FORM U-3A-2

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C.

Statement by Holding Company Claiming Exemption Under Rule 2 from the Provisions of the Public Utility Holding Company Act of 1935

Western Resources, Inc.

Western Resources, Inc. ("WRI") hereby files with the Securities and Exchange Commission, pursuant to Rule 2, its statement claiming exemption as a holding company from the provisions of the Public Utility Holding Company Act of 1935 (the "Act") and submits the following information:

1. WRI is a Kansas corporation whose principal executive offices are located at 818 Kansas Ave., Topeka, Kansas, 66612. WRI's mailing address is P.O. Box 889, Topeka, Kansas 66601.

WRI's principal business consists of the production, purchase, transmission, distribution and sale of electricity and the transportation and sale of natural gas. Currently, WRI provides retail electric service to approximately 326,000 industrial, commercial, and residential customers in 323 Kansas communities. WRI also provides wholesale electric generation and transmission services to numerous municipal customers located in Kansas and, through interchange agreements, to surrounding integrated systems. As a natural gas utility, WRI distributes gas in Kansas and northeastern Oklahoma. WRI provides natural gas service to approximately 648,000 retail customers. WRI's subsidiaries are as follows:

A. Kansas Gas and Electric Company ("KGE"), a Kansas corporation, with its principal offices at 120 East First Street, Wichita, Kansas, 67201. KGE provides electric services to customers in the southeastern portion of Kansas, including the Wichita metropolitan area. At December 31, 1995, it rendered electric services at retail to approximately 275,000 residential, commercial and industrial customers and provided wholesale electric generation and transmission services to numerous municipal customers located in Kansas, and through interchange agreements, to surrounding integrated systems. KGE does not own or operate any gas properties.

KG&E's subsidiaries are:

Wolf Creek Nuclear Operating Corproation ("WCNOC"), a Delaware Corporation, with principal offices at 1550 Oxen Lane, N.E., Burlington, Kansas. WCNOC is owned 47% by KG&E and operates the Wolf Creek Generating Station on behalf of the plant's owners.

Mid-America Services Company, a Kansas corporation, with principal offices at 120 E. 1st Street, Wichita, Kansas is currently dormant.

B. Westar Capital, Inc.("Westar Capital"),a Kansas corporation, with principal offices at 1021 Main, Houston, Texas, 77002. Westar Capital concentrates in the areas of natural gas gathering, processing, compression and marketing.

Westar Capital's subsidiaries are:

Westar Limited Partners, Inc., a Kansas corporation, with principal offices at 1021 Main Street, Ste. 1270, Houston, Texas. Westar Limited Partners, Inc. participates in limited partnerships related to the business of Western Resources, Inc.

Westar Financial Services, Inc. (formerly Astra Financial Services, Inc.), a Kansas corporation, with principal offices at 1021 Main Street, Ste. 1270, Houston, Texas. Westar Financial Services, Inc. is engaged in the funding of activities of other subsidiaries of Western Resources, Inc.

Westar Gas Marketing, Inc. (formerly Astra Resources Marketing, Inc.), a Kansas corporation, with principal offices at 1100 SW Wanamaker Road, Ste. 101, Topeka, Kansas. Westar Gas Marketing, Inc. arranges natural gas purchasing, transportation, and delivery for natural gas users.

Westar Gas Company (formerly Astra Gas Company), a Delaware corporation, with principal offices at 1021 Main Street, Ste. 1270, Houston, Texas. Westar Gas Company gathers and processes natural gas in Oklahoma and Kansas.

Indian Basin Venture I & II, New Mexico joint ventures, with principal offices at 1021 Main Street, Ste. 1270, Houston, Texas. Indian Basin Ventures operates a gas processing plant in New Mexico.

Triark Gathering Company, an Oklahoma joint venture, with principal offices at 207 E. Main, Ste. 213, Wilburton, Oklahoma. Triark operates natural gas gathering facilities in Oklahoma.

Hanover Compressor Company, a Delaware corporation, with principal offices at 12001 N. Houston Rosslyn, Houston, Texas, 77086. Hanover Compressor Company offers compression services to the natural gas industry. Westar Capital owns approximately 24% of Hanover's common stock and uses the equity method to account for the investment.

C. Westar Business Services, Inc. ("Westar Business"), a Kansas corporation, with principal offices at 818 Kansas Avenue, Topeka, Kansas. Westar Business provides services to large commercial and industrial customers.

Westar Business's subsidiaries are:

Westar Electric Marketing, Inc., a Kansas corporation, with principal offices at 818 Kansas Ave., Topeka, Kansas. Westar Electric Marketing, Inc. arranges electric marketing and brokering to commercial and industrial customers on a wholesale level.

Westar Sales, Inc., a Kansas corporation, with principal offices at 818 Kansas Ave., Topeka, Kansas. Westar Sales, Inc. is a provider of energy related services to commercial and industrial customers.

D. Westar Consumer Services, Inc. ("Westar Consumer"), a Kansas corporation, with principal offices at 818 Kansas Ave., Topeka, Kansas. Westar Consumer identifies and develops consumer products and services related to the energy business.

Westar Consumer's subsidiaries are:

Westar Communications, Inc., a Kansas corporation, with principal offices at 818 Kansas Ave., Topeka, Kansas. Westar Communications, Inc. was established to acquire a paging system provider operating in Kansas.

E. Mid-Continent Market Center, a Kansas corporation, with principal offices at 818 Kansas Ave., Topeka, Kansas. Mid-Continent Market Center offers natural gas transportation, wheeling, parking, balancing and storage services to natural gas producers.

F. Western Resources Capital 1, a Delaware business trust was established for the purpose of issuing preferred securities.

G. Westar Security Services, Inc., a Kansas corporation, with principal offices at 818 Kansas Ave., Topeka, Kansas. Westar Security Services, Inc. is engaged in the business of monitored home and business security systems.

H. Gas Service Energy Corporation, a Delaware corporation, is currently dormant.

I. KPL Funding, Inc., a Kansas corporation, is currently dormant.

J. The Kansas Power and Light Company, a Kansas corporation, was established for the purpose of preserving the former corporate name of WRI.

K. WR Services, Inc., a Kansas corporation, is currently dormant.

2(a). The principal electric generating stations of WRI, all of which are located in Kansas, are as follows:

Name and Location	Accredited Capacity - MW (WRI's Share)	
Coal		
JEC Unit 1, near St. Marys..................	447	
JEC Unit 2, near St. Marys..................	470	
JEC Unit 3, near St. Marys..................	450	
Lawrence Energy Center, near Lawrence........	539	
Tecumseh Energy Center, near Tecumseh........	236	
Subtotal..........................		2,142
Gas/Oil		
Hutchinson Energy Center, near Hutchinson....	492	
Abilene Energy Center, near Abilene..........	66	
Tecumseh Energy Center, near Tecumseh........	39	
Subtotal..........................		597
Total Accredited Capacity		2,739 MW

WRI maintains 19 interconnections with other public utilities to permit direct extra-high voltage interchange. It is a member of the MOKAN Power Pool consisting of eleven utilities in Kansas and western Missouri. WRI is also a member of the Southwest Power Pool, the regional coordinating council for electric utilities throughout the south-central United States.

WRI owns a transmission and distribution system which enables it to supply its service area. Transmission and distribution lines, in general, are located by permit or easement on public roads and streets or the lands of others. All such transmission and distribution systems are located within the State of Kansas. In addition, WRI owns and operates transmission, distribution and other facilities related to supplying natural gas service to its customers in Kansas and Oklahoma.

2(b). The principal electric generating stations of KGE, all of which are located in Kansas, are as follows:

Name and Location		Accredited Capacity - MW (KGE's Share)
Nuclear		
Wolf Creek, near Burlington		548
Coal		
LaCygne Unit 1, near LaCygne	341	
LaCygne Unit 2, near LaCygne	331	
JEC Unit 1, near St. Mary's	140	
JEC Unit 2, near St. Mary's	147	
JEC Unit 3, near St. Mary's	141	
Subtotal		1,100
Gas/Oil		
Gordon Evans, Wichita	517	
Murray Gill, Wichita	333	
Subtotal		850
Diesel		
Wichita, Wichita		3
Total Accredited Capacity		2,501 MW

KGE maintains 17 interconnections with other public utilities to permit direct extra-high voltage interchange. It is a member of the MOKAN Power Pool consisting of eleven utilities in Kansas and western Missouri. KGE is also a member of the Southwest Power Pool, the regional coordinating council for electric utilities throughout the south-central United States.

KGE owns a transmission and distribution system which enables it to supply its service area. Transmission and distribution lines, in general, are located by permit or easement on public roads and streets or the lands of others. All such transmission and distribution systems are located within the State of Kansas.

3(a). For the year ended December 31, 1995, WRI sold 8,201,717,000 Kwh of electric energy at retail, 2,719,584,000 Kwh of electric energy at wholesale, and 94,681,000 Mcf of natural gas at retail. For the year ended December 31, 1995, KGE sold 8,066,643,000 Kwh of electric energy at retail and 1,292,203,000 Kwh of electric energy at wholesale. All of KGE's sales were within the State of Kansas.

(b). During 1995, neither WRI nor its subsidiaries distributed or sold electric energy at retail outside the State of Kansas. During 1995, WRI distributed or sold at retail 3,995,000 Mcf of natural gas in the state of Oklahoma, representing 4.2% of the retail natural gas sales of WRI.

(c). During 1995, WRI sold, at wholesale, 179,364,000 Kwh of electric energy to adjoining public utilities through interconnections at the Kansas state line. During 1995, KGE sold, at wholesale, 394,890,000 Kwh of electric energy to adjoining public utilities through interconnections at the Kansas state line. During 1995, neither WRI or KGE sold natural or manufactured gas at wholesale outside the state of Kansas or at the Kansas state line.

(d). During 1995, WRI purchased 375,973,000 Kwh of electric energy from outside the State of Kansas or at the Kansas state line. During 1995, WRI purchased 3,427,703 Mcf of natural gas outside the state of Kansas or at the state line. During 1995, KGE purchased 192,446,000 Kwh of electric energy from outside the State of Kansas or at the Kansas State line.

4. Neither WRI nor its subsidiaries hold, directly or indirectly, any interest in an EWG or a foreign utility company.

The above-named claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 29th day of February, 1996.

Western Resources, Inc.

By: Richard D. Terrill
Richard D. Terrill
Secretary and Associate
General Counsel

Corporate Seal

Name, title and address of officer to whom notices and correspondence concerning this statement should be addressed:

Richard D. Terrill
Secretary and Associate General Counsel
Western Resources, Inc.
P.O. Box 889
818 Kansas Avenue
Topeka, Kansas 66601
913-575-6322
913-575-8136 (FAX)

EXHIBIT A

A consolidating statement of income and surplus of the claimant and its subsidiary companies for the last calendar year, together with a consolidating balance sheet of claimant and its subsidiary companies as of the close of such calendar year:

Exhibit A-1

WESTERN RESOURCES, INC.
CONSOLIDATING BALANCE SHEET
December 31, 1995
(Dollars in Thousands)

	Western Resources	Kansas Gas and Electric	MCMC	Westar Capital Consolidated (Exhibit A-2)	Westar Security Services
ASSETS					
UTILITY PLANT:					
Electric plant in service	$1,913,146	$3,427,928	$ -	$ -	$ -
Natural gas plant in service.	683,150	-	104,303	-	-
	2,596,296	3,427,928	104,303	-	-
Less - Accumulated depreciation	983,101	893,728	49,691	-	-
	1,613,195	2,534,200	54,612	-	-
Construction work in progress	50,974	40,810	8,617	-	-
Nuclear fuel (net).	-	53,942	-	-	-
Net utility plant.	1,664,169	2,628,952	63,229	-	-
OTHER PROPERTY AND INVESTMENTS:					
Net non-utility investments	1,278,366	196	-	85,026	2,000
Decommissioning trust	-	25,070	-	-	-
Other	212	7,689	-	1,324	-
	1,278,578	32,955	-	86,350	2,000
CURRENT ASSETS:					
Cash and cash equivalents	155	53	407	1,680	22
Accounts receivable and unbilled revenues (net)	146,060	76,490	377	33,773	115
Accounts receivable - associated companies	1,523	34,948	2,595	-	-
Notes receivable - associated companies .	55,300	-	-	-	-
Fossil fuel, at average cost.	37,220	17,522	-	-	-
Gas stored underground (average cost) . .	28,106	-	-	-	-
Materials and supplies (average cost) . .	25,767	31,458	-	721	50
Prepayments and other current assets. . .	5,196	17,128	339	(1,730)	33
	299,327	177,599	3,718	34,444	220
DEFERRED CHARGES AND OTHER ASSETS:					
Deferred future income taxes.	73,697	208,367	412	-	-
Deferred coal contract settlement costs.	12,662	14,612	-	-	-
Phase-in revenues	-	43,861	-	-	-
Corporate-owned life insurance (net). . .	36,864	7,279	-	-	-
Other deferred plant costs.	-	31,539	-	-	-
Unamortized debt expense.	31,076	25,605	-	-	-
Other	69,850	32,645	(4)	-	-
	224,149	363,908	408	-	-
TOTAL ASSETS	$3,466,223	$3,203,414	$ 67,355	$ 120,794	$ 2,220
CAPITALIZATION AND LIABILITIES					
CAPITALIZATION.	$2,435,149	$1,870,159	$ 47,062	$ 40,633	$ 1,967
CURRENT LIABILITIES:					
Short-term debt	153,450	50,000	-	-	-
Long-term debt due within one year. . . .	-	16,000	-	-	-
Notes payable - associated companies. . .	103,093	-	9,065	43,110	-
Accounts payable.	69,137	50,783	91	28,965	114
Accounts payable - associated companies .	36,767	-	-	43	-
Accrued taxes	48,717	17,766	405	1,900	2
Accrued interest and dividends.	54,254	7,903	-	1,203	-
Other	33,251	6,608	65	575	28
	498,669	149,060	9,626	75,796	144
DEFERRED CREDITS AND OTHER LIABILITIES:					
Deferred income taxes	354,943	800,934	9,405	2,188	-
Deferred investment tax credits	58,069	72,970	1,247	-	-
Deferred gain from sale-leaseback	-	242,700	-	-	-
Other	119,393	67,591	15	2,177	109
	532,405	1,184,195	10,667	4,365	109
COMMITMENTS AND CONTINGENCIES					
TOTAL CAPITALIZATION AND LIABILITIES. .	$3,466,223	$3,203,414	$ 67,355	$ 120,794	$ 2,220

Exhibit A-1

WESTERN RESOURCES, INC.
CONSOLIDATING BALANCE SHEET
December 31, 1995
(Dollars in Thousands)
(Continued)

	Westar Consumer Services Consolidated	Western Resources Capital I	GSEC and KPL Funding	Eliminating Entries	Western Resources Consolidated
ASSETS					
UTILITY PLANT:					
Electric plant in service	$ -	$	$ -	$ -	$ 5,341,074
Natural gas plant in service.	-	-	-	-	787,453
	-	-	-	-	6,128,527
Less - Accumulated depreciation	-	-	-	-	1,926,520
	-	-	-	-	4,202,007
Construction work in progress	-	-	-	-	100,401
Nuclear fuel (net).	-	-	-	-	53,942
Net utility plant.	-	-	-	-	4,356,350
OTHER PROPERTY AND INVESTMENTS:					
Net non-utility investments	2,814	-	-	(1,278,358)	90,044
Decommissioning trust	-	-	-	-	25,070
Other	-	-	-	-	9,225
	2,814	-	-	(1,278,358)	124,339
CURRENT ASSETS:					
Cash and cash equivalents	97	-	-	-	2,414
Accounts receivable and unbilled revenues (net)	477	-	-	-	257,292
Accounts receivable - associated companies	-	103,093	11	(142,170)	-
Notes receivable - associated companies .	-	-	-	(55,300)	-
Fossil fuel, at average cost.	-	-	-	-	54,742
Gas stored underground (average cost) . .	-	-	-	-	28,106
Materials and supplies (average cost) . .	-	-	-	-	57,996
Prepayments and other current assets. . .	7	-	-	-	20,973
	581	103,093	11	(197,470)	421,523
DEFERRED CHARGES AND OTHER ASSETS:					
Deferred future income taxes.	-	-	-	-	282,476
Deferred coal contract settlement costs.	-	-	-	-	27,274
Phase-in revenues	-	-	-	-	43,861
Corporate-owned life insurance (net). . .	-	-	-	-	44,143
Other deferred plant costs.	-	-	-	-	31,539
Unamortized debt expense.	-	-	-	-	56,681
Other	-	-	-	-	102,491
	-	-	-	-	588,465
TOTAL ASSETS	$ 3,395	$ 103,093	$ 11	$(1,475,828)	$ 5,490,677
CAPITALIZATION AND LIABILITIES					
CAPITALIZATION.	$ (485)	$ 103,093	$ 11	$(1,278,358)	$ 3,219,231
CURRENT LIABILITIES:					
Short-term debt	-	-	-	-	203,450
Long-term debt due within one year. . . .	-	-	-	-	16,000
Notes payable - associated companies. . .	3,125	-	-	(158,393)	-
Accounts payable.	104	-	-	-	149,194
Accounts payable - associated companies .	788	-	-	(37,598)	-
Accrued taxes	(221)	-	-	-	68,569
Accrued interest and dividends.	-	-	-	(1,203)	62,157
Other	15	-	-	(276)	40,266
	3,811	-	-	(197,470)	539,636
DEFERRED CREDITS AND OTHER LIABILITIES:					
Deferred income taxes	-	-	-	-	1,167,470
Deferred investment tax credits	-	-	-	-	132,286
Deferred gain from sale-leaseback	-	-	-	-	242,700
Other	69	-	-	-	189,354
	69	-	-	-	1,731,810
COMMITMENTS AND CONTINGENCIES					
TOTAL CAPITALIZATION AND LIABILITIES. .	$ 3,395	$ 103,093	$ 11	$(1,475,828)	$ 5,490,677

Exhibit A-1

WESTERN RESOURCES, INC.
CONSOLIDATING STATEMENT OF INCOME
Year Ended December 31, 1995
(Dollars in Thousands,
except Per Share Amounts)

	Western Resources	Kansas Gas and Electric	MCMC	Westar Capital Consolidated (Exhibit A-2)	Westar Security Services
OPERATING REVENUES:					
Electric.	$ 522,027	$ 623,868	$ -	$ -	$ -
Natural gas	426,176	-	-	-	-
Total operating revenues.	948,203	623,868	-	-	-
OPERATING EXPENSES:					
Fuel used for generation:					
Fossil fuel	131,402	80,592	-	-	-
Nuclear fuel.	-	19,425	-	-	-
Power purchased	11,162	4,577	-	-	-
Natural gas purchases	263,790	-	-	-	-
Other operations.	199,403	117,876	-	-	-
Maintenance	60,585	48,056	-	-	-
Depreciation and amortization	77,236	79,679	-	-	-
Amortization of phase-in revenues	-	17,545	-	-	-
Taxes					
Federal income.	21,802	48,330	-	-	-
State income.	5,845	12,543	-	-	-
General	50,598	46,241	-	-	-
Total operating expenses.	821,823	474,864	-	-	-
OPERATING INCOME.	126,380	149,004	-	-	-
OTHER INCOME AND DEDUCTIONS:					
Corporate-owned life insurance (net). . .	-	(2,668)	-	-	-
Miscellaneous (net)	16,830	4,884	1,262	947	(2)
Equity earnings of subsidiary companies .	112,606	-	-	-	-
Income taxes (net).	(3,958)	9,086	-	-	-
Total other income and deductions . . .	125,478	11,302	1,262	947	(2)
INCOME BEFORE INTEREST CHARGES.	251,858	160,306	1,262	947	(2)
INTEREST CHARGES:					
Long-term debt.	48,889	47,073	-	-	-
Other	22,669	5,190	-	-	-
Allowance for borrowed funds used during construction (credit)	(1,376)	(2,830)	-	-	-
Total interest charges.	70,182	49,433	-	-	-
NET INCOME.	181,676	110,873	1,262	947	(2)
PREFERRED AND PREFERENCE DIVIDENDS.	13,419	-	-	-	-
EARNINGS APPLICABLE TO COMMON STOCK	$ 168,257	$ 110,873	$ 1,262	$ 947	$ (2)
AVERAGE COMMON SHARES OUTSTANDING	62,157,125				
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2,71				

Exhibit A-1

WESTERN RESOURCES, INC.
CONSOLIDATING STATEMENT OF INCOME
Year Ended December 31, 1995
(Dollars in Thousands,
except Per Share Amounts)
(Continued)

	Westar Consumer Services Consolidated	Western Resources Capital I	GSEC and KPL Funding	Eliminating Entries	Western Resources Consolidated
OPERATING REVENUES:					
Electric.	$ -	$ -	$ -	$ -	$ 1,145,895
Natural gas	-	-	-	-	426,176
Total operating revenues.	-	-	-	-	1,572,071
OPERATING EXPENSES:					
Fuel used for generation					
Fossil fuel	-	-	-	-	211,994
Nuclear fuel.	-	-	-	-	19,425
Power purchased	-	-	-	-	15,739
Natural gas purchases	-	-	-	-	263,790
Other operations.	-	-	-	-	317,279
Maintenance	-	-	-	-	108,641
Depreciation and amortization	-	-	-	-	156,915

Amortization of phase-in revenues	-	-	-	-	17,545
Taxes:					
Federal income.	-	-	-	-	70,132
State income.	-	-	-	-	18,388
General	-	-	-	-	96,839
Total operating expenses.	-	-	-	-	1,296,687
OPERATING INCOME.	-	-	-	-	275,384
OTHER INCOME AND DEDUCTIONS:					
Corporate-owned life insurance (net). . .	-	-	-	-	(2,668)
Miscellaneous (net)	(486)	12	-	-	23,447
Equity earnings of subsidiary companies .	-	-		(112,606)	-
Income taxes (net).	-	-	-	-	5,128
Total other income and deductions . . .	(486)	12	-	(112,606)	25,907
INCOME BEFORE INTEREST CHARGES.	(486)	12	-	(112,606)	301,291
INTEREST CHARGES:					
Long-term debt.	-	-	-	-	95,962
Other	-	-	-	-	27,859
Allowance for borrowed funds used during construction (credit)	-	-	-	-	(4,206)
Total interest charges.	-	-	-	-	119,615
NET INCOME.	(486)	12	-	(112,606)	181,676
PREFERRED AND PREFERENCE DIVIDENDS.	-	-	-	-	13,419
EARNINGS APPLICABLE TO COMMON STOCK	$ (486)	$ 12	$ -	$ (112,606)	$ 168,257
AVERAGE COMMON SHARES OUTSTANDING					62,157,125
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING					$ 2,71

Exhibit A-1

WESTERN RESOURCES, INC.
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
December 31, 1995
(Dollars in Thousands)

	Western Resources	Kansas Gas and Electric	MCMC	Westar Capital Consolidated (Exhibit A-2)	Westar Security Services
BALANCE AT BEGINNING OF PERIOD.	$ 498,374	$ 159,570	$ -	$ 3,544	$ -
ADD:					
Net income.	181,676	110,873	1,262	947	(2)
Total	680,050	270,443	1,262	4,491	(2)
DEDUCT:					
Cash dividends:					
Preferred and preference stock.	13,419	-	-	-	-
Common stock.	125,763	150,000	-	-	-
Total	139,182	150,000	-	-	-
BALANCE AT END OF PERIOD.	$ 540,868	$ 120,443	$ 1,262	$ 4,491	$ (2)

	Westar Consumer Servies Consolidated	Western Resources Capital I	GSEC and KPL Funding	Eliminating Entries	Western Resources Consolidated
BALANCE AT BEGINNING OF PERIOD.	$ -	$ -	$ 2,410	$ (165,524)	$ 498,374
ADD:					
Net income.	(486)	12	-	(112,606)	181,676
Total	(486)	12	2,410	(278,130)	680,050
DEDUCT:					
Cash dividends:					
Preferred and preference stock.	-	-	-	-	13,419
Common stock.	-	-	-	(150,000)	125,763
Total	-	-	-	(150,000)	139,182

BALANCE AT END OF PERIOD.	$ (486)	$ 12	$ 2,410	$ (128,130)	$ 540,868

Exhibit A-2

WESTAR CAPITAL, INC.
CONSOLIDATING BALANCE SHEET
December 31, 1995
(Dollars in Thousands)

	Westar Capital	Westar Financial Services	Westar Limited Partners	Westar Gas Marketing
ASSETS				
UTILITY PLANT:				
Electric plant in service	$ -	$ -	$ -	$ -
Natural gas plant in service.	-	-	-	-
	-	-	-	-
Less - Accumulated depreciation	-	-	-	-
	-	-	-	-
Construction work in progress	-	-	-	-
Nuclear fuel (net).	-	-	-	-
Net utility plant.	-	-	-	-
OTHER PROPERTY AND INVESTMENTS:				
Net non-utility investments	87,892	260	7,417	5,678
Decommissioning trust	-	-	-	-
Other	81	-	326	424
	87,973	260	7,743	6,102
CURRENT ASSETS:				
Cash and cash equivalents	90	1	89	1,378
Accounts receivable and unbilled revenues (net)	-	-	-	31,816
Accounts receivable - associated companies.	-	-	-	-
Notes receivable - associated companies . .	-	-	-	-
Fossil fuel, at average cost.	-	-	-	-
Gas stored underground (average cost) . . .	-	-	-	-
Materials and supplies (average cost) . . .	-	-	-	721
Prepayments and other current assets. . . .	928	22	637	(1,342)
	1,018	23	726	32,573
DEFERRED CHARGES AND OTHER ASSETS:				
Deferred future income taxes.	-	-	-	-
Deferred coal contract settlement costs.	-	-	-	-
Phase-in revenues	-	-	-	-
Corporate-owned life insurance (net). . . .	-	-	-	-
Other deferred plant costs.	-	-	-	-
Unamortized debt expense.	-	-	-	-
Other	-	-	-	-
	-	-	-	-
TOTAL ASSETS	$ 88,991	$ 283	$ 8,469	$ 38,675
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION.	$ 40,633	$ 236	$ 2,514	$ 7,130
CURRENT LIABILITIES:				
Short-term debt	-	-	-	-
Long-term debt due within one year.	-	-	-	-
Notes payable - associated companies. . . .	43,110	-	5,674	4,086
Accounts payable.	3,214	-	-	24,039
Accounts payable - associated companies . .	43	-	-	-
Accrued taxes	61	-	-	196
Accrued interest and dividends.	1,203	-	137	211
Other	544	39	94	359
	48,175	39	5,905	28,891
DEFERRED CREDITS AND OTHER LIABILITIES:				
Deferred income taxes	1	1	50	866
Deferred investment tax credits	-	-	-	-
Deferred gain from sale-leaseback	-	-	-	-
Other	182	7	-	1,788
	183	8	50	2,654
COMMITMENTS AND CONTINGENCIES				
TOTAL CAPITALIZATION AND LIABILITIES. . .	$ 88,991	$ 283	$ 8,469	$ 38,675

Exhibit A-2

WESTAR CAPITAL, INC.
CONSOLIDATING BALANCE SHEET
December 31, 1995
(Dollars in Thousands)
(Continued)

	Westar Gas Co Consolidated	Consolidating Entries	Westar Capital Consolidated
ASSETS			
UTILITY PLANT:			
Electric plant in service	$ -	$ -	$ -
Natural gas plant in service.	-	-	-
	-	-	-
Less - Accumulated depreciation	-	-	-
	-	-	-
Construction work in progress	-	-	-
Nuclear fuel (net).	-	-	-
Net utility plant.	-	-	-
OTHER PROPERTY AND INVESTMENTS:			
Net non-utility investments	15,882	(32,103)	85,026
Decommissioning trust	-	-	-
Other	499	(6)	1,324
	16,381	(32,109)	86,350
CURRENT ASSETS:			
Cash and cash equivalents	122	-	1,680
Accounts receivable and unbilled revenues (net)	1,957	-	33,773
Accounts receivable - associated companies.	-	-	-
Notes receivable - associated companies . .	-	-	-
Fossil fuel, at average cost.	-	-	-
Gas stored underground (average cost) . . .	-	-	-
Materials and supplies (average cost) . . .	-	-	721
Prepayments and other current assets. . . .	481	(2,456)	(1,730)
	2,560	(2,456)	34,444
DEFERRED CHARGES AND OTHER ASSETS:			
Deferred future income taxes.	-	-	-
Deferred coal contract settlement costs.	-	-	-
Phase-in revenues	-	-	-
Corporate-owned life insurance (net). . . .	-	-	-
Other deferred plant costs.	-	-	-
Unamortized debt expense.	-	-	-
Other	-	-	-
	-	-	-
TOTAL ASSETS	$ 18,941	$ (34,565)	$ 120,794
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION.	$ 12,202	$ (22,082)	$ 40,633
CURRENT LIABILITIES:			
Short-term debt	-	-	-
Long-term debt due within one year.	-	-	-
Notes payable - associated companies. . . .	-	(9,760)	43,110
Accounts payable.	1,712	-	28,965
Accounts payable - associated companies . .	-	-	43
Accrued taxes	3,320	(1,677)	1,900
Accrued interest and dividends.	20	(368)	1,203
Other	64	(525)	575
	5,116	(12,330)	75,796
DEFERRED CREDITS AND OTHER LIABILITIES:			
Deferred income taxes	1,415	(145)	2,188
Deferred investment tax credits	-	-	-
Deferred gain from sale-leaseback	-	-	-
Other	208	(8)	2,177
	1,623	(153)	4,365
COMMITMENTS AND CONTINGENCIES			
TOTAL CAPITALIZATION AND LIABILITIES. . .	$ 18,941	$ (34,565)	$ 120,794

Exhibit A-2

WESTAR CAPITAL, INC.
CONSOLIDATING STATEMENT OF INCOME
Year Ended December 31, 1995
(Dollars in Thousands,
except Per Share Amounts)

	Westar Capital	Westar Financial Services	Westar Limited Partners	Westar Gas Marketing
OPERATING REVENUES:				
Electric	$ -	$ -	$ -	$ -
Natural gas	-	-	-	-
Total operating revenues	-	-	-	-
OPERATING EXPENSES:				
Fuel used for generation:				
Fossil fuel	-	-	-	-
Nuclear fuel	-	-	-	-
Power purchased	-	-	-	-
Natural gas purchases	-	-	-	-
Other operations	-	-	-	-
Maintenance	-	-	-	-
Depreciation and amortization	-	-	-	-
Amortization of phase-in revenues	-	-	-	-
Taxes:				
Federal income	-	-	-	-
State income	-	-	-	-
General	-	-	-	-
Total operating expenses	-	-	-	-
OPERATING INCOME	-	-	-	-
OTHER INCOME AND DEDUCTIONS:				
Corporate-owned life insurance (net)	-	-	-	-
Gain on sales of Missouri Properties	-	-	-	-
Miscellaneous (net)	947	(33)	(26)	(3,665)
Equity earnings of subsidiary companies	-	-	-	-
Income taxes (net)	-	-	-	-
Total other income and deductions	947	(33)	(26)	(3,665)
INCOME BEFORE INTEREST CHARGES	947	(33)	(26)	(3,665)
INTEREST CHARGES:				
Long-term debt	-	-	-	-
Other	-	-	-	-
Allowance for borrowed funds used during construction (credit)	-	-	-	-
Total interest charges	-	-	-	-
NET INCOME	947	(33)	(26)	(3,665)
PREFERRED AND PREFERENCE DIVIDENDS	-	-	-	-
EARNINGS APPLICABLE TO COMMON STOCK	$ 947	$ (33)	$ (26)	$ (3,665)

Exhibit A-2

WESTAR CAPITAL, INC.
CONSOLIDATING STATEMENT OF INCOME
Year Ended December 31, 1995
(Dollars in Thousands,
except Per Share Amounts)
(Continued)

	Westar Gas Co Consolidated	Consolidating Entries	Westar Capital Consolidated
OPERATING REVENUES:			
Electric	$ -	$ -	$ -
Natural gas	-	-	-
Total operating revenues	-	-	-
OPERATING EXPENSES:			
Fuel used for generation:			
Fossil fuel	-	-	-
Nuclear fuel	-	-	-
Power purchased	-	-	-
Natural gas purchases	-	-	-
Other operations	-	-	-

Maintenance	-	-	-
Depreciation and amortization	-	-	-
Amortization of phase-in revenues	-	-	-
Taxes:			
Federal income	-	-	-
State income	-	-	-
General	-	-	-
Total operating expenses	-	-	-
OPERATING INCOME	-	-	-
OTHER INCOME AND DEDUCTIONS:			
Corporate-owned life insurance (net)	-	-	-
Gain on sales of Missouri Properties	-	-	-
Miscellaneous (net)	2,951	773	947
Equity earnings of subsidiary companies	-	-	-
Income taxes (net)	-	-	-
Total other income and deductions	2,951	773	947
INCOME BEFORE INTEREST CHARGES	2,951	773	947
INTEREST CHARGES:			
Long-term debt	-	-	-
Other	-	-	-
Allowance for borrowed funds used during construction (credit)	-	-	-
Total interest charges	-	-	-
NET INCOME	2,951	773	947
PREFERRED AND PREFERENCE DIVIDENDS	-	-	-
EARNINGS AVAILABLE TO COMMON STOCK	$ 2,951	$ 773	$ 947

Exhibit A-2

WESTAR CAPITAL, INC.
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
December 31, 1995
(Dollars in Thousands)

	Westar Capital	Westar Financial Services	Westar Limited Partners	Westar Gas Marketing
BALANCE AT BEGINNING OF PERIOD	$ 3,544	$ 267	$ (1,211)	$ 2,401
ADD:				
Net income	947	(33)	(26)	(3,665)
Total	4,491	234	(1,237)	(1,264)
DEDUCT:				
Cash dividends:				
Preferred and preference stock	-	-	-	-
Common stock	-	-	-	-
Total	-	-	-	-
BALANCE AT END OF PERIOD	$ 4,491	$ 234	$ (1,237)	$ (1,264)

	Westar Gas Co Consolidated	Consolidating Entries	Westar Capital Consolidated
BALANCE AT BEGINNING OF PERIOD	$ 4,310	$ (5,767)	$ 3,544
ADD:			
Net income	2,951	773	947
Total	7,261	(4,994)	4,491
DEDUCT:			
Cash dividends:			
Preferred and preference stock	-	-	-
Common stock	-	-	-
Total	-	-	-
BALANCE AT END OF PERIOD	$ 7,261	$ (4,994)	$ 4,491

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

Income Taxes: The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS 109). Under SFAS 109, deferred tax assets and liabilities are recognized based on temporary differences in amounts recorded for financial reporting purposes and their respective tax bases (See Note 12).

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

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

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

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

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

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

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

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

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

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

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

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

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

Federal legislation is pending, which, if enacted, may substantially reduce or eliminate the tax deduction for interest on COLI borrowings, and thus reduce a significant portion of the net income stream generated by the COLI contracts (See Note 7).

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

2. SALES OF MISSOURI NATURAL GAS DISTRIBUTION PROPERTIES

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

The portion of the Missouri Properties purchased by Southern Union was sold for $404 million. For information regarding litigation in connection with the

sale of the Missouri Properties to Southern Union, see Note 3. United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri for $665,000.

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

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

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

Separate audited financial information was not kept by the Company for the

Missouri Properties. This unaudited financial information is based on assumptions and allocations of expenses of the Company as a whole.

3. LEGAL PROCEEDINGS

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

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

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

The agreements between the Company and the Bishop entities resolved disputes between them in regulatory proceedings before the KCC, the Missouri Public Service Commission, and the FERC.

Subject to the approval of the KCC, the Company has entered into five new gas supply contracts with certain Bishop entities which are currently regulated by the KCC. A contested hearing was held for the approval of those contracts. While the case was under consideration by the KCC, the FERC issued an order under which it extended jurisdiction over the Bishop entities. On November 3, 1995, the KCC stayed its consideration of the contracts between the Company and the Bishop entities until the FERC takes final appealable action on its assertion of jurisdiction over the Bishop entities. The settlement of the parties' disputes is not contingent upon the KCC's approval of these contracts.

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

4. RATE MATTERS AND REGULATION

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

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

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

In addition, the Company filed a $36 million annual rate increase request for its Kansas natural gas properties. The increase is being sought to recover costs associated with its service line replacement program as well as other increased operating costs (See discussion below regarding KCC order issued on January 24, 1992).
On January 26, 1996, the KCC staff submitted testimony related to this rate increase recommending an increase of current gas rates of approximately $34 million annually. Management believes its initial request of approximately $36 million is reasonable. The ultimate decision related to the Company's request resides with the KCC. Hearings before the KCC on the gas rate increase proposal are scheduled to begin February 12, 1996, with approval of new permanent rates expected to become effective in April 1996.

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

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

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

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

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

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

5. SHORT-TERM DEBT

The Company's short-term financing requirements are satisfied, through the sale of

commercial paper, short-term bank loans and borrowings under unsecured lines of credit maintained with banks. Information concerning these arrangements for the years ended December 31, 1995, 1994, and 1993, is set forth below:

Year Ended December 31,	1995	1994	1993
	(Dollars in Thousands)		
Lines of credit at year end. . . .	$121,075	$145,000	$145,000
Short-term debt outstanding at year end	203,450	308,200	440,895
Weighted average interest rate on debt outstanding at year end (including fees)	6.02%	6.25%	3.67%
Maximum amount of short-term debt outstanding during			

the period.	$355,615	$485,395	$443,895
Monthly average short-term debt. .	301,871	214,180	347,278
Weighted daily average interest rates during the year (including fees)	6.15%	4.63%	3.44%

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

6. COMMITMENTS AND CONTINGENCIES

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

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

Investment: On December 22, 1995 the Company entered into Stock Purchase and Equity Agreements with another corporation to acquire up to 30.8 million common shares of ADT Limited (ADT). ADT's principal business is providing electronic security services. On January 26, 1996, the Company purchased 15.4 million of such ADT common shares for $215.6 million ($14 per share). The Company has an option to purchase the remaining 15.4 million common shares held by the corporation through May 1997 at the higher of $14 per share or the market price as defined.

The selling corporation has granted the Company an irrevocable voting proxy with respect to the option shares during the option period. The shares purchased and the option shares represent approximately 24% of ADT's common equity. The Company intends to account for its investment in ADT using the equity method of accounting.

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

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

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in certain emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $10 million from 1993 through 1995. The Company does not expect additional equipment acquisitions or other material expenditures to be needed to meet Phase II SO2 requirements.

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

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

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

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

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

The Company carries premature decommissioning insurance which has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. This decommissioning insurance will only be available if the insurance funds are not needed to implement the NRC-approved plan for stabilization and decontamination.

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

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

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

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

Fuel Commitments: To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel and coal. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1995, WCNOC's nuclear fuel commitments (Company's share) were approximately $15.3 million for uranium concentrates expiring at various times through 2001, $120.8 million for enrichment expiring at various times through 2014, and $72.7 million for fabrication through 2025. At December 31, 1995, the Company's coal contract commitments in 1995 dollars under the remaining terms of the contracts were approximately $2.5 billion. The largest coal contract expires in 2020, with the remaining coal contracts expiring at various times through 2013.

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

7. EMPLOYEE BENEFIT PLANS

Pension: The Company maintains qualified noncontributory defined benefit pension plans covering substantially all employees. Pension benefits are based on years of

service and the employee's compensation during the five highest paid consecutive years out of ten before retirement. The Company's policy is to fund pension costs accrued, subject to limitations set by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code.

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

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

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

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

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

Postretirement: The Company adopted the provisions of Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) in the first quarter of 1993. This statement requires the

accrual of postretirement benefits other than pensions, primarily medical benefit costs, during the years an employee provides service.

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

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

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

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

For measurement purposes, an annual health care cost growth rate of 11% was assumed

for 1995, decreasing 1% per year to 5% in 2001 and thereafter. The health care cost trend rate has a significant effect on the projected benefit obligation. Increasing the trend rate by 1% each year would increase the present value of the accumulated projected benefit obligation by $4.3 million and the aggregate of the service and interest cost components by $0.4 million.

Postemployment: The Company adopted Statement of Financial Accounting Standards No. 112 "Employers' Accounting for Postemployment Benefits" (SFAS 112) in the first quarter of 1994, which established accounting and reporting standards for postemployment benefits. The statement requires the Company to recognize the liability to provide postemployment benefits when the liability has been incurred. The Company received an order from the KCC permitting the initial deferral of SFAS 112 expense. To mitigate the impact SFAS 112 expense will have on rate increases, the Company will include in the future computation of cost of service the actual SFAS 112 transition costs and expenses and an income stream generated from COLI contracts purchased in 1993 and 1992. At December 31, 1995 approximately $8.3 million of postemployment expenses had been deferred pursuant to the KCC order. Pending federal legislation may substantially reduce or eliminate tax benefits associated with COLI contracts. If this legislation is enacted or should the income stream generated by the COLI program not be sufficient to offset postemployment benefit costs on an accrual basis, the KCC order allows the Company to seek recovery of such deficit through the ratemaking process. Regulatory precedents established by the KCC generally permit the accrual costs of postemployment benefits to be removed in rates. The 1995 and 1994 expense under SFAS 112 was approximately $3.6 million and $2.7 million, respectively. At December 31, 1995 and 1994, the Company's SFAS 112 liability recorded on the Consolidated Balance Sheets was approximately $8.7 million and $8.4 million, respectively.

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

8. JOINT OWNERSHIP OF UTILITY PLANTS

Company's Ownership at December 31, 1995

	In-Service Dates	Invest-ment	Accumulated Depreciation	Net (MW)	Per-cent
		(Dollars in Thousands)			
La Cygne 1 (a)	Jun 1973	$ 155,566	$ 99,133	341	50
Jeffrey 1 (b)	Jul 1978	285,357	116,771	587	84
Jeffrey 2 (b)	May 1980	289,443	109,858	617	84
Jeffrey 3 (b)	May 1983	389,157	143,862	591	84
Wolf Creek (c)	Sep 1985	1,371,878	335,941	548	47

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

Amounts and capacity represent the Company's share. The Company's share of operating expenses of the plants in service above, as well as such expenses for a 50 percent undivided interest in La Cygne 2 (representing 335 MW capacity) sold and leased back

to the Company in 1987, are included in operating expenses on the Consolidated Statements of Income. The Company's share of other transactions associated with the plants is included in the appropriate classification in the Company's Consolidated Financial Statements.

9. LEASES

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

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

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

In 1987, KGE sold and leased back its 50 percent undivided interest in the La Cygne 2 generating unit. The La Cygne 2 lease has an initial term of 29 years, with various options to renew the lease or repurchase the 50 percent undivided interest. KGE remains responsible for its share of operation and

maintenance costs and other related operating costs of La Cygne 2. The lease is an operating lease for financial reporting purposes.

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

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

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

10. LONG-TERM DEBT

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

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

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

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

	1995	1994
	(Dollars in Thousands)	
Western Resources		
First mortgage bond series:		
7 1/4% due 1999.	125,000	125,000
8 7/8% due 2000.	75,000	75,000
7 1/4% due 2002.	100,000	100,000
8 1/2% due 2022.	125,000	125,000
7.65% due 2023.	100,000	100,000
	525,000	525,000
Pollution control bond series:		
Variable due 2032 (1).	45,000	45,000
Variable due 2032 (2).	30,500	30,500
6% due 2033.	58,420	58,500
	133,920	134,000
KGE		
First mortgage bond series:		
5 5/8% due 1996.	16,000	16,000
7.60 % due 2003.	135,000	135,000
6 1/2% due 2005.	65,000	65,000
6.20 % due 2006.	100,000	100,000
	316,000	316,000
Pollution control bond series:		
5.10 % due 2023.	13,957	13,982
Variable due 2027 (3).	21,940	21,940
7.0 % due 2031.	327,500	327,500
Variable due 2032 (4).	14,500	14,500
Variable due 2032 (5).	10,000	10,000
	387,897	387,922
Revolving Credit Agreement	50,000	-
Less:		
Unamortized debt discount.	5,554	5,814
Long-term debt due within one year . . .	16,000	80
	$1,391,263	$1,357,028

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

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

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

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

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

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

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

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

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

The security obligations constitute a full and unconditional guarantee by the Company of the trust obligations under the preferred securities. The securities are shown as Western Resources Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust holding solely Subordinated Debentures on the Consolidated Statements of Capitalization.

12. INCOME TAXES

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

Deferred Tax Assets:	1995	1994
	(Dollars in Thousands)	
Deferred gain on sale-leaseback.	$ 105,007	$ 110,556
Alternative Minimum tax carry forwards .	18,740	41,163
Other.	30,789	29,162
Total Deferred Tax Assets.	$ 154,536	$ 180,881
Deferred Tax Liabilities:		
Accelerated Depreciation & Other	$ 653,134	$ 661,433
Acquisition Premium.	315,513	318,190
Deferred Future Income Taxes	328,881	324,625
Other.	70,883	70,386
Total Deferred Tax Liabilities. . . .	$1,368,410	$1,374,634

Accumulated Deferred

Income Taxes, Net	$1,213,874	$1,193,753

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

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

13. SEGMENTS OF BUSINESS

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

Year Ended December 31,	1995	1994(1)	1993
	(Dollars in Thousands)		
Operating revenues:			
Electric.	$1,145,895	$1,121,781	$1,104,537
Natural gas	426,176	496,162	804,822
	1,572,071	1,617,943	1,909,359
Operating expenses excluding income taxes:			
Electric.	788,900	768,317	791,563
Natural gas	419,267	484,458	747,755
	1,208,167	1,252,775	1,539,318
Income taxes:			
Electric.	94,042	100,078	73,425
Natural gas	(5,522)	(4,456)	4,553
	88,520	95,622	77,978
Operating income:			
Electric.	262,953	253,386	239,549
Natural gas	12,431	16,160	52,514
	$ 275,384	$ 269,546	$ 292,063
Identifiable assets at December 31:			
Electric.	$4,470,359	$4,346,312	$4,231,277
Natural gas	712,858	654,483	1,040,513
Other corporate assets(2) . .	353,864	411,562	140,258
	$5,537,081	$5,412,357	$5,412,048
Other Information--			
Depreciation and amortization:			
Electric.	$ 133,421	$ 123,696	$ 126,034
Natural gas	23,494	27,934	38,330
	156,915	$ 151,630	$ 164,364
Maintenance:			
Electric.	$ 87,942	$ 88,162	$ 87,696
Natural gas	20,699	25,024	30,147
	$ 108,641	$ 113,186	$ 117,843
Capital expenditures:			
Electric.	$ 153,931	$ 152,384	$ 137,874
Nuclear fuel.	28,465	20,590	5,702
Natural gas	54,431	64,722	94,055
	$ 236,827	$ 237,696	$ 237,631

(1)Information reflects the sales of the Missouri Properties (Note 2).
(2)Principally cash, temporary cash investments, non-utility assets, and deferred charges.

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

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

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

	Carrying Value		Fair Value	
December 31,	1995	1994	1995	1994
	(Dollars in Thousands)			
Cash and cash equivalents.	$ 2,414	$ 2,715	$ 2,414	$ 2,715
Decommissioning trust. . .	25,069	16,944	25,069	16,633
Variable-rate debt	811,190	822,045	811,190	822,045
Fixed-rate debt.	1,240,877	1,240,982	1,294,365	1,171,866
Redeemable preference stock.	150,000	150,000	160,405	155,375
Other Mandatorily Redeemable Securities. .	100,000	-	102,000	-

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

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

15. QUARTERLY RESULTS (UNAUDITED)

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

	First	Second	Third	Fourth
	(Dollars in Thousands, except Per Share Amounts)			
1995				
Operating revenues.	$417,546	$333,380	$423,860	$397,285
Operating income.	68,517	48,029	99,429	59,409
Net income.	41,575	21,716	71,905	46,480
Earnings applicable to common stock.	38,220	18,362	68,550	43,125

Earnings per share.	$ 0.62	$ 0.30	$ 1.10	$ 0.69
Dividends per share	$ 0.505	$ 0.505	$ 0.505	$ 0.505
Average common shares outstanding	61,747	61,886	62,244	62,712
Common stock price:				
High.	$ 33 3/8	$ 32 1/2	$ 32 7/8	$ 34
Low	$ 28 5/8	$ 30 1/4	$ 29 3/4	$ 31
1994(1)				
Operating revenues.	$538,372	$341,132	$379,213	$359,226
Operating income.	73,782	53,899	83,884	57,981
Net income.	66,133	30,247	57,679	33,388
Earnings applicable to common stock.	62,779	26,892	54,324	30,034
Earnings per share.	$ 1.02	$ 0.44	$ 0.88	$ 0.48
Dividends per share	$ 0.495	$ 0.495	$ 0.495	$ 0.495
Average common shares outstanding	61,618	61,618	61,618	61,618
Common stock price:				
High.	$ 34 7/8	$ 29 3/4	$ 29 5/8	$ 29 1/4
Low	$ 28 1/4	$ 26 1/8	$ 26 3/4	$ 27 3/8

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

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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YEAR
DEC-31-1995
DEC-31-1995
PER-BOOK
5,490,677
1,572,071
181,676