
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2002

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 1-7324

KANSAS GAS AND ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Kansas

(State or other jurisdiction of
incorporation or organization)

48-1093840

(I.R.S. Employer Identification Number)

**P.O. BOX 208
Wichita, Kansas 67201
(316) 261-6611**

(Address, including Zip code and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Common Stock, No par value
(Class)

1,000 Shares
(Outstanding at August 8, 2002)

Registrant meets the conditions of General Instruction H(1)(a) and (b) to Form 10-Q for certain wholly-owned subsidiaries and is therefore filing this form with a reduced disclosure format.

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FORWARD-LOOKING STATEMENTS

Certain matters discussed 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,
- liquidity and capital resources,
- litigation,
- possible corporate restructurings, mergers, acquisitions and dispositions,
- compliance with debt and other restrictive covenants,
- interest and dividends,
- the financial condition of other Westar Energy, Inc.’s subsidiaries and their impact on Westar Energy, Inc.’s results, including impairment charges that were recorded in the first quarter of 2002 that may affect our liquidity,
- environmental matters,
- nuclear operations and
- the overall economy of our service area.

What happens in each case could vary materially from what we expect because of such things as:

- electric utility deregulation or re-regulation,
- ongoing municipal, state and federal activities, such as the Wichita municipalization effort,
- future economic conditions,
- changes in accounting requirements and other accounting matters,
- changing weather,
- rate and other regulatory matters, including the impact of (i) the Kansas Corporation Commission’s order to reduce our rates issued on July 25, 2001 and (ii) the Kansas Corporation Commission’s order issued July 20, 2001 and related proceedings, with respect to the proposed separation of Westar Energy, Inc.’s electric utility businesses (including us) from Westar Industries, Inc.,
- the impact of changes and downturns in the energy industry and the market for trading wholesale electricity,
- the proposed sale of Westar Energy, Inc.’s interests in ONEOK, Inc.,
- political, legislative and regulatory developments,
- amendments or revisions to Westar Energy, Inc.’s current business and financial plans,
- regulatory, legislative and judicial actions,
- regulated and competitive markets and
- other circumstances affecting anticipated operations, sales and costs.

These lists are not all-inclusive because it is not possible to predict all possible factors.

See “Item 1. Business—Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2001, for additional information on matters that could impact our operations and financial results. Any forward-looking statement speaks only as of the date such statement was made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made except as required by applicable laws or regulations.

[Table of Contents](#)**PART I. Financial Information****ITEM 1. FINANCIAL STATEMENTS****KANSAS GAS AND ELECTRIC COMPANY****CONSOLIDATED BALANCE SHEETS****(Dollars in Thousands)****(Unaudited)**

	<u>June 30, 2002</u>	<u>December 31, 2001</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,472	\$ 5,564
Restricted cash	10,281	—
Accounts receivable, net	57,877	45,209
Receivable from affiliates	—	17,349
Inventories and supplies	63,242	65,531
Energy trading contracts	12,897	4,887
Deferred tax assets	—	1,002
Prepaid expenses and other	47,193	23,312
	<u>196,962</u>	<u>162,854</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>2,405,278</u>	<u>2,426,875</u>
OTHER ASSETS:		
Restricted cash	140,130	—
Regulatory assets	251,764	244,108
Energy trading contracts	4,138	—
Other	103,388	96,208
	<u>499,420</u>	<u>340,316</u>
TOTAL ASSETS	<u>\$ 3,101,660</u>	<u>\$ 2,930,045</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 47,434	\$ 51,384
Payable to affiliates	139,926	—
Accrued liabilities	72,062	66,642
Energy trading contracts	12,643	9,970
Deferred income taxes	12,057	—
Other	6,742	6,362
	<u>290,864</u>	<u>134,358</u>
LONG-TERM LIABILITIES:		
Long-term debt, net	684,424	684,360
Deferred income taxes and investment tax credits	715,780	726,676
Deferred gain from sale-leaseback	168,552	174,466
Energy trading contracts	1,325	6,130
Other	175,092	155,666
	<u>1,745,173</u>	<u>1,747,298</u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDER'S EQUITY:		
Common stock, without par value; authorized and issued 1,000 shares	1,065,634	1,065,634
Accumulated other comprehensive loss, net	(50)	(11,023)
Retained earnings (accumulated deficit)	39	(6,222)
	<u>1,065,623</u>	<u>1,048,389</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 3,101,660</u>	<u>\$ 2,930,045</u>

The accompanying notes are an integral part of these consolidated financial statements.

KANSAS GAS AND ELECTRIC COMPANY
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Dollars in Thousands)
(Unaudited)

	Three Months Ended June 30,	
	2002	2001
SALES	\$ 171,949	\$ 165,965
COST OF SALES	56,917	59,959
GROSS PROFIT	115,032	106,006
OPERATING EXPENSES:		
Operating and maintenance	55,737	48,559
Depreciation and amortization	22,395	26,345
Selling, general and administrative	17,806	15,347
Total Operating Expenses	95,938	90,251
INCOME FROM OPERATIONS	19,094	15,755
OTHER EXPENSE, NET	693	1,639
INTEREST EXPENSE:		
Interest expense on long-term debt	11,027	11,456
Interest expense on short-term debt and other	752	874
Total Interest Expense	11,779	12,330
EARNINGS BEFORE INCOME TAXES	6,622	1,786
Income tax benefit	(1,000)	(1,142)
NET INCOME	\$ 7,622	\$ 2,928
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Unrealized holding gains on cash flow hedges arising during the period	\$ 3,601	\$ —
Adjustment for losses included in net income	823	—
Income tax expense	(1,666)	—
Total other comprehensive gain, net of tax	2,758	—
COMPREHENSIVE INCOME	\$ 10,380	\$ 2,928

The accompanying notes are an integral part of these consolidated financial statements.

KANSAS GAS AND ELECTRIC COMPANY
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Dollars in Thousands)
(Unaudited)

	Six Months Ended June 30,	
	2002	2001
SALES	\$ 337,228	\$ 329,958
COST OF SALES	112,383	111,952
GROSS PROFIT	224,845	218,006
OPERATING EXPENSES:		
Operating and maintenance	107,870	100,221
Depreciation and amortization	48,987	52,221
Selling, general and administrative	43,350	30,734
Total Operating Expenses	200,207	183,176
INCOME FROM OPERATIONS	24,638	34,830
OTHER EXPENSE, NET	4,074	4,453
INTEREST EXPENSE:		
Interest expense on long-term debt	21,758	22,288
Interest expense on short-term debt and other	1,522	1,777
Total Interest Expense	23,280	24,065
EARNINGS (LOSSES) BEFORE INCOME TAXES	(2,716)	6,312
Income tax benefit	(8,976)	(1,714)
NET INCOME BEFORE ACCOUNTING CHANGE	6,260	8,026
Cumulative effect of accounting change, net of tax of \$8,520	—	12,898
NET INCOME	\$ 6,260	\$ 20,924
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Unrealized holding gains on cash flow hedges arising during the period	\$ 16,733	\$ —
Adjustment for losses included in net income	1,488	—
Income tax expense	(7,248)	—
Total other comprehensive gain, net of tax	10,973	—
COMPREHENSIVE INCOME	\$ 17,233	\$ 20,924

The accompanying notes are an integral part of these consolidated financial statements.

KANSAS GAS AND ELECTRIC COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Six Months Ended June 30,	
	2002	2001
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	\$ 6,260	\$ 20,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of accounting change	—	(12,898)
Depreciation and amortization	48,987	52,221
Amortization of nuclear fuel	5,881	8,367
Amortization of deferred gain from sale-leaseback	(5,914)	(5,914)
Net deferred and accrued taxes	(5,085)	(18,217)
Net changes in energy trading assets and liabilities	3,941	(6,754)
Loss on sale of property	1,423	—
Changes in working capital items:		
Restricted cash	(10,281)	—
Accounts receivable, net	(7,827)	25,135
Inventories and supplies, net	2,289	(6,478)
Prepaid expenses and other	(23,881)	(22,999)
Accounts payable	(3,950)	(5,140)
Accrued and other current liabilities	5,864	19,752
Changes in other assets and liabilities	(6,541)	3,639
	<u>11,166</u>	<u>51,638</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(34,738)	(36,611)
Proceeds from disposition of property	1,205	—
	<u>(33,533)</u>	<u>(36,611)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Funds in trust for debt repayment	(135,000)	—
Advances from parent company, net	157,275	30,903
Dividends to parent company	—	(50,000)
	<u>22,275</u>	<u>(19,097)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(92)	(4,070)
CASH AND CASH EQUIVALENTS:		
Beginning of period	5,564	7,101
	<u>\$ 5,472</u>	<u>\$ 3,031</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID FOR:		
Interest on financing activities, net of amount capitalized	\$ 82,151	\$ 63,934
Income taxes	—	—

The accompanying notes are an integral part of these consolidated financial statements.

KANSAS GAS AND ELECTRIC COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited)

1. DESCRIPTION OF BUSINESS

Kansas Gas and Electric Company (KGE, the company, we, us or our) is a rate-regulated electric utility incorporated in 1990 in the State of Kansas. We are a wholly owned subsidiary of Westar Energy, Inc. (Westar Energy) and we provide rate-regulated electric service using the name Westar Energy. We are engaged principally in the generation, purchase, transmission, distribution and sale of electricity in southeastern Kansas, including the Wichita metropolitan area.

We own 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station (Wolf Creek). We record our proportionate share of all transactions of WCNOC as we do other jointly owned facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States (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. The accompanying consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and the notes included in our Annual Report on Form 10-K for the year ended December 31, 2001 (2001 Form 10-K).

Use of Management's Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of our consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. In management's opinion, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation of the financial statements, have been included. The results of operations for the three and six months ended June 30, 2002 are not necessarily indicative of the results to be expected for the full year.

Defeasance of Outstanding Debt

Under GAAP, we are required to continue reporting as outstanding debt on our consolidated balance sheets the \$135 million principal amount of our first mortgage bonds due December 15, 2003, until the funds deposited with the trustee are used to retire such bonds at maturity. The cash deposited with the trustee is included in restricted cash on our consolidated balance sheet and can only be used for the purpose of repaying this indebtedness and related interest. See Note 7, "Debt Financings" for discussion of debt financings completed during the second quarter of 2002.

Cumulative Effect of Accounting Change

Effective January 1, 2001, we adopted Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS Nos. 137 and 138 (collectively, SFAS No. 133). We use derivative instruments (primarily swaps, options and futures) to manage interest rate exposure and the commodity price risk inherent in fossil fuel purchases and electricity sales. Under SFAS No. 133, all derivative instruments, including our energy trading contracts, are recorded on our consolidated balance sheet as either an asset or liability measured at fair value. Changes in a derivative's fair value must be recognized currently in earnings unless specific hedge accounting criteria are met. Cash flows from derivative instruments are presented in net cash flows from operating activities.

Derivative instruments used to manage commodity price risk inherent in fuel purchases and electricity sales are classified as energy trading contracts on our consolidated balance sheet. Energy trading contracts representing unrealized gain positions are reported as assets; energy trading contracts representing unrealized loss positions are reported as liabilities.

Prior to January 1, 2001, gains and losses on our derivatives used for managing commodity price risk were deferred until settlement. These derivatives were not designated as hedges under SFAS No. 133. Accordingly, on January 1, 2001, we recognized an unrealized gain of \$12.9 million, net of \$8.5 million of tax. This gain is presented on our consolidated statement of income in our 2001 Form 10-K as a cumulative effect of a change in accounting principle.

After January 1, 2001, changes in fair value of all derivative instruments used for managing commodity price risk that are not designated as hedges are recognized in revenue as discussed in Note 2 of the "Notes to Consolidated Financial Statements" in our 2001 Form 10-K. Accounting for derivatives under SFAS No. 133 will increase volatility of our future earnings.

Change in Depreciation Rates

In its rate order of July 25, 2001, the Kansas Corporation Commission (KCC) extended the recovery period for certain of our generating assets for regulatory rate making purposes. On April 1, 2002, we adopted the new depreciation rates as prescribed in the KCC order for GAAP purposes after exhausting the available appeals process to contest the extension of our recovery periods for our LaCygne 2 and Wolf Creek generating stations. This change is expected to reduce our annual depreciation expense in our GAAP financial statements by approximately \$18 million. See Note 3, "Rate Matters and Regulation" for additional information.

Reclassifications

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

3. RATE MATTERS AND REGULATION

KCC Rate Proceedings

On November 27, 2000, Westar Energy and we filed applications with the KCC for an increase in retail rates. On July 25, 2001, the KCC ordered an annual reduction in our electric rates of \$41.2 million.

On August 9, 2001, Westar Energy and we filed petitions with the KCC requesting reconsideration of the July 25, 2001 order. The petitions specifically asked for reconsideration of changes in depreciation, reductions in rate base related to deferred income taxes associated with the acquisition premium and a deferred gain on the sale and leaseback of our LaCygne 2 generating unit and several other issues. On September 5, 2001, the KCC issued an order in response to our motion for reconsideration, which did not change our rate reduction. On November 9, 2001, we filed an appeal of the KCC decisions with the Kansas Court of Appeals in an

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action captioned “Western Resources, Inc. and Kansas Gas and Electric Company vs. The State Corporation Commission of the State of Kansas.” On March 8, 2002, the Court of Appeals upheld the KCC orders. On April 8, 2002, Westar Energy and we filed a petition for review of the decision of the Court of Appeals with the Kansas Supreme Court. Our petition for review was denied on June 12, 2002.

KCC Investigation and Order

See Note 4 for a discussion of the order issued by the KCC on July 20, 2001 in the KCC’s docket investigating the proposed separation of Westar Energy’s electric utility businesses (including us) from its non-utility businesses and other aspects of Westar Energy’s unregulated businesses.

4. PNM TRANSACTION AND SPLIT-OFF OF WESTAR INDUSTRIES

PNM Transaction

On May 28, 2002, Westar Energy gave notice to Public Service Company of New Mexico (PNM) of termination of the merger agreement with PNM and demanded payment of a termination fee in the amount of \$25 million.

KCC Proceedings and Orders

The merger with PNM contemplated the completion of a rights offering for shares of Westar Industries, Inc. (Westar Industries), a wholly owned subsidiary of Westar Energy, prior to closing. On May 8, 2001, the KCC opened an investigation of the proposed separation of Westar Energy’s electric utility businesses (including us) from its non-utility businesses, including the rights offering, and other aspects of its unregulated businesses. The order opening the investigation indicated that the investigation would focus on whether the separation and other transactions involving Westar Energy’s unregulated businesses are consistent with its obligation to provide efficient and sufficient electric service at just and reasonable rates to its electric utility customers. The KCC staff was directed to investigate, among other matters, the basis for and the effect of the Asset Allocation and Separation Agreement Westar Energy entered into with Westar Industries in connection with the proposed separation and the intercompany payable owed by Westar Energy to Westar Industries, the separation of Westar Industries, the effect of the business difficulties faced by Westar Energy’s unregulated businesses and whether they should continue to be affiliated with its electric utility business, and Westar Energy’s present and prospective capital structures. On May 22, 2001, the KCC issued an order nullifying the Asset Allocation and Separation Agreement, prohibiting Westar Energy and Westar Industries from taking any action to complete the rights offering for common stock of Westar Industries, which was to be a first step in the separation, and scheduling a hearing to consider whether to make the order permanent.

On July 20, 2001, the KCC issued an order that, among other things: (1) confirmed its May 22, 2001 order prohibiting Westar Energy and Westar Industries from taking any action to complete the proposed rights offering and nullifying the Asset Allocation and Separation Agreement; (2) directed Westar Energy and Westar Industries not to take any action or enter into any agreement not related to normal utility operations that would directly or indirectly increase the share of debt in Westar Energy’s capital structure applicable to its electric utility operations, which has the effect of prohibiting it from borrowing to make a loan or capital contribution to Westar Industries; and (3) directed Westar Energy to present a financial plan consistent with parameters established by the KCC’s order to restore financial health, achieve a balanced capital structure and protect ratepayers from the risks of its non-utility businesses. In its order, the KCC also acknowledged that Westar Energy and we are currently operating efficiently and at reasonable cost and stated that it was not disapproving the PNM transaction or a split-off of Westar Industries. Westar Energy appealed the orders issued by the KCC to the District Court of Shawnee County, Kansas. On February 5, 2002, the District Court issued a decision finding that the KCC orders were not final orders and that the District Court lacked jurisdiction to consider the appeal. Accordingly, the matter was remanded to the KCC for review of the financial plan Westar Energy filed as ordered by the KCC as discussed below.

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On February 11, 2002, the KCC issued an order primarily related to procedural matters for the review of the financial plan. In addition, the order required that Westar Energy and the KCC staff make filings addressing whether the filing of applications by Westar Energy and us at the Federal Energy Regulatory Commission (FERC), seeking renewal of existing borrowing authority, violated the July 20, 2001 KCC order directing that Westar Energy not increase the share of debt in its capital structure applicable to its electric utility operations. The KCC staff subsequently filed comments asserting that the refinancing of existing indebtedness with new indebtedness secured by utility assets would in certain circumstances violate the July 20, 2001 KCC order. The KCC filed a motion to intervene in the proceeding at FERC asserting the same position.

On March 26, 2002, the KCC issued an order in which it acknowledged that Westar Energy's FERC filings technically did not violate the July 20, 2001 KCC order. However, the KCC expressed concern that Westar Energy's refinancing plans as described in the FERC filings could, when implemented, increase the share of debt in the capital structure applicable to Westar Energy's electric utility operations. By agreement with the KCC staff and other intervenors, the FERC applications were amended so that the requested authority was limited to short-term (12 months or less) borrowing authority, and as a result, the KCC's and certain other parties' interventions were withdrawn. On May 10, 2002 and June 6, 2002, Westar Energy completed financings under then existing FERC financing authority totaling \$1.5 billion. Proceeds from these offerings were used to satisfy upcoming long-term debt maturities and fees related to the offerings. On June 14, 2002, the FERC issued orders approving Westar Energy's and our application for short-term borrowing authority. We and Westar Energy may file applications for authority for medium- or long-term financing with the FERC related to refinancing future maturing indebtedness. If such applications are filed, we and Westar Energy are unable to predict whether the KCC staff or other parties will protest or intervene and, if they do so, the extent to which the FERC will incorporate their positions in orders approving that borrowing authority or any resulting impact on Westar Energy's ability to refinance future maturing indebtedness.

The Financial Plan

The July 20, 2001 KCC order directed Westar Energy to present a financial plan to the KCC. Westar Energy presented a financial plan to the KCC on November 6, 2001, which it amended on January 29, 2002. The principal objective of the financial plan is to reduce Westar Energy's total debt as calculated by the KCC to approximately \$1.8 billion, a reduction of approximately \$1.2 billion. The financial plan contemplated that Westar Energy would proceed with a rights and warrants offering of Westar Industries common stock to Westar Energy's shareholders and that, in the event that the PNM merger and related split-off did not close, Westar Energy would use its best efforts to sell its shares of Westar Industries common stock, or shares of its common stock, upon the occurrence of certain events.

On May 30, 2002, Westar Industries gave notice pursuant to a shareholder agreement with ONEOK, Inc. (ONEOK) of its intention to sell all of the common stock and preferred stock of ONEOK owned by Westar Industries. As a result of this notice having been given, ONEOK or its designee has the right to purchase the common stock and preferred stock held by Westar Industries at a cash sales price of \$21.77 per share for a period ending on the later of August 28, 2002 and 30 days from the date of receipt of all necessary regulatory approvals, but in no event later than 180 days after May 30, 2002. The sale to ONEOK would provide proceeds to Westar Energy of approximately \$738 million before expenses. If ONEOK purchases the stock, Westar Energy would not proceed with the financial plan presented to the KCC.

A hearing at the KCC that reviewed the financial plan began on July 1, 2002 and concluded July 11, 2002. In conjunction with the hearing, on July 9, 2002, the KCC approved the sale of Westar Industries' interest in ONEOK subject to, among other things, the condition that the net proceeds be used to decrease utility debt. The parties in the docket, including Westar Energy, will file initial briefs with respect to the hearings by August 19, 2002. Reply briefs must be filed by August 30, 2002. A decision by the KCC will follow that date, but Westar Energy is unable to predict whether or when the KCC will approve the financial plan or what other action with respect to the financial plan and related matters the KCC may take. Westar Energy cannot predict whether it will be successful in executing the plan.

5. INCOME TAXES

We have recorded income tax benefits for the interim periods using the federal statutory rate of 35%. The difference between our effective rate and the statutory rate benefit for the three and six month periods ending June 30, 2002 compared to 2001 results primarily from income from operations and other differences. These include the tax benefit of excluding from taxable income, in accordance with IRS rules, the income from corporate-owned life insurance; certain expenses for depreciation, compensation, amortization and state income taxes; and the loss of affordable housing tax credits.

6. ICE STORM

In late January 2002, a severe ice storm swept through our service area causing extensive damage and loss of power to numerous customers. Through June 30, 2002, we incurred total costs of \$12.0 million for restoration costs, a portion of which was capitalized. We have deferred and recorded as a regulatory asset on our June 30, 2002 consolidated balance sheet restoration costs of approximately \$8.5 million. We have received an accounting authority order from the KCC that allows us to accumulate and defer for future recovery all operating and carrying costs related to storm restoration.

7. DEBT FINANCINGS

On May 10, 2002, Westar Energy completed offerings for \$365 million of its first mortgage bonds and \$400 million of its unsecured senior notes, both of which will be due on May 1, 2007. The first mortgage bonds bear interest at an annual rate of 7 7/8% and the unsecured senior notes bear interest at an annual rate of 9 3/4%. Interest on the first mortgage bonds and unsecured senior notes is payable semi-annually on May 1 and November 1 of each year, beginning on November 1, 2002. The net proceeds from these offerings were used to repay outstanding indebtedness of \$547 million under Westar Energy's existing secured bank term loan, provide for the repayment of \$100 million of Westar Energy's 7.25% first mortgage bonds due August 15, 2002 together with accrued interest, reduce the outstanding balance on Westar Energy's existing secured revolving credit facility and pay fees and expenses of the transactions. In conjunction with the May 10, 2002 financing, Westar Energy amended its secured revolving credit facility to reduce the total commitment under the facility to \$400 million from \$500 million and to release another \$100 million of Westar Energy's first mortgage bonds from collateral.

On June 6, 2002, Westar Energy entered into a secured credit agreement providing for a \$585 million term loan and a \$150 million revolving credit facility, each maturing on June 6, 2005, provided that if Westar Energy has not refinanced or provided for the payment of its 6.25% senior unsecured notes, that are puttable and callable on August 15, 2003, or its 6.875% senior unsecured notes due August 15, 2004, at least 60 days prior to either such date, the maturity date is the date 60 days prior to either such date. As of August 8, 2002, \$166.6 million principal amount of Westar Energy's senior unsecured notes and \$305.5 million principal amount of Westar Energy's 6.875% senior unsecured notes were outstanding. All loans under the credit agreement are secured by our first mortgage bonds. The proceeds of the term loan were used to retire an existing Westar Energy revolving credit facility with an outstanding principal balance of \$380 million, to provide for the repayment at maturity of \$135 million principal amount of our first mortgage bonds due December 15, 2003 together with accrued interest, to repurchase approximately \$45 million of Westar Energy's outstanding unsecured notes and to pay customary fees and expenses of the transactions. There were no borrowings under the revolving credit facility at closing. As of August 8, 2002, Westar Energy's borrowings under the revolving credit facility were \$107 million.

Under GAAP, we are required to continue reporting as outstanding debt on our consolidated balance sheets the \$135 million principal amount of our first mortgage bonds due December 15, 2003 until the funds deposited with the trustee are used to retire such bonds at maturity. The cash deposited with the trustee is included in restricted cash on our consolidated balance sheet and can be used for the sole purpose of repaying this indebtedness and related interest.

8. LEGAL PROCEEDINGS

We are involved in various legal, environmental and regulatory proceedings. We believe that adequate provisions have been made and accordingly believe that the ultimate disposition of such matters will not have a material adverse effect upon our overall financial position or results of operations. See also Notes 3 and 4 for discussion of FERC proceedings and KCC regulatory proceedings.

9. RELATED PARTY TRANSACTIONS

All employees we utilize are provided by Westar Energy. Certain operating expenses have been allocated to us from Westar Energy. These expenses are allocated, depending on the nature of the expense, based on allocation studies, net investment, number of customers, and/or other appropriate factors. Management believes such allocation procedures are reasonable.

As of June 30, 2002, we had received advances from Westar Energy of \$157.3 million, \$150.4 of which represents funds used to defease \$135 million principal amount of our first mortgage bonds due December 15, 2003, along with related interest.

During the fourth quarter of 2001, we entered into an option agreement to sell an office building located in downtown Wichita, Kansas, to Protection One, Inc., a subsidiary of Westar Industries, which is a wholly owned subsidiary of Westar Energy, for approximately \$0.5 million. The sales price was determined by management based on three independent appraisers' findings. This transaction was completed during June 2002. Although we recognized a loss of \$2.6 million on this transaction, we expect to realize an annual operating cost savings of approximately \$0.9 million. The cost savings will be treated as a regulatory liability in accordance with a March 26, 2002 KCC order.

10. SUBSEQUENT EVENT

Effective July 1, 2002, we adopted the Financial Accounting Standards Board's Emerging Issues Task Force Issue 02-3 (Issue 02-3), "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." Issue 02-3 requires net presentation of the mark-to-market gains and losses on energy trading contracts (whether realized or unrealized) in the income statement, unless the contract will settle physically. Currently, we report gains in these contracts in sales and losses in cost of sales in the income statement. The changes will be reflected on our consolidated financial statements for the third quarter of 2002. Prior periods shown in our consolidated financial statements will be reclassified to reflect the effect of this change and be comparable as required by GAAP. Adoption of Issue 02-3 will not affect reported net income.

KANSAS GAS AND ELECTRIC COMPANY

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

INTRODUCTION

The following Management's Discussion and Analysis of Financial Condition and Results of Operations updates the information provided in our Annual Report on Form 10-K for the year ended December 31, 2001 (2001 Form 10-K), and should be read in conjunction with that report. In this section, we discuss our general financial condition, significant changes and our operating results. We explain:

- what factors impact our business,
- what our earnings and costs were for the three and six months ended June 30, 2002 and 2001,
- why these earnings and costs differ from period to period,
- how our earnings and costs affect our overall financial condition and
- any other items that particularly affect our financial condition or earnings.

SUMMARY OF SIGNIFICANT ITEMS

Potential Changes in Westar Industries' ONEOK Ownership

On May 30, 2002, Westar Industries, Inc. (Westar Industries), a wholly-owned subsidiary of Westar Energy, Inc. (Westar Energy), gave notice pursuant to a shareholder agreement with ONEOK, Inc. (ONEOK) of its intention to sell all of the common stock and preferred stock of ONEOK owned by Westar Industries. As a result of this notice having been given, ONEOK or its designee has the right to purchase the common stock and preferred stock held by Westar Industries at a cash sales price of \$21.77 per share for a period ending on the later of August 28, 2002 and 30 days from the date of receipt of all necessary regulatory approvals, but in no event later than 180 days after May 30, 2002. If ONEOK does not purchase the stock during such period, Westar Industries may sell the stock within a 16 month period after May 30, 2002. Net after tax proceeds from the sale to ONEOK would be approximately \$738 million before expenses. On July 9, 2002, the sale of Westar Industries' interest in ONEOK was approved by the Kansas Corporation Commission (KCC) subject to the condition that the net proceeds be used to reduce Westar Energy's and our utility debt. Westar Energy's bank credit facility requires that the net cash proceeds from a sale of ONEOK stock be used to reduce Westar Energy's and our debt. Westar Energy is unable to predict whether any transaction related to a sale of ONEOK will be completed.

Declines in Energy Markets

During 2002, the energy trading market deteriorated due to the effects of overcapacity, narrowing margins, the Enron Corp. bankruptcy and a reduced number of creditworthy counter parties. This deterioration has resulted in significant declines in volume and liquidity, influencing the wholesale power market, primarily in the forward market. As a result, numerous participants in the market for wholesale trading of electricity have recently suffered financial setbacks that have been reported in the media and in Securities and Exchange Commission (SEC) reports. In relation to illegal or inappropriate trading practices, the Federal Energy Regulatory Commission (FERC) and the SEC are investigating many of these same participants. Market capitalization of these companies has been substantially reduced and credit ratings have, in many cases, been downgraded. Westar Energy's power marketing group routinely does business with some of these companies and these companies may be counter parties to several other entities with whom Westar Energy routinely does business. These developments have adversely impacted Westar Energy's power marketing business and Westar Energy is unable to predict if or when the business environment will improve.

CRITICAL ACCOUNTING POLICIES

Since December 31, 2001, we have not experienced any significant changes in our critical accounting policies except for the impact of the defeasance of outstanding debt and the change in depreciation rates as discussed below. For additional information on our critical accounting policies, see our 2001 Form 10-K.

Defeasance of Outstanding Debt

Under generally accepted accounting principles (GAAP), we are required to continue reporting as outstanding debt on our consolidated balance sheets the \$135 million principal amount of our first mortgage bonds due December 15, 2003, until the funds deposited with the trustee are used to retire such bonds at maturity. The cash deposited with the trustee is included in restricted cash on our consolidated balance sheet and can be used for the sole purpose of repaying this indebtedness and related interest.

Change in Depreciation Rates

In its rate order of July 25, 2001, the Kansas Corporation Commission (KCC) extended the recovery period for certain of our generating assets for regulatory rate making purposes. On April 1, 2002, we adopted the new depreciation rates as prescribed in the KCC order for GAAP purposes after exhausting the available appeals process to contest the extension of our recovery periods from our LaCygne 2 and Wolf Creek generating stations. This change is expected to reduce our annual depreciation expense in our GAAP financial statements by approximately \$18 million. See Note 3, "Rate Matters and Regulation" for additional information.

OPERATING RESULTS

The following discussion explains significant changes in operating results. Our electric sales for the three and six months ended June 30, 2002 and 2001 are as follows:

	Three Months Ended June 30,		
	2002	2001	% Change
	(In Thousands)		
Residential	\$ 49,114	\$ 56,655	(13.3)
Commercial	43,150	43,056	0.2
Industrial	38,225	40,368	(5.3)
Other	12,893	5,720	125.4
Total retail	143,382	145,799	(1.7)
Power Marketing	10,476	1,609	551.1
Wholesale and Interchange	18,091	18,557	(2.5)
Total	\$ 171,949	\$ 165,965	3.6

	Six Months Ended June 30,		
	2002	2001	% Change
	(In Thousands)		
Residential	\$ 92,336	\$ 105,537	(12.5)
Commercial	79,510	82,613	(3.8)
Industrial	73,539	78,408	(6.2)
Other	25,740	11,756	119.0
Total retail	271,125	278,314	(2.6)
Power Marketing	24,171	8,202	194.7
Wholesale and Interchange	41,932	43,442	(3.5)
Total	\$ 337,228	\$ 329,958	2.2

The following tables reflect changes in electric sales volumes, as measured by megawatt hours (MWh), for the three and six months ended June 30, 2002 and 2001. No sales volumes are included for power marketing sales because these sales are not based on electricity we generate.

	Three Months Ended June 30,		
	2002	2001	% Change
	(Thousands of MWh)		
Residential	655	671	(2.4)
Commercial	674	621	8.5
Industrial	851	903	(5.8)
Other	11	11	—
	<hr/>	<hr/>	
Total retail	2,191	2,206	(0.7)
Wholesale and Interchange	733	554	32.3
	<hr/>	<hr/>	
Total	2,924	2,760	5.9
	<hr/>	<hr/>	
	Six Months Ended June 30,		
	2002	2001	% Change
	(Thousands of MWh)		
Residential	1,274	1,309	(2.7)
Commercial	1,244	1,199	3.8
Industrial	1,645	1,734	(5.1)
Other	22	22	—
	<hr/>	<hr/>	
Total retail	4,185	4,264	(1.9)
Wholesale and Interchange	1,872	1,279	46.4
	<hr/>	<hr/>	
Total	6,057	5,543	9.3
	<hr/>	<hr/>	

Three Months Ended June 30, 2002, Compared to Three Months Ended June 30, 2001: Sales increased approximately \$6.0 million, or 4%. The increase in other revenues is attributable to a new Southwest Power Pool (SPP) network tariff. The new tariff requires us to pay to the SPP all expenses associated with transporting our power from our generating stations. The SPP then pays us for distributing power to our retail customers and these payments are reflected in other revenues. Prior to the implementation of the new tariff, we had offsetting revenues and expenses, because an internal allocation was used. Otherwise, retail sales decreased approximately \$9.6 million, or 7%, reflecting the effect of the July 2001 rate decrease and lower industrial sales caused by weak economic conditions. The increase in power marketing sales was primarily due to increased marketing efforts despite lower wholesale energy prices.

Cost of sales is comprised of fuel used for generation, mark to market on derivatives and purchased power expense. Cost of sales decreased \$3.0 million, or 5%, primarily due to a \$1.6 million decrease in fuel expenses and a \$22.9 million decrease due to marking to market derivatives as prescribed by Statement of Financial Accounting Standard No. 133. These decreases were partially offset by a \$9.6 million increase in purchased power costs and an \$11.9 million increase in costs associated with the dispatching of electric power. The increase in purchased power expense is primarily as a result of the increase in the power marketing sales. Gross profit increased \$9.0 million, or 9%.

A portion of the increase in purchased power expenses was attributable to the maintenance outage at Wolf Creek as other more expensive sources of power were used to replace the loss of power from Wolf Creek. Wolf Creek has a scheduled refueling and maintenance outage approximately every 18 months. Wolf Creek was shut down for 36 days for its 12th scheduled refueling and maintenance outage, which began on March 23, 2002 and ended on April 27, 2002. Wolf Creek operated the entire year of 2001 without any refueling outages.

Operating expenses increased \$5.7 million, or 6%, primarily due to a scheduling charge from the SPP as a result of the new SPP network tariff as discussed above and an increase in allocated compensation expense. Lower depreciation expense as discussed in Note 2 of the “Notes to Consolidated Financial Statements” partially offset this increase.

Income from operations increased \$3.3 million, or 21%, for the reasons set forth above.

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Six Months Ended June 30, 2002, Compared to Six Months Ended June 30, 2001: Sales increased \$7.3 million, or 2%. Retail sales were down as a result of the July 2001 rate decrease and lower industrial demand related to weak economic conditions. The increase in other revenues is attributable to the new Southwest Power Pool (SPP) network tariff as discussed above. Wholesale and interchange sales changed primarily due to market and weather conditions. The increase in power marketing sales was primarily due to increased marketing efforts despite lower wholesale energy prices.

Cost of sales remained essentially unchanged for the period. The mark to market on derivatives decreased \$18.6 million and fuel expense decreased \$3.7 million. However, purchased power costs increased by \$10.4 million, in part due to the maintenance outage at Wolf Creek as discussed above, and the higher costs associated with the dispatching of electric power which increased \$12.4 million. Gross profit increased \$6.8 million, or 3%.

Operating expenses increased \$17.0 million, or 9%, primarily due to a scheduling charge from the SPP as a result of the new SPP network tariff as discussed above and increased selling, general and administrative expenses due to allocated compensation charges. Lower depreciation expense as discussed in Note 2 of the "Notes to Consolidated Financial Statements" partially offset this increase.

Income from operations decreased \$10.2 million, or 29%, for the reasons set forth above.

Income Taxes

We have recorded income tax benefits for the interim periods using the federal statutory rate of 35%. The difference between our effective rate and the statutory rate benefit for the three and six month periods ending June 30, 2002 compared to 2001 results primarily from income from operations and other differences. These include the tax benefit of excluding from taxable income, in accordance with IRS rules, the income from corporate-owned life insurance; certain expenses for depreciation, compensation, amortization and state income taxes; and the loss of low-income housing tax credit.

LIQUIDITY AND CAPITAL RESOURCES

Our internally generated cash is generally sufficient to fund operations and debt service payments. We do not maintain independent short-term credit facilities and rely on Westar Energy for short-term cash needs. If Westar Energy is unable to borrow under its credit facilities, we could have a short term liquidity issue which could require us to obtain a credit facility for our short-term cash needs and which could result in higher borrowing costs.

On May 10, 2002, Westar Energy completed offerings for \$365 million of its first mortgage bonds and \$400 million of its unsecured senior notes, both of which will be due on May 1, 2007. The first mortgage bonds bear interest at an annual rate of 7 7/8% and the unsecured senior notes bear interest at an annual rate of 9 3/4%. Interest on the first mortgage bonds and unsecured senior notes is payable semi-annually on May 1 and November 1 of each year, beginning on November 1, 2002. The net proceeds from these offerings were used to repay outstanding indebtedness of \$547 million under Westar Energy's existing secured bank term loan, provide for the repayment of \$100 million of Westar Energy's 7.25% first mortgage bonds due August 15, 2002 together with accrued interest, reduce the outstanding balance on Westar Energy's existing secured revolving credit facility and pay fees and expenses of the transactions. In conjunction with the May 10, 2002 financing, Westar Energy amended its secured revolving credit facility to reduce the total commitment under the facility to \$400 million from \$500 million and to release another \$100 million of Westar Energy's first mortgage bonds from collateral.

On June 6, 2002, Westar Energy entered into a secured credit agreement providing for a \$585 million term loan and a \$150 million revolving credit facility, each maturing on June 6, 2005, provided that if Westar Energy has not refinanced or provided for the payment of its 6.25% senior unsecured notes that are puttable and callable on August 15, 2003, or its 6.875% senior unsecured notes due August 15, 2004, at least 60 days prior to either such date, the maturity date is the date 60 days

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prior to either such date. As of August 8, 2002, \$166.6 million principal amount of Westar Energy's senior unsecured notes and \$305.5 million principal amount of Westar Energy's 6.875% senior unsecured notes were outstanding. All loans under the credit agreement are secured by our first mortgage bonds. The proceeds of the term loan were used to retire an existing Westar Energy revolving credit facility with an outstanding principal balance of \$380 million, to provide for the repayment at maturity of \$135 million principal amount of our first mortgage bonds due December 15, 2003 together with accrued interest, to repurchase approximately \$45 million of Westar Energy's outstanding unsecured notes and to pay customary fees and expenses of the transactions. There were no borrowings under the revolving credit facility at closing. As of August 8, 2002, Westar Energy's borrowings under the revolving credit facility were \$107 million.

On July 25, 2002, Westar Energy and we entered into an amendment to the agreement related to our accounts receivable securitization that extended the term for an additional year and eliminated Westar Energy's right to increase the amount of the accounts receivable Westar Energy and we had a right to sell during certain periods from \$125 million to \$175 million. See Note 4 of the Notes to Consolidated Financial Statements in our 2001 Form 10-K for additional information about the accounts receivable securitization.

Under GAAP, we are required to continue reporting as outstanding debt on our consolidated balance sheets the \$135 million principal amount of our first mortgage bonds due December 15, 2003, until the funds deposited with the trustee are used to retire such bonds at maturity. The cash deposited with the trustee is included in restricted cash on our consolidated balance sheet and can only be used for the purpose of repaying this indebtedness and related interest.

The table below shows changes from our 2001 Form 10-K, in the projected future cash payments for our contractual obligations for long-term debt existing at June 30, 2002:

At June 30, 2002:

	Total	July 1, 2002 through December 31, 2002	2003	2004	2005–2006	Thereafter
Contractual Obligations						
Long-term debt	\$ 684,424	\$ —	\$ 135,000	\$ —	\$ 165,000	\$ 384,424
Restricted cash deposited with the trustee for defeasance (a)	(135,000)	—	(135,000)	—	—	—
Adjusted long-term debt	\$ 549,424	\$ —	\$ —	\$ —	\$ 165,000	\$ 384,424

(a) See Note 2 of the "Notes to Consolidated Financial Statements" for description of funds deposited with trustee for repayment of debt.

OTHER INFORMATION

Competition and Deregulation

As reported in our 2001 Form 10-K, the Southwest Power Pool (SPP) and the Midwest Independent System Operator (MISO) agreed in October 2001 to consolidate and form a regional transmission organization (RTO). On May 30, 2002, FERC approved the planned merger. The merger order requires MISO and SPP to file a revised consolidated open-access transmission tariff by November 1, 2002. This new organization will operate our transmission system as part of an interconnected transmission system encompassing over 120,000 MW of generation capacity located in 20 states. MISO collects revenues attributable to the use of each member's transmission system, and each member is able to transmit power purchased, generated for sale or bought for resale in the wholesale market, throughout the entire MISO system. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Information—Electric Utility—Competition and Deregulation," in our 2001 Form 10-K.

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Market Risk Disclosure

We are exposed to market risk, including market changes, changes in commodity prices and interest rates. Since December 31, 2001, we have not experienced any significant changes in our exposure to market risk. For additional information on our market risk, see our 2001 Form 10-K.

Hedging Activity

The following table summarizes the effects natural gas hedges had on our financial position and results of operations for the three and six months ended June 30, 2002:

	Natural gas Hedges(a)
	(Dollars in Thousands)
Three Months Ended June 30, 2002:	
Fair value of derivative instruments:	
Current	\$ 1,123
Long-term	3,228
Total	\$4,351
Change in amounts in accumulated other comprehensive income	\$ 3,601
Adjustment for losses included in net income	823
Change in estimated income tax expense	(1,666)
Net Comprehensive Gain	\$ 2,758
Anticipated reclassifications to earnings in the next 12 months (b)	\$ 1,123
Duration of hedge designation as of June 30, 2002	25 months
	Natural gas Hedges(a)
	(Dollars in Thousands)
Six Months Ended June 30, 2002:	
Fair value of derivative instruments:	
Current	\$ 1,123
Long-term	3,228
Total	\$ 4,351
Change in amounts in accumulated other comprehensive income	\$16,733
Adjustment for losses included in net income	1,488
Change in estimated income tax expense	(7,248)
Net Comprehensive Gain	\$10,973
Anticipated reclassifications to earnings in the next 12 months(b)	\$ 1,123
Duration of hedge designation as of June 30, 2002	25 months

- (a) Natural gas hedge assets and liabilities are classified in the balance sheet as energy trading contracts. Due to the volatility of gas commodity prices, it is probable that gas prices will increase and decrease over the remaining 25 months that these relationships are in place.
- (b) The actual amounts that will be reclassified to earnings could vary materially from this estimated amount due to changes in market conditions.

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Fair Value of Energy Trading Contracts

The tables below show the difference between the market value and the notional values of energy trading contracts outstanding for the six months ended June 30, 2002, their sources and maturity periods:

	Fair Value of Contracts	
	(In Thousands)	
Net fair value of contracts outstanding at the beginning of the period	\$	(11,213)
Less contracts realized or otherwise settled during the period		(171)
Fair value of new contracts entered into during the period		14,109
Fair value of contracts outstanding at the end of the period	\$	3,067

Source of Fair Value	Fair Value of Contracts at End of Period				
	Total Fair Value	Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years
	(In Thousands)				
Prices actively quoted (futures)	\$ —	\$ —	\$ —	\$ —	\$ —
Prices provided by other external sources (swaps and forwards)	4,106	1,264	2,842	—	—
Prices based on models and other valuation models (options and other)	(1,039)	(1,010)	(29)	—	—
Total fair value of contracts outstanding	\$ 3,067	\$ 254	\$ 2,813	\$ —	\$ —

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information relating to the market risk disclosure is set forth in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Other Information—Market Risk Disclosure” which is incorporated herein by reference.

KANSAS GAS AND ELECTRIC COMPANY

PART II. Other Information

ITEM 1. LEGAL PROCEEDINGS

Information regarding legal proceedings is set forth in Note 8 in the “Notes to Consolidated Financial Statements” included in Part 1, Item 1 of this report. The disclosure set forth in Note 8, “Legal Proceedings” is incorporated herein by reference.

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

Information required by Item 4 is omitted pursuant to General Instruction H(2)(b) to Form 10-Q.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

- 4.1 — Forty-First Supplemental Indenture dated June 6, 2002 between Kansas Gas and Electric Company and BNY Midwest Trust Company, as Trustee.
- 99.1 — Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K filed during the three months ended June 30, 2002: None

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.

KANSAS GAS AND ELECTRIC COMPANY

Date: August 14, 2002

By: /s/ PAUL R. GEIST

Paul R. Geist, Vice President and Treasurer
(Principal Financial and Accounting Officer)

=====
KANSAS GAS AND ELECTRIC COMPANY

TO

BNY MIDWEST TRUST COMPANY
(successor to Harris Trust and Savings Bank)

and

JUDITH L. BARTOLINI
(successor to W. A. Spooner, Henry A. Theis, Oliver R. Brooks,
Wesley L. Baker, Edwin F. McMichael and R. Amundsen)

as Trustees under Kansas Gas and Electric Company's
Mortgage and Deed of Trust, Dated as of April 1, 1940

FORTY-FIRST SUPPLEMENTAL INDENTURE

Providing, among other things, for

First Mortgage Bonds, 8% Series Due 2005

Dated as of June 6, 2002
=====

FORTY-FIRST SUPPLEMENTAL INDENTURE

INDENTURE, dated as of June 6, 2002, between KANSAS GAS AND ELECTRIC COMPANY, a corporation of the State of Kansas (formerly named KCA Corporation and successor by merger to Kansas Gas and Electric Company, a corporation of the State of Kansas, hereinafter sometimes called the "Company-Kansas"), whose post office address is 120 East First Street, Wichita, Kansas 67202 (hereinafter sometimes called the "Company"), and BNY Midwest Trust Company, a corporation of the State of Illinois, whose post office address is 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602 (successor to Harris Trust and Savings Bank (the "Corporate Trustee")), and JUDITH L. BARTOLINI (successor to W.A. Spooner, Henry A. Theis, Oliver R. Brooks, Wesley L. Baker, Edwin F. McMichael and R. Amundsen, and being hereinafter sometimes called the "Individual Trustee"), whose post office address is 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602 (the Corporate Trustee and the Individual Trustee being hereinafter together sometimes called the "Trustees"), as Trustees under the Mortgage and Deed of Trust, dated as of April 1, 1940 (hereinafter called the "Mortgage"), which Mortgage was executed and delivered by Kansas Gas and Electric Company, a corporation of the State of West Virginia to which the Company-Kansas was successor by merger (hereinafter sometimes called the "Company-West Virginia"), to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this Indenture (hereinafter sometimes called the "Forty-first Supplemental Indenture") being supplemental thereto;

WHEREAS, the Company-West Virginia caused the Mortgage to be filed for record as a mortgage of real property and as a chattel mortgage in the offices of the Registers of Deeds in various counties in the State of Kansas, and on April 25, 1940 paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Mortgage was first filed for record, the sum of \$40,000 in payment of the Kansas mortgage registration tax as provided by Section 79-3101 et seq., General Statutes of Kansas 1935; and

WHEREAS, by the Mortgage, the Company-West Virginia covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Mortgage any property thereafter acquired, intended to be subject to the lien thereof; and

WHEREAS, an instrument, dated May 31, 1949, was executed by the Company-West Virginia appointing Oliver R. Brooks as Individual Trustee in succession to said Henry A. Theis, resigned, under the Mortgage, and by Oliver R. Brooks accepting the appointment as Individual Trustee under the Mortgage in succession to said Henry A. Theis, which instrument was filed for record in the offices of the Registers of Deeds in various counties in the State of Kansas; and

WHEREAS, an instrument, dated March 3, 1958, was executed by the Company-West Virginia appointing Wesley L. Baker as Individual Trustee in succession to said Oliver R. Brooks, resigned, under the Mortgage, and by Wesley L. Baker accepting the appointment as Individual Trustee

under the Mortgage in succession to said Oliver R. Brooks, which instrument was filed for record in the offices of the Registers of Deeds in various counties in the State of Kansas; and

WHEREAS, an instrument, dated November 20, 1969, was executed by the Company-West Virginia appointing Edwin F. McMichael as Individual Trustee in succession to said Wesley L. Baker, resigned, under the Mortgage, and by Edwin F. McMichael accepting the appointment as Individual Trustee under the Mortgage in succession to said Wesley L. Baker, which instrument was filed for record in the offices of the Registers of Deeds in various counties in the State of Kansas; and

WHEREAS, by the Twenty-seventh Supplemental Indenture mentioned below, the Company-Kansas, among other things, appointed R. Amundsen as Individual Trustee in succession to said Edwin F. McMichael, resigned, under the Mortgage, and by R. Amundsen accepting the appointment as Individual Trustee under the Mortgage in succession to said Edwin F. McMichael; and

WHEREAS, by the Thirty-second Supplemental Indenture mentioned below, the Company-Kansas, among other things, appointed W. A. Spooner as Individual Trustee in succession to said R. Amundsen, resigned, under the Mortgage, and by W. A. Spooner accepting the appointment as Individual Trustee under the Mortgage in succession to said R. Amundsen; and

WHEREAS, by the Fortieth Supplemental Indenture mentioned below, the Company-Kansas, among other things, appointed Judith L. Bartolini as Individual Trustee in succession to said W.A. Spooner resigned, under the Mortgage, and by Judith L. Bartolini accepting the appointment as Individual Trustee under the Mortgage in succession to said W.A. Spooner; and

WHEREAS, the Company-West Virginia executed and delivered to the Trustees a First Supplemental Indenture, dated as of June 1, 1942 (which supplemental indenture is hereinafter sometimes called the "First Supplemental Indenture"); and

WHEREAS, the Company-West Virginia caused the First Supplemental Indenture to be filed for record as a mortgage of real property and as a chattel mortgage in the offices of the Registers of Deeds in various counties in the State of Kansas, but paid no mortgage registration tax in connection with the recordation of the First Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-West Virginia executed and delivered to the Trustees the following supplemental indentures:

Designation -----	Dated as of -----
Second Supplemental Indenture	March 1, 1948
Third Supplemental Indenture	December 1, 1949
Fourth Supplemental Indenture	June 1, 1952
Fifth Supplemental Indenture	October 1, 1953
Sixth Supplemental Indenture	March 1, 1955
Seventh Supplemental Indenture	February 1, 1956
Eighth Supplemental Indenture	January 1, 1961

Ninth Supplemental Indenture	May 1, 1966
Tenth Supplemental Indenture	March 1, 1970
Eleventh Supplemental Indenture	May 1, 1971
Twelfth Supplemental Indenture	March 1, 1972

which supplemental indentures are hereinafter sometimes called the Second through Twelfth Supplemental Indentures, respectively; and

WHEREAS, the Company-West Virginia caused the Second through Eighth Supplemental Indentures to be filed for record as a mortgage of real property and as a chattel mortgage in the offices of the Registers of Deeds in various counties in the State of Kansas, and caused the Ninth through Twelfth Supplemental Indentures to be filed for record as a mortgage of real property in the offices of the Registers of Deeds in various counties in the State of Kansas and as a chattel mortgage in the Office of the Secretary of State of Kansas, and on the following dates paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Second through Twelfth Supplemental Indentures were first filed for record as a mortgage of real property, the following amounts:

Date ----	Amount -----
March 30, 1948	\$12,500
December 7, 1949	7,500
June 17, 1952	30,000
October 21, 1953	25,000
March 22, 1955	25,000
March 5, 1956	17,500
January 24, 1961	17,500
May 17, 1966	40,000
March 10, 1970	87,500
May 19, 1971	87,500
March 23, 1972	62,500

such amounts being in payment of the Kansas mortgage registration tax as provided by the then currently applicable sections of the statutes of the State of Kansas in effect on those dates; and

WHEREAS, the Company-West Virginia was merged into the Company-Kansas on May 31, 1973; and

WHEREAS, in order to evidence the succession of the Company-Kansas to the Company-West Virginia and the assumption by the Company-Kansas of the covenants and conditions of the Company-West Virginia in the bonds and in the Mortgage contained, and to enable the Company-Kansas to have and exercise the powers and rights of the Company-West Virginia under the Mortgage in accordance with the terms thereof, the Company-Kansas executed and delivered to the Trustees a Thirteenth Supplemental Indenture, dated as of May 31, 1973 (which supplemental indenture is hereinafter sometimes called the "Thirteenth Supplemental Indenture"); and

WHEREAS, the Company-Kansas caused the Thirteenth Supplemental Indenture to be filed for record as a mortgage of real property in the offices of the Registers of Deeds in various counties in the State of Kansas and as a chattel mortgage in the Office of the Secretary of State of Kansas, but paid no mortgage registration tax in connection with the recordation of the Thirteenth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas executed and delivered to the Trustees the following supplemental indentures:

Designation -----	Dated as of -----
Fourteenth Supplemental Indenture	July 1, 1975
Fifteenth Supplemental Indenture	December 1, 1975
Sixteenth Supplemental Indenture	September 1, 1976
Seventeenth Supplemental Indenture	March 1, 1977
Eighteenth Supplemental Indenture	May 1, 1977
Nineteenth Supplemental Indenture	August 1, 1977
Twentieth Supplemental Indenture	March 15, 1978
Twenty-first Supplemental Indenture	January 1, 1979
Twenty-second Supplemental Indenture	April 1, 1980
Twenty-third Supplemental Indenture	July 1, 1980
Twenty-fourth Supplemental Indenture	August 1, 1980
Twenty-fifth Supplemental Indenture	June 1, 1981
Twenty-sixth Supplemental Indenture	December 1, 1981
Twenty-seventh Supplemental Indenture	May 1, 1982
Twenty-eighth Supplemental Indenture	March 15, 1984
Twenty-ninth Supplemental Indenture	September 1, 1984
Thirtieth Supplemental Indenture	September 1, 1984
Thirty-first Supplemental Indenture	February 1, 1985
Thirty-second Supplemental Indenture	April 15, 1986
Thirty-third Supplemental Indenture	June 1, 1991
Thirty-fourth Supplemental Indenture	March 31, 1992
Thirty-fifth Supplemental Indenture	December 17, 1992
Thirty-sixth Supplemental Indenture	August 12, 1993
Thirty-seventh Supplemental Indenture	January 15, 1994
Thirty-eighth Supplemental Indenture	March 1, 1994
Thirty-ninth Supplemental Indenture	April 15, 1994
Fortieth Supplemental Indenture	June 28, 2000

which supplemental indentures are hereinafter sometimes called the Fourteenth through Fortieth Supplemental Indentures, respectively; and

WHEREAS, the Company-Kansas caused the Fourteenth Supplemental Indenture to be filed for record as a mortgage of real property in the offices of the Registers of Deeds in various counties in the State of Kansas and as a chattel mortgage in the Office of the Secretary of State of Kansas; and

WHEREAS, the Company-Kansas caused the Fifteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 10, 1975, Film 169, page 363), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on December 10, 1975 and indexed as No. 325,911); and

WHEREAS, the Company-Kansas caused the Sixteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 29, 1976, Film 21 1, page 363), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 29, 1976 and indexed as No. 363,835); and

WHEREAS, the Company-Kansas caused the Seventeenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 16, 1977, Film 234, page 492), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on March 1, 1977 and indexed as No. 384,759); and

WHEREAS, the Company-Kansas caused the Eighteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on May 26, 1977, Film 246, page 655), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on May 26, 1977 and indexed as No. 394,573); and

WHEREAS, the Company-Kansas caused the Nineteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 31, 1977, Film 263, page 882), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 1, 1977 and indexed as No. 406,577); and

WHEREAS, the Company-Kansas caused the Twentieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 29, 1978, Film 297, pages 635-656), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on March 30, 1978 and indexed as No. 434,072); and

WHEREAS, the Company-Kansas caused the Twenty-first Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on January 9, 1979, Film 345, page 648), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on January 10, 1979 and indexed as No. 470,851); and

WHEREAS, the Company-Kansas caused the Twenty-second Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on April 2, 1980, Film 413, page 1,468), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on April 3, 1980 and indexed as No. 533,415); and

WHEREAS, the Company-Kansas caused the Twenty-third Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on July 1, 1980, Film 425, page 1,003), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on July 2, 1980 and indexed as No. 546,185); and

WHEREAS, the Company-Kansas caused the Twenty-fourth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 28, 1980, Film 435, page 266), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on August 29, 1980 and indexed as No. 554,543); and

WHEREAS, the Company-Kansas caused the Twenty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 30, 1981, Film 483, page 1,512), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on June 30, 1981 and indexed as No. 601,270); and

WHEREAS, the Company-Kansas caused the Twenty-sixth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 30, 1981, Film 510, page 300), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on December 31, 1981 and indexed as No. 628,293); and

WHEREAS, the Company-Kansas caused the Twenty-seventh Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on May 6, 1982, Film 526, page 1,141), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on May 7, 1982 and indexed as No. 650,115); and

WHEREAS, the Company-Kansas caused the Twenty-eighth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 22, 1984, Film 645, page 1,524), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on March 23, 1984 and indexed as No. 796,449); and

WHEREAS, the Company-Kansas caused the Twenty-ninth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 5, 1984, Film 681, page 763), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 6, 1984 and indexed as No. 852,425); and

WHEREAS, the Company-Kansas caused the Thirtieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 12, 1984, Film 682, page 1,087), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 13, 1984 and indexed as No. 854,284); and

WHEREAS, the Company-Kansas caused the Thirty-third Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 18, 1991, Film 1177, page 0876), and as a security agreement in the Office of Secretary of State of Kansas (filed on June 18, 1991 and indexed as No. 1,693,446); and

WHEREAS, the Company-Kansas caused the Fortieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kan-

sas (filed on June 28, 2000, Film 2062, page 0053), and as a security agreement in the Office of Secretary of State of Kansas (filed on June 28, 2000, and indexed as No. 3756913); and

WHEREAS, the Company on the following dates paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Fourteenth through Thirtieth Supplemental Indentures, the Thirty-third Supplemental Indenture and the Fortieth Supplemental Indenture were first filed for record as a mortgage of real property, the following amounts:

Date ----	Amount -----
July 2, 1975	\$100,000
December 10, 1975	48,750
September 29, 1976	62,500
March 16, 1977	62,500
May 26, 1977	25,000
August 31, 1977	6,100
March 29, 1978	62,500
January 9, 1979	36,250
April 2, 1980	67,500
July 1, 1980	37,500
August 28, 1980	63,750
June 30, 1981	75,000
December 30, 1981	62,500
May 6, 1982	100,000
March 22, 1984	93,750
September 5, 1984	75,000
September 12, 1984	50,000
June 18, 1991	334,100
June 28, 2000	1,780,538.50

such amounts being in payment of the Kansas mortgage registration tax as provided by the then currently applicable sections of the statutes of the State of Kansas in effect on those dates; and

WHEREAS, the Company-Kansas caused the Thirty-first Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 1, 1985, Film 707, page 378), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on February 4, 1985 and indexed as No. 895,468), but paid no mortgage registration tax in connection with the recordation of the Thirty-first Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas caused the Thirty-second Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on April 16, 1986, Film 791, page 1,336), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on April 17, 1986 and indexed as No. 1,048,212), but

paid no mortgage registration tax in connection with the recordation of the Thirty-second Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, in order to evidence the succession of the Company to the Company-Kansas and the assumption by the Company of the covenants and conditions of the Company-Kansas in the bonds and in the Mortgage contained, and to enable the Company to have and exercise the powers and rights of the Company-Kansas under the Mortgage in accordance with the terms thereof, the Company executed and delivered to the Trustees a Thirty-fourth Supplemental Indenture, dated as of March 31, 1992 (which supplemental indenture is hereinafter sometimes called the "Thirty-fourth Supplemental Indenture"); and

WHEREAS, the Company-Kansas caused the Thirty-fourth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 31, 1992, Film 1236, page 987), and as a security agreement in the Office of Secretary of State of Kansas (filed on March 31, 1992 and indexed as No. 1,780,893), but paid no mortgage registration tax in connection with the recordation of the Thirty-fourth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Thirty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 16, 1992, Film 301, page 0104), and as a security agreement in the Office of Secretary of State of Kansas (filed on December 16, 1992 and indexed as No. 1,861,886), but paid no mortgage registration tax in connection with the recordation of the Thirty-fifth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas caused the Thirty-sixth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 10, 1993, Film 1364, page 0515), and as a security agreement in the Office of Secretary of State of Kansas (filed on August 11, 1993 and indexed as No. 1,936,501), but paid no mortgage registration tax in connection with the recordation of the Thirty-sixth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas caused the Thirty-seventh Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on January 18, 1994, Film 1411, page 0710), and as a security agreement in the Office of Secretary of State of Kansas (filed on January 18, 1994 and indexed as No. 1,985,104), but paid no mortgage registration tax in connection with the recordation of the Thirty-seventh Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas caused the Thirty-eighth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 28, 1994, Film 1422, page 1046), and as a security agreement in the Office of Secretary of State of Kansas (filed on February 28, 1994 and indexed as No. 1,997,743), but paid no mortgage registration tax in connection with the recordation of the Thirty-eighth Supplemental Indenture, no such tax having been payable in connection with such recordation;

WHEREAS, the Company-Kansas caused the Thirty-ninth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on April 27, 1994, Film 1440, page 855), and as a security agreement in the Office of Secretary of State of Kansas (filed on April 27, 1994 and indexed as No. 1,377,915), but paid no mortgage registration tax in connection with the recordation of the Thirty-ninth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-West Virginia, the Company-Kansas or the Company has from time to time caused to be filed in the respective offices of the above-mentioned Registers of Deeds and Secretary of State affidavits executed by the Trustees under the Mortgage, preserving and continuing the lien thereof either as a chattel mortgage in accordance with the provisions of K.S.A. 58-303 (Section 58-303 of the General Statutes of Kansas 1935) or as a security agreement under the provisions of K.S.A. 84-9-401 et seq.; and

WHEREAS, in addition to the aforesaid filings for record in the respective offices of the above-mentioned Registers of Deeds, the Company-West Virginia, the Company-Kansas or the Company has filed copies of the Mortgage and the First through Fortieth Supplemental Indentures, certified as true by it, with the Secretary of State of Kansas; and

WHEREAS, the Company-West Virginia, the Company-Kansas or the Company has heretofore issued, in accordance with the provisions of the Mortgage, as heretofore supplemented, the following series of First Mortgage Bonds:

Series -----	Principal Amount Issued -----	Principal Amount Outstanding -----
3-3/8% Series due 1970	\$16,000,000	None
3-1/8% Series due 1978	5,000,000	None
2-3/4% Series due 1979	3,000,000	None
3-3/8% Series due 1982	12,000,000	None
3-5/8% Series due 1983	10,000,000	None
3-3/8% Series due 1985	10,000,000	None
3-3/8% Series due 1986	7,000,000	None
4-5/8% Series due 1991	7,000,000	None
5-5/8% Series due 1996	16,000,000	None
8-1/2% Series due 2000	35,000,000	None
8-1/8% Series due 2001	35,000,000	None
7-3/8% Series due 2002	25,000,000	None
9-5/8% Series due 2005	40,000,000	None
6% Series due 1985	7,000,000	None
7-3/4% Series due 2005	12,500,000	None
8-3/8% Series due 2006	25,000,000	None
8-1/2% Series due 2007	25,000,000	None
6% Series due 2007	10,000,000	None

Series -----	Principal Amount Issued -----	Principal Amount Outstanding -----
5-7/8% Series due 2007	21,940,000	None
8-7/8% Series due 2008	30,000,000	None
6.80% Series due 2004	14,500,000	None
16-1/4% Series due 1987	30,000,000	None
6-1/2% Series due 1983	15,000,000	None
7-1/4% Series due 1983	25,500,000	None
14-7/8% Series due 1987-1991	30,000,000	None
16% Series due 1996	25,000,000	None
15-3/4% Series due 1989	40,000,000	None
13-1/2% Series due 1989	100,000,000	None
14.05% Series due 1991	30,000,000	None
14-1/8% Series due 1991	20,000,000	None
10-7/8% Series due 1987	30,000,000	None
9-3/4% Series due 2016	50,000,000	None
7.00% Series A due 2031	18,900,000	18,900,000
7.00% Series B due 2031	308,600,000	308,600,000
7.60% Series due 2003	135,000,000	None
6-1/2% Series due 2005	65,000,000	65,000,000
6.20% Series due 2006	100,000,000	100,000,000
5.10% Series due 2023	13,982,500	13,492,500
7-1/2% Series A due 2032	14,500,000	14,500,000
7-1/2% Series B due 2027	21,940,000	21,940,000
7-1/2% Series C due 2032	10,000,000	10,000,000
9-1/2% Series due 2003	600,000,000	None

hereinafter sometimes called Bonds of the First through Fortieth Series; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to the coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any fur-

ther covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may cure any ambiguity contained therein or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create a new series of bonds; and

WHEREAS, the execution and delivery by the Company of this Forty-first Supplemental Indenture, and the terms of the Bonds of the 2005 Series, hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That Kansas Gas and Electric Company, in consideration of the premises and of One Dollar (\$1) to it duly paid by the Trustees at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustees and in order further to secure the payment both of the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto BNY Midwest Trust Company and to Judith L. Bartolini, as Trustees under the Mortgage, and to their successor or successors in said trust, and to said Trustees and their successors and assigns forever, all property, real, personal and mixed, acquired by the Company after the date of the execution and delivery of the Mortgage, in addition to property covered by the First through the Fortieth Supplemental Indentures (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by the Company and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Forty-first Supplemental Indenture) all lands, flowage rights, water rights, flumes, raceways, dams, rights of way and roads; all steam and power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, steam heat and hot water plants, lines, service and supply systems, bridges, culverts, tracks, rolling stock, ice or refrigeration plants and equipment, street and interurban railway systems, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, electric and gas machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture, chattels and chooses in action; all municipal and other franchises; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose, including poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands,

easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted), all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of Section 87 of the Mortgage, all the property, rights and franchises acquired by the Company after the date hereof (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), shall be as fully embraced within the lien hereof and the lien of the Mortgage, as if such property, rights and franchises were now owned by the Company and were specifically described herein and conveyed hereby.

PROVIDED that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this Forty-first Supplemental Indenture and from the lien and operation of the Mortgage, viz.: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; vehicles and automobiles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; and (4) electric energy, and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage and this Forty-first Supplemental Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event that either or both of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XII of the Mortgage by reason of the occurrence of a Default as defined in said Article XII.

THERE is expressly excepted from the lien of the Mortgage and from the lien hereof all property of the Company located in the State of Missouri now owned or hereafter acquired unless such property in the State of Missouri shall be subjected to the lien of the Mortgage by an indenture or indentures supplemental thereto, pursuant to authorization by the Board of Directors of the Company.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto the Trustees, their successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as supplemented, this Forty-first Supplemental Indenture being supplemental thereto.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and Trustees and the beneficiaries of the trust with respect to said property, and to the Trustees and their successors as Trustees of said property in the same manner and with the same effect as if the said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to the Trustees by the Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustees and their successors in said trust under the Mortgage, as follows:

ARTICLE I

2005 SERIES OF BONDS

SECTION 1. (I) There shall be a series of bonds designated 8% Series due 2005 (herein sometimes referred to as the "Bonds of the 2005 Series"), each of which shall also bear the descriptive title, First Mortgage Bond, and the form thereof, which is established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Article I specified. Bonds of the 2005 Series shall be limited to \$735,000,000 in aggregate principal amount, except as provided in Section 16 of the Mortgage, shall mature on June 6, 2005, and shall be issued as fully registered bonds in denominations of Five Thousand Dollars and in any multiple or multiples of Five Thousand Dollars. Bonds of the 2005 Series shall bear interest at the rate of eight percent (8%) per annum payable (subject to the second paragraph of Section 1(III)) on the interest payment dates for the Loans (as defined below). Every Bond of the 2005 Series shall bear interest from each interest payment date for the Loans next preceding the date thereof, unless no interest has been paid on this Bond in which case from June 6, 2002. The principal of and interest on Bonds of the 2005 Series shall be payable at the office or agency of the Company in the Borough of Manhattan, City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the 2005 Series shall be dated as in Section 10 of the Mortgage provided.

(II) Bonds of the 2005 Series are redeemable prior to maturity only upon demand therefor by the Collateral Agent. To effect the redemption of Bonds of the 2005 Series, the Collateral Agent shall deliver to the Trustee (and deliver a copy thereof to the Company) a written demand (hereinafter

referred to as a "Redemption Demand") for the redemption of Bonds of the 2005 Series, signed by an authorized officer and dated the date of its delivery to the Corporate Trustee, stating (i) that an Event of Default (as defined in the Collateral Agreement) has occurred and is continuing, (ii) that there are not sufficient available funds held by the Collateral Agent pursuant to the Collateral Agreement to make all payments required as a result of such Event of Default, (iii) the amount of funds, in addition to available funds held by the Collateral Agent pursuant to the Collateral Agreement, required to make such payments, and (iv) the principal amount of Bonds of the 2005 Series the Collateral Agent demands to have redeemed and the redemption date therefor which date should be at least thirty-one (31) days after the date of such Redemption Demand (provided, such principal amount shall not exceed the amount of funds specified pursuant to the foregoing clause (iii)). The Trustee may conclusively presume the statements contained in the Redemption Demand to be correct. Redemption of Bonds of the 2005 Series shall in all cases be at a price equal to the principal amount of the Bonds to be redeemed together with accrued interest to the redemption date, and such amount shall become and be due and payable on the redemption date.

The Company hereby covenants that if a Redemption Demand shall be delivered to the Corporate Trustee, the Company will deposit, on or before the redemption date, with the Corporate Trustee, in accordance with Article X of the Mortgage, an amount in cash sufficient to redeem the Bonds of the 2005 Series so called for redemption.

(III) All Bonds of the 2005 Series shall be issued and pledged by the Company to the Collateral Agent pursuant to a Collateral and Guarantee Agreement dated as of June 6, 2002 among the Company, Western Resources, Inc. ("WRI") and JPMorgan Chase Bank (in such capacity, the "Collateral Agent") to secure the payment of the principal of, and up to 8% per annum of the interest on any of the loans issued pursuant to the \$735,000,000 Credit Agreement, dated as of June 6, 2002 among WRI, JPMorgan Chase Bank, as administrative agent, and the lenders party thereto, (the "Credit Agreement" and the loans thereunder are referred to collectively as the "Loans").

The obligation of the Company to make payments with respect to the principal of and interest on Bonds of the 2005 Series (including without limitation upon maturity thereof) shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the Loans shall have been fully or partially paid, or there shall be held by the Collateral Agent pursuant to the Collateral Agreement sufficient available funds to fully or partially pay the then due principal of and interest on the Loans. Notwithstanding any other provisions of this Supplemental Indenture or the Mortgage, interest on the Bonds of the 2005 Series shall be deemed fully or partially satisfied and discharged as provided herein even if the interest rate on Bonds of the 2005 Series may be higher or lower than the interest rate on any of the Loans at the time interest on any such Loans is paid. The Corporate Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on Bonds of the 2005 Series shall have been fully satisfied and discharged unless and until the Corporate Trustee shall have received a written notice from the Collateral Agent, signed by an authorized officer, stating (i) that timely payment of the principal of or interest on the Loans required to be made by the Company has not been made, (ii) that there are not sufficient available funds held by the Collateral Agent pursuant to the Collateral Agreement to make such payment and

(iii) the amount of funds, in addition to available funds held by the Collateral Agent pursuant to the Collateral Agreement, required to make such payment.

(IV) At the option of the registered owner, any Bonds of the 2005 Series, upon surrender thereof, for cancellation, at the office or agency of the Company in the Borough of Manhattan, City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations. The Bonds of the 2005 Series may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage with respect thereto.

(V) Bonds of the 2005 Series shall be transferable upon the surrender thereof, for cancellation together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, City of New York.

ARTICLE II

MISCELLANEOUS PROVISIONS

SECTION 1. All Bonds of the 2005 Series acquired by the Company shall forthwith be delivered to the Corporate Trustee for cancellation.

SECTION 2. Subject to the amendments provided for in this Forty-first Supplemental Indenture, the terms defined in the Mortgage, as heretofore supplemented, shall, for all purposes of this Forty-first Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore supplemented.

SECTION 3. The Trustees hereby accept the trusts herein declared, provided, created or supplemented and agree to perform the same upon the terms and conditions set forth herein and in the Mortgage, as heretofore amended and supplemented, and upon the following terms and conditions:

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

SECTION 4. Subject to the provisions of Article XV and Article XVI of the Mortgage, as heretofore amended and supplemented, whenever in this Forty-first Supplemental Indenture any of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Forty-first Supplemental

Indenture contained by or on behalf of the Company or by or on behalf of the Trustees shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

SECTION 5. Nothing in this Forty-first Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Forty-first Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Forty-first Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

SECTION 6. The Company reserves the right, subject to appropriate corporate action, but without any consent or other action by holders of Bonds of the 2005 Series, or of any subsequent series of bonds, to make such amendments to the Mortgage, as supplemented, as shall be necessary in order to (A) permit the issuance of additional Prior Lien Bonds other than to the Corporate Trustee (i) in a principal amount not to exceed the principal amount of Bonds which could then be issued on the basis of Property Additions under the Mortgage or (ii) upon the redemption or retirement of Prior Lien Bonds secured by such Prior Lien, (B) to remove the requirement that Prior Lien Bonds be issued to the Corporate Trustee, (C) remove the provisions of Article V which eliminate from the calculation of unfunded net Property Additions available for issuance of Bonds the amount of any Property Additions subject to a Prior Lien if the aggregate amount of Outstanding Prior Lien Bonds is 15% or more of the sum of the Outstanding Bonds and Prior Lien Bonds, and (D) make such other amendments to the Mortgage as may be necessary or desirable in the opinion of the Company to effect the foregoing.

SECTION 7. This Forty-first Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, KANSAS GAS AND ELECTRIC COMPANY has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by Paul R. Geist, its Vice President and Treasurer, and its corporate seal to be attested by Larry D. Irick, its Secretary for and in its behalf, BNY MIDWEST TRUST COMPANY has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by D.G. Donovan, its Assistant Vice President, and its corporate seal to be attested by C. Potter, one of its Assistant Secretaries for and in its behalf, and Judith L. Bartolini has hereunto set her hand, all as of the day and year first above written.

KANSAS GAS AND ELECTRIC COMPANY

By: /s/ Paul R. Geist

Paul R. Geist
Vice President and Treasurer

Attest:

/s/ Larry D. Irick

Larry D. Irick
Secretary

Executed, sealed and delivered by
KANSAS GAS AND ELECTRIC COMPANY,
in the presence of:

/s/ Peggy S. Wettengel

Peggy S. Wettengel

/s/ Kathy J. Beach

Kathy J. Beach

BNY MIDWEST TRUST COMPANY, as
Trustee

By: /s/ D.G. Donovan

Vice President

Attest:

/s/ C. Potter

Assistant Secretary

/s/ Judith L. Bartolini

(Judith L. Bartolini)

Executed, sealed and delivered by
BNY MIDWEST TRUST COMPANY
and JUDITH L. BARTOLINI, in the
presence of:

/s/ Hernandez A. Hernandez

/s/ K. Gibson

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

BE IT REMEMBERED, that on this 6th day of June, A.D. 2002, before me, the undersigned, a Notary Public within and for the County and State aforesaid, came Paul R. Geist, the Vice President and Treasurer of KANSAS GAS AND ELECTRIC COMPANY, a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by order of the Board of Directors of said corporation.

On this 6th day of June, 2002, before me appeared Larry D. Irick, to me personally known, who being by me duly sworn did say that he is the Secretary of KANSAS GAS AND ELECTRIC COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Larry D. Irick acknowledged said instrument to be the free act and deed of said corporation.

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

/s/ Patti Beasley

NOTARY PUBLIC -- STATE OF KANSAS
MY APPOINTMENT EXPIRES November 18, 2004

STATE OF ILLINOIS)
 : ss.:
COUNTY OF COOK)

BE IT REMEMBERED, that on this 6th day of June, A.D. 2002, before me, the undersigned, a Notary Public within and for the County and State aforesaid, came D.G. Donovan, an Assistant Vice President of BNY Midwest Trust Company, a corporation, duly organized, incorporated and existing under the laws of the State of Illinois, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by authority of the Board of Directors of said corporation.

On this 6th day of June, 2002, before me personally came C. Potter, to me known, who being by me duly sworn did depose and say that she is an Assistant Vice President of BNY MIDWEST TRUST COMPANY, one of the corporations described in and which executed the above instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that she signed her name thereto by like authority.

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

/s/ Linda Ellen Garcia

NOTARY PUBLIC, STATE OF ILLINOIS
NO.
QUALIFIED IN COOK COUNTY
COMMISSION EXPIRES

STATE OF ILLINOIS)
 : ss.:
COUNTY OF COOK)

On this 6th day of June in the year 2002, before me, the undersigned, a Notary Public in and for the State of Illinois, in the County of Cook, personally appeared and came Judith L. Bartolini, Individual Trustee to me known and known to me to be the person described in and who executed the within and foregoing instrument and whose name is subscribed thereto and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year in this certificate first above written.

/s/ Linda Ellen Garcia

NOTARY PUBLIC, STATE OF ILLINOIS
NO.
QUALIFIED IN COOK COUNTY
COMMISSION EXPIRES

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kansas Gas and Electric Company (the Company) on Form 10-Q for the quarterly period ended June 30, 2002 (the Report) which this certification accompanies, Caroline A. Williams in my capacity as Chairman of the Board and President of the Company, and Paul R. Geist, in my capacity as Vice President and Treasurer (Principal Financial and Accounting Officer) of the Company, certify that the Report fully complies with the requirements of section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2002

By: /s/ Caroline A. Williams

Caroline A. Williams,
Chairman of the Board and President

Date: August 14, 2002

By: /s/ Paul R. Geist

Paul R. Geist,
Vice President and Treasurer
(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company as part of the Report or as a separate disclosure document for purposes of Section 18 or any other provision of the Securities Exchange Act of 1934, as amended.