

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 1998

OR

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

For the transition period from _____ to _____

Commission File Number 1-3523

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

KANSAS
(State or Other Jurisdiction of
Incorporation or Organization)

48-0290150
(Employer
Identification No.)

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

66612
(Zip Code)

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

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

Yes

No

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

Class	Outstanding at August 12, 1998
Common Stock, \$5.00 par value	65,704,348

WESTERN RESOURCES, INC.
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Part I. Financial Information

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

	June 30, 1998	December 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,738	\$ 76,608
Accounts receivable (net)	251,406	325,043
Inventories and supplies (net).	94,418	86,398
Marketable securities	126,642	75,258
Prepaid expenses and other.	39,484	25,483
Total Current Assets.	529,688	588,790
PROPERTY, PLANT AND EQUIPMENT, NET.	3,771,197	3,786,528
OTHER ASSETS:		
Investment in ONEOK	614,378	596,206
Subscriber accounts	796,537	549,152
Goodwill (net).	1,127,099	854,163
Regulatory assets	379,370	380,421
Other	226,551	221,700
Total Other Assets.	3,143,935	2,601,642
TOTAL ASSETS.	\$7,444,820	\$6,976,960
LIABILITIES AND SHAREOWNERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt.	\$ 22,040	\$ 21,217
Short-term debt	728,041	236,500
Accounts payable.	144,668	151,166
Accrued liabilities	273,690	249,447
Accrued income taxes.	26,492	27,360
Other	140,175	89,106
Total Current Liabilities	1,335,106	774,796
LONG-TERM LIABILITIES:		
Long-term debt (net).	2,086,664	2,181,855
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.	1,051,630	1,065,565
Minority interests.	209,205	164,379
Deferred gain from sale-leaseback	215,865	221,779
Other	275,722	259,521
Total Long-term Liabilities	4,059,086	4,113,099
COMMITMENTS AND CONTINGENCIES		
SHAREOWNERS' EQUITY:		
Cumulative preferred and preference stock	24,858	74,858
Common stock, par value \$5 per share, authorized 85,000,000 shares, outstanding 65,572,902 and 65,409,603 shares, respectively.	327,865	327,048

Paid-in capital	766,453	760,553
Retained earnings	906,676	914,487
Accumulated other comprehensive income (net)	24,776	12,119
Total Shareowners' Equity	2,050,628	2,089,065
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	\$7,444,820	\$6,976,960

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

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

	Three Months Ended June 30,	
	1998	1997
SALES:		
Energy	\$ 366,260	\$ 422,786
Security	97,041	31,220
Total Sales	463,301	454,006
COST OF SALES:		
Energy	140,199	173,551
Security	31,480	14,922
Total Cost of Sales	171,679	188,473
GROSS PROFIT	291,622	265,533
OPERATING EXPENSES:		
Operating and maintenance expense	78,539	98,078
Depreciation and amortization	69,640	60,844
Selling, general and administrative expense	62,833	49,112
Total Operating Expenses	211,012	208,034
INCOME FROM OPERATIONS	80,610	57,499
OTHER INCOME (EXPENSE):		
Investment earnings	8,913	9,919
Minority interest	(962)	(299)
Other	20,035	18,215
Total Other Income (Expense)	27,986	27,835
INCOME BEFORE INTEREST AND TAXES	108,596	85,334
INTEREST EXPENSE:		
Interest expense on long-term debt	39,282	23,570
Interest expense on short-term debt and other	15,617	28,168
Total Interest Expense	54,899	51,738
INCOME BEFORE INCOME TAXES	53,697	33,596
INCOME TAXES	20,469	9,261
NET INCOME BEFORE EXTRAORDINARY GAIN	33,228	24,335
EXTRAORDINARY GAIN, NET OF TAX	1,591	-
NET INCOME	34,819	24,335
PREFERRED AND PREFERENCE DIVIDENDS	1,797	1,229
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 33,022	\$ 23,106
AVERAGE COMMON SHARES OUTSTANDING	65,542,815	65,045,268
BASIC EARNINGS PER COMMON SHARE		
EARNINGS AVAILABLE FOR COMMON STOCK BEFORE EXTRAORDINARY GAIN	\$.48	\$.36
EXTRAORDINARY GAIN02	-
EARNINGS AVAILABLE FOR COMMON STOCK	\$.50	\$.36
DIVIDENDS DECLARED PER COMMON SHARE	\$.535	\$.525

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

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

	Six Months Ended June 30,	
	1998	1997
SALES:		
Energy	\$ 671,807	\$1,016,698
Security	173,836	63,506
Total Sales	845,643	1,080,204
COST OF SALES:		
Energy	246,459	470,247
Security	55,473	33,976
Total Cost of Sales	301,932	504,223
GROSS PROFIT	543,711	575,981
OPERATING EXPENSES:		
Operating and maintenance expense	154,867	191,419
Depreciation and amortization	131,278	121,522
Selling, general and administrative expense	110,371	102,244
Total Operating Expenses	396,516	415,185
INCOME FROM OPERATIONS	147,195	160,796
OTHER INCOME (EXPENSE):		
Investment earnings	23,465	20,685
Minority interest	(1,174)	(571)
Other	29,071	17,797
Total Other Income (Expense)	51,362	37,911
INCOME BEFORE INTEREST AND TAXES	198,557	198,707
INTEREST EXPENSE:		
Interest expense on long-term debt	78,239	47,365
Interest expense on short-term debt and other	27,060	53,858
Total Interest Expense	105,299	101,223
INCOME BEFORE INCOME TAXES	93,258	97,484
INCOME TAXES	29,562	32,116
NET INCOME BEFORE EXTRAORDINARY GAIN	63,696	65,368
EXTRAORDINARY GAIN, NET OF TAX	1,591	-
NET INCOME	65,287	65,368
PREFERRED AND PREFERENCE DIVIDENDS	3,027	2,459
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 62,260	\$ 62,909
AVERAGE COMMON SHARES OUTSTANDING	65,476,577	64,926,833
BASIC EARNINGS PER COMMON SHARE		
EARNINGS AVAILABLE FOR COMMON STOCK BEFORE EXTRAORDINARY GAIN	\$.93	\$.97
EXTRAORDINARY GAIN02	-
EARNINGS AVAILABLE FOR COMMON STOCK	\$.95	\$.97
DIVIDENDS DECLARED PER COMMON SHARE	\$ 1.07	\$ 1.05

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

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

	Twelve Months Ended June 30,	
	1998	1997
SALES:		
Energy	\$1,654,527	\$2,064,354
Security	262,677	70,931
Total Sales	1,917,204	2,135,285
COST OF SALES:		
Energy	704,536	906,389
Security	60,297	37,208
Total Cost of Sales	764,833	943,597
GROSS PROFIT	1,152,371	1,191,688
OPERATING EXPENSES:		
Operating and maintenance expense	347,360	377,031
Depreciation and amortization	266,481	226,076
Selling, general and administrative expense	321,054	207,903
Write-off of deferred merger costs	48,008	-
Security asset impairment charge	40,144	-
Total Operating Expenses	1,023,047	811,010
INCOME FROM OPERATIONS	129,324	380,678
OTHER INCOME (EXPENSE):		
Gain on sale of Tyco securities	864,253	-
Special charges from ADT	-	(18,181)
Investment earnings	28,426	32,117
Minority interest	4,134	(340)
Other	39,676	28,683
Total Other Income (Expense)	936,489	42,279
INCOME BEFORE INTEREST AND TAXES	1,065,813	422,957
INTEREST EXPENSE:		
Interest expense on long-term debt	150,263	100,002
Interest expense on short-term debt and other	47,038	83,093
Total Interest Expense	197,301	183,095
INCOME BEFORE INCOME TAXES	868,512	239,862
INCOME TAXES	376,091	79,079
INCOME BEFORE EXTRAORDINARY GAIN	492,421	160,783
EXTRAORDINARY GAIN	1,591	-
NET INCOME	494,012	160,783
PREFERRED AND PREFERENCE DIVIDENDS	5,486	10,589
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 488,526	\$ 150,194
AVERAGE COMMON SHARES OUTSTANDING	65,400,416	64,631,972
BASIC EARNINGS PER COMMON SHARE		
EARNINGS AVAILABLE FOR COMMON STOCK BEFORE EXTRAORDINARY GAIN	\$ 7.45	\$ 2.32
EXTRAORDINARY GAIN02	-
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 7.47	\$ 2.32
DIVIDENDS DECLARED PER COMMON SHARE	\$ 2.12	\$ 2.08

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

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

	Three Months Ended June 30,	
	1998	1997
Net income	\$ 34,819	\$ 24,335

Other comprehensive income, before tax:		
Unrealized gain on equity securities.	6,552	-
Income tax expense.	2,606	-
Other comprehensive income, net of tax.	3,946	-
Comprehensive income.	\$ 38,765	\$ 24,335

	Six Months Ended June 30,	
	1998	1997
Net income.	\$ 65,287	\$ 65,368
Other comprehensive income, before tax:		
Unrealized gain on equity securities.	21,018	-
Income tax expense.	8,361	-
Other comprehensive income, net of tax.	12,657	-
Comprehensive income.	\$ 77,944	\$ 65,368

	Twelve Months Ended June 30,	
	1998	1997
Net income.	\$494,012	\$160,783
Other comprehensive income, before tax:		
Unrealized gain on equity securities.	46,266	-
Income tax expense.	21,490	-
Other comprehensive income, net of tax.	24,776	-
Comprehensive income.	\$518,788	\$160,783

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

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

	Six Months Ended June 30,	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	\$ 65,287	\$ 65,368
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary gain.	(1,591)	-
Depreciation and amortization	131,278	121,522
Equity in earnings from investments	(5,502)	(25,791)
Changes in working capital items (net of effects from acquisitions):		
Accounts receivable (net)	75,816	41,290
Inventories and supplies.	(7,089)	4,349
Marketable securities	(51,384)	-
Prepaid expenses and other.	(34,458)	(2,005)
Accounts payable.	(8,801)	(27,038)
Accrued liabilities	(5,844)	(9,470)
Accrued income taxes.	24,332	(7,945)
Other	29,392	20,088
Changes in other assets and liabilities	27,803	(13,439)
Net cash flows from operating activities.	239,239	166,929
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property, plant and equipment (net).	(69,547)	(102,736)
Customer account acquisition.	(126,589)	(21,134)
Security alarm monitoring acquisitions, net of cash acquired.	(361,039)	-

Proceeds from issuance of stock by subsidiary (net) . . .	45,565	-
Other investments (net)	(68,601)	(5,958)
Net cash flows (used in) investing activities	(580,211)	(129,828)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	491,541	291,918
Proceeds of long-term debt	7,818	1,406
Retirements of long-term debt	(102,179)	(276,470)
Issuance of common stock (net).	6,717	13,996
Redemption of preference stock.	(50,000)	-
Cash dividends paid	(71,795)	(69,776)
Net cash flows from (used in) financing activities. .	282,102	(38,926)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,870)	(1,825)
CASH AND CASH EQUIVALENTS:		
Beginning of the period	76,608	3,724
End of the period	\$ 17,738	\$ 1,899
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized).	\$ 119,076	\$ 130,152
Income taxes.	23,595	41,430

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

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

	Twelve Months Ended June 30,	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	\$ 494,012	\$ 160,783
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary gain.	(1,591)	-
Depreciation and amortization	266,481	226,076
Gain on sale of securities.	(864,253)	-
Equity in earnings from investments	(5,116)	(23,376)
Write-off of deferred merger costs.	48,008	-
Security asset impairment charge.	40,144	-
Changes in working capital items (net of effects from acquisitions):		
Accounts receivable (net)	48,682	(31,476)
Inventories and supplies.	(8,189)	4,149
Marketable securities	(61,845)	-
Prepaid expenses and other.	(23,223)	15,225
Accounts payable.	(30,061)	5,499
Accrued liabilities	68,697	(3,876)
Accrued income taxes.	42,146	29,924
Other	720	19,329
Changes in other assets and liabilities	(28,110)	(83,410)
Net cash flows from (used in) operating activities. .	(13,498)	318,847
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property, plant and equipment (net).	(177,549)	(213,302)
Customer account acquisition.	(150,618)	(21,134)
Proceeds from sale of securities.	1,533,530	-
Security alarm monitoring acquisitions net of cash acquired.	(799,756)	(368,535)
Proceeds from issuance of stock by subsidiary (net) . . .	45,565	-
Purchase of ADT common stock.	-	(145,842)
Other investments (net)	(107,961)	(7,760)
Net cash flows from (used in) investing activities. .	343,211	(756,573)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(544,617)	532,903
Proceeds of long-term debt.	526,412	226,386
Retirements of long-term debt	(119,686)	(226,470)
Issuance of other mandatorily redeemable securities . . .	-	120,000
Issuance of common stock (net).	17,763	31,105
Redemption of preference stock.	(50,000)	(100,000)

Cash dividends paid	(143,746)	(145,803)
Net cash flows (used in) from financing activities.	(313,874)	438,121
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.	15,839	395
CASH AND CASH EQUIVALENTS:		
Beginning of the period	1,899	1,504
End of the period	\$ 17,738	\$ 1,899

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

CASH PAID FOR:

Interest on financing activities (net of amount capitalized).	\$ 182,392	\$ 205,297
Income taxes.	386,713	59,018

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During the fourth quarter of 1997 the company contributed the net assets of its natural gas business totaling approximately \$594 million to ONEOK in exchange for a 45% ownership interest in ONEOK.

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

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

	June 30, 1998	December 31, 1997
CUMULATIVE PREFERRED AND PREFERENCE STOCK:		
Preferred stock not subject to mandatory redemption, Par value \$100 per share, authorized 600,000 shares, outstanding -		
4 1/2% Series, 138,576 shares.	\$ 13,858	\$ 13,858
4 1/4% Series, 60,000 shares	6,000	6,000
5% Series, 50,000 shares	5,000	5,000
	24,858	24,858
Preference stock subject to mandatory redemption, Without par value, \$100 stated value, Authorized 4,000,000 shares, outstanding -		
7.58% Series, 500,000 shares	-	50,000
TOTAL CUMULATIVE PREFERRED AND PREFERENCE STOCK.	\$ 24,858	\$ 74,858

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

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

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (net)
BALANCE DECEMBER 31, 1996, 64,625,259 shares.	\$323,126	\$739,433	\$562,121	\$ -
Net income.			65,368	
Cash dividends:				
Preferred and preference stock.			(2,459)	
Common stock, \$1.05 per share			(68,204)	
Issuance of 456,494 shares of common stock.	2,282	11,714		
BALANCE JUNE 30, 1997, 65,081,753 shares.	325,408	751,147	556,826	-

Net income.				428,726
Cash dividends:				
Preferred and preference stock.				(2,460)
Common stock, \$1.05 per share				(68,605)
Expenses on common stock.			(5)	
Issuance of 327,850 shares of common stock.	1,640	9,411		
Net change in unrealized gain on equity securities (net of tax effect of \$13,129)				12,119
BALANCE DECEMBER 31, 1997, 65,409,603 shares.	327,048	760,553	914,487	12,119
Net income.				65,287
Cash dividends:				
Preferred and preference stock.				(3,027)
Common stock, \$1.07 per share				(70,071)
Issuance of 163,299 shares of common stock.	817	5,900		
Net change in unrealized gain on equity securities (net of tax effect of \$8,361).				12,657
BALANCE JUNE 30, 1998, 65,572,902 shares.	\$327,865	\$766,453	\$906,676	\$ 24,776

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Western Resources, Inc. (the company) is a publicly traded holding company. The company's primary business activities are providing electric generation, transmission and distribution services to approximately 614,000 customers in Kansas; providing security alarm monitoring services to approximately 1.3 million customers located throughout the United States, providing natural gas transmission and distribution services to approximately 1.4 million customers in Oklahoma and Kansas through its investment in ONEOK Inc. (ONEOK) and investing in international power projects. Rate regulated electric service is provided by KPL, a division of the company and KGE, a wholly-owned subsidiary. Security alarm monitoring services are provided by Protection One, Inc. (Protection One), a publicly-traded, approximately 85%-owned subsidiary.

Principles of Consolidation: The company's unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles have been condensed or omitted. These consolidated financial statements and notes should be read in conjunction with the financial statements and the notes included in the company's 1997 Annual Report on Form 10-K/A.

New Pronouncements: Effective January 1, 1998, the company adopted the provisions of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). This statement establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). This statement established accounting and reporting standards for derivative instruments and for hedging activities. SFAS 133 requires that all derivatives be recognized as either assets or liabilities in the balance sheet and that these instruments be measured at fair value. The company will adopt SFAS 133 no later than January 1, 2000. Management is

presently evaluating the impact that adoption of SFAS 133 will have on the company's financial position and results of operations.

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

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

On February 7, 1997, the company signed a merger agreement with KCPL by which KCPL would be merged with and into the company in exchange for company

stock. In December 1997, representatives of the company's financial advisor indicated that they believed it was unlikely that they would be in a position to issue a fairness opinion required for the merger on the basis of the previously announced terms.

On March 18, 1998, the company and KCPL agreed to a restructuring of their February 7, 1997, merger agreement which will result in the formation of Westar Energy, a new regulated electric utility company. Under the terms of the merger agreement, the electric utility operations of the company will be transferred to KGE, and KCPL and KGE will be merged into NKC, Inc., a subsidiary of the company. NKC, Inc. will be renamed Westar Energy. In addition, under the terms of the merger agreement, KCPL shareowners will receive \$23.50 of company common stock per KCPL share, subject to a collar mechanism, and one share of Westar Energy common stock per KCPL share. Upon consummation of the combination, the company will own approximately 80.1% of the outstanding equity of Westar Energy and KCPL shareowners will own approximately 19.9%. As part of the combination, Westar Energy will assume all of the electric utility related assets and liabilities of the company, KCPL and KGE.

Westar Energy will assume \$2.7 billion in debt, consisting of \$1.9 billion of indebtedness for borrowed money of the company and KGE, and \$800 million from KCPL. Long-term debt of Western Resources and KGE was \$2.1 billion at June 30, 1998. Under the terms of the merger agreement, it is intended that the company will be released from its obligations with respect to the company's debt to be assumed by Westar Energy.

Pursuant to the merger agreement, the company has agreed, among other things, to call for redemption all outstanding shares of its 4 1/2% Series Preferred Stock, par value \$100 per share, 4 1/4% Series Preferred Stock, par value \$100 per share, and 5% Series Preferred Stock, par value \$100 per share.

Consummation of the merger is subject to customary conditions. On July 30, 1998 the company's shareowners and the shareowners of KCPL voted to approve the amended merger agreement at special meetings of shareowners. The company estimates the transaction to close by mid-1999, subject to receipt of all necessary approvals from regulatory and government agencies.

On August 7, 1998 the company and KCPL filed an amended application with the Federal Energy Regulatory Commission (FERC) to approve the Western Resources/KCPL merger and the formation of Westar Energy.

KCPL is a public utility company engaged in the generation, transmission, distribution, and sale of electricity to customers in western Missouri and eastern Kansas. The company, KCPL and KGE have joint interests in certain electric generating assets, including Wolf Creek.

At June 30, 1998, the company had deferred approximately \$7 million related to the KCPL transaction. These costs will be included in the determination of total consideration upon consummation of the transaction.

3. INVESTMENT IN ONEOK, INC.

In November 1997, the company completed its strategic alliance with ONEOK. The company contributed substantially all of its regulated and non-regulated

natural gas business to ONEOK in exchange for a 45% ownership interest in ONEOK. The company accounts for its common ownership of ONEOK in accordance with the equity method of accounting.

For additional information on the Strategic Alliance with ONEOK, see Note 4 of the company's 1997 Annual Report on Form 10-K/A.

4. INVESTMENT IN PROTECTION ONE, INC.

Protection One has completed various acquisitions comprising over 500,000

subscribers at various times during the six months ended June 30, 1998.

On August 7, 1998, Protection One acquired approximately 65.6% of the outstanding shares of Compagnie Europeene de Telesecurite (CET) for approximately \$94 million. CET is a French security alarm monitoring company with approximately 60,000 subscribers located primarily in France, Belgium, Germany, Switzerland, and the Netherlands.

For additional information on the Investment in Protection One and the Security Alarm Monitoring Business, see Note 3 of the company's 1997 Annual Report on Form 10-K/A.

5. LEGAL PROCEEDINGS

On January 8, 1997, Innovative Business Systems, Ltd. (IBS) filed suit against the company and Westinghouse Electric Corporation (WEC), Westinghouse Security Systems, Inc. (WSS) and WestSec, Inc. (WestSec), a wholly-owned subsidiary of the company established to acquire the assets of WSS, in Dallas County, Texas district court (Cause No 97-00184) alleging, among other things, breach of contract by WEC and interference with contract against the company in connection with the sale by WEC of the assets of WSS to the company. IBS claims that WEC improperly transferred software owned by IBS to the company and that the company is not entitled to its use. The company has demanded WEC defend and indemnify it. WEC and the company have denied IBS' allegations and are vigorously defending against them. Management does not believe that the ultimate disposition of this matter will have a material adverse effect upon the company's overall financial condition or results of operations.

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

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 dispositions of these matters will not have a material adverse effect upon the company's overall financial position or results of operations.

6. COMMITMENTS AND CONTINGENCIES

International Power Project Commitments: The company has ownership interests in international power generation projects under construction in Colombia and the Republic of Turkey and in existing power generation facilities in the People's Republic of China. In 1998, commitments are not expected to exceed \$51 million. Currently, equity commitments beyond 1998 approximate \$9 million.

Manufactured Gas Sites: The company has been associated with 15 former manufactured gas sites located in Kansas which may contain coal tar and other potentially harmful materials. The company and the Kansas Department of Health and Environment (KDHE) entered into a consent agreement governing all future work at the 15 sites. The terms of the consent agreement will allow the company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analysis. At June 30, 1998, 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 our future liability to an amount immaterial to the company's financial condition or results of operations. However, our share of ONEOK income could be adversely affected by these costs.

Affordable Housing Tax Credit Program (AHTC): At June 30, 1998, the company had invested approximately \$44.9 million to purchase AHTC investments in limited partnerships. The company is committed to investing approximately \$44.7 million more in AHTC investments by April 1, 2001.

For additional information on Commitments and Contingencies, see Note 7 of the company's 1997 Annual Report on Form 10-K/A.

7. INCOME TAXES

Total income tax expense included in the Consolidated Statements of Income reflects the Federal statutory rate of 35%. The Federal statutory rate produces effective income tax rates of 36.3%, 30.8% and 43.1% for the three, six and

twelve month periods ended June 30, 1998 compared to 27.9%, 33.1% and 33.1% for the three, six and twelve month periods ended June 30, 1997. The effective income tax rates vary from the Federal statutory rate due to permanent differences, including dividend income, the amortization of investment tax credits, amortization of goodwill, and accelerated amortization of certain deferred income taxes.

WESTERN RESOURCES, INC.

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

INTRODUCTION

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

- What factors affect our business
- What our earnings and costs were for the three, six and twelve month periods ending June 30, 1998 and 1997
- Why these earnings and costs differed from period to period
- How our earnings and costs affect our overall financial condition
- Any other items that particularly affect our financial condition or earnings

The following Management's Discussion and Analysis of Financial Condition and Results of Operations updates the information provided in the 1997 Annual Report on Form 10-K/A and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in the company's 1997 Annual Report on Form 10-K/A.

FORWARD-LOOKING STATEMENTS: Certain matters discussed here and elsewhere in this Form 10-Q are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like we "believe," "anticipate," "expect" or words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals. Such statements address future events and conditions concerning capital expenditures, earnings, litigation, rate and other regulatory matters, possible corporate restructurings, mergers, acquisitions, dispositions, liquidity and capital resources, interest and dividend rates, environmental matters, changing weather, nuclear operations, ability to enter new markets successfully and capitalize on growth opportunities in nonregulated businesses, and accounting matters. What happens in each case could vary materially from what we expect because of such things as electric utility deregulation, including ongoing state and federal activities; future economic conditions; legislative developments; our regulatory and competitive markets; and other circumstances affecting anticipated operations, sales and costs.

FINANCIAL CONDITION

GENERAL: Sales increased \$9 million primarily due to increased electric sales because of warmer than normal weather and stronger sales from our monitored security business for the three months ended June 30, 1998. Partially offsetting this increase was no gas sales for the quarter due to the transfer of our natural gas assets to ONEOK in November 1997. Net income increased \$10 million and basic earnings per share increased \$0.14 per share for the three months ended June 30, 1998 due to increased electric sales because of warmer than normal weather, earnings from our natural gas investment and stronger earnings from our monitored

security business.

Sales decreased \$235 million, net income decreased less than 1% and basic earnings per share decreased \$0.02 per share for the six months ended June 30, 1998 due to the transfer of our natural gas business to ONEOK in November 1997 and the gain on the sale of a non-strategic equity investment during the second quarter of 1997.

Sales decreased \$218 million for the twelve months ended June 30, 1998 due to the transfer of our natural gas business to ONEOK in November 1997. Net income increased \$333 million and basic earnings per share increased \$5.15 for the twelve months ended June 30, 1998 due to the pre-tax gain on the sale of the Tyco common stock of \$864 million, or \$7.97 of basic earnings per share, recorded in the third quarter of 1997. Partially offsetting these increases was

the special non-recurring charge in December 1997 to expense \$48 million of deferred KCPL Merger costs, and the special non-recurring charge in December 1997 of approximately \$40 million recorded by Protection One.

A quarterly dividend of \$0.535 per share was declared in the second quarter of 1998, for an indicated annual rate of \$2.14 per share. The book value per share was \$30.89 at June 30, 1998, up from \$30.79 at December 31, 1997. There were 65,542,815 and 65,045,268 average shares outstanding for the second quarter of 1998 and 1997.

OPERATING RESULTS

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

Energy sales, cost of sales and operating expenses have decreased significantly for the three, six and twelve months ended June 30, 1998 due to the transfer of our natural gas business assets to ONEOK Inc. in November 1997.

Security sales, cost of sales and operating expenses have increased significantly for the three, six and twelve months ended June 30, 1998 due primarily to our acquisition of Protection One in November 1997.

SALES: Energy sales include electric sales, power marketing sales, natural gas sales and other insignificant energy-related sales. Certain state regulatory commissions and the FERC authorize rates for our electric sales. Our energy sales vary with levels of energy deliveries. Changing weather affects the amount of energy our customers use. Very hot summers and very cold winters prompt more demand, especially among our residential customers. Mild weather reduces demand.

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

- The weather
- Our electric rates
- Competitive forces
- Customer conservation efforts
- Wholesale demand
- The overall economy of our service area

Electric sales increased 33.4% for the three months ended June 30, 1998 due to increased residential energy deliveries as a result of warmer spring temperatures and revenues of \$65 million from our power marketing activity. Our involvement in electric power marketing takes advantage of increased competitive opportunities in the wholesale electric utility industry. We are involved in both the marketing of electricity and risk management services to wholesale electric customers and the purchase of electricity for our retail customers. Our margin from power marketing activity is significantly less than our margins on other energy sales. Our power marketing activity has resulted in energy purchases and sales made in areas outside of our historical marketing territory. Through June 30, 1998, this additional power marketing activity has had an insignificant effect on operating income. This sales increase was partially offset by our reduced electric rates implemented February 1, 1997. Power marketing sales are also impacted by the availability of generating units and purchased power from other companies. Due to warmer than normal weather throughout the Midwest and lack of power available for purchase on the wholesale market, the wholesale power market has seen extreme volatility in prices and availability. This volatility could impact our cost of power purchases and impact our ability to participate in power trades.

Electric sales increased 23.7% for the six months ended June 30, 1998 due to increased residential energy deliveries as a result of warmer spring temperatures and revenues of \$112 million from our power marketing activity. This increase was partially offset by our reduced electric rates implemented on February 1, 1997 and on June 1, 1998.

Electric sales increased 15.4% for the twelve months ended June 30, 1998 because of \$182 million included from our power marketing activity. This increase was partially offset by a 7.3% decrease in wholesale and interchange sales and our reduced electric rates implemented on February 1, 1997 and on June 1, 1998.

The following table reflects the increases in electric energy deliveries for retail customers for the three, six and twelve months ended June 30, 1998 from the comparable periods of 1997.

3 Months ended	6 Months ended	12 Months ended
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Residential	18.3%	10.0%	7.5%
Commercial	10.1%	6.9%	6.3%
Industrial	2.7%	2.8%	3.7%
Other	(0.7)%	0.8%	0.7%
Total retail	9.8%	6.3%	5.7%

Security alarm monitoring business sales increased \$66 million for the three months ended, \$110 million for the six months ended, and \$192 million for the twelve months ended June 30, 1998. These increases are primarily due to our acquisition of Protection One on November 24, 1997 and Protection One's continued growth and acquisitions during the first half of 1998.

COST OF SALES: Items included in energy cost of sales are fuel expense, purchased power expense (electricity we purchase from others for resale), power marketing expense and natural gas purchased. Items included in security alarm monitoring cost of sales are the cost of direct monitoring and the cost of installing security monitoring equipment that is not capitalized.

Energy business cost of sales were lower by 19% for the three months ended, 48% for the six months ended and 22% for the twelve months ended June 30, 1998. These decreases were primarily due to the transfer of our natural gas business assets to ONEOK in November 1997. Partially offsetting these decreases was increased power marketing expense of \$63 million for the three months ended, \$110 million for the six months ended and \$181 million for the twelve months ended June 30, 1998.

Security alarm monitoring cost of sales increased 111% for the three months ended, 63% for the six months ended and 62% for the twelve months ended June 30, 1998. The increases are primarily a result of our acquisition of Protection One on November 24, 1997 and Protection One's addition of several service centers resulting from acquisition activity during the first half of 1998.

OPERATING EXPENSES

OPERATING AND MAINTENANCE EXPENSE: Total operating and maintenance expense decreased 20% for the three months, 19% for the six months, and 8% for the twelve months ended June 30, 1998 primarily due to the transfer of our natural gas business assets to ONEOK in November 1997.

DEPRECIATION AND AMORTIZATION EXPENSE: Depreciation and amortization expense increased 15% for the three months, 8% for the six months, and 18% for the twelve months ended June 30, 1998. These increases are primarily attributable to the amortization of capitalized security alarm monitoring accounts and goodwill from our security alarm monitoring business. Partially offsetting these increases were reductions in amortization expense for certain regulatory assets which were fully amortized in December 1997.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE: Selling, general and administrative expense increased 28% for the three months ended June 30, 1998 and increased 8% for the six months ended June 30, 1998 primarily due to increased selling, general and administrative expense from our expansion into the security alarm monitoring business through acquisitions. Also contributing to the increase was storm related restoration expenses. Partially offsetting the increase was decreased selling, general and administrative expense due to the transfer of our natural gas business assets to ONEOK in November 1997.

Higher security alarm monitoring business selling, general and administrative expense caused a 54% increase in total selling general and administrative expense for the twelve months ended June 30, 1998. This increase is due primarily to our expansion into the security alarm monitoring business through acquisitions. Partially offsetting this increase was decreased selling, general and administrative expense due to the transfer of our natural gas business assets to ONEOK in November 1997.

OTHER: Two additional items affected total operating expenses for the twelve months ended June 30, 1998. We recorded a special non-recurring charge in December 1997 to expense \$48 million of deferred KCPL Merger costs.

Protection One recorded a special non-recurring charge of approximately \$40 million in December 1997, to reflect the phase out of certain business activities which are no longer of continuing value to Protection One, to eliminate redundant facilities and activities and to bring all customers under the Protection One

brand.

OTHER INCOME (EXPENSE)

Other income (expense) includes miscellaneous income and expenses not directly related to our operations. Other income included a gain from Protection One's repurchase of certain contracts of \$10.2 million for the three months ended and \$13.4 million for the six months ended June 30, 1998. Also included in other income was investment earnings of approximately \$9 million for the three months ended and approximately \$23 million for the six months ended June 30, 1998 from our 45% ownership in ONEOK. Other income for the second quarter of 1997 included investment earnings of approximately \$10 million primarily from our investment in ADT and included a gain on the sale of a non-strategic equity investment of \$11.5 million.

Other income for the twelve months ended June 30, 1998 increased due to the gain on the sale of Tyco common stock of \$864 million during the third quarter of 1997.

INTEREST EXPENSE

Interest expense includes the interest we paid on outstanding debt. Interest expense increased 6% for the three months, 4% for the six months and 8% for the twelve months ended June 30, 1998. Interest recorded on long-term debt increased \$50 million or 50% for the twelve months ended June 30, 1998 due to the issuance of \$520 million in senior unsecured notes in November 1997. A decline in short-term debt interest expense in the second half of 1997 partially offset the increase in long-term debt interest expense. We used the proceeds from the sale of Tyco common stock and the \$520 million in senior unsecured notes to reduce our short-term debt balance.

INCOME TAXES

Income tax expense for the three months ended June 30, 1998 increased \$11 million. Income tax expense for the six months ended June 30, 1998 decreased \$3 million or 8%. Income tax expense for the twelve months ended June 30, 1998 increased \$297 million due to the gain from the sale of Tyco common stock. Partially offsetting this increase was lower operating income.

EXTRAORDINARY GAIN

In June 1998, Protection One redeemed a portion of its discount notes which resulted in an extraordinary gain, net of tax, of approximately \$1.6 million.

PREFERRED AND PREFERENCE DIVIDENDS

Preferred and preference dividends decreased 48% for the twelve months ended June 30, 1998 due to the dividend paid associated with the redemption of our 8.50% preference stock due 2016 on July 1, 1996.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1998, we had \$18 million in cash and cash equivalents. We consider highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Our cash and cash equivalents decreased \$59 million from December 31, 1997, due to a decrease in cash held by Protection One. Protection One used its cash for security alarm monitoring business acquisitions. Other than operations, our primary source of short-term cash is from short-term bank loans, unsecured lines of credit and the sale of commercial paper. At June 30, 1998, we had approximately \$728 million of short-term debt outstanding, of which \$573 million was commercial paper. An additional \$246 million of short-term debt was available from committed credit arrangements.

On April 1, 1998, we redeemed our 7.58% Preference Stock due 2007 at a premium, including dividends, for \$53 million.

In July 1998, we issued \$30 million of 6.8% Senior Notes due July 15, 2018. The notes are unsecured and unsubordinated obligations of the company. In July 1998, we filed a shelf registration for \$800 million in senior, unsecured obligations of the company. In August 1998, we issued \$400 million of 6.25% Puttable/Callable Notes due on August 15, 2018, puttable/callable on August 15, 2003 under this shelf agreement. Proceeds from these issuances will be used to reduce short-term debt incurred in connection with investments in unregulated operations, the redemption of preferred securities and other general corporate purposes.

Protection One issued approximately 42.8 million shares of common stock in public offerings and private placements for net proceeds of \$403 million in June

1998. Westar Capital, a wholly-owned subsidiary of Western Resources, acquired approximately 37.6 million of these shares in exchange for cash and the repayment of borrowings under a Senior Credit Facility between Westar Capital and Protection One. Cash proceeds from the offering were used to redeem additional long-term debt. Protection One anticipates a private placement of \$300 million of Senior Notes during August 1998. Proceeds from these notes will be used to repay indebtedness on an existing credit facility.

Net cash flows from operating activities increased approximately \$72 million for the six months ended June 30, 1998 due primarily to receivables associated with our natural gas business as part of the strategic alliance with ONEOK.

MERGERS AND ACQUISITIONS

MERGER AGREEMENT WITH KANSAS CITY POWER & LIGHT COMPANY: On February 7, 1997, the company signed a merger agreement with KCPL by which KCPL would be merged with and into the company in exchange for company stock. In December 1997, representatives of the company's financial advisor indicated that they believed it was unlikely that they would be in a position to issue a fairness opinion required for the merger on the basis of the previously announced terms.

On March 18, 1998, we and KCPL agreed to a restructuring of our February 7, 1997, merger agreement which will result in the formation of Westar Energy, a new regulated electric utility company. Under the terms of the merger agreement, our electric utility operations will be transferred to KGE, and KCPL

and KGE will be merged into NKC, Inc., a subsidiary of the company. NKC, Inc. will be renamed Westar Energy. In addition, under the terms of the merger agreement, KCPL shareowners will receive \$23.50 of Western Resources common stock per KCPL share, subject to a collar mechanism, and one share of Westar Energy common stock per KCPL share. Upon consummation of the combination, we will own approximately 80.1% of the outstanding equity of Westar Energy and KCPL shareowners will own approximately 19.9%. As part of the combination, Westar Energy will assume all of the electric utility related assets and liabilities of Western Resources, KCPL and KGE.

Westar Energy will assume \$2.7 billion in debt, consisting of \$1.9 billion of indebtedness for borrowed money of Western Resources and KGE, and \$800 million from KCPL. Long-term debt of Western Resources and KGE was \$2.1 billion at June 30, 1998. Under the terms of the merger agreement, it is intended that we will be released from our obligations with respect to our debt to be assumed by Westar Energy.

Pursuant to the merger agreement, we have agreed, among other things, to call for redemption all outstanding shares of our 4 1/2% Series Preferred Stock, par value \$100 per share, 4 1/4% Series Preferred Stock, par value \$100 per share, and 5% Series Preferred Stock, par value \$100 per share.

Consummation of the merger is subject to customary conditions. On July 30, 1998 the company's shareowners and the shareowners of KCPL voted to approve the amended merger agreement at special meetings of shareowners. The company estimates the transaction to close by mid-1999, subject to receipt of all necessary approvals from regulatory and government agencies.

On August 7, 1998 the company and KCPL filed an amended application with the Federal Energy Regulatory Commission to approve the Western Resources/KCPL merger and the formation of Westar Energy.

KCPL is a public utility company engaged in the generation, transmission, distribution, and sale of electricity to customers in western Missouri and eastern Kansas. We, KCPL and KGE have joint interests in certain electric generating assets, including Wolf Creek. Following the closing of the combination, Westar Energy is expected to have approximately one million electric utility customers in Kansas and Missouri, approximately \$8.2 billion in assets and the ability to generate more than 8,000 megawatts of electricity.

SECURITY ALARM MONITORING BUSINESS PURCHASES: Protection One has completed various acquisitions comprising over 500,000 subscribers during the six months ended June 30, 1998.

On August 7, 1998, Protection One acquired approximately 65.6% of the outstanding shares of Compagnie Europeene de Telesurite (CET) for approximately \$94 million. CET is a French security alarm monitoring company with approximately 60,000 subscribers located primarily in France, Belgium, Germany, Switzerland, and the Netherlands.

OTHER INFORMATION

YEAR 2000 ISSUE: We are currently addressing the effect of the Year 2000 Issue on our reporting systems and operations. We face the Year 2000 Issue

because many computer systems and applications abbreviate dates by eliminating the first two digits of the year, assuming that these two digits are always "19". On January 1, 2000, some computer programs may incorrectly recognize the date as January 1, 1900. Some computer systems may incorrectly process critical financial and operational information, or stop processing altogether because of the date abbreviation. Calculations using the year 2000 will affect computer applications before January 1, 2000.

We have recognized the potential adverse effects the Year 2000 Issue could have on our company. In 1996, we established a formal Year 2000 remediation program to investigate and correct these problems in the main computer systems of our company. In 1997, we expanded the program to include all business units and departments of our company. The goal of our program is to identify and assess every critical system potentially affected by the Year 2000 date change and to repair or replace those systems found to be incompatible with Year 2000 dates.

We have completed approximately 75% of our contingency plan for all business units and departments of our company with the exception of WCNO and Protection One. WCNO is currently pursuing their own contingency plan and their management does not believe that WCNO will be substantially impacted. Protection One plans to complete their contingency plan in 1999. Our contingency plan includes pre-established action plans to work around any unforeseen operational impacts surrounding the century date change.

We have identified four major areas of risk: 1) Vendors and suppliers, 2) Banks and Financial Institutions, 3) Telecommunications, including phone systems and cellular phones and 4) Large customers. We are addressing these risks in our contingency plans and expect no significant operational impact on our ability to serve our customers, pay suppliers, or operate other areas of our business.

We plan to have our Year 2000 readiness efforts substantially completed by the end of 1998, excluding WCNO and Protection One. WCNO is pursuing their own Year 2000 plan. Protection One will continue their review through January 1, 2000, particularly with respect to acquisitions of security businesses that include additional computer systems and equipment. We currently estimate that total costs to update all of our systems for year 2000 compliance will be approximately \$12 million. As of June 30, 1998 we have expensed approximately \$3 million of these costs and based on what we now know, we expect to incur the remaining \$9 million by the end of 1999.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

WESTERN RESOURCES, INC. Part II Other Information

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

The company's Annual Meeting of Shareholders was held on May 11, 1998. At the meeting the shareholders, representing 56,782,713 shares either in person or by proxy, voted to:

Elect the following directors to serve a term of three years:

	Votes	
	For	Against
Thomas R. Clevenger	55,510,932	1,274,196
David H. Hughes	55,371,073	1,410,506
David C. Wittig	55,536,871	1,244,561

The following directors will continue to serve their unexpired terms: Frank J. Becker, C. Q. Chandler, John C. Dicus, John E. Hayes, Jr., Russell W. Meyer, Jr., and Louis W. Smith.

Amend the Restated Articles of Incorporation to eliminate cumulative voting.

	Votes		
	For	Against	Abstain
	38,334,811	8,004,340	1,294,728

The company held a Special Meeting of Shareowners on July 30, 1998. At the meeting the shareowners, representing 52,231,780 shares either in person or by proxy, voted to:

Approve and adopt the Amended and Restated Agreement and Plan of Merger, dated March 18, 1998 by and among Western Resources, Kansas Gas and Electric Company, NKC, Inc., and Kansas City Power and Light Company and the transactions contemplated thereby providing, among other things, for the issuance of a number of shares of Western Resources Common Stock sufficient to satisfy the terms of the merger agreement and the transfer by Western Resources of substantially all of its assets, as provided for in the Joint Proxy Statement/Prospectus.

	Votes		
	For	Against	Abstain
	50,765,561	864,981	601,238

Amend the Restated Articles of Incorporation of Western Resources to increase, immediately prior to the share issuance, the number of authorized shares of Western Resources Common Stock from 85,000,000 shares to 300,000,000 shares.

	Votes		
	For	Against	Abstain
	47,312,657	4,146,324	772,799

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- Exhibit 3 - Certificate of Amendment to the Restated Articles of Incorporation, as amended, of the company on May 12, 1998 (filed with the March 31, 1998 Form 10-Q)
- Exhibit 4.1 - Debt Securities Indenture dated August 1, 1998 between the company and Bankers Trust Company, Trustee (filed electronically)
- Exhibit 4.2 - Form of Note for \$400 million 6.25% Putable/Callable Notes due August 15, 2018, Putable/Callable August 15, 2003 (filed electronically)
- Exhibit 10.1 - Transaction Confirmation for \$400 million 6.25% Putable/Callable Notes due August 15, 2018, Putable/Callable August 15, 2003 (filed electronically)
- Exhibit 10.2 - Amendment to Letter Agreement between the company and David C. Wittig, dated April 27, 1995 (filed electronically)
- Exhibit 10.3 - Form of Split Dollar Insurance Agreement (filed electronically)
- Exhibit 12 - Computation of Ratio of Consolidated Earnings to Fixed Charges for 12 Months Ended June 30, 1998 (filed electronically)
- Exhibit 27 - Financial Data Schedule (filed electronically)

(b) Reports on Form 8-K:

Form 8-K filed July 13, 1998 - Kansas City Power and Light Company's December 31, 1997 Form 10-K and March 31, 1998

Form 10-Q.

Form 8-K filed August 3, 1998 - Press release reporting second quarter earnings issued July 30, 1998, press release announcing approval by shareholders of Kansas City Power and Light Company merger agreement issued on July 30, 1998

Form 8-K filed August 6, 1998 - Kansas City Power and Light Company's June 30, 1998 Form 10-Q.

SIGNATURES

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

Western Resources, Inc.

Date August 12, 1998 By /s/ S. L. KITCHEN
S. L. Kitchen, Executive Vice President
and Chief Financial Officer

Date August 12, 1998 By /s/ JERRY D. COURINGTON
Jerry D. Courington,
Controller

WESTERN RESOURCES, INC.

Computations of Ratio of Earnings to Fixed Charges and
 Computations of Ratio of Earnings to Combined Fixed Charges
 and Preferred and Preference Dividend Requirements
 (Dollars in Thousands)

	Unaudited Twelve Months Ended June 30, 1998	1997	Year Ended December 31, 1996	1995	1994	1993
Net Income	\$ 494,012	\$ 494,094	\$168,950	\$181,676	\$187,447	\$177,370
Taxes on Income	376,091	378,645	86,102	83,392	99,951	78,755
Net Income Plus Taxes	870,103	872,739	255,052	265,068	287,398	256,125
Fixed Charges:						
Interest on Long-Term Debt	150,263	119,389	105,741	95,962	98,483	123,551
Interest on Other Indebtedness	28,963	55,761	34,685	27,487	20,139	19,255
Interest on Other Mandatorily Redeemable Securities	18,075	18,075	12,125	372	-	-
Interest on Corporate-owned Life Insurance Borrowings	39,551	36,167	35,151	32,325	26,932	16,252
Interest Applicable to Rentals	34,275	34,514	32,965	31,650	29,003	28,827
Total Fixed Charges	271,127	263,906	220,667	187,796	174,557	187,885
Preferred and Preference Dividend Requirements:						
Preferred and Preference Dividends	5,486	4,919	14,839	13,419	13,418	13,506
Income Tax Required	4,176	3,770	7,562	6,160	7,155	5,997
Total Preferred and Preference Dividend Requirements	9,662	8,689	22,401	19,579	20,573	19,503
Total Fixed Charges and Preferred and Preference Dividend Requirements	280,789	272,595	243,068	207,375	195,130	207,388
Earnings (1)	\$1,141,230	\$1,136,645	\$475,719	\$452,864	\$461,955	\$444,010
Ratio of Earnings to Fixed Charges	4.21	4.31	2.16	2.41	2.65	2.36
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements	4.06	4.17	1.96	2.18	2.37	2.14

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

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT JUNE 30, 1998 AND THE CONSOLIDATED STATEMENT OF INCOME AND THE CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS		
	DEC-31-1998	
	JUN-30-1998	
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		23477
		94418
	39484	
		5743547
	1972350	
	7444820	
1335106		
		2086664
220000		
		24858
		327865
		1697905
7444820		
		845643
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		301932
		698448
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105299		
		93258
		29562
63696		
		0
	1591	
		0
		65287
		0.95
		0.95

DEBT SECURITIES

INDENTURE

Dated as of August 1, 1998

Bankers Trust Company, Trustee

PARTIAL CROSS-REFERENCE TABLE

Indenture Section	TIA Section
2.05	317(b)
2.06	312(a)
2.11	316(a) (last sentence)
4.05	314(a)(4)
6.03	317(a)(1)
6.04	316(a)(1)(B)
6.06	316(a)(1)(A)
6.07	317(a)(1)
7.01	315(a), 315(d)
7.04	315(b)
7.05	313(a)
7.07	310(a), 310(b)
7.09	310(a)(2)
8.02	310(a), 310(b)
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INDENTURE dated as of August 1, 1998 between WESTERN RESOURCES, INC., a corporation organized and existing under the laws of the State of Kansas (hereinafter called the "Company"), and Bankers Trust Company, a New York banking corporation, as Trustee ("Trustee").

Each party agrees as follows for the benefit of the Holders of the Company's debt securities issued under this Indenture:

ARTICLE 1 DEFINITIONS

SECTION 1.01. Definitions.

"Affiliate" means any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company.

"Agent" means any Registrar, Transfer Agent or Paying Agent.

"Authorized Newspaper" means a newspaper that is:

(1) printed in the English language or in an official language of the country of publication;

(2) customarily published on each business day in the place of publication; and

(3) of general circulation in the relevant place or in the financial community of such place.

Whenever successive publications in an Authorized Newspaper are required, they may be made on the same or different business days and in the same or different Authorized Newspapers.

"Bearer Security" means a Security payable to bearer.

"Board" means the Board of Directors of the Company or any authorized committee of the Board.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of any person and all warrants or options to acquire such capital stock.

"Common Stock" means the common stock, par value \$5.00 per share, of the Company.

"Company" means the party named as such above until a successor replaces it and thereafter means the successor.

"Conversion Agent" means an office or agency where Debt Securities may be presented for conversion.

"Conversion Rate" means such number or amount of shares of Common Stock or other equity or debt securities for which \$1,000 aggregate principal amount of Securities of any series is convertible, initially as stated in the Securities Resolution authorizing the series and as adjusted pursuant to the terms of this Indenture and the Securities Resolution.

"Corporate Trust Office" shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of the Indenture is located at Four Albany Street, New York, New York 10006, Attention: Corporate Trust and Agency Group, or at any other time at such other address as the Trustee may designate from time to time by notice to the Noteholders.

"coupon" means an interest coupon for a Bearer Security.

"Default" means any event which is, or after notice or passage of time would be, an Event of Default (as defined below).

"Discounted Debt Security" means a Security where the amount of principal due upon acceleration is less than the stated principal amount.

"Holder" or "Securityholder" means the person in whose name a Registered Security is registered and the bearer of a Bearer Security or coupon.

"Indenture" means this Indenture and any Securities Resolution as amended from time to time.

"Lien" means mortgage, pledge, security interest or other lien.

"Officer" means the Chairman, any Vice-Chairman, the President, any Executive or Senior Vice President, any Vice-President, the Treasurer or any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee, and delivered to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or

government or any agency or political subdivision thereof.

"principal" of a debt security means the principal of the security plus the premium, if and when applicable, on the security.

"Registered Security" means a Security registered as to principal and interest by the Registrar.

"SEC" means the Securities and Exchange Commission.

"Securities" means the debt securities issued under this Indenture.

"Securities Resolution" means a resolution adopted by the Board or by a committee of Officers or an Officer pursuant to Board delegation authorizing a series.

"series" means a series of Securities or the Securities of the series.

"Subsidiary" of any person means (i) a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other person (other than a corporation) in which such person, or one or more Subsidiaries of such person or such person and one or more Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policy, management and affairs thereof.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code 77aaa-77bbb), as amended.

"Trading Day" means each day on which the securities exchange or quotation system which is used to determine the Market Price is open for trading or quotation.

"Trustee" means the party named as such above until a successor replaces it and thereafter means the successor.

"Trust Officer" when used with respect to the Trustee, means any officer assigned to the Corporate Trust Office, including any managing director, vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Indenture, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"United States" means the United States of America, its territories and possessions and other areas subject to its jurisdiction.

SECTION 1.02. Other Definitions.

Term	Defined in Section
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"actual knowledge"	:10,0,0,0>7.01
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"Bankruptcy Law"	:10,0,0,0>6.01
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"Beneficial Owner"	:10,0,0,0>3.07
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"Conditional Redemption"	0.04
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"Conversion Agent"	0.03
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"Conversion Date"	0.02
-------------------	------

"Conversion Notice"	0.02
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"Conversion Right"	0.01
--------------------	------

"Custodian"	0.01
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"Depositary"	0.07
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"Event of Default"	0.01
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"Legal Holiday"	1.06
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"Market Price" 0.07
"Participant" 0.07
"Paying Agent" 0.03
"Price Per Share" 0.09
"Registrar" 0.03
"Section 3.07 Aggregate Limit" 0.07
"Section 3.07 Commencement Date" 0.07
"Section 3.07 Individual Limit" 0.07
"Section 3.07 Redemption Period" 0.07
"Transfer Agent" 0.03
"Treasury Regulations" 0.04
"U.S. Government Obligations" 0.02

SECTION 1.03. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles in the United States;

(3) generally accepted accounting principles are those applicable from time to time;

(4) all terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings assigned to them by such definitions;

(5) "or" is not exclusive; and

(6) words in the singular include the plural, and in the plural include the singular.

ARTICLE 2 _ THE SECURITIES

SECTION 2.01. Issuable in Series.

The aggregate principal amount of Securities that may be issued under this Indenture is unlimited. The Securities may be issued from time to time in one or more series. Each series shall be created by a Securities Resolution that establishes the terms of the series, which may include the following:

(1) the title of the series;

(2) the aggregate principal amount of the series;

(3) the interest rate, if any, or method of calculating the interest rate;

(4) the date from which interest will accrue;

(5) the record dates for interest payable on Registered Securities;

(6) the dates when principal and interest are payable;

(7) the manner of paying principal and interest;

(8) the places where principal and interest are payable;

(9) the Registrar, Transfer Agent and Paying Agent;

(10) the terms of any mandatory or optional redemption by the Company or

any third party including any sinking fund;

(11) the terms of any redemption at the option of Holders or put by the Holders;

(12) the denominations in which Securities are issuable;

(13) whether Securities will be issuable as Registered Securities, Bearer Securities or uncertificated Securities;

(14) whether and upon what terms Registered Securities, Bearer Securities and uncertificated Securities may be exchanged;

(15) whether any Securities will be represented by a Security in global form;

(16) the terms of any global Security;

(17) the terms of any tax indemnity;

(18) the currencies (including any composite currency) in which principal or interest may be paid;

(19) if payments of principal or interest may be made in a currency other than that in which Securities are denominated, the manner for determining such payments;

(20) if amounts of principal or interest may be determined by reference to an index, formula or other method, the manner for determining such amounts;

(21) provisions for electronic issuance of Securities or for Securities in uncertificated form;

(22) the portion of principal payable upon acceleration of a Discounted Debt Security;

(23) whether any Events of Default or covenants in addition to or in lieu of those set forth in this Indenture have been added;

(24) whether and upon what terms Securities may be defeased;

(25) the forms of the Securities or any coupon, which may be in the form of Exhibit A or B;

(26) any terms that may be required by or advisable under U.S. laws;

(27) whether and upon what terms the Securities will be convertible into or exchangeable for Common Stock of the Company or other equity or debt securities, which may include the terms provided in Article 9; and

(28) any other terms not inconsistent with this Indenture.

All Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

The creation and issuance of a series and the authentication and delivery thereof are not subject to any conditions precedent.

SECTION 2.02. Execution and Authentication.

Two Officers shall sign the Securities by manual or facsimile signature. The Company's seal shall be reproduced on the Securities. An Officer shall sign any coupons by facsimile signature.

If an Officer whose signature is on a Security or its coupons no longer holds that office at the time the Security is authenticated or delivered, the Security and coupons shall nevertheless be valid.

A Security and its coupons shall not be valid until the Security is authenticated by the manual or facsimile signature of the Registrar. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

Each Registered Security shall be dated the date of its authentication. Each Bearer Security shall be dated the date of its original issuance or as provided in the Securities Resolution.

Securities may have notations, legends or endorsements required by law, stock exchange rule, agreement or usage.

In the event Securities are issued in electronic or other uncertificated form, such Securities may be validly issued without the signatures or seal contemplated by this Section 2.02.

SECTION 2.03. Agents.

The Company shall maintain an office or agency where Securities may be authenticated ("Registrar"), where Securities may be presented for registration of transfer or for exchange ("Transfer Agent"), where Securities may be presented for payment ("Paying Agent") and where Securities may be presented for conversion ("Conversion Agent"). Whenever the Company must issue or deliver Securities pursuant to this Indenture, the Registrar shall authenticate the Securities at the Company's request. The Transfer Agent shall keep a register of the Securities and of their transfer and exchange.

The Company may appoint more than one Registrar, Transfer Agent, Paying Agent or Conversion Agent for a series. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. If the Company does not appoint or maintain a Registrar, Transfer Agent, Paying Agent or Conversion Agent for a series, the Trustee shall act as such.

SECTION 2.04. Bearer Securities.

U.S. laws and Treasury Regulations restrict sales or exchanges of and payments on Bearer Securities. Therefore, except as provided below:

(1) Bearer Securities will be offered, sold or delivered only outside the United States and will be delivered in connection with its original issuance only upon presentation of a certificate in a form prescribed by the Company to comply with U.S. laws and regulations.

(2) Bearer Securities will not be issued in exchange for Registered Securities.

(3) All payments of principal and interest (including original issue discount) on Bearer Securities will be made outside the United States by a Paying Agent located outside the United States unless the Company determines that:

(A) such payments may not be made by such Paying Agent because the payments are illegal or prevented by exchange controls as described in Treasury Regulation 1.163-5(c)(2)(v); and

(B) making the payments in the United States would not have an adverse tax effect on the Company.

If there is a change in the relevant provisions of U.S. laws or Treasury Regulations or the judicial or administrative interpretation thereof, a restriction set forth in paragraph (1), (2) or (3) above will not apply to a series if the Company determines that the relevant provisions no longer apply to the series or that failure to comply with the relevant provisions would not have an adverse tax effect on the Company or on Securityholders or cause the series to be treated as "registration required" obligations under U.S. law.

The Company shall notify the Trustee of any determinations by the Company under this Section.

"Treasury Regulations" means regulations of the U.S. Treasury Department under the Internal Revenue Code of 1986, as amended.

SECTION 2.05. Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent for a series other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of the persons entitled thereto all money held by the Paying Agent for the payment of principal or interest on the series, and will notify the Trustee of any default by the Company in making any such payment.

While any such default continues, the Trustee may require a Paying Agent to pay all money so held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent shall have no further liability for the money.

If the Company or an Affiliate acts as Paying Agent for a series, it shall segregate and hold as a separate trust fund all money held by it as Paying Agent for the series.

The Company may elect not to exchange or register the transfer of any Security for a period of 15 days before a selection of Securities to be redeemed.

SECTION 2.06. Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Transfer Agent, the Company shall furnish to the Trustee semiannually and at such other times as the Trustee may request a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders of Registered Securities and Holders of Bearer Securities whose names are on the list referred to below.

The Transfer Agent shall keep a list of the names and addresses of Holders of Bearer Securities who file a request to be included on such list. A request will remain in effect for two years, and successive requests may be made.

Whenever the Company or the Trustee is required to mail a notice to all Holders of Registered Securities of a series, it also shall mail the notice to Holders of Bearer Securities of the series whose names are on the list.

Whenever the Company is required to publish a notice to all Holders of Bearer Securities of a series, it also shall mail the notice to such of them whose names are on the list.

SECTION 2.07. Transfer and Exchange.

Where Registered Securities of a series are presented to the Transfer Agent with a request to register a transfer or to exchange them for an equal principal amount of Registered Securities of other denominations of the same series, the Transfer Agent shall register the transfer or make the exchange if its requirements for such transactions are met.

The Transfer Agent may require a Holder to pay a sum sufficient to cover any taxes imposed on a transfer or exchange.

If a series provides for Registered and Bearer Securities and for their exchange, Bearer Securities may be exchanged for Registered Securities and Registered Securities may be exchanged for Bearer Securities as provided in the Securities or the Securities Resolution if the requirements of the Transfer Agent for such transactions are met and in the case of the exchange of registered securities for bearer securities if Section 2.04 permits the exchange.

SECTION 2.08. Replacement Securities.

If the Holder of a Security or coupon claims that it has been lost, destroyed or wrongfully taken, then, in the absence of notice to the Company or the Trustee that the Security or coupon has been acquired by a bona fide purchaser, the Company shall issue a replacement Security or coupon if the Company and the Trustee receive:

- (1) evidence satisfactory to them of the loss, destruction or taking;
- (2) an indemnity bond satisfactory to them; and
- (3) payment of a sum sufficient to cover their expenses and any taxes for replacing the Security or coupon.

A replacement Security shall have coupons attached corresponding to those, if any, on the replaced Security.

Every replacement Security or coupon is an additional obligation of the Company.

SECTION 2.09. Outstanding Securities.

The Securities outstanding at any time are all the Securities authenticated by the Registrar except for those cancelled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If Securities are considered paid under Section 4.01, they cease to be outstanding and interest on them ceases to accrue.

A Security does not cease to be outstanding because the Company or an Affiliate holds the Security.

SECTION 2.10. Discounted Debt Securities.

In determining whether the Holders of the required principal amount of

Securities have concurred in any direction, waiver or consent, the principal amount of a Discounted Debt Security shall be the amount of principal that would be due as of the date of such determination if payment of the Security were accelerated on that date.

SECTION 2.11. Treasury Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or an Affiliate shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which the Trustee actually knows are so owned shall be so disregarded.

SECTION 2.12. Global Securities.

If the Securities Resolution so provides, the Company may issue some or all of the Securities of a series in temporary or permanent global form. A global Security may be in registered form, in bearer form with or without coupons or in uncertificated form. A global Security shall represent that amount of Securities of a series as specified in the global Security or as endorsed thereon from time to time. At the Company's request, the Registrar shall endorse a global Security to reflect the amount of any increase or decrease in the Securities represented thereby.

The Company may issue a global Security only to a depository designated by the Company. A depository may transfer a global Security only as a whole to its nominee or to a successor depository.

The Securities Resolution may establish, among other things, the manner of paying principal and interest on a global Security and whether and upon what terms a beneficial owner of an interest in a global Security may exchange such interest for definitive Securities.

The Company, an Affiliate, the Trustee and any Agent shall not be responsible for any acts or omissions of a depository, for any depository records of beneficial ownership interests or for any transactions between the depository and beneficial owners.

SECTION 2.13. Temporary Securities.

Until definitive Securities of a series are ready for delivery, the Company may use temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Temporary Securities may be in global form. Temporary Bearer Securities may have one or more coupons or no coupons. Without unreasonable delay, the Company shall deliver definitive Securities in exchange for temporary Securities.

SECTION 2.14. Cancellation.

The Company at any time may deliver Securities to the Registrar for cancellation. The Transfer Agent and the Paying Agent shall forward to the Registrar any Securities and coupons surrendered to them for payment, exchange or registration of transfer. The Registrar shall cancel all Securities or coupons surrendered for payment, registration of transfer, exchange or cancellation. The Registrar also will cancel all Bearer Securities and unmatured coupons unless the Company requests the Registrar to hold the same for redelivery. Any Bearer Securities so held shall be considered delivered for cancellation under Section 2.09. The Registrar shall destroy cancelled Securities and coupons unless the Company otherwise directs.

Unless the Securities Resolution otherwise provides, the Company may not issue new Securities to replace Securities that the Company has paid or that the Company has delivered to the Registrar for cancellation.

SECTION 2.15. Defaulted Interest.

If the Company defaults in a payment of interest on Registered Securities, it need not pay the defaulted interest to Holders on the regular record date. The Company may fix a special record date for determining Holders entitled to receive defaulted interest, or the Company may pay defaulted interest in any other lawful manner.

ARTICLE 3 _ REDEMPTION

SECTION 3.01. Notices to Trustee.

Securities of a series that are redeemable before maturity shall be redeemable in accordance with their terms and, unless the Securities Resolution otherwise provides, in accordance with this Article.

In the case of a redemption by the Company, the Company shall notify the Trustee of the redemption date and the principal amount of Securities to be redeemed. The Company shall notify the Trustee at least 35 days before the redemption date unless a shorter notice is satisfactory to the Trustee.

If the Company is required to redeem Securities, it may reduce the principal amount of Securities required to be redeemed to the extent that it is permitted a credit against such redemption requirement by the terms of the Securities Resolution and notifies the Trustee of the amount of such credit and the basis for it. If the reduction is based on a credit for acquired or redeemed Securities that the Company has not previously delivered to the Registrar for cancellation, the Company shall deliver the Securities at the same time as the notice.

SECTION 3.02. Selection of Securities to Be Redeemed.

If less than all the Securities of a series are to be redeemed, the Trustee shall select the Securities to be redeemed by a method the Trustee considers fair and appropriate. The Trustee shall make the selection from Securities of the series outstanding not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities having denominations larger than the minimum denomination for the series. Securities and portions thereof selected for redemption shall be in amounts equal to the minimum denomination for the series or an integral multiple thereof. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

SECTION 3.03. Notice of Redemption.

At least 30 days before a redemption date, the Company shall mail a notice of redemption by first class mail to each Holder of Registered Securities whose Securities are to be redeemed.

If Bearer Securities are to be redeemed, the Company shall publish a notice of redemption in an Authorized Newspaper as provided in the Securities.

A notice shall identify the Securities of the series to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the name and address of the Paying Agent;

(4) that Securities called for redemption, together with all coupons, if any, maturing after the redemption date, must be surrendered to the Paying Agent to collect the redemption price;

(5) that interest on Securities called for redemption ceases to accrue on and after the redemption date;

(6) whether the redemption by the Company is mandatory or optional; and

(7) whether the redemption is conditional as provided in Section 3.04, and if so, the terms of the conditions, and that, if the conditions are not satisfied or is not waived by the Company, the Securities will not be redeemed and such a failure to redeem will not constitute an Event of Default.

A redemption notice given by publication need not identify Registered Securities to be redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

SECTION 3.04. Effect of Notice of Redemption.

Except as provided below, once notice of redemption is given, Securities called for redemption become due and payable on the redemption date at the redemption price stated in the notice.

A notice of redemption may provide that it is subject to the occurrence of any event before the date fixed for such redemption as described in such notice ("Conditional Redemption"), and such notice of Conditional Redemption shall be of no effect unless all such conditions to the redemption have occurred on or before such date or have been waived by the Company in its sole discretion.

SECTION 3.05. Payment of Redemption Price.

On or before the redemption date, the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date.

When the Holder of a Security surrenders it for redemption in accordance with the redemption notice, the Company shall pay to the Holder on the redemption date the redemption price and accrued interest to such date, except that:

(1) the Company will pay any such interest (except defaulted interest) to Holders on the record date of Registered Securities if the redemption date occurs on an interest payment date; and

(2) the Company will pay any such interest to Holders of coupons that mature on or before the redemption date upon surrender of such coupons to the Paying Agent.

Coupons maturing after the redemption date on a called Security are void absent a payment default on that date. Nevertheless, if a Holder surrenders for redemption a Bearer Security missing any such coupons, the Company may deduct the face amount of such coupons from the redemption price. If thereafter the Holder surrenders to the Paying Agent the missing coupons, the Company will return the amount so deducted. The Company may waive surrender of the missing coupons if it receives an indemnity bond satisfactory to the Company.

SECTION 3.06. Securities Redeemed in Part.

Upon surrender of a Security that is redeemed in part, the Company shall deliver to the Holder a new Security of the same series equal in principal amount to the unredeemed portion of the Security surrendered.

SECTION 3.07. Limited Right of Redemption at Option of Beneficial Owner.

If, and to the extent, the Securities Resolution establishing a Series so provides, unless the Securities have been declared due and payable prior to their maturity by reason of an Event of Default, commencing on a date specified in such Securities Resolution (the "Section 3.07 Commencement Date") the Representative (as defined below) of a deceased holder of an interest in the Securities (a "Beneficial Owner") has the right to request redemption of all or part of his or her interest in the Securities, expressed in integral multiples of \$1,000, for payment prior to maturity, and the Company will redeem the same subject to the limitations that the Company will not be obligated to redeem during a period or periods specified in such Securities Resolution (each a "Section 3.07 Redemption Period"), (i) on behalf of the deceased Beneficial Owner any interest in the Securities which exceeds an aggregate principal amount specified in said Securities Resolution (the "Section 3.07 Individual Limit") and (ii) interests in the Securities in the aggregate principal amount exceeding such aggregate limit as is specified in the Securities Resolution establishing a Series (the "Section 3.07 Aggregate Limit"). In the case of interests in the Securities owned by a deceased Beneficial Owner, a request for redemption may be presented to the Trustee at any time and in any principal amount. If the Company, although not obligated to do so, chooses to redeem interests of a deceased Beneficial Owner in the Securities in any such period in excess of the Section 3.07 Individual Limit, such redemption, to the extent that it exceeds the Section 3.07 Individual Limit for any Beneficial Owner, shall not be included in the computation of the Section 3.07 Percentage Limit applicable to the Series for such Section 3.07 Redemption Period.

Subject to the Section 3.07 Individual Limit and the Section 3.07 Aggregate Limit applicable to a Series, the Company will upon the death of any Beneficial Owner redeem the interest of the Beneficial Owner in the Securities within 60 days following receipt by the Trustee of a validly completed Redemption Request, as hereinafter defined, including all supporting documentation, from such Beneficial Owner's personal representative, or surviving joint tenant(s), tenant(s) by the entirety or tenant(s) in common, or other persons entitled to effect such a Redemption Request (each, a "Representative"). If Redemption Requests exceed either the Section 3.07 Individual Limit and the Section 3.07 Aggregate Limit then such excess Redemption Request (subject in the case of the Section 3.07 Individual Limit to the provisions of the last sentence of the preceding paragraph) will be applied to successive Section 3.07 Redemption Periods in the order of receipt for prepayment, regardless of the number of Section 3.07 Redemption Periods required to redeem such interest unless sooner withdrawn as described below.

A request for redemption of an interest in the Securities may be made by delivering a request to the depository, if any, in whose names the certificate or certificates representing such Securities (the "Depository") in the case of a participant in the system of such Depository, including securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with such a participant, either directly or indirectly (a "Participant"), which is the Beneficial Owner of such interest, or to the

Participant through whom the Beneficial Owner owns such interest, in form satisfactory to the Participant, together with evidence of death of the Beneficial Owner and the authority of the Representative satisfactory to the Participant and the Trustee. A Representative of a deceased Beneficial Owner may make the request for redemption and shall submit such other evidence of the right to such redemption as the Participant or Trustee shall require. The request shall specify the principal amount of the Securities to be redeemed. A request for redemption in form satisfactory to the Participant and accompanied by the documents relevant to the request as above provided, together with a certification by the Participant that it holds the interest on behalf of the deceased Beneficial Owner with respect to whom the request for redemption is being made (the "Redemption Request") shall be provided to the Depository by a Participant and the Depository will forward the request to the Trustee. Redemption Requests, including all supporting documentation, shall be in the form satisfactory to the Trustee and no request for redemption shall be considered validly made until the Redemption Request and all supporting documentation, in form satisfactory to the Trustee, shall have been received by the Trustee.

The price to be paid by the Company for an interest in the Securities to be redeemed pursuant to a request from a deceased Beneficial Owner's Representative is one hundred percent (100%) of the principal amount thereof, unless otherwise specified in the Securities Resolution authorizing a series, plus accrued but unpaid interest to the date of redemption. Subject to arrangements with the Depository, payment for interests in the Securities which are to be redeemed shall be made to the Depository within 60 days following receipt by the Trustee of the Redemption Request, including all supporting documentation, and the Securities to be redeemed in the aggregate principal amount specified in the Redemption Requests submitted to the Trustee by the Depository which are to be fulfilled in connection with such payment. An acquisition of Securities by the Company or its subsidiaries other than by redemption at the option of any Representative of a deceased Beneficial Owner shall not be included in the computation of either the Section 3.07 Individual Limit or relevant Section 3.07 Aggregate Limit for any Section 3.07 Redemption Period.

Interests in the Securities held in tenancy by the entirety, joint tenancy or by tenants in common will be deemed to be held by a single Beneficial Owner and the death of a tenant in common, tenant by the entirety or joint tenant will be deemed to be the death of the Beneficial Owner. The death of a person who, during such person's lifetime, was entitled to substantially all of the rights of a Beneficial Owner will be deemed the death of the Beneficial Owner, regardless of the recordation of such interest on the records of the Participant, if such rights can be established to the satisfaction of the Participant and the Trustee.

Any Redemption Request may be withdrawn upon delivery of a written request for such withdrawal given to the Trustee by the Depository prior to payment of the redemption price of the interest in the Securities.

ARTICLE 4 _ COVENANTS

SECTION 4.01. Payment of Securities.

The Company shall pay the principal of and interest on a series in accordance with the terms of the Securities for the series, any related coupons, and this Indenture. Principal and interest on a series shall be considered paid on the date due if the Paying Agent for the series holds on that date money sufficient to pay all principal and interest then due on the series.

SECTION 4.02. Overdue Interest.

Unless the Securities Resolution otherwise provides, the Company shall pay interest on overdue principal of a Security of a series at the rate (or yield to maturity in the case of a Discounted Debt Security) borne by the series; the Company shall pay interest on overdue installments of interest at the same rate or yield to maturity to the extent lawful.

SECTION 4.03. No Lien Created, etc.

This Indenture and the Securities do not create a Lien, charge or encumbrance on any property of the Company or any Subsidiary.

SECTION 4.04. Compliance Certificate.

The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, a brief certificate signed by the principal executive officer, principal financial officer or principal accounting officer of the Company, as to the signer's knowledge of the Company's compliance with all conditions and covenants under this Indenture (determined without regard to any period of grace or requirement of notice provided herein).

Any other obligor on the Securities shall also deliver to the Trustee such a certificate as to its compliance with this Indenture within 120 days after the end of each of its fiscal years.

The certificates need not comply with Section 11.04.

SECTION 4.05. SEC Reports.

The Company shall file with the Trustee, within 15 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents, and other reports (or such portions of the foregoing as the SEC may prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Any other obligor on the Securities shall do likewise as to the above items which it is required to file with the SEC pursuant to those sections.

ARTICLE 5 _ SUCCESSORS

SECTION 5.01. When Company May Merge, etc.

Unless the Securities Resolution establishing a series otherwise provides, the Company shall not consolidate with or merge into, or transfer all or substantially all of its assets to, any person in any transaction in which the Company is not the survivor unless:

(1) the person is organized under the laws of the United States or a State thereof or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a State thereof;

(2) the person assumes by supplemental indenture all the obligations of the Company under this Indenture, the Securities and any coupons;

(3) all required approvals of any regulatory body having jurisdiction over the transaction shall have been obtained; and

(4) immediately after the transaction no Default exists.

The successor shall be substituted for the Company, and thereafter all obligations of the Company under this Indenture, the Securities and any coupons shall terminate.

ARTICLE 6 _ DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default.

Unless the Securities Resolution otherwise provides, an "Event of Default" on a series occurs if:

(1) the Company defaults in any payment of interest on any Securities of the series when the same becomes due and payable and the Default continues for a period of 60 days;

(2) the Company defaults in the payment of the principal and premium, if any, of any Securities of the series when the same becomes due and payable at maturity or upon redemption, acceleration or otherwise, and such default shall continue for five or more days;

(3) the Company defaults in the payment or satisfaction of any sinking fund obligation with respect to any Securities of the series as required by the Securities Resolution establishing such series and the Default continues for a period of 60 days;

(4) the Company defaults in the performance of any of its other agreements applicable to the series and the Default continues for 90 days after the notice specified below;

(5) the Company pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian for it or for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors;

(6) a court of competent jurisdiction enters an order or decree under

any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case,

(B) appoints a Custodian for the Company or for all or substantially all of its property, or

(C) orders the liquidation of the Company;

and the order or decree remains unstayed and in effect for 60 days; or

(7) there occurs any other Event of Default provided for in the series.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or a similar official under any Bankruptcy Law.

A Default under clause (4) is not an Event of Default until the Trustee or the Holders of at least 33-1/3% in principal amount of the series notify the Company of the Default and the Company does not cure the Default within the time specified after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default." If Holders notify the Company of a Default, they shall notify the Trustee at the same time.

The failure to redeem any Security subject to a Conditional Redemption is not an Event of Default if any event on which such redemption is so conditioned does not occur and is not waived before the scheduled redemption date.

SECTION 6.02. Acceleration.

If an Event of Default occurs and is continuing on a series, the Trustee by notice to the Company, or the Holders of at least 33-1/3% in principal amount of the series by notice to the Company and the Trustee, may declare the principal of and accrued interest on all the Securities of the series to be due and payable immediately. Discounted Debt Securities may provide that the amount of principal due upon acceleration is less than the stated principal amount.

The Holders of a majority in principal amount of the series by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default on the series have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration.

SECTION 6.03. Other Remedies.

If an Event of Default occurs and is continuing on a series, the Trustee may pursue any available remedy to collect principal or interest then due on the series, to enforce the performance of any provision applicable to the series, or otherwise to protect the rights of the Trustee and Holders of the series.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or coupons or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults.

Unless the Securities Resolution otherwise provides, the Holders of a majority in principal amount of a series by notice to the Trustee may waive an existing Default on the series and its consequences except:

(1) a Default in the payment of the principal of or interest on the series, or

(2) a Default in respect of a provision that under Section 10.02 cannot be amended without the consent of each Securityholder affected.

SECTION 6.05. Control by Majority.

The Holders of a majority in principal amount of a series may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or of exercising any trust or power conferred on the Trustee, with respect to the series. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or if the Trustee in good faith shall determine that the action or direction might involve the Trustee in personal liability.

SECTION 6.06. Limitation on Suits.

A Securityholder of a series may pursue a remedy with respect to the series only if:

- (1) the Holder gives to the Trustee notice of a continuing Event of Default on the series;
- (2) the Holders of at least 33-1/3% in principal amount of the series make a request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (5) during such 60-day period the Holders of a majority in principal amount of the series do not give the Trustee a direction inconsistent with such request.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

SECTION 6.07. Collection Suit by Trustee.

If an Event of Default in payment of interest, principal or sinking fund specified in Section 6.01(1), (2) or (3) occurs and is continuing on a series, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal and interest remaining unpaid on the series.

SECTION 6.08. Priorities.

If the Trustee collects any money for a series pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.06;

Second: to Securityholders of the series for amounts due and unpaid for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable for principal and interest, respectively; and

Third: to the Company.

The Trustee may fix a payment date for any payment to Securityholders.

ARTICLE 7 _ TRUSTEE

SECTION 7.01. Rights of Trustee.

(1) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(2) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Certificate or Opinion.

(3) The Trustee may act through agents, attorneys, custodians and nominees and shall not be responsible for the misconduct or negligence of any agent, attorney, custodian or nominee appointed with due care.

(4) The Trustee shall not be liable for any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(5) The Trustee may refuse to perform any duty or exercise any right or power which it reasonably believes may expose it to any loss, liability or expense unless it receives indemnity satisfactory to it against such loss, liability or expense.

(6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company.

Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(7) The Trustee shall have no duty with respect to a Default unless it

has actual knowledge of the Default. As used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

(8) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized and within its powers.

(9) Any Agent shall have the same rights and be protected to the same extent as if it were Trustee.

(10) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

SECTION 7.02. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities or coupons and may otherwise deal with the Company or an Affiliate with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 7.03. Trustee's Disclaimer.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities or any coupons; it shall not be accountable for the Company's use of the proceeds from the Securities; it shall not be responsible for any statement in the Securities or any coupons; it shall not be responsible for determining whether the form and terms of any Securities or coupons were established in conformity with this Indenture; and it shall not be responsible for determining whether any Securities were issued in accordance with this Indenture.

SECTION 7.04. Notice of Defaults.

If a Default occurs and is continuing on a series and if the Trustee has actual knowledge of such Default, the Trustee shall mail a notice of the Default within 90 days after it occurs to Holders of Registered Securities of the series. Except in the case of a Default in payment on a series, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interest of Holders of the series. The Trustee shall withhold notice of a Default described in Section 6.01(4) until at least 90 days after it occurs.

SECTION 7.05. Reports by Trustee to Holders.

Any report required by TIA 313(a) to be mailed to Securityholders shall be mailed by the Trustee on or before July 15 of each year.

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each stock exchange on which any Securities are listed. The Company shall notify the Trustee when any Securities are listed on a stock exchange.

SECTION 7.06. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any loss or liability incurred by it. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or willful misconduct.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities and any coupons on all money or property held or collected by the Trustee, except that held in trust to pay principal or interest on particular securities.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(5) or (6) occurs, such expenses and the compensation for such services are intended to constitute expenses of administration under any Bankruptcy Law.

The provisions of this Section shall survive any termination or discharge of this Indenture (including without limitation any termination under any Bankruptcy Law) and the resignation or removal of the Trustee.

SECTION 7.07. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign by so notifying the Company. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee with the Company's consent.

The Company may remove the Trustee if:

- (1) the Trustee fails to comply with TIA 310(a) or 310(b) or with Section 7.09;
- (2) the Trustee is adjudged a bankrupt or an insolvent;
- (3) a Custodian or other public officer takes charge of the Trustee or its property;
- (4) the Trustee becomes incapable of acting; or
- (5) an event of the kind described in Section 6.01(5) or (6) occurs with respect to the Trustee.

The Company also may remove the Trustee with or without cause if the Company so notifies the Trustee three months in advance and if no Default occurs during the three month period.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with TIA 310(a) or 310(b) or with Section 7.09, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of Registered Securities. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.06.

SECTION 7.08. Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.09. Trustee's Capital and Surplus.

The Trustee at all times shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published report of financial condition.

ARTICLE 8 _ DISCHARGE OF INDENTURE

SECTION 8.01. Defeasance.

Securities of a series may be defeased in accordance with their terms and, unless the Securities Resolution otherwise provides, in accordance with this Article.

The Company at any time may terminate as to a series all of its obligations under this Indenture, the Securities of the series and any related coupons ("legal defeasance option"). The Company at any time may terminate as to a series its obligations, if any, under any restrictive covenants which may be applicable to a particular series ("covenant defeasance option"). However, in the case of the legal defeasance option, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.06, 7.07 and 8.04 shall survive until the

Securities of the series are no longer outstanding; thereafter the Company's obligations in Section 7.06 shall survive.

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, a series may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, a series may not be accelerated by reference to any restrictive covenants which may be applicable to such series.

The Trustee upon request shall acknowledge in writing the discharge of those obligations or restrictions that the Company terminates by defeasance.

SECTION 8.02. Conditions to Defeasance.

The Company may exercise as to a series its legal defeasance option or its covenant defeasance option if:

(1) the Company irrevocably deposits in trust with the Trustee or another trustee money or U.S. Government Obligations;

(2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due on the deposited U.S. Government Obligations without reinvestment plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities of the series to maturity or redemption, as the case may be;

(3) immediately after the deposit no Default exists;

(4) the deposit does not constitute a default under any other agreement binding on the Company;

(5) the deposit does not cause the Trustee to have a conflicting interest under TIA 310(a) or 310(b) as to another series;

(6) the Company delivers to the Trustee an Opinion of Counsel to the effect that Holders of the series will not recognize income, gain or loss for Federal income tax purposes as a result of the defeasance; and

(7) 91 days pass after the deposit is made and during the 91-day period no Default specified in Section 6.01(5) or (6) occurs that is continuing at the end of the period.

Before or after a deposit the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

"U.S. Government Obligations" means direct obligations of (i) the United States or (ii) an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed by the United States, which, in either case, have the full faith and credit of the United States pledged for payment and which are not callable at the issuer's option, or certificates representing an ownership interest in such obligations.

SECTION 8.03. Application of Trust Money.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 8.02. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal and interest on Securities of the defeased series.

SECTION 8.04. Repayment to Company.

The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or securities held by them at any time.

The Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal or interest that remains unclaimed for two years. After payment to the Company, Securityholders entitled to the money must look to the Company for payment as unsecured general creditors unless an abandoned property law designates another person.

ARTICLE 9 _ CONVERSION

SECTION 9.01. Conversion Privilege.

If the Securities Resolution establishing the terms of a series of Securities so provides, Securities of any series may be convertible at the option of the

holders into or for Common Stock or other equity or debt securities (a "Conversion Right").

The Securities Resolution may establish, among other things, the Conversion Rate, provisions for adjustments to the Conversion Rate and limitations upon exercise of the Conversion Right.

Unless the Securities Resolution otherwise provides, a Holder may convert a portion of a Security if the portion is \$1,000 or in integral multiples thereof. Provisions of this Indenture that apply to the conversion of the aggregate principal amount of a Security also apply to conversion of a portion of it.

The Securities Resolution providing for Securities with a Conversion Right may establish any terms in addition to, or other than (including terms inconsistent with), those set forth in this Article 9 with respect to the Conversion of the Securities established thereby (other than those of Section 9.16).

SECTION 9.02. Conversion Procedure.

To convert a Security a Holder must satisfy all requirements in the Securities or the Securities Resolution and (i) complete and manually sign the conversion notice (the "Conversion Notice") provided for in the Securities Resolution or the Security (or complete and manually sign a facsimile thereof) and deliver such notice to the Conversion Agent or any other office or agency maintained for such purpose, (ii) surrender the Security to the Conversion Agent or at such other office or agency by physical delivery, (iii) if required, furnish appropriate endorsements and transfer documents, and (iv) if required, pay all transfer or similar taxes. The date on which such notice shall have been received by and the Security shall have been so surrendered to the Conversion Agent is the "Conversion Date." Such Conversion Notice shall be irrevocable and may not be withdrawn by a Holder for any reason.

The Company will complete settlement of any conversion of Securities not later than the fifth business day following the Conversion Date in respect of the cash portion elected to be delivered in lieu of the securities into which the Security is convertible and not later than the seventh business day following the Conversion Date in respect of the portion to be settled in such securities.

If any Security is converted between the record date for the payment of interest and the next succeeding interest payment date, such Security must be accompanied by funds (in immediately available funds) equal to the interest payable on such succeeding interest payment date on the principal amount so converted (unless such Security shall have been called for redemption during such period, in which case no such payment shall be required). A Security converted on an interest payment date need not be accompanied by any payment, and the interest on the principal amount of the Security being converted will be paid on such interest payment date to the registered holder of such Security on the immediately preceding record date. Subject to the aforesaid right of the registered holder to receive interest, no payment or adjustment will be made on conversion for interest accrued on the converted Security or for interest, dividends or other distributions payable on any security issued on conversion.

If a Holder converts more than one Security at the same time, the securities into which the Security is convertible issuable or cash payable upon the conversion shall be based on the total principal amount of the Securities converted.

Upon surrender of a Security that is converted in part the Trustee shall authenticate for the Holder a new Security equal in principal amount to the unconverted portion of the Security surrendered; except that if a global Security is so surrendered the Trustee shall authenticate and deliver to the Depositary a new global Security in a denomination equal to and in exchange for the unconverted portion of the principal of the global Security so surrendered.

If the last day on which a Security may be converted is a Legal Holiday in a place where a Conversion Agent is located, the Security may be surrendered to that Conversion Agent on the next succeeding day that is not a Legal Holiday.

SECTION 9.03. Taxes on Conversion.

If a Holder of a Security exercises a Conversion Right, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of the securities into which the Security is convertible upon the conversion. However, the Holder shall pay any such tax which is due because securities or other property are issued in a name other than the Holder's name. Nothing herein shall preclude any income tax or other withholding required by law or regulations.

SECTION 9.04. Company Determination Final.

Any determination that the Board of Directors makes pursuant to this Article 9 or consistent with terms provided for in any Securities Resolution is conclusive, absent manifest error.

SECTION 9.05. Trustee's and Conversion Agent's Disclaimer.

The Trustee (and each Conversion Agent other than the Company) has no duty to determine when or if an adjustment under this Article 9 or any Securities Resolution should be made, how it should be made or calculated or what it should be. The Trustee (and each Conversion Agent other than the Company) makes no representation as to the validity or value of any securities issued upon conversion of Securities. The Trustee (and each Conversion Agent other than the Company) shall not be responsible for the Company's failure to comply with this Article 9 or any provision of a Securities Resolution relating to a Conversion Right.

SECTION 9.06. Company to Provide Conversion Securities.

The Company shall reserve out of its authorized but unissued Common Stock or its Common Stock held in treasury sufficient shares to permit the conversion of all of the Securities convertible into Common Stock. The Company shall arrange and make available for issuance upon conversion the full amount of any other securities into which the Securities are convertible to permit such conversion of the Securities.

All shares of Common Stock or other equity securities of any person which may be issued upon conversion of the Securities shall be validly issued, fully paid and nonassessable.

The Company will comply with all securities laws regulating the offer and delivery of securities upon conversion of Securities.

SECTION 9.07. Cash Settlement Option.

If the Securities Resolution so provides, the Company may elect to satisfy, in whole or in part, a Conversion Right of Securities convertible into Common Stock or other securities of any person by the delivery of cash. The amount of cash to be delivered shall be equal to the Market Price on the last Trading Day preceding the applicable Conversion Date of a share of Common Stock or other securities of any person into which the Securities are convertible multiplied by the number of shares of Common Stock or the number of shares or principal amount of other securities into which the Securities are convertible, respectively, in respect of which the Company elects to deliver cash. If the Company elects to satisfy, in whole or in part, a Conversion Right by the delivery of shares of Common Stock or other securities, no fractional shares or portion of other securities will be delivered. Instead, the Company will pay cash based on the Market Price for such fractional share of Common Stock or portion of other securities.

The "Market Price" of the Common Stock into which Securities or other equity securities into which the Securities are convertible may be converted pursuant to a Securities Resolution or this Article 9 on any Trading Day means the weighted average per share sale price for all sales of the Common Stock or other equity securities on such Trading Day (or, if the information necessary to calculate such weighted average per share sale price is not reported, the average of the high and low sale prices, or if no sales are reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and average ask prices), as reported in the composite transactions for the New York Stock Exchange, or if the Common Stock or other equity securities into which the Securities are convertible are not listed or admitted to trading on such exchange, as reported in the composite transactions for the principal national or regional United States securities exchange on which the Common Stock or other equity securities into which the Securities are convertible are listed or admitted to trading or, if the Common Stock or other equity securities into which the Securities are convertible are not listed or admitted to trading on a United States national or regional securities exchange, as reported by NASDAQ or by the National Quotation Bureau Incorporated, or if not so reported, as determined in the manner set forth in the appropriate Securities Resolution. In the absence of such quotations, the Company shall be entitled to determine the Market Price on the basis of such quotations as it considers appropriate.

The "Market Price" of any debt security into which Securities are convertible shall be determined as set forth in the applicable Securities Resolution.

SECTION 9.08. Adjustment in Conversion Rate for Change in Capital Stock.

If the Securities are convertible into Common Stock and the Company:

- (1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock;
- (2) subdivides its outstanding shares of Common Stock into a greater

number of shares;

(3) combines its outstanding shares of Common Stock into a smaller number of shares;

(4) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock other than Common Stock; or

(5) issues by reclassification of its Common Stock any shares of its Capital Stock,

then the conversion privilege and the Conversion Rate in effect immediately prior to such action shall be adjusted so that the Holder of a Security thereafter converted may receive the number of shares of Capital Stock of the Company (or, at the Company's option, an equivalent amount in cash) which he would have owned immediately following such action if he had converted the Security immediately prior to such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If the security into which the Securities are convertible is other than Common Stock of the Company, the conversion rate shall be subject to adjustment as set forth in the applicable Securities Resolution.

If after an adjustment a Holder of a Security may, upon conversion, receive shares of two or more classes of Capital Stock of the Company or other securities, the Board of Directors of the Company shall determine the allocation of the adjusted Conversion Rate between or among the classes of Capital Stock or other securities. After such allocation, the conversion privilege and the Conversion Rate of each class of Capital Stock or other securities shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Article or in such Securities Resolution.

SECTION 9.09. Adjustment in Conversion Rate for Common Stock Issued Below Market Price.

If the Securities are convertible into Common Stock, and the Company issues to all holders of Common Stock rights, options or warrants to subscribe for or purchase shares of Common Stock, or any securities convertible into or exchangeable for shares of Common Stock, or rights, options or warrants to subscribe for or purchase such convertible or exchangeable securities at a Price Per Share (as defined and determined according to the formula given below) lower than the current Market Price on the date of such issuance, the Conversion Rate shall be adjusted in accordance with the following formula:

$$AC = \frac{CC \times O + R}{O + N + M}$$

where:

AC = the adjusted Conversion Rate.

CC = the then current Conversion Rate.

O = the number of shares of Common Stock outstanding immediately prior to such issuance (which number shall include shares owned or held by or for the account of the Company).

N = the "Number of Shares," which (i) in the case of rights, options or warrants to subscribe for or purchase shares of Common Stock or of securities convertible into or exchangeable for shares of Common Stock, is the maximum number of shares of Common Stock initially issuable upon exercise, conversion or exchange thereof; and (ii) in the case of rights, options or warrants to subscribe for or purchase convertible or exchangeable securities, is the maximum number of shares of Common Stock initially issuable upon the conversion or exchange of the convertible or exchangeable securities issuable upon the exercise of such rights, options or warrants.

R = the proceeds received or receivable by the Company, which (i) in the case of rights, options or warrants to subscribe for or purchase shares of Common Stock or of securities convertible into or exchangeable for shares of Common Stock, is the aggregate amount received or receivable by the Company in consideration for the sale and issuance of such rights, options, warrants or convertible or exchangeable securities, plus the minimum aggregate amount of additional consideration, other than the convertible or exchangeable securities, payable to the Company upon exercise, conversion or exchange thereof; and (ii) in the case

of rights, options or warrants to subscribe for or purchase convertible or exchangeable securities, is the aggregate amount received or receivable by the Company in consideration

for the sale and issuance of such rights, options or warrants, plus the minimum aggregate consideration payable to the Company upon the exercise thereof, plus the minimum aggregate amount of additional consideration, other than the convertible or exchangeable securities, payable upon the conversion or exchange of the convertible or exchangeable securities; provided, that in each case the proceeds received or receivable by the Company shall be deemed to be the amount of gross cash proceeds without deducting therefrom any compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services or any expenses incurred in connection therewith.

M = the current Market Price per share of Common Stock on the date of issue of the rights, options or warrants to subscribe for or purchase shares of Common Stock or the securities convertible into or exchangeable for shares of Common Stock or the rights, options or warrants to subscribe for or purchase convertible or exchangeable securities.

"Price Per Share" shall be defined and determined according to the following formula:

$$P = \frac{R}{N}$$

where:

P = Price Per Share

and R and N have the meanings assigned above.

If the Company shall issue rights, options, warrants or convertible or exchangeable securities with respect to its Common Stock for a consideration consisting, in whole or in part, of property other than cash the amount of such consideration shall be determined in good faith by the Board of Directors whose determination shall be conclusive and evidenced by a resolution of the Board of Directors filed with the Trustee.

The adjustment shall be made successively whenever any such additional rights, options, warrants or convertible or exchangeable securities with respect to its Common Stock are issued, and shall become effective immediately after the date of issue of such shares, rights, options, warrants or convertible or exchangeable securities.

To the extent that such rights, options or warrants to acquire Common Stock expire unexercised or to the extent any convertible or exchangeable securities with respect to its Common Stock are redeemed by the Company or otherwise cease to be convertible or exchangeable into shares of Common Stock, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustment made upon the date of issuance of such rights, options, warrants or convertible or exchangeable securities been made upon the basis of the issuance of rights, options or warrants to subscribe for or purchase only the number of shares of Common Stock as to which such rights, options or warrants were actually exercised and the number of shares of Common Stock that were actually issued upon the conversion or exchange of the convertible or exchangeable securities.

If the Securities are convertible into securities other than the Common Stock, any adjustment in the Conversion Rate required for the issuance or sale of the securities into which the Securities are convertible shall be made as set forth in the Securities Resolution.

SECTION 9.10. Adjustment for Other Distributions.

If the Securities are initially convertible into Common Stock and the Company distributes to all holders of its Common Stock any of its assets or debt securities or any rights or warrants to purchase assets or debt securities of the Company, the Conversion Rate shall be adjusted in accordance with the following formula:

$$AC = CC \times \frac{(O \times M)}{(O \times M) - F}$$

where:

AC = the adjusted Conversion Rate.

CC = the then current Conversion Rate.

O = the number of shares of Common Stock outstanding on the record date mentioned below (which number shall include shares owned or held by or for the account of the Company).

M = the current Market Price per share of Common Stock on the record date mentioned below.

F = the fair market value on the record date of the assets, securities, rights or warrants distributed. The Board of Directors of the Company shall determine the fair market value.

The adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive the distribution.

If the securities into which the Securities are convertible are other than Common Stock, any adjustments for such other distribution shall be made as set forth in the Securities Resolution.

This Section does not apply to cash dividends or distributions or to reclassifications or distributions referred to in Section 9.08. Also, this Section does not apply to shares issued below Market Price referred to in Section 9.09.

SECTION 9.11. Voluntary Adjustment.

The Company at any time may increase the Conversion Rate, temporarily or otherwise, by any amount but in no event shall such Conversion Rate result in the issuance of Capital Stock at a price less than the par value of such Capital Stock at the time such increase is made.

SECTION 9.12. When Adjustment May Be Deferred.

No adjustment in the Conversion Rate need be made unless the adjustment would require a change of at least 1% in the Conversion Rate. Any adjustments that are not made due to the immediately preceding sentence shall be carried forward and taken into account in any subsequent adjustment; provided, that any adjustment carried forward shall be deferred not in excess of three years, whereupon any adjustment to the Conversion Rate will be effected.

All calculations under this Article 9 shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be.

SECTION 9.13. When No Adjustment Required.

Except as set forth in Section 9.09, no adjustment in the Conversion Rate shall be made because the Company issues, in exchange for cash, property or services, shares of Common Stock, or any securities convertible into shares of Common Stock, or securities carrying the right to purchase shares of Common Stock or such convertible securities.

No adjustment in the Conversion Rate need be made for rights to purchase or the sale of Common Stock pursuant to a Company plan providing for reinvestment of dividends or interest.

No adjustment in the Conversion Rate need be made for a change in the par value of the Common Stock or other securities having a par value.

No adjustment need be made for a transaction referred to in Section 9.08, 9.09 or 9.10 if Securityholders are to participate in the transaction on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock or other securities into which the Securities are convertible participate in the transaction.

SECTION 9.14. Notice of Adjustment.

Whenever the Conversion Rate is adjusted, the Company shall promptly mail to Holders of Securities affected a notice of the adjustment. The Company shall file with the Trustee an Officers' Certificate or a certificate from the Company's independent public accountants stating the facts requiring the adjustment and the manner of computing it. The certificate shall be conclusive evidence that the adjustment is correct, absent manifest error.

SECTION 9.15. Notice of Certain Transactions.

If:

(1) the Company proposes to take any action that would require an adjustment in the Conversion Rate,

(2) the Company proposes to take any action that would require a supplemental indenture pursuant to Section 9.16, or

(3) there is a proposed liquidation or dissolution of the Company or of the issuer of any other security into which the Securities are convertible,

the Company shall mail to registered Holders of Securities of any affected series a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution. The Company shall mail the notice at least 15 days before such date.

Failure to mail the notice or any defect in it shall not affect the validity of the transaction.

SECTION 9.16. Reorganization of the Company.

If the Company is a party to a transaction subject to Section 5.01, the successor corporation (if other than the Company) shall enter into a supplemental indenture which shall provide that the Holder of a Security may convert it into the kind and amount of securities, cash or other assets which he would have owned immediately after the consolidation, merger or transfer if he had converted the Security immediately before the effective date of the transaction. The supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Article. The successor company shall mail to Holders of Securities of any affected series a notice briefly describing the supplemental indenture.

If this Section applies, Sections 9.08, 9.09 and 9.10 do not apply.

ARTICLE 10 _ AMENDMENTS

SECTION 10.01. Without Consent of Holders.

The Company and the Trustee may amend this Indenture, the Securities or any coupons without the consent of any Securityholder:

- (1) to cure any ambiguity, omission, defect or inconsistency;
- (2) to comply with Article 5 or Section 9.16;
- (3) to provide that specific provisions of this Indenture shall not apply to a series not previously issued;
- (4) to create a series and establish its terms;
- (5) to provide for a separate Trustee for one or more series; or
- (6) to make any change that does not materially adversely affect the rights of any Securityholder.

SECTION 10.02. With Consent of Holders.

Unless the Securities Resolution otherwise provides, the Company and the Trustee may amend this Indenture, the Securities and any coupons with the written consent of the Holders of a majority in principal amount of the Securities of all series affected by the amendment voting as one class. However, without the consent of each Securityholder affected, an amendment under this Section may not:

- (1) reduce the amount of Securities whose Holders must consent to an amendment;
- (2) reduce the interest on or change the time for payment of interest on any Security;
- (3) change the fixed maturity of any Security;
- (4) reduce the principal of any non-Discounted Debt Security or reduce the amount of principal of any Discounted Debt Security that would be due upon an acceleration thereof;
- (5) change the currency in which principal or interest on a Security is payable;
- (6) make any change that materially adversely affects the right to convert any Security; or
- (7) make any change in Section 6.04 or 10.02, except to increase the amount of Securities whose Holders must consent to an amendment or waiver or to provide that other provisions of this Indenture cannot be amended or waived without the consent of each Securityholder affected thereby.

An amendment of a provision included solely for the benefit of one or more series does not affect Securityholders of any other series.

Securityholders need not consent to the exact text of a proposed amendment or waiver; it is sufficient if they consent to the substance thereof.

SECTION 10.03. Compliance with Trust Indenture Act.

Every amendment pursuant to Section 10.01 or 10.02 shall be set forth in a supplemental indenture (except any amendment pursuant to Section 10.01(4), which may be set forth in a Securities Resolution) that complies with the TIA.

If a provision of the TIA requires or permits a provision of this Indenture and the TIA provision is amended, then the Indenture provision shall be automatically amended to like effect.

SECTION 10.04. Effect of Consents.

An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Securityholder entitled to consent to it.

A consent to an amendment or waiver by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security that evidences the same debt as the consenting Holder's Security. Any Holder or subsequent Holder may revoke the consent as to his Security if the Trustee receives notice of the revocation before the amendment or waiver becomes effective.

The Company may fix a record date for the determination of Holders of Registered Securities entitled to give a consent. The record date shall not be less than 10 nor more than 60 days prior to the first written solicitation of Securityholders.

SECTION 10.05. Notation on or Exchange of Securities.

The Company or the Trustee may place an appropriate notation about an amendment or waiver on any Security thereafter authenticated. The Company may issue in exchange for affected Securities new Securities that reflect the amendment or waiver.

SECTION 10.06. Trustee Protected.

The Trustee need not sign any supplemental indenture that adversely affects its rights. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate each stating that the execution of any amendment or supplement or waiver authorized pursuant to this Article is authorized or permitted by this Indenture, and that such amendment or supplement or waiver constitutes the legal, valid and binding obligation of the Company.

ARTICLE 11 _ MISCELLANEOUS

SECTION 11.01. Trust Indenture Act.

The provisions of TIA 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not expressly set forth herein.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or excluded, as the case may be.

SECTION 11.02. Notices.

Any notice by one party to another is duly given if in writing and delivered in person, sent by facsimile transmission confirmed by mail or mailed by first-class mail to the other's address shown below:

Company:

Western Resources, Inc.

818 Kansas Avenue

Topeka, Kansas 66612

Fax: (913) 575-8160

Attention: Vice President, Finance

Trustee:

Bankers Trust Company

4 Albany Street

New York, NY 10006

Fax: (212) 250-6725

Attention: Corporate Trust and Agency Group Manager of Public Utilities

A party by notice to the other parties may designate additional or different addresses for subsequent notices.

Any notice mailed to a Securityholder shall be mailed to his address shown on the register kept by the Transfer Agent or on the list referred to in Section 2.06. Failure to mail a notice to a Securityholder or any defect in a notice mailed to a Securityholder shall not affect the sufficiency of the notice mailed to other Securityholders or the sufficiency of any published notice.

If a notice is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice to Securityholders, it shall mail a copy to the Trustee and each Agent at the same time.

If in the Company's opinion it is impractical to mail a notice required to be mailed or to publish a notice required to be published, the Company may give such substitute notice as the Trustee approves. Failure to publish a notice as required or any defect in it shall not affect the sufficiency of any mailed notice.

All notices shall be in the English language, except that any published notice may be in an official language of the country of publication.

A "notice" includes any communication required by this Indenture.

SECTION 11.03. Certificate and Opinion as to Conditions

Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall if so requested furnish to the Trustee:

(1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 11.04. Statements Required in Certificate or

Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 11.05. Rules by Company and Agents.

The Company may make reasonable rules for action by or a meeting of Securityholders. An Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 11.06. Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions are not required to be open. If a payment date is a Legal Holiday at a place of payment, unless the Securities Resolution establishing a series otherwise provides with respect to Securities of the series, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 11.07. No Recourse Against Others.

All liability described in the Securities of any director, officer, employee or stockholder, as such, of the Company is waived and released.

SECTION 11.08. Duplicate Originals.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 11.09. Governing Law.

The laws of the State of New York shall govern this Indenture, the Securities and any coupons, unless federal law governs.

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SIGNATURES

Dated: , WESTERN RESOURCES, INC.

By

Name:

Title:

Attest: (SEAL)

- - - - -

Name:

Title:

Dated: , BANKERS TRUST COMPANY

By

Name:

Title:

Attest: (SEAL)

- - - - -

Name:

Title:

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EXHIBIT A

A Form of Registered Security

No. \$

[NAME OF ISSUER]

[Title of Security]

[Name Of Issuer]

promises to pay to

or registered assigns

the principal sum of _____ Dollars on _____,

Interest Payment Dates:

Record Dates:

Dated:

[_____] [NAME OF ISSUER]

Transfer Agent and Paying Agent

by

(SEAL)

Authenticated: _____ Chairman of the Board

[Name of Registrar]

Registrar, by

Authorized Signature _____ Vice-President

[NAME OF ISSUER]

[Title of Security]

[Explanatory Notes follow Exhibit B]

1. Interest.1

[Name Of Issuer] ("Company"), a corporation organized and existing under the laws of the State of _____, promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest on and of each year commencing _____, 19___. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from _____, 19___. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment.2

The Company will pay interest on the Securities to the persons who are registered holders of Securities at the close of business on the record date for the next interest payment date, except as otherwise provided in the Indenture. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money. It may mail an interest check to a holder's registered address.

3. Agents.

Initially, _____ Attention: _____, will act as Paying Agent, Transfer Agent and Registrar. The Company may change any Paying Agent, Transfer Agent or Registrar without notice or provide for more than one such agent. The Company or any Affiliate may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

4. Indenture.

The Company issued the securities of this series ("Securities") under an

Indenture dated as of _____, ("Indenture") between the Company and Bankers Trust Company ("Trustee"). The terms of the Securities include those stated in the Indenture and in the Securities Resolution creating the Securities and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code 77aaa77bbb), as amended. Securityholders are referred to the Indenture, the Securities Resolution and the Act for a statement of such terms.

5. Optional Redemption.3

On or after _____, the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning,

Year	Percentage	Year	Percentage
------	------------	------	------------

and thereafter at 100%.

6. Mandatory Redemption.4

The Company will redeem \$ _____ principal amount of Securities on _____ and on each _____ thereafter through _____ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.5 The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may so subtract the same Security only once.

On _____ of each year commencing _____, the Trustee will, upon the death of any registered owner, redeem any of the Securities held by a registered owner following presentation thereof or redemption as described below by such registered owner's personal representative or surviving joint tenant(s), subject to the limitation that in any month period the Trustee shall not be obligated to redeem Securities pursuant to this provision to the extent that the aggregate principal amount of the Securities so subject to redemption exceeds \$ _____, or the Securities of any registered owner tendered for redemption are in excess of the aggregate. The Securities subject to redemption as described above may be presented for redemption by delivering to the Trustee (i) a written request for redemption in form satisfactory to the Trustee, signed by the personal representative or surviving joint tenant(s) of the registered owner, (ii) the Securities to be redeemed, (iii) appropriate evidence of death and ownership of such Securities at the time of death, and (iv) appropriate evidence of the authority of such personal representative or surviving joint tenant(s). In order for Securities to be eligible for redemption on any _____, such Securities must be presented for redemption in full compliance with the provisions set forth above, prior to following the death of the registered owner of such Securities and next preceding such. Securities presented for redemption prior to maturity will be redeemed in order of their receipt by the Trustee. Any such Securities not redeemed in any such period because of the aggregate limitation or the individual \$ limitation will be held in the order described above for redemption on in succeeding years until redeemed. Any such redemption shall be at a price equal to % of the principal amount of the Securities so to be redeemed, plus accrued interest to the redemption date, but without a premium.

The death of a person who, during his lifetime, was entitled to substantially all of the beneficial interest of ownership of a Security will be deemed the death of a registered owner, regardless of the registered owner, if such beneficial interest can be established to the satisfaction of the Trustee. Such beneficial interest shall be deemed to exist in typical cases of street name or nominee ownership, ownership under the Uniform Transfers to Minors Act or similar statute, community property or other joint ownership arrangements between husband and wife, and trust and certain other arrangements where one person has substantially all of the beneficial ownership interest in the Securities during his lifetime. In the case of Securities registered in the name of banks, trust companies or broker-dealers who are members of a national securities exchange or the National Association of Securities Dealers, Inc. ("Qualified Institutions"), the redemption limitations described above apply to each beneficial owner of Securities held by any Qualified Institution. In connection with the redemption request, such Qualified Institution must submit evidence, satisfactory to the Trustee, that it holds Securities subject to request on behalf of such beneficial owner and must certify the aggregate amount of redemption requests made on behalf of such beneficial owner.

7. Additional Optional Redemption.6

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$ _____ principal amount of Securities on _____ and on each thereafter through _____ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.

8. Notice of Redemption.⁷

Notice of redemption will be mailed at least 30 days before the redemption date to each holder of Securities to be redeemed at his registered address.

A notice of redemption may provide that it is subject to the occurrence of any event before the date fixed for such redemption as described in such notice ("Conditional Redemption") and such notice of Conditional Redemption shall be of no effect unless all such conditions to the redemption have occurred before such date or have been waived by the Company.

9. Conversion.⁸

A Holder of a Security may convert it into Common Stock of the Company or cash, or a combination thereof, at the Company's option, at any time before the close of business on _____, or, if the Security is called for redemption, the Holder may convert it at any time before the close of business on the redemption date. The initial Conversion Rate is _____ (or an equivalent amount in cash) per \$1,000 principal amount of the Securities, subject to adjustment as provided in Article 9 of the Indenture.⁹ The Company will deliver a check in lieu of any fractional share. On conversion no payment or adjustment for interest accrued on the Securities will be made nor for dividends on the Common Stock issued on conversion. If any Security is converted between the record date for the payment of interest and the next succeeding interest payment date, such Security must be accompanied by funds equal to the interest payable on such succeeding interest payment date on the principal amount so converted (unless such Security shall have been called for redemption, in which case no such payment shall be required). A Security converted on an interest payment date need not be accompanied by any payment, and the interest on the principal amount of the Security being converted will be paid on such interest payment date to the registered holder of such Security on the immediately preceding record date.

To convert a Security a Holder must (1) complete and sign the conversion notice on the back of the Security, (2) surrender the Security to a Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Registrar or Conversion Agent and (4) pay any transfer or similar tax if required. A Holder may convert a portion of a Security if the portion is \$1,000 or an integral multiple of \$1,000.

10. Denominations, Transfer, Exchange.

The Securities are in registered form without coupons in denominations of \$1,000¹⁰ and whole multiples of \$1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Transfer Agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before a selection of Securities to be redeemed.

11. Persons Deemed Owners.

The registered holder of a Security may be treated as its owner for all purposes.

12. Amendments and Waivers.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the securities of all series affected by the amendment.¹¹ Subject to certain exceptions, a default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

13. Restrictive Covenants.¹²

The Securities are unsecured general obligations of the Company limited to \$ principal amount. The Indenture does not limit other unsecured debt.

14. Successors.

When a successor assumes all the obligations of the Company under the Securities and the Indenture, the Company will be released from those obligations.

15. Defeasance Prior to Redemption or Maturity.¹³

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

16. Defaults and Remedies.

An Event of Default¹⁴ includes: default for 60 days in payment of interest on the Securities; default in payment of principal on the Securities; default for 60 days in payment or satisfaction of any sinking fund obligation; default by the Company for a specified period after notice to it in the performance of any of its other agreements applicable to the Securities; certain events of bankruptcy or insolvency; and any other Event of Default provided for in the series. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 33-1/3% in principal amount of the Securities may declare the principal¹⁵ of all the Securities to be due and payable immediately. Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture.

The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

17. Trustee Dealings with Company.

, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

18. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication.

This Security shall not be valid until authenticated by a manual signature of the Registrar.

20. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture and the Securities Resolution, which contain the text of this Security in larger type. Requests may be made to: [Name/Address Of Issuer], Attention: Corporate Secretary.

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EXHIBIT B

A Form of Bearer Security

No.

\$

[NAME OF ISSUER]

[Title of Security]

ALL SEQUENCE NUMBERING RESET

1. Interest.1

[Name Of Issuer] ("Company"), a corporation organized and existing under the laws of the State of _____, promises to pay to bearer interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest on _____ and _____ of each year commencing _____, 19 _____. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from _____, 19 _____. Interest will be computed on the basis of a 360day year of twelve 30 day months.

2. Method of Payment.2

Holders must surrender Securities and any coupons to a Paying Agent to collect principal and interest payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money.

3. Agents.

Initially, _____, Attention: _____, will act as Transfer Agent, Paying Agent and Registrar. The Company may change any Paying Agent, Transfer Agent or Registrar without notice or provide for more than one such agent. The Company or any Affiliate may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

4. Indenture.

The Company issued the securities of this series ("Securities") under an Indenture dated as of _____, ("Indenture") between the Company and Bankers Trust Company ("Trustee"). The terms of the Securities include those stated in the Indenture and the Securities Resolution and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code 77aaa77bbb), as amended. Securityholders are referred to the Indenture, the Securities Resolution and the Act for a statement of such terms.

5. Optional Redemption.3

On or after _____, the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning,

Year	Percentage	Year	Percentage
------	------------	------	------------

and thereafter 100%.

6. Mandatory Redemption.4

The Company will redeem \$ _____ principal amount of Securities on _____ and on each _____ thereafter through _____ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.⁵ The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may so subtract the same Security only once.

On _____ of each year commencing _____, the Trustee will, upon the death of any registered owner, redeem any of the Securities held by a registered owner following presentation thereof or redemption as described below by such registered owner's personal representative or surviving joint tenant(s), subject to the limitation that in any month period the Trustee shall not be obligated to redeem Securities pursuant to this provision to the extent that the aggregate principal amount of the Securities so subject to redemption exceeds \$ _____, or the Securities of any registered owner tendered

for redemption are in excess of the aggregate _____. The Securities subject to redemption as described above may be presented for redemption by delivering to the Trustee (i) a written request for redemption in form satisfactory to the Trustee, signed by the personal representative or surviving joint tenant(s) of the registered owner, (ii) the Securities to be redeemed, (iii) appropriate evidence of death and ownership of such Securities at the time of death, and (iv) appropriate evidence of the authority of such personal representative or surviving joint tenant(s). In order for Securities to be eligible for redemption on any _____, such Securities must be presented for redemption in full compliance with the provisions set forth above, prior to following the death of the registered owner of such Securities and next preceding such _____. Securities presented for redemption prior to maturity will be redeemed in order of their receipt by the Trustee. Any such Securities not redeemed in any such period because of the aggregate limitation or the individual \$ limitation will be held in the order described above for redemption on in succeeding years until redeemed. Any such redemption shall be at a price equal to % of the principal amount of the Securities so to be redeemed, plus accrued interest to the redemption date, but without a premium.

The death of a person who, during his lifetime, was entitled to substantially all of the beneficial interest of ownership of a Security will be deemed the death of a registered owner, regardless of the registered owner, if such beneficial interest can be established to the satisfaction of the Trustee. Such beneficial interest shall be deemed to exist in typical cases of street name or nominee ownership, ownership under the Uniform Transfers to Minors Act or similar statute, community property or other joint ownership arrangements between husband and wife, and trust and certain other arrangements where one person has substantially all of the beneficial ownership interest in the Securities during his lifetime. In the case of Securities registered in the name of banks, trust companies or broker-dealers who are members of a national securities exchange or the National Association of Securities Dealers, Inc. ("Qualified Institutions"), the redemption limitations described above apply to each beneficial owner of Securities held by any Qualified Institution. In connection with the redemption request, such Qualified Institution must submit evidence, satisfactory to the Trustee, that it holds Securities subject to request on behalf of such beneficial owner and must certify the aggregate amount of redemption requests made on behalf of such beneficial owner.

7. Additional Optional Redemption.6

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$ principal amount of Securities on and on each thereafter through at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.

8. Notice of Redemption.7

Notice of redemption will be published once in an Authorized Newspaper in the City of New York and if the Securities are listed on any stock exchange located outside the United States and such stock exchange so requires, in any other required city outside the United States at least 30 days before the redemption date. Notice of redemption also will be mailed to holders who have filed their names and addresses with the Transfer Agent within the two preceding years. A holder of Securities may miss important notices if he fails to maintain his name and address with the Transfer Agent.

A notice of redemption may provide that it is subject to the occurrence of any event before the date fixed for such redemption as described in such notice ("Conditional Redemption") and such notice of Conditional Redemption shall be of no effect unless all such conditions to the redemption have occurred before such date or have been waived by the Company.

9. Conversion.8

A Holder of a Security may convert it into Common Stock of the Company or cash, or a combination thereof, at the Company's option, at any time before the close of business on _____, or, if the Security is called for redemption, the Holder may convert it at any time before the close of business on the redemption date. The initial Conversion Rate is _____ (or an equivalent amount in cash) per \$1,000 principal amount of the Securities, subject to adjustment as provided in Article 9 of the Indenture.9 The Company will deliver a check in lieu of any fractional share. On conversion no payment or adjustment for interest accrued on the Securities will be made nor for dividends on the Common Stock issued on conversion. If any Security is converted between the record date for the payment of interest and the next succeeding interest payment date, such Security must be accompanied by funds equal to the interest payable on such succeeding interest payment date on the principal amount so converted (unless such Security shall have been called for redemption, in which case no such payment shall be required). A Security converted on an interest payment date need not be accompanied by any payment, and the interest on the principal amount of the Security being converted will be paid on such interest payment date to

the registered holder of such Security on the immediately preceding record date.

To convert a Security a Holder must (1) complete and sign the conversion notice on the back of the Security, (2) surrender the Security to a Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Registrar or Conversion Agent and (4) pay any transfer or similar tax if required. A Holder may convert a portion of a Security if the portion is \$1,000 or an integral multiple of \$1,000.

10. Denominations, Transfer, Exchange.

The Securities are in bearer form with coupons in denominations of \$5,000¹⁰ and whole multiples of \$5,000. The Securities may be transferred by delivery and exchanged as provided in the Indenture. Upon an exchange, the Transfer Agent may require a holder, among other things, to furnish appropriate documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange any Security or portion of a Security selected for redemption. Also, it need not exchange any Securities for a period of 15 days before a selection of Securities to be redeemed.

11. Persons Deemed Owners.

The holder of a Security or coupon may be treated as its owner for all purposes.

12. Amendments and Waivers.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the securities of all series affected by the amendment.¹¹ Subject to certain exceptions, a default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

13. Restrictive Covenants.¹²

The Securities are unsecured general obligations of the Company limited to \$ principal amount. The Indenture does not limit other unsecured debt.

14. Successors.

When a successor assumes all the obligations of the Company under the Securities, any coupons and the Indenture, the Company will be released from those obligations.

15. Defeasance Prior to Redemption or Maturity.¹³

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities, any coupons and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

16. Defaults and Remedies.

An Event of Default¹⁴ includes: default for 60 days in payment of interest on the Securities; default in payment of principal on the Securities; default for 60 days in payment or satisfaction of any sinking fund obligation; default by the Company for a specified period after notice to it in the performance of any of its other agreements applicable to the Securities; certain events of bankruptcy or insolvency; and any other Event of Default provided for in the series. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 33-1/3% in principal amount of the Securities may declare the principal¹⁵ of all the Securities to be due and payable immediately.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish annual compliance certificates to the Trustee.

17. Trustee Dealings with Company.

, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

18. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication.

This Security shall not be valid until authenticated by a manual signature of the Registrar.

20. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture and the Securities Resolution, which contain the text of this Security in larger type. Requests may be made to: [Name/Address Of Issuer], Attention: Corporate Secretary.

[FACE OF COUPON]

.....
[\$].....
Due.....

[NAME OF ISSUER]
[Title of Security]

Unless the Security attached to this coupon has been called for redemption, [Name Of Issuer] (the "Company") will pay to bearer, upon surrender, the amount shown hereon when due. This coupon may be surrendered for payment to any Paying Agent listed on the back of this coupon unless the Company has replaced such Agent. Payment may be made by check. This coupon represents months' interest.

[Name Of Issuer]
By

[REVERSE OF COUPON]
PAYING AGENTS

DRAFT: 902528643 902528644 # v (3BZC05!.DOC)

NOTES TO EXHIBITS A AND B

1 If the Security is not to bear interest at a fixed rate per annum, insert a description of the manner in which the rate of interest is to be determined. If the Security is not to bear interest prior to maturity, so state.

2 If the method or currency of payment is different, insert a statement thereof.

3 If applicable. A restriction on redemption or refunding or any provision applicable to its redemption other may be added.

4 Such provisions as are applicable, if any.

5 If the Security is a Discounted Debt Security, insert amount to be redeemed or method of calculating such amount.

6 If applicable. Also insert, if applicable, provisions for repayment of Securities at the option of the Securityholder.

7 If applicable.

8 If applicable. If convertible into securities other than Common Stock, insert appropriate summary.

9 If additional or different adjustment provisions apply so specify.

10 If applicable. Insert additional or different denominations and terms as appropriate.

11 If different terms apply, insert a brief summary thereof.

12 If applicable. If additional or different covenants apply, insert a brief summary thereof.

13 If applicable. If different defeasance terms apply, insert a brief summary thereof.

14 If additional or different Events of Default apply, insert a brief summary thereof.

15 If the Security is a Discounted Debt Security, set forth the amount due and payable upon an Event of Default.

Note: U.S. tax law may require certain legends on Discounted Debt and Bearer Securities.

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EXHIBIT C
ASSIGNMENT FORM

To assign this Security, fill in the form below:
I or we assign and transfer this Security to

: : :
: : :

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

(Sign exactly as your name appears on the other side of this Security)

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EXHIBIT D
CONVERSION NOTICE

To convert this Security, check the box:

To convert only part of this Security, state the amount (must be in integral multiples of \$1,000);

\$ _____

If you want the securities delivered upon conversion made out in another person's name, fill in the form below:

(Insert other person's Social Security or Tax I.D. Number)

(Print or type other person's name, address and zip code)

Date: _____ Signature(s): _____
Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed by: _____
(All signatures must be guaranteed by a member of a national securities exchange or of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company located in the United States)

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WESTERN RESOURCES, INC.

6.25% Putable/Callable Note

Due August 15, 2018, Putable/Callable August 15, 2003

Western Resources, Inc. promises to pay to CEDE & CO. or registered assigns the principal sum of FOUR HUNDRED MILLION DOLLARS on August 15, 2018.

Interest Payment Dates: February 15 and August 15, commencing February 15, 1999

Record Dates: February 1 and August 1

Dated: August 7, 1998

Bankers Trust Company
Transfer Agent

WESTERN RESOURCES, INC.

By:

Name:

Title:

By:

Name:

Title:

Authenticated: Bankers Trust Company,
Registrar
By: Authorized Signature

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WESTERN RESOURCES, INC.

6.25% Putable/Callable Notes

Due August 15, 2018, Putable/Callable August 15, 2003

1. Interest.

Western Resources, Inc. ("Company"), a corporation organized and existing under the laws of the State of Kansas, promises to pay interest on the principal amount of the Securities (as defined in Section 4) at the rate per annum described below. The Company will pay interest semi-annually on August 15 and February 15 of each year, commencing February 15, 1999. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from August 7, 1998. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Securities will bear interest at the rate of 6.25% per annum from the date of issuance to but excluding August 15, 2003 (the "Coupon Reset Date"). If the Callholder (as defined below) elects to exercise the Call Option (as defined below), the Calculation Agent (as defined below) will reset the interest rate on the Notes effective on the Coupon Reset Date, pursuant to Section 8 below. If the Callholder does not exercise the Call Option or for any reason does not pay the Call Price (as defined below) when due as described below, the Trustee will be required to exercise the Put Option (as defined below), and the Company will be required to repurchase and cancel the Securities and the interest rate on the Securities will not be reset on the Coupon Reset Date.

2. Method of Payment.

The Company will pay interest on the Securities to the persons who are registered Holders of Securities at the close of business on the record date for each interest payment date, except as otherwise provided in the Indenture (as defined in Section 4). The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for the payment of public and private debts. The Company may pay principal and interest by

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check payable in such money and it may mail an interest check to a Holder's registered address.

3. Agents.

Initially, Bankers Trust Company, 4 Albany Street, 4th Floor New York, NY 10006, Attention: Corporate Trust and Agency Group -- Manager of Public Utilities, will act as Trustee, Paying Agent, Transfer Agent and Registrar. The Company may change any Paying Agent, Transfer Agent or Registrar without notice or provide for more than one such agent. The Company or any Affiliate may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

4. Indenture.

The Company issued the securities of this series ("Securities") under an Indenture dated as of August 1, 1998 (the "Indenture") between the Company and Bankers Trust Company (the "Trustee"). The terms of the Securities include those stated in the Indenture and in the Securities Resolution creating the Securities and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code ss.ss. 77aaa77bbb) (the "Trust Indenture Act"). All capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. Security holders are referred to the Indenture, the Securities Resolution and the Trust Indenture Act for a statement of such terms.

5. Call Option.

The Company, or any successor or assign (in such capacity, the "Callholder"), has the right to purchase the Securities in whole but not in part on the Coupon Reset Date (the "Call Option"), at a price equal to 100% of the principal amount thereof (the "Call Price"), by giving notice to the Trustee (the "Call Notice"). The Call Notice shall be given to the Trustee, in writing, no later than fifteen calendar days prior to the Coupon Reset Date. In the event the Callholder exercises the Call Option, (a) not later than 2:00 p.m. New York time on the

Business Day (as defined below) prior to the Coupon Reset Date, the Callholder shall deliver the Call Price in immediately available funds to the Trustee for payment on the Coupon Reset Date (provided, however, that if the Company is the assignee of the Call Option, the Company shall so deliver the Call Price in immediately available funds to the Trustee for such payment on or prior to 12:00 noon New York time on the Coupon Reset Date) and (b) the Holders of the Securities shall be required to deliver, and shall be deemed to have delivered, the Securities to the Callholder against payment therefor on the Coupon Reset Date through the facilities of the depository for the Securities (the "Depository"). The Company will remain obligated to make payment of accrued and unpaid interest due on the Securities on the Coupon Reset Date, such interest being payable to the Holders of the Securities on the record date for such interest payment date. "Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in the City of New York are authorized or obligated by law, executive order or governmental decree to be closed.

If the Callholder elects to exercise the Call Option, the obligation of the Callholder to pay the Call Price is subject to the following conditions precedent: (a) that, since the date of the Call Notice, (i) no Event of Default with respect to the Securities shall have occurred and be continuing; (ii) the Company shall not have determined in its sole discretion that a Market Disruption Event (as defined in Section 9) shall have occurred, and (iii) at least three Dealers (as defined in Section 8) shall have submitted timely Bids (as defined in Section 8) substantially in the manner described in Section 8, and (b) the Company shall have received from counsel to the Company (which counsel may be employee of the Company) on or prior to 2:00 p.m. New York time on the Business Day immediately preceding the Coupon Reset Date an opinion of counsel to the effect that, after giving effect to the Coupon Reset Process (including the establishment of the Coupon Reset Rate as the new interest rate on the Securities), the Securities will be valid and legally binding obligations of the Company.

If the Callholder shall fail to pay the Call Price when due, then the Call Option shall immediately terminate and no amount shall be payable to the Holders of the Securities as a result of such termination. No Holder of the Securities or any interest therein will have any rights or claims against the Callholder as a result of the Callholder purchasing or not purchasing the Securities.

The Callholder may at any time assign its rights and obligations under the Call Option; provided; however, that (a) it assigns its rights and obligations in whole and not in part and (b) it provides the Trustee and the Company with notice of such assignment contemporaneously with such assignment. Upon receipt of notice of assignment, the Trustee agrees to treat the assignee as Callholder for all purposes hereunder. The Callholder may assign its rights under the Call Option without notice to, or consent of, the Holders of Securities.

6. Put Option.

If the Call Option has not been exercised, or in the event that the Callholder is not required or for any reason does not deliver the Call Price to the Trustee when due, the option (the "Put Option") to put the Securities to the Company shall be automatically exercised for and on behalf of the Holders of the Securities by the Trustee, at a purchase price equal to 100% of the principal amount thereof (the "Put Redemption Price"). By its purchase of any Security, each Holder irrevocably agrees that the Trustee shall automatically exercise the Put Option for, and on behalf of, the Holders as provided herein. If the Put Option is exercised, (a) the Company shall deliver to the Trustee not later than 12:00 noon New York time on the Coupon Reset Date the Put Redemption Price and (b) the holders of Securities shall be required to deliver, and shall be deemed to have delivered, the Securities to the Company against payment therefor on the Coupon Reset Date through the facilities of the Depositary. The Company will remain obligated to make payment of accrued and unpaid interest due on the Securities on the Coupon Reset Date, such interest being payable to the holders of

the Securities on the record date for such interest payment date. No Holder of Securities or any interest therein will have the right to consent or object to the Trustee's duty to exercise the Put Option.

7. Appointment of Calculation Agent.

The Company hereby appoints Warburg Dillon Read LLC, a limited liability company organized under the laws of the State of New York (together with the corporation, if any, into which Warburg Dillon LLC may be merged, converted or consolidated in accordance with Section 10 below, "Warburg Dillon Read") as its calculation agent (in such capacity, the "Calculation Agent"), and the Calculation Agent has accepted such appointment pursuant to the Purchase Agreement dated as of August 4, 1998 between the Company and Warburg Dillon Read, as representative for the several under writers, as the Company's agent for the purposes of calculating the Coupon Reset Rate (as defined in Section 8) in accordance with the procedures set forth in Section 8.

8. Coupon Reset Process.

If the Callholder has exercised the Call Option in accordance with the procedures set forth above, the Company and the Calculation Agent shall complete the following steps in order to determine the interest rate (the "Coupon Reset Rate") to be paid on the Notes from and including such Coupon Reset Date to August 15, 2018 (the "Final Maturity Date"). The Company and the Calculation Agent shall use reasonable efforts to cause the actions contemplated below to be completed in as timely a manner as possible.

- (i) The Company shall provide the Calculation Agent with a list (the "Dealer List"), no later than seven Business Days prior to the Coupon Reset Date, containing the names and addresses of at least five dealers, one of which shall be Warburg Dillon Read, from which it desires the Calculation Agent to obtain the Bids (as defined below) for the purchase of the Notes.

(ii) Within one Business Day following receipt by the Calculation Agent of the Dealer List, the Calculation Agent shall provide to each dealer ("Dealer") on the Dealer List (a) a copy of the Company's Prospectus dated July 29, 1998 and a copy of the Company's Prospectus Supplement dated August 4, 1998 relating to the Securities, (b) a copy of the form of Securities and (c) a written request that each such Dealer submit a Bid to the Calculation Agent by 12:00 noon New York City time (the "Bid Dead line") on the third Business Day prior to the Coupon Reset Date (the "Bid Date"). "Bid" shall mean an irrevocable written offer given by a Dealer for the purchase of the Securities settling on the Coupon Reset Date, and shall be quoted by such Dealer as a stated yield to maturity on the Securities ("Yield to Maturity"). Each Dealer shall be provided with (a) the name of the Company, (b) an estimate of the Purchase Price (as defined below) (which shall be stated as a US Dollar amount and be calculated by the Calculation Agent in accordance with clause (iii) below), (c) the principal amount and maturity of the Securities and (d) the method by which interest will be calculated on the Securities.

(iii) The purchase price to be paid by any Dealer for the Securities (the "Purchase Price") shall be equal to (a) the principal amount of the Securities plus (b) a premium (the "Notes Premium") which shall be equal to the excess, if any, of (i) the discounted present value to the Coupon Reset Date of a bond with a maturity of August 15, 2018 which has an interest rate of 5.44%, semi-annual interest payments on each February 15 and August 15, commencing February 15, 2004, and a principal amount of \$400,000,000, and assuming a discount rate equal to the Treasury Rate over (ii) \$400,000,000. "Treasury Rate" means the per annum rate equal to the offer side yield to maturity of the current on-the-run 10-year United States Treasury security per Telerate page 500 at 11:00 a.m. New York time on the Bid

Date (or such other date or time that may be agreed upon by the Company and the Calculation Agent) or, if such rate does not appear on Telerate page 500 at such time, the rates on GovPx End-of-Day Pricing at 3:00 p.m. on the Bid Date.

- (iv) Following receipt of the Bids, the Calculation Agent shall provide written notice to the Company, setting forth (a) the names of each of the Dealers from whom the Calculation Agent received Bids on the Bid Date, (b) the Bid submitted by each such Dealer and (c) the Purchase Price as determined pursuant to paragraph (iii) above. Except as provided below, the Calculation Agent shall thereafter select from the Bids received the Bid with the lowest Yield to Maturity (the "Selected Bid") and establish the Coupon Reset Rate equal to the interest rate which would amortize the Notes Premium fully over the term of the Securities at the Yield to Maturity indicated by the Selected Bid; provided, however, that if the Calculation Agent has not received a Bid from a Dealer by the Bid Deadline, the Selected Bid shall be the lowest of all Bids received by such time; provided, further, however, that if any two or more of the lowest Bids submitted are equivalent, the Company shall, in its sole discretion, select one or more of such equivalent Bids (and such selected Bid or Bids shall be the Selected Bid).
- (v) Immediately after calculating the Coupon Reset Rate, the Calculation Agent shall provide written notice to the Company and the Trustee setting forth the Coupon Reset Rate. The Company shall thereafter establish the Coupon Reset Rate as the new interest rate on the Securities, effective from and including the Coupon Reset Date, by delivery to the Trustee on or before the Coupon Reset Date of an Officers' Certificate.
- (vi) The Callholder shall sell the Securities to the Dealer or Dealers that made the

Selected Bid at the Purchase Price, such sale to be settled on the Coupon Reset Date in immediately available funds.

9. Termination of Call Option.

Notwithstanding the foregoing, if (a) the Company in its sole discretion determines that, since the date of the Call Notice, a Market Disruption Event shall have occurred, (b) the Calculation Agent determines that, since the date of the Call Notice, (i) an Event of Default with respect to the Securities shall have occurred or (ii) at least three Dealers have failed to provide Bids in a timely manner substantially as provided in Section 8 hereof, or (c) the Company shall not have received from counsel to the Company (which counsel may be an employee of the Company) on or prior to 2:00 p.m. New York time on the business day immediately preceding the Coupon Reset Date an opinion of counsel to the effect that, after giving effect to the Coupon Reset Process (including the establishment of the Coupon Reset Rate as the new interest rate on the Securities), the Securities will be valid and legally binding obligations of the Company, the Call Option will automatically terminate, and the Trustee will exercise the Put Option on behalf of the Holders. "Market Disruption Event" shall mean any of the following: (a) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the establishment of minimum prices on such exchange; (b) a general moratorium on commercial banking activities declared by either federal or New York State authorities; (c) any material adverse change in the existing financial, political or economic conditions in the United States of America; (d) an outbreak or escalation of major hostilities involving the United States of America or the declaration of a national emergency or war by the United States of America; or (e) any material disruption of the US government securities market, US corporate bond market, or US federal wire system.

10. Rights and Liabilities of Calculation Agent.

The Calculation Agent shall incur no liability for, or in respect of, any action taken, omitted to be

taken or suffered by it in reliance upon any certificate, affidavit, instruction, notice, request, direction, order, statement or other paper, document or communication reasonably believed by it to be genuine. Any order, certificate, affidavit, instruction, notice, request, direction, statement or other communication from the Company made or given by it and sent, delivered or directed to the Calculation Agent under, pursuant to, or as permitted by, any provision of the Indenture or the Securities Resolution shall be sufficient for purposes of the Indenture and the terms of the Securities if such communication is in writing and signed by any officer or attorney-in-fact of the Company. The Calculation Agent may consult with counsel satisfactory to it and reasonably satisfactory to the Company and the advice of such counsel shall constitute full and complete authorization and protection of the Calculation Agent with respect to any action taken, omitted to be taken or suffered by it hereunder in good faith and in accordance with and in reliance upon the advice of such counsel.

The Calculation Agent and its officers, employees and shareholders may become owners of, or acquire any interests in, the Securities, with the same rights as if the Calculation Agent were not the Calculation Agent. The Calculation Agent may engage in, or have an interest in, any financial or other transaction with the Company or any of its affiliates as if the Calculation Agent were not the Calculation Agent. The Calculation Agent, in its individual capacity, may buy, sell, hold and deal in Securities and may exercise any vote or join in any action which any Holder of Securities may be entitled to exercise or take as if it were not the Calculation Agent.

The Calculation Agent shall be obligated only to perform such duties as are specifically set forth herein and no other duties or obligations on the part of the Calculation Agent, in its capacity as such, shall be implied by the Indenture or the terms of the Securities. In acting under the Indenture, the Calculation Agent (in its capacity as such) assumes no obligations towards, or any relationship of agency or trust for or with, the Holders of Securities.

The Company may at any time appoint a new Calculation Agent other than the incumbent Calculation Agent if Reasonable Cause exists at such time by giving writ ten notice to the incumbent Calculation Agent and specifying the date when the termination shall become effective. "Reasonable Cause" shall mean the failure or inability of the incumbent Calculation Agent to perform any obligations it may have hereunder for any reason.

In addition, the Company may at any time remove the Calculation Agent (so long as the Callholder is not UBS AG, London Branch) (with or without Reasonable Cause) if the Company so notifies the Calculation Agent in writing 30 days in advance. If the Company removes the Calculation Agent, it shall promptly appoint a successor Calculation Agent.

Any successor Calculation Agent appointed by the Company shall execute and deliver to the initial Calculation Agent and to the Company an instrument accepting such appointment and thereupon such successor Calculation Agent shall, without any further act or instrument, become vested with all the rights, immunities, duties and obligations of the predecessor Calculation Agent, with like effect as if originally named as the initial Calculation Agent hereunder, and the predecessor Calculation Agent shall thereupon be obligated to transfer and deliver, and such successor Calculation Agent shall be entitled to receive and accept, copies of any available records maintained by the Calculation Agent in connection with the performance of its obligations hereunder.

The Calculation Agent may resign at any time as Calculation Agent, such resignation to be effective ten Business Days after the delivery to the Company and the Trustee of notice of such resignation. In such case, the Company may appoint a successor Calculation Agent.

The Company shall indemnify and hold harmless Warburg Dillon Read or any successor Calculation Agent, and their respective officers and employees from and against all actions, claims, damages, liabilities, losses and reasonable expenses (including reasonable

legal fees and reasonable expenses) relating to or arising out of actions or omissions in any capacity hereunder, except actions, claims, damages, liabilities, losses and expenses caused by the bad faith, negligence or willful misconduct of Warburg Dillon Read or any successor Calculation Agent, or their respective officers or employees. This paragraph shall survive the termination of the Indenture and the payment in full of all obligations under the Securities, whether by redemption, repayment or otherwise.

Any corporation into which the Calculation Agent may be merged, converted or consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Calculation Agent may be a party, or any corporation to which the Calculation Agent may sell or otherwise transfer all or substantially all of its business, shall, to the extent permitted by applicable law, become the Calculation Agent with respect to the Securities without the execution of any document or any further act by the parties hereto.

11. Settlement on Exercise of the Put and Call Options.

If the Callholder exercises the Call Option, then, on the Coupon Reset Date, all beneficial interests in the Securities shall be transferred to an account at the Depository designated by the Callholder. The transfers shall be made automatically, without any action on the part of any Holder or beneficial owner, by book-entry through the Depository. The Callholder shall be obligated to make payment of the Call Price in immediately available funds to the Trustee for credit to the accounts of the participants in the Depository through which beneficial interests in the Securities are held by 2:00 p.m. New York time on the Business Day prior to the Coupon Reset Date; provided, however, that if the Company is the assignee of the Call Option, the Company shall make payment of the Call Price in immediately available funds by 12:00 noon New York time on the Coupon Reset Date. Each transfer shall be made against the corresponding payment, and each payment will be made against the corresponding transfer, in accordance with applicable

procedures of the Depository. If the Callholder fails to pay the Call Price when due, the Call Option shall be deemed not to have been exercised and the Put Option shall be deemed to have been automatically exercised. In these circumstances, the Company will be obligated to pay the Put Redemption Price for the Securities on the Coupon Reset Date, with settlement occurring as described in the next paragraph. In any event, the Company shall remain obligated to make payment of accrued and unpaid interest due on the Securities on the Coupon Reset Date, such interest being payable to the Holders of the Securities at the close of business on the record date for such interest payment date.

If the Call Option is not exercised or the Callholder for any reason does not pay the Call Price when due, and the Put Option is therefore exercised, then, on the Coupon Reset Date, all beneficial interests in the Securities shall be transferred to an account at the Depository designated by the Company. The transfers shall be made automatically, without any action on the part of any Holder or beneficial owner, by book-entry through the Depository. The Company shall be obligated to make payment of the Put Redemption Price to the Trustee for credit to the accounts of the participants in the Depository through which beneficial interests in the Securities are held by 12:00 noon New York time on the Coupon Reset Date. Each transfer shall be made against the corresponding payment, and each payment shall be made against the corresponding transfer, in accordance with applicable procedures of the Depository. If the Company fails to pay the Put Redemption Price when due, accrued interest from the Coupon Reset Date to the date the payment is made shall be payable as part of the Put Redemption Price. With respect to all the Securities, whether or not purchased pursuant to the Put Option, the Company shall remain obligated to make payment of accrued and unpaid interest due on the Securities on the Coupon Reset Date, such interest being payable to the Holders of the Securities at the close of business on the record date for such interest payment date.

The transactions described above shall be executed through the Depository in accordance with the procedures of the Depository, and the accounts of the respective participants in the Depository shall be debited and credited and the Securities delivered by book-entry as necessary to effect the purchases and sales thereof. The transactions shall settle in immediately available funds through the Depository.

The settlement procedures described above, including those for payment for and delivery of the Securities purchased by the Callholder or the Company on the Coupon Reset Date, may be modified, notwithstanding any contrary terms of the Indenture and the Securities, to the extent required by the Depository or, if the book entry system is no longer available for the Securities at the relevant time, to the extent required to facilitate these transactions in the Securities in certificated form. In addition, the Callholder and the Company may, notwithstanding any contrary terms of the Indenture and the Securities, modify the settlement procedures referred to above in order to facilitate the settlement process.

12. Denominations, Transfer, Exchange.

The Securities are in registered form without coupons in denominations of \$1,000 and whole multiples of \$1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Transfer Agent may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture.

13. Persons Deemed Owners.

The registered Holder of a Security may be treated as its owner for all purposes.

14. Amendments and Waivers.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the Holders of a majority in principal amount of the securities of all series affected by the amendment.

Subject to certain exceptions, a default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for the assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

15.Restrictive Covenants.

The Securities are unsecured general obligations of the Company limited to \$400,000,000 in aggregate principal amount. The Indenture does not limit the incurrence of other unsecured or secured debt.

16. Successors.

When a successor assumes all the obligations of the Company under the Securities and the Indenture, the Company shall be released from those obligations. Section 5.01 of the Indenture shall apply to the Securities; provided, however, that the Company need not comply with such Section 5.01 in connection with the consummation of the acquisition of Kansas City Power & Light Company and the transactions related thereto, as contemplated by the Agreement and Plan of Merger, dated as of March 18, 1998, among the Company, Kansas Gas and Electric Company, NKC, Inc. and Kansas City Power & Light Company, as amended from and after the date hereof.

17.Defeasance Prior to Redemption or Maturity.

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America

or certificates representing an ownership interest in such Obligations.

18.Defaults and Remedies.

An Event of Default includes: default for 60 days in payment of interest on the Securities; default in payment of principal on the Securities and such default shall continue for five or more days; default by the Company for a specified period after notice to it in the performance of any of its other agreements applicable to the Securities; and certain events of bankruptcy or insolvency. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 33-1/3% in principal amount of the Securities may declare the principal of all the Securities to be due and payable immediately. Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

19.Trustee Dealings with Company.

Bankers Trust Company, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

20.No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

21.Authentication.

This Security shall not be valid until authenticated by a manual signature of the Registrar.

22. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture and the Securities Resolution, which contains the text of this Security in larger type. Requests may be made to: Western Resources, Inc., 818 Kansas Avenue, Topeka, Kansas, Attention: Corporate Secretary.

August 7, 1998

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

Attn: Mr. James A. Martin

Facsimile: 785-576-8160

Our Reference: Notes Call Option

TRANSACTION CONFIRMATION

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between UBS AG, London Branch, a company organized under the laws of Switzerland ("UBS") and Western Resources, Inc., a corporation organized under the laws of the State of Kansas ("Counterparty"), on the Trade Date specified below (the "Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement as specified below.

The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swap Dealers Association, Inc.) (the "Definitions") are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation constitutes a "Confirmation" as referred to in, and supplements, forms a part of and is subject to, the ISDA Master Agreement dated as of the date hereof, as amended by the Schedule also dated as of the date hereof (the "Agreement"), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

This Confirmation will be governed and construed in accordance with the laws of the State of New York, without regard to choice of law doctrine.

The terms of the Transaction to which this Confirmation relates are as follows.

General Terms

Trade Date
August 4, 1998.
Option Style
American.
Option Type
Call.
Seller
UBS AG, London Branch, and its successors and assigns.

- 1 -

Notes
U.S. \$400,000,000 6.25% Putable/Callable Notes due August 15, 2018, Putable/Callable August 15, 2003. Indenture The Indenture dated as of August 1, 1998 between Counterparty and Bankers Trust Company, as Trustee, pursuant to which the Notes were issued. Trustee The Trustee under the Indenture. Issuer Counterparty. Aggregate Face Amount of Notes U.S. \$400,000,000. Partial Exercise Inapplicable. Settlement Amount The excess, if any, of (i) the aggregate present value at August 15, 2003 of the principal and interest payments that would have been due on the Aggregate Face Amount of Notes after such date if such Notes bore interest at the rate of 5.44% and remained outstanding until August 15, 2018 determined by discounting, on a semi-annual basis, such principal and interest payments at the Treasury Rate from the respective dates on which such payments would have been due, over (ii) the Aggregate Face Amount of Notes. Treasury Rate The per annum rate equal to the offer side yield to maturity of the current on-the-run 10-year United States Treasury security per Telerate page 500 on August 12, 2003 at 11:00 a.m., New York time (the "Reset Date") (or such other date or time that may be agreed upon by Counterparty and the Calculation Agent), or, if such rate does not appear on Telerate page 500 at such time, the rates on GovPX End-of-Day Pricing at 3:00 p.m. on the Reset Date. Premium None.

Business Day Any day other than a Saturday, Sunday or a day on which banking institutions in the City of New York are authorized or obligated by law, executive order or governmental decree to be closed. Business Day Convention Following. Calculation Agent Warburg Dillon Read LLC, whose determinations and calculations shall be binding in the absence of manifest error.

Procedure for Exercise

Exercise Period

From (and including) July 31, 2003 to (and including) the Expiration Date. Condition to Exercise It shall be a condition to exercise of this Option that the UBS Call Option shall have been exercised. UBS Call Option The call option on the Notes assigned to UBS pursuant to the Purchase Agreement dated August 4, 1998 between Warburg Dillon Read LLC, as representative of the several Underwriters, and the Counterparty with UBS joining solely for purposes of the assignment of such call option. The amount UBS shall pay for the Notes pursuant to the UBS Call Option shall be 100% of the principal amount thereof and shall be referred to herein as the Call Price. Exercise Date The date on which notice of exercise is given during the Exercise Period. Expiration Date August 6, 2003 or if that day is not a Business Day, the first following day that is a Business Day. Notice of Exercise and Written Confirmation Counterparty must deliver irrevocable notice to Seller (which may be delivered orally, including by telephone) of its exercise of the right granted pursuant to this option during the hours from 9:00 a.m. to 4:00 p.m., New York time, on any Business Day during the Exercise Period.

If a notice of exercise is delivered orally, Counterparty will execute and deliver a written confirmation confirming the substance of that notice and account details or delivery instructions within one Business Day of that notice. Failure to provide that written confirmation will not affect the validity of that oral notice. Settlement Terms:

Settlement Method

Physical. Settlement Date

August 15, 2003, or if that day is not a Business Day, the first following day that is a Business Day.

Physical Settlement Terms:

Physical Settlement

Seller shall deliver to Counterparty an assignment of all its right, title and interest and obligations in, to and under the UBS Call Option promptly upon receipt by Seller of a notice of exercise by Counterparty or upon termination of

this transaction. If physical settlement occurs promptly upon receipt by Seller of a notice of exercise by Counterparty, Counterparty shall deliver the Settlement Amount to Seller at the account specified below on the Settlement Date. Assumption Upon the assignment of the UBS Call Option to Counterparty as described in "Physical Settlement," Counterparty shall automatically and without further action assume and be liable for the performance of Seller's obligations thereunder; provided, that, pursuant to the terms of the Notes, the Counterparty shall be required to deposit the Call Price with the Trustee in immediately available funds on or prior to 12:00 noon New York Time on August 15, 2003 as opposed to on or prior to 2:00 p.m. on the immediately preceding Business Day.
UBS Details for Notices

See attached list of Contact Details.

Counterparty
Details for
Notices

See attached list of Contact Details.

Account Details

Account
Details of
UBS

UBS AG, London Branch, c/o Citibank, New York, New York, ABA
No. 021-0000-89, for credit to UBS AG, London Branch, Account
No. 40652536, ref: Western Resources, Inc.

Account
Details of
Counterparty

Western Resources, Inc., c/o NationsBank, Dallas, Texas, ABA
No. 111-0000-12, for credit to Western Resources, Inc.,
Account No. 3750954775.

Termination of Option. Upon: (i) an "Event of Default," as defined in the Indenture, with respect to the Notes having occurred; (ii) indebtedness for money borrowed of the Counterparty, other than the Notes, being accelerated at any time after the issue date of the Notes in the amount of \$50,000,000 or more, and such acceleration not having been rescinded or annulled; or (iii) the Seller not being obligated to pay the Call Price following exercise of the UBS Call Option by reason of (a) the Counterparty, in its sole discretion, having determined that a Market Disruption Event has occurred, (b) at least three Dealers (as defined in the Notes) having failed to submit timely Bids (as defined in the Notes), or (c) the Counterparty not having received from counsel to the Counterparty (which counsel may be an employee of the Counterparty) on or prior to 2:00 p.m. New York time on August 14, 2003 an opinion of such counsel to the effect that, after giving effect to the Coupon Reset Process, as described in the Notes (including the establishment of the Coupon Reset Rate, as described in the Notes as the new interest rate of the Notes), the Notes will be valid and legally binding obligations of the Company, this transaction will automatically terminate and the Counterparty shall pay UBS, or its successor or assignee, the Termination Amount. The Termination Amount shall be paid within three Business Days of the

determination of the Termination Amount. UBS will make a payment of \$200,000 to Counterparty on August 7, 1998, which amount represents a reasonable payment for the right to receive the Termination Amount upon the termination of this Transaction or the UBS Call Option pursuant to clauses (i)-(iii) above. Following the termination, UBS shall deliver its rights under the UBS Call Option as described under "Physical Settlement."

For purposes of this paragraph:

"Market Disruption Event" shall mean any of the following occurring after the date of the Call Notice (as defined in the Notes): (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the establishment of minimum prices on such exchange; (ii) a general moratorium on commercial banking activities declared by either federal or New York State authorities; (iii) any material adverse change in the existing financial, political or economic conditions in the United States of America; (iv) an outbreak or escalation of major hostilities involving the United States of America or the declaration of a national emergency or war by the United States of America; or (v) any material disruption of the U.S. government securities market, U.S. corporate bond market or U.S. federal wire system.

"Termination Amount" shall mean the fair market value of an option to receive the Settlement Amount (as defined herein) on the Settlement Date as of the date of termination of this Transaction. The fair market value shall be determined by the Calculation Agent by requesting bids from five Reference Dealers within five Business Days following the termination of this Transaction. The Calculation Agent will select two Reference Dealers (one of which may be the Calculation Agent), Counterparty will select two Reference Dealers, and a majority of the Reference Dealers so selected will select the fifth Reference Dealer. The Calculation Agent shall (i) if five bids were made, disregard the lowest and the highest bid and (ii) average such bids to determine the fair market value; provided that, if the Calculation Agent has not received a bid on the second Business Day following the request for such bid, the fair market value shall be the average of the bids that have been received by 5:00 p.m. on the second Business Day following the request for such bids by the Calculation Agent; provided further, that if the Termination Amount is due at any time on or after July 31, 2003, the Termination Amount shall be the Settlement Amount.

"Reference Dealer" shall mean a market dealer, selected in good faith by the Calculation Agent, which makes markets in derivative transactions for corporate and U.S. Treasury securities in the normal course of business.

UBS shall have the right to assign its right to receive the Termination Amount hereunder, if any, to an affiliate of UBS, to which assignment Counterparty hereby agrees, upon giving written notice of such assignment to Counterparty.

* * * * *

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation and returning it to us. If returned by facsimile transmission, please reply to John Doherty at (203) 719-3160. When

sending hard copies, please return them to UBS AG, London Branch, 677 Washington Boulevard, Stamford, Connecticut 06912, Attn: John Doherty.

We are happy to have completed this transaction with you.

Very truly yours,

UBS AG, LONDON BRANCH

By: /s/ SEAN TIWARY
Name: Sean Tiwary
Title: Associate Director

By: /s/ CAROLINE NETANGI
Name: Caroline Netangi
Title: Associate Director

Accepted and Confirmed as of the date first above written:

WESTERN RESOURCES, INC.

By: /s/ James A. Martin
James A. Martin
Vice President, Finance and Treasurer

CONTACT DETAILS

UBS AG, London Branch
637 Washington Boulevard
Stamford, Connecticut 06912

Bruce Widas

Phone: 203-719-8249
Fax: 203-719-3160

John Doherty

Phone: 203-719-8241
Fax: 203-719-3160

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

Steven L. Kitchen

Phone: 785-575-6369
Fax: 785-575-1563

James A. Martin

Phone: 785-575-6549
Fax: 785-575-8160

Carolyn A. Starkey

Phone: 785-575-1892
Fax: 785-575-8160

Western Resources logo

John E. Hayes, Jr.
Chairman of the Board

August 7, 1998

Mr. David C. Wittig
President and Chief Executive Officer
Western Resources, Inc.
818 S. Kansas Avenue
Topeka, KS 66612

Dear David,

Reference is made to our letter agreement of April 27, 1995, and the supplemental benefit outlined in paragraph 3 thereof. The Company and you have agreed that you become eligible and shall fully vest in such supplemental benefit on May 1, 1998, and on or after such date you may, at your option, receive the full amount of such benefit in a lump sum.

Sincerely,

/s/ John

THIS AGREEMENT is made and entered into as of this ____ day of _____, _____, by and between WESTERN RESOURCES, INC., a Kansas corporation (hereinafter referred to as the "Corporation"), and (hereinafter referred to as the "Executive").

WHEREAS, the Executive is employed by the Corporation; and

WHEREAS, the Executive wishes to provide life insurance protection for his family in the event of his death under a policy of life insurance insuring his life (hereinafter referred to as the "Policy"), which is described in Exhibit A attached hereto and by this reference made a part hereof, and which is being issued by Transamerica Occidental Life Insurance Company (hereinafter referred to as the "Insurer"); and

WHEREAS, the Corporation is willing to provide an additional employment benefit for the Executive, on the terms and conditions hereinafter set forth, and

WHEREAS, the Corporation desires to grant to the Executive the right to designate the beneficiary of a certain portion of the death proceeds of the Policy and certain other rights based on a portion of the Policy death proceeds;

NOW, THEREFORE, in consideration of the premises and of the mutual promises contained herein, the parties hereto agree as follows:

1. Purchase of Policy. The Corporation shall purchase the Policy from the Insurer as shown on Exhibit A. The parties hereto agree that they shall take all necessary action to cause the Insurer to issue the Policy and shall take any further action which may be necessary to cause the Policy to conform to the provisions of this Agreement. The parties hereto agree that the Policy shall be subject to the terms and conditions of this Agreement.

2. Ownership of Policy. The Corporation shall be the sole and absolute owner of the Policy, may designate the beneficiary of an amount of the death benefits to which it is entitled under Section 9.a of this Agreement, and may exercise all other ownership rights granted to the owner thereof by the terms of the Policy, except as may otherwise be provided herein.

3. Executive's Designation of Beneficiary. The Corporation hereby grants to the Executive the right to designate the beneficiary or beneficiaries to receive a portion of the Policy death benefit provided in the second sentence of Section 9.a of this Agreement and the Executive may designate such beneficiary or beneficiaries by specifying the same in a written notice to the Corporation. Upon receipt of any such notice, the Corporation shall execute and deliver to the Insurer the forms necessary to designate the requested person, persons or entity as the beneficiary or beneficiaries to receive such portion of the death benefit. The parties hereto agree to take all action necessary to cause the beneficiary designation provisions of the Policy to conform to the provisions hereof. The Corporation shall not terminate, alter or amend such designation without the express written consent of the Executive.

4. Corporation's Designation of Policy Beneficiary/Endorsement. Contemporaneously with the purchase of the policy or the execution of this Agreement, the Corporation has executed a beneficiary designation as Exhibit B for and/or an endorsement to the Policy, under the form used by the Insurer for such designations or endorsements, in order to secure the Corporation's recovery of the amount to which it is entitled under Section 9.a of this Agreement, and, if appropriate, to provide for the payment of any remaining death proceeds to the beneficiaries directed by the Executive. Such beneficiary designation or endorsement with respect for any death benefit with respect to which the Executive may designate the beneficiaries shall not be terminated, altered or amended by the Corporation without the express written consent of the Executive. The parties hereto agree to take all action necessary to cause such beneficiary designation or endorsement to conform to the provisions of this Agreement.

5. Payment of Premiums. On or before the due date of each Policy premium, or within the grace period provided therein, the Corporation shall pay the full amount of the premium to the Insurer, and shall, upon request, promptly furnish the Executive evidence of timely payment of such premium. The Corporation shall annually furnish the Executive a statement of the amount of income reportable by the Executive for federal and state income tax purposes as a result of the insurance protection provided pursuant to the Policy, which amount shall include any amount required to "gross-up" such tax liabilities.

6. Limitations on Corporation's Rights in Policy. Except as otherwise provided herein, the Corporation shall not surrender or cancel the Policy, change the beneficiary designation provision thereof with respect to any death benefit with respect to which the Executive may designate the beneficiaries, nor

terminate any dividend election, if applicable, thereof without, in any such case, the express written consent of the Executive.

7. Policy Loans. The Corporation may pledge or assign the Policy, subject to the terms and conditions of this Agreement, for the sole purpose of securing a loan from the Insurer or from a third party. The amount of such loan, including accumulated interest thereon, shall not exceed the cash surrender value of the Policy (as defined therein) as of the date to which premiums have been paid. Interest charges on such loan shall be paid by the Corporation. If the Corporation so encumbers the Policy, other than by a policy loan from the Insurer, then, upon the death of the Executive, the Corporation shall promptly take all action necessary to secure the release or discharge of such encumbrance.

[The following section is applicable to certain Participants:

8. Executive's Right To Sell Policy Interest to Corporation. The Corporation hereby grants to the Executive beginning on the earlier of (i) three (3) years from the date of the policy, or (ii) the first day of the calendar year next following the date of Executive's retirement as defined in the Western Resources Inc. Executive Salary Continuation Plan dated July 17, 1996, the right, from time-to-time and in whole or in part, to offer to the Corporation and the Corporation shall purchase his interest in the death benefit under the policy at a discount equal to one dollar (\$1) for each one and a half dollars (\$1.50) of the then applicable death benefit of the policy with respect to which the Executive then has the right to designate or direct the beneficiaries (the Base Amount) and which Executive offers to the Corporation under this Section 8, as adjusted below; provided, however, the Executive's right to sell his interest in the policy shall be exercisable only upon the condition that Executive is a shareholder of the Corporation on the date of such sale. The parties hereto agree to take all action necessary to cause the beneficiary designation and any endorsement to reflect any such sale and purchase. The payment provided above in this Section 8 shall be adjusted based on changes in total shareowner return (i.e. the difference between the average of the daily closing prices of Corporation common stock on the New York Stock Exchange for the twenty days ending June 3, 1998 and the average of such daily closing prices for the twenty days ending on the date of the offer by Executive, plus shareholder distributions, other than return of capital, from June 3, 1998. For each percentage change in total shareowner return, the dollar amount of the payment shall change in the same direction by one percent; provided, that such adjustment shall not result in a payment to the Executive that exceeds one dollar (\$1) for each one dollar (\$1) of the Base Amount, or less than one dollar (\$1) for each two dollars (\$2) of the Base Amount and provided further, that in no event shall the aggregate of all payments exceed the Executive's Base Amount on the date hereof. The Executive's rights under this Section 8 shall terminate at the time of the death of the Executive to the extent it has not been exercised before that time. In the event that any dividend in Corporation common stock, recapitalization, stock split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or stock exchange, or other similar corporate transaction or event, affects the Corporation common stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Executive under this Section 8, then the Corporation shall make such changes or adjustments to the calculation of shareowner return as may be necessary or appropriate and, in such manner as it may deem equitable.]

9. Collection of Death Proceeds.

a. Respective Portions of Death Benefit. Upon the death of the Executive, the Corporation shall have the unqualified right to receive a portion of such death benefit equal to the sum of (1) greater of (i) the total amount of the premiums paid by it hereunder or (ii) the then cash surrender value of the Policy, reduced in either case by any indebtedness against the Policy existing at the death of the Executive (including any interest due on such indebtedness). plus (2) the amount of death benefit transferred to the Corporation by the Executive under Section 8 of this Agreement. The balance of the death benefit provided under the Policy, if any, shall be paid directly to the beneficiary or beneficiaries designated by the Corporation at the direction of the Executive, in the manner and in the amount or amounts provided in any beneficiary endorsement or the beneficiary designation provision of the Policy. In no event shall the amount payable to the Corporation hereunder exceed the Policy proceeds payable at the death of the Executive. No amount shall be paid from such death benefit to the beneficiary or beneficiaries designated by the Corporation at the direction of the Executive, until the full amount due the Corporation hereunder has been paid. The parties hereto agree that the beneficiary designation provision of the Policy shall conform to the provisions hereof.

b. Collecting Death Benefit. Upon the death of the Executive, the Corporation shall cooperate with the beneficiary or beneficiaries designated by the Executive to take whatever action is necessary to collect the death benefit provided under the Policy. When such benefit has been collected and paid as

provided herein, this Agreement shall thereupon terminate.

c. Premium Refunds. Notwithstanding any provision hereof to the contrary, in the event that, for any reason whatsoever, no death benefit is payable under the Policy upon the death of the Executive and in lieu thereof the Insurer refunds all or any part of the premiums paid for the Policy, the Corporation and the Executive's beneficiary or beneficiaries shall have the unqualified right to share such premiums based on their respective cumulative contributions thereto.

10. Insurer Not a Party. The Insurer shall be fully discharged from its obligations under the Policy by payment of the Policy death benefit to the beneficiary or beneficiaries named in the Policy, subject to the terms and conditions of the Policy. In no event shall the Insurer be considered a party to this Agreement, or any modification or amendment hereof. No provision of this Agreement, nor of any modification or amendment hereof, shall in any way be construed as enlarging, changing, varying or in any other way affecting the obligations of the Insurer as expressly provided in the Policy, except insofar as the provisions hereof are made a part of the Policy by the beneficiary designation executed by the Corporation and filed with the Insurer in connection herewith.

11. Assignment by Executive. Notwithstanding any provision hereof to the contrary, the Executive shall have the right to absolutely and irrevocably assign by gift all or any part of his right, title and interest in and to this Agreement and in and to the Policy to an assignee. This right shall be exercisable by the execution and delivery to the Corporation of a written assignment. Upon receipt of such written assignment executed by the Executive and duly accepted by the assignee thereof, the Corporation shall consent thereto in writing, and shall thereafter treat the Executive's assignee as the sole owner of all of the Executive's right, title and interest in and to this Agreement and in and to the Policy. Thereafter, the Executive shall have no right, title or interest in and to this Agreement or the Policy, all such rights being vested in and exercisable only by such assignee.

12. Named Fiduciary/Claims Procedure.

a. Named Fiduciary. The Corporation is hereby designated as the named fiduciary under this Agreement. The named fiduciary shall have authority to control and manage the operation and administration of this Agreement, and it shall be responsible for establishing and carrying out a funding policy and method consistent with the objectives of this Agreement.

b. ERISA Claims Procedure.

(1) Claim. A person who believes that he or she is being denied a benefit to which he or she is entitled under this Agreement (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Corporation, setting forth his or her claim. The request must be addressed to the General Counsel of the Corporation at its then principal place of business.

(2) Claim Decision. Upon receipt of a claim, the Corporation shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Corporation may, however, extend the reply period for an additional ninety (90) days for reasonable cause.

If the claim is denied in whole or in part, the Corporation shall adopt a written opinion, using language calculated to be understood by the Claimant, setting forth: (a) the specific reason or reasons for such denial; (b) the specific reference to pertinent provisions of this Agreement on which such denial is based; (c) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation why such material or such information is necessary; (d) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and (e) the time limits for requesting a review under subsection (3) and for review under subsection (4) hereof.

(3) Request for Review. Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the General Counsel of the Corporation review the determination of the Corporation. Such request must be addressed to the General Counsel of the Corporation, at its then principal place of business. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Corporation. If the Claimant does not request a review of the Corporation's determination by the General Counsel of the Corporation within such sixty (60) day period, he or she shall be barred and estopped from challenging the Corporation's determination.

(4) Review of Decision. Within sixty (60) days after the General Counsel's receipt of a request for review, he or she will review the Corporation's determination. After considering all materials presented by the Claimant, the General Counsel will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Agreement on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the General Counsel will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

(5) Enforcement of Rights. Western shall pay on a current basis, as billed, all fees, costs and expenses (including, without limitation, attorneys and expert fees and expenses) reasonably incurred by the Executive, his heirs and assigns, for the purpose of investigating, asserting or enforcing any right hereunder, whether by the above claim procedures, through litigation or otherwise.

13. Amendment. This Agreement may not be terminated, amended, altered or modified, except by a written instrument signed by the parties hereto, or their respective successors or assigns, except as otherwise stated in this Agreement.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns, and the Executive, and his successors, assigns, heirs, executors, administrators and beneficiaries.

15. Notices. Any notice, consent or demand required or permitted to be given under the provisions of this Agreement shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed to a party hereto, it shall be sent by United States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Corporation. The date of such mailing shall be deemed the date of notice, consent or demand.

16. Governing Law. This Agreement, and the rights of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Kansas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, in duplicate, as of the day and year first above written.

WESTERN RESOURCES, INC.

Witness

By _____

"Corporation"

- - - - -
Witness

- - - - -

"Executive"