November 8, 2000 among the Company, Public Service Company of New Mexio, HVOLT Enterprises, Inc., HVK, Inc. and HVNM, Inc. (filed as Exhibit 99.1 to the November 17, 2000 Form 8-K)	I
3(a)	-By-laws of the company, as amended March 16, 2000 (filed as Exhibit 3(a) to December 1999 Form 10-K)	I
3(b)	-Restated Articles of Incorporation of the company, as amended through May 25, 1988 (filed as Exhibit 4 to Registration Statement, SEC File No. 33-23022)	I
3(c)	-Certificate of Amendment to Restated Articles of Incorporation of the company dated March 29, 1991.	I
3(d)	-Certificate of Designations for Preference Stock, 8.5% Series, without par value, dated March 31, 1991 (filed as exhibit 3(d) to December 1993 Form 10-K)	I
3(e)	-Certificate of Correction to Restated Articles of Incorporation of the company dated December 20, 1991 (filed as exhibit 3(b) to December 1991 Form 10-K)	I
3(f)	-Certificate of Designations for Preference Stock, 7.58% Series, without par value, dated April 8, 1992 (filed as exhibit 3(e) to December 1993 form 10-K)	I
3(g)	-Certificate of Amendment to Restated Articles of Incorporation of the company dated May 8, 1992 (filed as exhibit 3(c) to December 31, 1994 Form 10-K)	I
3(h)	-Certificate of Amendment to Restated Articles of Incorporation of the company dated May 26, 1994 (filed as exhibit 3 to June 1994 Form 10-Q)	I
3(i)	-Certificate of Amendment to Restated Articles of Incorporation of the company dated May 14, 1996 (filed as exhibit 3(a) to June 1996 Form 10-Q)	I
3(j)	-Certificate of Amendment to Restated Articles of Incorporation of the company dated May 12, 1998 (filed as exhibit 3 to March 1998 Form 10-Q)	I
3(k)	-Form of Certificate of Designations for 7.5% Convertible Preference Stock (filed as Exhibit 99.4 to November 17, 2000 Form 8-K).	I
4(a)	-Deferrable Interest Subordinated Debentures dated November 29, 1995, between the company and Wilmington Trust Delaware, Trustee. (filed as Exhibit 4(c) to Registration Statement No. 33-63505)	I
4(b)	-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(c)	-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(d)	-Sixteenth Supplemental Indenture dated June 1, 1977. (filed as Exhibit 2-D to Registration Statement No. 2-60207)	I
4(e)	-Seventeenth Supplemental Indenture dated February 1, 1978. (filed as Exhibit 2-E to Registration Statement No. 2-61310)	I

4(f)	-Eighteenth Supplemental Indenture dated January 1, 1979. (filed as Exhibit (b) (1)-9 to Registration Statement No. 2-64231)	I
4(g)	-Nineteenth Supplemental Indenture dated May 1, 1980. (filed as Exhibit 4(f) to Registration Statement No. 33-21739)	I
4(h)	-Twentieth Supplemental Indenture dated November 1, 1981. (filed as Exhibit 4(g) to Registration Statement No. 33-21739)	I
4(i)	-Twenty-First Supplemental Indenture dated April 1, 1982. (filed as Exhibit 4(h) to Registration Statement No. 33-21739)	I
4(j)	-Twenty-Second Supplemental Indenture dated February 1, 1983. (filed as Exhibit 4(i) to Registration Statement No. 33-21739)	I
4(k)	-Twenty-Third Supplemental Indenture dated July 2, 1986. (filed as Exhibit 4(j) to Registration Statement No. 33-12054)	I
4(l)	-Twenty-Fourth Supplemental Indenture dated March 1, 1987. (filed as Exhibit 4(k) to Registration Statement No. 33-21739)	I
4(m)	-Twenty-Fifth Supplemental Indenture dated October 15, 1988. (filed as Exhibit 4 to the September 1988 Form 10-Q)	I
4(n)	-Twenty-Sixth Supplemental Indenture dated February 15, 1990. (filed as Exhibit 4(m) to the December 1989 Form 10-K)	I
4(o)	-Twenty-Seventh Supplemental Indenture dated March 12, 1992. (filed as exhibit 4(n) to the December 1991 Form 10-K)	I
4(p)	-Twenty-Eighth Supplemental Indenture dated July 1, 1992. (filed as exhibit 4(o) to the December 1992 Form 10-K)	I
4(q)	-Twenty-Ninth Supplemental Indenture dated August 20, 1992. (filed as exhibit 4(p) to the December 1992 Form 10-K)	I
4(r)	-Thirtieth Supplemental Indenture dated February 1, 1993. (filed as exhibit 4(q) to the December 1992 Form 10-K)	I
4(s)	-Thirty-First Supplemental Indenture dated April 15, 1993. (filed as exhibit 4(r) to Registration Statement No. 33-50069)	I
4(t)	-Thirty-Second Supplemental Indenture dated April 15, 1994, (filed as Exhibit 4(s) to the December 31, 1994 Form 10-K)	I
4(v)	-Thirty-Fourth Supplemental Indenture dated June 28, 2000	
4(w)	-Debt Securities Indenture dated August 1, 1998. (filed as Exhibit 4.1 to the June 30, 1998 Form 10-Q)	I
4(x)	-Form of Note for $400 million 6.25% Putable/Callable Notes due August 15, 2018, Putable/Callable August 15, 2003 (filed as Exhibit 4.2 to the June 30, 1998 Form 10-Q)	I
	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)	-Long-Term Incentive and Share Award Plan. (filed as Exhibit 10(a) to the June 1996 Form 10-Q)*	I
10(b)	-Form of Employment Agreements with Messers. Grennan, Koupal, Lake, Terrill, Wittig and Ms. Sharpe.*	
10(c)	-A Rail Transportation Agreement among Burlington Northern Railroad Company, the Union Pacific Railroad Company and the	I

	Company. (filed as Exhibit 10 to the June 1994 Form 10-Q)	
10(d)	-Agreement between the Company and AMAX Coal West Inc. effective March 31, 1993. (filed as Exhibit 10(a) to the December 31, 1993 Form 10-K)	I
10(e)	-Agreement between the Company and Williams Natural Gas Company dated October 1, 1993. (filed as Exhibit 10(b) to the December 31, 1993 Form 10-K)	I
10(f)	-Deferred Compensation Plan (filed as Exhibit 10(i) to the December 31, 1993 Form 10-K)*	I
10(g)	-Short-term Incentive Plan (filed as Exhibit 10(k) to the December 31, 1993 Form 10-K)*	I
10(h)	-Outside Directors' Deferred Compensation Plan (filed as Exhibit 10(l) to the December 31, 1993 Form 10-K)*	I
10(i)	-Executive Salary Continuation Plan of Western Resources, Inc., as revised, effective September 22, 1995. (filed as Exhibit 10(j) to the December 31, 1995 Form 10-K)*	I
10(j)	-Letter Agreement between the company and David C. Wittig, dated April 27, 1995. (filed as Exhibit 10(m) to the December 31, 1995 Form 10-K)*	I
10(k)	-Form of Shareholder Agreement between New ONEOK and the company. (filed as Exhibit 99.3 to the December 12, 1997 Form 8-K)	I
10(l)	-Form of Split Dollar Insurance Agreement (filed as Exhibit 10.3 to the June 30, 1998 Form 10-Q)*	I
10(m)	-Amendment to Letter Agreement between the company and David C. Wittig, dated April 27, 1995 (filed as Exhibit 10 to the June 30, 1998 Form 10-Q/A)*	I
10(n)	-Letter Agreement between the company and Douglas T. Lake, dated August 17, 1998.*	I
10(o)	-Form of Change of Control Agreement with officers of the company*	
10(p)	-Amendment to Outside Directors' Deferred Compensation Plan dated May 17, 2001.*	
10(q)	-Asset Allocation and Separation Agreement, dated as of November 8, 2000, between the Company and Westar Industries, Inc. (filed as Exhibit 99.2 to the November 17, 2000 Form 8-K)	I
12	-Computation of Ratio of Consolidated Earnings to Fixed Charges.	
21	-Subsidiaries of the Registrant.	
23	-Consent of Independent Public Accountants, Arthur Andersen LLP	

WESTERN RESOURCES, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Dollars in Thousands)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions	Balance at End of Period
Year ended December 31, 1998					
Allowances deducted from assets for doubtful accounts........	$ 8,391	$24,726	$2,289	$ (5,862)	$29,544
Monitored services special charge (a)..........................	3,856	-	-	(2,831)	1,025
Accrued exit fees, change in estimate, shut-down and severance costs (b)...........................	-	22,900	-	-	22,900
Year ended December 31, 1999					
Allowances deducted from assets for doubtful accounts........	29,544	24,302	-	(18,081)	35,765
Monitored services special charge (a)..........................	1,025	-	-	(1,025)	-
Accrued exit fees, shut-down and severance costs (b)............	22,900	(5,632)	-	(16,888)	380
Year ended December 31, 2000					
Allowances deducted from assets for doubtful accounts........	35,765	23,690	-	(13,639)	45,816
Accrued exit fees, shut-down and severance costs................	380	-	-	-	380

(a) Consists of costs to close duplicate facilities and severance and compensation benefits.
(b) See Note 17 of Notes to the Consolidated Financial Statements for further information.

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.

Date April 2, 2001

By /s/ DAVID C. WITTIG

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
DAVID C. WITTIG (David C. Wittig)	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	April 2, 2001
JAMES A. MARTIN (James A. Martin)	Senior Vice President and Treasurer (Principal Financial and Accounting Officer)	April 2, 2001
FRANK J. BECKER (Frank J. Becker)	Director	April 2, 2001
GENE A. BUDIG (Gene A. Budig)	Director	April 2, 2001
CHARLES Q. CHANDLER, IV (Charles Q. Chandler, IV)	Director	April 2, 2001
JOHN C. DICUS (John C. Dicus)	Director	April 2, 2001
DOUGLAS T. LAKE (Douglas T. Lake)	Director	April 2, 2001
OWEN F. LEONARD (Owen F. Leonard)	Director	April 2, 2001
JOHN C. NETTELS, JR. (John C. Nettels, Jr.)	Director	April 2, 2001
LOUIS W. SMITH (Louis W. Smith)	Director	April 2, 2001

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WESTERN RESOURCES, INC.

TO

HARRIS TRUST AND SAVINGS BANK

as Trustee

THIRTY-FOURTH SUPPLEMENTAL INDENTURE

Dated as of June 28, 2000

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TABLE OF CONTENTS/a/

a Note: The Table of Contents is not part of this Supplemental Indenture and should not be considered as such. It is included only for purposes of convenience.

ARTICLE III

REDEMPTION

ARTICLE IV

ADDITIONAL COVENANTS

ARTICLE V

AMENDMENTS TO RATIO OF BONDS ISSUABLE TO PROPERTY ADDITIONS AND OF CERTAIN OTHER RATIOS. AMENDMENT OF NET EARNINGS TEST. USE OF FACSIMILE SIGNATURES. AMENDMENT OF ARTICLE XV. RESERVATION OF RIGHT TO AMEND ARTICLE VII

THIRTY-FOURTH SUPPLEMENTAL INDENTURE, dated as of the 28th day of June, Two Thousand, made by and between Western Resources, Inc., formerly The Kansas Power and Light Company, a corporation organized and existing under the laws of the State of Kansas (hereinafter called the "Company"), party of the first part, and Harris Trust and Savings Bank, a corporation organized and existing under the laws of the State of Illinois whose mailing address is 111 West Monroe Street, P.O. Box 755, Chicago, Illinois 60690 (hereinafter called the "Trustee"), as Trustee under the Mortgage and Deed of Trust dated July 1, 1939, hereinafter mentioned, party of the second part;

WHEREAS, the Company has heretofore executed and delivered to the Trustee its Mortgage and Deed of Trust, dated July 1, 1939 (hereinafter referred to as the "Original Indenture"), to provide for and to secure an issue of First Mortgage Bonds of the Company, issuable in series, and to declare the terms and conditions upon which the Bonds (as defined in the Original Indenture) are to be issued thereunder; and

WHEREAS, the Company has heretofore executed and delivered to the Trustee Thirty-Three Supplemental Indentures supplemental to said Original Indenture, of which Thirty-One provided for the issuance thereunder of series of the Company's First Mortgage Bonds, and there is set forth below information with respect to such Supplemental Indentures as have provided for the issuance of Bonds, and the principal amount of Bonds which remain outstanding as of March 31, 2000.

Supplemental Indenture Hereinafter Called	Date	Series of First Mortgage Bonds Provided For	Principal Amount Issued	Principal Amount Outstanding
Supplemental Indenture	July 1, 1939	3-1/2% Series Due 1969	$26,500,000	None
Second Supplemental Indenture	April 1, 1949	2-7/8% Series Due 1979	10,000,000	None
Fourth Supplemental Indenture	October 1, 1949	2-3/4% Series Due 1979	6,500,000	None
Fifth Supplemental Indenture	December 1, 1949	2-3/4% Series Due 1984	32,500,000	None
Seventh Supplemental Indenture	December 1, 1951	3-1/4% Series Due 1981	5,250,000	None
Eighth Supplemental Indenture	May 1, 1952	3-1/4% Series Due 1982	4,750,000	None
Ninth Supplemental Indenture	October 1, 1954	3-1/8% Series Due 1984	8,000,000	None
Tenth Supplemental Indenture	September 1, 1961	4-3/4% Series Due 1991	13,000,000	None
Eleventh Supplemental Indenture	April 1, 1969	7-5/8% Series Due 1999	19,000,000	None
Twelfth Supplemental Indenture	September 1, 1970	8-3/4% Series Due 2000	20,000,000	None
Thirteenth Supplemental Indenture	February 1, 1975	8-5/8% Series Due 2005	35,000,000	None

Supplemental Indenture Hereinafter Called	Date	Series of First Mortgage Bonds Provided For	Principal Amount Issued	Principal Amount Outstanding
Fourteenth Supplemental Indenture	May 1, 1976	8-5/8% Series Due 2006	45,000,000	None
Fifteenth Supplemental Indenture	April 1, 1977	5.90% Pollution Control Series Due 2007	32,000,000	None
Sixteenth Supplemental Indenture	June 1, 1977	8-1/8% Series Due 2007	30,000,000	None
Seventeenth Supplemental Indenture	February 1, 1978	8-3/4% Series Due 2008	35,000,000	None
Eighteenth Supplemental Indenture	January 1, 1979	6-3/4% Pollution Control Series Due 2009	45,000,000	None
Nineteenth Supplemental Indenture	May 1, 1980	8-1/4% Pollution Control Series Due 1983	45,000,000	None
Twentieth Supplemental Indenture	November 1, 1981	16.95% Series Due 1988	25,000,000	None
Twenty-First Supplemental Indenture	April 1, 1982	15% Series Due 1992	60,000,000	None
Twenty-Second Supplemental Indenture	February 1, 1983	9-5/8% Pollution Control Series Due 2013	58,500,000	None
Twenty-Third Supplemental Indenture	July 1, 1986	8-1/4% Series Due 1996	60,000,000	None
Twenty-Fourth Supplemental Indenture	March 1, 1987	8-5/8% Series Due 2017	50,000,000	None
Twenty-Fifth Supplemental Indenture	October 15, 1988	9.35% Series Due 1998	75,000,000	None
Twenty-Sixth Supplemental Indenture	February 15, 1990	8-7/8% Series Due 2000	75,000,000	None
Twenty-Seventh Supplemental Indenture	March 12, 1992	7.46% Demand Series	370,000,000	None
Twenty-Eighth Supplemental Indenture	July 1, 1992	7-1/4% Series Due 1999	125,000,000	None
		8-1/2% Series Due 2022	125,000,000	125,000,000
Twenty-Ninth Supplemental Indenture	August 20, 1992	7-1/4% Series Due 2002	100,000,000	100,000,000
Thirtieth Supplemental Indenture	February 1, 1993	6% Pollution Control Revenue Refunding Series Due 2033	58,500,000	58,410,000
Thirty-First Supplemental Indenture	April 15, 1993	7.65% Series Due 2023	100,000,000	100,000,000
Thirty-Second Supplemental Indenture	April 15, 1994	7-1/2% Series Due 2032	75,500,000	75,500,000
Thirty-Third Supplemental Indenture	August 11, 1997	6-7/8% Convertible Series Due 2004	370,000,000	None
		7-1/8% Convertible Series Due 2009	150,000,000	None

; and

WHEREAS, the Company is entitled at this time to have authenticated and delivered additional bonds on the basis of net bondable value of property additions not subject to an unfunded prior lien and in substitution for refundable Bonds, upon compliance with the provisions of Article III of the Original Indenture, as amended; and

WHEREAS, the Company desires by this Thirty-Fourth Supplemental Indenture (hereinafter referred to as this "Supplemental Indenture") to supplement the Original Indenture and to provide for the creation of a new series of bonds under the Original Indenture to be designated "First Mortgage Bonds, 9-1/2% Series Due 2003"; and the Original Indenture provides that certain terms and provisions, as determined by the Board of Directors of the Company, of the Bonds of any particular series may be expressed in and provided by the execution of an appropriate supplemental indenture; and

WHEREAS, the Company in the exercise of the powers and authority conferred upon and reserved to it under the provisions of the Original Indenture and indentures supplemental thereto, and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustee a supplemental indenture in the form hereof for the purposes herein provided; and

WHEREAS, all conditions and requirements necessary to make this Supplemental Indenture a valid, binding and legal instrument have been done, performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That, in consideration of the premises and of the mutual covenants herein contained and of the sum of One Dollar duly paid by the Trustee to the Company at or before the time of the execution of these presents, and of other valuable considerations, the receipt whereof is hereby acknowledged, and in order further to secure the payment of the principal of and interest and premium, if any, on all Bonds at any time issued and outstanding under the Original Indenture as amended by all indentures supplemental thereto (hereinafter sometimes collectively called the "Indenture") according to their tenor, purport and effect, and to declare certain terms and conditions upon and subject to which Bonds are to be issued and secured, the Company has executed and delivered this Supplemental Indenture, and by these presents grants, bargains, sells, warrants, aliens, releases, conveys, assigns, transfers, mortgages, pledges, sets over and ratifies and confirms unto Harris Trust and Savings Bank, as Trustee, and to its successors in trust under the Indenture forever, all and singular the following described properties (in addition to all other properties heretofore specifically subjected to the lien of the Indenture and not heretofore released from the lien thereof), that is to say:

FIRST.

All and singular the rents, real estate, chattels real, easements, servitudes, and leaseholds of the Company, or which, subject to the provisions of Article XII of the Original Indenture, the Company may hereafter acquire, including, among other things, the property described in Appendix A hereto under the caption "First", which description is hereby incorporated herein by reference and made a part hereof as if fully set forth herein, together with all improvements of any type located thereon.

Also all power houses, plants, buildings and other structures, dams, dam sites, substations, heating plants, gas works, holders and tanks, compressor stations, gasoline extraction plants, together with all and singular the electric heating, gas and mechanical appliances appurtenant thereto of every nature whatsoever, now owned by the Company or which it may hereafter acquire, including all and singular the machinery, engines, boilers, furnaces, generators, dynamos, turbines and motors, and all and every character of mechanical appliance for generating or producing electricity, steam, water, gas and other agencies for light, heat, cold or power or any other purpose whatsoever.

SECOND.

Also all transmission and distribution systems used for the transmission and distribution of electricity, steam, water, gas and other agencies for light, heat, cold or power, or any other purpose whatever, whether underground or overhead or on the surface or otherwise of the Company, or which, subject to the provisions of Article XII of the Original Indenture, the Company may hereafter acquire, including all poles, posts, wires, cables, conduits, mains, pipes, tubes, drains, furnaces, switchboards, transformers, insulators, meters, lamps, fuses, junction boxes, water pumping stations, regulator stations, town border metering stations and other electric, steam, water and gas fixtures and apparatus.

THIRD.

Also all franchises and all permits, ordinances, easements, privileges and immunities and licenses, all rights to construct, maintain and operate overhead, surface and underground systems for the distribution and transmission of electricity, gas, water or steam for the supply to itself or others of light, heat, cold or power or any other purpose whatsoever, all rights-of-way, all waters, water rights and flowage rights and all grants and consents, now owned by the Company or, subject to the provisions of Article XII of the Original Indenture, which it may hereafter acquire.

Also all inventions, patent rights and licenses of every kind now owned by the Company or, subject to the provisions of Article XII of the Original Indenture, which it may hereafter acquire.

FOURTH.

Also, subject to the provisions of Article XII of the Original Indenture, all other property, real, personal and mixed (except as therein or herein expressly excepted) of every nature and kind and wheresoever situated now or hereafter possessed by or belonging to the Company, or to which it is now, or may at any time hereafter be, in any manner entitled at law or in equity.

FIFTH.

Also any and all property of any kind or description which may from time to time after the date of the Original Indenture by delivery or by writing of any kind be conveyed, mortgaged, pledged, assigned or transferred to the Trustee by the Company or by any person, copartnership or corporation, with the consent of the Company or otherwise, and accepted by the Trustee, to be held as part of the mortgaged property; and the Trustee is hereby authorized to accept and receive any such property and any such conveyance, mortgage, pledge, assignment and transfer, as and for additional security hereunder, and to hold and apply any and all such property subject to and in accordance with the terms and provisions upon which such conveyance, mortgage, pledge, assignment or transfer shall be made.

SIXTH.

Together with all and singular, the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders, tolls, rents, revenues, issues, income, products and profits thereof, and all the estate, right, title, interest and claim whatsoever, at law and in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

EXPRESSLY EXCEPTING AND EXCLUDING, HOWEVER, all properties of the character excepted from the lien of the Original Indenture.

TO HAVE AND TO HOLD all said properties, real, personal and mixed, mortgaged, pledged and conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever;

SUBJECT, HOWEVER, to the exceptions and reservations hereinabove referred to, to existing leases other than leases which by their terms are subordinate to the lien of the Indenture, to existing liens upon rights-of-way for transmission or distribution line purposes, as defined in Article I of the Original Indenture; and any extensions thereof, and subject to existing easements for streets, alleys, highways, rights-of-way and railroad purposes over, upon and across certain of the property herein before described and subject also to all the terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in the deeds or other instruments respectively under and by virtue of which the Company acquired the properties hereinabove described and to undetermined liens and charges, if any, incidental to construction or other existing permitted liens as defined in Article I of the Original Indenture;

IN TRUST, NEVERTHELESS, upon the terms and trusts in the Original Indenture, and the indentures supplemental thereto, including this Supplemental Indenture, set forth, for the equal and proportionate benefit and security of all present and future holders of the Bonds and coupons issued and to be issued thereunder, or any of them, without preference of any of said Bonds and coupons of any particular series over the Bonds and coupons of any other series by reason of priority in the time of issue, sale or negotiation thereof, or by reason of the purpose of issue or otherwise howsoever, except as otherwise provided in Section 2 of Article IV of the Original Indenture.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED, by and between the parties hereto for the benefit of those who shall hold the Bonds and coupons, or any of them, to the be issued under the Indenture as follows:

ARTICLE I

Description of Bonds of the 2003 Series

SECTION 1. The 2003 series of Bonds to be executed, authenticated and delivered under and secured by the Original Indenture shall be designated as "First Mortgage Bonds, 9-1/2% Series Due 2003" of the Company (herein called "Bonds of the 2003 Series"). The Bonds of the 2003 Series shall be executed, authenticated and delivered in accordance with the provisions of, and shall in all respects be subject to, all of the terms, conditions and covenants of the Original Indenture, as amended, and subject to all the terms, conditions and covenants of this Supplemental Indenture.

Bonds of the 2003 Series shall mature March 17, 2003 and shall bear interest at the rate of nine and one-half percent (9-1/2%) per annum payable (subject to the fifth paragraph of this Section 1) on the interest payment dates for the Loans (as defined below). Every Bond of the 2003 Series shall be dated the date of authentication except that, notwithstanding the provisions of Section 6 of Article II of the Original Indenture, if at the time of authentication of any Bond of the 2003 Series interest shall be in default on any Bonds of the 2003 Series, such Bond shall be dated as of the day following the interest payment date to which interest has previously been paid in full or made available for payment in full on outstanding Bonds of the 2003 Series, as the case may be, or, if no interest has been paid or made available for payment, as of the date of initial authentication and delivery of such Bond. Every Bond of the 2003 Series shall bear interest from each interest payment date for the Loans next preceding the date thereof, unless no interest has been paid on this Bond, in which case from June 28, 2000.

The person in whose name any Bond of the 2003 Series is registered on any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date, unless the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such Bond is registered on the date of payment of such defaulted interest. The Bonds of the 2003 Series shall be payable as to principal, premium, if any, and interest, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, at the agency of the Company in the City of Chicago, Illinois.

All Bonds of the 2003 Series shall be issued and pledged by the Company to the Collateral Agent pursuant to a Collateral Agreement dated as of June 28, 2000 among the Company and The Chase Manhattan Bank (in such capacity, the "Collateral Agent") to secure the payment of the principal of, and up to 9-1/2% per annum of the interest on any of the loans issued pursuant to the $600,000,000 Credit Agreement, dated as of June 28, 2000 among the Company, The Chase Manhattan Bank, as administrative agent, and the lenders party thereto, and the Five-Year Competitive Advance and Revolving Credit Facility Agreement, dated as of March 17, 1998, among the Company, The Chase Manhattan Bank, as administrative agent, and the lenders party thereto (such agreements, in each case, as amended, supplemented or otherwise modified from time to time, are referred to collectively herein as the "Credit Agreements" and the loans thereunder are referred to collectively as the "Loans").

The obligation of the Company to make payments with respect to the principal of and interest on Bonds of the 2003 Series (including without limitation upon maturity thereof) shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the Loans shall have been fully or partially paid, or there shall be held by the Collateral Agent pursuant to the Collateral Agreement sufficient available funds to fully or partially pay the then due principal of and interest on the Loans. Notwithstanding any other provisions of the Indenture, interest on the Bonds of the 2003 Series shall be deemed fully or partially satisfied and discharged as provided herein even if the interest rate on Bonds of the 2003 Series may be higher or lower than the interest rate on any of the Loans at the time interest on any such Loans is paid. The Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on Bonds of the 2003 Series shall have been fully satisfied and discharged unless and until the Trustee shall have received a written notice from the Collateral Agent, signed by an authorized officer, stating (i) that timely payment of the principal of or interest on the Loans required to be made by the Company has not been made, (ii) that there are not sufficient available funds held by the Collateral Agent pursuant to the Collateral Agreement to make such payment and (iii) the amount of funds, in addition to available funds held by the Collateral Agent pursuant to the Collateral Agreement, required to make such payment.

SECTION 2. The Bonds of the 2003 Series shall be registered bonds without coupons of the denominations of $5,000 and of any multiples of $5,000, numbered consecutively from R 1 upwards. Bonds of the 2003 Series may each be exchanged for other bonds within the same Series in authorized denominations and in the same aggregate principal amounts, without charge, except for any tax or governmental charge imposed in connection with such interchange.

SECTION 3. The Bonds of the 2003 Series, and the Trustee's Certificate with respect thereto, shall be substantially in the following forms, respectively:

[FORM OF BOND OF THE 2003 SERIES]

This bond is not transferable, except as permitted under the Collateral Agreement dated as of June 28, 2000 among Western Resources, Inc. and The Chase Manhattan Bank.

WESTERN RESOURCES, INC.

(Incorporated under the laws of the State of Kansas)

FIRST MORTGAGE BOND, 9-1/2% SERIES DUE 2003

DUE March 17, 2003

No. _____ $[ ]

WESTERN RESOURCES, INC., a corporation organized and existing under the laws of the State of Kansas (hereinafter called the "Company", which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to [ ] or registered assigns, on the 17th day of March, 2003, the sum of [ ] Dollars in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, and to pay interest thereon in like coin or currency from the interest payment date with respect to the Loans (as defined below) next preceding the date of this Bond next preceding the date thereof, unless no interest has been paid on this Bond, in which case from June 28, 2000, at the rate of nine and one-half percent (9-1/2%) per annum, payable (subject to the fourth paragraph hereof) on each interest payment date with respect to the Loans, until maturity, or, if this Bond shall be duly called for redemption, until the redemption date, or, if the Company shall default in the payment of the principal hereof, until the Company's obligation with respect to the payment of such principal shall be discharged as provided in the Indenture hereinafter mentioned. The interest payable on any interest payment date as aforesaid will be paid to the person in whose name this Bond is registered on any interest payment date, unless the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name this Bond is registered on the date of payment of such defaulted interest. Principal of and premium, if any, and interest on, this Bond are payable at the agency of the Company in the City of Chicago, Illinois in immediately available funds.

This Bond is one of a duly authorized issue of Bonds of the Company (herein called the "Bonds"), in unlimited aggregate principal amount, of the series hereinafter specified, all issued and to be issued under and equally secured by a Mortgage and Deed of Trust, dated July 1, 1939, executed by the Company to Harris Trust and Savings Bank (herein called the "Trustee"), as Trustee, as amended by the indentures supplemental thereto including the thirty-fourth indenture supplemental thereto dated as of June 28, 2000 (herein called the "Supplemental Indenture"), between the Company and the Trustee (said Mortgage and Deed of Trust, as so amended, being herein called the "Indenture") to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the properties mortgaged and pledged, the nature and extent of the security, the rights of the bearers or registered owners of the Bonds and of the Trustee in respect thereto, and the terms and conditions upon which the Bonds are, and are to be, secured. The Bonds may be issued in series, for various principal sums, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. This Bond is one of a series designated as the "First Mortgage Bonds, 9-1/2% Series Due 2003" (herein called "Bonds of the 2003 Series") of the Company, issued under and secured by the Indenture executed by the Company to the Trustee.

All Bonds of the 2003 Series shall be issued and pledged by the Company to the Collateral Agent pursuant to a Collateral Agreement dated as of June 28, 2000, among the Company and The Chase Manhattan Bank (in such capacity, the "Collateral Agent") to secure the payment of the principal of, and up to 9-1/2% per annum of the interest on any of the loans issued pursuant to the $600,000,000 Credit Agreement, dated as of June 28, 2000 among the Company, The Chase Manhattan Bank, as administrative agent, and the lenders party thereto, and the Five-Year Competitive Advance and Revolving Credit Facility Agreement, dated as of March 17, 1998, among the Company, The Chase Manhattan Bank, as administrative agent and the lenders party thereto, (such agreements, in each case, as amended, supplemented or otherwise modified from time to time, are referred to collectively herein as the "Credit Agreements" and the loans issued thereunder are referred to collectively as the "Loans").

The obligation of the Company to make payments with respect to the principal of and interest on Bonds of the 2003 Series (including without limitation upon maturity hereof) shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the Loans shall have been fully or partially paid, or there shall be held by the Collateral Agent pursuant to the Collateral Agreement sufficient available funds to fully or partially pay the then due principal of and interest on the Loans. The Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on Bonds of the 2003 Series shall have been fully satisfied and discharged unless and until the Trustee shall have received a written notice from the Collateral Agent, signed by an authorized officer, stating (i) that timely payment of the principal of or interest on the Loans required to be made by the Company has not been made, (ii) that there are not sufficient available funds held by the Collateral Agent pursuant to the Collateral Agreement to make such payment and (iii) the amount of funds, in addition to available funds held by the Collateral Agent pursuant to the Collateral Agreement, required to make such payment. Notwithstanding any other provisions of this Bond or the Indenture, interest on the Bonds of the 2003 Series shall be deemed fully satisfied and discharged as provided herein and therein even if the interest rate on Bonds of the 2003 Series may be higher or lower than the interest rate on any of the Loans at the time interest on any of the Loans is paid.

To the extent permitted by, and as provided in the Indenture, modifications or alterations of the Indenture or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the holders of the Bonds and coupons, may be made with the consent of the Company by an affirmative vote of not less than 60% in principal amount of the Bonds entitled to vote then outstanding, at a meeting of Bondholders called and held as provided in the Indenture, and by an affirmative vote of not less than 60% in principal amount of the Bonds of any series entitled to vote then outstanding and affected by such modification or alteration, in case one or more but less than all of the series of Bonds then outstanding under the Indenture are so affected. No modification or alteration shall be made which will affect the terms of payment of the principal of or premium, if any, or interest on, this Bond, which are unconditional. The Company has reserved the right to make certain amendments to the Indenture, without any consent or other action by holders of the Bonds of this series (i) to the extent necessary from time to time to qualify the Indenture under the Trust Indenture Act of 1939, (ii) to delete the requirement that the Company meet a net earnings test as a condition to authenticating additional Bonds or merging into another company and (iii) to make certain other amendments which make the provisions for the release of mortgaged property less restrictive, all as more fully provided in the Indenture and in the Supplemental Indenture. In addition, once all Bonds issued prior to January 1, 1997 are no longer outstanding, the Company will be permitted to issue additional Bonds in an amount equal to 70% of the value of net bondable property additions not subject to an unfunded prior lien, as provided in the Original Indenture.

The Bonds of the 2003 Series are redeemable prior to maturity only upon a demand therefor by the Collateral Agent as set forth in Article III of the Supplemental Indenture.

In case an event of default, as defined in the Indenture, shall occur, the principal of all of the Bonds at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Bonds outstanding.

This Bond is transferable by the registered owner hereof, in person or by duly authorized attorney, on the books of the Company to be kept for that purpose at the agency of the Company in the City of Chicago, Illinois, upon surrender and cancellation of this Bond and on presentation of a duly executed written instrument of transfer, and thereupon a new registered Bond or Bonds of the same series, of the same aggregate principal amount and in authorized denominations will be issued to the transferee or transferees in exchange herefor; and this Bond, with or without others of like form and series, may in like manner be exchanged for one or more new registered Bonds of the same series of other authorized denominations but of the same aggregate principal amount; all upon payment of the charges and subject to the terms and conditions set forth in the Indenture.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Bond, or for any claim based hereon or on the Indenture or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, past, present or future, of the Company, or of any predecessor or successor corporation, as such, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being released by every owner hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise released by the terms of the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose, until Harris Trust and Savings Bank, the Trustee under the Indenture, or a successor trustee thereto under the Indenture, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, WESTERN RESOURCES, INC. has caused this Bond to be signed in its name by its Chairman of the Board, President and Chief Executive Officer or a Vice President, manually or by facsimile, and its corporate seal (or a facsimile thereof) to be hereto affixed and attested by its Secretary or an Assistant Secretary, manually or by facsimile.

Dated:

WESTERN RESOURCES, INC.

By________________________

Attest:

[FORM OF TRUSTEE'S CERTIFICATE]

This Bond is one of the Bonds, of the series designated herein, described in the within-mentioned Mortgage and Deed of Trust of July 1, 1939 and Supplemental Indenture dated as of June 28, 2000.

HARRIS TRUST AND SAVINGS BANK,
Trustee,

By ____________________________

SECTION 4. Until Bonds of the 2003 Series in definitive form are ready for delivery, the Company may execute, and upon its request in writing the Trustee shall authenticate and deliver, in lieu thereof, Bonds of the 2003 Series in temporary form, as provided in Section 9 of Article II of the Original Indenture.

ARTICLE II

Issue of Bonds of the 2003 Series

SECTION 1. The total principal amount of Bonds of the 2003 Series which may be authenticated and delivered hereunder is not limited except as the Original Indenture and this Supplemental Indenture limit the principal amount of Bonds which may be issued thereunder.

SECTION 2. Bonds of the 2003 Series for the aggregate principal amount of $397,800,000 may forthwith be executed by the Company and delivered to the Trustee and shall be authenticated by the Trustee and delivered (either before or after the filing or recording hereof) to or upon the order of the Company, upon receipt by the Trustee of the resolutions, certificates, instruments and opinions required by Article III and Article XVIII of the Original Indenture, as amended.

ARTICLE III

Redemption

SECTION 1. Bonds of the 2003 Series are redeemable prior to maturity only upon a demand therefor by the Collateral Agent. To effect the redemption of Bonds of the 2003 Series, the Collateral Agent shall deliver to the Trustee (and deliver a copy thereof to the Company) a written demand (hereinafter referred to as a "Redemption Demand") for the redemption of Bonds of the 2003 Series, signed by an authorized officer and dated the date of its delivery to the Trustee, stating (i) that an Event of Default (as defined in the Collateral Agreement) has occurred and is continuing, (ii) that there are not sufficient available funds held by the Collateral Agent pursuant to the Collateral Agreement to make all payments required as a result of such Event of Default, (iii) the amount of funds, in addition to available funds held by the Collateral Agent pursuant to the Collateral Agreement, required to make such payments, and (iv) the principal amount of Bonds of the 2003 Series the Collateral

Agent demands to have redeemed and the redemption date therefor which date shall be at least thirty-one (31) days after the date of such Redemption Demand (provided, such principal amount shall not exceed the amount of funds specified pursuant to the foregoing clause (iii)). The Trustee may conclusively presume the statements contained in the Redemption Demand to be correct. Redemption of Bonds of the 2003 Series shall in all cases be at a price equal to the principal amount of the Bonds to be redeemed together with accrued interest to the redemption date, and such amount shall become and be due and payable on the redemption date.

The Company hereby covenants that if a Redemption Demand shall be delivered to the Trustee, the Company will deposit, on or before the redemption date, with the Trustee, in accordance with Article V of the Indenture, an amount in cash sufficient to redeem the principal amount of Bonds of the 2003 Series so called for redemption.

SECTION 2. Article VIII of Original Indenture Controlling. The Bonds of the 2003 Series shall be redeemable pursuant to Section 8 of Article VIII of the Original Indenture, from time to time prior to maturity subject to the terms and conditions of Section 1 of this Article III.

SECTION 3. Article V of Original Indenture Controlling. The provisions of Article V of the Original Indenture shall be applicable to redemptions of Bonds of the 2003 Series pursuant to the provisions of Section 1 of this Article III; provided, however, that with respect to any redemption of Bonds of the 2003 Series, notice of redemption shall be given as provided in such Section 1. The principal amount of Bonds of the 2003 Series to be redeemed on any partial redemption shall be an authorized denomination thereof.

SECTION 4. Bonds redeemed may be used to authenticate and deliver additional Bonds under the Original Indenture. Any Bonds of the 2003 Series redeemed pursuant to Section 1 of this Article III are hereby expressly permitted to be used as refundable Bonds for the execution, authentication and delivery of additional Bonds pursuant to Section 6 of Article III of the Original Indenture.

ARTICLE IV

Additional Covenants

The Company hereby covenants, warrants and agrees:

SECTION 1. That the Company is lawfully seized and possessed of all of the mortgaged property described in the granting clauses of this Supplemental Indenture; that it has good, right and lawful authority to mortgage the same as provided in this Supplemental Indenture; and that such mortgaged property is, at the actual date of the initial issue of the Bonds of the 2003 Series, free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto prior to the Indenture, except as set forth in the granting clauses of the Original Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture or this Supplemental Indenture.

SECTION 2. So long as any Bonds of any series originally issued prior to January 1, 1997 are outstanding, in the event all or substantially all of the electric properties shall have been released as an entirety from the lien of the Original Indenture, the Company will, at any time or from time to time within six months after the date of such release, retire Bonds outstanding under the Original Indenture in an aggregate principal amount equal to the fair value of the electric properties so released pursuant to Section 3 of Article VII of the Original Indenture, as stated in the engineer's certificate required by Section 3(b) of said Article VII, and the proceeds of the electric properties so released pursuant to Section 5 of said Article VII. Such retirement of Bonds shall be effected in either one or both of the following methods:

(a) By the withdrawal pursuant to Section 2 of Article VIII of the Original Indenture of any moneys deposited with the Trustee pursuant to Sections 3(d), 4(d) and 5 of Article VII of the Original Indenture upon such release; or

(b) By causing the Trustee to purchase or redeem bonds, pursuant to Section 8 of Article VIII of the Original Indenture, out of any moneys deposited with the Trustee pursuant to Sections 3(d), 4(d) and 5 of Article VII of the Original Indenture upon such release. The Bonds to be so retired pursuant to this Section 3 shall include a principal amount of Bonds of each Series then outstanding in the same ratio to the aggregate principal amount of all Bonds so retired as the aggregate principal amount of all Bonds of each Series outstanding immediately prior to such release bears to the total principal amount of all Bonds then outstanding.

ARTICLE V

AMENDMENTS TO RATIO OF BONDS ISSUABLE TO PROPERTY ADDITIONS AND OF CERTAIN OTHER RATIOS. AMENDMENT OF NET EARNINGS TEST. USE OF FACSIMILE SIGNATURES. AMENDMENT OF ARTICLE XV. RESERVATION OF RIGHT TO AMEND ARTICLE VII

SECTION 1. So long as any of the Bonds of any series originally issued prior to January 1, 1997 shall remain outstanding:

(a) Notwithstanding the provisions of Section 4 of Article III of the Original Indenture, no Bonds shall be authenticated and delivered pursuant to the provisions of Article III of the Original Indenture and issued upon the basis of net bondable value of property additions for an aggregate principal amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien.

For the purposes of Subsections (e) and (f) of the definition of "net bondable value of property additions not subject to an unfunded prior lien", contained in Article I of the Original Indenture, and Subdivisions 8 and 9 of clause (a) of Section 4 of Article III of the Original Indenture, in all computations made with respect to a period subsequent to April 1, 1949, the deductions therein referred to shall in each case be ten-sixths (10/6ths) of the respective amounts mentioned, in lieu of ten-sevenths (10/7ths).

(b) Notwithstanding the provisions of Section 3(a) of Article VIII of the Original Indenture, no moneys received by the Trustee pursuant to Section 5(a) of Article III of the Original Indenture shall be paid over by the Trustee in an amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien, and for the purposes of Section 3 of Article VII of the Original Indenture, the amount of cash required to be deposited by the Company pursuant to Subsection (d) of said Section 3 of Article VII shall not be reduced in an amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien.

(c) For the purposes of clauses (c) and (d) of the definition of "net bondable value of property additions subject to an unfunded prior lien", contained in Article I of the Original Indenture, and Subsection 7 of clause (a) of Section 4 of Article III of the Original Indenture, in all computations made with respect to a period subsequent to April 1, 1949, the deductions therein referred to shall in each case be ten-sixths (10/6ths) of the respective amounts mentioned, in lieu of ten-sevenths (10/7ths).

(d) Subsection (a) of Section 14, clauses (1) and (2) of Subsection (a) of Section 16 of Article IV and clause (1) of Subsection (b) of Section 1 of Article XII of the Original Indenture shall be deemed amended by substituting the words "sixty percent (60%)" for "seventy percent (70%)" where they appear in said provisions of the Original Indenture.

(e) The definition of the term "net earnings available for interest, depreciation and property retirement", as contained in Article I of the Original Indenture, shall be deemed to mean the net earnings of the Company ascertained as follows:

1. The total operating revenues of the Company and the net non-operating revenues of the properties of the Company shall be ascertained.

2. From the total, determined as provided in Subsection (a), there shall be deducted all operating expenses, including all salaries, rentals, insurance, license and franchise fees, expenditures for repairs and maintenance, taxes (other than income, excess profits and other taxes measured by or dependent on net taxable income), depreciation as shown on the books of the Company or an amount equal to the minimum provision for depreciation as hereinafter defined, whichever is greater, but excluding all property retirement appropriations, all interest and sinking fund charges, amortization of stock and debt discount and expense or premium and further excluding any charges to income or otherwise for the amortization of plant or property accounts or of amounts transferred therefrom.

3. The balance remaining after the deduction of the total amount computed pursuant to Subsection (b) from the total amount computed pursuant to Subsection (a) shall constitute the "net earnings of the Company available for interest", provided that not more than fifteen percent (15%) of the net earnings of the Company available for interest may consist of the aggregate of (i) net non-operating income, (ii) net earnings from mortgaged property other than property of the character of

property additions and (iii) net earnings from property not subject to the lien of this Indenture.

4. No income received or accrued by the Company from securities and no profits or losses of capital assets shall be included in making the computations aforesaid.

5. In case the Company shall have acquired any acquired plant or systems or shall have been consolidated or merged with any other corporation, within or after the particular period for which the calculation of net earnings of the Company available for interest, depreciation and property retirement is made, then, in computing the net earnings of the Company available for interest, depreciation and property retirement, there may be included, to the extent they may not have been otherwise included, the net earnings or net losses of such acquired plant or system or of such other corporation, as the case may be, for the whole of such period. The net earnings or net losses of such property additions, or of such other corporation for the period preceding such acquisition or such consolidation or merger, shall be ascertained and computed as provided in the foregoing subsections of this definition as if such acquired plant or system had been owned by the Company during the whole of such period, or as if such other corporation had been consolidated or merged with the Company prior to the first day of such period.

6. In case the Company shall have obtained the release of any property pursuant to Section 3 of Article VII of the Original Indenture, of a fair value in excess of Five Hundred Thousand Dollars ($500,000), as shown by the engineer's certificate required by said Section 3, or shall have obtained the release of any property pursuant to Section 5 of Article VII of the Original Indenture, the proceeds of which shall have exceeded Five Hundred Thousand Dollars ($500,000), within or after the particular period for which the calculation of net earnings of the Company available for interest, depreciation and property retirement is made, then, in computing the net earnings of the Company available for interest, depreciation and property retirement, the net earnings or net losses of such property for the whole of such period shall be excluded to the extent practicable on the basis of actual earnings and expenses of such property or on the basis of such estimates of the earnings and expenses of such property as the signers of an officers' certificate filed with the Trustee pursuant to Section 3(b) of Article III or Section 16 of Article IV of the Original Indenture shall deem proper.

The term "minimum charge for depreciation" as used herein shall mean an amount equal to (a) fifteen percent (15%) of the total operating revenues of the Company after deducting therefrom an amount equal to the aggregate cost to the Company of electric energy, gas and water purchased for resale to others and rentals paid for, or other payments made for the use of, property owned by others and leased to or operated by the Company, the maintenance of which and depreciation on which are borne by the owners, less (b) an amount equal to the expenditures for maintenance and repairs to the plants and property of the Company and included or reflected in its operating expense accounts.

The terms "net earnings of property available for interest, depreciation and property retirement" and "net earnings of another corporation available for interest, depreciation and property retirement" as contained in Article I of the Original Indenture, when used with respect to any property or with respect to another corporation, shall mean the net earnings of such property or the net earnings of such other corporation, as the case may be, computed in the manner provided in Subsections (a), (b), (c) and (d) hereof.

(f) Notwithstanding the provisions of clauses (1) and (2) of subsection (b) of Article III, and Subsection (b) of Section 14 of Article IV, and Subsection (b) of Section 16 of Article IV and clause (2) of Subsection (b) of Section 1 of Article XII of the Original Indenture, the computation of net earnings required therein shall be made as provided in Subsection (5) of this Section 1, and the net earnings tests required in said mentioned provisions of Articles III, IV and XII of the Original Indenture shall be based on two times the annual interest charges described in such provisions, instead of two and one-half times such charges, but shall not otherwise affect such provisions or relieve from the requirements therein pertaining to ten percent (10%) of the principal amount of Bonds therein described.

SECTION 2. All of the Bonds of the 2003 Series and of any series initially issued after the initial issuance of Bonds of the 2003 Series shall, from time to time, be executed on behalf of the Company by its Chairman of the Board, Chief Executive Officer, President or one of its Vice Presidents whose signature, notwithstanding the provisions of Section 12 of Article II of the Original Indenture, may be by facsimile, and its corporate seal (which may be in facsimile) shall be thereunto affixed and attested by its Secretary or one of its Assistant Secretaries whose signature, notwithstanding the provisions of the aforesaid Section 12, may be by facsimile.

In case any of the officers who have signed or sealed any of the Bonds of the 2003 Series or of any series initially issued after the initial issuance of Bonds of the 2003 Series manually or by facsimile shall cease to be such officers of the Company before such Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Company, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who so signed or sealed such Bonds had not ceased to be such officer or officers of the Company; and also any such Bonds may be signed or sealed by manual or facsimile signature on behalf of the Company by such persons as at the actual date of the execution of any of such Bonds shall be the proper officers of the Company, although at the nominal date of any such Bond any such person shall not have been such officer of the Company.

SECTION 3. The Company reserves the right subject to appropriate corporate action, but without the consent or other action of holders of bonds of any series created after January 1, 1997, to make such amendments to the Original Indenture, as supplemented, as shall be necessary in order to amend Article VII thereof by adding thereto a Section 8 and a Section 9 to read as follows:

"SECTION 8. Notwithstanding any other provision of this Indenture, unless an event of default shall have happened and be continuing, or shall happen as a result of the making or granting of an application to release mortgaged property permitted by this Section 8, the Trustee shall release from the lien of this Indenture any mortgaged property if the fair value to the Company of all of the property constituting the trust estate (excluding the mortgaged property to be released but including any mortgaged property to be acquired by the Company with the proceeds of, or otherwise in connection with, such release) equals or exceeds an amount equal to 10/7ths of the aggregate principal amount of outstanding Bonds and prior lien bonds outstanding at the time of such release, upon receipt by the Trustee of:

"(a) an officers' certificate dated the date of such release, requesting such release, describing in reasonable detail the mortgaged property to be released and stating the reason for such release;

"(b) an engineer's certificate, dated the date of such release, stating (i) that the signer of such engineer's certificate has examined such officers' certificate in connection with such release, (ii) the fair value to the Company, in the opinion of the signer of such engineer's certificate, of (A) all of the property constituting the trust estate, and (B) the mortgaged property to be released, in each case as of a date not more than 90 days prior to the date of such release, and (iii) that in the opinion of such signer, such release will not impair the security under this Indenture in contravention of the provisions hereof;

"(c) in case any bondable property is being acquired by the Company with the proceeds of, or otherwise in connection with, such release, an engineer's certificate, dated the date of such release, as to the fair value to the Company, as of the date not more than 90 days prior to the date of such release, of the bondable property being so acquired (and if within six months prior to the date of acquisition by the Company of the bondable property being so acquired, such bondable property has been used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company, and the fair value to the Company of such bondable property, as set forth in such certificate, is not less than $25,000 and not less than 1% of the aggregate principal amount of Bonds at the time outstanding, such certificate shall be an independent appraiser's certificate);

"(d) an officer's certificate, dated the date of such release, stating the aggregate principal amount of outstanding Bonds and prior lien bonds outstanding at the time of such release, and stating that the fair value to the Company of all of the property constituting the trust estate (excluding the mortgaged property to be released but including any bondable property to be acquired by the Company with the proceeds of, or otherwise in connection with, such release) stated on the independent appraiser's certificate filed pursuant to Section 8(c) equals or exceeds an amount equal to 10/7ths of such aggregate principal amount;

"(e) an officers' certificate, dated the date of such release, stating that, the Company is not, and by the making or granting of the application will not be, in default in the performance of any of the terms and covenants of this Indenture;

"(f) an opinion of counsel, dated the date of such release, as to compliance with conditions precedent.

"SECTION 9. If the Company is unable to obtain, in accordance with any other Section of this Article VII, the release from the lien of this Indenture of any property constituting part of the trust estate, unless an event of default shall have happened and be continuing, or shall happen as a result of the making or granting of an application to release mortgaged property permitted by this Section 9, the Trustee shall release from the lien of this Indenture any mortgaged property if the fair value to the Company thereof, as shown by the engineer's certificate filed pursuant to Section 9(b), is less than 1/2 of 1% of the aggregate principal amount of outstanding Bonds and prior lien bonds outstanding at the time of such release, provided that the aggregate fair value to the Company of all mortgaged property released pursuant to this Section 9, as shown by all engineer's certificates filed pursuant to Section 9(b) in any period of 12 consecutive calendar months which includes the date of such engineer's certificate, shall not exceed 1% of the aggregate principal amount of the outstanding Bonds and prior lien bonds outstanding at the time of such release, upon receipt by the Trustee of:

"(a) an officers' certificate, dated the date of such release, requesting such release, describing in reasonable detail the mortgaged property to be released and stating the reason for such release;

"(b) an engineer's certificate, dated the date of such release, stating (A) that the signer of such engineer's certificate has examined such officers' certificate in connection with such release, (B) the fair value to the Company, in the opinion of the signer of such engineer's certificate, of such mortgaged property to be released as of a date not more than 90 days prior to the date of such release, and (C) that in the opinion of such signer such release will not impair the security under this Indenture in contravention of the provisions hereof;

"(c) an officers' certificate, dated the date of such release, stating the aggregate principal amount of outstanding Bonds and prior lien bonds outstanding at the time of such release, that 1/2 of 1% of such aggregate principal amount does not exceed the fair value to the Company of the mortgaged property for which such release is applied for as shown by the engineer's certificate referred to in Section 9(b), and that 1% of such aggregate principal amount does not exceed the aggregate fair value to the Company of all mortgaged property released from the lien of this Indenture pursuant to this Section 9 as shown by all engineer's certificates filed pursuant to Section 9(b) in such period of 12 consecutive calendar months;

"(d) an officers' certificate, dated the date of such release, stating that, the Company is not, and by the making or granting of the application will not be, in default in the performance of any of the terms and covenants of this Indenture; and

"(e) an opinion of counsel, dated the date of such release, as to compliance with conditions precedent."

The Company also reserves the right subject to appropriate corporate action, but without the consent or other action of holders of Bonds of any series created after January 1, 1997 to amend, modify or delete any other provision of the Original Indenture, as supplemented, as may be necessary in order to effectuate the intents and purposes contemplated by the foregoing Sections 8 and 9.

SECTION 4. The Company reserves the right subject to appropriate corporate action, but without the consent or other action of holders of Bonds of any series created after January 1, 1997 to:

(a) delete as a condition to the authentication of additional Bonds pursuant to Sections 4, 5 or 6 of Article III of the Original Indenture the requirement to file or deposit with the Trustee the officers' certificate described in Section 3(b) of Article III of the Original Indenture;

(b) delete as a condition to the consolidation or merger of the Company into, or sale by the Company of its property as an entirety or substantially as an entirety to another corporation the requirement set forth in Section 1(b)(2) of Article XII of the Original Indenture;

(c) delete as a condition to the release of property pursuant to Section 3 of Article VII of the Original Indenture, the requirement to obtain an independent engineer's certificate under the circumstances set forth in Section 3(c) of Article VII; and

(d) amend, modify or delete any other provision of the Original Indenture, as supplemented, as may be necessary in order to effectuate the intents and purposes contemplated by this Section 6.

ARTICLE VI

Miscellaneous Provisions

SECTION 1. The Trustee accepts the trusts herein declared, provided, created or supplemented and agrees to perform the same upon the terms and conditions herein and in the Original Indenture, as amended, set forth and upon the following terms and conditions.

SECTION 2. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general each and every term and condition contained in Article XIII of the Original Indenture, as amended by the Second Supplemental Indenture, shall apply to and form part of this Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Supplemental Indenture.

SECTION 3. Whenever in this Supplemental Indenture either of the parties hereto is named or referred to, such reference shall, subject to the provisions of Articles XII and XIII of the Original Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 4. Nothing in this Supplemental Indenture, expressed or implied, is intended or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the Bonds and coupons outstanding under the Indenture, any right, remedy or claim under or by reason of this Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Supplemental Indenture contained by and on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the Bonds and of the coupons outstanding under the Indenture.

SECTION 5. This Supplemental Indenture may be executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

SECTION 6. The Titles of the several Articles of this Supplemental Indenture shall not be deemed to be any part thereof.

IN WITNESS HEREOF, WESTERN RESOURCES, INC., party hereto of the first part, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its Chairman of the Board, President, Chief Executive Officer or a Vice President, and its corporate seal to be attested by its Secretary or an Assistant Secretary for and in its behalf, and HARRIS TRUST AND SAVINGS BANK, party hereto of the second part, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its Chairman of the Board, Chief Executive Officer, President or a Vice President and its corporate seal to be attested by its Secretary or an Assistant Secretary, all as of the day and year first above written.

(CORPORATE SEAL)

WESTERN RESOURCES, INC.

By: /s/ James A. Martin

ATTEST:

By: /s/ Larry D. Irick

Executed, sealed and delivered by WESTERN RESOURCES, INC. in the presence of:

By: /s/ Cynthia S. Couch

By: /s/ Patti Beasley

HARRIS TRUST AND SAVINGS BANK, As Trustee

By: /s/ Judith Bartolini

ATTEST:

By: /s/ D G Donovan

Executed, sealed and delivered by HARRIS TRUST AND SAVINGS BANK in the presence of:

By: /s/

By: /s/

STATE OF KANSAS)
: ss.:
COUNTY OF SHAWNEE)

BE IT REMEMBERED, that on this 28th day of June, before me, the undersigned, a Notary Public within and for the County and State aforesaid, personally came James A. Martin and Larry D. Irick, of Western Resources, Inc., a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who are personally known to me to be such officers, and who are personally known to me to be the same persons who executed as such officers the within instrument of writing, and such persons duly acknowledged the execution of the same to be the act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year last above written.

/s/ Patti Beasley

Notary Public
My Commission Expires

November 18, 2000

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STATE OF ILLINOIS            )
                             :  ss.:
COUNTY OF COOK               )
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BE IT REMEMBERED, that on this 23rd day of June, before me, the undersigned, a Notary Public within and for the County and State aforesaid, personally came J. Bartolini and D.G. Donovan, of Harris Trust and Savings Bank, a corporation duly organized, incorporated and existing under the laws of the State of Illinois, who are personally known to me to be such officers, and who are personally known to me to be the same persons who executed as such officers the within instrument of writing, and such persons duly acknowledged the execution of the same to be the act and deed of said corporation.

/s/ Linda Ellen Garcia

Notary Public

My Commission Expires

STATE OF KANSAS)
: ss.:
COUNTY OF SHAWNEE)

BE IT REMEMBERED, that on this 28th day of June, before me, the undersigned, a Notary Public within and for the County and State aforesaid, personally came James A. Martin and Larry D. Irick, of Western Resources, Inc., a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who are personally known to me to be such officers, being by me respectively duly sworn, did each say that the said James A. Martin is Vice President and that the said Larry D. Irick is Secretary of said corporation, that the consideration of and for the foregoing instrument was actual and adequate, that the same was made and given in good faith, for the uses and purposes therein set forth and without any intent to hinder, delay, or defraud creditors or purchasers.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year last above written.

/s/ Patti Beasley

Notary Public
My Commission Expires

November 18, 2000

APPENDIX A

to

THIRTY-FOURTH SUPPLEMENTAL INDENTURE

Dated as of June 28, 2000

Western Resources, Inc.

to

Harris Trust and Savings Bank

DESCRIPTION OF PROPERTIES
LOCATED IN THE STATE OF KANSAS

FIRST

PARCELS OF REAL ESTATE

BROWN COUNTY

A tract of land 400 feet by 430 feet located in the South Half of the Northwest Quarter (S/2 NW/4) of Section 5, Township 3 South, Range 17 East, Brown County, Kansas, more particularly described as follows:

> Beginning at the Southwest Corner of said South Half of the Northwest Quarter (S/2 NW/4); thence North on the West line of said Section a distance of 430 feet; thence East 90(degree) from the line last described a distance of 400 feet; thence South 90(degree) from the last line described a distance of 430 feet to the South line of said South Half of the Northwest Quarter (S/2 NW/4); thence West on said South line to the point of beginning, containing 4.0 acres more or less.

DOUGLAS COUNTY

The South 800 feet of the East 800 feet of the East Half of the Southeast Quarter (E/2 SE/4), Section Nineteen (19), Township Twelve South (12S), Range Nineteen (19), East of the 6th P.M., containing fifteen (15) acres, more or less.

ELLSWORTH COUNTY

Beginning at a point Sixty (60) feet North and Thirty (30) feet West of the Southeast corner of Section 33, Township 17 South, Range 10 West of the 6th P.M., in Ellsworth County, Kansas; thence North adjacent to the County Road Right of Way and parallel to the East line of said Section 33, a distance of One Hundred (100) feet; thence West parallel to the South line of said Section 33, a distance of Sixty (60) feet; thence South parallel to the East line of said Section 33, a distance of One Hundred (100) feet to a point on the North Right of Way line of Highway 4; thence East along the North Right of Way line of Highway 4 to the Point of Beginning.

LABETTE COUNTY

Lots 15, 16, 17, 19 and 21, in Block One (1), South Side Addition to the City of Parsons, Labette County, Kansas.

NEMAHA COUNTY

A tract of land 500 feet by 550 feet located in the Northeast Quarter (NE/4) of Section 2, Township 4 South, Range 13 East of 6th P.M., Nemaha County, Kansas, said tract more particularly described as follows:

> Beginning at the Northwest Corner of said Northeast Quarter (NE/4), thence East on the North line of said Northeast Quarter a distance of 500 feet, thence South parallel to the West line of said Northeast Quarter a distance of 550 feet, thence West parallel to said North line a distance of 500 feet to the West line of said Northeast Quarter, thence North on said West line to the point of beginning.

Exhibit 10(b)

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of the ___ day of ____, 2000 by and between Western Resources, Inc., a Kansas corporation (the "Company"), and ______________ ("Executive"). This Agreement amends and restates in its entirety the Letter Agreement between the Company and Executive, dated ____________ 199___.

W I T N E S S E T H

WHEREAS, the Company considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its stockholders; and

WHEREAS, the Board (as defined in Section 1) has determined that it is in the best interests of the Company and its stockholders to secure Executive's continued services; and

WHEREAS, the Company also recognizes that the possibility of a change in control could arise which may result in the distraction of management to the detriment of the Company and its shareholders. It is important that Executive be able to advise the Board whether a proposed change in control would be in the best interests of the Company and its shareholders and to take action regarding such proposal as the Board directs, without being influenced by the uncertainties of Executive's own situation.

WHEREAS, the Board has authorized the Company to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Company and Executive hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Adjusted Base Salary" shall mean ninety percent (90%) of the annual salary job value for the pay grade of Executive and other remuneration for current services (but excluding all bonuses, stock based awards and other incentive compensation) paid to or for the benefit of Executive.

(b) "Base Salary" shall mean all salary, cash compensation and other remuneration for current services (but excluding all bonuses, stock based awards and other incentive compensation) paid to, for the benefit of or deferred by Executive, together (without duplication) with the compensation that would have been payable in cash to Executive if such compensation had not been converted into Restricted Share Units pursuant to the Western Resources, Inc. Executive Stock for Compensation Program.

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

(d) "Bonus Amount" means the greater of (a) the highest annual incentive bonus (together with the bonus amount that would have been payable to Executive if such bonus amount had not been converted into a split dollar life insurance benefit pursuant to the Split Dollar Insurance Program) payable to or for the benefit of or deferred by Executive from the Company (or its affiliates) for the last three (3) completed fiscal years of the Company immediately preceding Executive's Date of Termination (annualized in the event Executive was not employed by the Company (or its affiliates) for the whole of any such fiscal year), or (b) the Executive's target bonus amount for the year of termination of employment.

(e) "Cause" means (i) the willful and continued failure of Executive to perform substantially his duties with the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such failure subsequent to Executive being delivered a Notice of Termination without Cause by the Company or delivering a Notice of Termination for Good Reason to the Company) after a written demand for substantial performance is delivered to Executive by the Chairman of the Board which specifically identifies the manner in which Executive has not substantially performed Executive's duties, or (ii) the willful engaging by Executive in illegal conduct which is demonstrably and materially injurious to the Company. For purposes of this paragraph (e), no act or failure to act by Executive shall be considered "willful" unless done or omitted to be done by Executive in bad faith and without reasonable belief that Executive's action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, based upon the advice of counsel for the Company or upon the instructions of the Company's chief executive officer or another senior officer of the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. Executive's attention to matters not directly related to the business of the Company shall not provide a basis for termination for Cause if the Company has not objected to such activity in writing. Cause shall not exist unless and until the Company has delivered to Executive a copy of a resolution duly adopted by three-quarters (3/4) of the entire Board (excluding Executive if Executive is a Board member) at a meeting of the Board called and held for such purpose (after reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard before the Board), finding that in the good faith opinion of the Board an event set forth in clauses (i) or (ii) has occurred and specifying the particulars thereof in detail.

(f) "Change in Control" means the occurrence of any one of the following events:

(i) individuals who, on May 17, 2000, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to May 17, 2000, whose election or nomination for election was approved by a vote of at least three-fourths of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any Subsidiary, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, (D) pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) pursuant to any acquisition by Executive or any group of persons including Executive (or any entity controlled by Executive or any group of persons including Executive);

(iii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries (a "Business Combination"), unless immediately following such Business Combination: (A) more than 60% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company's assets.

(g) "Date of Termination" means (i) if Executive's employment is to be terminated for Disability, 30 days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such 30 day period), (ii) if Executive's employment is to be terminated by the Company for Cause or by Executive for Good Reason, the date specified in the Notice of Termination, (iii) if Executive's employment is to be terminated by the Company for any reason other than Cause, the date specified in the Notice of Termination, which shall be 90 days after the Notice of Termination is given, unless an earlier date has been expressly agreed to by Executive in writing, (iv) if Executive's employment terminates by reason of death, the date of death of Executive; or (v) if Executive's employment is terminated by Executive other than for Good Reason, the date specified in Executive's Notice of Termination, but not more than 30 days after the Notice of Termination is given, unless expressly agreed to by the Company in writing.

(h) "Disability" means termination of Executive's employment by the Company due to Executive's absence from Executive's duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of Executive's incapacity due to physical or mental illness, unless within 30 days after Notice of Termination is given to Executive following such absence Executive shall have returned to the full-time performance of Executive's duties.

(i) "Good Reason" shall mean termination based on any of the following events:

(i) (A) any change in the duties or responsibilities (including reporting responsibilities) of Executive that is inconsistent in any material and adverse respect with Executive's position(s), duties, responsibilities or status with the Company (including any adverse diminution of such duties or responsibilities) or (B) the failure to reappoint or reelect Executive to any position held by Executive without Executive's consent; provided, however, that Good Reason shall not be deemed to occur upon a change in duties or responsibilities (other than reporting responsibilities) that is solely and directly a result of the Company no longer being a publicly traded entity and does not involve any other event set forth in this paragraph;

(ii) a reduction by the Company in Executive's Base Salary, annual target bonus opportunity or targeted long-term incentive value (including any material and adverse change in the formula for such annual bonus target or long-term incentive target) as in effect immediately prior to the date hereof or as the same may be increased from time to time thereafter;

(iii) any requirement of the Company that Executive (A) be required to relocate more than 30 miles from Executive's present place of employment or (B) travel on Company business to an extent substantially greater than the travel obligations of Executive immediately prior to the date hereof;

(iv) the failure of the Company to (A) continue in effect any employee benefit plan, welfare benefit plan or fringe benefit plan in which Executive is participating immediately prior to the date hereof or, if more favorable, which may be available from time to time hereafter to Executive or other executives of the Company, or the taking of any action by the Company which would materially and adversely affect Executive's participation in or reduce Executive's benefits under any such plan, unless Executive is permitted to participate in other plans providing Executive with substantially equivalent benefits (at no greater cost to Executive with respect to welfare benefit plans), or (B) provide Executive with paid vacation and sick leave in accordance with the most favorable policies of the Company as in effect for Executive immediately prior to the date hereof or, if more favorable, as may be available for Executive or other executives of the Company after the date hereof; provided however, that prior to a Change in Control, changes in any such plans which constitute in the aggregate less than 10% of Executive's aggregate benefits under such plans and which are applied to all employees of the Company shall not constitute "Good Reason";

(v) any refusal by the Company to permit Executive to engage in activities not directly related to the business of the Company which Executive was, or other executives of the Company are, permitted to engage in;

(vi) any purported termination of Executive's employment which is not effectuated pursuant to Section 17(b) (and which will not constitute a termination hereunder);

(vii) the failure of the Company to obtain the assumption (and, if applicable, guarantee) agreement contemplated in Section 16(b); or

(viii) the Company's termination of this Agreement or the failure of the Company to renew this Agreement as provided in Section 4 hereof.

For purposes of this Agreement, any good faith determination of Good Reason by Executive shall be conclusive, provided however, that an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by Executive shall not constitute Good Reason. Executive's right to terminate employment for Good Reason shall not be affected by Executive's incapacities due to mental or physical illness and Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any event or condition constituting Good Reason; provided, however, that Executive must provide notice of termination of employment within one hundred eighty (180) days following Executive's knowledge of an event constituting Good Reason or such event shall not constitute Good Reason under this Agreement.

(j) "Notice of Termination" means a written notice of termination of employment given by one party to the other party pursuant to Section 17(b).

(k) "Qualifying Termination" means a termination of Executive's employment (i) by the Company other than for Cause; (ii) by Executive for Good Reason; or (iii) by Executive during the 90 day period after a Change in Control. Termination of Executive's employment on account of death, Disability or Retirement shall not be treated as a Qualifying Termination. In addition, in the event that Executive is offered employment with a subsidiary of the Company in connection with any event which would constitute a Change in Control and in which such subsidiary becomes a publicly traded Company and Executive accepts such offer, Executive shall be deemed to have terminated employment with the Company pursuant to a Qualifying Termination upon commencing such employment with the subsidiary and shall be entitled to the benefits described in this Agreement payable by reason of a Qualifying Termination.

(l) "Rabbi Trust" means a trust established by the Company with a trustee acceptable to Executive under a trust agreement pursuant to which (i) the trustee will be required to pay the amounts payable to Executive in connection with the split dollar insurance agreement in accordance with Section 6(a)(ix) and for the amounts payable to Executive for "relocation expenses" in accordance with Section 6(a)(x) of this Agreement to the extent not otherwise paid to Executive (to the extent the trust assets are sufficient), (ii) the Company will be required to make any additional contributions to the trust that may be necessary to assure the trust assets are sufficient to pay the amounts described in (i) above, (iii) except as provided in (iv) below, no amounts held in the trust may be returned to the Company or used for any purpose other than the payment of the amounts described in (i) above or the payment of the fees of the trustee and other expenses of the trust until there has been full payment of the amounts described in (i) above, (iv) the assets of the trust shall be subject to claims of creditors of the Company in the event of the Company's insolvency, (v) the Company will promptly pay all of the fees of the trustee and other expenses of the trust, and (vi) the trust assets shall be invested exclusively in public debt securities of the United States, time or demand deposits in a bank insured by an agency of the United States, cash and cash equivalents.

(m) "Retirement" means Executive's termination on or after Executive's normal retirement date under the terms of the Western Resources, Inc. Retirement Plan, as in effect immediately prior to Executive's termination or a Change in Control, whichever is earlier, or in accordance with any retirement arrangement established with respect to Executive with Executive's written consent.

(n) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% of the assets upon liquidation or dissolution.

2. Employment and Duties.

(a) Term of Employment. The Company agrees to continue to employ Executive, and Executive agrees to remain in employment of the Company, in accordance with the terms and provisions of this Agreement, for the Term of this Agreement, unless such employment is sooner terminated by the Company or

Executive.

(b) Duties. During the term of Executive's employment under this Agreement, Executive shall serve as of the Company. Executive shall devote Executive's full business time and attention to the affairs of the Company and his duties as its _________. Executive shall have such duties as are appropriate to Executive's position as ________, and shall have such authority as required to enable Executive to perform these duties. Consistent with the foregoing, Executive shall comply with all reasonable instructions of the [Chief Executive Officer of the Company] [Board of Directors of the Company]. Executive shall be based at the headquarters of the Company in Topeka, Kansas and Executive's services shall be rendered there except insofar as travel may be involved in connection with Executive's regular duties. Executive shall report directly to ________.

3. Obligation of Executive. In the event of a tender or exchange offer, proxy contest, or the execution of any agreement which, if consummated, would constitute a Change in Control, Executive agrees not to voluntarily leave the employ of the Company, other than as a result of Disability, Retirement or an event which would constitute Good Reason, until the Change in Control occurs or, if earlier, such tender or exchange offer, proxy contest, or agreement is terminated or abandoned.

4. Term of Agreement. This Agreement shall continue for a period of three (3) years from the date hereof provided that on each anniversary of the Agreement, the term shall automatically be extended for one year, unless at least 90 days prior to such date, the Company or Executive shall have given notice to cancel this Agreement at the end of its then term.

5. Salary and Benefits.

(a) Salary. The Company shall pay Executive an annual salary at an initial rate equal to Executive's current Base Salary which shall be reviewed annually by the Human Resources Committee of the Board for the purpose of considering increases thereof. Executive's salary shall be paid in accordance with the standard practices for other senior corporate executives of the Company.

(b) Bonuses. Executive shall be eligible to receive annually or otherwise any bonus awards, whether payable in cash, shares of common stock of the Company or otherwise, which the Company, the Human Resources Committee of the Board or such other authorized committee of the Board determines to award or grant.

(c) Benefit Programs. Executive shall receive such benefits and awards, including without limitation stock options and restricted share unit awards, as the Human Resources Committee of the Board shall determine and shall be eligible to participate in all employee benefit plans and programs of the Company from time to time in effect for the benefit of senior executives of the Company, including, but not limited to, pension and other retirement plans, 401(k) plans, group life insurance, hospitalization and surgical and major medical coverages, sick leave, salary continuation arrangements, vacations and holidays, long-term disability, and such other benefits as are or may be made available from time to time to senior executives of the Company.

(d) Business Expenses and Perquisites. Executive shall be reimbursed for all reasonable expenses incurred by Executive in connection with the conduct of the business of the Company, provided Executive properly accounts therefor in accordance with the Company's policies. Executive shall also be entitled to such other perquisites as are customary for senior executives of the Company.

(e) Office and Services Furnished. The Company shall furnish Executive with office space, secretarial assistance and such other facilities and services as shall be suitable to Executive's position and adequate for the performance of Executive's duties hereunder.

6. Payments Upon Termination of Employment.

(a) Qualifying Termination. If during the Term of this Agreement the employment of Executive shall terminate pursuant to a Qualifying Termination, then the Company shall provide to Executive:

(i) within five days following the Date of Termination a lump-sum cash amount equal to the sum of (A) Executive's Base Salary through the Date of Termination and any bonus amounts which have become payable to the extent not theretofore paid or deferred, (B) a pro rata portion of Executive's annual bonus for the fiscal year in which Executive's Date of Termination occurs in an amount at least equal to (1) Executive's Bonus Amount, multiplied by (2) a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs through the Date of Termination and the denominator of which is three hundred sixty-five (365), and reduced by (3) any amounts paid from the Company's annual incentive plan for the fiscal year in which Executive's Date of Termination occurs, (C) any accrued vacation pay, and (D) the cash equivalent of any accumulated sick leave; in each case to the extent not theretofore paid;

(ii) within five days following the Date of Termination, a lump-sum cash amount equal to the sum of (i) 2.99 times the higher of Executive's highest annual rate of Base Salary during the 12-month period immediately prior to Executive's Date of Termination and Executive's Adjusted Base Salary, plus (ii) 2.99 times Executive's Bonus Amount;

(iii) the Company shall continue to provide, for a period of three (3) years following Executive's Date of Termination, Executive (and Executive's dependents, if applicable) with the same level of medical, dental, accident, disability and life insurance benefits and following such three year period retiree medical and dental benefits for the life of Executive and eligible dependents upon substantially the same terms and conditions (including contributions required by Executive for such benefits) as existed on the date hereof or, if more favorable to the Executive, as may exist immediately prior to Executive's Date of Termination; provided, that, if Executive cannot continue to participate in the Company plans providing such benefits or the Company shall modify or terminate any such plans, the Company shall otherwise provide such benefits on the same after-tax basis as if continued participation had been permitted. Notwithstanding the foregoing, in the event Executive becomes reemployed with another employer and becomes eligible to receive welfare benefits from such employer, the welfare benefits described herein shall be secondary to such benefits during the period of Executive's eligibility, but only to the extent that the Company reimburses Executive for any increased cost and provides any additional benefits necessary to give Executive the benefits provided hereunder;

(iv) Executive shall be entitled to the provisions of the Executive Salary Continuation Plan and, notwithstanding anything to the contrary in such Plan, (i) shall be deemed to be sixty-five years of age as of the Date of Termination for purposes of determining the Retirement Benefit and commencement of payment thereof under Section 4.1 of the Plan (without regard to Executive's actual age or date of commencement of retirement benefit payments under the Western Resources, Inc. Retirement Plan) and Vesting under Section 4.3 of the Plan and (ii) Compensation for purposes of calculating the Retirement Benefit thereunder shall be deemed to be the sum of (A) the higher of Executive's Adjusted Base Salary and Executive's Base Salary, plus (B) Executive's Bonus Amount;

(v) the cost of outplacement services of a nationally recognized executive employment agency selected by Executive and reasonably acceptable to the Company, or in lieu of such outplacement services Executive may elect to receive a lump sum of $50,000;

(vi) continuation of the Company's executive financial and legal counseling services program as in effect on the date hereof or if more favorable to Executive, as may be available to Executive or other comparable executives of the Company thereafter, for three (3) years following Executive's Date of Termination;

(vii) continuation of participation in the Company's matching gift program as in effect on the date hereof or if more favorable to the Executive, as may be available to Executive or other comparable executives of the Company thereafter, as if Executive continued as a senior executive of the Company, for three (3) years following Executive's Date of Termination;

(viii) if Executive has deferred compensation agreements or deferred retention payments with the Company, or any of its subsidiaries or affiliates that (i) have not fully vested or contain any restriction on the payment of benefits thereunder (other than the passage of time) [Certain Executives: other than the passage of time, except that payment under Executive's Deferred Compensation agreements with Kansas Gas and Electric Company shall commence upon a Qualifying Termination] such benefits shall upon a Qualifying Termination become fully vested and all such restrictions shall lapse, and/or (ii) provide for variable interest rates thereon (which interest rates are established by the Company, subsidiary or affiliate), such interest rates shall be fixed for the duration of such deferral at the higher of the contract rate and the prime rate established from time to time by Chase Manhattan Bank, New York, New York ("Prime Rate");

(ix) if the Executive is entitled to benefits under any split dollar life insurance agreement, (A) the amount payable to Executive thereunder shall be in accordance with the terms of the agreement, but not less than the Base Amount (as defined in the split dollar insurance agreement) under any such agreement, (B) upon a Change in Control the maximum amount that could be payable to Executive under such split dollar life insurance agreement shall be deposited in a Rabbi Trust until paid to Executive and (C) following a Change in Control the total shareholder return calculation under the split dollar agreement shall include any consideration received in the Change in Control and any distribution to shareholders of assets and/or securities at or about the time of the Change in Control;

(x) Relocation Expenses;

"Relocation Expenses" shall mean the purchase of Executive's principal residence by the Company at the request of Executive on or before 18 months following Executive's Date of Termination. The price to be paid by Company shall equal the higher of the appraised tax value of the residence and the appraised value of such residence determined by an appraiser selected by the Executive and the Company (but not less than the purchase price of such residence plus all improvements thereto) plus, in each case, the cost of any brokerage fees or other costs and expenses incurred by Executive in connection with such sale. If Executive and the Company cannot agree on an appraiser each shall select an appraiser. Such appraisers shall select a third appraiser. Each appraiser shall determine the fair value of the residence which shall be averaged, provided that any appraisal that is more than 10% deviation from the other two appraisals shall be omitted. The cost of such appraisals shall be paid by the Company. Upon a Change in Control, relocation expenses under this Section 6(a)(x) shall be estimated at the higher of (i) the appraised value and (ii) the purchase price plus all improvements of the applicable residence at the date of the Change in Control, plus 17% of such amount and shall be deposited in a Rabbi Trust until paid to Executive;

(xi) each stock option granted to Executive by the Company and outstanding immediately prior to the Qualifying Termination shall be fully exercisable and may be exercised by Executive (or Executive's legal representatives, legatees or distributees) at prior to the expiration date of the applicable option (determined without regard to any earlier termination that would otherwise occur by reason of termination of employment) and each related dividend equivalent shall become fully vested upon such Qualifying Termination;

(xii) each restricted share granted to Executive by the Company and still subject to restrictions immediately prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination;

(xiii) each restricted share unit granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested upon such Qualifying Termination; and

(xiv) each other stock or stock equivalent grant granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination.

(b) If during the Term of this Agreement the employment of Executive shall terminate other than by reason of a Qualifying Termination, then the Company shall pay to Executive within ten (10) days following the Date of Termination, a lump-sum cash amount equal to the sum of (1) Executive's Base Salary through the Date of Termination and any Bonus Amounts which have become payable, to the extent not theretofore paid or deferred, and (2) any accrued vacation pay and accumulated sick leave, in each case to the extent not theretofore paid. The Company may make such additional payments, and provide such additional benefits, to Executive as the Company and Executive may agree in writing.

7. Gross-Up Provision.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment, award, benefit or distribution (or any acceleration of any payment, award, benefit or distribution) by the Company (or any of its affiliated entities) or any entity which effectuates a change in ownership or control described in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") (or any of its affiliated entities) to or for the benefit of Executive (whether pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (the "Payments") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Company shall pay to Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any Excise Tax) imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the sum of (x) the Excise Tax imposed upon the Payments and (y) the product of any deductions disallowed because of the inclusion of the Gross-up Payment in Executive's adjusted gross income and the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-up Payment is to be made. For purposes of determining the amount of the Gross-up Payment, the Executive shall be deemed to (i) pay federal income taxes at the highest marginal rates of federal income taxation for the calendar year in which the Gross-up Payment is to be made, (ii) pay applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Gross-up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes and (iii) have otherwise allowable deductions for federal income tax purposes at least equal to those which could be disallowed because of the inclusion of the Gross-up Payment in the Executive's adjusted gross income.

(b) Subject to the provisions of Section 7(a), all determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment, and the assumptions to be utilized in arriving at such determinations, shall be made by the public accounting firm that is retained by the Company as of the date immediately prior to the change in ownership or control (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from the Company or the Executive that there has been a Payment, or such earlier time as is requested by the Company (collectively, the "Determination"). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the change in ownership or control, Executive may appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company and the Company shall enter into any agreement requested by the Accounting Firm in connection with the performance of the services hereunder. The Gross-up Payment under this Section 7 with respect to any Payments shall be made no later than thirty (30) days following such Payment. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion to such effect, and to the effect that failure to report the Excise Tax, if any, on Executive's applicable federal income tax return will not result in the imposition of a negligence or similar penalty. The Determination by the Accounting Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the Determination, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment") or Gross-up Payments are made by the Company which should not have been made ("Overpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive thereafter is required to make payment of any Excise Tax or additional Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code and any penalties payable by Executive) shall be promptly paid by the Company to or for the benefit of Executive. In the event the amount of the Gross-up Payment exceeds the amount necessary to reimburse the Executive for his Excise Tax, the Accounting Firm shall determine the amount of the Overpayment that has been made and any such Overpayment (together with interest at the rate provided in Section 1274(b)(2) of the Code) shall be promptly paid by Executive (to the extent he has received a refund if the applicable Excise Tax has been paid to the Internal Revenue Service) to or for the benefit of the Company. Executive shall cooperate, to the extent his expenses are reimbursed by the Company, with any reasonable requests by the Company in connection with any contests or disputes with the Internal Revenue Service in connection with the Excise Tax.

8. Confidential Information. Executive acknowledges that: (i) the business of the Company and its subsidiaries and affiliates is intensely competitive and that Executive's engagement by the Company requires that Executive have access to and knowledge of confidential information of the Company and its subsidiaries and affiliates, including, but not limited to, the identity of customers, the identity of the representatives of customers with whom the Company and its subsidiaries and affiliates have dealt, the kinds of services provided by the Company and its subsidiaries and affiliates to customers and offered to be performed for potential customers, the manner in

which such services are performed or offered to be performed, the service needs of actual or prospective customers, pricing information, information concerning the creation, acquisition or disposition of products and services, customer maintenance listings, computer software applications and other programs, personnel information and other trade secrets (the "Confidential Information"); (ii) the direct and indirect disclosure of such Confidential Information to existing or potential competitors of the Company and its subsidiaries and affiliates would place the Company and its subsidiaries and affiliates at a competitive disadvantage and would do damage, monetary or otherwise, to the business of the Company and its subsidiaries and affiliates; and (iii) the engaging by Executive in any of the activities prohibited by this Section 8 may constitute improper appropriation and/or use of such information and trade secrets. Notwithstanding the foregoing, Confidential Information shall not include information which (x) is or becomes part of the public domain through a source other than Executive, (y) is or becomes available to Executive from a source independent of the Company and its subsidiaries and affiliates, or (z) constitutes general industry knowledge possessed by Executive by virtue of Executive's employment with the Company. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectable business interest of the Company and its subsidiaries and affiliates. Accordingly, the Company and Executive agree as follows:

(a) During the Term of this Agreement and for three years following Executive's Date of Termination, Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, principal or agent of any business, or in any other capacity, make known, disclose, furnish, make available or use any of the Confidential Information, other than in the proper performance of the duties contemplated herein or as required by law or by a court of competent jurisdiction or other administrative or legislative body; provided, however, that prior to disclosing any of the Confidential Information to a court or other administrative or legislative body, Executive shall promptly notify the Company so that the Company may seek a protective order or other appropriate remedy.

(b) Executive agrees to return all Confidential Information, including all photocopies, extracts and summaries thereof, and any such information stored electronically on tapes, computer disks or in any other manner to the Company at upon request of the Company and upon the termination of Executive's employment for any reason.

9. Nonsolicitation. During the Term of this Agreement and for a period of two years after the Date of Termination Executive shall not, directly or indirectly, solicit, interfere with, hire, offer to hire or induce any person who is an employee of the Company or any of its subsidiaries or affiliates and whose salary is in excess of $50,000 to discontinue his or her relationship with the Company or any of its subsidiaries or affiliates and accept employment by, or enter into a business relationship with, Executive or any other person or entity.

10. Antidisparagement.

(a) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, Executive agrees and promises that Executive shall not make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of the Company or any of its subsidiaries or affiliates, or any of their shareholders, directors, officers or employees, or (ii) has or would have a negative financial impact, whether directly or indirectly, on the Company or any of its subsidiaries and affiliates, or any of their shareholders, directors, officers or employees.

(b) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, the Company agrees and promises that neither it nor any of its subsidiaries and affiliates shall make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of Executive or (ii) has or would have a negative financial impact, whether directly or indirectly, on Executive.

11. Injunctive Relief.

(a) Executive acknowledges that a breach of the undertakings in Sections 8, 9 or 10(a) of this Agreement would cause irreparable damage to the Company and its subsidiaries and affiliates, the exact amount of which shall be difficult to ascertain, and that remedies at law for any such breach would be inadequate. Executive agrees that, if Executive breaches or attempts or threatens to breach any of the undertakings in Sections 8, 9 or 10(a) of this Agreement, then the Company shall be entitled to injunctive relief without posting bond or other security, in addition to any other remedy or remedies available to the Company at law or in equity.

(b) The Company acknowledges that a breach of the undertakings in Section 10(b) of this Agreement would cause irreparable damage to Executive, the exact amount of which shall be difficult to ascertain, and that remedies at law for any such breach would be inadequate. The Company agrees that, if the Company or any of its subsidiaries or affiliates breaches or attempts or threatens to breach any of the undertakings in Section 10(b) of this Agreement, then Executive shall be entitled to injunctive relief, without posting bond or other security, in addition to any other remedy or remedies available to Executive at law or in equity.

12. Withholding Taxes. The Company may withhold from all payments due to Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

13. Indemnity. The Company shall hold harmless and indemnify Executive against any and all expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by Executive in connection with any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative (including an action by or in the right of the corporation) to which Executive is, was, or at becomes a party, or is threatened to be made a party, by reason of the fact that Executive is, was, or at becomes a director, officer, employee, or agent of Company, or is, or was serving, or at serves at the request of Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise; or otherwise to the fullest extent as may be provided to Executive by Company under the nonexclusivity provisions of Article XVIII of The Articles of Incorporation of Company and Kansas law.

14. Reimbursement of Expenses; Mitigation. (a) If any contest or dispute shall arise under this Agreement involving termination of Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse Executive, on a current basis, for all legal fees and expenses, if any, incurred by Executive in connection with such contest or dispute or incurred by Executive in seeking advice with respect to any such matters (regardless of the result thereof), together

with interest in an amount equal to the prime rate of Chase Manhattan Bank from time to time in effect, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives Executive's statement for such fees and expenses through the date of payment thereof, regardless of whether or not Executive's claim is upheld by an arbitration panel or court.

(b) Executive shall not be required to mitigate any payment the Company becomes obligated to make to Executive under this Agreement.

15. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle Executive to continued employment with the Company or its Subsidiaries; provided, however, that any termination of Executive's employment during the Term of this Agreement shall be subject to all of the provisions of this Agreement.

16. Successors; Binding Agreement. (a) This Agreement shall not be terminated by any sale, merger or other business combination. In the event of any such sale, merger or other business combination, the provisions of this Agreement shall be binding upon the surviving corporation, and such surviving corporation shall be treated as the Company hereunder.

(b) The Company agrees that in connection with the sale, merger or other business combination, it will cause any successor entity to the Company unconditionally to assume (and for any Parent Corporation in such business combination to guarantee), by written instrument delivered to Executive (or his beneficiary or estate), all of the obligations of the Company hereunder.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts would be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

17. Notice. (a) For purposes of this Agreement, all notices and other communications required or permitted hereunder

shall be in writing and shall be deemed to have been duly given when delivered or five (5) days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:
Western Resources, Inc.
818 S. Kansas Avenue
Topeka, KS 66612
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of Executive's Date of Termination by the Company or Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specify the Date of Termination. The failure by Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

18. Full Settlement; Resolution of Disputes. The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall be in lieu and in full settlement of all other severance payments to Executive under any other severance or employment agreement between Executive and the Company, and any severance plan of the Company. The Company's obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and except as otherwise provided in Section

6(a)(iii), such amounts shall not be reduced whether or not Executive obtains other employment. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Topeka, Kansas by three arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section.

19. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any Subsidiary.

20. Survival. The respective obligations and benefits afforded to the Company and Executive as provided in Sections 6 (to the extent that payments or benefits are owed as a result of a termination of employment that occurs during the term of this Agreement), 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, and 21 shall survive the termination of this Agreement.

21. GOVERNING LAW; VALIDITY. THE INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF KANSAS WITHOUT REGARD TO THE PRINCIPLE OF CONFLICTS OF LAWS. THE INVALIDITY OR UNENFORCEABILITY OF ANY PROVISION OF THIS AGREEMENT SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF ANY OTHER PROVISION OF THIS AGREEMENT, WHICH OTHER PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT.

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

23. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by Executive and by a duly authorized officer of the Company. No waiver by either party hereto at of any breach by the other party hereto of; or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right Executive or the Company may have hereunder, including without limitation, the right of Executive to terminate

employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise specifically provided herein, the rights of, and benefits payable to, Executive, his estate or his beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, Executive, his estate or his beneficiaries under any other employee benefit plan or compensation program of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and Executive has executed this Agreement as of the day and year first above written.

WESTERN RESOURCES, INC.

By: ____________________________

Title:__________________________

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Exhibit 10(o)

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT is entered into as of the _____ day of _______________, 2000 by and between Western Resources, Inc., a Kansas corporation (the "Company"), and _________________ ("Executive"). This Agreement amends and restates in its entirety the Letter Agreement between the Company and Executive, dated ____________, 199__.

W I T N E S S E T H

WHEREAS, the Board (as defined in Section 1) has determined that it is in the best interests of the Company and its stockholders to secure Executive's continued services; and

WHEREAS, the Company recognizes that the possibility of a change in control could arise which may result in the distraction of management to the detriment of the Company and its shareholders. It is important that Executive be able to advise the Board whether a proposed change in control would be in the best interests of the Company and its shareholders and to take action regarding such proposal as the Board directs, without being influenced by the uncertainties of Executive's own situation.

WHEREAS, the Board has authorized the Company to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Company and Executive hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Adjusted Base Salary" shall mean ninety percent (90%) of the annual salary job value for the pay grade of Executive.

(b) "Base Salary" shall mean all salary paid to or deferred by Executive for current services (excluding all bonuses, stock-based awards and other incentive compensation), together (without duplication) with the salary that would have been payable in cash to Executive if such compensation had not been converted into Restricted Share Units pursuant to the Western Resources, Inc. Executive Stock for Compensation Program.

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

(d) "Bonus Amount" means the greater of (a) the highest annual incentive bonus payable to or deferred by Executive from the Company (or its affiliates) for the last three (3) completed fiscal years of the Company immediately preceding Executive's Date of Termination (annualized in the event Executive was not employed by the Company (or its affiliates) for the whole of any such fiscal year) or (b) the Executive's target bonus amount for the year of termination of employment.

(e) "Cause" means (i) the willful and continued failure of Executive to perform substantially his duties with the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such failure subsequent to Executive being delivered a Notice of Termination without Cause by the Company or delivering a Notice of Termination for Good Reason to the Company) after a written demand for substantial performance is delivered to Executive by the Chairman of the Board which specifically identifies the manner in which Executive has not substantially performed Executive's duties, or (ii) the willful engaging by Executive in illegal conduct which is demonstrably and materially injurious to the Company. For purposes of this paragraph (e), no act or failure to act by Executive shall be considered "willful" unless done or omitted to be done by Executive in bad faith and without reasonable belief that Executive's action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, based upon the advice of counsel for the Company or upon the instructions of the Company's chief executive officer or another senior officer of the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. Executive's attention to matters not directly related to the business of the Company shall not provide a basis for termination for Cause if the Company has not objected to such activity in writing. Cause shall not exist unless and until the Company has delivered to Executive a copy of a resolution duly adopted by three-quarters (3/4) of the entire Board (excluding Executive if Executive is a Board member) at a meeting of the Board called and held for such purpose (after reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard before the Board), finding that in the good faith opinion of the Board an event set forth in clauses (i) or (ii) has occurred and specifying the particulars thereof in detail.

(f) "Change in Control" means the occurrence of any one of the following events:

(i) individuals who, on May 17, 2000, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to May 17, 2000, whose election or nomination for election was approved by a vote of at least three-fourths of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any Subsidiary, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, (D) pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) pursuant to any acquisition by Executive or any group of persons including Executive (or any entity controlled by Executive or any group of persons including Executive);

(iii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries (a "Business Combination"), unless immediately following such Business Combination: (A) more than 60% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company's assets.

(g) "Date of Termination" means (i) if Executive's employment is to be terminated for Disability, 30 days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such 30 day period), (ii) if Executive's employment is to be terminated by the Company for Cause or by Executive for Good Reason, the date specified in the Notice of Termination, (iii) if Executive's employment is to be terminated by the Company for any reason other than Cause, the date specified in the Notice of Termination, which shall be 90 days after the Notice of Termination is given, unless an earlier date has been expressly agreed to by Executive in writing; (iv) if Executive's employment terminates by reason of death, the date of death of Executive; or (v) if Executive's employment is terminated by Executive other than for Good Reason, the date specified in Executive's Notice of Termination but not more than 30 days after the Notice of Termination is given, unless expressly agreed to by the Company in writing.

(h) "Disability" means termination of Executive's employment by the Company due to Executive's absence from Executive's duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of Executive's incapacity due to physical or mental illness, unless within 30 days after Notice of Termination is given to Executive following such absence Executive shall have returned to the full-time performance of Executive's duties.

(i) "Good Reason" shall mean termination within two years following a Change in Control based on any of the following events:

(i) (A) any change in the duties or responsibilities (including reporting responsibilities) of Executive that is inconsistent in any material and adverse respect with Executive's position(s), duties, responsibilities or status with the Company (including any adverse diminution of such duties or responsibilities) or (B) the failure to reappoint or reelect Executive to any position held by Executive without Executive's consent; provided, however, that Good Reason shall not be deemed to occur upon a change in duties or responsibilities (other than reporting responsibilities) that is solely and directly a result of the Company no longer being a publicly traded entity and does not involve any other event set forth in this paragraph;

(ii) a reduction by the Company in Executive's Base Salary, annual target bonus opportunity or targeted long-term incentive value (including any material and adverse change in the formula for such annual bonus target or long-term incentive target) as in effect immediately prior to the Change in Control or as the same may be increased from time to time thereafter;

(iii) any requirement of the Company that Executive (A) be required to relocate more than thirty (30) miles from Executive's place of employment immediately prior to a

Change in Control or (B) travel on Company business to an extent substantially greater than the travel obligations of Executive immediately prior to the Change in Control;

(iv) the failure of the Company to (A) continue in effect any employee benefit plan, welfare benefit plan or fringe benefit plan in which Executive is participating immediately prior to the Change in Control or, if more favorable to Executive, which may be available from time to time thereafter to Executive or other comparable executives of the Company, or the taking of any action by the Company which would materially and adversely affect Executive's participation in or reduce Executive's benefits under any such plan, unless Executive is permitted to participate in other plans providing Executive with substantially equivalent benefits (at no greater cost to Executive with respect to welfare benefit plans), or (B) provide Executive with paid vacation and sick leave in accordance with the most favorable policies of the Company as in effect for Executive immediately prior to the Change in Control or, if more favorable to Executive, as may be available for Executive or other executives of the Company after the date thereof; provided however, changes in any such plans which constitute in the aggregate less than 10% of Executive's aggregate benefits under such plans and which are applied to all employees of the Company shall not constitute "Good Reason";

(v) any refusal by the Company to permit Executive to engage in activities not directly related to the business of the Company which Executive was, or other executives of the Company are, permitted to engage in;

(vi) any purported termination of Executive's employment by the Company which is not effectuated pursuant to Section 15(b) (and which will not constitute a termination hereunder); or

(vii) the failure of the Company to obtain the assumption (and, if applicable, guarantee) agreement contemplated in Section 14(b);

For purposes of this Agreement, any good faith determination of Good Reason by Executive shall be conclusive, provided however, that an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by Executive shall not constitute Good Reason. Executive's right to terminate employment for Good Reason shall not be affected by Executive's incapacities due to mental or physical illness and Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any event or condition constituting Good Reason; provided, however, that Executive must provide notice of termination of employment within one hundred eighty (180) days following Executive's knowledge of an event constituting Good Reason or such event shall not constitute Good Reason under this Agreement.

(j) "Notice of Termination" means a written notice of termination of employment given by one party to the other party pursuant to Section 15(b).

(k) "Qualifying Termination" means a termination of Executive's employment within two (2) years following a Change in Control (i) by the Company other than for Cause; or (ii) by Executive for Good Reason. Termination of Executive's employment on account of death, Disability or Retirement shall not be treated as a Qualifying Termination.

(l) "Retirement" means Executive's termination on or after Executive's normal retirement date under the terms of the Western Resources, Inc. Retirement Plan, as in effect immediately prior to Executive's termination or a Change in Control, whichever is earlier, or in accordance with any retirement arrangement established with respect to Executive with Executive's written consent.

(m) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% of the assets upon liquidation or dissolution.

2. Obligation of Executive. In the event of a tender or exchange offer, proxy contest, or the execution of any agreement which, if consummated, would constitute a Change in Control, Executive agrees not to voluntarily leave the employ of the Company, other than as a result of Disability, Retirement or an event which would constitute Good Reason, until the Change in Control occurs or, if earlier, such tender or exchange offer, proxy contest, or agreement is terminated or abandoned.

3. Term of Agreement. This Agreement shall continue for a period of three (3) years from the date hereof provided that on each anniversary of the Agreement, the term shall automatically be extended for one year, unless at least 90 days prior to such date, the Company or Executive shall have given notice to cancel this Agreement at the end of its then term.

4. Payments Upon Termination of Employment.

(a) Qualifying Termination. If during the Term of this Agreement the employment of Executive shall terminate pursuant to a Qualifying Termination, then the Company shall provide to Executive:

(i) within five days following the Date of Termination a lump-sum cash amount equal to the sum of (A) Executive's Base Salary through the Date of Termination and any bonus amounts which have become payable to the extent not theretofore paid or deferred, (B) a pro rata portion of Executive's annual bonus for the fiscal year in which Executive's Date of Termination occurs in an amount at least equal to (1) Executive's Bonus Amount, multiplied by (2) a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs through the Date of Termination and the denominator of which is three hundred sixty-five (365), and reduced by (3) any amounts paid from the Company's annual incentive plan for the fiscal year in which Executive's Date of Termination occurs, (C) any accrued vacation pay, and (D) the cash equivalent of any accumulated sick leave; in each case to the extent not theretofore paid;

(ii) within five days following the Date of Termination, a lump-sum cash amount equal to the sum of (i) two (2) times [three (3) times for certain executives] the higher of Executive's highest annual rate of Base Salary during the 12-month period immediately prior to Executive's Date of Termination and Executive's Adjusted Base Salary, plus (ii) two (2) times [three (3) times for certain executives] Executive's Bonus Amount;

(iii) the Company shall continue to provide, for a period of two (2) years [three (3) years for certain executives] following Executive's Date of Termination, Executive (and Executive's dependents, if applicable) with the same level of medical, dental, accident, disability and life insurance benefits upon substantially the same terms and conditions (including contributions required by Executive for such benefits) as existed on Executive's Date of Termination or, if more favorable to Executive, as may exist immediately prior to the Change of Control; provided, that, if Executive cannot continue to participate in the Company plans providing such benefits, the Company shall otherwise provide such benefits on the same after-tax basis as if continued participation had been permitted. Notwithstanding the foregoing, in the event Executive becomes reemployed with another employer and becomes eligible to receive welfare benefits from such employer, the welfare benefits described herein shall be secondary to such benefits during the period of Executive's eligibility, but only to the extent that the Company reimburses Executive for any increased cost and provides any additional benefits necessary to give Executive the benefits provided hereunder.

[(iv) Non-SERP Executives Only: within five days following the Date of Termination, a lump sum cash amount equal to the actuarial equivalent of the amount by which Executive's total vested benefits under the Western Resources Inc. Retirement Plan, computed as if Executive had two (2) additional years of benefit accrual service, exceed Executive's actual pension benefits. For this computation, Executive's final average salary shall be deemed to be the higher of Executive's Base Salary and Executive's Base Salary in effect just prior to the time a Notice of Termination is given and the benefit and accrual formulas and actuarial assumptions shall be no less favorable to Executive than those in effect at the same time;]

(v) the cost (not to exceed $20,000) of outplacement services of a nationally recognized executive employment agency selected by Executive and reasonably acceptable to the Company;

(vi) continuation of the Company's executive financial and legal counseling services program as in effect on the Date of Termination or if more favorable to Executive, as may be available to Executive or other comparable executives of the Company immediately prior to the Change in Control, for two (2) years [three (3) years for certain executives] following Executive's Date of Termination;

(vii) if Executive has deferred compensation agreements with the Company, or any of its subsidiaries or affiliates that (i) have not fully vested or contain any restriction on the payment of benefits thereunder (other than the passage of time) such benefits shall upon a Qualifying Termination become fully vested and all such restrictions shall lapse, and/or (ii) provide for variable interest rates thereon (which interest rates are established by the Company, subsidiary or affiliate), such interest rates shall be fixed for the duration of such deferral at the higher of the contract rate and the prime rate established from time to time by Chase Manhattan Bank, New York, New York ("Prime Rate");

(viii) each stock option granted to Executive by the Company and outstanding immediately prior to the Qualifying Termination shall be fully exercisable and may be exercised by Executive (or Executive's legal representatives, legatees or distributees) at anytime prior to the expiration date of the applicable option (determined without regard to any earlier termination that would otherwise occur by reason of termination of employment) and each related dividend equivalent shall become fully vested upon such Qualifying Termination;

(ix) each restricted share granted to Executive by the Company and still subject to restrictions immediately prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination;

(x) each restricted share unit granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested upon such Qualifying Termination; and

(xi) each other stock or stock equivalent grant granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination.

(b) If during the Term of this Agreement the employment of Executive shall terminate other than by reason of a Qualifying Termination, then the Company shall pay to Executive within ten (10) days following the Date of Termination, a lump-sum cash amount equal to the sum of (1) Executive's Base Salary through the Date of Termination and any Bonus Amounts which have become payable, to the extent not theretofore paid or deferred, and (2) any accrued vacation pay and accumulated sick leave, in each case to the extent not theretofore paid. The Company may make such additional payments, and provide such additional benefits, to Executive as the Company and Executive may agree in writing.

5. Gross-Up Provision. If the payments provided by Section 4(b) hereof (the "Agreement Payments") become subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code as in effect on the date of this Agreement (or any similar tax), Executive will be responsible for the Excise Tax and the Company will not pay Executive an additional amount (the "Gross-up Payment"). If, however, the "Agreement Payments" become subject to the Excise Tax (or any similar tax) by virtue of changes in the Code which occur after the date of this Agreement, the Company shall pay to Executive at the time specified in Subsection (i) below a "Gross-up Payment" such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments (as hereinafter defined), and any federal, state and local income tax and Excise Tax upon the Gross-up Payment provided for by this section shall be equal to what the Total Payments would have been had such changes in the Code not occurred.

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

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

(i) The Gross-up Payment or portion thereof provided for above shall be paid not later than the thirtieth day following payment of any amounts under Section 4; provided, however, that if the amount of such Gross-up Payment or portion thereof cannot be finally determined on or before such day, the Company shall pay to Executive on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the forty-fifth day after payment of any amounts under Section 4. If the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to Executive, payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

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

6. Confidential Information. Executive acknowledges that: (i) the business of the Company and its subsidiaries and affiliates is intensely competitive and that Executive's engagement by the Company requires that Executive have access to and knowledge of confidential information of the Company and its subsidiaries and

affiliates, including, but not limited to, the identity of customers, the identity of the representatives of customers with whom the Company and its subsidiaries and affiliates have dealt, the kinds of services provided by the Company and its subsidiaries and affiliates to customers and offered to be performed for potential customers, the manner in which such services are performed or offered to be performed, the service needs of actual or prospective customers, pricing information, information concerning the creation, acquisition or disposition of products and services, customer maintenance listings, computer software applications and other programs, personnel information and other trade secrets (the "Confidential Information"); (ii) the direct and indirect disclosure of such Confidential Information to existing or potential competitors of the Company and its subsidiaries and affiliates would place the Company and its subsidiaries and affiliates at a competitive disadvantage and would do damage, monetary or otherwise, to the business of the Company and its subsidiaries and affiliates; and (iii) the engaging by Executive in any of the activities prohibited by this Section 6 may constitute improper appropriation and/or use of such information and trade secrets. Notwithstanding the foregoing, Confidential Information shall not include information which (x) is or becomes part of the public domain through a source other than Executive, (y) is or becomes available to Executive from a source independent of the Company and its subsidiaries and affiliates, or (z) constitutes general industry knowledge possessed by Executive by virtue of Executive's employment with the Company. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectable business interest of the Company and its subsidiaries and affiliates. Accordingly, the Company and Executive agree as follows:

(a) During the Term of this Agreement and for three years following Executive's Date of Termination, Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, principal or agent of any business, or in any other capacity, make known, disclose, furnish, make available or use any of the

Confidential Information, other than in the proper performance of the duties contemplated herein or as required by law or by a court of competent jurisdiction or other administrative or legislative body; provided, however, that prior to disclosing any of the Confidential Information to a court or other administrative or legislative body, Executive shall promptly notify the Company so that the Company may seek a protective order or other appropriate remedy.

(b) Executive agrees to return all Confidential Information, including all photocopies, extracts and summaries thereof, and any such information stored electronically on tapes, computer disks or in any other manner to the Company at anytime upon request of the Company and upon the termination of Executive's employment for any reason.

7. Nonsolicitation. During the Term of this Agreement and for a period of two years after the Date of Termination Executive shall not, directly or indirectly, solicit, interfere with, hire, offer to hire or induce any person who is an employee of the Company or any of its subsidiaries or affiliates and whose salary is in excess of $50,000 to discontinue his or her relationship with the Company or any of its subsidiaries or affiliates and accept employment by, or enter into a business relationship with, Executive or any other person or entity.

8. Antidisparagement.

(a) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, Executive agrees and promises that Executive shall not make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of the Company or any of its subsidiaries or affiliates, or any of their shareholders, directors, officers or employees, or (ii) has or would have a negative financial impact, whether directly or indirectly, on the Company or any of its subsidiaries and affiliates, or any of their shareholders, directors, officers or employees.

(b) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, the Company agrees and promises that neither it nor any of its subsidiaries and affiliates shall make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of Executive or (ii) has or would have a negative financial impact, whether directly or indirectly, on Executive.

9. Injunctive Relief.

(a) Executive acknowledges that a breach of the undertakings in Sections 6, 7 or 8(a) of this Agreement would cause irreparable damage to the Company and its subsidiaries and affiliates, the exact amount of which shall be difficult to ascertain, and that remedies at law for any such breach would be inadequate. Executive agrees that, if Executive breaches or attempts or threatens to breach any of the undertakings in Sections 6, 7 or 8(a) of this Agreement, then the Company shall be entitled to injunctive relief without posting bond or other security, in addition to any other remedy or remedies available to the Company at law or in equity.

(b) The Company acknowledges that a breach of the undertakings in Section 8(b) of this Agreement would cause irreparable damage to Executive, the exact amount of which shall be difficult to ascertain, and that remedies at law for any such breach would be inadequate. The Company agrees that, if the Company or any of its subsidiaries or affiliates breaches or attempts or threatens to breach any of the undertakings in Section 8(b) of this Agreement, then Executive shall be entitled to injunctive relief, without posting bond or other security, in addition to any other remedy or remedies available to Executive at law or in equity.

10. Withholding Taxes. The Company may withhold from all payments due to Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

11. Indemnity. The Company shall hold harmless and indemnify Executive against any and all expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by Executive in connection with any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative (including an action by or in the right of the corporation) to which Executive is, was, or at anytime becomes a party, or is threatened to be made a party, by reason of the fact that Executive is, was, or at anytime becomes a director, officer, employee, or agent of Company, or is, or was serving, or at anytime serves at the request of Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise; or otherwise to the fullest extent as may be provided to Executive by Company under the nonexclusivity provisions of Article XVIII of The Articles of Incorporation of Company and Kansas law.

12. Reimbursement of Expenses; Mitigation. (a) If any contest or dispute shall arise under this Agreement involving termination of Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse Executive, on a current basis, for all legal fees and expenses, if any, incurred by Executive in connection with such contest or dispute or incurred by Executive in seeking advice with respect to any such matters (regardless of the result thereof), together with interest in an amount equal to the prime rate of Chase Manhattan Bank from time to time in effect, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives Executive's statement for such fees and expenses through the date of payment thereof, regardless of whether or not Executive's claim is upheld by an arbitration panel or court.

(b) Executive shall not be required to mitigate any payment the Company becomes obligated to make to Executive under this Agreement.

13. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle Executive to continued employment with the Company or its Subsidiaries; provided, however, that any termination of Executive's employment during the Term of this Agreement shall be subject to all of the provisions of this Agreement.

14. Successors; Binding Agreement. (a) This Agreement shall not be terminated by any sale, merger or other business combination. In the event of any such sale, merger or other business combination, the provisions of this Agreement shall be binding upon the surviving corporation, and such surviving corporation shall be treated as the Company hereunder.

(b) The Company agrees that in connection with the sale, merger or other business combination, it will cause any successor entity to the Company unconditionally to assume (and for any Parent Corporation in such business combination to guarantee), by written instrument delivered to Executive (or his beneficiary or estate), all of the obligations of the Company hereunder.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts would be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

15. Notice. (a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five (5) days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:
Western Resources, Inc.
818 S. Kansas Avenue
Topeka, Kansas 66612
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of Executive's Date of Termination by the Company or Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specify the Date of Termination. The failure by Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

16. Full Settlement; Resolution of Disputes. The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall be in lieu and in full settlement of all other severance payments to Executive under any other severance or employment agreement between Executive and the Company, and any severance plan of the

Company. The Company's obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, such amounts shall not be reduced whether or not Executive obtains other employment, except as otherwise provided in Section 4(a)(iii). Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Topeka, Kansas by three arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section.

17. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any Subsidiary.

18. Survival. The respective obligations and benefits afforded to the Company and Executive as provided in Sections 4 (to the extent that payments or benefits are owed as a result of a termination of employment that occurs during the term of this Agreement), 5, 6, 7, 8, 9, 10, 11, 12, 14, 16, and 19 shall survive the termination of this Agreement.

19. GOVERNING LAW; VALIDITY. THE INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF KANSAS WITHOUT REGARD TO THE PRINCIPLE OF CONFLICTS OF LAWS. THE INVALIDITY OR UNENFORCEABILITY OF ANY PROVISION OF THIS AGREEMENT SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF ANY OTHER PROVISION OF THIS AGREEMENT, WHICH OTHER PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT.

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

21. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by Executive and by a duly authorized officer of the Company. No waiver by either party hereto at anytime of any breach by the other party hereto of; or compliance

with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right Executive or the Company may have hereunder, including without limitation, the right of Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise specifically provided herein, the rights of, and benefits payable to, Executive, his estate or his beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, Executive, his estate or his beneficiaries under any other employee benefit plan or compensation program of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and Executive has executed this Agreement as of the day and year first above written.

WESTERN RESOURCES, INC.

By: ______________________________
Carl M. Koupal, Jr.
Executive Vice President,
Chief Administrative Officer

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Exhibit 10(p)

FIRST AMENDMENT TO WESTERN RESOURCES, INC. OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

The Western Resources, Inc. Outside Directors' Deferred Compensation Plan (Amended and Restated January 1, 1994) is hereby amended, effective as of May 17, 2000, in the following respects:

1. The second paragraph of Part VIII is amended to read in its entirety as follows:

   "To be eligible to defer amounts during his initial year, the Director must make the election to defer the amounts as soon as elected as a Director but no later than thirty (30) days after being elected as a Director. This election is effective until December 31 of the first year of the Director's term.

2. The third paragraph of Part VIII is amended by substituting "thirty (30) days" for "fourteen (14) days."

3. The following sentence is added immediately after the third sentence of Part X:

   "Anything herein to the contrary notwithstanding, the phantom stock option may not be elected after May 1, 2000."

IN WITNESS WHEREOF, Western Resources, Inc. has adopted this amendment the 17th day of May, 2000.

WESTERN RESOURCES, INC.

By: /s/ Carl M. Koupal, Jr.

Carl M. Koupal, Jr.
Executive Vice President

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,				
	2000	1999	1998	1997	1996
Earnings (loss) from continuing operations (a)...................	$ 120,273	$(48,798)	$ 58,088	$ 872,739	$ 255,052
Fixed Charge:					
Interest expense............................	298,960	294,104	226,120	193,225	152,551
Interest on Corporate-owned Life Insurance Borrowings.......................	45,634	36,908	38,236	36,167	35,151
Interest Applicable to Rentals...............	28,898	34,252	32,796	34,514	32,965
Total Fixed Charges......................	373,492	365,264	297,152	263,906	220,667
Distributed income of equity investees..................................	2,686	3,728	3,812		
Preferred and Preference Dividend Requirements:					
Preferred and Preference Dividends...........	1,129	1,129	3,591	4,919	14,839
Income Tax Required.........................	746	746	1,095	3,770	7,562
Total Preferred and Preference Dividend Requirements.......	1,875	1,875	4,686	8,689	22,401
Total Fixed Charges and Preferred and Preference Dividend Requirements.........	375,367	367,139	301,838	272,595	243,068
Earnings (b).................................	$ 496,451	$ 320,194	$ 359,052	$1,136,645	$ 475,719
Ratio of Earnings to Fixed Charges...........	1.33	(c)	1.21	4.31	2.16
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements......................	1.32	(d)	1.19	4.17	1.96

(a) Earnings from continuing operations consists of earnings or loss before extraordinary gain and income taxes adjusted for minority interest and undistributed earnings from equity investees.

(b) Earnings are deemed to consist of net income to which has been added income taxes (including net deferred investment tax credit), fixed charges and distributed income of equity investees. 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.

(c) At December 31, 1999, the company's earnings were deficient by $45.1 million to cover fixed charges.

(d) At December 31, 1999, the company's earnings were deficient by $46.9 million to cover fixed charges and Preferred and Preference Dividend Requirements.

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) Westar Industries, Inc.	Kansas	October 8, 1990
3) Protection One, Inc.	Delaware	June 12, 1991

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 previously filed Registration Statements File Nos. 333-44256, 333-35872, 333-59673, 33-49467, 33-49553, 333-02023, 33-50069, 333-26115, and 33-62375 of Western Resources, Inc. on Form S-3; Nos. 333-02711 and 333-56369 of Western Resources, Inc. on Form S-4; Nos. 333-9335, 333-70891, 33-57435, 333-13229, 333-06887, 333-20393, 333-20413 and 333-75395 of Western Resources, Inc. on Form S-8; and No. 33-50075 of Kansas Gas and Electric Company on Form S-3.

ARTHUR ANDERSEN LLP

Kansas City. Missouri,
March 30, 2001