SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1999

OR

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

For the transition period from ____________________ to _____________________

Commission File Number 1-3523

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

KANSAS	48-0290150
(State or Other Jurisdiction of Incorporation or Organization)	(Employer Identification No.)

818 KANSAS AVENUE, TOPEKA, KANSAS	66612
(Address of Principal Executive Offices)	(Zip Code)

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

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

Yes X No

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

Class	Outstanding at August 13, 1999
Common Stock, $5.00 par value	67,527,347

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

	June 30, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 23,373	$ 16,394
Accounts receivable (net)	226,894	218,243
Inventories and supplies (net).	111,896	95,590
Marketable securities	262,480	288,077
Prepaid expenses and other.	79,414	57,225
Total Current Assets.	704,057	675,529
PROPERTY, PLANT AND EQUIPMENT (NET)	3,796,126	3,795,143
OTHER ASSETS:		
Investment in ONEOK	615,439	615,094
Customer accounts (net)	1,176,605	1,014,428
Goodwill (net).	1,152,307	1,188,253
Regulatory assets	360,629	364,213
Other	392,874	298,768
Total Other Assets.	3,697,854	3,480,756
TOTAL ASSETS.	$8,198,037	$7,951,428
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt.	$ 241,143	$ 165,838
Short-term debt	422,390	312,472
Accounts payable.	121,727	127,834
Accrued liabilities	257,621	252,367
Accrued income taxes.	33,398	32,942
Deferred security revenues.	63,921	57,703
Other	95,380	85,690
Total Current Liabilities	1,235,580	1,034,846
LONG-TERM LIABILITIES:		
Long-term debt (net).	3,107,832	3,063,064
Western Resources obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company subordinated debentures.	220,000	220,000
Deferred income taxes and investment tax credits.	983,314	938,659
Minority interests.	203,638	205,822
Deferred gain from sale-leaseback	204,037	209,951
Other	290,141	316,245
Total Long-term Liabilities	5,008,962	4,953,741
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Cumulative preferred stock.	24,858	24,858
Common stock, par value $5 per share, authorized 85,000,000 shares, outstanding 67,168,740 and 65,909,442 shares, respectively.	335,844	329,548
Paid-in capital	801,860	775,337
Retained earnings	791,330	823,590
Accumulated other comprehensive income (net)	(397)	9,508
Total Shareholders' Equity.	1,953,495	1,962,841
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$8,198,037	$7,951,428

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

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

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998
SALES:		
Energy.	$ 325,341	$ 366,260
Security.	150,801	97,041
Total Sales	476,142	463,301
COST OF SALES:		
Energy.	109,853	140,483
Security.	41,882	31,480
Total Cost of Sales	151,735	171,963
GROSS PROFIT.	324,407	291,338
OPERATING EXPENSES:		
Operating and maintenance expense	89,397	81,848
Depreciation and amortization	86,768	68,580
Selling, general and administrative expense	75,018	68,616
Write-off international development activities.	(4,930)	-
Total Operating Expenses.	246,253	219,044
INCOME FROM OPERATIONS.	78,154	72,294
OTHER INCOME (EXPENSE):		
Investment earnings	15,876	11,712
Minority interests.	1,149	(200)
Other	(358)	17,256
Total Other Income (Expense).	16,667	28,768
EARNINGS BEFORE INTEREST AND TAXES.	94,821	101,062
INTEREST EXPENSE:		
Interest expense on long-term debt.	60,519	39,282
Interest expense on short-term debt and other	12,979	15,617
Total Interest Expense.	73,498	54,899
EARNINGS BEFORE INCOME TAXES.	21,323	46,163
INCOME TAXES.	2,834	16,748
NET INCOME BEFORE EXTRAORDINARY GAIN	18,489	29,415
EXTRAORDINARY GAIN, NET OF TAX.	-	1,591
NET INCOME.	18,489	31,006
PREFERRED AND PREFERENCE DIVIDENDS.	282	1,797
EARNINGS AVAILABLE FOR COMMON STOCK	$ 18,207	$ 29,209
AVERAGE COMMON SHARES OUTSTANDING	66,639,224	65,542,815
BASIC EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING:		
EARNINGS AVAILABLE FOR COMMON STOCK BEFORE EXTRAORDINARY GAIN	$ .27	$ .42
EXTRAORDINARY GAIN.	-	.03
EARNINGS AVAILABLE FOR COMMON STOCK	$ .27	$ .45
DIVIDENDS DECLARED PER COMMON SHARE	$ .535	$ .535

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

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

	Six Months Ended June 30,	
	1999	1998
SALES:		
Energy.	$ 637,376	$ 671,807
Security.	299,348	173,836
Total Sales	936,724	845,643
COST OF SALES:		
Energy.	216,506	246,792
Security.	83,156	55,473
Total Cost of Sales	299,662	302,265
GROSS PROFIT.	637,062	543,378
OPERATING EXPENSES:		
Operating and maintenance expense	168,479	159,551
Depreciation and amortization	170,538	129,505
Selling, general and administrative expense	146,886	117,233
Write-off international development activities.	(4,930)	-
Total Operating Expenses.	480,973	406,289
INCOME FROM OPERATIONS.	156,089	137,089
OTHER INCOME (EXPENSE):		
Investment earnings	37,444	26,934
Minority interests.	1,850	(271)
Other	545	25,623
Total Other Income (Expense).	39,839	52,286
EARNINGS BEFORE INTEREST AND TAXES.	195,928	189,375
INTEREST EXPENSE:		
Interest expense on long-term debt.	119,290	78,239
Interest expense on short-term debt and other	25,008	27,060
Total Interest Expense.	144,298	105,299
EARNINGS BEFORE INCOME TAXES.	51,630	84,076
INCOME TAXES.	12,394	24,846
NET INCOME BEFORE EXTRAORDINARY GAIN	39,236	59,230
EXTRAORDINARY GAIN, NET OF TAX.	-	1,591
NET INCOME.	39,236	60,821
PREFERRED AND PREFERENCE DIVIDENDS.	564	3,027
EARNINGS AVAILABLE FOR COMMON STOCK	$ 38,672	$ 57,794
AVERAGE COMMON SHARES OUTSTANDING	66,365,731	65,476,577
BASIC EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING:		
EARNINGS AVAILABLE FOR COMMON STOCK BEFORE EXTRAORDINARY GAIN	$ .58	$ .86
EXTRAORDINARY GAIN.	-	.02
EARNINGS AVAILABLE FOR COMMON STOCK	$ .58	$ .88
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.07	$ 1.07

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, 1999	1998
SALES:		
Energy.	$1,578,528	$1,654,527
Security.	546,607	262,677
Total Sales	2,125,135	1,917,204
COST OF SALES:		
Energy.	661,182	705,268
Security.	159,474	60,297
Total Cost of Sales	820,656	765,565
GROSS PROFIT.	1,304,479	1,151,639
OPERATING EXPENSES:		
Operating and maintenance expense	346,435	352,445
Depreciation and amortization	321,706	264,708
Selling, general and administrative expense	292,963	331,409
Write-off international development activities.	93,986	-
Write-off deferred merger costs	-	48,008
Monitored services special charge	-	24,292
Total Operating Expenses.	1,055,090	1,020,862
INCOME FROM OPERATIONS.	249,389	130,777
OTHER INCOME (EXPENSE):		
Gain on sale of Tyco securities	-	864,253
Investment earnings	60,307	39,141
Minority interests.	2,503	3,886
Other	(18,804)	28,924
Total Other Income (Expense).	44,006	936,204
EARNINGS BEFORE INTEREST AND TAXES.	293,395	1,066,981
INTEREST EXPENSE:		
Interest expense on long-term debt.	211,906	150,846
Interest expense on short-term debt and other	53,213	47,038
Total Interest Expense.	265,119	197,884
EARNINGS BEFORE INCOME TAXES.	28,276	869,097
INCOME TAXES.	2,105	375,717
NET INCOME BEFORE EXTRAORDINARY GAIN.	26,171	493,380
EXTRAORDINARY GAIN.	-	1,591
NET INCOME.	26,171	494,971
PREFERRED AND PREFERENCE DIVIDENDS.	1,128	5,487
EARNINGS AVAILABLE FOR COMMON STOCK	$ 25,043	$ 489,484
AVERAGE COMMON SHARES OUTSTANDING	66,074,665	65,400,416
BASIC EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING:		
EARNINGS AVAILABLE FOR COMMON STOCK BEFORE EXTRAORDINARY GAIN	$ .38	$ 7.46
EXTRAORDINARY GAIN.	-	.02
EARNINGS AVAILABLE FOR COMMON STOCK	$ .38	$ 7.48
DIVIDENDS DECLARED PER COMMON SHARE	$ 2.14	$ 2.12

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,	
	1999	1998
Net income.	$ 18,489	$ 31,006
Other comprehensive income, before tax:		
Unrealized holding gains on marketable securities arising during the period.	6,215	6,552
Less: Reclassification adjustment for losses included in net income.	140	-
Unrealized gain on marketable securities (net).	6,355	6,552
Unrealized on currency translation.	(439)	-
Other comprehensive income, before tax.	5,916	6,552
Income tax expense.	(2,350)	(2,606)
Other comprehensive income, net of tax.	3,566	3,946
Comprehensive income.	$ 22,055	$ 34,952

	Six Months Ended June 30,	
	1999	1998
Net income.	$ 39,236	$ 60,821
Other comprehensive (loss) income, before tax:		
Unrealized holding (losses) gains on marketable securities arising during the period.	(15,167)	21,018
Less: Reclassification adjustment for losses included in net income.	140	-
Unrealized (loss) gain on marketable securities (net) . .	(15,027)	21,018
Unrealized (loss) on currency translation	(1,541)	-
Other comprehensive (loss) income, before tax	(16,568)	21,018
Income tax benefit (expense).	6,663	(8,361)
Other comprehensive (loss) income, net of tax	(9,905)	12,657
Comprehensive income.	$ 29,331	$ 73,478

	Twelve Months Ended June 30,	
	1999	1998
Net income.	$ 26,171	$494,971
Other comprehensive (loss) income, before tax:		
Unrealized holding (losses) gains on marketable securities arising during the period.	(53,429)	46,266
Less: Reclassification adjustment for losses included in net income.	14,168	-
Unrealized (loss) gain on marketable securities (net) . .	(39,261)	46,266
Unrealized (loss) on currency translation	(2,567)	-
Other comprehensive (loss) income, before tax	(41,828)	46,266
Income tax benefit (expense).	16,655	(21,490)
Other comprehensive (loss) income, net of tax	(25,173)	24,776
Comprehensive income.	$ 998	$519,747

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, 1999	Six Months Ended June 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 39,236	$ 60,821
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary gain.	-	(1,591)
Depreciation and amortization	170,538	131,278
Equity in earnings from investments	(6,492)	(5,502)
Accretion of discount note interest	(3,345)	-
Write-off international development activities.	(4,930)	-
Changes in working capital items (net of effects from acquisitions):		
Accounts receivable (net)	(6,329)	75,816
Inventories and supplies.	(16,128)	(7,089)
Prepaid expenses and other.	(27,122)	(34,458)
Accounts payable.	(6,107)	(8,801)
Accrued liabilities	(12,786)	(5,844)
Accrued income taxes.	456	24,332
Deferred revenue.	6,218	-
Other	(11,116)	(21,992)
Changes in other assets and liabilities	(12,771)	32,269
Net cash flows from operating activities.	109,322	239,239
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property, plant and equipment (net).	(88,619)	(69,547)
Customer account acquisition.	(154,571)	(126,589)
Security alarm monitoring acquisitions, net of cash acquired	(20,722)	(361,039)
Purchases of marketable securities.	(11,999)	-
Proceeds from sale of marketable securities	21,699	-
Investment in Paradigm.	(32,009)	-
Proceeds from issuance of stock by subsidiary (net) . . .	-	45,565
Other investments (net)	(9,342)	(68,601)
Net cash flows (used in) investing activities	(295,563)	(580,211)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	109,918	491,541
Proceeds of long-term debt.	136,479	7,818
Retirements of long-term debt	(178)	(102,179)
Issuance of common stock issued (net)	18,497	6,717
Redemption of preference stock.	-	(50,000)
Cash dividends paid	(71,496)	(71,795)
Cash flows from financing activities.	193,220	282,102
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS. . . .	6,979	(58,870)
CASH AND CASH EQUIVALENTS:		
Beginning of the period	16,394	76,608
End of the period	$ 23,373	$ 17,738
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized	$ 152,311	$ 119,076
Income taxes.	831	23,595

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, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 26,171	$ 494,971
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary gain	-	(1,591)
Depreciation and amortization	319,933	266,481
Equity in earnings from investments	(7,054)	(5,116)
Gain or loss on sale of securities	14,029	(864,253)
Accretion of discount note interest	(3,345)	-
Write-off of deferred merger costs	-	48,008
Write-off international development activities	93,986	24,292
Changes in other working capital:		
Accounts receivable (net)	36,699	48,682
Inventories and supplies	(17,039)	(8,189)
Marketable securities	6,293	(10,461)
Prepaid expenses and other	(19,652)	(23,223)
Accounts payable	(30,919)	(30,061)
Accrued liabilities	(49,353)	72,249
Accrued income taxes	(18,294)	42,146
Deferred revenue	6,218	-
Other	10,876	(42,080)
Changes in other assets and liabilities	(98,254)	(28,102)
Net cash flows from (used in) operating activities	270,295	(16,247)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property, plant and equipment (net)	(201,957)	(174,800)
Customer account acquisitions	(305,649)	(150,618)
Security business acquisitions	(208,879)	(799,756)
Purchases of marketable securities	(273,035)	-
Proceeds from sale of marketable securities	49,594	1,579,095
Investment in Paradigm	(32,009)	-
Proceeds from issuance of stock by subsidiary (net)	-	(107,961)
Other investments (net)	(32,192)	-
Net cash flows (used in) from investing activities	(1,004,127)	345,960
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(305,651)	(544,617)
Proceeds of long-term debt	1,224,899	526,412
Retirements of long-term debt	(65,067)	(119,686)
Issuance of common stock (net)	29,064	17,763
Redemption of preference stock	-	(50,000)
Cash dividends paid	(143,778)	(143,746)
Net cash flows from (used in) from financing activities	739,467	(313,874)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,635	15,839
CASH AND CASH EQUIVALENTS:		
Beginning of the period	17,738	1,899
End of the period	$ 23,373	$ 17,738
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 268,805	$ 182,392
Income taxes	24,743	386,713

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 STOCK
(Dollars in Thousands)
(Unaudited)

	June 30, 1999	December 31, 1998
Preferred stock not subject to mandatory redemption, Par value $100 per share, authorized 600,000 shares, outstanding -		
4 1/2% Series, 138,576 shares.	$ 13,858	$ 13,858
4 1/4% Series, 60,000 shares	6,000	6,000
5% Series, 50,000 shares	5,000	5,000
Total Preferred Stock	$ 24,858	$ 24,858

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

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

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	1999	1998	1999	1998	1999	1998
Cumulative Preferred and Preference Stock:						
Beginning balance.	$ 24,858	$ 74,858	$ 24,858	$ 74,858	$ 24,858	$ 74,858
Redemption of preference stock	-	(50,000)	-	(50,000)	-	(50,000)
Ending balance	24,858	24,858	24,858	24,858	24,858	24,858
Common Stock:						
Beginning balance.	330,768	327,048	329,548	327,048	327,865	325,408
Issuance of common stock . . .	5,076	817	6,296	817	7,979	2,457
Ending balance	335,844	327,865	335,844	327,865	335,844	327,865
Paid-in-Capital:						
Beginning balance.	779,809	760,553	775,337	760,553	766,453	751,147
Expenses on common stock . . .	-	-	-	-	-	(5)
Issuance on common stock . . .	22,051	5,900	26,523	5,900	35,407	15,311
Ending balance	801,860	766,453	801,860	766,453	801,860	766,453
Retained Earnings:						
Beginning balance.	808,678	913,500	823,590	919,911	907,634	556,826
Net income	18,489	31,006	39,236	60,821	26,171	494,971
Dividends on preferred and preference stock	(282)	(1,797)	(564)	(3,027)	(1,128)	(5,487)
Dividends on common stock. . .	(35,555)	(35,075)	(70,932)	(70,071)	(141,347)	(138,676)
Ending balance	791,330	907,634	791,330	907,634	791,330	907,634
Accumulated Other Comprehensive Income (net):						
Beginning balance.	(3,963)	20,830	9,508	12,119	24,776	-
Unrealized gain (loss) on equity securities.	6,355	6,552	(15,027)	21,018	(39,261)	46,266
Unrealized loss on currency translation	(439)	-	(1,541)	-	(2,567)	-
Income tax benefit (expense) .	(2,350)	(2,606)	6,663	(8,361)	16,655	(21,490)
Ending balance	(397)	24,776	(397)	24,776	(397)	24,776
Total Shareholders' Equity	$1,953,495	$2,051,586	$1,953,495	$2,051,586	$1,953,495	$2,051,586

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Western Resources, Inc. (the company) is a publicly-traded, consumer services company. The company's primary business activities are providing electric generation, transmission and distribution services to approximately 620,000 customers in Kansas and providing monitored services to approximately 1.6 million customers in North America, the United Kingdom and Continental Europe. In addition, through the company's 45% ownership interest in ONEOK, Inc. (ONEOK), natural gas transmission and distribution services are provided to approximately 1.4 million customers in Oklahoma and Kansas. Rate regulated electric service is provided by KPL, a division of the company and Kansas Gas and Electric Company (KGE), a wholly-owned subsidiary. Monitored services are provided by Protection One, Inc. (Protection One), a publicly-traded, approximately 85%-owned subsidiary.

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

In management's opinion, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation, have been included. The results of operations for the three and six months ended June 30, 1999, are not necessarily indicative of the results to be expected for the full year. Certain purchase price allocations for acquisitions made in 1998 by Protection One were made on a preliminary basis and are subject to change based on the final determination of net asset values and completion of appraisals.

These financials statements do not reflect the effect, if any, of any change which may occur as a result of Protection One's discussions with the SEC staff and any resulting accounting changes or adjustments to the company's financial statements. See Note 5 for additional discussion.

New Pronouncements: On January 1, 1999, the company adopted Emerging Issues Task Force Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" (EITF Issue 98-10). EITF Issue 98-10 requires energy trading contracts to be recorded at fair value on the balance sheet, with the changes in the fair value included in earnings. Adoption of EITF 98-10 resulted in an increase in operating income of approximately $3.3 million for the six months ended June 30, 1999.

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

2. INTERNATIONAL POWER DEVELOPMENT ACTIVITIES

The company terminated the employment of employees of The Wing Group Limited Co. (Wing) during the first quarter of 1999, in accordance with the company's previously announced plans to exit the international power development business. In addition to these terminations, all development activity was discontinued. Certain exit activities which occurred during the first half of 1999, as contemplated in the exit plan, included closing Wing offices and handling other matters related to terminating the activity of this subsidiary. Through June 30, 1999, approximately $16.5 million has been expended for exit activities of which $13.4 million was incurred for employee settlement costs and $0.7 million was incurred for severance costs. All amounts expended during the six months ended June 30, 1999, were charged to the exit cost accruals established as of December 31, 1998. These exit cost accruals were reduced by $4.9 million during the second quarter of 1999 due to the actual employee settlement amounts being less than the amounts originally estimated. The impact of this accrual reversal increased pre-tax income.

Management is not aware of any factors which would change its conclusions regarding the write-down of equity investments recorded during the fourth quarter of 1998. The company is evaluating all of its options in regard to these equity investments including selling or otherwise terminating the company's participation in these investments.

At June 30, 1999, approximately $1.5 million of accrued exit fees and shut down costs are included in other current liabilities on the accompanying Consolidated Balance Sheet. The company plans to complete all significant aspects of this closure by the end of 1999.

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

In May 1999, a Stipulation and Agreement was reached with the Kansas Corporation Commission (KCC) staff which resulted in a set of settlement recommendations in connection with the KCPL merger. At an administrative meeting on August 11, 1999, the KCC Commissioners generally indicated their support of the merger, however, they could not approve the merger under the terms of the Stipulation and Agreement reached in May. The KCC is expected to issue an order in October 1999.

In July 1999, a Settlement Agreement was reached with the Missouri Public Service Commission (MPSC) staff, the Office of Public Counsel and other key parties in connection with the KCPL merger. The stipulation and agreement have been filed with the MPSC for its review and approval. Significant terms of the Missouri settlement are as follows:

- An electric rate moratorium of three years beginning on the date the transaction closes
- Westar Energy would make a one-time rate credit in the amount of $5 million to its Missouri retail customers at the beginning of the second year of the merger
- Westar Energy's executive headquarters would be located in Kansas City.

The company is currently negotiating with the Federal Energy Regulatory Commission (FERC) staff and intervenors. Hearings before FERC, if necessary, are scheduled to begin October 25, 1999.

The company and KCPL have filed an application with the Nuclear Regulatory Commission to approve the Western Resources/KCPL merger and the formation of Westar Energy.

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

4. LEGAL PROCEEDINGS

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 this investigation.

Since April 1999, four alleged class action litigations have been filed in the United States District Court for the Central District of California against Protection One, Inc. and certain of its present and former officers. In two of the actions, Western Resources, Inc. was also named as a defendant. The four actions are: "David Lyons v. Protection One, Inc., Western Resources, Inc., James M. Mackenzie, Jr., John W. Hesse, and John E. Mack, III," No. 99-CV-3755 (C.D.Cal.) (filed April 7, 1999); "Randall Karkutt v. Protection One, Inc., James M. Mackenzie, Jr., and John W. Hesse," No. 99-CV-3798 (C.D.Cal.) (filed April 8, 1999); "David Shaev v.Protection One, Inc., John E. Mack, III, James H. Mackenzie, Jr., and John Hesse," No. 99-CV-4147 (C.D.Cal.) (filed April 20, 1999) and "Mike Ringel v. Protection One, Inc., Western Resources, Inc., James M. McKenzie, Jr., John W. Hesse, and John E. Mack, III," No. 99-CV-5534 (C.D. Cal.) (filed May 28, 1999). The actions are purportedly brought on behalf of purchasers of the common stock of Protection One, Inc. during periods beginning February 10, 1998 ("Karkutt" and "Ringel"), February 12, 1998 ("Shaev"), or April 23, 1998, ("Lyons") and ending April 1, 1999. All four complaints assert claims under Sections 10(b) and 20 of the Securities Exchange Act of 1934 based on allegations that various statements made by the defendants concerning the financial results of Protection One, Inc. were false and misleading and not in compliance with generally accepted accounting principles. The complaints seek unspecified amounts of damages and an award of fees and expenses, including attorneys fees. By an order dated August 2, 1999, the District Court consolidated the four actions and appointed Ronald Cats as lead plaintiff in the consolidated actions. The Court further ordered that plaintiffs will file a single consolidated amended complaint within sixty days. The company and Protection One believe these actions are without merit and intend to defend against them vigorously.

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

5. COMMITMENTS AND CONTINGENCIES

Manufactured Gas Sites: The company has been associated with 15 former manufactured gas sites located in Kansas which may contain coal tar and other potentially harmful materials. The company and the Kansas Department of Health and Environment (KDHE) entered into a consent agreement governing all future work at the 15 sites. The terms of the consent agreement will allow the company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analysis. At June 30, 1999, the costs incurred for preliminary site investigation and risk assessment have been minimal. In accordance with the terms of the strategic alliance with ONEOK, ownership of twelve of these sites and the responsibility for clean-up of these sites were transferred to ONEOK. The ONEOK agreement limits the company's future liability associated with these sites to an immaterial amount. The company's investment earnings from ONEOK, as recorded in investment earnings on the accompanying Consolidated Income Statements, could be impacted by these costs if insurance and rate allowances do not cover these potential contingencies.

SEC Review of Protection One: Protection One received a letter from the Division of Corporation Finance of the SEC on August 11, 1999. The letter raised questions about Protection One's financial statements and stated that, in the view of the staff, there are errors in Protection One's financial statements which are material and which have had the effect of inflating earnings commencing with the year 1997. These questions relate to the methodology used by Protection One to amortize customer accounts, and to the purchase price allocation to customer accounts in the Network Multifamily acquisition. If a change from the average estimated life of 10 years used to amortize accounts is determined to be appropriate, Protection One estimates that a one-year to three-year reduction in estimated useful life would result in additional amortization expense of approximately $14 million to $54 million per year. Any such increased amortization expense would reduce earnings, but would not affect cash flow from operations. Protection One is discussing these issues with the SEC staff. Protection One cannot predict the timing or impact on its financial statements of these discussions. Protection One is reconsidering the accounting used for amortization of customer accounts and the purchase accounting for prior acquisitions. Such changes may require a restatement of prior year financial statements and may require Protection One to perform an asset impairment evaluation.

Split Dollar Life Insurance Program: Obligations under the company's split dollar life insurance program can increase and decrease based on the company's total return to shareholders. During the six months ended June 30, 1999, the related liability decreased about $10 million.

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

6. DEBT

Protection One borrows to fund operations in excess of internally generated cash under its existing $500 million senior credit facility. Protection One's ability to borrow under the facility is subject to compliance with certain financial covenants, including a debt to annualized EBITDA ratio ("leverage ratio") of 5.0 to 1.0 and an annualized EBITDA to interest expense ratio ("interest coverage ratio") of 2.75 to 1.0. As of June 30, 1999, the ratios were approximately 4.7 to 1.0 and 3.3 to 1.0. At year end 1999, the leverage ratio will be reduced to 4.5 to 1.0. Protection One currently borrows approximately $20 million per month, principally to fund the purchase of customer accounts. Protection One currently believes it is likely, absent successful implementation of alternatives discussed below, that it will be unable to satisfy the current leverage and interest coverage ratio covenants in the credit facility following the third quarter of 1999. The resolution of the accounting issues raised by the SEC of Protection One's accounting practices would most likely cause Protection One and the company to need to obtain waivers or consents under their credit facilities and could impact Protection One and the company's ability to meet the financial covenants contained in their credit facilities. Protection One is exploring alternatives to address these covenant restrictions, including the sale of assets to reduce debt, seeking waivers or renegotiating these covenants with lenders, or refinancing the facility. The company's credit facility contains a cross default provision which would be triggered in the event of a Protection One default. Protection One believes it will be able to address this matter in a manner so that there is no default under the credit facility or significant impact on its liquidity, but no assurance can be given that Protection One will be able to do so or the terms thereof. If Protection One is unable to maintain adequate liquidity, the company may choose to make additional investments in Protection One, but is not obligated to do so.

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 13.3%, 24.0% and 7.4% for the three, six and twelve month periods ended June 30, 1999 compared to 36.3%, 29.6% and 43.2% for the three, six and twelve month periods ended June 30, 1998. The effective tax rate has been reduced from 31% as of March 31, 1999, to 24% as of June 30, 1999, which represents the currently expected effective tax rate for 1999. The benefit recorded in the second quarter for this change in estimate approximated $2.3 million. This change in estimate was necessary based on revisions in forecasted earnings for 1999. The effective income tax rates vary from the Federal statutory rate primarily due to the receipt of non-taxable proceeds from our corporate owned life insurance policies, the tax benefit of excluding 70% of the dividends received from ONEOK, the generation and utilization of tax credits from Affordable Housing investments, and the amortization of prior years' investment tax credits.

8. SEGMENTS OF BUSINESS

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

Three Months Ended June 30, 1999:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(1)Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 78,140	$ -	$ 246,881	$ 150,801	$ 323	$ (3)	$ 476,142
Allocated sales . .	137,724	20,598	70,269	-	-	(228,591)	-
Earnings before interest and taxes	46,696	(11,114)	23,842	13,975	23,510	(2,088)	94,821
Interest expense. .							73,498
Earnings before income taxes . . .							21,323

Three Months Ended June 30, 1998:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 102,355	$ -	$ 263,576	$ 97,041	$ 334	$ (5)	$ 463,301
Allocated sales . .	128,683	29,288	16,623	-	-	(174,594)	-
Earnings before interest and taxes	41,600	(5,586)	36,009	15,861	10,937	2,241	101,062
Interest expense. .							54,899
Earnings before income taxes . . .							46,163

Six Months Ended June 30, 1999:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(2)Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 157,502	$ -	$ 479,220	$ 299,348	$ 654	$ -	$ 936,724
Allocated sales . .	263,385	49,816	139,649	-	-	(452,850)	-
Earnings before interest and taxes	93,921	(15,339)	39,473	31,518	51,322	(4,967)	195,928
Interest expense. .							144,298
Earnings before income taxes . . .							51,630

Six Months Ended June 30, 1998:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(3)Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 176,522	$ -	$ 494,651	$ 173,836	$ 647	$ (13)	$ 845,643
Allocated sales . .	248,574	58,527	33,246	-	-	(340,347)	-
Earnings before interest and taxes	81,855	(9,532)	59,185	27,194	24,422	6,251	189,375
Interest expense. .							105,299
Earnings before income taxes . . .							84,076

Twelve Months Ended June 30, 1999:

	Fossil Generation	Nuclear Generation	Power Delivery	Monitored Services	(4)Other	Eliminating/ Reconciling Items	Total
	(Dollars in Thousands)						
External sales. . .	$ 506,954	$ -	$1,070,280	$ 546,607	$ 1,349	$ (55)	$2,125,135
Allocated sales . .	532,174	108,806	172,895	-	-	(813,875)	-
Earnings before							

interest and taxes	156,423	(26,727)	176,686	61,051	(75,088)	1,050	293,395
Interest expense. .							265,119
Earnings before income taxes . . .							28,276

Twelve Months Ended June 30, 1998:

	Fossil Generation	Nuclear Generation	Power Delivery (5)	Monitored Services (6,7)	Other (8)	Eliminating/ Reconciling Items	Total
			(Dollars in Thousands)				
External sales. . .	$ 317,317	$ -	$1,041,179	$ 262,678	$ 292,165	$ 3,865	$1,917,204
Allocated sales . .	523,490	103,731	66,492	-	-	(693,713)	-
Earnings before interest and taxes	155,152	(49,030)	168,205	(21,967)	863,354	(48,732)	1,066,982
Interest expense. .							197,885
Earnings before income taxes . . .							869,097

(1) Earnings before interest and taxes (EBIT) includes investment earnings of $15.8 million.
(2) Earnings before interest and taxes (EBIT) includes investment earnings of $37.4 million.
(3) Earnings before interest and taxes (EBIT) includes investment earnings of $26.9 million.
(4) Earnings before interest and taxes (EBIT) includes investment earnings of $60.3 million and write-off of international power development activities of $94.0 million.
(5) EBIT includes monitored services special charge of $24.3 million.
(6) EBIT includes investment earnings of $39.1 million and gain on sale of Tyco securities of $864.2 million.
(7) Includes natural gas operations. The company contributed substantially all of its natural gas business in exchange for a 45% equity interest in ONEOK in November 1997.
(8) EBIT includes write-off of deferred merger costs of $48 million.

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

INTRODUCTION

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

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

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

Forward-Looking Statements

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

OPERATING RESULTS

Western Resources, Inc. Consolidated

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: Basic earnings per share for the second quarter in 1999 were $O.27 per common share compared to $O.45 per common share in the second quarter of 1998. The primary reasons for this decline are cooler weather compared to last year, the effect of the $10 million annual electric rate decreases that were implemented on June 1, 1998, and June 1, 1999, our 85% of Protection One's $7.4 million net loss, higher long-term interest expense on higher long-term debt balances in the second quarter of 1999, and non-recurring gains that were recorded in the second quarter of 1998. These non-recurring gains were related to proceeds received in 1998 from corporate owned life insurance (COLI) policies and to a gain on the repurchase of customer contracts in our monitored services business segment.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Basic earnings per share for the six months ended June 30, 1999, were $O.58 per common share compared to $O.88 per common share for the same period in 1998. The primary reasons for this decline are the effects of the electric rate decreases, our 85% share of Protection One's $12.0 million net loss, non-recurring gains that were recorded in the first half of 1998 and higher long-term interest expense on higher long-term debt balances in the first half of 1999.

Twelve Months Ended June 30,1999 Compared to Twelve Months Ended June 30, 1998: Operating results are difficult to compare primarily because of Protection One's acquisition activity in 1998, a $99 million charge to income in the fourth quarter of 1998 to exit the international power development business and the pre-tax gain on the sale of Tyco International Ltd. (Tyco) common stock of $864 million recorded in the third quarter of 1997.

In addition to the gain on the sale of Tyco common stock recorded in 1997, we recorded charges in the fourth quarter of 1997 which included $48 million of deferred KCPL merger costs and approximately $24 million recorded by Protection One to recognize higher than expected customer attrition and to record costs related to the acquisition of Protection One.

In November 1997, we completed our strategic alliance with ONEOK, Inc. (ONEOK) and contributed substantially all of our natural gas business to ONEOK in exchange for a 45% ownership interest in ONEOK. Following the strategic alliance, the consolidated sales, related cost of sales and operating expenses for our former natural gas business have been replaced by investment earnings from ONEOK. Sales and cost of sales from our former natural gas business for the twelve months ended June 30, 1998, were $293 million and $212 million.

Electric Utility

The sales and cost of sales of the electric utility business are included in energy sales and cost of sales in the Consolidated Statements of Income. For the twelve months ended June 30, 1998, energy sales included natural gas sales through November 1997, and energy cost of sales included natural gas purchased through November 1997.

Net income from our electric utility business decreased 16% and 5% for the three and six months ended June 30, 1999 compared to the same periods last year due to lower retail electric sales. We experienced weather which was 44% cooler during second quarter 1999 compared to second quarter 1998 and 25% cooler than normal.

Electric rate decreases implemented on June 1, 1998, and June 1, 1999, also contributed to the decrease in electric sales. The cumulative effect of the electric rate decreases reduced net income by $1.4 million for the three months ended June 30, 1999, and $2.7 million for the six months ended June 30, 1999.

Net income for the twelve months ended June 30, 1999, was $62 million higher than the comparable period in 1998. The primary reason for the increase was charges incurred during the twelve months ended June 30, 1998, that were not incurred in the same period of 1999. These charges included a charge totaling approximately $48 million in December 1997 to write-off the original merger costs associated with the KCPL merger. Additionally, we had $7 million in storm related restoration expenses recorded during the second quarter of 1998. Our twelve months ended June 30, 1999, net income would have been $6 million higher had we not had the effect of our electric rate decreases.

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

	Three Months Ended	Six Months Ended	Twelve Months Ended
Residential.	(12.9)%	(6.3)%	2.0 %
Commercial	(0.6)%	0.6 %	3.8 %
Industrial	(3.9)%	(2.3)%	(0.9)%
Other.	0.8 %	0.4 %	0.9 %
Total retail . . .	(5.6)%	(2.5)%	1.6 %
Wholesale.	3.8 %	10.1 %	5.2 %
Total.	(3.5)%	0.2 %	2.4 %

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: Electric sales, other than power marketing sales, decreased $17 million. The effect of cooler weather this year compared to last year lowered customer demand and decreased sales by $19 million. Also contributing to the reduced electric sales was the effect of the electric rate decreases implemented on June 1, 1998, and June 1, 1999 which reduced sales by approximately $2 million. Customer growth increased sales by approximately $3 million. Power marketing sales were $23 million lower also due to cooler weather compared to last year.

Total cost of sales were lower due to a $7 million decrease in purchased power expense and a $26 million decrease in power marketing cost of sales. In the second quarter of 1998, we had higher purchased power expense because a coal-fired generation station was unavailable.

Higher fuel costs of $2 million partially offset these decreases. Fuel cost was higher due to Wolf Creek being off-line for a scheduled refueling and maintenance outage during the second quarter of 1999 and the availability in 1999 of the coal-fired station that was unavailable in 1998. Coal-fired generating stations were used to meet generation demands while Wolf Creek was off-line.

Coal is more expensive to use than nuclear fuel.

Total operating expenses increased slightly. We had higher operating and maintenance expense of $8 million primarily due to the restarting of our Neosho generation station, a boiler outage at our Gordon Evans generation station, and preliminary refueling expenses at Wolf Creek. Partially offsetting this increase was $7 million in storm related restoration expenses that were recorded during the second quarter of 1998.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Electric sales, other than power marketing sales, decreased $12 million due primarily to 2.5% lower retail electric sales volumes. The effect of cooler weather compared to last year lowered customer demand and decreased sales by $21 million. Also contributing to the decreased electric sales was the effect of the electric rate decrease which reduced sales by $5 million. Customer growth of approximately $6 million and increased wholesale sales of $4 million partially offset these decreases. Power marketing sales were $22 million lower also due to cooler weather compared to last year resulting in lower demand.

Total cost of sales were lower due to an $8 million decrease in purchased power expense and a $27 million decrease in power marketing cost of sales partially offset by higher fuel costs of $5 million. The reasons for these changes are discussed above.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Electric sales, excluding power marketing sales, increased $40 million due primarily to a 1.6% increase in retail sales volumes as a result of warmer summer temperatures in the third quarter 1998 than in the third quarter 1997. The effect of warmer weather increased customer demand and increased sales by $5 million. Partially offsetting this increase was the effect of the electric rate decreases in 1999 and 1998 which reduced sales by $10 million. Customer growth and increased wholesale sales also contributed to the increase. Power marketing sales were $178 million higher due to the warmer weather and increased power marketing activity.

Total electric cost of sales increased 36% due primarily to higher power marketing cost of sales. Total operating expenses decreased for several reasons. Depreciation and amortization expense decreased $13 million, or 7%, primarily because we had fully amortized a regulatory asset during 1997. In December 1997, we recorded a charge totaling approximately $48 million to write-off the original merger costs associated with the KCPL merger. Additionally, we had $7 million in storm related restoration expenses recorded during the second quarter of 1998.

Electric Utility Business Segments

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

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

Fossil Generation

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	1999	1998	1999	1998	1999	1998
	(Dollars in Thousands)					
External sales. . .	$ 78,140	$102,355	$157,502	$176,522	$506,954	$317,317
Allocated sales . .	137,724	128,683	263,385	248,574	532,174	523,490
EBIT.	46,696	41,600	93,921	81,855	156,423	155,152

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

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: External sales decreased $24 million due to lower sales because of cooler weather this year compared to last. Allocated sales and EBIT were higher due to an increase in the internal transfer price Fossil Generation received from Power Delivery.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: External sales decreased $19 million due to lower sales because of cooler weather this year compared to last. Allocated sales and EBIT were higher due to an increase in the internal transfer price Fossil Generation received from Power Delivery.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: External sales increased mostly because power marketing sales were $178 million higher due to increased power marketing activity.

Nuclear Generation

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	1999	1998	1999	1998	1999	1998
	(Dollars in Thousands)					
Allocated sales . .	$ 20,598	$ 29,288	$ 49,816	$ 58,527	$108,806	$103,731
EBIT.	(11,114)	(5,586)	(15,339)	(9,532)	(26,727)	(49,030)

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

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: Allocated sales and EBIT decreased due to a 36-day scheduled refueling and maintenance outage at Wolf Creek during the second quarter of 1999.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Allocated sales and EBIT decreased due to the scheduled refueling and maintenance outage at Wolf Creek.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Allocated sales and EBIT were higher because Wolf Creek had a 36-day scheduled refueling and maintenance outage in 1999 compared to a 58 day scheduled refueling and maintenance outage in 1998. EBIT was also higher because depreciation and amortization expense decreased because we had fully amortized a regulatory asset during 1997.

Power Delivery

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	1999	1998	1999	1998	1999	1998
	(Dollars in Thousands)					
External sales. . .	$246,811	$263,576	$479,220	$494,651	$1,070,280	$1,041,179
Allocated sales . .	70,269	16,623	139,649	33,246	172,895	66,492
EBIT.	23,842	36,009	39,473	59,185	176,686	168,205

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: External sales decreased $17 million primarily due to 6% lower retail electric sales volumes. The reasons for lower electric sales volumes are discussed above in "Operating Results, Electric Utility".

Allocated sales were $54 million higher due to a change in the intra-segment transfer pricing involving the use of the distribution lines and transformers.

EBIT decreased $12 million due to lower external sales.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: External sales decreased $15 million due primarily to 3% lower retail electric sales volumes. The reasons for lower electric sales volumes are discussed above in "Operating Results, Electric Utility".

Allocated sales were $106 million higher due to a change in the intra-segment transfer pricing involving the use of the distribution lines and transformers.

EBIT decreased $20 million due to lower external sales.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: In addition to our normal customer growth, we experienced warmer weather during the third quarter 1998 than we did in 1997 which improved external sales, allocated sales and EBIT.

Monitored Services Business Segment

Protection One operates and manages our monitored services business. The results discussed below reflect Protection One on a stand-alone basis and do not take into consideration the minority interest of about 15% at June 30, 1999.

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	1999	1998	1999	1998	1999	1998
	(Dollars in Thousands)					
External sales. . .	$150,801	$ 97,041	$299,348	$173,836	$546,607	$262,678
EBIT.	13,975	15,861	31,518	27,194	61,051	(21,967)

Compared to prior periods, external sales for all periods ended June 30, 1999, have increased significantly following Protection One's acquisitions of security businesses in Europe in the second quarter and late in the third quarter of 1998 and the continued growth of Protection One's North American operations. EBIT for the three months ended June 30, 1999 was lower than EBIT for the prior period due to an approximate $10.2 million gain in the prior period on the repurchase of customer contracts covered by a financing agreement.

A charge of approximately $24 million adversely affected EBIT in the twelve months ended June 30, 1998. The charge was made to recognize higher than expected customer attrition and to record costs related to the acquisition of Protection One. Partially offsetting this charge was a non-recurring gain of approximately $13 million on the repurchase of customer contracts covered by a financing arrangement.

Protection One received a letter from the Division of Corporation Finance of the SEC on August 11, 1999. The letter raised questions about Protection One's financial statements and stated that, in the view of the staff, there are errors in Protection One's financial statements which are material and which have had the effect of inflating earnings commencing with the year 1997. These questions relate to the methodology used by Protection One to amortize customer accounts, and to the purchase price allocation to customer accounts in the Network Multifamily acquisition. If a change from the average estimated life of 10 years used to amortize accounts is determined to be appropriate, Protection One estimates that a one-year to three-year reduction in estimated useful life would result in additional amortization expense of approximately $14 million to $54 million per year. Any such increased amortization expense would reduce earnings, but would not affect cash flow from operations. Protection One is discussing these issues with the SEC staff. Protection One cannot predict the timing or impact on its financial statements of these discussions. Protection One is reconsidering the accounting used for amortization of customer accounts and the purchase accounting for prior acquisitions. Such changes may require a restatement of prior year financial statements and may require Protection One to perform an asset impairment evaluation.

Protection One has historically amortized the assets related to its customer base as a composite pool on a straight-line basis over a period of ten years. Protection One is presently reconsidering the appropriateness of using a composite pool, straight-line amortization, and the ten-year period. Any significant change in accounting policy or in the pattern of Protection One's historical attrition experience would have a material effect on the company's results of operations.

During the second quarter of 1999, there were indicators at Protection One that attrition was exceeding expected levels. Attrition for the twelve months ending June 30, 1999, was 10.5% compared to 9.7% at the end of March 31, 1999. Annualized attrition for the quarter ended June 30, 1999, was 14.3%.

The sale of Protection One's Mobile Division to ATX Technologies (ATX) was announced on June 28, 1999. The sales price is approximately $20 million in cash plus a note and a preferred stock investment in ATX. Protection One will continue to deliver mobile services through a reseller arrangement with ATX. It is anticipated the sale will be completed in the third quarter of 1999.

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

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

Certain Protection One dealers have complained, and in some cases threatened or filed litigation, because of Protection One's interpretation of its dealer contracts and the calculation of holdback amounts. Protection One believes it has complied with the terms of these contracts and intends to vigorously defend its position. Protection One cannot currently predict the impact of these disputes with dealers which could be material to Protection One.

Under Protection One's agreements with dealers, Protection One may be required to purchase customer accounts on an ongoing basis. Protection One is currently spending approximately $20 million to $25 million per month to purchase these customer accounts.

Other Operating Expenses

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: In December 1998, we recorded a $99 million charge to income associated with our decision to exit the international power project development business.

In December 1997, we recorded a charge totaling approximately $48 million to write-off the original merger costs associated with the KCPL transaction and Protection One recorded a charge of approximately $24 million to recognize higher than expected customer attrition and to record costs related to the acquisition of Protection One.

Other Income (Expense)

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

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: Other income decreased because we did not receive COLI death proceeds in the second quarter of 1999 compared to the $6 million that we received in second quarter 1998. Protection One also recognized a non-recurring gain of approximately $10 million on the repurchase of customer contracts covered by a financing arrangement in the second quarter of 1998. Partially offsetting this decrease was an increase of $4 million in investment earnings based on higher balances of marketable securities.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Other income decreased because we did not receive COLI death proceeds in the first half of 1999, compared to the $13 million that we received in the first half of 1998. Protection One also recognized a non-recurring gain of approximately $13 million on the repurchase of customer contracts covered by a financing arrangement in the first half of 1998. Partially offsetting these decreases was an increase of $11 million in investment earnings based on higher balances of marketable securities.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Other income decreased $892 million primarily due to the gain on the sale of our Tyco common stock.

Interest Expense

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: Interest expense increased 34% primarily because Protection One borrowed additional long-term debt to fund acquisitions and to acquire customer accounts.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Interest expense increased 37% primarily because Protection One borrowed additional long-term debt to fund acquisitions and to acquire customer accounts.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Our interest expense increased 34% due to our and Protection One's issuance of new long-term debt used to reduce existing short-term debt, to fund nonregulated operations and to finance a substantial portion of Protection One's customer account growth. Lower short-term debt interest expense partially offset the higher long-term debt interest expense. The long-term debt had a higher weighted average interest rate than the short-term debt that it replaced.

Income Taxes

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998: Income tax expense decreased 83% and the effective tax rate decreased from 36% to 13%. These decreases are primarily due to lower earnings before taxes in 1999. Earnings before taxes decreased due to lower electric operating income as discussed above, a net loss from Protection One, and higher interest expense.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Income tax expense decreased 50% and the effective tax rate decreased from 30% to 24%. These decreases are primarily due to lower earnings before taxes in 1999. Earnings before taxes decreased due to lower electric operating income as discussed above, a net loss from Protection One, and higher interest expense.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Income tax expense decreased significantly due to the decline in taxable earnings. For twelve months ended June 30, 1999, the charge to income to exit the international power development business, significantly lowered tax expense. Tax expense for the twelve months ended June 30, 1998, included taxes related to the gain on the sale of Tyco common stock.

Our effective tax rate also declined from 43% to 7%. This decline is largely attributable to the gain on the sale of Tyco common stock in the twelve months ended June 30, 1998, and lower taxable income for the twelve months ended June 30, 1999, and the benefit of excluding 70% of ONEOK dividends received from the determination of taxable income.

LIQUIDITY AND CAPITAL RESOURCES

We had $23 million in cash and cash equivalents at June 30, 1999. We consider highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 1999, we had approximately $422 million of short-term debt outstanding, of which $223 million was commercial paper. We also have arrangements with certain banks to provide unsecured short-term lines of credit on a committed basis totaling approximately $821 million. The unsecured portion of these lines of credit are used to provide support for commercial paper. Current maturities of long-term debt were $241 million at June 30, 1999.

In July 1999, we announced a stock repurchase program for up to $25 million of our common stock. The program authorizes us to make purchases of our common stock in the open market. The timing and terms of purchases, and the number of shares actually purchased, will be determined by management based on market conditions and other factors. The purchased shares would be held in treasury and will be available for general corporate purposes or resale at a future date, or will be retired. Any purchases will be financed with short-term debt, or made from available funds.

Protection One borrows to fund operations in excess of internally generated cash under its existing $500 million senior credit facility. Protection One's ability to borrow under the facility is subject to compliance with certain financial covenants, including a debt to annualized EBITDA ratio ("leverage ratio") of 5.0 to 1.0 and an annualized EBITDA to interest expense ratio ("interest coverage ratio") of 2.75 to 1.0. As of June 30, 1999, the ratios were approximately 4.7 to 1.0 and 3.3 to 1.0. At year end 1999, the leverage ratio will be reduced to 4.5 to 1.0. Protection One currently borrows approximately $20 million per month, principally to fund the purchase of customer accounts. Protection One currently believes it is likely, absent successful implementation of alternatives discussed below, that it will be unable to satisfy the current leverage and interest coverage ratio covenants in the credit facility following the third quarter of 1999. The resolution of the accounting issues raised by the SEC of Protection One's accounting practices would most likely cause Protection One and the company to need to obtain waivers or consents under their credit facilities and could impact Protection One and the company's ability to meet the financial covenants contained in their credit facilities. Protection One is exploring alternatives to address these covenant restrictions, including the sale of assets to reduce debt, seeking waivers or renegotiating these covenants with lenders, or refinancing the facility. The company's credit facility contains a cross default provision which would be triggered in the event of a Protection One default. Protection One believes it will be able to address this matter in a manner so that there is no default under the credit facility or significant impact on its liquidity, but no assurance can be given that Protection One will be able to do so or the terms thereof. If Protection One is unable to maintain adequate liquidity, the company may choose to make additional investments in Protection One, but is not obligated to do so.

Cash Flows from Operating Activities

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Cash from operations decreased significantly primarily because of receivables collected in the first quarter of 1998 as part of the settlement of our strategic alliance with ONEOK and reduced earnings in 1999.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Cash from operations increased significantly because of two factors. First, taxes paid of approximately $345 million on the gain on the sale of Tyco common stock reduced twelve months ended June 30, 1998, operating cash flow. Secondly, twelve months ended June 30, 1999, includes the first full year of Protection One operations.

Cash Flows Used In Investing Activities

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Cash used in investing activities decreased significantly primarily due to more acquisitions of monitored services companies in the six months of 1998.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Cash used in investing activities increased significantly primarily due to the proceeds received in the third quarter of 1997 from the gain on sale of Tyco common stock offsetting the cash used during the twelve months ended June 30, 1998.

Cash Flows from Financing Activities

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998: Cash from financing activities decreased 32% because we issued less debt as a result of fewer acquisitions in the six months ending June 30, 1999.

Twelve Months Ended June 30, 1999 Compared to Twelve Months Ended June 30, 1998: Cash from financing activities increased significantly primarily due to additional borrowings incurred for the acquisitions of monitored services companies.

OTHER INFORMATION

Outlook

While second-quarter results are less than a year ago, we believe that for 1999, electric operations should contribute approximately $129 to $132 million in earnings, assuming normal weather and operations. ONEOK is expected to yield earnings of approximately $36 to $38 million and unallocated interest costs, net of investment income, should reduce earnings by approximately $36 million. For purposes of this information, unallocated interest is interest not included in these estimates for electric operations, ONEOK or Protection One.

Protection One has had a net loss of $12 million for the six months ended June 30, 1999, and is expected to continue to have a net loss. Due to the outstanding issues relating to Protection One described in the Monitored Services Business Segment above, no estimates are available for Protection One.

These anticipated results from operations are conditioned by the discussion in "Forward-Looking Statements" discussed in the Introduction above and the discussion regarding potential accounting changes and liquidity at Protection One. See "Forward-Looking Statements," "Monitored Services Business Segment," "Liquidity and Capital Resources," and Notes 4 and 5 to the Consolidated Financial Statements for additional discussion.

Merger Agreement with Kansas City Power & Light Company

In May 1999, a Stipulation and Agreement was reached with the KCC staff which resulted in a set of settlement recommendations in connection with the KCPL merger. At an administrative meeting on August 11, 1999, the KCC Commissioners generally indicated their support of the merger, however, they could not approve the merger under the terms of the Stipulation and Agreement reached in May. The KCC is expected to issue an order in October 1999.

In July 1999, a Settlement Agreement was reached with the MPSC staff, the Office of Public Counsel and other key parties in connection with the KCPL merger. The stipulation and agreement have been filed with the MPSC for its review and approval. Significant terms of the Missouri settlement are as follows:

- An electric rate moratorium of three years beginning on the date the transaction closes
- Westar Energy would make a one-time rate credit in the amount of $5 million to its Missouri retail customers at the beginning of the second year of the merger
- Westar Energy's executive headquarters would be located in Kansas City.

We are currently negotiating with the FERC staff and intervenors. Hearings before FERC, if necessary, are scheduled to begin October 25, 1999.

We and KCPL have filed an application with the Nuclear Regulatory Commission to approve the Western Resources/KCPL merger and the formation of Westar Energy.

For additional information on the Merger Agreement with Kansas City Power & Light Company, see Note 3 to Consolidated Financial Statements for further discussion.

Investment in ONEOK, Inc.

In April 1999, ONEOK and Southwest Gas Corporation (Southwest Gas) agreed to a merger under which ONEOK would pay $30 a share in cash for each Southwest Gas share. The merger has been approved in the state of Nevada, has passed the Hart-Scott-Rodino Act and has been approved by Southwest Gas shareholders. ONEOK and Southwest Gas have reached agreement with the regulatory staff and the consumer advocate organization in Arizona, and with the California Public Utilities Commission staff and one set of intervenors. The acquisition is scheduled to be completed by the end of the year.

Investment in Hanover Compressor Company

We own approximately 11% of the outstanding common stock of Hanover Compressor Company through our Westar Capital subsidiary. We have determined that this investment is not strategic to our ongoing business and are reviewing our alternatives to monetize or liquidate this investment.

Collective Bargaining Agreement

Our contract with the International Brotherhood of Electrical Workers (IBEW) expired on July 1, 1999. The contract covered approximately 1,440 employees who are currently working under the terms of the contract. We have reached a tentative agreement with the IBEW leadership. The IBEW employees will vote on the contract on September 1, 1999. We have experienced no strikes or work stoppages as a result of the expiration of the contract.

Competition

On August 10, 1999, the Wichita City Council adopted a resolution authorizing a study to determine the feasibility of creating a municipal electric utility. KGE has an exclusive franchise with the City of Wichita that expires March 2002. Customers within the City of Wichita account for approximately 57% of the sales of KGE.

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

Year 2OOO Issue

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

Electric Utility Operations: As of June 30, 1999, we have completed the remediation and testing of mission critical systems necessary to continue providing electric service to our customers. On June 30, we reported to the North American Electric Reliability Council (NERC), that based on its standards, we are 100% Year 2000 ready. However, additional testing and remediation of non-mission critical systems, project administration and contingency planning will continue through December 31, 1999. Based on manhours as a measure of work effort, we believe we are approximately 85% complete with our readiness efforts.

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

Department/Business Unit	Manhours	Mission Critical
Fossil Fuel	76%	100%
Power Delivery	79%	100%
Information Technology.	88%	100%
Administrative.	84%	100%

We estimate that total costs to update all of our electric utility operating systems for Year 2000 readiness, excluding costs associated with WCNOC discussed below, to be approximately $6.9 million, of which $4.4 million represents IT costs and $2.5 million represents non-IT costs. As of June 30, 1999, we have expended approximately $5.5 million of these costs, of which $3.7 million represent IT costs and $1.8 million represent non-IT costs. We expect to incur the remaining $1.4 million, of which $0.7 million represents IT costs and $0.7 million represents non-IT costs, by the end of 1999.

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

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

Additional non-mission critical remediations continue with a goal to be 95% ready by September 30, 1999, and 100% ready by December 31, 1999.

WCNOC has estimated the costs to complete the Year 2000 project at $3.8 million ($1.8 million, our share). As of June 30, 1999, $2.7 million ($1.3 million, our share) had been spent on the project. A summary of the projected costs to complete and actual costs incurred through June 30, 1999, is as follows:

	Projected Costs	Actual Costs
	(Dollars in Thousands)	
Wolf Creek Labor and Expenses. .	$ 499	$ 367
Contractor Costs	1,254	920
Remediation Costs.	1,995	1,390
Total.	$3,748	$2,677

Approximately $2.9 million ($1.4 million, our share) of WCNOC's total Year 2000 cost is purchased items and installation costs associated with remediation. The total projected Year 2000 costs have decreased from the total projected costs of $4.6 million at December 31, 1998, as alternate remediation paths have been identified which have eliminated the need for extensive equipment changeouts. All of these costs are being expensed as they are incurred and are being funded on a daily basis along with our normal costs of operations.

Monitored Services: Protection One has estimated the total cost to update all critical operating systems for Year 2000 readiness to be approximately $5.0 million. As of June 30, 1999, approximately $2.5 million of these costs had been incurred. These costs include labor for both Protection One employees and contract personnel used in the Year 2000 program and non-labor costs for software tools used in the remediation and testing efforts, replacement software, replacement hardware, replacement embedded devices, and other such costs associated with testing and replacement. Management continues to review the projected costs associated with the Year 2000 readiness. To date, the costs of the Year 2000 readiness program have been substantially information-technology related. Non-information technology systems are highly critical to Protection One's business, but are largely beyond our ability to control. This includes telephones, electricity, water, transportation, and governmental infrastructure.

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

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

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

Phase:	North American Monitoring	Network Multi-Family	Protection One Europe
Identification and assessment	Completed	Completed	85% Complete
Remediation and unit testing	95% Complete	Completed	83% Complete
Comprehensive Y2K readiness verification:			
Guidelines and tools	Completed	Completed	Completed
Testing	50% Complete	90% Complete	80% Complete
Contingency planning:			
Guidelines and tools	Completed	Completed	Completed
Plan development	70% Complete	Completed	20% Complete
Contingency plan testing and resourcing:			
Guidelines and tools	Completed	Completed	Completed
Testing and resourcing	To do Sept-Nov 1999	To do Sept-Nov 1999	To do Sept-Nov 1999
Mobilization, alert, and standby	To do Nov-Dec 1999	To do Nov-Dec 1999	To do Nov-Dec 1999

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company has not experienced any significant changes in its exposure to market risk since December 31, 1998. For additional information on the company's market risk, see the Form 10-K dated December 31, 1998.

WESTERN RESOURCES, INC.
Part II Other Information

ITEM 1. LEGAL PROCEEDINGS

Since April 1999, four alleged class action litigations have been filed in the United States District Court for the Central District of California against Protection One, Inc. and certain of its present and former officers. In two of the actions, Western Resources, Inc. was also named as a defendant. The four actions are: "David Lyons v. Protection One, Inc., Western Resources, Inc., James M. Mackenzie, Jr., John W. Hesse, and John E. Mack, III," No. 99-CV-3755 (C.D.Cal.) (filed April 7, 1999); "Randall Karkutt v. Protection One, Inc., James M. Mackenzie, Jr., and John W. Hesse," No. 99-CV-3798 (C.D.Cal.) (filed April 8, 1999); "David Shaev v.Protection One, Inc., John E. Mack, III, James H. Mackenzie, Jr., and John Hesse," No. 99-CV-4147 (C.D.Cal.) (filed April 20, 1999) and "Mike Ringel v. Protection One, Inc., Western Resources, Inc., James M. McKenzie, Jr., John W. Hesse, and John E. Mack, III," No. 99-CV-5534 (C.D. Cal.) (filed May 28, 1999). The actions are purportedly brought on behalf of purchasers of the common stock of Protection One, Inc. during periods beginning February 10, 1998 ("Karkutt" and "Ringel"), February 12, 1998 ("Shaev"), or April 23, 1998, ("Lyons") and ending April 1, 1999. All four complaints assert claims under Sections 10(b) and 20 of the Securities Exchange Act of 1934 based on allegations that various statements made by the defendants concerning the financial results of Protection One, Inc. were false and misleading and not in compliance with generally accepted accounting principles. The complaints seek unspecified amounts of damages and an award of fees and expenses, including attorneys fees. By an order dated August 2, 1999, the District Court consolidated the four actions and appointed Ronald Cats as lead plaintiff in the consolidated actions. The Court further ordered that plaintiffs will file a single consolidated amended complaint within sixty days. The company and Protection One believe these actions are without merit and intend to defend against them vigorously.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

The company's Annual Meeting of Shareholders was held on June 30, 1999. At the meeting, the shareholders, representing 57,138,300 shares either in person or by proxy, voted to:

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

	Votes For	Votes Against
Frank J. Becker.	55,818,136	1,320,943
Louis W. Smith	55,826,365	1,312,714
Jane Dresner Sadaka.	55,645,818	1,493,261

The following directors will continue to serve their unexpired terms: Thomas R. Clevenger, John C. Dicus, David H. Hughes, Russell W. Meyer, Jr., and David C. Wittig.

Amend the Restated Articles of Incorporation to increase the authorized shares of common stock.

Votes For	Votes Against	Votes Abstain
48,059,791	8,212,953	866,335

Adopt an Employee Stock Purchase Plan.

Votes For	Votes Against	Votes Abstain
53,725,163	2,518,017	895,499

Adopt a Short Term Incentive Plan.

Votes For	Votes Against	Votes Abstain
48,619,313	7,185,783	1,333,583

Amend the 1996 Long Term Incentive and Share Award Plan.

Votes For	Votes Against	Votes Abstain
46,465,395	9,199,353	1,474,331

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit 10.1 - Amendment to Western Resources, Inc. 1996 Long Term Incentive and Share Award Plan

Exhibit 10.2 - Western Resources, Inc. 1999 Short Term Incentive Plan

Exhibit 12 - Computation of Ratio of Consolidated Earnings to Fixed Charges for 12 Months Ended June 30, 1999 (filed electronically)

Exhibit 27 - Financial Data Schedule (filed electronically)

(b) Reports on Form 8-K:

Form 8-K filed April 1, 1999 - Press release reporting Western Resources extends filing period for 10-K.

Form 8-K filed May 11, 1999 - Press release and employee update reporting Western Resources and KCPL Reach Merger Settlement with KCC staff and others.

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

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

SIGNATURE

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

Western Resources, Inc.

Date August 16, 1999 By /s/ WILLIAM B. MOORE
William B. Moore, Executive
Vice President, Chief Financial
Officer and Treasurer

Date August 16, 1999 By /s/ LEROY P. WAGES
Leroy P. Wages, Controller

Exhibit 12

WESTERN RESOURCES, INC.
Computations of Ratio of Earnings to Fixed Charges and
Computations of Ratio of Earnings to Combined Fixed Charges
and Preferred and Preference Dividend Requirements
(Dollars in Thousands)

	Unaudited Twelve Months Ended June 30,	Year Ended December 31,				
	1999	1998	1997	1996	1995	1994
Net Income	$ 26,171	$ 47,756	$ 499,518	$168,950	$181,676	$187,447
Taxes on Income.	2,105	14,557	382,987	86,102	83,392	99,951
Net Income Plus Taxes. . . .	28,276	62,313	882,505	255,052	265,068	287,398
Fixed Charges:						
Interest on Long-Term Debt . .	211,906	170,855	119,972	105,741	95,962	98,483
Interest on Other Indebtedness	35,138	37,190	55,761	34,685	27,487	20,139
Interest on Other Mandatorily Redeemable Securities. . . .	18,075	18,075	18,075	12,125	372	-
Interest on Corporate-owned Life Insurance Borrowings. .	37,405	38,236	36,167	35,151	32,325	26,932
Interest Applicable to Rentals.	32,505	32,796	34,514	32,965	31,650	29,003
Total Fixed Charges. . . .	335,029	297,152	264,489	220,667	187,796	174,557
Preferred and Preference Dividend Requirements:						
Preferred and Preference Dividends.	1,128	3,591	4,919	14,839	13,419	13,418
Income Tax Required.	91	1,095	3,771	7,562	6,160	7,155
Total Preferred and Preference Dividend Requirements	1,219	4,686	8,690	22,401	19,579	20,573
Total Fixed Charges and Preferred and Preference Dividend Requirements.	336,248	301,838	273,179	243,068	207,375	195,130
Earnings (1)	$363,305	$359,465	$1,146,994	$475,719	$452,864	$461,955
Ratio of Earnings to Fixed Charges	1.08	1.21	4.34	2.16	2.41	2.65
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements	1.08	1.19	4.20	1.96	2.18	2.37

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

5

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

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299662
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480973
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12394
39236
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.58
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Exhibit 10.1

FIRST AMENDMENT TO
WESTERN RESOURCES, INC.
1996 LONG TERM INCENTIVE AND SHARE AWARD PLAN

The Western Resources, Inc. 1996 Long Term Incentive and Share Award Plan is hereby amended in the following respects:

1. Subsection (a) of Section 4 is amended to read in its entirety as follows:

"(a) Subject to adjustment as provided in Section 4(c) hereof, the total number of Shares reserved for issuance in connection with Awards and Director's Shares under the Plan shall be 5,000,000. No Award or Director's Shares may be granted if the number of Shares to which such Award or Director's Share relates, when added to the number of Shares previously issued under the Plan, exceeds the number of Shares reserved under preceding sentence. If any Awards or Director's Shares are forfeited, canceled, terminated, exchanged or surrendered or such Award or Director's Shares is settled in cash or otherwise terminates without a distribution of Shares to the Participant, any Shares counted against the number of Shares reserved and available under the Plan with respect to such Award or Director's Shares shall, to the extent of any such forfeiture, settlement, termination, cancellation, exchange or surrender, again be available for Awards or Director's Shares under the Plan. Upon the exercise of any Award granted in tandem with any other Awards, such related Awards shall be canceled to the extent of the number of Shares as to which the Award is exercised. Subject to adjustment as provided in Section 4(c) hereof, the maximum number of Shares with respect to which Options or SARs may be granted during a calendar year to any Eligible Employee under this Plan shall be 350,000 Shares or with respect to Performance Shares, Performance Units, Restricted Shares and Restricted Share Units intended to qualify as performance-based compensation within the meaning of Section 162(m)(4)(C) of the Code, the equivalent of 60,000 shares during a calendar year to any Eligible Employee."

2. Subsection (d)(i) of Section 5 is amended by adding the following sentence at the end thereof:

"If the lapse of restrictions is conditioned on the achievement of performance criteria, the Committee shall select the criterion or criteria from the list of criteria set forth in Section 5(f)(i)."

3. Subsection (e)(i) of Section 5 is amended by adding the following sentence at the end thereof:

"If the lapse of restrictions is conditioned on the achievement of performance criteria, the Committee shall select the criterion or criteria from the list of criteria set forth in Section 5(f)(i)."

4. Subsection (f)(i) of Section 5 is amended to read in its entirety as follows:

"(i) Performance Period and Criteria. The Committee shall determine a performance period (the "Performance Period") of one or more years and shall determine the performance objective for grants of Performance Shares and Performance Units. Performance objectives may very from Eligible Employee to Eligible Employee and shall be based upon such one or more of the following performance criteria as the Committee may deem appropriate: total shareholder return, earnings per share, operating income, net income, pro forma net income, return on shareholders' equity, return on designated assets, shareholder value added, revenues, capital gains, expenses, operating profit margin, operating cash flow, net profit margin, and achievement of operational strategies in terms of control of accidents, lost time and customer satisfaction. The performance objectives may be determined by reference to the

performance of the Company, or of a subsidiary or Affiliate, or of a division or unit of any of the foregoing. Performance Periods may overlap and Eligible Employees may participate simultaneously with respect to Performance Shares and Performance Units for which different Performance Periods are prescribed."

Approved at Annual Meeting of Shareholders Held on June 30, 1999.

WESTERN RESOURCES, INC.

1999 SHORT TERM INCENTIVE PLAN

AS EFFECTIVE JANUARY 1, 1999

WESTERN RESOURCES, INC.
1999 SHORT TERM INCENTIVE PLAN

The purpose of the Western Resources, Inc. 1999 Short Term Incentive Plan (Plan) is to motivate key executives, managers, and select exempt employees to achieve the highest level of performance to further the achievement of Western Resources' goals, objectives, and strategies. This Plan is designed to reward exceptional performance using financial incentives to supplement base compensation. Also, the Plan will enhance the ability of the Company to attract new executive talent when needed. In addition, the Plan is intended to benefit the Company in the pursuit of its goals and objectives by stimulating and motivating officers and select employees, which will in turn enhance productivity and promote the retention of experienced and qualified executive talent in a cost effective and efficient manner. A further purpose of the Plan is to serve as a qualified performance-based compensation program under Section 162(m) of the Code.

1. Definitions. As used herein the following words and phrases shall have the following respective meanings unless the context clearly indicates otherwise:

(a) Award: A Regular Award or Insurance-Related Award under the Plan.

(b) Base Compensation: The annualized salary or hourly rate of pay paid to a Participant, excluding shift differentials, overtime, bonuses, commissions, or any pay element other than the base rate.

(c) Beneficiary: The person or persons designated by a Participant or otherwise determined pursuant to Section 8 to receive any payment which under the terms and conditions of a Regular Award may be made on behalf of the Participant on or after the Participant's death.

(d) Board of Directors: The Board of Directors of the Company.

(e) Code: The Internal Revenue Code of 1986, as amended.

(f) Committee: The Committee established by the Board of Directors pursuant to Section 2 to administer the Plan.

(g) Company: Western Resources, Inc. a Kansas corporation, and its successors and assigns.

(h) Covered Employee: An employee of the Company described in Section 162(m)(3) of the Code (or any successor provision).

(i) Insurance-Related Award: An award granted to a Participant under the terms of the Plan entitling such Participant to the purchase of a Policy

on the Participant's life conditioned upon attainment of specified performance goals.

(j) Participant: An employee who is eligible to receive an Award pursuant to Section 3 and to whom an individual Award has been made under the Plan, but which has not been paid, canceled, or otherwise terminated or satisfied under the terms of the Award.

(k) Plan: The Plan herein set forth, and as from time to time amended.

(l) Policy: A life insurance policy on the life of a Participant in which the Company and the Participant each have an interest.

(m) Regular Award: An award granted to a Participant under the terms of the Plan entitling such Participant to payment as set forth in the award conditioned upon attainment of specified performance goals.

(n) Split-Dollar Agreement: The Split-Dollar Agreement entered into by the Participant and the Company pursuant to Section 6(b).

2. Administration. A committee of at least two directors, all of whom shall be "outside directors" within the meaning of Section 162(m) of the Code and the regulations thereunder, shall be responsible for administering the Plan, determining whether actual individual compensation Awards have been earned, approving the amount of the actual individual compensation Awards, and establishing the terms of any Policy or Split-Dollar Agreement.

The Committee shall have full and complete discretion (subject to the terms of the Plan) to determine the persons to whom Awards shall be granted, to determine whether to grant Regular Awards or Insurance-Related Awards or both, to grant Awards, to determine the terms, conditions, restriction and performance goals relating to any Award, to adopt, alter and repeal administrative rules, guidelines and practices governing the operation of the Plan, to decide questions of fact under the Plan, or any Policy or Split-Dollar Agreement, and to interpret and apply the terms and provisions of the Plan and any Policy and Split-Dollar Agreement in all respects.

The members of the Committee and all directors, agents, officers, fiduciaries, and employees of the Company shall not be liable for any act, omission, interpretation, construction, or determination made in good faith in connection with their responsibilities with respect to the Plan or any Policy or Split-Dollar Agreement; and the Company hereby agrees to indemnify the members of the Committee and all directors, agents, officers, fiduciaries, and employees of the Company in respect to any claim, loss, damage, or expense (including counsel fees) arising from any such act, omission, interpretation, construction, or determination to the full extent permitted by law.

3. Eligibility to Participate. The persons who are eligible to receive Awards under the Plan are all Covered Employees and such other salaried employees or groups of salaried employees of the Company as the Committee shall designate.

4. Awards. (a) Not later than 90 days after the beginning of each calendar year (or such other date as may be required or permitted by Section 162(m) of the Code to establish performance-based annual incentive award targets), the Committee will determine the persons to whom Awards shall be made for that calendar year, determine whether the Awards shall be Regular Awards, Insurance-Related Awards or a combination thereof, select one or more performance measures, establish the objective written performance goals with respect to each selected performance measure, and establish in writing the Award opportunities and other terms of the Awards to be made to each Participant. The performance measures which may serve as determinants of a Participant's Award opportunities are limited to: total shareholder return, earnings per share, operating income, net income, pro forma net income, return on shareholders' equity, return on designated assets, shareholder value added, revenues, capital gains, expenses, operating profit margin, operating cash flow, net profit margin, and achievement of operational strategies in terms of control of accidents, lost time and customer satisfaction. The performance goals may be determined by reference to the performance of the Company or of a division or unit of the Company. The selected goals may be different for different Participants.

(b) In the case of Regular Awards, performance goals shall include a threshold level below which no payment shall be made, a level of performance at which the target payment shall be made and a maximum level of performance above which no additional amount shall be paid. Unless the Committee determines otherwise, a Participant's Regular Award opportunity shall be expressed in terms of a percentage of the Participant's Base Compensation for the applicable calendar year.

(c) The Committee may adjust the performance goals established for a particular calendar year, to the extent consistent with Section 162(m) of the Code, to account for extraordinary events which may affect the determination of performance by the Participant, in order to avoid distortions in the operation of the Plan. Such events may include, without limitation, special charges and other extraordinary items or significant acquisitions or divestitures.

(d) The maximum amount payable to any Participant in respect of all Regular Awards under the Plan in respect of any calendar year is $2.8 million.

(e) The maximum amount of compensation that may be earned by any Participant in respect of all Insurance-Related Awards for any calendar year is $10 million.

5. Payment of Regular Awards.

(a) Generally. Payment in respect of Regular Awards that have been earned shall be made in cash following the calendar year for which the Regular Award was granted. Before payment is made to any Participant in respect of any Regular Award, the Committee must certify in writing the extent to which the Participant has satisfied the performance goals established for the Participant in the Regular Award, and payment shall be made only to the extent the Regular Award has been earned on account of attainment of such performance goals. The Committee may not increase the amount payable under the Regular Award above the amount actually earned pursuant to the terms of the Regular Award.

(b) Termination of Employment. If a Participant ceases to be continually employed by the Company (other than as a result of a Company-approved leave of absence or the Participant's death, disability, or retirement under the Company pension plan's early or normal retirement provisions), the Participant shall forfeit all rights to a Regular Award for the calendar year not yet ended.

(c) Payment in the Event of Death, Disability, or Retirement. If a Participant dies, becomes disabled, or retires under the Company pension plan's early or normal retirement provisions during a calendar year, his or her Regular Award for that calendar year shall be reduced to reflect only participation prior to termination. This reduction is based on the number of months the individual was an active participant in the Plan in the calendar year of termination. In the event of the Participant's death while a Regular Award is outstanding, payments of any amounts due under such Regular Award shall be made to the Participant's Beneficiary.

6. Insurance-Related Awards

(a) Generally. Following the calendar year for which an Insurance-Related Award is granted, the Committee shall determine the amount of the Insurance-Related Award earned by the Participant that is to be applied toward the purchase of a Policy on the life of the Participant. Before a Policy is so purchased, the Committee must certify in writing the extent to which the participant has satisfied the performance goals established for the Participant in the Insurance-Related Award, and the purchase shall be made only to the extent the Insurance-Related Award has been earned on account of attainment of such performance goals. The Committee may not increase the amount to be applied to the purchase of a Policy pursuant to the Insurance-Related Award above the amount actually earned pursuant to the terms of the Insurance-Related Award.

(b) Terms of Split-Dollar Agreement. As a condition to the purchase of a Policy on the life of a Participant, the Participant must enter into a Split-Dollar Agreement with the Company in such form as the Committee shall, in its sole discretion, determine. Unless the Committee determines otherwise, such Agreement shall include the following:

(i) The Company shall be the owner of the Policy and shall be entitled to designate the beneficiary of the portion of the death benefit to which it is entitled as provided in (iii) below.

(ii) The Participant shall be entitled to designate the beneficiary or beneficiaries to receive a portion of the Policy death benefit as provided in (iii) below.

(iii) Upon the death of the Participant, the Company shall have the right to receive the portion of the death benefit equal to the sum of (A) the greater of the total amount of the premiums paid by the Company under the Policy (as adjusted for interest at a rate determined by the Committee) or the cash surrender value of the Policy, reduced in either case by any indebtedness against the Policy existing at the time of the Participant's death (including any interest due on such indebtedness) together with (B) the amount of any death benefit sold to the Company by the Participant as described in (iv) below. The balance of the death benefit shall be payable to the beneficiary or beneficiaries designed by the Participant.

(iv) The Participant shall have the right to sell to the Company at a price determined under a formula established in the Split-Dollar Agreement all or a portion of his or her interest in the death benefit under the Policy, subject to such terms and conditions as the Committee may determine; provided, however, that any amounts payable to the Participant in connection with any such sale shall be subject to satisfaction of the performance goals established for the Participant in the Insurance-Related Award.

7. Withholding for Taxes. The Company will provide for the withholding of any taxes required by any governmental authority with respect to any income earned under the Plan. The amount withheld shall be paid over by the Company to such governmental authority for the account of the Participant entitled to the payment.

8. Designation of Beneficiary. A Participant shall designate a Beneficiary or Beneficiaries on the Beneficiary Designation form prescribed by the Committee (which may be designated contingently and which may be an entity other than a natural person) to receive any amounts which may become payable on or after the Participant's death under a Regular Award. Any such designation may, unless the Participant has waived such right, from time to

time and at any time, be changed or canceled by the Participant without the consent of a Beneficiary. Any such designation must be in writing and filed with the Committee. If a Participant designates more than one Beneficiary, any payments under a Regular Award to such Beneficiaries shall be

made in equal shares unless the Participant has designated otherwise, in which case the payments shall be made in the shares designated by the Participant. If a Participant does not designate a Beneficiary or there is no proper designation of a Beneficiary or no person designated as a Beneficiary shall survive the Participant by 30 days, the Participant's Beneficiary shall be his or her estate.

9. No Rights to Corporate Assets. Nothing contained herein shall be construed as giving a Participant, his or her Beneficiary, or any other person any equity or other interest of any kind in any assets of the Company (except an interest in a Policy to the extent provided in a Split-Dollar Agreement) or creating a trust of any kind or a fiduciary relationship of any kind between the Company and any such person. As to any claim for any unpaid amounts under the Plan or a Split-Dollar Agreement, a Participant, his or her beneficiary, and any other person having a claim for payments shall be unsecured creditors.

10. Non-Assignability. Except for the designation of a beneficiary pursuant to Section 6 or 8, neither a Participant nor a Participant's beneficiary shall have the power or right to transfer, assign, anticipate, mortgage, or otherwise encumber his or her interest in the Plan; nor shall such interest be subject to seizure for the payment of a Participant's or beneficiary's debts, judgments, alimony, or separate maintenance or be transferable by operation of law in the event of a Participant's or beneficiary's bankruptcy or insolvency.

The Company's obligations under the Plan are not assignable or transferable except to a company which acquires all or substantially all of the assets of the Company or to any corporation into which the Company may be merged or consolidated.

11. Amendment and Termination. The Board of Directors may from time to time and at any time alter, amend, suspend, discontinue, or terminate the Plan; provided, however, that no amendment which requires stockholder approval in order for the Plan to continue to comply with Code Section 162(m) shall be effective unless such amendment shall be approved by the stockholders of the Company. Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Participant's interest in the Plan. Neither any Participant nor any other person shall have any claim against the Company as a result of any such action. Notwithstanding the foregoing, the Board of Directors may not modify (or terminate) the Plan to the extent doing so would adversely affect the rights of Participants to an outstanding Award at the time of the modification.

12. No Right of Employment. Nothing contained in the Plan shall be construed as conferring upon a Participant the right to continue in the employ of the Company.

13. Interpretation. The Plan is designed and intended to comply with Section 162(m) of the Code, to the extent applicable, and all provisions hereof shall be construed in a manner to so comply.

14. Governing Law. All rights and obligations under the Plan shall be governed by, and the Plan shall be construed in accordance with, the laws of the State of Kansas.

15. Titles and Headings. Titles and headings to sections herein are for purposes of reference only and shall in no way limit, define, or otherwise affect the meaning or interpretation of any provisions of the Plan.

16. Effective Date. The Plan shall become effective January 1, 1999, subject to approval of the Plan by an affirmative vote of the holders of a majority of the shares of the Company's common stock present or represented and entitled to vote at the 1999 annual meeting of stockholders of the Company. Awards may be made prior to such approval by stockholders, but each such Award shall be subject to the approval of the Plan by the stockholders of the Company, and if the Plan is not so approved, all Awards granted under the Plan shall be of no effect.