

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

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

KANSAS GAS AND ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Kansas
(State of other jurisdiction of incorporation or organization)

4911
(Primary Standard Industrial Classification Number)

48-1093840
(I.R.S. Employer Identification No.)

**777 West Central
Wichita, Kansas 67203
(316) 261-6611**
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Larry D. Irick
Secretary
Kansas Gas and Electric Company
777 West Central
Wichita, Kansas 67203
(316) 261-6611**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
**Daniel G. Kelly, Jr.
Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025
(650) 752-2000**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
5.647% Secured Facility Exchange Bonds	\$320,000,000	100%	\$320,000,000	\$37,664

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, dated September 22, 2005
PROSPECTUS**

Kansas Gas and Electric Company

As Lessee

Offer to Exchange
5.647% Secured Facility Bonds, Series 2005, Due 2021
for
5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021

We are offering to exchange up to \$320,000,000 of our new 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021, which we refer to as the “2005 Exchange Bonds”, for up to \$320,000,000 of our existing 5.647% Secured Facility Bonds, Series 2005, Due 2021, which we refer to as the “2005 Bonds”. We refer to the 2005 Exchange Bonds and the 2005 Bonds as “the bonds”. The terms of the 2005 Exchange Bonds are identical in all material respects to the terms of the 2005 Bonds, except that the 2005 Exchange Bonds have been registered under the Securities Act, and the transfer restrictions and registration rights relating to the 2005 Bonds do not apply to the 2005 Exchange Bonds.

To exchange your 2005 Bonds for 2005 Exchange Bonds:

- you are required to make the representations described on page 47 to us;
- you must complete and send the letter of transmittal that accompanies this prospectus to the exchange agent, Deutsche Bank Trust Company Americas, by 5:00 p.m., New York time, on _____, 2005; and
- you should read the section called “The Exchange Offer” for further information on how to exchange your 2005 Bonds for 2005 Exchange Bonds.

See “Risk Factors” beginning on page 9 for a description of risk factors that you should consider before tendering your 2005 Bonds in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the bonds to be issued in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate as of the date of this document.

This prospectus incorporates important business and financial information about us that is not included in or delivered with the document. This information is available to you free of charge upon written or oral request to Kansas Gas and Electric Company, 818 South Kansas Avenue, Topeka, Kansas 66612. The telephone number is (785) 575-6300. To obtain timely delivery you must request this information no later than _____, 2005, which is five business days before the date you must make your investment decision.

WHERE YOU CAN FIND MORE INFORMATION

We are a reporting company and file annual, quarterly and current reports and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facility at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying costs. Please call the SEC at 1-800-SEC-0330 for further information regarding its public facilities.

We "incorporate by reference" information into this prospectus, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is an important part of this prospectus, except for any information superseded by information contained directly in this prospectus. Information that we file later with the SEC will automatically update and supersede the information in this prospectus.

We incorporate by reference the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed prior to the termination of this offering.

- Our Annual Report on Form 10-K for the year ended December 31, 2004;
- Our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2005 and June 30, 2005; and
- Our Current Reports on Form 8-K filed January 12, 2005, January 20, 2005 and July 1, 2005.

You may request a copy of any of these filings, at no cost, by writing or telephoning Kansas Gas and Electric Company at the following address:

Kansas Gas and Electric Company
818 South Kansas Avenue
Topeka, Kansas 66612
(785) 575-6300
Attention: Investor Relations

FORWARD LOOKING STATEMENTS

Certain matters discussed in this prospectus 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 “believe,” “anticipate,” “target,” “expect,” “pro forma,” “estimate,” “intend” and 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,
- accounting matters,
- possible corporate restructurings, acquisitions and dispositions,
- compliance with debt and other restrictive covenants,
- interest rates,
- 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,
- regulated and competitive markets,
- ongoing municipal, state and federal activities,
- economic and capital market conditions,
- changes in accounting requirements and other accounting matters,
- changing weather,
- the outcome of the pending rate review filed with the Kansas Corporation Commission on May 2, 2005, and the Federal Energy Regulatory Commission transmission rate review also filed on May 2, 2005,
- rates, cost recoveries and other regulatory matters,
- the impact of changes and downturns in the energy industry and the market for trading wholesale electricity,
- the outcome of the notice of violation received by Westar Energy, Inc. on January 22, 2004 from the Environmental Protection Agency, or the EPA, and other environmental matters,
- political, legislative, judicial and regulatory developments,
- the impact of changes in interest rates,
- changes in, and the discount rate assumptions used for, Wolf Creek Nuclear Operating Corporation’s pension and other post-retirement benefit liability calculations, as well as actual and assumed investment returns on pension plan assets,

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- the impact of changing interest rates and other assumptions regarding our Wolf Creek Generating Station decommissioning trust,
- regulatory requirements for utility service reliability,
- homeland security considerations,
- coal, natural gas, oil and wholesale electricity prices,
- availability and timely provision of rail transportation for our coal supply and
- other circumstances affecting anticipated operations, sales and costs.

These lists are not all-inclusive because it is not possible to predict all factors. All forward-looking statements are qualified by the risks described in the documents incorporated by reference into this prospectus. In addition, investors should consider the other information contained in or incorporated by reference into this prospectus. 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.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before making your investment decision. You should carefully read this entire prospectus, including the risk factors and the documents incorporated by reference. In this prospectus, “our,” “we,” “us” or similar terms refer to Kansas Gas and Electric Company as the company itself and as the lessee in the transaction described below.

KANSAS GAS AND ELECTRIC COMPANY

Kansas Gas and Electric Company, or KG&E, is a rate-regulated electric utility incorporated in 1990 in the State of Kansas. We are a wholly-owned subsidiary of Westar Energy, Inc., which we refer to as Westar Energy, a Kansas corporation, the common stock of which is listed on the New York Stock Exchange. We provide rate-regulated electric service, together with the electric utility operations of Westar Energy, using the name Westar Energy. We provide electric generation, transmission and distribution services to approximately 303,000 customers in south-central and southeastern Kansas, including the city of Wichita. We own a 47% interest in the Wolf Creek Generating Station, or Wolf Creek, a nuclear power plant located near Burlington, Kansas.

Our principal executive offices are located at 777 West Central, Wichita, Kansas 67203. Our telephone number is (316) 261-6611.

INTRODUCTION

The La Cygne station is an electric generating station, located in Linn County, Kansas, consisting of two coal-fired, electric generating units, or Unit 1 and Unit 2. We refer to Unit 2 and certain facilities common to Unit 1 and Unit 2, collectively, as the Facility. The Facility is connected to our transmission system and is operated by Kansas City Power & Light Company, or KCP&L, pursuant to an Operating Agreement, dated May 11, 1973, as amended, which we refer to as the operating agreement. Our share of the electricity generated at the Facility is used to supply our wholesale and retail customers.

Until 1987, the Facility was jointly owned (50% each) by us and KCP&L. In 1987, we entered into a sale and leaseback transaction, in which we sold to the Owner Trustee (as defined below), and leased back from the Owner Trustee, our 50% undivided interest in Unit 2 and our 25% undivided interest in certain facilities common to Unit 1 and Unit 2, which we refer to collectively as the Facility Interest. Unit 2, which has a nominal rating of 674 MW, was placed in service on May 16, 1977. Since that time, it has averaged an 85% annual availability. It uses low sulfur coal and is a base-load unit. Based on an appraisal dated June 17, 2005 prepared by Marshall & Stevens Incorporated, or M&S, an independent appraiser, in connection with this offering, the fair market value of the Facility Interest is \$428,840,000.

As a result of the sale and leaseback transaction, the Facility Interest is held in trust by U.S. Bank National Association (as successor in interest to The Connecticut National Bank), not in its individual capacity but solely as Owner Trustee, or the Owner Trustee, for the benefit of Comcast MO Financial Services, Inc. (formerly named U S WEST Financial Services, Inc.), or the Owner Participant, under a Trust Agreement dated as of September 1, 1987, as amended, which we refer to as the trust agreement.

The Owner Trustee purchased the Facility Interest from us with funds provided by the Owner Participant, together with proceeds of the Secured Facility Bonds, Series 1987A, or the 1987 Bonds. Pursuant to a Lease Agreement dated as of September 1, 1987, as amended, which we refer to as the lease, the Owner Trustee as

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lessor, or the Lessor, leases the Facility Interest to us, as lessee, on a net lease basis. We and the Lessor are also parties to a ground lease, as amended, which we refer to as the ground lease, and a sublease, as amended, which we refer to as the sublease, by which we lease to the Lessor, and the Lessor sublets to us, our interest in the land upon which the Facility is located. We have also assigned to the Lessor, and the Lessor has reassigned to us during the lease term, our rights with respect to the Facility Interest under the operating agreement.

The 1987 Bonds were issued pursuant to a Trust Indenture, Security Agreement and Mortgage dated as of September 1, 1987, which we refer to as the original indenture and, as amended, as the indenture, among us, the Owner Trustee and Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as indenture trustee, or the Indenture Trustee. The Indenture Trustee, for the benefit of the holders of all bonds issued under the indenture, obtained a lien on and a security interest in the Facility Interest and the Owner Trustee's rights as Lessor to receive rentals and certain other amounts payable by us pursuant to the lease. The proceeds of the 1987 Bonds provided 87% of the purchase price of the Facility Interest, which was \$392,100,000. The balance of the purchase price was provided to the Lessor by the Owner Participant. The Owner Participant was entitled to receive basic rent and other payments due under the lease in excess of debt service on the 1987 Bonds.

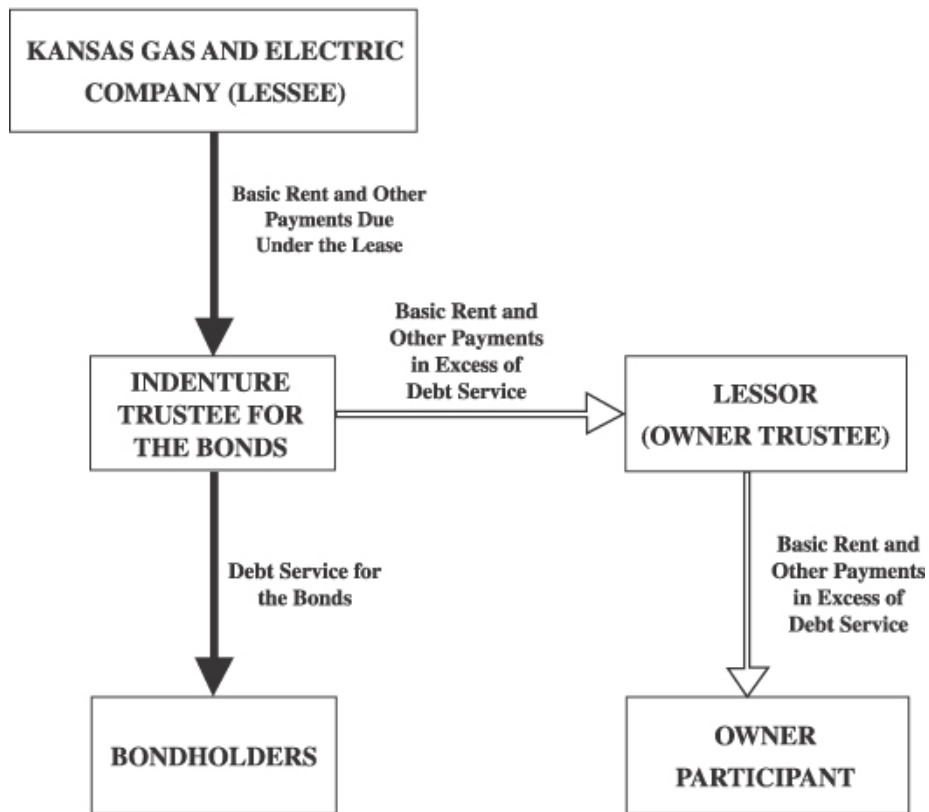
On September 29, 1992, at our direction, the Owner Trustee issued \$341,127,000 principal amount of Secured Facility Bonds, Refunding Series 1992, or the 1992 Bonds, under the indenture. The Owner Trustee then redeemed the 1987 Bonds with the proceeds from the issuance of the 1992 Bonds and used the remaining proceeds to defray certain commissions, fees and expenses relating to such refinancing.

On June 30, 2005, at our direction, the Owner Trustee issued \$320,000,000 principal amount of the 2005 Bonds and used a portion of the proceeds to redeem the \$238,354,000 principal amount outstanding of the 1992 Bonds. The Owner Trustee then distributed approximately \$68,375,180 of the remaining proceeds to the Owner Participant and the balance of the proceeds was used to defray certain commissions, fees and expenses relating to the issuance of the 2005 Bonds. See "Use of Proceeds".

We treat the lease as an operating lease in conformity with generally accepted accounting principles. Accordingly, the assets and liabilities pertaining to the lease are not reflected on our balance sheet. If in the future we are required to account for the lease as a capital lease, we would need to reflect the assets and liabilities pertaining to the lease on our balance sheet.

The basic documents underlying the sale and leaseback transaction, including any amendments or supplements to such documents that took effect in connection with the offering of the 2005 Bonds, are referred to in this prospectus as the operative documents. In addition to the trust agreement, the lease, the ground lease, the sublease and the indenture, the operative documents consist of the participation agreement (which sets forth the obligations of the parties to the transaction), the deed and bill of sale of the Facility, the bonds, the tax indemnity agreement (whereby we indemnify the Owner Participant with respect to certain tax liabilities), and amendment no. 1 to the operating agreement and the facilities agreement (whereby we have agreed to provide certain facilities and services for the operation of the Facility after the termination of the lease).

FLOW OF FUNDS FOR DEBT SERVICE ON THE BONDS



SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The bonds, which are without recourse to the general credit of the Lessor or the Owner Participant and are not a direct obligation of, or guaranteed by, us or our parent, Westar Energy, will be payable from basic rent and certain other payments payable under the lease. The bonds are secured by, among other things, a lien on and security interest in the Facility Interest, and, subject to certain exceptions, the rights of the Lessor under the lease, including the right to receive all basic rent and certain other payments under the lease. We are required by the terms of the lease to make payments in such amounts and at such times so that basic rent and certain other payments, including payments of Casualty Value and other supplemental rent made by us are sufficient to provide for the payment, when due, of the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. The lease is a net lease under which we are unconditionally obligated to make all payments without any right of counterclaim, setoff, deduction or defense. See “Description of the Indenture—Source of Payment and Security for the Bonds” and “Description of the Lease—Terms and Rentals” and “—Net Lease/Maintenance”.

In certain instances, upon our purchase of the Facility or other termination of the lease, we may elect to assume the bonds. If we were to do so, the bonds will continue to be secured by the Facility and will become our unconditional obligations. See “Description of the Lease—Purchase Options and Termination Options” and “—Events of Loss”.

Under certain conditions, additional bonds may be issued under the indenture:

(i) in an aggregate principal amount equal to the principal of any series of bonds outstanding to be redeemed out of the proceeds of the issuance of such additional bonds (or, if all of the then-outstanding bonds or any one or more series of such bonds are being redeemed or surrendered by the Owner Trustee to the Indenture Trustee for cancellation, an amount equal to the original aggregate principal amount of such bonds or such series, as the case may be, to be so redeemed or surrendered for cancellation) or such greater amount as we and the Owner Participant may agree in our sole discretion plus commissions, fees and expenses paid or incurred in connection with any such issuance, or

(ii) to provide funds for all or a portion of certain alterations, modifications, additions or improvements to the Facility, subject to certain limitations. See “Description of the Indenture—Additional Bonds”.

Ratings of the Bonds

The 2005 Bonds and the 2005 Exchange Bonds have been rated BBB- by Fitch Ratings, Baa3 by Moody’s Investors Service, Inc. and BB- by Standard & Poor’s Ratings Services. A rating is not a recommendation to purchase, hold or sell bonds, because a rating does not address market price or suitability for a particular investor. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future, including our downgrading, so warrant.

The Exchange Offer

Securities Offered	Up to \$320,000,000 in principal amount of our new 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021, maturing on March 29, 2021.
The Exchange Offer	<p>We are offering to issue the 2005 Exchange Bonds in exchange for a like principal amount of outstanding 2005 Bonds that we issued on June 30, 2005. We are offering to issue the 2005 Exchange Bonds to satisfy our obligations contained in the registration rights agreement we entered into when we sold the 2005 Bonds in transactions pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended. The 2005 Bonds were subject to transfer restrictions that will not apply to the 2005 Exchange Bonds so long as:</p> <ul style="list-style-type: none">• you are acquiring the 2005 Exchange Bonds in the ordinary course of your business,• you are not participating in a distribution of the 2005 Exchange Bonds and• you are not an affiliate of ours.
Interest Payment Dates	March 29 and September 29, commencing March 29, 2006.
Record Dates	March 14 for a March 29 interest payment date, and September 14 for a September 29 interest payment date.
Sinking Fund	The bonds will be subject to a sinking fund commencing September 29, 2007. See “Description of the Bonds—Sinking Fund Redemption”.
Optional Redemption	<p>At any time from the closing date to, but not including, September 29, 2015, the bonds outstanding will be subject to optional redemption in whole or in part at a “make whole” redemption price, plus accrued and unpaid interest, if any, and additional interest, if any, to the redemption date.</p> <p>At any time on and after September 29, 2015, the bonds outstanding will be subject to optional redemption in whole in or part at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, and additional interest, if any, to the redemption date.</p> <p>A notice of redemption may provide that the optional redemption described in that notice is conditioned upon the occurrence of certain events before the redemption date. This notice of conditional redemption will be of no effect unless all the conditions to the</p>

redemption have occurred before the redemption date or have been waived by us. See “Description of the Bonds—Optional Redemption”.

Mandatory Redemption

In certain instances, the bonds will be subject to mandatory redemption at 100% of their principal amount, together, in any such case, with accrued and unpaid interest, if any, and additional interest, if any, to the redemption date. See “Description of the Bonds—Mandatory Redemption”.

Special Mandatory Redemption

In the case of special mandatory redemptions, all of the bonds outstanding will be redeemed in the manner described under “Description of the Bonds—Special Mandatory Redemption”.

Additional Bonds

Subject to certain conditions, additional bonds may be issued by the Owner Trustee under and secured by the indenture for the purpose of, among other things, redeeming any previously issued bonds and paying commissions, fees and expenses relating to such redemption. See “Description of the Indenture—Additional Bonds”.

Use of Proceeds

We will not receive any proceeds from the issuance of the 2005 Exchange Bonds. A portion of the proceeds from the issuance of the 2005 Bonds was used to redeem:

- \$86,275,000 principal amount of our 7.625% Secured Facility Bonds, Refunding Series 1992 Due 2007, at the optional redemption price of 101.09% of their principal amount, and
- \$152,079,000 principal amount of our 8.290% Secured Facility Bonds, Refunding Series 1992 Due 2016, at the optional redemption price of 103.32% of their principal amount,

together, in both cases, with accrued and unpaid interest, if any, to, but excluding, the redemption date. The Owner Trustee distributed approximately \$68,375,180 of the remaining proceeds to the Owner Participant and the balance of the proceeds was used to defray certain commissions, fees and expenses relating to the issuance of the 2005 Bonds. See “Use of Proceeds.”

Security and Source of Payments

The bonds will be secured by a lien on and security interest in a 50% undivided interest in Unit 2 and a 25% undivided interest in certain facilities common to both Unit 1 and Unit 2 and certain rights in the lease relating to these facilities, including basic rent and certain other amounts payable by us under the lease. We are unconditionally obligated to pay basic rent and certain other amounts under the lease that are at least sufficient to pay in full, when due, the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. The lease is a “net lease” with all such payments being required to be made without counterclaim, setoff, deduction or defense. However, the bonds will not be direct obligations of, or guaranteed by, us or our parent, Westar Energy. See “Description of

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the Lease”. For a discussion of the possible rejection of the lease by a trustee in the event of our bankruptcy, see “Risk Factors—Risks Relating to the 2005 Exchange Bonds—Certain bankruptcy law considerations could limit claims against us or the Lessor”.

The holders of the bonds will have no recourse to the general credit of the Lessor or the Owner Participant. See “Security and Source of Payment for the Bonds”.

Description of La Cygne Unit 2

La Cygne Unit 2 is a nominal 674 megawatt (“MW”) rated, low sulfur coal-fired, base-load electric generating plant located in Linn County, Kansas. La Cygne Unit 2 was placed in commercial operation on May 16, 1977. It has averaged an 85% annual availability since that time.

Indenture Trustee

The Indenture Trustee for the bonds is Deutsche Bank Trust Company Americas. See “Description of the Indenture—The Indenture Trustee”.

Book-entry; Delivery and Form

The 2005 Exchange Bonds will be issuable in denominations of \$1,000 or any integral multiple thereof in excess of that amount. The 2005 Exchange Bonds will be represented by one or more global bonds in registered form, without interest coupons, and will be deposited with the Indenture Trustee as custodian for, and registered in the name of, The Depository Trust Company, or DTC, or its nominee, Cede & Co., in each case for credit to accounts of direct and indirect participants of DTC.

Tenders, Expiration Date, Withdrawal

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2005, unless it is extended. To tender your 2005 Bonds, you must follow the detailed procedures described under the heading “The Exchange Offer—Procedures for Tendering 2005 Bonds” including special procedures for certain beneficial owners and broker-dealers. If you decide to exchange your 2005 Bonds for 2005 Exchange Bonds, you must acknowledge that you do not intend to engage in and have no arrangement with any person to participate in a distribution of the 2005 Exchange Bonds. If you decide to tender your 2005 Bonds pursuant to the exchange offer, you may withdraw them at any time prior to 5:00 p.m., New York City time, on the expiration date.

United States Federal Income Tax Considerations

Your exchange of 2005 Bonds for 2005 Exchange Bonds pursuant to the exchange offer will not be a taxable event for United States federal income tax purposes. See “United States Federal Income Tax Considerations.”

Exchange Agent

Deutsche Bank Trust Company Americas is the exchange agent for the exchange offer.

Failure to Exchange Your 2005 Bonds

If you fail to exchange your 2005 Bonds for 2005 Exchange Bonds in the exchange offer, your 2005 Bonds will continue to be subject to transfer restrictions and you will not have any further rights under the registration rights agreement, including any right to require us to register your 2005 Bonds or to pay you any additional interest.

Trading Market

To the extent that 2005 Bonds are tendered and accepted in the exchange offer, your ability to sell untendered, and tendered but unaccepted, 2005 Bonds could be adversely affected. There may be no trading market for the 2005 Bonds.

We cannot assure you that an active public market for the 2005 Exchange Bonds will develop or as to the liquidity of any market that may develop for the 2005 Exchange Bonds, the ability of holders to sell the 2005 Exchange Bonds, or the price at which holders would be able to sell the 2005 Exchange Bonds. See “Risk Factors—There is no existing market for the 2005 Exchange Bonds, and we cannot guarantee that an active trading market will develop or continue” and “The Exchange Offer—Resale of the 2005 Exchange Bonds.”

Risk Factors

Your investment in the bonds involves risks, including risks related to the uncertainties associated with the competitive markets in which we operate, environmental liabilities and risks related to the structure of the sale and leaseback transaction. See “Risk Factors”.

RISK FACTORS

You should carefully consider the risks described below, and in the documents incorporated by reference into this prospectus, before investing in the 2005 Exchange Bonds. The risks and uncertainties described below are not the only ones we face. Like other companies in our industry, our consolidated financial results will be impacted by weather, the economy of our service territory and the performance of our customers. Our creditworthiness will be affected by national and international macroeconomic trends, general market conditions and the expectations of the investment community, all of which are largely beyond our control. In addition, the following statements highlight risk factors that may affect our consolidated financial condition and results of operations. These are not intended to be an exhaustive discussion of all such risks, and the statements below must be read together with factors discussed elsewhere in this prospectus and in the documents incorporated by reference into this prospectus.

Risks Relating to Us

Our revenues depend upon rates determined by the Kansas Corporation Commission.

The Kansas Corporation Commission, or KCC, regulates many aspects of our business and operations, including the retail rates that we may charge customers for electric service. Our retail rates are set by the KCC using a cost-of-service approach that takes into account our historical operating expenses, our fixed obligations and recovery of our capital investments, including potentially stranded obligations. Using this approach, the KCC sets rates at a level calculated to recover such costs, adjusted to reflect known and measurable changes, and a permitted return on investment. Other parties to a rate review or the KCC staff may contend that our current or proposed rates are excessive. In July 2003, the KCC approved a stipulation and agreement that required us to file for a review of our rates by May 2, 2005. Accordingly, on May 2, 2005, we filed a request for an increase in rates of \$36.3 million. We anticipate that any changes in our rates as a result of the rate review will become effective in January 2006. We expect that the rates permitted by the KCC in the rate review will be a decisive factor in determining our revenues for the succeeding periods and may have a material impact on our consolidated earnings, cash flows and financial position. We are unable to predict the outcome of the rate review.

Our costs may not be fully recovered in retail rates.

Once established by the KCC, our rates generally remain fixed until changed in a subsequent rate review, except to the extent the KCC permits us to modify our tariffs using interim adjustment clauses. We may elect to file a rate review to request a change in our rates or intervening parties may request that the KCC review our rates for possible adjustment, subject to any limitations that may have been ordered by the KCC. Earnings could be reduced to the extent that our operating costs increase more than our revenues during the period between rate reviews, which may occur because of maintenance and repair of plants, fuel and purchased power expenses, employee or labor costs, inflation or other factors.

Equipment failures and other external factors can adversely affect our results.

The generation and transmission of electricity requires the use of expensive and complicated equipment. While we have a maintenance program in place, generating plants are subject to unplanned outages because of equipment failure. In these events, we must either produce replacement power from more expensive units or purchase power from others at unpredictable and potentially higher cost in order to supply our customers and perform our contractual agreements. This can increase our costs materially and prevent us from selling excess power at wholesale. The frequency of coal deliveries from the Powder River Basin region of Wyoming, which is the primary source for our coal, has lengthened due primarily to operational problems caused by deteriorated rail track beds of approximately 100 miles in length in Wyoming. If rail delivery cycle times do not improve, we may be required to conserve coal and take other compensating measures, including foregoing market-based wholesale sales and, potentially, serving our customers with more expensive purchased power or by running our gas and oil generating units to a greater extent, that could have a material adverse effect on our financial condition and

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results of operations. In addition, decisions or mistakes by other utilities may adversely affect our ability to use transmission lines to deliver or import power, thus subjecting us to unexpected expenses or to the cost and uncertainty of public policy initiatives. These factors, as well as weather, interest rates, economic conditions, fuel availability, deliverability and prices, price volatility of fuel and other commodities and transportation availability and costs, are largely beyond our control, but may have a material adverse effect on our consolidated earnings, cash flows and financial position. We engage in energy marketing transactions to reduce risk from market fluctuations, enhance system reliability and increase profits. The events mentioned above could reduce our ability to participate in energy marketing opportunities, which could reduce our profits.

We may have a material financial exposure under the Clean Air Act and other environmental regulations.

On January 22, 2004, the EPA notified our parent, Westar Energy, that certain projects completed at Jeffrey Energy Center violated pre-construction permitting requirements under the Clean Air Act. This notification was delivered as part of an investigation by the EPA regarding maintenance activities that have been conducted since 1980 at Jeffrey Energy Center. The EPA has informed Westar Energy that it has referred this matter to the United States Department of Justice for it to consider whether to pursue an enforcement action in federal district court. The remedy for a violation could include fines and penalties and an order to install new emission control systems, both at Jeffrey Energy Center and at certain of Westar Energy's other coal-fired power plants, the associated cost of which could be material. We anticipate that a portion of any of these potential costs to Westar Energy would be allocated to us.

Our activities are subject to environmental regulation by federal, state, and local governmental authorities. These regulations generally involve the use of water, discharges of effluents into the water, emissions into the air, the handling, storage and use of hazardous substances and waste handling, remediation and disposal, among others. Congress or the State of Kansas may enact legislation and the EPA or the State of Kansas may propose new regulations or change existing regulations that could require us to reduce certain emissions at our plants. Such action could require us to install costly equipment, increase our operating expense and reduce production from our plants.

The degree to which we will need to reduce emissions and the timing of when such emissions control equipment may be required is uncertain. Both the timing and the nature of required investments depend on specific outcomes that result from interpretation of regulations, new regulations, legislation, and the resolution of EPA investigation described above. Although we expect to recover such costs through our rates, we can provide no assurance that we would be able to fully and timely recover all or any increased costs relating to environmental compliance. Failure to recover these associated costs could have a material adverse effect on our consolidated financial condition or results of operations.

Competitive pressures from electric industry deregulation could adversely affect our revenues and reported earnings.

We currently apply the accounting principles of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71), to our regulated business. At June 30, 2005 and December 31, 2004 we had recorded \$351.7 million and \$306.7 million, respectively, of regulatory assets, net of regulatory liabilities. In the event that we determined that we could no longer apply the principles of SFAS No. 71, either as a result of the establishment of retail competition in our service territory or an expectation that permitted rates would not allow us to recover these costs, we would be required to record a charge against income in the amount of the remaining unamortized net regulatory assets.

We face financial risks from our nuclear facility.

Risks of substantial liability arise from the ownership and operation of nuclear facilities, including, among others, potential structural problems at a nuclear facility, the storage, handling and disposal of radioactive materials, limitations on the amounts and types of insurance coverage commercially available, uncertainties with

respect to the cost and technological aspects of nuclear decommissioning at the end of their useful lives and costs or measures associated with public safety. In the event of an extended or unscheduled outage at Wolf Creek, we would be required to generate power from more expensive units or purchase power in the open market to replace the power normally produced at Wolf Creek and we would have less power available for sale by us in the wholesale markets. Such purchases would subject us to the risk of increased energy prices and, depending on the length and cost of the outage and the level of market prices, could adversely affect our cash flow. If we were not permitted by the KCC to recover these costs, such events could have an adverse impact on our consolidated financial condition.

Risks Relating to the Bonds

The 2005 Bonds are not, and the 2005 Exchange Bonds will not be, direct obligations of, or guaranteed by, us or our parent company.

Under the terms of the lease, we are unconditionally obligated to pay basic rent and certain other amounts that are at least sufficient to pay in full, when due, the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. In addition, the lease is a “net lease” with all such payments being required to be made without counterclaim, setoff, deduction or defense. However, the 2005 Bonds are not, and the 2005 Exchange Bonds will not be, direct obligations of, nor are they guaranteed by, us or our parent company, Westar Energy. See “Description of the Lease”. As a result, the holders of the bonds will have no recourse to us or Westar Energy for any amounts payable on the bonds.

Certain bankruptcy law considerations could limit claims against us or the Lessor.

With respect to the lease and the bonds

If we were to become a debtor in a case under Title 11 of the United States Code, 11 U.S.C. Sections 101 et seq., which we refer to as the “Bankruptcy Code”, the right to exercise virtually all remedies against us, as the debtor, would be stayed, including the right to terminate the lease. The bankruptcy court could hold that the lease is a true lease rather than a financing arrangement. If the bankruptcy court were to hold that the lease is a true lease, it could also hold that the lease is a lease of real property rather than of personal property. If the bankruptcy court were to hold that the lease is a lease of real property, (1) we would have the right to assume or reject the lease under Bankruptcy Code Section 365, and (2) if the lease were rejected, Bankruptcy Code Section 502(b)(6) could limit the claims against us for damages resulting from such rejection or other termination of the lease, whether occurring before or after the commencement of the bankruptcy case, to an amount not exceeding the greater of (a) one year of rent under the lease or (b) 15%, not to exceed three years, of the remaining rent due under the lease. After any rejection of the lease, the Lessor could be entitled to recover the limited damages as described above, and to take possession of the Facility Interest. The sum of (1) the proceeds from any sale or other disposition of the Facility Interest, plus (2) the distributions received on the Lessor’s damage claims, as limited by Section 502(b)(6), may be insufficient to cover all amounts due on the bonds. Furthermore, in a bankruptcy case, in the event the lease were deemed to be a true lease, we could elect to cure defaults under the lease and to assume or assign the lease. If we were to assign the lease, the ultimate source of payments under the lease would be an entity other than us. While the assignee would have to demonstrate its ability to perform under the lease to the bankruptcy court, there can be no assurances that the assignee would satisfy the obligations under the lease following any such assumption.

The bankruptcy court could also hold that the lease is a financing arrangement rather than a true lease. In that event, Section 502(b)(6) would not limit the Lessor’s claims against us, as the debtor. However, if the lease is treated as a financing arrangement rather than as a true lease, we would not be required to assume or reject the lease, and the bankruptcy court could allow us to maintain the Facility Interest by assuming the ground lease alone without paying the amounts due under the lease that are dedicated to paying the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. In these circumstances, the bonds could be treated as obligations which are secured with a lien on the Facility Interest and depending on the valuation of that lien

could be determined to be undersecured. Alternatively, in the exercise of its equitable powers, a bankruptcy court could determine that regardless of the lien on the Facility Interest, the bonds should be treated as unsecured obligations.

Because the resolution of these issues would depend on the bankruptcy court's analysis of the particular facts and circumstances associated with the contemplated transaction, we cannot predict with any degree of certainty whether a bankruptcy court would hold that the lease is a true lease or a financing arrangement, or whether we would be permitted to maintain use and occupancy of the Facility Interest by assuming the ground lease alone without paying the amounts due under the lease that are dedicated to paying the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. Regardless of how a bankruptcy court resolves these issues, a bankruptcy of KG&E could result in (i) an interruption of payments under the bonds and (ii) a recovery insufficient to pay amounts due under the bonds.

Bankruptcy of the Lessor

If the Lessor were to become a debtor in a case under the Bankruptcy Code, the right to exercise virtually all remedies against the Lessor would be stayed. The bankruptcy court could permit the Lessor to use or dispose of payments made to it under the lease for purposes other than making payments on the bonds and could reduce the amount of, and modify the time for making, payments due under the bonds, subject to procedural and substantive safeguards for the benefit of the holders of the bonds. In such an event, payments on the bonds could be reduced or delayed. If the court were to hold that the lease is a true lease of real property rather than a financing arrangement, the Lessor would have the right to reject the lease under Bankruptcy Code Section 365. Such a rejection could terminate our obligation to make any further payments to the Lessor in respect of the Facility Interest, unless, if the lease was determined to be a lease of real property, we elected to remain in possession and to make payments in accordance with Bankruptcy Code Section 365(h). In addition, the amount of recovery on any claims against the Lessor and the amount of time that would pass between the commencement of the Lessor's bankruptcy case and the receipt of such recovery cannot be predicted with any degree of certainty.

If the Indenture Trustee exercises its right to foreclose on the Facility Interest, it or a new purchaser of the Facility, might not be able to obtain, or could be delayed in obtaining, authority (including requisite agreement approvals) to hold the Facility Interest.

If we default under the lease and the Indenture Trustee exercises its right to foreclose on the Facility Interest, the Indenture Trustee must rely on the covenants in the participation agreement in order to hold the Facility Interest. In the event the Indenture Trustee forecloses on the Facility Interest and terminates the lease, there can be no assurance that the Indenture Trustee or a new purchaser of the Facility would be able to obtain requisite government approvals or that such approvals would be transferable to the Indenture Trustee or any new purchaser of the Facility.

Upon foreclosure on the Facility Interest, the actual value of the Facility Interest may be less than its appraised value.

The appraisal of the Facility Interest was performed by M&S, an independent appraiser in accordance with professional standards. The appraisal is not, however, intended to be a representation as to the future market value of the Facility Interest. In general, appraisals represent the analysis and opinion of qualified appraisers and are not guarantees of present or future value. In an appraisal of the same property, one appraiser may reach a different conclusion than another appraiser would reach. The basis of this appraisal is Fair Market Value In Continued Use. Fair Market Value In Continued Use as defined by the American Society of Appraisers is the estimated amount expressed in terms of money, at which property would be expected to be exchanged, in an arm's-length transaction, between an informed and willing buyer and an informed and willing seller, neither being under compulsion to act, each having reasonable knowledge of all relevant facts, with equity to both, as of a specific point in time including installation and assuming that the business earnings support the value reported with the intent being for the property to continue to be used in its current use. This amount includes all normal

direct and indirect costs, such as installation and other assemblage costs to make the property fully operational. None of us, the Lessor or the Indenture Trustee makes any warranty or representation that the Facility Interest could be sold at its appraised value, as determined by M&S. The value of the Facility Interest upon the exercise of remedies which results in foreclosure on the Facility Interest will depend on market and economic conditions, the availability of buyers, the condition of the Facility and other similar factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise would equal the appraised value of the Facility Interest, as determined by M&S, or that such proceeds would be sufficient to satisfy in full payments due on the bonds.

There is no existing market for the 2005 Exchange Bonds, and we cannot guarantee that an active trading market will develop or continue.

There is no existing market for the 2005 Exchange Bonds. We do not intend to apply for listing of the 2005 Exchange Bonds on any securities exchange or for quotation on the Nasdaq National Market System. There can be no assurance as to the liquidity of any market that may develop for the 2005 Exchange Bonds, the ability of the holders to sell their 2005 Exchange Bonds or the price at which the holders will be able to sell their 2005 Exchange Bonds, as the case may be. Future trading prices of the 2005 Exchange Bonds will depend on many factors including, among other things, prevailing interest rates, our operating results and the market for similar securities. If a market for the 2005 Exchange Bonds does not develop, holders of the 2005 Exchange Bonds may be unable to resell the 2005 Exchange Bonds for an extended period of time, if at all. Consequently, a holder of 2005 Exchange Bonds may not be able to liquidate its investment readily, and the 2005 Exchange Bonds may be not readily accepted as collateral for loans.

USE OF PROCEEDS

This exchange offer is intended to satisfy certain of our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the 2005 Exchange Bonds and have agreed to pay the expenses of the exchange offer. In consideration for issuing the 2005 Exchange Bonds as contemplated in the registration statement of which this prospectus is a part, we and the Owner Trustee will receive, in exchange, 2005 Bonds in like principal amount. The form and terms of the 2005 Exchange Bonds are identical in all material respects to the form and terms of the 2005 Bonds, except as otherwise described in this prospectus under “The Exchange Offer—Terms of the Exchange Offer; Period for Tendering 2005 Bonds.” The 2005 Bonds surrendered in exchange for the 2005 Exchange Bonds will be retired and canceled.

A portion of the proceeds from the issuance of the 2005 Bonds was used to redeem:

- \$86,275,000 principal amount of our 7.625% Secured Facility Bonds, Refunding Series 1992 Due 2007, at the optional redemption price of 101.09% of their principal amount, and
- \$152,079,000 principal amount of our 8.290% Secured Facility Bonds, Refunding Series 1992 Due 2016, at the optional redemption price of 103.32% of their principal amount,

together, in both cases, with accrued and unpaid interest, if any, to, but excluding, the redemption date. The Owner Trustee distributed approximately \$68,375,180 of the remaining proceeds to the Owner Participant and the balance of the proceeds was used to defray certain commissions, fees and expenses relating to the issuance of the 2005 Bonds.

CAPITALIZATION

The following table sets forth our consolidated capitalization and certain other information as of June 30, 2005. This table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this prospectus.

	<u>June 30, 2005</u> <u>(unaudited)</u>
	<u>(in thousands)</u>
Long-Term Debt, Net	387,423
Current Maturities of Long-term Debt	165,000
Total Shareholders' Equity	1,100,287
Total Capitalization	<u>\$ 1,652,710</u>

SELECTED FINANCIAL DATA

The selected financial data as of December 31, 2003 and 2004 and for each of the three years in the period ended December 31, 2004 have been derived from our consolidated financial statements and related notes thereto incorporated by reference in this prospectus, which have been audited by Deloitte & Touche LLP, an independent registered public accounting firm. The selected financial data as of December 31, 2000, 2001 and 2002 and for the years ended December 31, 2000 and 2001 have been derived from our audited consolidated financial statements and related notes thereto, which are not included in this prospectus, which have been audited by Deloitte & Touche LLP, as well. The selected financial data as of June 30, 2005 and for each of the six-month periods ended June 30, 2004 and June 30, 2005 have been derived from our unaudited consolidated financial statements and related notes thereto incorporated by reference in this prospectus. These unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements. In the opinion of management, the unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

	For the Year Ended December 31,					For the Six Months Ended June 30,	
	2000	2001	2002	2003	2004	2004	2005
Income Statement Data:							
Sales	\$ 685,673	\$ 631,391	\$ 695,524	\$ 709,654	\$ 714,939	\$ 342,426	\$ 346,779
Income from operations before accounting change	86,708	37,301	59,539	66,627	81,228	29,869	28,482
	As of December 31,					As of June 30,	
	2000	2001	2002	2003	2004	2004	2005
Balance Sheet Data:							
Total assets	\$ 2,988,573	\$ 2,933,044	\$ 3,006,381	\$ 2,981,673	\$ 2,991,190	\$ 3,014,742	\$ 3,040,806
Long-term debt	684,366	684,360	684,486	549,604	552,419	552,414	552,423

RATIOS OF EARNINGS TO FIXED CHARGES

Our ratios of earnings to fixed charges for the periods indicated are as follows:

<u>Six Months Ended</u> <u>June 30, 2005</u>	<u>Years Ended December 31,</u>				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.68	2.08	1.31	1.65	1.76	2.20

Earnings consist of earnings from continuing operations, fixed charges and distributed income of equity investees. Fixed charges consist of all interest on indebtedness, amortization of debt discount and expense and the portion of rental expense that represents an interest factor. Earnings from continuing operations consist of income from continuing operations before income taxes, cumulative effects of accounting changes and preferred dividends adjusted for undistributed earnings from equity investees.

DESCRIPTION OF THE BONDS

We have summarized below material provisions of the bonds and the indenture. This summary does not describe all of the exceptions and qualifications contained in the bonds or the indenture. In the summary below, we have included references to section numbers of the indenture so that you can easily locate these provisions. Copies of the indenture may be obtained from us or from the Indenture Trustee upon request.

The terms of the 2005 Exchange Bonds are identical in all material respects to the terms of the 2005 Bonds, except that the transfer restrictions and registration rights relating to the 2005 Exchange Bonds do not apply to the 2005 Exchange Bonds. The term “bonds” refers collectively to the 2005 Bonds and the 2005 Exchange Bonds.

General

The 2005 Bonds are, and the 2005 Exchange Bonds will be, governed by the Trust Indenture, Security Agreement and Mortgage dated as of September 1, 1987, which we refer to as the original indenture, as supplemented by a First Supplemental Indenture dated as of September 29, 1992, which we refer to as the first supplemental indenture, and a Second Supplemental Indenture dated as of June 30, 2005, which we refer to as the second supplemental indenture, among us, the Owner Trustee and Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as the Indenture Trustee. We refer to the original indenture as supplemented by the first supplemental indenture and the second supplemental indenture as the “indenture.” Although the bonds are not direct obligations of or guaranteed by us, we are the “issuer” of the bonds for purposes of the Securities Act and the Exchange Act.

The 2005 Bonds and the 2005 Exchange Bonds will constitute a single series of debt securities under the indenture. Holders of 2005 Bonds who do not exchange their bonds in the exchange offer will vote together with the holders of the 2005 Exchange Bonds for all relevant purposes under the indenture. Accordingly, when determining whether the required holders have given notice, consent or waiver or taken any other action permitted under the indenture, any 2005 Bonds that remain outstanding after the exchange offer will be aggregated with the 2005 Exchange Bonds. All references herein to specified percentages in aggregate principal amount of bonds outstanding shall be deemed to mean, at any time after the exchange offer is consummated, percentages in aggregate principal amount of 2005 Bonds and 2005 Exchange Bonds outstanding.

The 2005 Exchange Bonds will be issued in fully registered form in denominations of \$1,000 and integral multiples thereof. The 2005 Exchange Bonds may be surrendered for registration of transfer or exchange in New York City at the office of Deutsche Bank Trust Company Americas, 60 Wall Street, 27th Floor, New York, New York 10005, the initial bond registrar. No service charge will be required in respect of transfers or exchanges, but payment may be required of taxes or other governmental charges that may be imposed in connection with a transfer or exchange of a bond. (Second Supplemental Indenture, Section 2; Original Indenture, Sections 2.02 and 2.07)

Principal Amounts, Interest Rates, and Payment

Except for additional bonds, the bonds that may be issued under the indenture are limited in aggregate principal amount to \$320,000,000. Except as otherwise provided below:

- The bonds will mature on March 29, 2021.
- The bonds will bear interest from the date of their issuance (or from the most recent date through which we have paid interest on the bonds, whichever is later) at the rate of 5.647% per annum, payable semi-annually on March 29 and September 29 in each year, commencing March 29, 2006, to the persons in whose names such bonds are registered at the close of business on the March 14 or September 14 next preceding the interest payment date.

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- If a scheduled interest payment date is not a business day, payment will be made on the next business day with the same effect as though made on the scheduled date.
- Interest on any overdue principal, premium, if any, additional interest, if any, and (to the extent permitted by applicable law) any overdue interest will be payable, on demand, from the due date at the rate per annum equal to the stated interest rate of the bonds for the actual period during which any principal, premium, additional interest or interest is overdue.
- All interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. (Second Supplemental Indenture, Section 2; Original Indenture, Sections 1.13 and 2.09 and form of Bonds)

The principal of, and premium, if any, on the bonds will be payable, upon presentment of the bonds, in New York City at the office of Deutsche Bank Trust Company Americas, 60 Wall Street, 27th Floor, New York, New York 10005, the paying agent. Interest, and additional interest, if any, will be paid by checks mailed on each interest payment date to registered holders of the bonds as shown on the bond register on the 14th day of the March or September in which the interest payment date occurs. However, payments to The Depository Trust Company, New York, New York, which we refer to as DTC, will be made by wire transfer of immediately available funds to the account of DTC or its nominee. If any redemption date or the stated maturity is not a business day, payment will be made on the next business day with the same effect as though made on such redemption date or date of stated maturity. (Original Indenture, Sections 1.13, 2.09 and 9.14)

Sinking Fund Redemption

The bonds are redeemable at par, through operation of a sinking fund, on each of the dates and in the principal amounts set forth below, together with accrued and unpaid interest, if any, and additional interest, if any, to the redemption date. In the event of a partial redemption of the bonds, the amount of each sinking fund payment for such bonds subsequent to the date of such redemption will be reduced by an amount that, subject to certain adjustments, is in the same proportion that the principal amount of bonds redeemed bears to the total principal amount of the bonds outstanding immediately prior to the redemption. (Second Supplemental Indenture, Section 6; Original Indenture, Section 7.01)

<u>Redemption Date</u>	<u>Amount of Sinking Fund Payment</u>
September 29, 2007	\$ 5,393,751.27
September 29, 2008	\$ 15,125,845.63
September 29, 2009	\$ 16,052,303.68
September 29, 2010	\$ 17,035,507.28
September 29, 2011	\$ 18,078,932.10
September 29, 2012	\$ 19,186,266.69
March 29, 2013	\$ 21,004,694.28
March 29, 2014	\$ 22,331,876.77
March 29, 2015	\$ 23,742,917.34
March 29, 2016	\$ 25,243,114.57
March 29, 2017	\$ 26,838,101.82
March 29, 2018	\$ 28,533,868.41
March 29, 2019	\$ 30,336,782.08
March 29, 2020	\$ 32,253,612.93
March 29, 2021	\$ 18,842,425.15

The Indenture Trustee is not required to select bonds pro rata for redemption pursuant to the sinking fund, but may select such bonds by any method it deems fair and appropriate.

Optional Redemption

At any time from the closing date to, but not including September 29, 2015, the Owner Trustee may redeem all or any portion of the bonds then outstanding, after giving the required notice under the indenture, at a redemption price equal to the greater of:

(a) 100% of the principal amount of the bonds then outstanding, or

(b) the sum of the present values of the remaining scheduled payments of the principal amount of the bonds then outstanding and interest thereon (exclusive of interest to the redemption date) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points,

plus, in either case, accrued and unpaid interest, if any, and additional interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At any time on and after September 29, 2015, the bonds may be redeemed at the option of the Owner Trustee, in whole or in part, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest, if any, and additional interest, if any, to, but excluding, the redemption date. (Second Supplemental Indenture, Section 6)

The “Treasury Rate” will be determined on the third business day preceding the redemption date and means, with respect to any redemption date:

(1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release published by the Board of Governors of the Federal Reserve System designated as “Statistical Release H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the bonds, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from those yields on a straight-line basis, rounding to the nearest month), or

(2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain those yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the bonds that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the bonds.

“Comparable Treasury Price” means (1) the average of three Reference Treasury Dealer Quotations for that redemption date, or (2) if the Independent Investment Banker is unable to obtain three Reference Treasury Dealer Quotations, the average of all quotations obtained.

“Independent Investment Banker” means an independent investment banking or commercial banking institution of national standing appointed by us.

“Reference Treasury Dealer” means (1) any independent investment banking or commercial banking institution of national standing appointed by us and any of its successors, provided, however, that if any of the

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foregoing cease to be a primary U.S. Government securities dealer in The City of New York, referred to as a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by the Independent Investment Banker and approved in writing by us.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 3:30 p.m., New York City time, on the third business day preceding the redemption date. (Second Supplemental Indenture, Section 1)

Mandatory Redemption

The bonds are subject to mandatory redemption in whole under the following circumstances, at 100% of their principal amount, in each case together with accrued and unpaid interest, if any, and additional interest, if any, to, but excluding, the redemption date:

1. *Events of Loss.* The receipt by the Indenture Trustee from us of payment of an amount determined pursuant to the lease, which with any other payment then due would be sufficient to pay the principal of, premium, if any, interest and additional interest, if any, on the bonds, which we refer to as the Casualty Value, under the lease upon the occurrence of an Event of Loss under the lease. Events of Loss are defined as:

(i) the loss of the Facility, in its entirety or substantially in its entirety, due to theft, disappearance, destruction or, in the good faith and reasonable opinion of us, damage beyond economic repair or the loss of use of the Facility Interest for a period reasonably anticipated to extend for at least 30 months (or such longer period not exceeding 60 months as may be required to repair or restore the Facility to use) for any such reasons;

(ii) the receipt of insurance proceeds based upon an actual or constructive total loss with respect to the Facility or the Facility Interest;

(iii) certain events of condemnation, confiscation or seizure of title to the Facility;

(iv) shutdown of the Facility as a result of any laws, regulations, or governmental orders for a period exceeding the lesser of (a) the remaining portion of the lease term (provided that such remaining portion is not less than one year) and (b) 60 months;

(v) the Lessor, Indenture Trustee or Owner Participant, solely by reason of its participation in the sale and leaseback transaction, is deemed by any governmental authority to be, or becomes subject to regulation as, an “electric utility” or a “public utility” or a “public utility holding company” and has sent written notice to us and the parties to the participation agreement that such person deems such regulation to be materially adverse to its business operations; or

(vi) the permanent shutdown of the Facility (Lease, Section 1);

unless in connection with an Event of Loss described in clause (v) above, we assume the bonds and all of the obligations of the Lessor under the indenture and the Lessor transfers the Facility Interest to us (Second Supplemental Indenture, Section 6);

2. *Obsolescence.* The receipt by the Indenture Trustee of the applicable purchase price or Casualty Value (either of which will be in an amount sufficient to pay the bonds) under the lease as a result of an early termination of the lease upon a reasonable determination by us that the Facility is obsolete, surplus or uneconomic for our purposes and will no longer be used by us (Second Supplemental Indenture, Section 6; Lease, Section 7);

3. *Burdensome State Taxes.* The receipt by the Indenture Trustee of the applicable purchase price or Casualty Value (which will be in an amount sufficient to pay the bonds) under the lease in the event that our tax

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indemnity obligations with respect to Kansas state income taxes in any year exceed 5% of the basic rent payable under the lease for such year, unless we assume the bonds and all of the obligations of the Lessor under the indenture (Second Supplemental Indenture, Section 6); or

4. *Mandatory Nonseverable Alterations.* The receipt by the Indenture Trustee of the applicable purchase price or Casualty Value (which will be in an amount sufficient to pay the bonds) upon the exercise by us of our option to terminate the lease and purchase the Facility Interest in the event that the Owner Participant declines to finance any nonseverable alteration (as defined below) that we are required to make to the Facility Interest, the financeable cost of which to us exceeds \$10,000,000, unless we assume the bonds and all of the obligations of the Lessor under the indenture. (Second Supplemental Indenture, Section 6; Lease, Sections 6.1(c) and 11.4)

For information with respect to the Lessor's right to purchase the bonds in the event of an event of default under the indenture (as described below), see "Description of the Indenture—Rights of Lessor To Cure Defaults and Purchase bonds".

Special Mandatory Redemption

The bonds are subject to special mandatory redemption in whole at the applicable redemption price determined as set forth under "—Optional Redemption" above upon the receipt by the Indenture Trustee from us of payment of the applicable purchase price under the lease (which will be in an amount sufficient to pay the bonds) upon the exercise by us of our option to terminate the lease and purchase the Facility (i) on September 29, 2015 or September 29, 2020, or (ii) in the event that the Owner Participant declines to finance any nonmandatory nonseverable alterations to the Facility, the financeable cost of which to us exceeds \$10,000,000, unless, in either case, we assume the bonds and all of the obligations of the Lessor under the indenture. (Second Supplemental Indenture, Section 6)

Selection of Bonds To Be Redeemed

Except as described above, if less than all of the bonds are to be redeemed, the bonds to be redeemed will be selected, at least 30 but not more than 60 days prior to the redemption date, by the Indenture Trustee from outstanding bonds by such method as it deems fair and appropriate and which may provide for the selection for redemption of portions of the principal of the bonds of a denomination larger than \$1,000, which portions will be \$1,000 or integral multiples thereof. (Original Indenture, Sections 6.04 and 7.02; Second Supplemental Indenture, Section 6)

Notice of Redemption

Notice of redemption of bonds must be given by first-class mail, mailed not less than 30 nor more than 60 days prior to the redemption date, to each owner of the bonds to be redeemed, at his address appearing on the bond register. For optional redemptions, the notice must state that the redemption is conditional upon the receipt by the Indenture Trustee on or prior to the redemption date of funds sufficient to pay the principal of, premium, if any, interest and additional interest, if any, on the bonds, and that if such funds have not been received, the notice will be of no force and effect and the Indenture Trustee will not be required to redeem such bonds. (Original Indenture, Sections 6.05 and 6.06(c))

Book-Entry System

The 2005 Exchange Bonds will be represented by one or more global securities (each a "Global Security"). Each Global Security will be deposited with, or on behalf of, DTC and be registered in the name of a nominee of DTC. Except under circumstances described below, the 2005 Exchange Bonds will not be issued in definitive form.

Upon the issuance of a Global Security, DTC will credit on its book-entry registration and transfer system the accounts of persons designated by the exchange agent with the respective principal amounts of the 2005

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Exchange Bonds represented by the Global Security. Ownership of beneficial interests in a Global Security will be limited to persons that have accounts with DTC or its nominee (“participants”) or persons that may hold interests through participants. Ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that some purchasers of securities take physical delivery of the securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Global Security.

So long as DTC or its nominee is the registered owner of a Global Security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the 2005 Exchange Bonds represented by that Global Security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Global Security will:

- not be entitled to have 2005 Exchange Bonds represented by that Global Security registered in their names,
- not receive or be entitled to receive physical delivery of the 2005 Exchange Bonds in definitive form, and
- not be considered the owners or holders of the Global Security under the indenture.

Principal, interest and additional interest payments, if any, on the 2005 Exchange Bonds registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the relevant Global Security. Neither we, the Indenture Trustee, the Owner Trustee, the Owner Participant, any paying agent or the registrar for the 2005 Exchange Bonds will have any responsibility or liability for any aspect of the records relating to nor payments made on account of beneficial interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that:

- DTC or its nominee, upon receipt of any payment of principal, interest or additional interest, if any, will credit immediately participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Security as shown on the records of DTC or its nominee; and
- payments by participants to owners of beneficial interests in a Global Security held through these participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of the participants.

If DTC is at any time unwilling or unable to continue as a depository and a successor depository is not appointed by the Owner Trustee within 90 days, the Owner Trustee will issue the 2005 Exchange Bonds in definitive form in exchange for each Global Security for the 2005 Exchange Bonds. In addition, the Owner Trustee may at any time and in its sole discretion determine not to have the 2005 Exchange Bonds represented by a Global Security and, in such event, will issue bonds in definitive form in exchange for the entire Global Security relating to the 2005 Exchange Bonds. In any such instance, an owner of a beneficial interest in a Global Security will be entitled to physical delivery in definitive form of 2005 Exchange Bonds represented by the Global Security equal in principal amount to the beneficial interest and to have the 2005 Exchange Bonds registered in its name. 2005 Exchange Bonds so issued in definitive form will be issued as registered bonds in denominations of \$1,000 and multiples thereof.

DESCRIPTION OF THE INDENTURE

We have summarized below material provisions of the indenture. This summary does not describe all of the exceptions and qualifications contained in the indenture. In the summary below, we have included references to section numbers of the indenture so that you can easily locate these provisions. Copies of the indenture may be obtained from us or from the Indenture Trustee upon request.

Source of Payment and Security for the Bonds

The 2005 Bonds were, and the 2005 Exchange Bonds will be, issued without recourse to the general credit of the Lessor or the Owner Participant and will be secured under the indenture on a parity with other bonds which may be issued under the indenture in the future. This security will consist of, among other things, a lien on and security interest in:

- (i) the Lessor's undivided ownership interest in the Facility Interest,
- (ii) certain of the Lessor's rights under the lease, including the right to receive all rents payable under the lease other than certain amounts payable to the Lessor which are not assigned as security, and
- (iii) the Lessor's rights under certain operative documents. (Original Indenture, Granting Clause and Section 2.13)

In the event we are combined with Westar Energy or any affiliate thereof, the after-acquired property clauses of the Mortgage and Deed of Trust, dated July 1, 1939, between Westar Energy, Inc. and BNY Midwest Trust Company, as trustee thereunder, as supplemented and amended (as well as any successor indenture or any new indenture relating to the issuance of mortgage bonds, collectively, the "Westar Mortgage"), may cause the lien under such mortgage bonds to attach to our leasehold interest under the lease and any of our interests under the other operative documents as well as to any of our other assets, although no such lien may attach to the Facility Interest or otherwise affect the Owner Trustee's title to or interest in the Facility Interest or affect the security interest of the Indenture Trustee under the indenture. Other liens affecting Westar Energy's property may also attach. The bonds are not secured by any of our assets and are not our direct obligations.

The lease is a net lease under which we are unconditionally obligated to make payments of basic rent and certain other amounts that are at least sufficient to pay in full, when due, the principal of, premium, if any, and interest and additional interest, if any, on all bonds outstanding under the indenture, without notice, demand, counterclaim, setoff, deduction or defense on our part. (Lease, Sections 3.1 and 3.5)

Under certain conditions, additional bonds are permitted to be issued under the indenture

- (i) in an aggregate principal amount equal to the principal of any bonds outstanding to be redeemed out of the proceeds of such additional bonds (or, if all of the then outstanding bonds or any one or more series thereof are being redeemed or surrendered by the Owner Trustee to the Indenture Trustee for cancellation, any amount up to and including the original aggregate principal amount of such bonds or such series, as the case may be, to be so redeemed or surrendered for cancellation) plus commissions, fees and expenses paid or incurred in connection with any such issuance, or
- (ii) to provide funds to finance a portion of the cost of any nonseverable alterations, modifications, additions and improvements to the Facility Interest. (Original Indenture, Section 2.15; First Supplemental Indenture, Section 4(a); Lease, Section 11.6(c)) See "—Additional Bonds".

Certain Bankruptcy Considerations

Under Kansas or federal law, either of which could be applied to relevant issues in a case under Title 11 of the Bankruptcy Code, the lease could be treated as (1) a true lease rather than a financing arrangement and (2) as a lease of real property rather than of personal property. If the lease is treated as a true lease, in the event that we

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were to become a debtor in a case under the Bankruptcy Code, we, as the debtor, could either assume or reject the lease, subject to approval by the bankruptcy court. For the lease to be assumed, we could have to cure (or give adequate assurance that we will promptly cure) all defaults, and give adequate assurance of future performance (including payment of rent when due) in accordance with the terms of the lease. If the lease is rejected, (1) the Facility Interest may have to be surrendered to the Lessor by us, which would deprive us of the use of the Facility Interest and any revenues which could be derived from the sale of the output thereof, and (2) the Lessor could have a general unsecured claim in bankruptcy for damages arising from the lease's rejection or termination. If the lease is treated as a lease of real property, under Section 502(b)(1) and (6) of the Bankruptcy Code, such claim would be limited to (and could be less than) the amount equal to the rent reserved under the lease, without acceleration, for the greater of one year's rent, or 15%, not to exceed three years, of the remaining rent due under the lease, plus rent already due and unpaid on the date of commencement of the bankruptcy case. If the lease is treated as a lease of real property, it could automatically be rejected if it is not assumed within 60 days after the date of the order for relief in the bankruptcy case (although this period may be extended by the court), and rental payments may continue to be made currently during that period. If the lease is treated as a lease of personal property rather than of real estate, however, in a Chapter 11 case we, as the debtor, may, unless the court orders otherwise, defer a decision on assumption or rejection until confirmation of a plan of reorganization, and during such period the bankruptcy court may require us, pursuant to Bankruptcy Code Section 365(d)(10) or otherwise, to make payments to the Lessor, which may be less than the rent payments due under the lease.

If the lease is treated as a financing arrangement rather than as a true lease, we would not be required to assume or reject the lease. However, the bankruptcy court could allow us to maintain the Facility Interest by assuming the ground lease alone without paying the amounts due under the lease that are dedicated to paying the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. Because the resolution of these issues would depend on the bankruptcy court's analysis of the particular facts and circumstances associated with the contemplated transaction, we cannot predict with any degree of certainty whether a bankruptcy court would hold that the lease is a true lease or a financing arrangement, or whether we would be permitted to continue our use and occupancy of the Facility Interest by assuming the ground lease alone without paying the amounts due under the lease that are dedicated to paying the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. Regardless of how a bankruptcy court resolves these issues, a bankruptcy of KG&E could result in (i) an interruption of payments under the Bonds and (ii) a recovery insufficient to pay amounts due under the bonds. See "Risk Factors—Risks Relating to the Bonds—Certain bankruptcy law considerations could limit claims against us or the Lessor".

Events of Default, Notice and Waiver

Events of default under the indenture include:

(i) default in the payment of any principal, or premium, if any, or interest or additional interest, if any, on, any bond, including any sinking fund payment, when it becomes due and payable, and continuance of such default for a period of five business days;

(ii) default in the performance or breach of any of our covenants contained in the indenture or of the Lessor or the Owner Participant contained in any operative document and continuance of such default or breach for a period of 30 days after notice thereof; provided, however, that such failure to perform or observe any such other covenant, condition or agreement will not give rise to an event of default under the indenture if the failure:

- is other than in the payment of money,
- is curable but cannot be cured within 30 days, and
- will not materially adversely affect any material rights or interests of the holders of the bonds or the Indenture Trustee in, to or under the indenture or the bonds,

and curative action shall have been instituted within such 30-day period and diligently pursued to completion and is cured within 540 days;

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(iii) the occurrence of an “event of default” under the lease, unless the event of default under the lease results from non-payment of certain payments not assigned to the Indenture Trustee and the Lessor has not consented to the declaration of an event of default under the indenture in respect of such non-payment; and

(iv) certain events of bankruptcy, insolvency and reorganization relating to us or the Owner Trustee. (Original Indenture, Section 8.01; Lease, Section 16)

The Indenture Trustee, within 90 days after it knows of the occurrence of a default under the indenture, is required to mail notice to the holders of the bonds, provided that, except in the case of a default in the payment of principal, premium, if any, or interest, or additional interest, if any, on any bond, the Indenture Trustee will be protected in withholding such notice if, in good faith, it determines that the withholding of such notice is in the interest of the holders, and provided further, that in the case of a default specified in clause (ii) above, no such notice to holders will be given until at least 30 days after its occurrence. For all purposes of the indenture, in the absence of actual knowledge of a responsible officer of the Indenture Trustee, the Indenture Trustee will not be deemed to have knowledge of an event of default under the indenture (except the failure by us to pay any installment of basic rent) unless notified in writing by any holder of a bond, the Owner Participant, the Lessor or us. (Original Indenture, Section 9.02)

During the continuance of any event of default under the indenture (except an event of default relating to certain events of bankruptcy insolvency and reorganization relating to us or the Lessor), either the Indenture Trustee or the holders of not less than 25% in principal amount of the bonds outstanding, by written notice to the Lessor, the Owner Participant and us (and to the Indenture Trustee if given by the holders), may declare all of the bonds outstanding to be immediately due and payable, but no such declaration will be made in the case of an event of default under the indenture which resulted directly from a failure by us to make a payment or to perform or observe any covenant under the lease until such time as the Lessor has been given an opportunity to exercise its rights to cure such default under the lease. See “—Rights of Lessor to Cure Defaults and Purchase Bonds”. Upon the occurrence of an event of default relating to certain events of bankruptcy insolvency and reorganization relating to us or the Lessor, all of the bonds then outstanding will immediately become due and payable, without any action or demand or notice by the Indenture Trustee or the holders. (Original Indenture, Sections 8.02(a) and 8.09) In the event of our bankruptcy, the Indenture Trustee may be prevented from declaring the lease to be in default or exercising remedies. See “—Remedies”.

No registered owner of any bond will have any right to institute any suit, action or proceeding at law or in equity or otherwise for the foreclosure of the indenture, for the appointment of a receiver or for the enforcement of any remedy under the indenture unless:

- the Indenture Trustee has been given written notice of a continuing event of default under the indenture,
- the holders of not less than 25% in aggregate principal amount of bonds then outstanding have made a written request to the Indenture Trustee to institute such action, suit or proceeding and have offered indemnity as provided in the indenture,
- the Indenture Trustee has failed to act for 60 days, and
- no inconsistent direction has been given to the Indenture Trustee from the holders of a majority in aggregate principal amount of the bonds outstanding during such 60-day period.

Nothing contained in the indenture, however, impairs or affects the rights of any holder of a bond to enforce the payment of the principal, premium, if any, interest, and additional interest, if any, and on any bond at and after the maturity of the bond. (Original Indenture, Sections 8.10 and 8.12)

If an event of default under the indenture has occurred and is continuing, the holders of a majority in aggregate principal amount of the outstanding bonds:

(i) may, subject to certain conditions specified in the indenture, direct the Indenture Trustee to institute any proceeding relating to the bonds, but the Indenture Trustee may decline if it in good faith determines

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that the action directed would involve the Indenture Trustee in personal liability or expense, (Original Indenture, Section 8.06)

(ii) will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on the Indenture Trustee, subject to certain limitations specified in the indenture, (Original Indenture, Section 8.07) and

(iii) may waive any past default under the indenture and its consequences, except a default (a) in the payment of the principal of, premium, if any, interest or additional interest, if any, on any bonds or (b) in respect of a covenant or provision of the indenture which under the indenture cannot be modified or amended without the consent of the holder of each outstanding bond affected. (Original Indenture, Section 8.08)

We are required to deliver to the Indenture Trustee annually a written statement that all of our obligations under the indenture during such year have been fulfilled, or in the event of any default in the fulfillment of such obligations, specifying each default and the nature and status of such default. (Original Indenture, Section 5.09)

Rescission of Acceleration

If, after the bonds have become due and payable and before any sale of the property subject to the lien of the indenture:

(i) there has been paid to or deposited with the Indenture Trustee a sum sufficient to pay:

(a) all overdue installments of interest, and additional interest, if any, on all of the bonds and, to the extent lawful, interest on those bonds,

(b) the principal of, and any premium on, any bonds which have become due otherwise than by such acceleration, and interest on those bonds, and

(c) all sums paid or advanced by the Indenture Trustee and the reasonable compensation, expenses, disbursements and advancements of the Indenture Trustee, its agents and counsel, and

(ii) all other events of default under the indenture other than the nonpayment of the principal of the bonds that have become due solely by such acceleration, have been cured or waived,

the holders of a majority in principal amount of the bonds outstanding may rescind and annul such declaration and its consequences. However, no such rescission will affect any subsequent default or impair any right consequent thereon. (Original Indenture, Section 8.02(b) and form of bonds)

Remedies

If an event of default under the indenture has occurred and is continuing, the Indenture Trustee may, and upon the written request of, and the proffering of satisfactory indemnity by, the holders of a majority in principal amount of the outstanding bonds, will, subject to the Lessor's rights of cure, exercise the rights and remedies available to it under the indenture and applicable law, including (i) the institution of judicial proceedings, either at law or in equity or otherwise, to protect its rights under the indenture or for foreclosure under the indenture and (ii) the sale in whole or in part of the property subject to the lien of the indenture (provided that the Lessor has been given an opportunity to purchase the indenture estate at the proposed foreclosure sale price as determined by the Indenture Trustee).

As a condition to exercising any of its rights and remedies under the indenture in connection with an event of default under the indenture caused by an event of default under the lease that has occurred and is continuing, the Indenture Trustee is required, to the extent that it may do so under the indenture, the lease and applicable law, to exercise one or more of its rights and remedies under the lease (at least one of which remedies must involve the payment of Casualty Value, an amount measured by Casualty Value or an amount in excess of Casualty

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Value specified in the lease), so long as no other event of default under the indenture has occurred and is continuing that is not the direct result of the circumstances giving rise to the event of default under the lease. If no event of default under the lease has occurred and is continuing, the Indenture Trustee's rights and remedies will be subject to our rights under the lease. (Original Indenture, Section 8.03; First Supplemental Indenture, Section 4(c))

All payments received and amounts held or realized by the Indenture Trustee after (i) an event of default under the indenture has occurred and is continuing and (ii) the Indenture Trustee has declared the lease to be in default or the bonds have become due and payable, will be distributed:

- first, to reimburse the Indenture Trustee for its expenses and to pay the reasonable remuneration of the Indenture Trustee;
- second, to pay in full, or ratably if necessary, the unpaid principal amount of all of the bonds outstanding plus accrued but unpaid interest and additional interest, if any (as well as interest on overdue principal and, to the extent permitted by law, on overdue interest and overdue additional interest) to the date of distribution on the bonds;
- third, to pay in full, or ratably if necessary, to the present or former holders of the bonds, any amounts payable to them as indemnitees in accordance with the provisions of the indenture; and
- fourth, to pay any other indebtedness at the time due and owing to the Indenture Trustee or the holders of the bonds that the indenture secures.

The balance, if any, will be paid to the Lessor. (Original Indenture, Section 4.03)

After the Indenture Trustee has knowledge of an event of default under the indenture or a default that, after giving of notice or lapse of time, or both, would become an event of default under the indenture, and while such default or event of default under the indenture is continuing, all payments that the Indenture Trustee receives and amounts that it realizes (except for payments that are specifically excluded from the indenture estate, which at all times will be paid to the person entitled to receive such payment) that would otherwise be payable to the Lessor, will be held by the Indenture Trustee, provided that the Indenture Trustee must distribute such amounts to the Lessor within 180 days of the Indenture Trustee's receipt thereof unless an event of default under the indenture is declared and the Indenture Trustee is diligently pursuing any remedies available under the indenture. (Original Indenture, Sections 4.06 and 4.07)

Rights of KCP&L Under the Operating Agreement

The rights of the Indenture Trustee under the indenture, as well as the rights of the Lessor under the lease, insofar as they relate to the disposition of the Facility Interest, are subject to the rights of KCP&L under the operating agreement. Pursuant to the operating agreement, an owner of an interest in the Facility may not transfer it unless, at least one year prior to the intended date of transfer, the transferor gives the other owner a right of first refusal to purchase the interest on the terms and conditions provided for in the proposed transfer. The other owner must elect, if at all, to purchase the interest in the Facility within 120 days of the notice of transfer. If the other owner does not elect to purchase and the transfer is made as originally proposed, the transfer must be made under the terms of the operating agreement and the transferee must agree to be bound by the operating agreement.

Rights of Lessor to Cure Defaults and Purchase Bonds

An event of default under the indenture is cured (i) if it results from a nonpayment of basic or supplemental rent under the lease, if the Lessor has paid all of such defaulted rent to the extent required to enable the Indenture Trustee to make all payments of principal and interest and additional interest then due and unpaid on all outstanding bonds, within 30 days after receipt by the Lessor of notice of such nonpayment or (ii) if it results from our failure to perform or observe any of our covenants, conditions or agreements under the operative

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documents (other than to pay rent), and the Lessor has observed or performed any such covenant, condition or agreement within 30 days after its receipt of notice of the occurrence of such failure, unless in the case of clause (i) above, we fail to make all payments of basic rent (a) on more than two consecutive semi-annual basic rent payment dates or (b) on more than six basic rent payment dates during the term of the lease. (Original Indenture, Section 8.09(a))

If an event of default under the indenture has occurred and:

- (i) the bonds have been accelerated and such acceleration has not been rescinded,
 - (ii) no event of default under the indenture arising out of a failure by the Lessor or Owner Participant to perform or observe any of its covenants, conditions or agreements contained in the operative documents has occurred and is continuing and
 - (iii) the Lessor, within 45 days after receiving notice from the Indenture Trustee of such acceleration, has given written notice to the Indenture Trustee and the holders of the bonds of its intention to purchase all such bonds on a specified purchase date,
- then, upon payment by the Lessor on or before such purchase date of an amount equal to the principal of, and interest and additional interest, if any, on, all of the outstanding bonds (such interest to be accrued after notice of intention to purchase is given at the rate provided for prior to the applicable default) plus all other amounts that holders would be entitled to be paid under the indenture before any payments were to be made to the Lessor, each holder will be deemed to have sold its bonds to the Lessor, provided, that no such sale will be deemed to have occurred unless all outstanding bonds are simultaneously to be so purchased and such transfer or conveyance is not in violation of any applicable law or rule.

If a bond is not tendered, it will be deemed to be purchased, and on the purchase date, interest and additional interest, if any, on the bond will cease to accrue to the former holder bond holder, and the former holder will have no rights or interest in such bond except the right to receive payment of the principal of, and accrued interest and additional interest, if any, on, such bond to the purchase date. Bonds tendered to the Indenture Trustee after the date fixed for purchase will be purchased from moneys deposited for the purchase of the bonds. (Original Indenture, Section 8.09(c))

Additional Bonds

Additional bonds may be issued by the Owner Trustee under and secured by the indenture, at any time or from time to time:

- (i) in an aggregate principal amount equal to the principal of any series of bonds outstanding to be redeemed out of the proceeds of such additional bonds (or if all of the then outstanding Bonds or any one or more series thereof are being redeemed or surrendered by the Owner Trustee to the Indenture Trustee for cancellation, any amount up to and including the original aggregate principal amount of such bonds or such series, as the case may be, to be so redeemed or surrendered for cancellation) or such greater amount as we and the Owner Participant may agree in our sole discretion plus commissions, fees and expenses paid or incurred in connection with any such issuance; or
- (ii) to provide funds to finance a portion of the cost of any nonseverable alterations, modifications, additions and improvements, which we refer to collectively as, the alterations to the Facility (excluding original, substitute or replacement components).

The additional bonds:

- must have terms, conditions and designations that are set forth in a supplemental indenture executed by the Lessor, us and the Indenture Trustee;
- may require rentals and other amounts payable by us under the lease to be adjusted, to the extent necessary to provide debt service for the additional bonds; and

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- cannot be issued to finance the cost of alterations at any time that we do not have outstanding senior secured long-term debt securities having an investment-grade credit rating from both Moody's Investors Service and Standard & Poor's Ratings Services.

All bonds issued and outstanding under the indenture, including the 2005 Exchange Bonds, will be equally and ratably secured under the indenture, without preference, priority or distinction among them by reason of difference in time of issuance, maturity or otherwise. (Original Indenture, Sections 2.03 and 2.15; First Supplemental Indenture, Section 4(a))

Supplemental Indentures

We, the Lessor and the Indenture Trustee may enter into indentures supplemental to the indenture, without the consent of the holders of the bonds, for any one or more of the following purposes:

(i) to evidence the succession of another corporation to us and the assumption by any such successor of our covenants in the indenture and the bonds or to evidence the succession of another corporation to the Lessor and the assumption by any such successor of the covenants of the Lessor in the indenture;

(ii) to add to our covenants or those of the Lessor, for the benefit of the holders of the bonds, or to surrender any right or power conferred in the indenture upon us or the Lessor;

(iii) to convey, transfer and assign to the Indenture Trustee, and to subject to the lien of the indenture, additional properties, and to correct or amplify the description of any property at any time subject to the lien of the indenture or to assure, convey and confirm to the Indenture Trustee any property subject or required to be subject to the lien of the indenture;

(iv) to modify, eliminate or add to the provisions of the indenture to the extent necessary to qualify or continue qualification of the indenture under the Trust Indenture Act of 1939;

(v) to cure any ambiguity in or to correct or supplement any defective or inconsistent provision of the indenture;

(vi) to establish the form or terms of any additional series of bonds;

(vii) for us to assume the obligations on the bonds;

(viii) to change or amend any provision of the indenture provided that such change or amendment will not be applicable to any bonds outstanding prior to the date of such change or amendment; or

(ix) to make any other provisions with respect to matters or questions arising under the indenture, so long as such action does not adversely affect the interests of the holders of the bonds. (Original Indenture, Section 11.01)

However, no supplemental indenture will become effective except with the consent of the holders of all bonds then outstanding if as a result of such supplemental indenture, the amounts payable to the Lessor under the lease (other than payments which are specifically excluded from the indenture estate) and assigned to the Indenture Trustee under the indenture will not be sufficient to pay when due the principal of, premium, if any, and interest and additional interest, if any, on, the bonds. (Original Indenture, Section 11.01)

The holders of not less than a majority in principal amount of the outstanding bonds must consent to and approve the substance of any supplemental indenture which adds to or changes the rights and obligations of the holders of the bonds and of us and the Lessor under the indenture. However, without the consent of the holder of each affected bond, no such supplemental indenture may effect:

(i) a change in the stated maturity (including sinking fund redemptions) of, the date of any installment of interest or additional interest on, or the dates or circumstances of payment of premium, if any, on, any bond, or a reduction in the principal amount of the bond or the interest or additional interest thereon or any amount payable upon the redemption of the bond,

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(ii) a change in the circumstances for redemption or in the place of payment where, or the coin or currency in which, any bond or the premium, if any, or the interest or additional interest on any bond is payable,

(iii) an impairment of the right to institute suit for the enforcement of any payment of principal of or interest and additional interest on or after the maturity of the bond (or, in the case of redemption, on or after the redemption date) or such payment of premium, if any, on or after the date such premium becomes due and payable,

(iv) a change in the dates or the amounts of payments to be made through the operation of the sinking fund,

(v) the creation of any lien prior to or on a parity with the lien of the indenture or the termination of the lien of the indenture or the deprivation of the holder of any bond of the security afforded by the lien of the indenture,

(vi) the termination of the lease, a reduction of the amounts payable under the lease assigned to the Indenture Trustee or a change in the time for the payment so that such payments are less than the amounts necessary to pay when due the principal of and interest and additional interest, if any, on the bonds,

(vii) a reduction in the percentage in principal amount of bonds required for consent to such supplemental indenture or the consent of whose holders is required for any waiver provided for in the indenture, or

(viii) a modification of the above provisions or the provisions of the indenture dealing with waivers of past defaults, except to increase any such percentage or provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each bond affected by the supplemental indenture. (Original Indenture, Section 11.02)

Limitations on Amendment of Documents

Without the consent of the holder of each outstanding bond, the parties to the lease may not modify, amend or supplement or waive any provision of, the lease in such way:

(a) as to terminate the lease, reduce the amounts payable by us under the lease assigned to the Indenture Trustee or change the time for the payment such that such payments are less than the amounts necessary to pay the principal of, premium, if any, and interest and additional interest, if any, on, the outstanding bonds when due,

(b) as to release us from our obligation in respect of payment of basic rent, Casualty Value specified in the lease (or any other amounts payable upon the occurrence of an Event of Loss) or any other amount payable under the lease and intended to be used to pay the principal of or interest and additional interest, if any, on the bonds, in any way inconsistent with clause (a) above except as provided in the lease, or

(c) as to change the events of default under the lease (except to add events of default, to delete the requirement for notice or to reduce any grace period). (Original Indenture, Section 5.08)

Without the consent of a majority in interest of the holders of all bonds then outstanding, we may not modify, amend or supplement or waive any provision of (i) certain portions of the operative documents pertaining, among other things, to operation and maintenance of the Facility, insurance coverage on the Facility and any sublease, assignment or other transfer of our interests in the Facility, or (ii) the facilities agreement or the ground lease in a manner that would materially impair the lien and security interest created by the indenture. (Original Indenture, Section 5.08)

Releases

The Indenture Trustee will release from the lien of the indenture (i) property taken by eminent domain or by right of purchase of any governmental subdivision, body, or agency, which taking does not constitute an event of

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loss under the indenture, upon receipt of the consideration for the property or (ii) components in respect of the Facility the removal of which will not materially impair or reduce the operating capacity, cost efficiency, utility or value of the Facility. In addition, components in respect of the Facility that have become worn out, destroyed, obsolete or damaged beyond repair may be removed without release. All replacement components will become subject to the lien of the indenture. (Original Indenture, Sections 12.01, 12.02 and 12.03)

Discharge of Lien

The indenture will cease to be in effect with respect to the bonds, if at any time:

- the principal of, premium, if any, and interest and additional interest, if any, on, all bonds have been paid,
- all bonds previously authenticated and delivered have been delivered to the Indenture Trustee for cancellation or
- there shall be deposited with the Indenture Trustee as trust funds the entire amount in cash necessary to pay, or direct obligations of the United States of America maturing in such amounts and at such times as will ensure the availability of cash sufficient to pay, at stated maturity, and including all sinking fund payment dates or, upon redemption, the principal of, premium, if any, and interest and additional interest, if any, on, all such bonds and, in any such case, all other sums payable with respect to the bonds have been paid.

In such event, the holders of the bonds will no longer be entitled to the benefits of the indenture. To exercise the option specified in the third clause above, there must be delivered to the Indenture Trustee an opinion of counsel to the effect that the deposit and related defeasance would not cause the holders of such bonds to recognize income, gain or loss for federal income tax purposes and will be subject to federal income tax of the same amount, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of bonds for which a redemption date was not specified upon the deposit of cash or obligations as described in the third clause above, such bonds will remain subject to redemption as described in “Description of the Bonds—Optional Redemption”. (Original Indenture, Section 3.01)

The Indenture Trustee

Under the indenture, upon the occurrence of an event of default, the Indenture Trustee will exercise its rights and powers, and will use the same degree of care and skill as a prudent person would exercise under the circumstances in the conduct of his own affairs. The Indenture Trustee will not be liable for any error of judgment made in good faith, unless the Indenture Trustee was negligent in ascertaining the pertinent facts, or for any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in principal amount of outstanding bonds. The Indenture Trustee will be under no obligation to exercise any of its rights and powers at the request of any holder of bonds unless such holder has offered to the Indenture Trustee reasonable security or indemnity. The Indenture Trustee may acquire and hold the bonds and, subject to certain conditions, may otherwise deal with the Lessor and KG&E with the same rights it would have if it were not the Indenture Trustee. (Original Indenture, Sections 9.01, 9.03 and 9.05)

In the absence of actual knowledge of a responsible officer of the Indenture Trustee, the Indenture Trustee will not be deemed to have knowledge of an event of default under the indenture (except the failure by us to pay any installment of basic rent when the such installment becomes due) unless notified in writing by any holder of a bond, the Owner Participant, the Lessor or us. (Original Indenture, Section 9.03)

We and/or our affiliates maintain normal banking relationships with affiliates of the Indenture Trustee. In addition, the Indenture Trustee is serving as the Exchange Agent for the Exchange Offer.

DESCRIPTION OF THE LEASE

We have summarized below material provisions of the lease. This summary does not describe all of the exceptions and qualifications contained in the lease. In the summary below, we have included references to section numbers of the lease so that you can easily locate these provisions. Copies of the lease may be obtained from us or from the Indenture Trustee upon request.

Terms and Rentals

In the sale and leaseback transaction, the Lessor acquired the Facility Interest, and leased it to us. The initial term of the lease was to have expired on September 29, 2016. The lease has been amended several times, and pursuant to most recent amendment, in connection with the offering of the 2005 Bonds, the term of the lease was extended for a term expiring on September 29, 2029, unless earlier terminated or extended as described below. Basic rent is required to be paid by us under the lease in immediately available funds on each March 29 and September 29. If the scheduled due date is not a business day, the rent is required to be paid in immediately available funds on the next succeeding business day. The rent payable on each payment date is required to be in an amount that is at least equal to the aggregate amount of principal and accrued interest and additional interest, if any, due and payable on the bonds on such date. While the indenture is in effect, each payment of basic rent and all other payments (except those that are not a part of the indenture estate) to be made by us under the lease must be made to the Indenture Trustee and applied, first, to the payment of interest and additional interest, if any, and, second, to the payment of principal then due and unpaid on the bonds. The balance of any such payments will be paid by the Indenture Trustee to the Lessor for distribution to the Owner Participant pursuant to the trust agreement. (Lease, Sections 3.1, 3.2 and 3.3; Original Indenture, Section 4.01; Trust Agreement, Section 5.1) For a description of the application of payments upon the occurrence on an event of default under the indenture, see “Description of the Bonds—Remedies”.

Net Lease/Maintenance

The lease is a net lease. Payments of rent under the lease by us must be made without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, except that we may offset certain amounts so long as no offset would reduce the rent to an amount insufficient to pay in full the amount then due on the bonds. We are required to use our best efforts, without cost or expense to the Lessor, to:

- (i) maintain the Facility in accordance with prudent utility practice,
- (ii) operate, service, maintain and repair all necessary or useful components of the Facility in accordance with prudent utility practice,
- (iii) comply with laws, regulations and governmental orders affecting the Facility, and
- (iv) keep and maintain proper books and records relating to the operation, maintenance, repairs and replacement of the Facility. (Lease, Sections 3.5 and 11.1)

Alterations and Improvements

We are required to make any alterations to the Facility required by applicable laws, regulations and governmental orders or by applicable insurance. The costs of all severable alterations will be paid by us. The costs of nonseverable alterations may be financed through additional non-recourse borrowings by the Lessor. The Owner Participant, however, may elect to make an additional equity investment with respect to the cost of any nonseverable alteration and has sole discretion to determine the amount of such investment. If the Owner Participant issues additional non-recourse debt and makes such investment, the rent under the lease will be adjusted to cover the additional debt service. We will retain title to all severable alterations. At the end of the lease term, the Lessor will have the option to purchase or lease any such severable alteration from us provided that we have not exercised our option to purchase the Facility Interest. Title to all nonseverable alterations will vest in the Lessor. (Lease, Sections 4.3, 11.4, 11.5 and 11.6)

Sublease and Assignment

Except as described in this prospectus, we are not permitted to assign, transfer or encumber our rights under the lease without the prior written consent of the Lessor, Owner Participant and Indenture Trustee. However, we have the right, provided there is no default under the lease, to sublease or assign the Facility Interest without such consents if:

- (i) the assignment or sublease does not extend beyond the basic term of the lease;
- (ii) a copy of the sublease or assignment is delivered to the Lessor and the Indenture Trustee within 30 days of its execution;
- (iii) the sublease or assignment does not impair or diminish our obligations or liabilities under the lease or the other operative documents, or result, in the reasonable opinion of the Owner Participant, in adverse tax consequences to the Owner Participant;
- (iv) the sublease or assignment is expressly subject and subordinate to the provisions of the lease and the other operative documents;
- (v) the sublessee or assignee is or upon such sublease or assignment will be engaged in the business of generating or distributing electricity for sale;
- (vi) the sublessee or assignee has all necessary legal and regulatory authority to discharge our obligations and liabilities with respect to the Facility Interest under the lease and the other operative documents;
- (vii) any assignee, other than one of our affiliates, shall have established its creditworthiness to the reasonable satisfaction of the Owner Participant; and
- (viii) such sublease or assignment will not render the Owner Participant's investment in the Facility Interest illegal or subject it to burdensome regulation.

We also have the right to subject our rights under the lease and the other operative documents to the lien of the Westar Mortgage and to any other existing or future liens on assets of Westar Energy if we are combined with Westar Energy, without the prior consent of the Lessor, Owner Participant or Indenture Trustee. (Lease, Section 15.1; Amendment No. 3 to the Lease, Section 2)

Insurance

We are required at our own cost and expense:

- to carry and maintain or cause to be carried and maintained (provided that such insurance is commercially available at a reasonable cost) insurance covering physical loss or damage to the Facility against such risks and perils and in form and amounts consistent with prudent utility practice for similar companies operating like properties and to include the Lessor, Owner Participant and Indenture Trustee as insureds;
- to pay any insurance proceeds during a lease default or lease event of default and, at other times, proceeds in excess of \$10,000,000 to the Indenture Trustee to be used as security for our obligations under the lease so long as the lease default or lease event of default is continuing or to be used to reimburse us for costs and expenses of repairs or restoration so long as there is no lease default or lease event of default;
- to carry and maintain public liability insurance covering personal injury, bodily injury and property damage liability covering claims arising out of the ownership, operation, maintenance, condition or use of the Facility Interest (provided such insurance is commercially available at a reasonable cost) in an amount not less than \$20,000,000 per occurrence and annual aggregate occurrences, subject to a deductible of up to \$5,000,000 or such other amount as may be approved from time to time by the Lessor and to include the Lessor, Owner Participant and Indenture Trustee as additional insureds.

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If we cannot obtain such personal injury, bodily injury or property damage liability insurance at a reasonable cost, and the Owner Participant does obtain such insurance at a reasonable cost, we must reimburse the Owner Participant, as supplemental rent, for all costs and expenses, including premiums, incurred by the Owner Participant in obtaining such insurance. (Lease, Sections 13.1 and 13.3)

Renewal Options

We have several options to renew the lease upon its expiration on September 29, 2029, and upon the expiration of any renewal term. (Lease, Section 5.1; Amendment No. 4, Section 2)

Unless a lease default has occurred and is continuing at the time we give the renewal notice required under the lease or at the time the applicable renewal term commences, we have the right to renew the lease:

- (a) at the end of the basic lease term for a fixed rental renewal term or a fair market rental renewal term,
- (b) at the end of any fair market rental renewal term for another fair market rental renewal term,
- (c) at the end of the fixed rental renewal term for one additional fixed rental renewal term or for a fair market rental renewal term and
- (d) at the end of the additional fixed rental renewal term for a fair market rental renewal term, provided that:
 - (i) no renewal term may extend beyond the term of the ground lease,
 - (ii) neither the fixed rental renewal term nor the additional fixed rental renewal term may follow a fair market rental renewal term,
 - (iii) there may be no more than one additional fixed rental renewal term,
 - (iv) the term of each of the fixed rental renewal term and the additional fixed rental renewal term will be one year or an integral multiple thereof,
 - (v) the term of any fair market rental renewal term will be three years or an integral multiple of years in excess of three years,
 - (vi) a fair market rental renewal term may not terminate within the last three years of the term of the ground lease except for termination on the termination date for the ground lease and
 - (vii) in order to renew for a fixed rental renewal term or an additional fixed rental renewal term, we will provide the Lessor with an appraisal stating that the aggregate period of the basic lease term and the requested fixed rental renewal term will not exceed 80% of the useful life of the Facility measured from September 1, 1977, the original in-service date of the Facility for purposes of this offering. (Lease, Section 5.1; Amendment No. 4, Section 2)

Purchase Options and Termination Options

We have the option to purchase the Facility Interest from the Lessor:

- (1) at the expiration of the basic lease term for a purchase price equal to the excess of (a) the aggregate of (x) the lesser of (i) the fair market sale value of the Facility Interest on such date and (ii) the sum of (A) \$342,630,000 and (B) the fair market value on such date of any nonseverable alterations completed after June 17, 2005 and financed by additional investments of the Owner Participant and (y) any deferred rent balance on such date qualifying as loans from the Lessor to us for purposes of Section 467 of the Internal Revenue Code of 1986, as amended (the "Code"), which we refer to as the lessee loan balance, over (b) the amount of any prepaid rent balance on such date qualifying as loans from us to the Lessor for purposes of Section 467 of the Code, which we refer to as the lessor loan balance,

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(2) at the expiration of a renewal term for a purchase price equal to the fair market sale value of the Facility Interest, and

(3) (a) on September 29, 2015, September 29, 2020 or September 29, 2025, (b) in the event that the Owner Participant declines to participate in the financing of any nonseverable Alteration, the cost of which to us will exceed \$10,000,000, on either of the next two basic rent payment dates for which we have given timely notice pursuant to the lease or (c) upon an increase in our tax indemnity obligations to the Owner Participant with respect to Kansas State income taxes in any year in an amount that exceeds 5% of basic rent payable under the lease for such year, on either of the next two basic rent payment dates for which we have given timely notice pursuant to the lease, in each case for a purchase price equal to the greater of (i) the sum of the Casualty Value on such date, the premium, if any, then payable upon the redemption of the bonds, and the basic rent due on such date, and (ii) the sum of the fair market sale value of the Facility Interest on such date, the premium, if any, then payable upon the redemption of the bonds, and the rent due on such date; provided, that, in the case of clause (3), the lessor loan balance, if any, on such date will be credited against such purchase price and the lessee loan balance, if any, on such date will be added to such purchase price, provided further, that, in the case of clause (3), if we should elect to assume the bonds and the obligations of the Lessor under the indenture, we may credit against such purchase price the principal of and accrued and unpaid interest and additional interest, if any, on the outstanding bonds. (Lease, Section 6.1; Amendment No. 4, Section 2)

We have the option to terminate the lease if our Board of Directors reasonably determines that the Facility is obsolete, surplus or uneconomic for our purposes and will no longer be used by us. Following notice of such termination given to the Lessor and Indenture Trustee, we will act as agent for the Lessor in arranging for the sale of the Facility Interest to a non-affiliate of ours. If no acceptable purchaser can be found, the lease will terminate and the Lessor will transfer the Facility Interest to us upon payment by us to the Lessor of the Casualty Value. In such event, we will not use the Facility Interest and will use our best efforts to sell it for a cash price that exceeds the Casualty Value paid on the termination date. Rather than selling the Facility Interest to a non-affiliate of ours, the Lessor may elect to retain the Facility Interest. As a condition to the Lessor's right to retain the Facility Interest, the Lessor will pay to the Indenture Trustee an amount equal to the principal of, premium, if any, and unpaid interest and additional interest, if any, on the bonds or deposit with the Indenture Trustee sufficient funds and Treasury securities to discharge the lien of the indenture (see "Description of the Indenture—Discharge of Lien"). If the Lessor elects to retain the Facility Interest, (i) we will pay to the Lessor on the termination date any rent due on such date, any premium payable on any bond and the lessee loan balance, if any, on such date, but will not be required to pay the Casualty Value and (ii) the Lessor will pay us the lessor loan balance, if any, on such date and deliver to us instruments evidencing the termination of the lease. (Lease, Sections 7.1, 7.2 and 7.3; Amendment No. 4, Section 2)

If an Event of Loss occurs, we must pay to the Lessor the Casualty Value plus the excess, if any, of the lessee loan balance over the lessor loan balance. From the date of the Event of Loss to and including the date of payment of such Casualty Value, all rent will continue to be paid when due. We are also required to pay, simultaneously with the payment of the above-mentioned amount, all other sums due and owing from us to the Lessor under the operative documents. Upon such payment, the lease will terminate, our obligations under the lease will terminate and the Lessor will transfer the Facility Interest to us or as we will direct, free and clear of the lien created by the indenture. (Lease, Section 12.2; Amendment No. 4, Section 2)

Notwithstanding the foregoing, in the case of an Event of Loss described in clause (v) under "Description of the Bonds—Mandatory Redemption", if we have duly executed and delivered an assumption agreement in accordance with the indenture, our obligation to pay the Casualty Value will be reduced by the principal amount of the bonds so assumed and not otherwise due on the date of such payment. (Lease, Section 12.2)

Events of Default under the Lease; Lessor's Remedies

Events of default under the lease include:

- (i) our failure to pay basic rent, Casualty Value or the supplemental rent specified in subsection 3.2(b) of the lease within five business days after the same becomes due, or supplemental rent (other than that specified in subsection 3.2(b) of the lease) or other amounts payable under the lease within 30 days after notice;
- (ii) our failure to maintain insurance as required by the lease;
- (iii) our failure to perform or observe any other covenant or agreement to be performed or observed by us under the lease or any other operative documents and such failure will continue for a period of 30 days after notice; provided, however, that the continuance of such failure for 30 days, or such longer period which is less than 540 days, after such notice will not constitute a default if (a) it is curable but cannot be cured within 30 days, (b) we are diligently pursuing such cure and (c) such default does not materially impair the rights of the Owner Participant or the Lessor in the Facility or the security interest of the Indenture Trustee under the indenture;
- (iv) any representation or warranty made by us in any operative document (other than the tax indemnity agreement) proves to be incorrect in any material respect when made and remains material and uncured for a period of 30 days after notice; provided, however, that the continuation of such misrepresentation will not constitute a default if the conditions of the proviso to clause (iii) above are met;
- (v) certain insolvency and bankruptcy events with respect to us; and
- (vi) any operative document to which we are a party ceases to be our legal, valid and binding obligation. (Lease, Section 16)

If an event of default under the lease has occurred and is continuing and the Lessor has declared the lease to be in default, the Lessor may exercise one or more of the remedies provided in the lease, which include the right to terminate the lease, to take possession of the Facility Interest and, subject to the terms of the operating agreement, to lease or sell the Facility Interest free and clear of our rights. The Lessor may require us to pay any unpaid rent due under the lease through the payment date specified in such notice, plus one of the following amounts as selected by the Lessor (together with interest on such amount from the payment date specified in the notice to the date of actual payment):

1. an amount equal to (a) the excess, if any, of (i) the Casualty Value over (ii) the fair market rental value of the Facility during the remaining lease term after discounting such rental value to present value plus (b) the lessee loan balance minus (c) the lessor loan balance;
2. an amount equal to (a) the excess, if any, of the Casualty Value over the fair market sale value of the Facility as of such payment date plus (b) the lessee loan balance minus (c) the lessor loan balance;
3. an amount equal to (a) the highest of (i) such Casualty Value, (ii) such discounted fair market rental value and (iii) such fair market sale value plus (b) the lessee loan balance minus (c) the lessor loan balance and, in this event, upon full payment by us of all sums due under the lease, the Lessor shall exercise its best efforts to promptly sell the Facility Interest and pay over to us the net proceeds of such sale up to the amount set forth in clause (i), (ii) or (iii) above paid by us; or
4. an amount equal to (a) the excess of (i) the present value as of the basic rent payment date specified in such notice of all installments of basic rent until the end of the basic term, over (ii) the present value as of such basic rent payment date of the fair market rental value of the Facility Interest for the remainder of such basic lease term plus (b) the lessee loan balance minus (c) the lessor loan balance.

If the Lessor sells the Facility Interest, the Lessor, in lieu of exercising its right to require the payment of the amounts specified above, may require us to pay, on the date of such sale, (i) any unpaid rent due and attributable

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to the use of the Facility by us through such payment date, *plus* (ii) the amount of any deficiency between the Casualty Value and the net proceeds of such sale, together with interest from the date of such sale until the date of actual payment, *plus* (iii) the lessee loan balance, *minus* (iv) the lessor loan balance; *provided* that if the lessor loan balance exceeds the aggregate of the amounts denoted by clauses (i) through (iii) of this paragraph, the Lessor will promptly pay to us an amount equal to such excess. As long as any bonds are outstanding, the rights of the Lessor described in this section will be assigned to the Indenture Trustee. (Lease, Section 17.1; Amendment No. 4, Section 2; Indenture, Granting Clause)

Refinancing Rights

In addition to existing rights to refinance the bonds under the indenture, we will have the additional right under the lease, exercisable at any time, to request the Owner Trustee to, and upon such request the Owner Trustee will, refund or refinance the bonds, or any portion thereof, either in the public or private market, provided that such debt can be issued and sold upon terms and conditions substantially the same as those then existing, or on such modified terms and conditions to be set forth in the operative documents.

CERTAIN TERMS OF THE PARTICIPATION AGREEMENT

We have summarized below material provisions of the participation agreement. This summary does not describe all of the exceptions and qualifications contained in the participation agreement. In the summary below, we have included references to section numbers of the participation agreement so that you can easily locate these provisions. Copies of the participation agreement may be obtained from us or from the Indenture Trustee upon request.

Merger; Consolidation; Maintenance of Corporate Existence

Pursuant to the participation agreement, dated as of September 1, 1987, as amended, which we refer to as the participation agreement, we have agreed that we will at all times maintain our existence as a corporation under Kansas law and use our best efforts to maintain our status as an electric public utility and will not consolidate with or merge with or into any other corporation or convey, transfer or lease all or substantially all of our assets to any person unless:

- (i) our successor corporation (if other than us) has executed and delivered an agreement pursuant to which it assumes the due and punctual performance of each covenant and condition of the operative documents to be performed or complied with by us;
- (ii) our successor is a corporation organized under the laws of a state of the United States or under Federal laws;
- (iii) the consolidation, merger or transfer will not violate any provision of, or create a relationship that would be a material violation of any law, regulation or governmental order;
- (iv) if we are not the successor corporation, we will be required to deliver (a) an opinion of counsel confirming the validity and enforceability of the agreement referred to in (i) above, and as to compliance with clauses (ii) and (iii) above, and (b) an officer's certificate stating that such consolidation, merger, conveyance, transfer or lease and the agreement referred to in clause (i) above complies with the participation agreement and all conditions precedent contained in the participation agreement; and
- (v) we reasonably believe that upon such consolidation, merger, transfer or lease such person would have outstanding senior long-term debt securities rated investment-grade. (Participation Agreement, Sections 9.2.3 and 9.2.4)

Upon the consummation of any such transaction, the successor corporation will succeed to, and be substituted for, and may exercise every right and power of, us under the operative documents with the same effect as if such successor had been named in the operative documents. No such conveyance, transfer or lease of all or substantially all of our assets will have the effect of releasing us or any successor corporation from its liability under the operative documents without the prior written consent of the Lessor, the Owner Participant and the Indenture Trustee. (Participation Agreement, Section 9.2.4)

Transfer of Owner Participant's Interest

The Owner Participant may at any time assign, convey or otherwise transfer all or a part of its right, title and interest in and to the Facility Interest (whether or not the same will then have been pledged or mortgaged under the indenture, but subject to the lien of the indenture) and in and to the operative documents, but only if:

- (i) the transferee is a permitted transferee of the Owner Participant's interest under the trust agreement (which provides that the Owner Participant will remain secondarily liable for the transferee's obligations if such transferee has a net worth of less than \$50,000,000 at the time of transfer) and we and Indenture Trustee have received advance notice of the transfer;
- (ii) the transferee has entered into an agreement whereby the transferee confirms that it has the requisite power and authority to enter into and to carry out the transactions contemplated by each operative

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document to which the Owner Participant is or will be a party, and that it will be deemed a party to each of such operative documents and will agree to be bound by all of the terms of, and to undertake all the obligations of the transferor contained in, each operative document with respect to the interest being conveyed;

(iii) the transfer will not violate any provision of, or create a relationship which in any material respect would be in violation of, any law, regulation or governmental order and will not involve, either directly or indirectly, the assets of any pension plan;

(iv) an opinion of counsel has been delivered to us and the Indenture Trustee as to the due authorization, execution, delivery, validity and enforceability of the agreement referred to in clause (ii) above and as to compliance with clause (iii) above;

(v) the transferee will be (a) an affiliate of the Owner Participant, (b) a person with a net worth at the time of such conveyance of not less than \$50,000,000 and, unless we and the State Corporation Commission of the State of Kansas will have consented thereto, which is not a utility interconnected with us or our affiliates or (c) such other person or persons as to which we have consented; and

(vi) after giving effect to such transfer, there will not be more than four Owner Participants.

Upon any such transfer by the Owner Participant, the transferee will be deemed an "Owner Participant" for all purposes of the operative documents.

(Participation Agreement, Section 15)

THE OPERATING AGREEMENT

The operating agreement between us and KCP&L governs the terms and conditions of the ownership and operation of the Facility. Pursuant to the operating agreement, KCP&L has been appointed the operator of the Facility. By amendment no. 1 to the operating agreement among us, KCP&L and the Lessor, we have assigned to the Lessor all of our interest, as an owner of the Facility, in the operating agreement and the Lessor has reassigned such interest to us for the term of the lease, with the result that we will continue to be treated as an owner of the Facility for purposes of the operating agreement during the term of the lease. See "Description of the Indenture—Rights of KCP&L Under the Operating Agreement".

THE APPRAISAL

In connection with the offering of the 2005 Bonds, we engaged M&S to provide an independent appraisal of the fair market value of the Facility Interest. M&S is a national, independent appraisal firm with broad lease valuation asset expertise and over 70 years of professional service. The Owner Participant selected M&S based on the recommendation of its financial adviser, which advised that M&S had extensive experience with coal-fired electric generating facilities similar to the Facility Interest and a long history of providing appraisal services for leveraged lease structures. The Owner Participant concurred with this recommendation based on its own review of M&S's submission relating to its qualifications and its representative client list.

M&S's appraisal was based on the Fair Market Value In Continued Use method, which the American Society of Appraisers defines as the estimated amount expressed in terms of money, at which property would be expected to be exchanged, in an arm's-length transaction, between an informed and willing buyer and an informed and willing seller, neither being under compulsion to act, each having reasonable knowledge of all relevant facts, with equity to both, as of a specific point in time including installation and assuming that the business earnings support the value reported with the intent being for the property to continue to be used in its current use. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs to make the property fully operational. In an appraisal dated June 17, 2005, M&S concluded that the fair market value of the Facility Interest is \$428,840,000.

THE EXCHANGE OFFER

In a registration rights agreement between KGE and the initial purchasers of the 2005 Bonds, we agreed:

- (1) to file a registration statement on or prior to 90 days after the closing of the offering of the 2005 Bonds with respect to an offer to exchange the 2005 Bonds for a new issue of bonds, with terms substantially the same as of the 2005 Bonds but registered under the Securities Act;
- (2) to use our best efforts to cause the registration statement to be declared effective by the SEC on or prior to 210 days after the closing of the 2005 Bonds offering; and
- (3) to use our reasonable best efforts to consummate the exchange offer and issue the 2005 Exchange Bonds within 30 business days after the registration statement is declared effective.

The registration rights agreement provides that, in the event we fail to comply with the above stated provisions, we will be required to pay to each holder of 2005 Bonds affected thereby additional interest in an amount equal to 0.50% per annum of the principal amount of 2005 Bonds held by such holder until all registration defaults have been cured. We are not required, however, to pay additional interest for more than one registration default at any given time. Once we complete the exchange offer, we will not be required to pay additional interest on the 2005 Bonds.

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of 2005 Bonds in any jurisdiction in which the exchange offer or acceptance of the exchange offer would violate the securities or blue sky laws of that jurisdiction.

Terms of the Exchange Offer; Period for Tendering 2005 Bonds

This prospectus and the accompanying letter of transmittal contain the terms and conditions of the exchange offer. Upon the terms and subject to the conditions included in this prospectus and in the accompanying letter of transmittal, which together are the exchange offer, we will accept for exchange 2005 Bonds which are properly tendered on or prior to the expiration date, unless you have previously withdrawn them.

- When you tender to us 2005 Bonds as provided below, our acceptance of the 2005 Bonds will constitute a binding agreement between you and us upon the terms and subject to the conditions in this prospectus and in the accompanying letter of transmittal.
- For each \$1,000 principal amount of 2005 Bonds surrendered to us in the exchange offer, we will give you \$1,000 principal amount of 2005 Exchange Bonds.
- We will keep the exchange offer open for not less than 20 business days, or longer if required by applicable law, after the date that we first mail notice of the exchange offer to the holders of the 2005 Bonds. We are sending this prospectus, together with the letter of transmittal, on or about the date of this prospectus to all of the registered holders of 2005 Bonds at their addresses listed in the trustee's security register with respect to 2005 Bonds.
- The exchange offer expires at 5:00 p.m., New York City time, on _____, 2005; provided, however, that we, in our sole discretion, may extend the period of time for which the exchange offer is open. The term "expiration date" means _____, 2005 or, if extended by us, the latest time and date to which the exchange offer is extended.
- As of the date of this prospectus, \$320,000,000 in aggregate principal amount of the 2005 Bonds were outstanding. The exchange offer is not conditioned upon any minimum principal amount of 2005 Bonds being tendered.
- Our obligation to accept 2005 Bonds for exchange in the exchange offer is subject to the conditions that we describe in the section called "Conditions to the Exchange Offer" below.

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- We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance of any 2005 Bonds, by giving oral or written notice of an extension to the exchange agent and notice of that extension to the holders as described below. During any extension, all 2005 Bonds previously tendered will remain subject to the exchange offer unless withdrawal rights are exercised. Any 2005 Bonds not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.
- We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any 2005 Bonds that we have not yet accepted for exchange, if any of the conditions of the exchange offer specified below under “Conditions to the Exchange Offer” are not satisfied.
- We will give oral or written notice of any extension, amendment, termination or non-acceptance described above to holders of the 2005 Bonds as promptly as practicable. If we extend the expiration date, we will give notice by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make any public announcement and subject to applicable law, we will have no obligation to publish, advertise or otherwise communicate any public announcement other than by issuing a release to the Dow Jones News Service.
- Holders of 2005 Bonds do not have any appraisal or dissenters’ rights in connection with the exchange offer.
- 2005 Bonds which are not tendered for exchange or are tendered but not accepted in connection with the exchange offer will remain outstanding and be entitled to the benefits of the indenture, but will not be entitled to any further registration rights under the registration rights agreement.
- We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC.
- By executing, or otherwise becoming bound by, the letter of transmittal, you will be making the representations described below to us. See “—Resale of the 2005 Exchange Bonds.”

Important rules concerning the exchange offer

You should note that:

- All questions as to the validity, form, eligibility, time of receipt and acceptance of 2005 Bonds tendered for exchange will be determined by KGE in its sole discretion, which determination shall be final and binding.
- We reserve the absolute right to reject any and all tenders of any particular 2005 Bonds not properly tendered or to not accept any particular 2005 Bonds which acceptance might, in our judgment or the judgment of our counsel, be unlawful.
- We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular 2005 Bonds either before or after the expiration date, including the right to waive the ineligibility of any holder who seeks to tender 2005 Bonds in the exchange offer. Unless we agree to waive any defect or irregularity in connection with the tender of 2005 Bonds for exchange, you must cure any defect or irregularity within any reasonable period of time as we shall determine.
- Our interpretation of the terms and conditions of the exchange offer as to any particular 2005 Bonds either before or after the expiration date shall be final and binding on all parties.
- Neither KGE, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of 2005 Bonds for exchange, nor shall any of them incur any liability for failure to give any notification.

Procedures for Tendering 2005 Bonds

What to submit and how

If you, as the registered holder of a 2005 Bond, wish to tender your 2005 Bonds for exchange in the exchange offer, you must transmit a properly completed and duly executed letter of transmittal to Deutsche Bank Trust Company Americas at the address set forth below under “Exchange Agent” on or prior to the expiration date.

In addition,

- (1) certificates for 2005 Bonds must be received by the exchange agent along with the letter of transmittal, or
- (2) a timely confirmation of a book-entry transfer of 2005 Bonds, if such procedure is available, into the exchange agent’s account at DTC using the procedure for book-entry transfer described below, must be received by the exchange agent prior to the expiration date, or
- (3) you must comply with the guaranteed delivery procedures described below.

The method of delivery of 2005 Bonds, letters of transmittal and notices of guaranteed delivery is at your election and risk. If delivery is by mail, we recommend that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery. No letters of transmittal or 2005 Bonds should be sent to KGE.

How to sign your letter of transmittal and other documents

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the 2005 Bonds being surrendered for exchange are tendered:

- (1) by a registered holder of the 2005 Bonds who has not completed the box entitled “Special Issuance Instructions” or “Special Delivery Instructions” on the letter of transmittal; or
- (2) for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be by any of the following eligible institutions:

- a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc.; or
- a commercial bank or trust company having an office or correspondent in the United States.

If the letter of transmittal is signed by a person or persons other than the registered holder or holders of 2005 Bonds, the 2005 Bonds must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders that appear on the 2005 Bonds and with the signature guaranteed.

If the letter of transmittal or any 2005 Bonds or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or corporations or others acting in a fiduciary or representative capacity, the person should so indicate when signing and, unless waived by KGE, proper evidence satisfactory to KGE of its authority to so act must be submitted.

Acceptance of 2005 Bonds for Exchange; Delivery of 2005 Exchange Bonds

Once all of the conditions to the exchange offer are satisfied or waived, we will accept, promptly after the expiration date, all 2005 Bonds properly tendered and will issue the 2005 Exchange Bonds promptly after

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acceptance of the 2005 Bonds. See “Conditions to the Exchange Offer” below. For purposes of the exchange offer, our giving of oral or written notice of our acceptance to the exchange agent will be considered our acceptance of the exchange offer.

In all cases, we will issue 2005 Exchange Bonds in exchange for 2005 Bonds that are accepted for exchange only after timely receipt by the exchange agent of:

- certificates for 2005 Bonds, or
- a timely book-entry confirmation of transfer of 2005 Bonds into the exchange agent’s account at DTC using the book-entry transfer procedures described below, and
- a properly completed and duly executed letter of transmittal.

If we do not accept any tendered 2005 Bonds for any reason included in the terms and conditions of the exchange offer or if you submit certificates representing 2005 Bonds in a greater principal amount than you wish to exchange, we will return any unaccepted or non-exchanged 2005 Bonds without expense to the tendering holder or, in the case of 2005 Bonds tendered by book-entry transfer into the exchange agent’s account at DTC using the book-entry transfer procedures described below, non-exchanged 2005 Bonds will be credited to an account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offer.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the 2005 Bonds at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in DTC’s systems may make book-entry delivery of 2005 Bonds by causing DTC to transfer 2005 Bonds into the exchange agent’s account in accordance with DTC’s Automated Tender Offer Program procedures for transfer. However, the exchange for the 2005 Bonds so tendered will only be made after timely confirmation of book-entry transfer of 2005 Bonds into the exchange agent’s account, and timely receipt by the exchange agent of an agent’s message, transmitted by DTC and received by the exchange agent and forming a part of a book-entry confirmation. The agent’s message must state that DTC has received an express acknowledgment from the participant tendering 2005 Bonds that are the subject of that book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce the agreement against that participant.

Although delivery of 2005 Bonds may be effected through book-entry transfer into the exchange agent’s account at DTC, the letter of transmittal, or a facsimile copy, properly completed and duly executed, with any required signature guarantees, must in any case be delivered to and received by the exchange agent at its address listed under “—Exchange Agent” on or prior to the expiration date.

If your 2005 Bonds are held through DTC, you must complete a form called “instructions to registered holder and/or book-entry participant,” which will instruct the DTC participant through whom you hold your bonds of your intention to tender your 2005 Bonds or not tender your 2005 Bonds. Please note that delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent and we will not be able to accept your tender of bonds until the exchange agent receives a letter of transmittal and a book-entry confirmation from DTC with respect to your bonds. A copy of that form is available from the exchange agent.

Guaranteed Delivery Procedures

If you are a registered holder of 2005 Bonds and you want to tender your 2005 Bonds but your 2005 Bonds are not immediately available, or time will not permit your 2005 Bonds to reach the exchange agent before the

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expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if:

(1) the tender is made through an eligible institution,

(2) prior to the expiration date, the exchange agent receives, by facsimile transmission, mail or hand delivery, from that eligible institution a properly completed and duly executed letter of transmittal, or a facsimile copy, and notice of guaranteed delivery, substantially in the form provided by us, stating:

- the name and address of the holder of 2005 Bonds,
- the amount of 2005 Bonds tendered,
- the tender is being made by delivering that notice and guaranteeing that within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the certificates of all physically tendered 2005 Bonds, in proper form for transfer, or a book-entry confirmation, as the case may be, will be deposited by that eligible institution with the exchange agent; and

(3) the certificates for all physically tendered 2005 Bonds, in proper form for transfer, or a book-entry confirmation, as the case may be, are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

Withdrawal Rights

You can withdraw your tender of 2005 Bonds at any time on or prior to the expiration date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent at one of the addresses listed below under “Exchange Agent.” Any notice of withdrawal must specify:

- the name of the person having tendered the 2005 Bonds to be withdrawn;
- the 2005 Bonds to be withdrawn;
- the principal amount of the 2005 Bonds to be withdrawn;
- if certificates for 2005 Bonds have been delivered to the exchange agent, the name in which the 2005 Bonds are registered, if different from that of the withdrawing holder;
- if certificates for 2005 Bonds have been delivered or otherwise identified to the exchange agent, then, prior to the release of those certificates, you must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution unless you are an eligible institution; and
- if 2005 Bonds have been tendered using the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn 2005 Bonds and otherwise comply with the procedures of that facility.

Please note that all questions as to the validity, form, eligibility and time of receipt of notices of withdrawal will be determined by us, and our determination shall be final and binding on all parties. Any 2005 Bonds so withdrawn will be considered not to have been validly tendered for exchange for purposes of the exchange offer.

If you have properly withdrawn 2005 Bonds and wish to re-tender them, you may do so by following one of the procedures described under “Procedures for Tendering 2005 Bonds” above at any time on or prior to the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other provisions of the exchange offer, we will not be required to accept for exchange, or to issue 2005 Exchange Bonds in exchange for, any 2005 Bonds and may terminate or amend the exchange

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offer, if at any time before the acceptance of 2005 Bonds for exchange or the exchange of the 2005 Exchange Bonds for 2005 Bonds, that acceptance or issuance would violate applicable law or any interpretation of the staff of the SEC.

That condition is for our sole benefit and may be asserted by us regardless of the circumstances giving rise to that condition. Our failure at any time to exercise the foregoing rights shall not be considered a waiver by us of that right. Our rights described in the prior paragraph are ongoing rights which we may assert at any time and from time to time.

In addition, we will not accept for exchange any 2005 Bonds tendered, and no 2005 Exchange Bonds will be issued in exchange for any 2005 Bonds, if at that time any stop order shall be threatened or in effect with respect to the exchange offer to which this prospectus relates or the qualification of the indenture under the Trust Indenture Act.

Exchange Agent

Deutsche Bank Trust Company Americas has been appointed as the exchange agent for the exchange offer. All executed letters of transmittal should be directed to the exchange agent at one of the addresses set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the exchange agent, addressed as follows:

By Registered or Certified Mail:

DB Services Tennessee, Inc., Exchange Agent
Trust & Securities Services
Reorganization Unit
P.O. Box 292737
Nashville, TN 37229-2737
Attention: Karl Shepherd

By Hand or Overnight Delivery:

DB Services Tennessee, Inc., Exchange Agent
Trust & Securities Services
Reorganization Unit
648 Grassmere Park Road
Nashville, TN 37211-3658
Attention: Karl Shepherd

Facsimile Transmissions:

615-835-3701

To Confirm by Telephone or for Information:

800-735-7777

Delivery to an address other than as listed above or transmission of instructions via facsimile other than as listed above does not constitute a valid delivery.

Fees and Expenses

The principal solicitation is being made by mail; however, additional solicitation may be made by telegraph, telephone or in person by our officers, regular employees and affiliates. We will not pay any additional compensation to any of our officers and employees who engage in soliciting tenders. We will not make any payment to brokers, dealers, or others soliciting acceptances of the exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with the exchange offer.

The estimated cash expenses to be incurred in connection with the exchange offer, including legal, accounting, SEC filing, printing and exchange agent expenses, will be paid by us and are estimated in the aggregate to be \$215,164.

Transfer Taxes

Holders who tender their 2005 Bonds for exchange will not be obligated to pay any transfer taxes, except that holders who instruct us to register 2005 Exchange Bonds in the name of, or request that 2005 Bonds not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax.

Resale of the 2005 Exchange Bonds

Under existing interpretations of the staff of the SEC contained in several no-action letters to third parties, the 2005 Exchange Bonds would in general be freely transferable after the exchange offer without further registration under the Securities Act. The relevant no-action letters include the Exxon Capital Holdings Corporation letter, which was made available by the SEC on May 13, 1988, and the Morgan Stanley & Co. Incorporated letter, made available on June 5, 1991.

However, any purchaser of 2005 Bonds who is an "affiliate" of KGE or who intends to participate in the exchange offer for the purpose of distributing the 2005 Exchange Bonds:

- (1) will not be able to rely on the interpretation of the staff of the SEC;
- (2) will not be able to tender its 2005 Bonds in the exchange offer; and
- (3) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the bonds unless that sale or transfer is made using an exemption from those requirements.

By executing, or otherwise becoming bound by, the Letter of Transmittal each holder of the 2005 Bonds will represent that:

- (1) it is not our "affiliate";
- (2) any 2005 Exchange Bonds to be received by it were acquired in the ordinary course of its business; and
- (3) it has no arrangement or understanding with any person to participate, and is not engaged in and does not intend to engage, in the "distribution," within the meaning of the Securities Act, of the 2005 Exchange Bonds.

In addition, in connection with any resale of 2005 Exchange Bonds, any broker-dealer participating in the exchange offer who acquired bonds for its own account as a result of market-making or other trading activities must deliver a prospectus meeting the requirements of the Securities Act. The SEC has taken the position in the Shearman & Sterling no-action letter, which it made available on July 2, 1993, that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the 2005 Exchange Bonds, other than a resale

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of an unsold allotment from the original sale of the 2005 Bonds, with the prospectus contained in the exchange offer registration statement. Under the registration rights agreement, we are required to allow participating broker-dealers and other persons, if any, subject to similar prospectus delivery requirements to use this prospectus as it may be amended or supplemented from time to time, in connection with the resale of 2005 Exchange Bonds. However, broker-dealers who acquired bonds directly from the Company may not participate in the exchange offer.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davis Polk & Wardwell, the exchange of 2005 Bonds for 2005 Exchange Bonds will not result in any United States federal income tax consequences to holders, and the holder's tax consequences of the ownership and disposition of the 2005 Exchange Bonds will apply in the same manner as if the holder had continued to hold the 2005 Bonds. Accordingly, an exchanging holder will have the same adjusted basis and holding period in the 2005 Exchange Bonds as in the 2005 Bonds immediately before the exchange.

PLAN OF DISTRIBUTION

Each broker-dealer that receives 2005 Exchange Bonds for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of 2005 Exchange Bonds. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of 2005 Exchange Bonds received in exchange for 2005 Bonds where 2005 Bonds were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any resale of 2005 Exchange Bonds received by it in exchange for 2005 Bonds.

We will not receive any proceeds from any sale of 2005 Exchange Bonds by broker-dealers.

2005 Exchange Bonds received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions, including:

- in the over-the-counter market;
- in negotiated transactions;
- through the writing of options on the 2005 Exchange Bonds; or
- a combination of such methods of resale;

at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices.

Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker dealer or the purchasers of any 2005 Exchange Bonds.

Any broker-dealer that resells 2005 Exchange Bonds that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of those 2005 Exchange Bonds may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any resale of those 2005 Exchange Bonds and any commission or concessions received by any of those persons may be considered to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the expiration date, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests those documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer, including the expenses of one counsel for the holders of the bonds, other than commissions or concessions of any brokers or dealers and will indemnify the holders of the bonds, including any broker-dealers, against some liabilities, including liabilities under the Securities Act.

VALIDITY OF THE 2005 EXCHANGE BONDS

The validity of the 2005 Exchange Bonds will be passed upon for us by Shipman & Goodwin LLP, Hartford, Connecticut, counsel to the Owner Trustee.

EXPERTS

The consolidated financial statements and the related financial statement schedule, incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of a new accounting pronouncement in 2003), which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The appraisal of the fair market value of the Facility Interest referenced in this prospectus was prepared by Marshall & Stevens Incorporated, an independent third-party appraiser, as stated in their report which is filed as an exhibit to this prospectus.

KANSAS GAS AND ELECTRIC COMPANY

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Article IX of the Articles provides that a director shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for paying a dividend or approving a stock repurchase in violation of the Kansas General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. This provision is specifically authorized by Section 17-6002(b)(8) of the Kansas General Corporation Law.

Section 17-6305 of the Kansas General Corporation Law (the "Indemnification Statute") provides for indemnification by a corporation of its corporate officers, directors, employees and agents. The Indemnification Statute provides that a corporation may indemnify such persons who have been, are, or may become a party to an action, suit or proceeding due to his or her status as a director, officer, employee or agent of the corporation. Further, the Indemnification Statute grants authority to a corporation to implement its own broader indemnification policy.

We maintain standard policies of insurance under which coverage is provided (a) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and (b) to us with respect to payments which may be made by us to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

Item 21. Exhibits and Financial Statement Schedules

Exhibit No.	Document
1.1	Registration Rights Agreement among Kansas Gas and Electric Company, a Kansas corporation, U.S. Bank National Association, a national banking association, not in its individual capacity but solely as owner trustee, and Credit Suisse First Boston LLC, as representative of the several initial purchasers, dated June 30, 2005 (incorporated by reference as Exhibit 4.1 to Form 8-K filed June 30, 2005).
3.1	By-laws as amended (incorporated by reference as Exhibit 3(c) to Form 10-K for the year ended December 31, 1992, found on Form SE thereof).
3.2	Articles of Incorporation (incorporated by reference as Exhibit 3(a) to Form 10-K for the year ended December 31, 1992, found on Form SE thereof).
4.1	Trust Indenture, Security Agreement and Mortgage dated as of September 1, 1987 among The Connecticut National Bank, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee, Kansas Gas and Electric Company and Bankers Trust Company, as Indenture Trustee (incorporated by reference as Exhibit 4(a) to Form 8-K filed September 22, 1987).
4.2	First Supplemental Indenture, dated as of September, 1992, among The Connecticut National Bank, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee, Kansas Gas and Electric Company and Bankers Trust Company, as Indenture Trustee (incorporated by reference as Exhibit 4(i) to Form S-3 filed September 4, 1992).
4.3	Second Supplemental Indenture, dated as of June 30, 2005, to the Trust Indenture, Security Agreement and Mortgage dated as of September 1, 1987, as supplemented by the First Supplemental Indenture dated as of September 29, 1992, among U.S. Bank National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, Kansas Gas and Electric Company and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference as Exhibit 4.2 to Form 8-K filed July 1, 2005).

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<u>Exhibit No.</u>	<u>Document</u>
5.1	Opinion of Shipman & Goodwin LLP (1)
8.1	Tax Opinion of Davis Polk & Wardwell (1)
10.1	Lease Agreement dated as of September 1, 1987 between The Connecticut National Bank, as owner trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 10(a) to Form 10-K, for the year ended December 31, 1988).
10.2	Amendment No. 1 to Lease Agreement, dated as of October 1, 1987, between The Connecticut National Bank, as owner trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 4(k) to Form S-3 filed September 4, 1992, found on Form SE thereof).
10.3	Amendment No. 2 to Lease Agreement, dated as of August 1, 1989, between The Connecticut National Bank, as owner trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 4(l) to Form S-3 filed September 4, 1992, found on Form SE thereof).
10.4	Amendment No. 3 to Lease Agreement, dated as of 1992, between The Connecticut National Bank, as Owner Trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 4(m) to Form S-3 filed September 4, 1992).
10.5	Amendment No. 4 to Lease Agreement, dated June 30, 2005, between U.S. Bank National Association as owner trustee, as Lessor, and Kansas Gas and Electric Company, as lessee (incorporated by reference as Exhibit 10.3 to Form 8-K filed July 1, 2005).
10.6	Deed and Bill of Sale dated as of September 29, 1987 between Kansas Gas and Electric Company, Seller and The Connecticut National Bank, as Owner Trustee, Buyer (incorporated by reference as Exhibit 4(c) to Form 8-K filed September 22, 1987).
10.7	Ground Lease dated as of September 1, 1987 between Kansas Gas and Electric Company, Lessor and The Connecticut National Bank, as Owner Trustee, Lessee (incorporated by reference as Exhibit 4(d) to Form 8-K filed September 22, 1987).
10.8	Amendment No. 1 to Ground Lease, dated June 30, 2005, between Kansas Gas and Electric Company, as Lessor, and U.S. Bank National Association (as successor in interest to The Connecticut National Bank), as owner trustee, as lessee (incorporated by reference as Exhibit 10.2 to Form 8-K filed July 1, 2005).
10.9	Sublease dated as of September 1, 1987 between The Connecticut National Bank, Owner Trustee, Sublessor and Kansas Gas and Electric Company, Sublessee (incorporated by reference as Exhibit 4(e) to Form 8-K filed September 22, 1987).
10.10	Amendment No. 1 to the Sublease, dated June 30, 2005, between U.S. Bank National Association (as successor in interest to The Connecticut National Bank), as owner trustee, as Sublessor, and Kansas Gas and Electric Company, as Sublessee, to the Sublease dated as of September 1, 1987 between the Sublessor and the Sublessee (incorporated by reference as Exhibit 10.1 to Form 8-K filed July 1, 2005).
10.11	La Cygne Station Operating Agreement covering Common Facilities, Unit #1 and Unit #2 by and between Kansas City Power & Light Company and Kansas Gas and Electric Company dated as of May 11, 1973 (incorporated by reference as Exhibit 4(g) to Form 8-K filed September 22, 1987).
10.12	Amendment No. 1 to Operating Agreement dated as of September 1, 1987 among the Kansas City Power & Light Company and Kansas Gas and Electric Company and The Connecticut National Bank, as Owner Trustee (incorporated by reference as Exhibit 4(h) to Form 8-K filed September 22, 1987).

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<u>Exhibit No.</u>	<u>Document</u>
10.13	Participation Agreement, dated as of September 1, 1987, among The Connecticut National Bank, Owner Trustee, Bankers Trust Company, Indenture Trustee, U.S. West Financial Services, Inc., Owner Participant and Kansas Gas and Electric Company, Lessee (incorporated by reference as Exhibit 4(i) to Form 8-K filed September 22, 1987).
10.14	Supplemental Participation Agreement dated as of 1992 among The Connecticut National Bank, Owner Trustee, Bankers Trust Company, Indenture Trustee, U.S. West Financial Services, Inc., Owner Participant and Kansas Gas and Electric Company, Lessee (incorporated by reference as Exhibit 4(j) to Form S-3 filed September 4, 1992).
10.15	Second Supplemental Participation Agreement, dated as of June 30, 2005, among U.S. Bank National Association, Owner Trustee, Deutsche Bank Trust Company Americas, Indenture Trustee, Comcast MO Financial Services, Inc., Owner Participant, and Kansas Gas and Electric Company, Lessee (incorporated by reference as Exhibit 10.4 to Form 8-K filed July 1, 2005).
10.16	Trust Agreement dated as of September 1, 1987 between U.S. West Financial Services, Inc., as Owner Participant, and The Connecticut National Bank, as Trustee (incorporated by reference as Exhibit 4(j) to Form 8-K filed September 22, 1987).
12.1	Computations of Ratio of Earnings to Fixed Charges (1)
23.1	Consent of Davis Polk & Wardwell (included in Exhibit 8.1)
23.2	Consent of Deloitte & Touche LLP (1)
23.3	Consent of Marshall & Stevens Incorporated (1)
24.1	Power of Attorney (included on signature page)
25.1	Statement of Eligibility under the Trust Indenture Act of 1939 on Form T-1 of DBTCA, as indenture trustee (1)
99.1	Form of Letter of Transmittal (1)
99.2	Form of Notice of Guaranteed Delivery (1)
99.3	Form of Letter to Clients (1)
99.4	Form of Letter to Nominees (1)
99.5	Form of Instruction to Registered Holder and/or Book-Entry Transfer Participant from Owner (1)
99.6	Form of Exchange Agent Agreement (1)
99.7	Appraisal Report of Marshall & Stevens Incorporated (1)

(1) Filed herewith.

Item 22. Undertakings

(a) The undersigned Registrant hereby undertakes:

(1) To file during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end

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of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b) or 11 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned Registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and KGE being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Kansas Gas and Electric Company has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Wichita, State of Kansas, on September 22, 2005.

KANSAS GAS AND ELECTRIC COMPANY

By: /s/ LARRY D. IRICK

Name: **Larry D. Irick**
 Title: **Secretary**

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Mark A. Ruelle and Larry D. Irick, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<p>/s/ WILLIAM B. MOORE</p> <hr/> <p>William B. Moore</p>	<p>Chairman of the Board and President (Principal Executive Officer)</p>	<p>September 22, 2005</p>
<p>/s/ MARK A. RUELLE</p> <hr/> <p>Mark A. Ruelle</p>	<p>Vice President and Treasurer (Principal Financial and Accounting Officer)</p>	<p>September 22, 2005</p>
<p>/s/ DOUGLAS R. STERBENZ</p> <hr/> <p>Douglas R. Sterbenz</p>	<p>Director</p>	<p>September 22, 2005</p>
<p>/s/ CAROLINE A. WILLIAMS</p> <hr/> <p>Caroline A. Williams</p>	<p>Director</p>	<p>September 22, 2005</p>

EXHIBIT INDEX

Exhibit No.	Document
1.1	Registration Rights Agreement among Kansas Gas and Electric Company, a Kansas corporation, U.S. Bank National Association, a national banking association, not in its individual capacity but solely as owner trustee, and Credit Suisse First Boston LLC, as representative of the several initial purchasers, dated June 30, 2005 (incorporated by reference as Exhibit 4.1 to Form 8-K filed June 30, 2005).
3.1	By-laws as amended (incorporated by reference as Exhibit 3(c) to Form 10-K for the year ended December 31, 1992, found on Form SE thereof).
3.2	Articles of Incorporation (incorporated by reference as Exhibit 3(a) to Form 10-K for the year ended December 31, 1992, found on Form SE thereof).
4.1	Trust Indenture, Security Agreement and Mortgage dated as of September 1, 1987 among The Connecticut National Bank, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee, Kansas Gas and Electric Company and Bankers Trust Company, as Indenture Trustee (incorporated by reference as Exhibit 4(a) to Form 8-K filed September 22, 1987).
4.2	First Supplemental Indenture, dated as of September, 1992, among The Connecticut National Bank, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee, Kansas Gas and Electric Company and Bankers Trust Company, as Indenture Trustee (incorporated by reference as Exhibit 4(i) to Form S-3 filed September 4, 1992).
4.3	Second Supplemental Indenture, dated as of June 30, 2005, to the Trust Indenture, Security Agreement and Mortgage dated as of September 1, 1987, as supplemented by the First Supplemental Indenture dated as of September 29, 1992, among U.S. Bank National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, Kansas Gas and Electric Company and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference as Exhibit 4.2 to Form 8-K filed July 1, 2005).
5.1	Opinion of Shipman & Goodwin LLP (1)
8.1	Tax Opinion of Davis Polk & Wardwell (1)
10.1	Lease Agreement dated as of September 1, 1987 between The Connecticut National Bank, as owner trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 10(a) to Form 10-K, for the year ended December 31, 1988).
10.2	Amendment No. 1 to Lease Agreement, dated as of October 1, 1987, between The Connecticut National Bank, as owner trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 4(k) to Form S-3 filed September 4, 1992, found on Form SE thereof).
10.3	Amendment No. 2 to Lease Agreement, dated as of August 1, 1989, between The Connecticut National Bank, as owner trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 4(l) to Form S-3 filed September 4, 1992, found on Form SE thereof).
10.4	Amendment No. 3 to Lease Agreement, dated as of 1992, between The Connecticut National Bank, as Owner Trustee, as Lessor, and Kansas Gas and Electric Company, as Lessee (incorporated by reference as Exhibit 4(m) to Form S-3 filed September 4, 1992).
10.5	Amendment No. 4 to Lease Agreement, dated June 30, 2005, between U.S. Bank National Association as owner trustee, as Lessor, and Kansas Gas and Electric Company, as lessee (incorporated by reference as Exhibit 10.3 to Form 8-K filed July 1, 2005).

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Exhibit No.	Document
10.6	Deed and Bill of Sale dated as of September 29, 1987 between Kansas Gas and Electric Company, Seller and The Connecticut National Bank, as Owner Trustee, Buyer (incorporated by reference as Exhibit 4(c) to Form 8-K filed September 22, 1987).
10.7	Ground Lease dated as of September 1, 1987 between Kansas Gas and Electric Company, Lessor and The Connecticut National Bank, as Owner Trustee, Lessee (incorporated by reference as Exhibit 4(d) to Form 8-K filed September 22, 1987).
10.8	Amendment No. 1 to Ground Lease, dated June 30, 2005, between Kansas Gas and Electric Company, as Lessor, and U.S. Bank National Association (as successor in interest to The Connecticut National Bank), as owner trustee, as lessee (incorporated by reference as Exhibit 10.2 to Form 8-K filed July 1, 2005).
10.9	Sublease dated as of September 1, 1987 between The Connecticut National Bank, Owner Trustee, Sublessor and Kansas Gas and Electric Company, Sublessee (incorporated by reference as Exhibit 4(e) to Form 8-K filed September 22, 1987).
10.10	Amendment No. 1 to the Sublease, dated June 30, 2005, between U.S. Bank National Association (as successor in interest to The Connecticut National Bank), as owner trustee, as Sublessor, and Kansas Gas and Electric Company, as Sublessee, to the Sublease dated as of September 1, 1987 between the Sublessor and the Sublessee (incorporated by reference as Exhibit 10.1 to Form 8-K filed July 1, 2005).
10.11	La Cygne Station Operating Agreement covering Common Facilities, Unit #1 and Unit #2 by and between Kansas City Power & Light Company and Kansas Gas and Electric Company dated as of May 11, 1973 (incorporated by reference as Exhibit 4(g) to Form 8-K filed September 22, 1987).
10.12	Amendment No. 1 to Operating Agreement dated as of September 1, 1987 among the Kansas City Power & Light Company and Kansas Gas and Electric Company and The Connecticut National Bank, as Owner Trustee (incorporated by reference as Exhibit 4(h) to Form 8-K filed September 22, 1987).
10.13	Participation Agreement, dated as of September 1, 1987, among The Connecticut National Bank, Owner Trustee, Bankers Trust Company, Indenture Trustee, U.S. West Financial Services, Inc., Owner Participant and Kansas Gas and Electric Company, Lessee (incorporated by reference as Exhibit 4(i) to Form 8-K filed September 22, 1987).
10.14	Supplemental Participation Agreement dated as of 1992 among The Connecticut National Bank, Owner Trustee, Bankers Trust Company, Indenture Trustee, U.S. West Financial Services, Inc., Owner Participant and Kansas Gas and Electric Company, Lessee (incorporated by reference as Exhibit 4(j) to Form S-3 filed September 4, 1992).
10.15	Second Supplemental Participation Agreement, dated as of June 30, 2005, among U.S. Bank National Association, Owner Trustee, Deutsche Bank Trust Company Americas, Indenture Trustee, Comcast MO Financial Services, Inc., Owner Participant, and Kansas Gas and Electric Company, Lessee (incorporated by reference as Exhibit 10.4 to Form 8-K filed July 1, 2005).
10.16	Trust Agreement dated as of September 1, 1987 between U.S. West Financial Services, Inc., as Owner Participant, and The Connecticut National Bank, as Trustee (incorporated by reference as Exhibit 4(j) to Form 8-K filed September 22, 1987).
12.1	Computations of Ratio of Earnings to Fixed Charges (1)
23.1	Consent of Davis Polk & Wardwell (included in Exhibit 8.1)
23.2	Consent of Deloitte & Touche LLP (1)
23.3	Consent of Marshall & Stevens Incorporated (1)
24.1	Power of Attorney (included on signature page)

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<u>Exhibit No.</u>	<u>Document</u>
25.1	Statement of Eligibility under the Trust Indenture Act of 1939 on Form T-1 of DBTCA, as indenture trustee (1)
99.1	Form of Letter of Transmittal (1)
99.2	Form of Notice of Guaranteed Delivery (1)
99.3	Form of Letter to Clients (1)
99.4	Form of Letter to Nominees (1)
99.5	Form of Instruction to Registered Holder and/or Book-Entry Transfer Participant from Owner (1)
99.6	Form of Exchange Agent Agreement (1)
99.7	Appraisal Report of Marshall & Stevens Incorporated (1)

(1) Filed herewith.



One Constitution Plaza
Hartford, Connecticut 06103-1919
Phone: (860) 251-5000

September 22, 2005

Kansas Gas and Electric Company
777 West Central
Wichita, Kansas 67203

U.S. Bank National Association
225 Asylum Street, 23rd Floor
Hartford, Connecticut 06103

RE: Kansas Gas and Electric Company (the "Company")

Ladies and Gentlemen:

We have acted as special counsel to U.S. Bank National Association, a national banking association, in its individual capacity ("USB") and, not in its individual capacity, but solely as Owner Trustee (the "Owner Trustee"), in connection with the Company's offer (the "Exchange Offer") to exchange the 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021 (the "2005 Exchange Bonds") for any and all of the outstanding 5.647% Secured Facility Bonds, Series 2005, Due 2021 (the "2005 Bonds"). The 2005 Exchange Bonds will be subject to a Registration Statement on Form S-4 (the "Registration Statement"). The 2005 Bonds were issued, and it is proposed that the 2005 Exchange Bonds be issued, under an indenture dated as of September 1, 1987, as supplemented by a First Supplemental Indenture dated as of September 29, 1992 and a Second Supplemental Indenture dated as of June 30, 2005, among the Company, the Owner Trustee and Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as the Indenture Trustee (the "Trustee") (as may be supplemented or amended from time to time, the "Indenture"). Capitalized words used and not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement dated June 21, 2005 between the Company and Credit Suisse First Boston LLC, as Representative of the several Purchasers named therein (the "Purchase Agreement").

We have examined counterparts or copies otherwise identified to our satisfaction, of the 2005 Exchange Bonds and the Indenture executed and delivered on or prior to the date hereof by USB or the Owner Trustee, as the case may be. We have also examined originals, or copies certified or otherwise

Hartford

Stamford

Lakeville

Greenwich

identified to our satisfaction, of such other records, documents, certificates, or other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

We have assumed the genuineness of all signatures (other than those on behalf of USB or the Owner Trustee), the conformity to the originals of all documents reviewed by us as copies, the authenticity and completeness of all original documents reviewed by us in original or copy form and the legal competence of each individual executing any document (other than on behalf of USB or the Owner Trustee).

The opinion set forth below relating to the enforceability of any agreement or instrument against USB or the Owner Trustee is subject to the following general qualifications:

(i) as to any agreement to which USB or the Owner Trustee is a party, we assume that such agreement is the binding obligation of each other party thereto (other than USB or the Owner Trustee);

(ii) the enforceability of any obligation of USB or the Owner Trustee may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, marshaling or other similar laws affecting the enforcement generally of creditors' rights and remedies (including such as may deny giving effect to waivers of debtors' or guarantors' rights); and

(iii) the enforcement of any rights and the availability of any specific or equitable relief of any kind may in all cases be subject to an implied duty of good faith and to general principles of equity (regardless of whether such enforceability or relief is considered in a proceeding at law or in equity).

Subject to the limitations set forth above, we have made such examination of law as we have deemed necessary for the purposes of this opinion. The opinion expressed herein is limited solely to the internal substantive laws of the State of Connecticut and the federal laws of the United States of America governing the banking and trust powers of USB. No opinion is expressed herein as to the application or effect of federal securities laws or as to the securities or so-called "blue sky" laws of any state or other jurisdiction.

With your permission, we have assumed that the laws of New York are not materially different from the laws of the State of Connecticut.

Upon the basis of the foregoing, we are of the opinion that the 2005 Exchange Bonds have been duly authorized by the Owner Trustee and, when executed and authenticated in accordance with the provisions of the Indenture and delivered in accordance with the terms of the Exchange Offer, will be legal, valid and binding obligations of the Owner Trustee and will be entitled to the benefits of the Indenture.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement relating to the Exchange Offer. We also consent to the references to us and the use of the name of our firm under the caption "Validity of the 2005 Exchange Bonds" in the prospectus contained in such Registration Statement.

This opinion is rendered in connection with the above matter.

Very truly yours,

/s/ Shipman & Goodwin LLP

212-450-4000

September 22, 2005

Kansas Gas & Electric Company
777 West Central
Wichita, KA 67203

Ladies and Gentlemen:

We have acted as special tax counsel to Kansas Gas & Electric Company, a Kansas corporation (the “**Company**”), in connection with the Company’s offer (the “**Exchange Offer**”) to exchange its new 5.647% Secured Facility Exchange Bonds due March 29, 2021 (the “**2005 Exchange Bonds**”) for any and all of its outstanding 5.647% Secured Facility Exchange Bonds due March 29, 2021 (the “**2005 Bonds**”). The 2005 Exchange Bonds will be subject to a Registration Statement on Form S-4 (the “**Registration Statement**”).

We hereby confirm that the discussion set forth under the caption “United States Federal Income Tax Considerations” in the prospectus that is part of the Registration Statement on Form S-4 filed by the Company with the Securities and Exchange Commission on September 22, 2005 constitutes our opinion as to the matters set forth therein.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement relating to the Exchange Offer. We also consent to the references to us under the caption “United States Federal Income Tax Considerations” in the prospectus contained in such Registration Statement. The issuance of such a consent does not concede that we are an “Expert” for the purposes of the Securities Act of 1933.

Very truly yours,

/s/ Davis Polk & Wardwell

Kansas Gas and Electric Company
Computations of Ratio of Earnings to Fixed Charges
(Dollars in Thousands)

	Six Months Ended June 30,	Year Ended December 31,				
	2005	2004	2003	2002	2001	2000
Earnings from continuing operations (a)	\$ 32,307	\$ 115,786	\$ 93,630	\$ 75,618	\$ 35,701	\$ 120,683
Fixed Charges:						
Interest expense	14,840	33,171	55,467	47,844	49,610	49,605
Interest on corporate-owned life insurance borrowings	23,700	45,396	47,245	46,853	44,063	39,444
Interest applicable to rentals	8,825	18,270	19,688	20,766	22,822	23,039
Total Fixed Charges	47,365	96,837	122,400	115,463	116,495	112,088
Earnings (a)	\$ 79,672	\$ 212,623	\$ 216,030	\$ 191,081	\$ 152,196	\$ 232,771
Ratio of Earnings to Fixed Charges	1.68	2.20	1.76	1.65	1.31	2.08

(a) Earnings are deemed to consist of earnings from continuing operations and fixed charges. Fixed charges consist of all interest on indebtedness, amortization of debt discount and expense, and the portion of rental expense that represents an interest factor.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-4 of our report dated March 11, 2005, relating to the consolidated financial statements and consolidated financial statement schedule of Kansas Gas and Electric Company (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of a new accounting pronouncement in 2003) appearing in the Annual Report on Form 10-K of Kansas Gas and Electric Company for the year ended December 31, 2004 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Deloitte & Touche LLP

Kansas City, Missouri
September 21, 2005



1156 Avenue of the
Americas
Suite 703
New York, NY 10036-
2702

September 22, 2005

Ms. Jennifer Daley
Comcast MO Financial Services, Inc.
1500 Market Street
Philadelphia, PA 19102 – 2148

Beth Bryson
Credit Suisse First Boston LLC
Eleven Madison Avenue
New York, New York 10010

Jeff Beasely
Kansas Gas and Electric Company
777 West Central
Wichita, Kansas 67203

Dear Ms. Daley:

In connection with the refinancing of the LaCygne lease, Marshall & Stevens consents to the reference to our firm and the appraisal performed by us in the S-4 relating to the Secured Facility Bonds, Series 2005, due 2021. We also consent to the filing of our appraisal report as an exhibit to the Registration Statement relating to the Exchange Offer.

Sincerely yours,

MARSHALL & STEVENS INCORPORATED

/s/ Lawrence H. Danzig

Lawrence H. Danzig
Senior Vice President

LHD/jz

Atlanta
Chicago
Houston
Los Angeles
New York
Philadelphia
San Francisco
St. Louis
Tampa

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

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE
CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

**DEUTSCHE BANK TRUST COMPANY AMERICAS
(formerly BANKERS TRUST COMPANY)**

(Exact name of trustee as specified in its charter)

NEW YORK

(Jurisdiction of Incorporation or organization if not a U.S. national bank)

13-4941247

(I.R.S. Employer Identification no.)

60 WALL STREET

NEW YORK, NEW YORK

(Address of principal executive offices)

10005

(Zip Code)

Deutsche Bank Trust Company Americas

Attention: Lynne Malina

Legal Department

60 Wall Street, 37th Floor

New York, New York 10005

(212) 250-0677

(Name, address and telephone number of agent for service)

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

(IRS Employer Identification No.)

777 West Central

Wichita, Kansas 67203

Telephone: (316) 261-6611

(Address, including Zip Code and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Larry D. Irick

Secretary

Kansas Gas and Electric Company

777 West Central

Wichita, Kansas 67203

Telephone: (316) 261-6611

(Name, Address, including Zip Code and Telephone Number, including Area Code, of Agent For Service)

Copies To:

Daniel G. Kelly, Jr.

Davis Polk & Wardwell

1600 El Camino Real

Menlo Park, California 94025

Telephone: (650) 752-2000

5.647% Secured Facility Exchange Bonds

Item 1. General Information.

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

Name

Federal Reserve Bank (2nd District)
Federal Deposit Insurance Corporation
New York State Banking Department

Address

New York, NY
Washington, D.C.
Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. Not Applicable

Item 16. List of Exhibits.

- Exhibit 1—** Restated Organization Certificate of Bankers Trust Company dated August 6, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated February 27, 2002, copies attached.
- Exhibit 2—** Certificate of Authority to commence business—Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 33-21047.
- Exhibit 3—** Authorization of the Trustee to exercise corporate trust powers—Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 33-21047.
- Exhibit 4—** Existing By-Laws of Bankers Trust Company, as amended on April 15, 2002. Copy attached.

-
- Exhibit 5—** Not applicable.
- Exhibit 6—** Consent of Bankers Trust Company required by Section 321(b) of the Act.—Incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 22-18864.
- Exhibit 7—** The latest report of condition of Deutsche Bank Trust Company Americas dated as of June 30, 2005. Copy attached.
- Exhibit 8—** Not Applicable.
- Exhibit 9—** Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 7th day of September, 2005.

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: _____ /s/ ANNIE JAGHATSPANYAN
Annie Jaghatspanyan
Assistant Vice President

State of New York,
Banking Department

I, **MANUEL KURSKY**, Deputy Superintendent of Banks of the State of New York, **DO HEREBY APPROVE** the annexed Certificate entitled “**CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY Under Section 8005 of the Banking Law,**” dated September 16, 1998, providing for an increase in authorized capital stock from \$3,001,666,670 consisting of 200,166,667 shares with a par value of \$10 each designated as Common Stock and 1,000 shares with a par value of \$1,000,000 each designated as Series Preferred Stock to \$3,501,666,670 consisting of 200,166,667 shares with a par value of \$10 each designated as Common Stock and 1,500 shares with a par value of \$1,000,000 each designated as Series Preferred Stock.

Witness, my hand and official seal of the Banking Department at the City of New York,

*this 25th day of September in the Year of our Lord one thousand nine hundred and **ninety-eight**.*

_____/s/ Manuel Kursky_____
Deputy Superintendent of Banks

RESTATED
ORGANIZATION
CERTIFICATE
OF
BANKERS TRUST COMPANY

Under Section 8007
Of the Banking Law

Bankers Trust Company
1301 6th Avenue, 8th Floor
New York, N.Y. 10019

Counterpart Filed in the Office of the Superintendent of Banks, State of New York, August 31, 1998

RESTATED ORGANIZATION CERTIFICATE
OF
BANKERS TRUST
Under Section 8007 of the Banking Law

We, James T. Byrne, Jr. and Lea Lahtinen, being respectively a Managing Director and an Assistant Secretary and a Vice President and an Assistant Secretary of BANKERS TRUST COMPANY, do hereby certify:

1. The name of the corporation is Bankers Trust Company.
2. The organization certificate of the corporation was filed by the Superintendent of Banks of the State of New York on March 5, 1903.
3. The text of the organization certificate, as amended heretofore, is hereby restated without further amendment or change to read as herein-set forth in full, to wit:

“Certificate of Organization
of
Bankers Trust Company”

Know All Men By These Presents That we, the undersigned, James A. Blair, James G. Cannon, E. C. Converse, Henry P. Davison, Granville W. Garth, A. Barton Hepburn, Will Logan, Gates W. McGarrah, George W. Perkins, William H. Porter, John F. Thompson, Albert H. Wiggin, Samuel Woolverton and Edward F. C. Young, all being persons of full age and citizens of the United States, and a majority of us being residents of the State of New York, desiring to form a corporation to be known as a Trust Company, do hereby associate ourselves together for that purpose under and pursuant to the laws of the State of New York, and for such purpose we do hereby, under our respective hands and seals, execute and duly acknowledge this Organization Certificate in duplicate, and hereby specifically state as follows, to wit:

- I. The name by which the said corporation shall be known is Bankers Trust Company.
- II. The place where its business is to be transacted is the City of New York, in the State of New York.

III. Capital Stock: The amount of capital stock which the corporation is hereafter to have is Three Billion One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars (\$3,001,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of \$10 each designated as Common Stock and 1,000 shares with a par value of One Million Dollars (\$1,000,000) each designated as Series Preferred Stock.

(a) *Common Stock*

1. Dividends: Subject to all of the rights of the Series Preferred Stock, dividends may be declared and paid or set apart for payment upon the Common Stock out of any assets or funds of the corporation legally available for the payment of dividends.
2. Voting Rights: Except as otherwise expressly provided with respect to the Series Preferred Stock or with respect to any series of the Series Preferred Stock, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, each holder of the Common Stock being entitled to one vote for each share thereof held.

3. Liquidation: Upon any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, and after the holders of the Series Preferred Stock of each series shall have been paid in full the amounts to which they respectively shall be entitled, or a sum sufficient for the payment in full set aside, the remaining net assets of the corporation shall be distributed pro rata to the holders of the Common Stock in accordance with their respective rights and interests, to the exclusion of the holders of the Series Preferred Stock.

4. Preemptive Rights: No holder of Common Stock of the corporation shall be entitled, as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class or series whatsoever, any rights or options to purchase stock of any class or series whatsoever, or any securities convertible into, exchangeable for or carrying rights or options to purchase stock of any class or series whatsoever, whether now or hereafter authorized, and whether issued for cash or other consideration, or by way of dividend or other distribution.

(b) *Series Preferred Stock*

1. Board Authority: The Series Preferred Stock may be issued from time to time by the Board of Directors as herein provided in one or more series. The designations, relative rights, preferences and limitations of the Series Preferred Stock, and particularly of the shares of each series thereof, may, to the extent permitted by law, be similar to or may differ from those of any other series. The Board of Directors of the corporation is hereby expressly granted authority, subject to the provisions of this Article III, to issue from time to time Series Preferred Stock in one or more series and to fix from time to time before issuance thereof, by filing a certificate pursuant to the Banking Law, the number of shares in each such series of such class and all designations, relative rights (including the right, to the extent permitted by law, to convert into shares of any class or into shares of any series of any class), preferences and limitations of the shares in each such series, including, but without limiting the generality of the foregoing, the following:

(i) The number of shares to constitute such series (which number may at any time, or from time to time, be increased or decreased by the Board of Directors, notwithstanding that shares of the series may be outstanding at the time of such increase or decrease, unless the Board of Directors shall have otherwise provided in creating such series) and the distinctive designation thereof;

(ii) The dividend rate on the shares of such series, whether or not dividends on the shares of such series shall be cumulative, and the date or dates, if any, from which dividends thereon shall be cumulative;

(iii) Whether or not the share of such series shall be redeemable, and, if redeemable, the date or dates upon or after which they shall be redeemable, the amount or amounts per share (which shall be, in the case of each share, not less than its preference upon involuntary liquidation, plus an amount equal to all dividends thereon accrued and unpaid, whether or not earned or declared) payable thereon in the case of the redemption thereof, which amount may vary at different redemption dates or otherwise as permitted by law;

(iv) The right, if any, of holders of shares of such series to convert the same into, or exchange the same for, Common Stock or other stock as permitted by law, and the terms and conditions of such conversion or exchange, as well as provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(v) The amount per share payable on the shares of such series upon the voluntary and involuntary liquidation, dissolution or winding up of the corporation;

(vi) Whether the holders of shares of such series shall have voting power, full or limited, in addition to the voting powers provided by law and, in case additional voting powers are accorded, to fix the extent thereof; and

(vii) Generally to fix the other rights and privileges and any qualifications, limitations or restrictions of such rights and privileges of such series, provided, however, that no such rights, privileges, qualifications, limitations or restrictions shall be in conflict with the organization certificate of the corporation or with the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of which there are shares outstanding.

All shares of Series Preferred Stock of the same series shall be identical in all respects, except that shares of any one series issued at different times may differ as to dates, if any, from which dividends thereon may accumulate. All shares of Series Preferred Stock of all series shall be of equal rank and shall be identical in all respects except that to the extent not otherwise limited in this Article III any series may differ from any other series with respect to any one or more of the designations, relative rights, preferences and limitations described or referred to in subparagraphs (I) to (vii) inclusive above.

2. Dividends: Dividends on the outstanding Series Preferred Stock of each series shall be declared and paid or set apart for payment before any dividends shall be declared and paid or set apart for payment on the Common Stock with respect to the same quarterly dividend period. Dividends on any shares of Series Preferred Stock shall be cumulative only if and to the extent set forth in a certificate filed pursuant to law. After dividends on all shares of Series Preferred Stock (including cumulative dividends if and to the extent any such shares shall be entitled thereto) shall have been declared and paid or set apart for payment with respect to any quarterly dividend period, then and not otherwise so long as any shares of Series Preferred Stock shall remain outstanding, dividends may be declared and paid or set apart for payment with respect to the same quarterly dividend period on the Common Stock out the assets or funds of the corporation legally available therefor.

All Shares of Series Preferred Stock of all series shall be of equal rank, preference and priority as to dividends irrespective of whether or not the rates of dividends to which the same shall be entitled shall be the same and when the stated dividends are not paid in full, the shares of all series of the Series Preferred Stock shall share ratably in the payment thereof in accordance with the sums which would be payable on such shares if all dividends were paid in full, provided, however, that any two or more series of the Series Preferred Stock may differ from each other as to the existence and extent of the right to cumulative dividends, as aforesaid.

3. Voting Rights: Except as otherwise specifically provided in the certificate filed pursuant to law with respect to any series of the Series Preferred Stock, or as otherwise provided by law, the Series Preferred Stock shall not have any right to vote for the election of directors or for any other purpose and the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes.

4. Liquidation: In the event of any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, each series of Series Preferred Stock shall have preference and priority over the Common Stock for payment of the amount to which each outstanding series of Series Preferred Stock shall be entitled in accordance with the provisions thereof and each holder of Series Preferred Stock shall be entitled to be paid in full such amount, or have a sum sufficient for the payment in full set aside, before any payments shall be made to the holders of the Common Stock. If, upon liquidation, dissolution or winding up of the corporation, the assets of the corporation or proceeds thereof, distributable among the holders of the shares of all series of the Series Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among such holders ratably in accordance with the respective amounts which would be payable if all amounts payable thereon were paid in full. After the payment to the holders of Series Preferred Stock of all such amounts to which they are entitled, as above provided, the remaining assets and funds of the corporation shall be divided and paid to the holders of the Common Stock.

5. Redemption: In the event that the Series Preferred Stock of any series shall be made redeemable as provided in clause (iii) of paragraph 1 of section (b) of this Article III, the corporation, at the option of the Board of Directors, may redeem at any time or times, and from time to time, all or any part of any one or more series of Series Preferred Stock outstanding by paying for each share the then applicable redemption price fixed by the Board of Directors as provided herein, plus an amount equal to accrued and unpaid dividends to the date fixed for redemption, upon such notice and terms as may be specifically provided in the certificate filed pursuant to law with respect to the series.

6. Preemptive Rights: No holder of Series Preferred Stock of the corporation shall be entitled, as such, as a matter or right, to subscribe for or purchase any part of any new or additional issue of stock of any class or series whatsoever, any rights or options to purchase stock of any class or series whatsoever, or any securities convertible into, exchangeable for or carrying rights or options to purchase stock of any class or series whatsoever, whether now or hereafter authorized, and whether issued for cash or other consideration, or by way of dividend.

(c) *Provisions relating to Floating Rate Non-Cumulative Preferred Stock, Series A. (Liquidation value \$1,000,000 per share.)*

1. Designation: The distinctive designation of the series established hereby shall be "Floating Rate Non-Cumulative Preferred Stock, Series A" (hereinafter called "Series A Preferred Stock").

2. Number: The number of shares of Series A Preferred Stock shall initially be 250 shares. Shares of Series A Preferred Stock redeemed, purchased or otherwise acquired by the corporation shall be cancelled and shall revert to authorized but unissued Series Preferred Stock undesignated as to series.

3. Dividends:

(a) Dividend Payments Dates. Holders of the Series A Preferred Stock shall be entitled to receive non-cumulative cash dividends when, as and if declared by the Board of Directors of the corporation, out of funds legally available therefor, from the date of original issuance of such shares (the "Issue Date") and such dividends will be payable on March 28, June 28, September 28 and December 28 of each year ("Dividend Payment Date") commencing September 28, 1990, at a rate per annum as determined in paragraph 3(b) below. The period beginning on the Issue Date and ending on the day preceding the first Dividend Payment Date and each successive period beginning on a Dividend Payment Date and ending on the date preceding the next succeeding Dividend Payment Date is herein called a "Dividend Period". If any Dividend Payment Date shall be, in The City of New York, a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment will be postponed to the next succeeding business day with the same force and effect as if made on the Dividend Payment Date, and no interest shall accrue for such Dividend Period after such Dividend Payment Date.

(b) Dividend Rate. The dividend rate from time to time payable in respect of Series A Preferred Stock (the "Dividend Rate") shall be determined on the basis of the following provisions:

(i) On the Dividend Determination Date, LIBOR will be determined on the basis of the offered rates for deposits in U.S. dollars having a maturity of three months commencing on the second London Business Day immediately following such Dividend Determination Date, as such rates appear on the Reuters Screen LIBO Page as of 11:00 A.M. London time, on such Dividend Determination Date. If at least two such offered rates appear on the Reuters Screen LIBO Page, LIBOR in respect of such Dividend Determination Dates will be the arithmetic mean (rounded to the nearest one-hundredth of a percent, with five one-thousandths of a percent rounded upwards) of such offered rates. If fewer than those offered rates appear, LIBOR in respect of such Dividend Determination Date will be determined as described in paragraph (ii) below.

(ii) On any Dividend Determination Date on which fewer than those offered rates for the applicable maturity appear on the Reuters Screen LIBO Page as specified in paragraph (i) above, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars having a maturity of three months commencing on the second London Business Day immediately following such Dividend Determination Date and in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market at such time are offered by three major banks in the London interbank market selected by the corporation at approximately 11:00 A.M., London time, on such Dividend Determination Date to prime banks in the London market. The corporation will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of such Dividend Determination Date will be the arithmetic mean (rounded to the nearest one-hundredth of a percent, with five one-thousandths of a percent rounded upwards) of such quotations. If fewer than two quotations are provided, LIBOR in respect of such Dividend Determination Date will be the arithmetic mean (rounded to the nearest one-hundredth of a percent, with five one-thousandths of a percent rounded upwards) of the rates quoted by three major banks in New York City selected by the corporation at approximately 11:00 A.M., New York City time, on such Dividend Determination Date for loans in U.S. dollars to leading European banks having a maturity of three months commencing on the second London Business Day immediately following such Dividend Determination Date and in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the corporation are not quoting as aforementioned in this sentence, then, with respect to such Dividend Period, LIBOR for the preceding Dividend Period will be continued as LIBOR for such Dividend Period.

(ii) The Dividend Rate for any Dividend Period shall be equal to the lower of 18% or 50 basis points above LIBOR for such Dividend Period as LIBOR is determined by sections (i) or (ii) above.

As used above, the term "Dividend Determination Date" shall mean, with respect to any Dividend Period, the second London Business Day prior to the commencement of such Dividend Period; and the term "London Business Day" shall mean any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or required by law or executive order to close and that is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

4. Voting Rights: The holders of the Series A Preferred Stock shall have the voting power and rights set forth in this paragraph 4 and shall have no other voting power or rights except as otherwise may from time to time be required by law.

So long as any shares of Series A Preferred Stock remain outstanding, the corporation shall not, without the affirmative vote or consent of the holders of at least a majority of the votes of the Series Preferred Stock entitled to vote outstanding at the time, given in person or by proxy, either in writing or by resolution adopted at a meeting at which the holders of Series A Preferred Stock (alone or together with the holders of one or more other series of Series Preferred Stock at the time outstanding and entitled to vote) vote separately as a class, alter the provisions of the Series Preferred Stock so as to materially adversely affect its rights; provided, however, that in the event any such materially adverse alteration affects the rights of only the Series A Preferred Stock, then the alteration may be effected with the vote or consent of at least a majority of the votes of the Series A Preferred Stock; provided, further, that an increase in the amount of the authorized Series Preferred Stock and/or the creation and/or issuance of other series of Series Preferred Stock in accordance with the organization certificate shall not be, nor be deemed to be, materially adverse alterations. In connection with the exercise of the voting rights contained in the preceding sentence, holders of all series of Series Preferred Stock which are granted such voting rights (of which the Series A Preferred Stock is the initial series) shall vote as a class (except as specifically provided otherwise) and each holder of Series A Preferred Stock shall have one vote for each share of stock held and each other series shall have such number of votes, if any, for each share of stock held as may be granted to them.

The foregoing voting provisions will not apply if, in connection with the matters specified, provision is made for the redemption or retirement of all outstanding Series A Preferred Stock.

5. Liquidation: Subject to the provisions of section (b) of this Article III, upon any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, the holders of the Series A Preferred Stock shall have preference and priority over the Common Stock for payment out of the assets of the corporation or proceeds thereof, whether from capital or surplus, of \$1,000,000 per share (the "liquidation value") together with the amount of all dividends accrued and unpaid thereon, and after such payment the holders of Series A Preferred Stock shall be entitled to no other payments.

6. Redemption: Subject to the provisions of section (b) of this Article III, Series A Preferred Stock may be redeemed, at the option of the corporation in whole or part, at any time or from time to time at a redemption price of \$1,000,000 per share, in each case plus accrued and unpaid dividends to the date of redemption.

At the option of the corporation, shares of Series A Preferred Stock redeemed or otherwise acquired may be restored to the status of authorized but unissued shares of Series Preferred Stock.

In the case of any redemption, the corporation shall give notice of such redemption to the holders of the Series A Preferred Stock to be redeemed in the following manner: a notice specifying the shares to be redeemed and the time and place of redemption (and, if less than the total outstanding shares are to be redeemed, specifying the certificate numbers and number of shares to be redeemed) shall be mailed by first class mail, addressed to the holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as the same shall appear upon the books of the corporation, not more than sixty (60) days and not less than thirty (30) days previous to the date fixed for redemption. In the event such notice is not given to any shareholder such failure to give notice shall not affect the notice given to other shareholders. If less than the whole amount of outstanding Series A Preferred Stock is to be redeemed, the shares to be redeemed shall be selected by lot or pro rata in any manner determined by resolution of the Board of Directors to be fair and proper. From and after the date fixed in any such notice as the date of redemption (unless default shall be made by the corporation in providing moneys at the time and place of redemption for the payment of the redemption price) all dividends upon the Series A Preferred Stock so called for redemption shall cease to accrue, and all rights of the holders of said Series A Preferred Stock as stockholders in the corporation, except the right to receive the redemption price (without interest) upon surrender of

the certificate representing the Series A Preferred Stock so called for redemption, duly endorsed for transfer, if required, shall cease and terminate. The corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the corporation shall deposit with a bank or trust company (which may be an affiliate of the corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least \$5,000,000 funds necessary for such redemption, in trust with irrevocable instructions that such funds be applied to the redemption of the shares of Series A Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the corporation from time to time. Any funds so deposited and unclaimed at the end of two (2) years from such redemption date shall be released or repaid to the corporation, after which the holders of such shares of Series A Preferred Stock so called for redemption shall look only to the corporation for payment of the redemption price.

IV. The name, residence and post office address of each member of the corporation are as follows:

<i>Name</i>	<i>Residence</i>	<i>Post Office Address</i>
James A. Blair	9 West 50th Street, Manhattan, New York City	33 Wall Street, Manhattan, New York City
James G. Cannon	72 East 54th Street, Manhattan New York City	14 Nassau Street, Manhattan, New York City
E. C. Converse	3 East 78th Street, Manhattan, New York City	139 Broadway, Manhattan, New York City
Henry P. Davison	Englewood, New Jersey	2 Wall Street, Manhattan, New York City
Granville W. Garth	160 West 57th Street, Manhattan, New York City	33 Wall Street Manhattan, New York City
A. Barton Hepburn	205 West 57th Street Manhattan, New York City	83 Cedar Street Manhattan, New York City
William Logan	Montclair, New Jersey	13 Nassau Street Manhattan, New York City
George W. Perkins	Riverdale, New York	23 Wall Street, Manhattan, New York City
William H. Porter	56 East 67th Street Manhattan, New York City	270 Broadway, Manhattan, New York City
John F. Thompson	Newark, New Jersey	143 Liberty Street, Manhattan, New York City
Albert H. Wiggin	42 West 49th Street, Manhattan, New York City	214 Broadway, Manhattan, New York City
Samuel Woolverton	Mount Vernon, New York	34 Wall Street, Manhattan, New York City
Edward F.C. Young	85 Glenwood Avenue, Jersey City, New Jersey	1 Exchange Place, Jersey City, New Jersey

V. The existence of the corporation shall be perpetual.

VI. The subscribers, the members of the said corporation, do, and each for himself does, hereby declare that he will accept the responsibilities and faithfully discharge the duties of a director therein, if elected to act as such, when authorized accordance with the provisions of the Banking Law of the State of New York.

VII. The number of directors of the corporation shall not be less than 10 nor more than 25.”

4. The foregoing restatement of the organization certificate was authorized by the Board of Directors of the corporation at a meeting held on July 21, 1998.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 6th day of August, 1998.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 6th day of August, 1998.

/s/ James T. Byrne, Jr.
James T. Byrne, Jr.
Managing Director and Secretary

/s/ Lea Lahtinen
Lea Lahtinen
Vice President and Assistant Secretary

/s/ Lea Lahtinen
Lea Lahtinen

State of New York)
) ss
County of New York)

Lea Lahtinen, being duly sworn, deposes and says that she is a Vice President and an Assistant Secretary of Bankers Trust Company, the corporation described in the foregoing certificate; that she has read the foregoing certificate and knows the contents thereof, and that the statements herein contained are true.

 /s/ Lea Lahtinen
Lea Lahtinen

Sworn to before me this
6th day of August, 1998.

 /s/ Sandra L. West
Notary Public

SANDRA L. WEST
Notary Public State of New York
No. 31-4942101
Qualified in New York County
Commission Expires September 19, 1998

State of New York,
Banking Department

I, **MANUEL KURSKY**, Deputy Superintendent of Banks of the State of New York, **DO HEREBY APPROVE** the annexed Certificate entitled "**RESTATED ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY Under Section 8007 of the Banking Law,**" dated August 6, 1998, providing for the restatement of the Organization Certificate and all amendments into a single certificate.

Witness, my hand and official seal of the Banking Department at the City of New York,

this 31st day of August in the Year of our Lord one thousand nine hundred and ninety-eight.

_____/s/ Manuel Kursky_____
Deputy Superintendent of Banks

CERTIFICATE OF AMENDMENT
OF THE

ORGANIZATION CERTIFICATE

OF BANKERS TRUST

Under Section 8005 of the Banking Law

We, James T. Byrne, Jr. and Lea Lahtinen, being respectively a Managing Director and Secretary and a Vice President and an Assistant Secretary of Bankers Trust Company, do hereby certify:

1. The name of the corporation is Bankers Trust Company.

2. The organization certificate of said corporation was filed by the Superintendent of Banks on the 5th of March, 1903.

3. The organization certificate as heretofore amended is hereby amended to increase the aggregate number of shares which the corporation shall have authority to issue and to increase the amount of its authorized capital stock in conformity therewith.

4. Article III of the organization certificate with reference to the authorized capital stock, the number of shares into which the capital stock shall be divided, the par value of the shares and the capital stock outstanding, which reads as follows:

“III. The amount of capital stock which the corporation is hereafter to have is Three Billion, One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars (\$3,001,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of \$10 each designated as Common Stock and 1000 shares with a par value of One Million Dollars (\$1,000,000) each designated as Series Preferred Stock.”

is hereby amended to read as follows:

“III. The amount of capital stock which the corporation is hereafter to have is Three Billion, Five Hundred One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars (\$3,501,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of \$10 each designated as Common Stock and 1500 shares with a par value of One Million Dollars (\$1,000,000) each designated as Series Preferred Stock.”

5. The foregoing amendment of the organization certificate was authorized by unanimous written consent signed by the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 25th day of September, 1998

/s/ James T. Byrne, Jr.
James T. Byrne, Jr.
Managing Director and Secretary

/s/ Lea Lahtinen
Lea Lahtinen
Vice President and Assistant Secretary

State of New York)
) ss:
County of New York)

Lea Lahtinen, being fully sworn, deposes and says that she is a Vice President and an Assistant Secretary of Bankers Trust Company, the corporation described in the foregoing certificate; that she has read the foregoing certificate and knows the contents thereof, and that the statements herein contained are true.

/s/ Lea Lahtinen
Lea Lahtinen

Sworn to before me this 25th day
of September, 1998

/s/ Sandra L. West
Notary Public

SANDRA L. WEST
Notary Public State of New York
No. 31-4942101
Qualified in New York County
Commission Expires September 19, 2000

State of New York,
Banking Department

I, **P. VINCENT CONLON**, Deputy Superintendent of Banks of the State of New York, **DO HEREBY APPROVE** the annexed Certificate entitled “**CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY Under Section 8005 of the Banking Law,**” dated December 16, 1998, providing for an increase in authorized capital stock from \$3,501,666,670 consisting of 200,166,667 shares with a par value of \$10 each designated as Common Stock and 1,500 shares with a par value of \$1,000,000 each designated as Series Preferred Stock to \$3,627,308,670 consisting of 212,730,867 shares with a par value of \$10 each designated as Common Stock and 1,500 shares with a par value of \$1,000,000 each designated as Series Preferred Stock.

Witness, my hand and official seal of the Banking Department at the City of New York,

*this **18th** day of **December** in the Year of our Lord one thousand nine hundred and **ninety-eight**.*

_____/s/ P. Vincent Conlon_____
Deputy Superintendent of Banks

CERTIFICATE OF AMENDMENT

OF THE

ORGANIZATION CERTIFICATE

OF BANKERS TRUST

Under Section 8005 of the Banking Law

We, James T. Byrne, Jr. and Lea Lahtinen, being respectively a Managing Director and Secretary and a Vice President and an Assistant Secretary of Bankers Trust Company, do hereby certify:

1. The name of the corporation is Bankers Trust Company.
2. The organization certificate of said corporation was filed by the Superintendent of Banks on the 5th of March, 1903.
3. The organization certificate as heretofore amended is hereby amended to increase the aggregate number of shares which the corporation shall have authority to issue and to increase the amount of its authorized capital stock in conformity therewith.
4. Article III of the organization certificate with reference to the authorized capital stock, the number of shares into which the capital stock shall be divided, the par value of the shares and the capital stock outstanding, which reads as follows:

“III. The amount of capital stock which the corporation is hereafter to have is Three Billion, Five Hundred One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars (\$3,501,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of \$10 each designated as Common Stock and 1500 shares with a par value of One Million Dollars (\$1,000,000) each designated as Series Preferred Stock.”

is hereby amended to read as follows:

“III. The amount of capital stock which the corporation is hereafter to have is Three Billion, Six Hundred Twenty-Seven Million, Three Hundred Eight Thousand, Six Hundred Seventy Dollars (\$3,627,308,670), divided into Two Hundred Twelve Million, Seven Hundred Thirty Thousand, Eight Hundred Sixty-Seven (212,730,867) shares with a par value of \$10 each designated as Common Stock and 1500 shares with a par value of One Million Dollars (\$1,000,000) each designated as Series Preferred Stock.”

5. The foregoing amendment of the organization certificate was authorized by unanimous written consent signed by the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 16th day of December, 1998

/s/ James T. Byrne, Jr.
James T. Byrne, Jr.
Managing Director and Secretary

/s/ Lea Lahtinen
Lea Lahtinen
Vice President and Assistant Secretary

State of New York)
) ss:
County of New York)

Lea Lahtinen, being fully sworn, deposes and says that she is a Vice President and an Assistant Secretary of Bankers Trust Company, the corporation described in the foregoing certificate; that she has read the foregoing certificate and knows the contents thereof, and that the statements herein contained are true.

/s/ Lea Lahtinen
Lea Lahtinen

Sworn to before me this 16th day
of December, 1998

/s/ Sandra L. West
Notary Public

SANDRA L. WEST
Notary Public State of New York
No. 31-4942101
Qualified in New York County
Commission Expires September 19, 2000

BANKERS TRUST COMPANY
ASSISTANT SECRETARY'S CERTIFICATE

I, Lea Lahtinen, Vice President and Assistant Secretary of Bankers Trust Company, a corporation duly organized and existing under the laws of the State of New York, the United States of America, do hereby certify that attached copy of the Certificate of Amendment of the Organization Certificate of Bankers Trust Company, dated February 27, 2002, providing for a change of name of Bankers Trust Company to Deutsche Bank Trust Company Americas and approved by the New York State Banking Department on March 14, 2002 to effective on April 15, 2002, is a true and correct copy of the original Certificate of Amendment of the Organization Certificate of Bankers Trust Company on file in the Banking Department, State of New York.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Bankers Trust Company this 4th day of April, 2002.

[SEAL]

/s/ Lea Lahtinen

Lea Lahtinen, Vice President and Assistant Secretary
Bankers Trust Company

State of New York)
) ss.:
County of New York)

On the 4th day of April in the year 2002 before me, the undersigned, a Notary Public in and for said state, personally appeared Lea Lahtinen, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ Sonja K. Olsen
Notary Public

SONJA K. OLSEN
Notary Public, State of New York
No. 01OL4974457
Qualified in New York County
Commission Expires November 13, 2002

State of New York,

Banking Department

I, P. VINCENT CONLON, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed Certificate entitled "CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY under Section 8005 of the Banking Law" dated February 27, 2002, providing for a change of name of BANKERS TRUST COMPANY to DEUTSCHE BANK TRUST COMPANY AMERICAS.

Witness, my hand and official seal of the Banking Department at the City of New York,

this 14th day of March two thousand and two.

/s/ P. Vincent Conlon
Deputy Superintendent of Banks

CERTIFICATE OF AMENDMENT
OF THE
ORGANIZATION CERTIFICATE
OF
BANKERS TRUST COMPANY
Under Section 8005 of the Banking Law

We, James T. Byrne Jr., and Lea Lahtinen, being respectively the Secretary, and Vice President and an Assistant Secretary of Bankers Trust Company, do hereby certify:

1. The name of corporation is Bankers Trust Company.
2. The organization certificate of said corporation was filed by the Superintendent of Banks on the 5th day of March, 1903.
3. Pursuant to Section 8005 of the Banking Law, attached hereto as Exhibit A is a certificate issued by the State of New York, Banking Department listing all of the amendments to the Organization Certificate of Bankers Trust Company since its organization that have been filed in the Office of the Superintendent of Banks.
4. The organization certificate as heretofore amended is hereby amended to change the name of Bankers Trust Company to Deutsche Bank Trust Company Americas to be effective on April 15, 2002.
5. The first paragraph number 1 of the organization of Bankers Trust Company with the reference to the name of the Bankers Trust Company, which reads as follows:

“1. The name of the corporation is Bankers Trust Company.”

is hereby amended to read as follows effective on April 15, 2002:

“1. The name of the corporation is Deutsche Bank Trust Company Americas.”

6. The foregoing amendment of the organization certificate was authorized by unanimous written consent signed by the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 27th day of February, 2002.

By: /s/ James T. Byrne Jr.
James T. Byrne Jr.
Secretary

By: /s/ Lea Lahtinen
Lea Lahtinen
Vice President and Assistant Secretary

State of New York)
) ss.:
County of New York)

Lea Lahtinen, being duly sworn, deposes and says that she is a Vice President and an Assistant Secretary of Bankers Trust Company, the corporation described in the foregoing certificate; that she has read the foregoing certificate and knows the contents thereof, and that the statements therein contained are true.

By: /s/ Lea Lahtinen
Lea Lahtinen

Sworn to before me this 27th day
of February, 2002

/s/ Sandra L. West
Notary Public

SANDRA L. WEST
Notary Public State of New York
No. 01WE4942401
Qualified in New York County
Commission Expires September 19, 2002

State of New York
Banking Department

I, P. VINCENT CONLON, Deputy Superintendent of Banks of the State of New York, DO HEREBY CERTIFY:

THAT, the records in the Office of the Superintendent of Banks indicate that BANKERS TRUST COMPANY is a corporation duly organized and existing under the laws of the State of New York as a trust company, pursuant to Article III of the Banking Law; and

THAT, the Organization Certificate of BANKERS TRUST COMPANY was filed in the Office of the Superintendent of Banks on March 5, 1903, and such corporation was authorized to commence business on March 24, 1903; and

THAT, the following amendments to its Organization Certificate have been filed in the Office of the Superintendent of Banks as of the dates specified:

- Certificate of Amendment of Certificate of Incorporation providing for an increase in number of directors—filed on January 14, 1905
- Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on August 4, 1909
- Certificate of Amendment of Certificate of Incorporation providing for an increase in number of directors—filed on February 1, 1911
- Certificate of Amendment of Certificate of Incorporation providing for an increase in number of directors—filed on June 17, 1911
- Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on August 8, 1911
- Certificate of Amendment of Certificate of Incorporation providing for an increase in number of directors—filed on August 8, 1911
- Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on March 21, 1912
- Certificate of Amendment of Certificate of Incorporation providing for a decrease in number of directors—filed on January 15, 1915

Certificate of Amendment of Certificate of Incorporation providing for a decrease in number of directors—filed on December 18, 1916
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on April 20, 1917
Certificate of Amendment of Certificate of Incorporation providing for an increase in number of directors—filed on April 20, 1917
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on December 28, 1918
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on December 4, 1919
Certificate of Amendment of Certificate of Incorporation providing for an increase in number of directors—filed on January 15, 1926
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on June 12, 1928
Certificate of Amendment of Certificate of Incorporation providing for a change in shares—filed on April 4, 1929
Certificate of Amendment of Certificate of Incorporation providing for a minimum and maximum number of directors—filed on January 11, 1934
Certificate of Extension to perpetual—filed on January 13, 1941
Certificate of Amendment of Certificate of Incorporation providing for a minimum and maximum number of directors—filed on January 13, 1941
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on December 11, 1944
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed January 30, 1953
Restated Certificate of Incorporation—filed November 6, 1953
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on April 8, 1955

Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on February 1, 1960
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on July 14, 1960
Certificate of Amendment of Certificate of Incorporation providing for a change in shares—filed on September 30, 1960
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on January 26, 1962
Certificate of Amendment of Certificate of Incorporation providing for a change in shares—filed on September 9, 1963
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on February 7, 1964
Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock—filed on February 24, 1965
Certificate of Amendment of the Organization Certificate providing for a decrease in capital stock—filed January 24, 1967
Restated Organization Certificate—filed June 1, 1971
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed October 29, 1976
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed December 22, 1977
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed August 5, 1980
Restated Organization Certificate—filed July 1, 1982
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed December 27, 1984
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed September 18, 1986

Certificate of Amendment of the Organization Certificate providing for a minimum and maximum number of directors—filed January 22, 1990
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed June 28, 1990
Restated Organization Certificate—filed August 20, 1990
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed June 26, 1992
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed March 28, 1994
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed June 23, 1995
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed December 27, 1995
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed March 21, 1996
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed December 27, 1996
Certificate of Amendment to the Organization Certificate providing for an increase in capital stock—filed June 27, 1997
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed September 26, 1997
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed December 29, 1997
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed March 26, 1998
Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed June 23, 1998

Restated Organization Certificate—filed August 31, 1998

Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed September 25, 1998

Certificate of Amendment of the Organization Certificate providing for an increase in capital stock—filed December 18, 1998; and

Certificate of Amendment of the Organization Certificate providing for a change in the number of directors—filed September 3, 1999; and

THAT, no amendments to its Restated Organization Certificate have been filed in the Office of the Superintendent of Banks except those set forth above; and attached hereto; and

I DO FURTHER CERTIFY THAT, BANKERS TRUST COMPANY is validly existing as a banking organization with its principal office and place of business located at 130 Liberty Street, New York, New York.

WITNESS, my hand and official seal of the Banking Department at the City of New York this 16th day of October in the Year Two Thousand and One.

/s/ P. Vincent Conlon

Deputy Superintendent of Banks

DEUTSCHE BANK TRUST COMPANY AMERICAS

BY-LAWS

APRIL 15, 2002

Deutsche Bank Trust Company Americas

New York

BY-LAWS
of
Deutsche Bank Trust Company Americas

ARTICLE I

MEETINGS OF STOCKHOLDERS

SECTION 1. The annual meeting of the stockholders of this Company shall be held at the office of the Company in the Borough of Manhattan, City of New York, in January of each year, for the election of directors and such other business as may properly come before said meeting.

SECTION 2. Special meetings of stockholders other than those regulated by statute may be called at any time by a majority of the directors. It shall be the duty of the Chairman of the Board, the Chief Executive Officer, the President or any Co-President to call such meetings whenever requested in writing to do so by stockholders owning a majority of the capital stock.

SECTION 3. At all meetings of stockholders, there shall be present, either in person or by proxy, stockholders owning a majority of the capital stock of the Company, in order to constitute a quorum, except at special elections of directors, as provided by law, but less than a quorum shall have power to adjourn any meeting.

SECTION 4. The Chairman of the Board or, in his absence, the Chief Executive Officer or, in his absence, the President or any Co-President or, in their absence, the senior officer present, shall preside at meetings of the stockholders and shall direct the proceedings and the order of business. The Secretary shall act as secretary of such meetings and record the proceedings.

ARTICLE II

DIRECTORS

SECTION 1. The affairs of the Company shall be managed and its corporate powers exercised by a Board of Directors consisting of such number of directors, but not less than seven nor more than fifteen, as may from time to time be fixed by resolution adopted by a majority of the directors then in office, or by the stockholders. In the event of any increase in the number of directors, additional directors may be elected within the limitations so fixed, either by the stockholders or within the limitations imposed by law, by a majority of directors then in office. One-third of the number of directors, as fixed from time to time, shall constitute a quorum. Any one or more members of the Board of Directors or any Committee thereof may participate in a meeting of the Board of Directors or Committee thereof by means of a conference telephone, video conference or similar communications equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

All directors hereafter elected shall hold office until the next annual meeting of the stockholders and until their successors are elected and have qualified.

No Officer-Director who shall have attained age 65, or earlier relinquishes his responsibilities and title, shall be eligible to serve as a director.

SECTION 2. Vacancies not exceeding one-third of the whole number of the Board of Directors may be filled by the affirmative vote of a majority of the directors then in office, and the directors so elected shall hold office for the balance of the unexpired term.

SECTION 3. The Chairman of the Board shall preside at meetings of the Board of Directors. In his absence, the Chief Executive Officer or, in his absence the President or any Co-President or, in their absence such other director as the Board of Directors from time to time may designate shall preside at such meetings.

SECTION 4. The Board of Directors may adopt such Rules and Regulations for the conduct of its meetings and the management of the affairs of the Company as it may deem proper, not inconsistent with the laws of the State of New York, or these By-Laws, and all officers and employees shall strictly adhere to, and be bound by, such Rules and Regulations.

SECTION 5. Regular meetings of the Board of Directors shall be held from time to time provided, however, that the Board of Directors shall hold a regular meeting not less than six times a year, provided that during any three consecutive calendar months the Board of Directors shall meet at least once, and its Executive Committee shall not be required to meet at least once in each thirty day period during which the Board of Directors does not meet. Special meetings of the Board of Directors may be called upon at least two day's notice whenever it may be deemed proper by the Chairman of the Board or, the Chief Executive Officer or, the President or any Co-President or, in their absence, by such other director as the Board of Directors may have designated pursuant to Section 3 of this Article, and shall be called upon like notice whenever any three of the directors so request in writing.

SECTION 6. The compensation of directors as such or as members of committees shall be fixed from time to time by resolution of the Board of Directors.

ARTICLE III

COMMITTEES

SECTION 1. There shall be an Executive Committee of the Board consisting of not less than five directors who shall be appointed annually by the Board of Directors. The Chairman of the Board shall preside at meetings of the Executive Committee. In his absence, the Chief Executive Officer or, in his absence, the President or any Co-President or, in their absence, such other member of the Committee as the Committee from time to time may designate shall preside at such meetings.

The Executive Committee shall possess and exercise to the extent permitted by law all of the powers of the Board of Directors, except when the latter is in session, and shall keep minutes of its proceedings, which shall be presented to the Board of Directors at its next subsequent meeting. All acts done and powers and authority conferred by the Executive Committee from time to time shall be and be deemed to be, and may be certified as being, the act and under the authority of the Board of Directors.

A majority of the Committee shall constitute a quorum, but the Committee may act only by the concurrent vote of not less than one-third of its members, at least one of who must be a director other than an officer. Any one or more directors, even though not members of the Executive Committee, may attend any meeting of the Committee, and the member or members of the Committee present, even though less than a quorum, may designate any one or more of such directors as a substitute or substitutes for any absent member or members of the Committee, and each such substitute or substitutes shall be counted for quorum, voting, and all other purposes as a member or members of the Committee.

SECTION 2. There shall be an Audit Committee appointed annually by resolution adopted by a majority of the entire Board of Directors which shall consist of such number of directors, who are not also officers of the Company, as may from time to time be fixed by resolution adopted by the Board of Directors. The Chairman shall be designated by the Board of Directors, who shall also from time to time fix a quorum for meetings of the Committee. Such Committee shall conduct the annual directors' examinations of the Company as required by the New York State Banking Law; shall review the reports of all examinations made of the Company by public authorities and report thereon to the Board of Directors; and shall report to the Board of Directors such other matters as it deems advisable with respect to the Company, its various departments and the conduct of its operations.

In the performance of its duties, the Audit Committee may employ or retain, from time to time, expert assistants, independent of the officers or personnel of the Company, to make studies of the Company's assets and liabilities as the Committee may request and to make an examination of the accounting and auditing methods of the Company and its system of internal protective controls to the extent considered necessary or advisable in order to determine that the operations of the Company, including its fiduciary departments, are being audited by the General Auditor in such a manner as to provide prudent and adequate protection. The Committee also may direct the General Auditor to make such investigation as it deems necessary or advisable with respect to the Company, its various departments and the conduct of its operations. The Committee shall hold regular quarterly meetings and during the intervals thereof shall meet at other times on call of the Chairman.

SECTION 3. The Board of Directors shall have the power to appoint any other Committees as may seem necessary, and from time to time to suspend or continue the powers and duties of such Committees. Each Committee appointed pursuant to this Article shall serve at the pleasure of the Board of Directors.

ARTICLE IV

OFFICERS

SECTION 1. The Board of Directors shall elect from among their number a Chairman of the Board and a Chief Executive Officer; and shall also elect a President, or two or more Co-Presidents, and may also elect, one or more Vice Chairmen, one or more Executive Vice Presidents, one or more Managing Directors, one or more Senior Vice Presidents, one or more Directors, one or more Vice Presidents, one or more General Managers, a Secretary, a Controller, a Treasurer, a General Counsel, a General Auditor, a General Credit Auditor, who need not be directors. The officers of the corporation may also include such other officers or assistant officers as shall from time to time be elected or appointed by the Board. The Chairman of the Board or the Chief Executive Officer or, in their absence, the President or any Co-President, or any Vice Chairman, may from time to time appoint assistant officers. All officers elected or appointed by the Board of Directors shall hold their respective offices during the pleasure of the Board of Directors, and all assistant officers shall hold office at the pleasure of the Board or the Chairman of the Board or the Chief Executive Officer or, in their absence, the President, or any Co-President or any Vice Chairman. The Board of Directors may require any and all officers and employees to give security for the faithful performance of their duties.

SECTION 2. The Board of Directors shall designate the Chief Executive Officer of the Company who may also hold the additional title of Chairman of the Board, or President, or any Co-President, and such person shall have, subject to the supervision and direction of the Board of Directors or the Executive Committee, all of the powers vested in such Chief Executive Officer by law or by these By-Laws, or which usually attach or pertain to such office. The other officers shall have, subject to the supervision and direction of the Board of Directors or the Executive Committee or the Chairman of the Board or, the Chief Executive Officer, the powers vested by law or by these By-Laws in them as holders of their respective offices and, in addition, shall perform such other duties as shall be assigned to them by the Board of Directors or the Executive Committee or the Chairman of the Board or the Chief Executive Officer.

The General Auditor shall be responsible, through the Audit Committee, to the Board of Directors for the determination of the program of the internal audit function and the evaluation of the adequacy of the system of internal controls. Subject to the Board of Directors, the General Auditor shall have and may exercise all the powers and shall perform all the duties usual to such office and shall have such other powers as may be prescribed or assigned to him from time to time by the Board of Directors or vested in him by law or by these By-Laws. He shall perform such other duties and shall make such investigations, examinations and reports as may be prescribed or required by the Audit Committee. The General Auditor shall have unrestricted access to all records and premises of the Company and shall delegate such authority to his subordinates. He shall have the duty to report to the Audit Committee on all matters concerning the internal audit program and the adequacy of the system of internal controls of the Company which he deems advisable or which the Audit Committee may request. Additionally, the General Auditor shall have the duty of reporting independently of all officers of the Company to the Audit Committee at least quarterly on any matters concerning the internal audit program and the adequacy of the system of internal controls of the Company that should be brought to the attention of the directors except those matters responsibility for which has been vested in the General Credit Auditor.

Should the General Auditor deem any matter to be of special immediate importance, he shall report thereon forthwith to the Audit Committee. The General Auditor shall report to the Chief Financial Officer only for administrative purposes.

The General Credit Auditor shall be responsible to the Chief Executive Officer and, through the Audit Committee, to the Board of Directors for the systems of internal credit audit, shall perform such other duties as the Chief Executive Officer may prescribe, and shall make such examinations and reports as may be required by the Audit Committee. The General Credit Auditor shall have unrestricted access to all records and may delegate such authority to subordinates.

SECTION 3. The compensation of all officers shall be fixed under such plan or plans of position evaluation and salary administration as shall be approved from time to time by resolution of the Board of Directors.

SECTION 4. The Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer or any person authorized for this purpose by the Chief Executive Officer, shall appoint or engage all other employees and agents and fix their compensation. The employment of all such employees and agents shall continue during the pleasure of the Board of Directors or the Executive Committee or the Chairman of the Board or the Chief Executive Officer or any such authorized person; and the Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer or any such authorized person may discharge any such employees and agents at will.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

SECTION 1. The Company shall, to the fullest extent permitted by Section 7018 of the New York Banking Law, indemnify any person who is or was made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, whether involving any actual or alleged breach of duty, neglect or error, any accountability, or any actual or alleged misstatement, misleading statement or other act or omission and whether brought or threatened in any court or administrative or legislative body or agency, including an action by or in the right of the Company to procure a judgment in its favor and an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Company is servicing or served in any capacity at the request of the Company by reason of the fact that he, his testator or intestate, is or was a director or officer of the Company, or is serving or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement, and costs, charges and expenses, including attorneys' fees, or any appeal therein; provided, however, that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director or officer establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

SECTION 2. The Company may indemnify any other person to whom the Company is permitted to provide indemnification or the advancement of expenses by applicable law, whether pursuant to

rights granted pursuant to, or provided by, the New York Banking Law or other rights created by (i) a resolution of stockholders, (ii) a resolution of directors, or (iii) an agreement providing for such indemnification, it being expressly intended that these By-Laws authorize the creation of other rights in any such manner.

SECTION 3. The Company shall, from time to time, reimburse or advance to any person referred to in Section 1 the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any action or proceeding referred to in Section 1, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director or officer establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

SECTION 4. Any director or officer of the Company serving (i) another corporation, of which a majority of the shares entitled to vote in the election of its directors is held by the Company, or (ii) any employee benefit plan of the Company or any corporation referred to in clause (i) in any capacity shall be deemed to be doing so at the request of the Company. In all other cases, the provisions of this Article V will apply (i) only if the person serving another corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise so served at the specific request of the Company, evidenced by a written communication signed by the Chairman of the Board, the Chief Executive Officer, the President or any Co-President, and (ii) only if and to the extent that, after making such efforts as the Chairman of the Board, the Chief Executive Officer, the President or any Co-President shall deem adequate in the circumstances, such person shall be unable to obtain indemnification from such other enterprise or its insurer.

SECTION 5. Any person entitled to be indemnified or to the reimbursement or advancement of expenses as a matter of right pursuant to this Article V may elect to have the right to indemnification (or advancement of expenses) interpreted on the basis of the applicable law in effect at the time of occurrence of the event or events giving rise to the action or proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time indemnification is sought.

SECTION 6. The right to be indemnified or to the reimbursement or advancement of expense pursuant to this Article V (i) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions hereof were set forth in a separate written contract between the Company and the director or officer, (ii) is intended to be retroactive and shall be available with respect to events occurring prior to the adoption hereof, and (iii) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto.

SECTION 7. If a request to be indemnified or for the reimbursement or advancement of expenses pursuant hereto is not paid in full by the Company within thirty days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled also to be paid the expenses of prosecuting such claim. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of or

reimbursement or advancement of expenses to the claimant is proper in the circumstance, nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses, shall be a defense to the action or create a presumption that the claimant is not so entitled.

SECTION 8. A person who has been successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in Section 1 shall be entitled to indemnification only as provided in Sections 1 and 3, notwithstanding any provision of the New York Banking Law to the contrary.

ARTICLE VI

SEAL

SECTION 1. The Board of Directors shall provide a seal for the Company, the counterpart dies of which shall be in the charge of the Secretary of the Company and such officers as the Chairman of the Board, the Chief Executive Officer or the Secretary may from time to time direct in writing, to be affixed to certificates of stock and other documents in accordance with the directions of the Board of Directors or the Executive Committee.

SECTION 2. The Board of Directors may provide, in proper cases on a specified occasion and for a specified transaction or transactions, for the use of a printed or engraved facsimile seal of the Company.

ARTICLE VII

CAPITAL STOCK

SECTION 1. Registration of transfer of shares shall only be made upon the books of the Company by the registered holder in person, or by power of attorney, duly executed, witnessed and filed with the Secretary or other proper officer of the Company, on the surrender of the certificate or certificates of such shares properly assigned for transfer.

ARTICLE VIII

CONSTRUCTION

SECTION 1. The masculine gender, when appearing in these By-Laws, shall be deemed to include the feminine gender.

ARTICLE IX

AMENDMENTS

SECTION 1. These By-Laws may be altered, amended or added to by the Board of Directors at any meeting, or by the stockholders at any annual or special meeting, provided notice thereof has been given.

I, Annie Jaghatspanyan, Assistant Vice President, of Deutsche Bank Trust Company Americas, New York, New York, hereby certify that the foregoing is a complete, true and correct copy of the By-Laws of Deutsche Bank Trust Company Americas, and that the same are in full force and effect at this date.

Assistant Vice President

DATED AS OF: September 7, 2005

DEUTSCHE BANK TRUST COMPANY AMERICAS

Legal Title of Bank

NEW YORK

City

NY

State

10005-2858

Zip Code

FFIEC 031

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FDIC Certificate Number: 00623

Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks for June 30, 2005

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

	Dollar Amounts in Thousands		RCFD	Bil / Mil / Thou
ASSETS				
1. Cash and balances due from depository institutions (from Schedule RC-A):				
a. Noninterest-bearing balances and currency and coin (1)			0081	3,117,000 1.a
b. Interest-bearing balances (2)			0071	182,000 1.b
2. Securities:				
a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	0 2.a
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	1,690,000 2.b
3. Federal funds sold and securities purchased under agreements to resell:			RCON	
a. Federal funds sold in domestic offices			B987	1,354,000 3.a
			RCFD	
b. Securities purchased under agreements to resell (3)			B989	4,293,000 3.b
4. Loans and lease financing receivables (from Schedule RC-C):				
a. Loans and leases held for sale			5369	869,000 4.a
b. Loans and leases, net of unearned income	B528	6,317,000		4.b
c. LESS: Allowance for loan and lease losses	3123	137,000		4.c
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	6,180,000 4.d
5. Trading assets (from Schedule RC-D)			3545	10,372,000 5
6. Premises and fixed assets (including capitalized leases)			2145	204,000 6
7. Other real estate owned (from Schedule RC-M)			2150	1,000 7
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)			2130	8,000 8
9. Customers' liability to this bank on acceptances outstanding			2155	0 9
10. Intangible assets:				
a. Goodwill			3163	0 10.a
b. Other intangible assets (from Schedule RC-M)			426	36,000 10.b
11. Other assets (from Schedule RC-F)			2160	5,153,000 11
12. Total assets (sum of items 1 through 11)			2170	33,459,000 12

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

FDIC Certificate Number: 00623

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Schedule RC—Continued

	Dollar Amounts in Thousands		Bil / Mil / Thou	
LIABILITIES				
13. Deposits:				
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)			RCN	
			2200	9,383,000 13.a
(1) Noninterest-bearing (1)	6631	3,663,000		13.a.1
(2) Interest-bearing	6636	5,720,000		13.a.2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)			RCFN	
			2200	7,967,000 13.b
(1) Noninterest-bearing	6631	2,048,000		13.b.1
(2) Interest-bearing	6636	5,919,000		13.b.2
14. Federal funds purchased and securities sold under agreements to repurchase:				
a. Federal funds purchased in domestic offices (2)			RCN	
			B993	5,120,000 14.a
b. Securities sold under agreements to repurchase (3)			RCFD	
			B995	0 14.b
15. Trading liabilities (from Schedule RC-D)				
			3548	408,000 15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)				
			3190	285,000 16
17. Not applicable				
18. Bank's liability on acceptances executed and outstanding				
			2920	0 18
19. Subordinated notes and debentures (4)				
			3200	8,000 19
20. Other liabilities (from Schedule RC-G)				
			2930	2,154,000 20
21. Total liabilities (sum of items 13 through 20)				
			2948	25,325,000 21
22. Minority interest in consolidated subsidiaries				
			3000	414,000 22
EQUITY CAPITAL				
23. Perpetual preferred stock and related surplus				
			3838	1,500,000 23
24. Common stock				
			3230	2,127,000 24
25. Surplus (exclude all surplus related to preferred stock)				
			3839	584,000 25
26. a. Retained earnings				
			3632	3,472,000 26.a
b. Accumulated other comprehensive income (5)				
			B530	37,000 26.b
27. Other equity capital components (6)				
			A130	0 27
28. Total equity capital (sum of items 23 through 27)				
			3210	7,720,000 28
29. Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)				
			3300	33,459,000 29

Memorandum

To be reported only with the March Report of Condition.

	RCFD	Number	
1. Indicate in the box to the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2004	6724	N/A	M.1
1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank			
2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)			
3 = Attestation on the bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm			
4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)			
5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)			
6 = Review of the bank's financial statements by external auditors			
7 = Compilation of the bank's financial statements by external auditors			
8 = Other audit procedures (excluding tax preparation work)			
9 = No external audit work			

- (1) Includes total demand deposits and noninterest-bearing time and savings deposits.
- (2) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "other borrowed money."
- (3) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.
- (4) Includes limited-life preferred stock and related surplus.
- (5) Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and minimum pension liability adjustments.
- (6) Includes treasury stock and unearned Employee Ownership Plan shares.

LETTER OF TRANSMITTAL
KANSAS GAS AND ELECTRIC COMPANY

Offer to Exchange
 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021
 (Registered Under The Securities Act of 1933)
 For Any and All of Its Outstanding
 5.647% Secured Facility Bonds, Series 2005, Due 2021

Pursuant to the Prospectus
 Dated September , 2005

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 PM.,
 NEW YORK CITY TIME, ON UNLESS THE OFFER IS EXTENDED.

THE EXCHANGE AGENT FOR THE EXCHANGE OFFER IS:

DEUTSCHE BANK TRUST COMPANY AMERICAS

By Registered or Certified Mail:

DB Services Tennessee, Inc.,
 Exchange Agent
 Trust & Securities Services
 Reorganization Unit
 P.O. Box 292737
 Nashville, TN 37229-2737
 Attn: Karl Shepherd

*To Confirm by Telephone
 or for Information:*
 800-735-7777

By Overnight Delivery or Hand:

DB Services Tennessee, Inc.,
 Exchange Agent
 Trust & Securities Services
 Reorganization Unit
 648 Grassmere Park Road
 Nashville, TN 37211-3658
 Attn: Karl Shepherd

Facsimile Transmissions:
 615-835-3701

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS CONTAINED HEREIN SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

Capitalized terms used but not defined herein shall have the same meaning given them in the Prospectus (as defined below).

This Letter of Transmittal is to be completed by holders of 2005 Bonds (as defined below) if 2005 Bonds are to be forwarded herewith. If tenders of 2005 Bonds are to be made by book-entry transfer to an account maintained by Deutsche Bank Trust Company Americas (the "**Exchange Agent**") at The Depository Trust Company ("**DTC**") pursuant to the procedures set forth in "The Exchange Offer—Book-Entry Transfer" in the Prospectus and in accordance with the Automated Tender Offer Program ("**ATOP**") established by DTC, a tendering holder will become bound by the terms and conditions hereof in accordance with the procedures established under ATOP.

Holders of 2005 Bonds whose certificates (the "**certificates**") for such 2005 Bonds are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the expiration date (as defined in the Prospectus) or who cannot complete the procedures for book-entry transfer on a timely basis, must tender their 2005 Bonds according to the guaranteed delivery procedures set forth in "The Exchange Offer—Guaranteed Delivery Procedures" in the Prospectus. SEE INSTRUCTION 1. DELIVERY OF DOCUMENTS TO DTC IN ACCORDANCE WITH ITS PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

**NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY
ALL TENDERING HOLDERS COMPLETE THIS BOX:**

DESCRIPTION OF 2005 BONDS TENDERED

Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	2005 Bonds Tendered (attach additional list if necessary)		
	Certificate Number(s)*	Principal Amount of 2005 Bonds	Principal Amount of 2005 Bonds Tendered (if less than all)**

* Need not be completed by book-entry holders.

** 2005 Bonds may be tendered in whole or in part in denominations of \$1,000 and integral multiples thereof. All 2005 Bonds held shall be deemed tendered unless a lesser number is specified in this column.

(BOXES BELOW TO BE CHECKED BY ELIGIBLE INSTITUTIONS ONLY)

CHECK HERE IF TENDERED 2005 BONDS ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING:

Name of Tendering Institution _____
DTC Account Number _____
Transaction Code Number _____

CHECK HERE AND ENCLOSE A PHOTOCOPY OF THE NOTICE OF GUARANTEED DELIVERY IF TENDERED 2005 BONDS ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name of Registered Holder(s) _____
Window Ticket Number (if any) _____
Date of Execution of Notice of Guaranteed Delivery _____
Name of Institution which Guaranteed _____
If Guaranteed Delivery is to be made By Book-Entry Transfer: _____
Name of Tendering Institution _____
DTC Account Number _____
Transaction Code Number _____

CHECK HERE IF TENDERED BY BOOK-ENTRY TRANSFER AND NON-EXCHANGED 2005 BONDS ARE TO BE RETURNED BY CREDITING THE DTC ACCOUNT NUMBER SET FORTH ABOVE.

CHECK HERE IF YOU ARE A BROKER DEALER WHO ACQUIRED THE 2005 BONDS FOR ITS OWN ACCOUNT AS A RESULT OF MARKET MAKING OR OTHER TRADING ACTIVITIES (A "PARTICIPATING BROKER-DEALER") AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: _____
Address: _____

Ladies and Gentlemen:

The undersigned hereby tenders to Kansas Gas and Electric Company, a Kansas corporation (the “**Company**”), the aggregate principal amount of 2005 Bonds of each series indicated in this Letter of Transmittal, upon the terms and subject to the conditions set forth in the Prospectus dated _____ (as the same may be amended or supplemented from time to time, the “**Prospectus**”), receipt of which is acknowledged, and in this Letter of Transmittal, which, together constitute the Company’s offer (the “**Exchange Offer**”) to exchange \$320 million principal amount of its 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021, which have been registered under the Securities Act of 1933, as amended (collectively the “**2005 Exchange Bonds**”), for \$320 million principal amount of its issued and outstanding 5.647% Secured Facility Bonds, Series 2005, Due 2021 (collectively the “**2005 Bonds**” and, together with the 2005 Exchange Bonds, the “**Bonds**”).

Subject to and effective upon the acceptance for exchange of all or any portion of the 2005 Bonds tendered herewith in accordance with the terms and conditions of the Exchange Offer (including, if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to or upon the order of the Company all right, title and interest in and to such 2005 Bonds as are being tendered herewith. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its agent and attorney-in-fact (with full knowledge that the Exchange Agent is also acting as agent of the Company in connection with the Exchange Offer) with respect to the tendered 2005 Bonds, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), subject only to the right of withdrawal described in the Prospectus, to (i) deliver certificates for 2005 Bonds to the Company together with all accompanying evidences of transfer and authenticity to, or upon the order of, the Company, upon receipt by the Exchange Agent, as the undersigned’s agent, of the 2005 Exchange Bonds to be issued in exchange for such 2005 Bonds, (ii) present certificates for such 2005 Bonds for transfer, and to transfer the 2005 Bonds on the books of the Company, and (iii) receive for the account of the Company all benefits and otherwise exercise all rights of beneficial ownership of such 2005 Bonds, all in accordance with the terms and conditions of the Exchange Offer.

THE UNDERSIGNED HEREBY REPRESENTS AND WARRANTS THAT THE UNDERSIGNED HAS FULL POWER AND AUTHORITY TO TENDER, EXCHANGE, SELL, ASSIGN AND TRANSFER THE 2005 BONDS TENDERED HEREBY AND THAT, WHEN THE SAME ARE ACCEPTED FOR EXCHANGE, THE COMPANY WILL ACQUIRE GOOD, MARKETABLE AND UNENCUMBERED TITLE THERETO, FREE AND CLEAR OF ALL LIENS, RESTRICTIONS, CHARGES AND ENCUMBRANCES, AND THAT THE 2005 BONDS TENDERED HEREBY ARE NOT SUBJECT TO ANY ADVERSE CLAIMS OR PROXIES. THE UNDERSIGNED WILL, UPON REQUEST, EXECUTE AND DELIVER ANY ADDITIONAL DOCUMENTS DEEMED BY THE COMPANY OR THE EXCHANGE AGENT TO BE NECESSARY OR DESIRABLE TO COMPLETE THE EXCHANGE, ASSIGNMENT AND TRANSFER OF THE 2005 BONDS TENDERED HEREBY, AND THE UNDERSIGNED WILL COMPLY WITH ITS OBLIGATIONS UNDER THE REGISTRATION RIGHTS AGREEMENT THE UNDERSIGNED HAS READ AND AGREES TO ALL OF THE TERMS OF THE EXCHANGE OFFER.

The name(s) and address(es) of the registered holder(s) of the 2005 Bonds tendered hereby should be printed above, if they are not already set forth above, as they appear on the certificates representing such 2005 Bonds. The certificate number(s) and the 2005 Bonds that the undersigned wishes to tender should be indicated in the appropriate boxes above.

If any tendered 2005 Bonds are not exchanged pursuant to the Exchange Offer for any reason, or if certificates are submitted for more 2005 Bonds than are tendered or accepted for exchange, certificates for such unaccepted or non exchanged 2005 Bonds will be returned (or, in the case of 2005 Bonds tendered by book-entry transfer, such 2005 Bonds will be credited to an account maintained at DTC), without expense to the tendering holder, promptly following the expiration or termination of the Exchange Offer.

The undersigned understands that tenders of 2005 Bonds pursuant to any one of the procedures described in “The Exchange Offer—Procedures for Tendering 2005 Bonds” in the Prospectus and in the instructions hereto will, upon the Company’s acceptance for exchange of such tendered 2005 Bonds, constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer. In all cases in which a Participant elects to accept the Exchange Offer by transmitting an express acknowledgment in accordance with the established ATOP procedures, such Participant shall be bound by all of the terms and conditions of this Letter of Transmittal. The undersigned recognizes that, under certain circumstances set forth in the Prospectus, the Company may not be required to accept for exchange any of the 2005 Bonds tendered hereby.

Unless otherwise indicated herein in the box entitled “Special Issuance Instructions” below, the undersigned hereby directs that the 2005 Exchange Bonds be issued in the name(s) of the undersigned or, in the case of a book-entry transfer of 2005 Bonds, that such 2005 Exchange Bonds be credited to the account indicated above maintained at DTC. If applicable, substitute certificates representing 2005 Bonds not exchanged or not accepted for exchange will be issued to the undersigned or, in the case of a book-entry transfer of 2005 Bonds, will be credited to the account indicated above maintained at DTC. Similarly, unless otherwise indicated under “Special Delivery Instructions,” please deliver 2005 Exchange Bonds to the undersigned at the address shown below the undersigned’s signature.

By tendering 2005 Bonds and executing, or otherwise becoming bound by, this letter of transmittal, the undersigned hereby represents and agrees that

- (i) the undersigned is not an “affiliate” of the Company,
- (ii) any 2005 Exchange Bonds to be received by the undersigned are being acquired in the ordinary course of its business, and
- (iii) the undersigned has no arrangement or understanding with any person to participate, and is not engaged in and does not intend to engage, in a distribution (within the meaning of the Securities Act) of such 2005 Exchange Bonds.

By tendering 2005 Bonds pursuant to the exchange offer and executing, or otherwise becoming bound by, this letter of transmittal, a holder of 2005 Bonds which is a broker-dealer represents and agrees, consistent with certain interpretive letters issued by the staff of the Division of Corporation Finance of the Securities and Exchange Commission to third parties, that (a) such 2005 Bonds held by the broker-dealer are held only as a nominee, or (b) such 2005 Bonds were acquired by such broker-dealer for its own account as a result of market-making activities or other trading activities and it will deliver the prospectus (as amended or supplemented from time to time) meeting the requirements of the Securities Act in connection with any resale of such 2005 Exchange Bonds (provided that, by so acknowledging and by delivering a prospectus, such broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act).

The Company has agreed that, subject to the provisions of the Registration Rights Agreement, the prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer (as defined below) in connection with resales of 2005 Exchange Bonds received in exchange for 2005 Bonds, where such 2005 Bonds were acquired by such participating broker-dealer for its own account as a result of market-making activities or other trading activities, for a period ending 180 days after the expiration date (subject to extension under certain limited circumstances) or, if earlier, when all such 2005 Exchange Bonds have been disposed of by such participating broker-dealer. In that regard, each broker dealer who acquired 2005 Bonds for its own account as a result of market-making or other trading activities (a “participating broker-dealer”), by tendering such 2005 Bonds and executing, or otherwise becoming bound by, this letter of transmittal, agrees that, upon receipt of notice from the Company of the occurrence of any event or the discovery of any fact which makes any statement contained in the prospectus untrue in any material respect or which causes the prospectus to omit to state a material fact necessary in order to make the statements contained therein, in light of the

circumstances under which they were made, not misleading or of the occurrence of certain other events specified in the Registration Rights Agreement, such participating broker-dealer will suspend the sale of 2005 Exchange Bonds pursuant to the prospectus until the Company has amended or supplemented the prospectus to correct such misstatement or omission and has furnished copies of the amended or supplemented prospectus to the participating broker-dealer or the Company has given notice that the sale of the 2005 Exchange Bonds may be resumed, as the case may be. If the Company gives such notice to suspend the sale of the 2005 Exchange Bonds, it shall extend the 180-day period referred to above during which participating broker-dealers are entitled to use the prospectus in connection with the resale of 2005 Exchange Bonds by the number of days during the period from and including the date of the giving of such notice to and including the date when participating broker-dealers shall have received copies of the supplemented or amended prospectus necessary to permit resales of the 2005 Exchange Bonds or to and including the date on which the Company has given notice that the sale of 2005 Exchange Bonds may be resumed, as the case may be.

All authority herein conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, personal representatives, trustees in bankruptcy, legal representatives successors and assigns of the undersigned. Except as stated in the Prospectus, this tender is irrevocable.

HOLDER(S) SIGN HERE

(See Instructions 2, 5 and 6)

(Note: Signature(s) Must be Guaranteed if Required by Instruction 2)

Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) for the 2005 Bonds hereby tendered or on a security position listing, or by any person(s) authorized to become the registered holder(s) by endorsements and documents transmitted herewith. If signature is by an attorney-in-fact, executor, administrator, trustee, guardian, officer of a corporation or another acting in a fiduciary or representative capacity, please set forth the signer's full title. See Instruction 5.

(Signature(s) of Holder(s))

Date _____, 2005

Name(s) _____

(Please Print)

Capacity _____

(Include Full Title)

Address _____

(Include Zip Code)

Area Code and Telephone Number _____

(Tax Identification or Social Security Number(s))

GUARANTEE OF SIGNATURE(S)

(See Instructions 2 and 5)

Authorized Signature _____

Name _____

(Please Print)

Date _____, 2005

Capacity or Title _____

Name of Firm _____

Address _____

(Include Zip Code)

Area Code and Telephone Number _____

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 1, 5 and 6)

To be completed ONLY if the 2005 Exchange Bonds are to be issued in the name of someone other than the registered holder of the 2005 Bonds whose name(s) appear(s) above.

Issue 2005 Exchange Bonds to:

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

**(Taxpayer Identification or
Social Security Number)**

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 5 and 6)

To be completed ONLY if 2005 Exchange Bonds are to be sent to someone other than the registered holder of the 2005 Bonds whose name(s) appear(s) above, or to such registered holder(s) at an address other than that shown above.

Mail 2005 Exchange Bonds To:

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

**(Taxpayer Identification or
Social Security Number)**

INSTRUCTIONS
Forming Part of the Terms and Conditions of the Exchange Offer

1. DELIVERY OF LETTER OF TRANSMITTAL AND CERTIFICATES; GUARANTEED DELIVERY PROCEDURES. This Letter of Transmittal is to be completed if certificates are to be forwarded herewith. If tenders are to be made pursuant to the procedures for tender by book-entry transfer set forth in “The Exchange Offer—Book-Entry Transfer” in the Prospectus and in accordance with ATOP established by DTC, a tendering holder will become bound by the terms and conditions hereof in accordance with the procedures established under ATOP Certificates, or timely confirmation of a book-entry transfer of such 2005 Bonds into the Exchange Agent’s account at DTC, as well as this Letter of Transmittal (or facsimile thereof), if required, properly completed and duly executed, with any required signature guarantees, must be received by the Exchange Agent at one of its addresses set forth herein on or prior to the expiration date. 2005 Bonds may be tendered in whole or in part in the principal amount of \$1,000 and integral multiples of \$1,000.

Holders who wish to tender their 2005 Bonds and (i) whose 2005 Bonds are not immediately available or (ii) who cannot deliver their 2005 Bonds and this Letter of Transmittal to the Exchange Agent on or prior to the expiration date or (iii) who cannot complete the procedures for delivery by book-entry transfer on a timely basis, may tender their 2005 Bonds by properly completing and duly executing a Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in “The Exchange Offer—Guaranteed Delivery Procedures” in the Prospectus. Pursuant to such procedures: (i) such tender must be made by or through an Eligible Institution (as defined below); (ii) a properly completed and duly executed Letter of Transmittal (or facsimile) thereof and Notice of Guaranteed Delivery, substantially in the form made available by the Company, must be received by the Exchange Agent on or prior to the expiration date; and (iii) the certificates (or a book-entry confirmation (as defined in the Prospectus)) representing all tendered 2005 Bonds, in proper form for transfer, must be received by the Exchange Agent within three New York Stock Exchange trading days after the date of execution of such Notice of Guaranteed Delivery, all as provided in “The Exchange Offer—Guaranteed Delivery Procedures” in the Prospectus.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by facsimile or mail to the Exchange Agent, and must include a guarantee by an Eligible Institution in the form set forth in such Notice. For 2005 Bonds to be properly tendered pursuant to the guaranteed delivery procedure, the Exchange Agent must receive a Notice of Guaranteed Delivery on or prior to the expiration date. As used herein and in the Prospectus, “Eligible Institution” means a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States.

THE METHOD OF DELIVERY OF 2005 BONDS, THIS LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE TENDERING HOLDER. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. NO LETTERS OF TRANSMITTAL OR 2005 BONDS SHOULD BE SENT TO THE COMPANY.

The Company will not accept any alternative, conditional or contingent tenders. Each tendering holder, by execution of a Letter of Transmittal (or facsimile thereof), or any Agent’s Message in lieu thereof, waives any right to receive any notice of the acceptance of such tender.

2. GUARANTEE OF SIGNATURES. No signature guarantee on this Letter of Transmittal is required if:

(i) this Letter of Transmittal is signed by the registered holder (which term, for purposes of this document, shall include any participant in DTC whose name appears on a security position listing as the owner of the 2005 Bonds) of 2005 Bonds tendered herewith, unless such holder(s) has completed either the box entitled “Special Issuance Instructions” or the box entitled “Special Delivery Instructions” above, or

(ii) such 2005 Bonds are tendered for the account of a firm that is an Eligible Institution.

In all other cases, an Eligible Institution must guarantee the signature(s) on this Letter of Transmittal. See Instruction 5.

3. INADEQUATE SPACE. If the space provided in the box captioned "Description of 2005 Bonds" is inadequate, the certificate number(s) and/or the principal amount of 2005 Bonds and any other required information should be listed on a separate signed schedule which is attached to this Letter of Transmittal.

4. PARTIAL TENDERS AND WITHDRAWAL RIGHTS. Tenders of 2005 Bonds will be accepted only in the principal amount of \$1,000 and integral multiples thereof. If less than all the 2005 Bonds evidenced by any certificate submitted are to be tendered, fill in the principal amount of 2005 Bonds which are to be tendered in the box entitled "Principal Amount of 2005 Bonds Tendered (if less than all)." In such case, new certificate(s) for the remainder of the 2005 Bonds that were evidenced by your old certificate(s) will only be sent to the holder of the 2005 Bond, promptly after the expiration date. All 2005 Bonds represented by certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

Except as otherwise provided herein, tenders of 2005 Bonds may be withdrawn at any time on or prior to the expiration date. In order for a withdrawal to be effective on or prior to that time, a written notice of withdrawal must be timely received by the Exchange Agent at one of its addresses set forth above or in the Prospectus on or prior to the expiration date. Any such notice of withdrawal must specify the name of the person who tendered the 2005 Bonds to be withdrawn, identify the 2005 Bonds to be withdrawn (including the principal amount of such 2005 Bonds) and (where certificates for 2005 Bonds have been transmitted) specify the name in which such 2005 Bonds are registered, if different from that of the withdrawing holder. If certificates for the 2005 Bonds have been delivered or otherwise identified to the Exchange Agent, then prior to the release of such certificates, the withdrawing holder must submit the serial numbers of the particular certificates for the 2005 Bonds to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution, unless such holder is an Eligible Institution. If 2005 Bonds have been tendered pursuant to the procedures for book-entry transfer set forth in the Prospectus under "The Exchange Offer—Book-Entry Transfer," any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawal of 2005 Bonds and otherwise comply with the procedures of such facility. 2005 Bonds properly withdrawn will not be deemed validly tendered for purposes of the Exchange Offer, but may be retendered at any time on or prior to the expiration date by following one of the procedures described in the Prospectus under "The Exchange Offer—Procedures for Tendering 2005 Bonds."

All questions as to the validity, form and eligibility (including time of receipt) of such withdrawal notices will be determined by the Company, whose determination shall be final and binding on all parties. Any 2005 Bonds which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of 2005 Bonds tendered by book-entry transfer into the Exchange Agent's account at DTC pursuant to the book-entry procedures described in the Prospectus under "The Exchange Offer—Book-Entry Transfer" such 2005 Bonds will be credited to an account maintained with DTC for the 2005 Bonds) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer.

5. SIGNATURES ON LETTER OF TRANSMITTAL, ASSIGNMENTS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the 2005 Bonds tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever.

If any of the 2005 Bonds tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered 2005 Bonds are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles thereof) as there are different registrations of certificates.

If this Letter of Transmittal or any certificates or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and, unless waived by the Company, proper evidence satisfactory to the Company of such persons' authority to so act must be submitted.

When this Letter of Transmittal is signed by the registered holder(s) of the 2005 Bonds listed and transmitted hereby, no endorsement(s) of certificate(s) or written instrument or instruments of transfer or exchange are required unless 2005 Exchange Bonds are to be issued in the name of a person other than the registered holder(s). Signature(s) on such certificate(s) or written instrument or instruments of transfer or exchange must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the 2005 Bonds listed, the certificates must be endorsed or accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by the Company in its sole discretion and executed by the registered holder(s), in either case signed exactly as the name or names of the registered holder(s) appear(s) on the certificates. Signatures on such certificates or written instrument or instruments of transfer or exchange must be guaranteed by an Eligible Institution.

6. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. If 2005 Exchange Bonds are to be issued in the name of a person other than the signer of this Letter of Transmittal, or if 2005 Exchange Bonds are to be sent to someone other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Certificates for 2005 Bonds not exchanged will be returned by mail or, if tendered by book-entry transfer, by crediting the account indicated above maintained at DTC. See Instruction 4.

7. IRREGULARITIES. The Company will determine, in its sole discretion, all questions as to the form, validity, eligibility (including time of receipt) and acceptance for exchange of any tender of 2005 Bonds, which determination shall be final and binding. The Company reserves the absolute right to reject any and all tenders of any particular 2005 Bonds not properly tendered or to not accept any particular 2005 Bonds which acceptance might, in the judgment of the Company or its counsel, be unlawful. The Company also reserves the absolute right, in its sole discretion, to waive any defects or irregularities or conditions of the Exchange Offer as to any particular 2005 Bonds either before or after the expiration date (including the right to waive the ineligibility of any holder who seeks to tender 2005 Bonds in the Exchange Offer). The interpretation of the terms and conditions of the Exchange Offer as to any particular 2005 Bonds either before or after the expiration date (including the Letter of Transmittal and the instructions thereto) by the Company shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with the tender of 2005 Bonds for exchange must be cured within such reasonable period of time as the Company shall determine. Neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of 2005 Bonds for exchange, nor shall any of them incur any liability for failure to give such notification.

8. QUESTIONS, REQUESTS FOR ASSISTANCE AND ADDITIONAL COPIES. Questions and requests for assistance may be directed to the Exchange Agent at its address and telephone number set forth on the front of this Letter of Transmittal. Additional copies of the Prospectus, the Notice of Guaranteed Delivery and the Letter of Transmittal may be obtained from the Exchange Agent or from your broker, dealer, commercial bank, trust company or other nominee.

9. LOST, DESTROYED OR STOLEN CERTIFICATES. If any certificate(s) representing 2005 Bonds have been lost, destroyed or stolen, the holder should promptly notify the Exchange Agent. The holder will then be instructed as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, destroyed or stolen certificate(s) have been followed.

10. SECURITY TRANSFER TAXES. Holders who tender their 2005 Bonds for exchange will not be obligated to pay any transfer taxes in connection therewith, except that holders who instruct the Company to register 2005 Exchange Bonds in the name of or request that 2005 Bonds not tendered or not accepted in the Exchange Offer to be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax thereon.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR FACSIMILE THEREOF), OR AN AGENT'S MESSAGE IN LIEU THEREOF, AND ALL OTHER REQUIRED DOCUMENTS MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE.

NOTICE OF GUARANTEED DELIVERY
For Tender Of
5.647% Secured Facility Bonds, Series 2005, Due 2021
of
Kansas Gas and Electric Company

This Notice of Guaranteed Delivery or one substantially equivalent hereto must be used to accept the Exchange Offer (as defined below) if (i) certificates for the Company's (as defined below) outstanding 5.647% Secured Facility Bonds, Series 2005, due 2021 (the "2005 Bonds") are not immediately available, (ii) 2005 Bonds, the Letter of Transmittal and any other documents required by the Letter of Transmittal cannot be delivered to Deutsche Bank Trust Company Americas, as Exchange Agent (the "Exchange Agent") on or prior to the Expiration Date (as defined in the Prospectus referred to below) or (iii) the procedures for book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or sent by facsimile transmission, overnight courier, or mail to the Exchange Agent. See "The Exchange Offer—Guaranteed Delivery Procedures" in the Prospectus dated September , 2005 (which, together with the related Letter of Transmittal, constitutes the "Exchange Offer") of Kansas Gas and Electric Company, a Kansas corporation (the "Company").

The Exchange Agent for the Exchange Offer is:

DEUTSCHE BANK TRUST COMPANY AMERICAS

*By Hand or Overnight
Delivery:*

DB Services Tennessee, Inc.,
Exchange Agent
Trust & Securities Services
Reorganization Unit
648 Grassmere Park Road
Nashville, TN 37211-3658
Attn: Karl Shepherd

*Facsimile Transmissions:
(Eligible Institutions Only)*
615-835-3701

*To Confirm by Telephone
or for Information Call:*
800-735-7777

*By Registered Or
Certified Mail:*

DB Services Tennessee, Inc.,
Exchange Agent
Trust & Securities Services
Reorganization Unit
P.O. Box 292737
Nashville, TN 37229-2737
Attn: Karl Shepherd

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS NOTICE OF GUARANTEED DELIVERY VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED ON THE LETTER OF TRANSMITTAL.

THE FOLLOWING GUARANTEE MUST BE COMPLETED

GUARANTEE OF DELIVERY

(Not to be used for Signature Guarantee)

The undersigned, a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States, hereby guarantees to deliver to the Exchange Agent, at one of its addresses set forth above, either the certificates for all physically tendered 2005 Bonds, in proper form for transfer, or confirmation of the book-entry transfer of such 2005 Bonds to the Exchange Agent's account at The Depository Trust Company ("DTC"), pursuant to the procedures for book-entry transfer set forth in the Prospectus, in either case together with any other documents required by the Letter of Transmittal, within three New York Stock Exchange trading days after the date of execution of this Notice of Guaranteed Delivery.

The undersigned acknowledges that it must deliver the 2005 Bonds tendered hereby to the Exchange Agent within the time period set forth above and that failure to do so could result in a financial loss to the undersigned.

Name of Firm:	_____	_____	(Authorized Signature)
Address:	_____	Title:	_____
	_____	Name:	_____
	(Zip Code)		(Please type or print)
Area Code and Telephone Number:	_____	Date:	_____

NOTE: DO NOT SEND 2005 BONDS WITH THIS NOTICE OF GUARANTEED DELIVERY. ACTUAL SURRENDER OF 2005 BONDS MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, A PROPERLY COMPLETED AND FULLY EXECUTED LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS.

Offer to Exchange
5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021
(Registered Under The Securities Act of 1933)
for Any and All Outstanding
5.647% Secured Facility Bonds, Series 2005, Due 2021
of
KANSAS GAS AND ELECTRIC COMPANY

To Our Clients:

Enclosed is a Prospectus, dated September 1, 2005, of Kansas Gas and Electric Company, a Kansas corporation (the "Company"), and a related Letter of Transmittal (which together constitute the "Exchange Offer") relating to the offer by the Company to exchange its 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021 (the "2005 Exchange Bonds"), pursuant to an offering registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding 5.647% Secured Facility Bonds, Series 2005, Due 2021 (the "2005 Bonds") upon the terms and subject to the conditions set forth in the Exchange Offer.

Please note that the Exchange Offer will expire at 5:00 p.m., New York City time, on [redacted] unless extended.

The Exchange Offer is not conditioned upon any minimum number of 2005 Bonds being tendered.

We are the holder of record and/or participant in the book-entry transfer facility of 2005 Bonds held by us for your account. A tender of such 2005 Bonds can be made only by us as the record holder and/or participant in the book-entry transfer facility and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender 2005 Bonds held by us for your account.

We request instructions as to whether you wish to tender any or all of the 2005 Bonds held by us for your account pursuant to the terms and conditions of the Exchange Offer. We also request that you confirm that we may on your behalf make the representations contained in the Letter of Transmittal.

Pursuant to the Letter of Transmittal, each holder of 2005 Bonds will represent to the Company that (i) the holder is not an "affiliate" of the Company, (ii) any 2005 Exchange Bonds to be received by the holder are being acquired in the ordinary course of its business, and (iii) the holder has no arrangement or understanding with any person to participate, and is not engaged in and does not intend to engage, in a distribution (within the meaning of the Securities Act) of such 2005 Exchange Bonds. If the tendering holder is a broker-dealer that will receive 2005 Exchange Bonds for its own account in exchange for 2005 Bonds, we will represent on behalf of such broker-dealer that the 2005 Bonds to be exchanged for the 2005 Exchange Bonds were acquired by it as a result of market-making activities or other trading activities, and acknowledge on behalf of such broker-dealer that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such 2005 Exchange Bonds. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such 2005 Exchange Bonds, such broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Offer to Exchange
5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021
(Registered Under The Securities Act of 1933)

For Any and All Outstanding
5.647% Secured Facility Bonds, Series 2005, Due 2021
of
KANSAS GAS AND ELECTRIC COMPANY

To Registered Holders and The Depository
Trust Company Participants:

Enclosed are the materials listed below relating to the offer by Kansas Gas and Electric Company, a Kansas corporation (the "Company"), to exchange its 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021 (the "2005 Exchange Bonds"), pursuant to an offering registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding 5.647% Secured Facility Bonds, Series 2005, Due 2021 (the "2005 Bonds") upon the terms and subject to the conditions set forth in the Company's Prospectus, dated September 2, 2005, and the related Letter of Transmittal (which together constitute the "Exchange Offer").

Enclosed herewith are copies of the following documents:

1. Prospectus dated September 2, 2005;

2. Letter of Transmittal;

3. Notice of Guaranteed Delivery;

4. Instruction to Registered Holder and/or Book-Entry Transfer Participant from Owner; and

5. Letter which may be sent to your clients for whose account you hold 2005 Bonds in your name or in the name of your nominee, to accompany the instruction form referred to above, for obtaining such client's instruction with regard to the Exchange Offer.

We urge you to contact your clients promptly. Please note that the Exchange Offer will expire at 5:00 p.m., New York City time, on September 2, 2005, unless extended.

The Exchange Offer is not conditioned upon any minimum number of 2005 Bonds being tendered.

Pursuant to the Letter of Transmittal, each holder of 2005 Bonds will represent to the Company that (i) the holder is not an "affiliate" of the Company, (ii) any 2005 Exchange Bonds to be received by it are being acquired in the ordinary course of its business, and (iii) the holder has no arrangement or understanding with any person to participate, and is not engaged in and does not intend to engage, in a distribution (within the meaning of the Securities Act) of such 2005 Exchange Bonds. If the tendering holder is a broker-dealer that will receive 2005 Exchange Bonds for its own account in exchange for 2005 Bonds, you will represent on behalf of such broker-dealer that the 2005 Bonds to be exchanged for the 2005 Exchange Bonds were acquired by it as a result of market-making activities or other trading activities, and acknowledge on behalf of such broker-dealer that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such 2005 Exchange Bonds. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements

of the Securities Act in connection with any resale of such 2005 Exchange Bonds, such broker-dealer is not deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

The enclosed Instruction to Registered Holder and/or Book-Entry Transfer Participant from Owner contains an authorization by the beneficial owners of the 2005 Bonds for you to make the foregoing representations.

The Company will not pay any fee or commission to any broker or dealer or to any other persons (other than the Exchange Agent) in connection with the solicitation of tenders of 2005 Bonds pursuant to the Exchange Offer. The Company will pay or cause to be paid any transfer taxes payable on the transfer of 2005 Bonds to it, except as otherwise provided in Instruction 10 of the enclosed Letter of Transmittal.

Additional copies of the enclosed material may be obtained from the undersigned.

DEUTSCHE BANK TRUST COMPANY AMERICAS

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU THE AGENT OF KANSAS GAS AND ELECTRIC COMPANY OR DEUTSCHE BANK TRUST COMPANY AMERICAS OR AUTHORIZE YOU TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON THEIR BEHALF IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

**INSTRUCTION TO REGISTERED HOLDER AND/OR
BOOK-ENTRY TRANSFER FACILITY PARTICIPANT FROM OWNER
OF
KANSAS GAS AND ELECTRIC COMPANY
5.647% SECURED FACILITY BONDS, SERIES 2005, DUE 2021
(THE "2005 BONDS")**

To Registered Holder and/or Participant of the Book-Entry Transfer Facility:

The undersigned hereby acknowledges receipt of the Prospectus dated September , 2005 (the "Prospectus") of Kansas Gas and Electric Company, a Kansas corporation (the "Company"), and the accompanying Letter of Transmittal (the "Letter of Transmittal"), that together constitute the Company's offer (the "Exchange Offer"). Capitalized terms used but not defined herein have the meanings as ascribed to them in the Prospectus or the Letter of Transmittal.

This will instruct you, the registered holder and/or book-entry transfer facility participant, as to the action to be taken by you relating to the Exchange Offer with respect to the 2005 Bonds held by you for the account of the undersigned.

The aggregate face amount of the 2005 Bonds held by you for the account of the undersigned is (fill in amount):

\$_____ of the 5.647% Secured Facility Bonds, Series 2005, Due 2021

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

To TENDER the following 2005 Bonds held by you for the account of the undersigned (insert principal amount of 2005 Bonds to be tendered, if any):

\$_____ of the 5.647% Secured Facility Bonds, Series 2005, Due 2021

NOT to TENDER any 2005 Bonds held by you for the account of the undersigned.

If the undersigned instructs you to tender the 2005 Bonds held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including but not limited to the representations, that (i) the holder is not an "affiliate" of the Company, (ii) any 2005 Exchange Bonds to be received by the holder are being acquired in the ordinary course of its business, and (iii) the holder has no arrangement or understanding with any person to participate, and is not engaged in and does not intend to engage, in a distribution (within the meaning of the Securities Act) of such 2005 Exchange Bonds. If the undersigned is a broker-dealer that will receive 2005 Exchange Bonds for its own account in exchange for 2005 Bonds, it represents that such 2005 Bonds were acquired as a result of market-making activities or other trading activities, and it acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such 2005 Exchange Bonds. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such 2005 Exchange Bonds, such broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended.

SIGN HERE

Name of beneficial owner(s): _____

Signature(s): _____

Name(s)(please print): _____

Address: _____

Telephone Number: _____

Taxpayer Identification or Social Security Number: _____

Date: _____

**DEUTSCHE BANK TRUST COMPANY AMERICAS
EXCHANGE AGENT AGREEMENT**

September __, 2005

Deutsche Bank Trust Company Americas
Trust and Securities Services
60 Wall Street, 27th Floor
New York, NY 10005
Attention: Trust and Securities Services

Ladies and Gentlemen:

Kansas Gas and Electric Company, a Kansas corporation (the "Company"), is offering (the "Exchange Offer") to exchange up to \$320,000,000 of its new 5.647% Secured Facility Exchange Bonds, Series 2005, Due 2021 (the "2005 Exchange Bonds") for an equal principal amount of its 5.647% Secured Facility Bonds, Series 2005, Due 2021 (the "2005 Bonds" and, together with the 2005 Exchange Bonds, the "Bonds"), pursuant to a prospectus (the "Prospectus") included in the Company's Registration Statement on Form S-4 (as amended from time to time the "Registration Statement"), filed with the Securities and Exchange Commission (the "SEC") and attached hereto as Exhibit A. The Term "Expiration Date" shall mean 5:00 p.m., New York City time, on _____, 20__, unless the Exchange Offer is extended as provided in the Prospectus, in which case the term "Expiration Date" shall mean the latest date and time to which the Exchange Offer is extended. Upon execution of this Agreement, Deutsche Bank Trust Company Americas will act as the Exchange Agent for the Exchange Offer (the "Exchange Agent"). Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed thereto in the Prospectus.

A copy of each of the form of letter of transmittal (the "Letter of Transmittal"), the form of the notice of guaranteed delivery (the "Notice of Guaranteed Delivery"), the form of letter to brokers and the form of letter to clients (collectively, the "Tender Documents") to be used by Holders of 2005 Bonds in order to receive 2005 Exchange Bonds pursuant to the Exchange Offer are attached hereto as Exhibit B.

The Company expressly reserves the right to amend or terminate the Exchange Offer, and not to accept for exchange any 2005 Bonds not theretofore accepted for exchange, upon the occurrence of any of the events specified in the Prospectus under the caption "The Exchange Offer—Conditions to the Exchange Offer." The Company

will give oral (promptly confirmed in writing) or written notice of any amendment, termination or nonacceptance to you as promptly as practicable.

The Company hereby appoints you to act as Exchange Agent in connection with the Exchange Offer. In carrying out your duties as Exchange Agent, you are to act in accordance with the following provisions of this Agreement:

1. You are to mail or coordinate the mailing of the Prospectus and the Tender Documents to all of the Holders and participants on the day that you are notified by the Company that the Registration Statement has become effective under the Securities Act of 1933, as amended, or as soon as practicable thereafter, and to make subsequent mailings thereof after the date thereof and to any persons who become Holders prior to the Expiration Date and to any persons as may from time to time be requested by the Company. All mailings pursuant to this Section 1 shall be by first class mail, postage prepaid, unless otherwise specified by the Company. You shall also accept and comply with telephone requests for information relating to the Exchange Offer provided that such information shall relate only to the procedures for tendering 2005 Bonds in (or withdrawing tenders of 2005 Bonds from) the Exchange Offer. All other requests for information relating to the Exchange Offer shall be directed to the Company, Attention: Greg Schlicht.

2. You are to examine Letters of Transmittal and the 2005 Bonds and other documents delivered or mailed to you, by or for the Holders, prior to the Expiration Date, to ascertain whether (i) the Letters of Transmittal are properly executed and completed in accordance with the instructions set forth therein, (ii) the 2005 Bonds are in proper form for transfer and (iii) all other documents submitted to you are in proper form. In each case where a Letter of Transmittal or other document has been improperly executed or completed or, for any other reason, is not in proper form, or some other irregularity exists, you are authorized to endeavor to take such action as you consider appropriate to notify the tendering Holder of such irregularity and as to the appropriate means of resolving the same. Determination of questions as to the proper completion or execution of the Letters of Transmittal, or as to the proper form for transfer of the 2005 Bonds or as to any other irregularity in connection with the submission of Letters of Transmittal and/or 2005 Bonds and other documents in connection with the Exchange Offer, shall be made by the officers of, or counsel for, the Company at their written instructions or oral direction confirmed by facsimile. Any determination made by the Company on such questions shall be final and binding.

3. At the written request of the Company or its counsel, Davis Polk & Wardwell, you shall notify tendering Holders of 2005 Bonds in the event of any such termination, you will return all tendered 2005 Bonds to the persons entitled thereto, at the request and expense of the Company or its counsel Davis Polk & Wardwell.

4. Tender of the 2005 Bonds may be made only as set forth in the Letter of Transmittal and in the section of the Prospectus captioned “The Exchange Offer—Procedures for Tendering 2005 Bonds.” Notwithstanding the foregoing, tenders which the Company shall approve in writing as having been properly delivered shall be considered to be properly tendered. Letters of Transmittal and Notices of Guaranteed Delivery shall be recorded by you as to the date and time of receipt and shall be preserved and retained by you at the Company’s expense for one year. 2005 Exchange Bonds are to be issued in exchange for 2005 Bonds pursuant to the Exchange Offer only (i) against deposit with you prior to the Expiration Date or, in the case of a tender in accordance with the guaranteed delivery procedures outlined in Instruction 1 of the Letter of Transmittal, within three (3) New York Stock Exchange trading days after the Expiration Date of the Exchange Offer, together with executed Letters of Transmittal and other documents required by the Exchange Offer or (ii) in the event that the Holder is a participant in the Depository Trust Company (“DTC”) system, by the utilization of DTC’s Automated Tender Offer Program (“ATOP”) and any evidence required by the Exchange Offer.

You are hereby directed to establish an account with respect to the Bonds at The Depository Trust Company (the “Book Entry Transfer Facility”) within two days after the date hereof in accordance with SEC Regulation 240.17 Ad. Any financial institution that is a participant in the Book Entry Transfer Facility system may, until the Expiration Date, make book-entry delivery of the 2005 Bonds by causing the Book Entry Facility to transfer such 2005 Bonds into your account in accordance with the procedure for such transfer established by the Book Entry Transfer Facility. In every case, however, a Letter of Transmittal (or a manually executed facsimile thereof), or an Agent’s Message, properly completed and duly executed, with any required signature guarantees and any other required documents must be transmitted to and received by you prior to the Expiration Date or the guaranteed delivery procedures described in the Offer must be complied with.

5. Upon oral or written request of the Company (with written confirmation of any such oral request thereafter), you will transmit by telephone, and promptly thereafter confirm in writing to Greg A. Greenwood, Treasurer, or such other persons as the Company may reasonably request, the aggregate number and principal amount of 2005 Bonds tendered to you and the number and principal amount of 2005 Bonds properly tendered that day (substantially in the form of Exhibit 1 hereto). In addition, you will also inform the aforementioned persons, upon oral request made from time to time (with written confirmation of such request thereafter) prior to the Expiration Date, of such information as they or any of them may reasonable request.

6. Upon the terms and subject to the conditions of the Exchange Offer, delivery of 2005 Exchange Bonds will be made by you promptly after acceptance of the tendered 2005 Bonds. You will hold all items which are deposited for tender with you

after 5:00 p.m. New York City time, on the Expiration Date pending further instructions from an officer of the Company.

7. If any Holder shall report to you that his or her failure to surrender 2005 Bonds registered in his or her name is due to the loss or destruction of a certificate or certificates, you shall request such Holder (i) to furnish to you an affidavit of loss and, if required by the Company, a bond of indemnity in an amount and evidenced by such certificate or certificates of a surety, as may be satisfactory to you and the Company, and (ii) to execute and deliver an agreement to indemnify the Company and you in such form as is acceptable to you and the Company. The obligees to be named in each such indemnity bond shall include the Company and you. You shall report to the Company the names of all Holders who claim that their 2005 Bonds have been lost or destroyed and the principal amount of such 2005 Bonds.

8. As soon as practicable after the Expiration Date, you shall mail or deliver via the Book Entry Transfer Facility's applicable procedures, the 2005 Exchange Bonds that such Holders may be entitled to receive and you shall arrange for cancellation of the 2005 Bonds submitted to you or returned by DTC in connection with ATOP. Such 2005 Bonds shall be forwarded to the Company for cancellation and retirement as you are instructed by the Company (or a representative designated by the Company) in writing.

9. For your services as the Exchange Agent hereunder, the Company shall pay you in accordance with the schedule of fees attached hereto as Exhibit C. The Company also will reimburse you for your reasonable out-of-pocket expenses (including, but not limited to, reasonable attorneys' fees not previously paid to you as set forth in Exhibit C) in connection with your services promptly after submission to the Company of itemized statements.

10. You are not authorized to pay any concessions, commissions or solicitation fees to any broker, dealer, bank or other person or to engage or utilize any person to solicit tenders.

11. As the Exchange Agent hereunder you:

(a) shall have no duties or obligations other than those specifically set forth herein or in the Exhibits attached hereto or as may be subsequently requested in writing of you by the Company and agreed to by you in writing with respect to the Exchange Offer;

(b) will be regarded as making no representations and having no responsibilities as to the validity, accuracy, sufficiency, value or genuineness of any 2005 Bonds deposited with you hereunder, any 2005 Exchange Bonds, and

Tender Documents or other documents prepared by the Company in connection with the Exchange Offer;

(c) shall not be obligated to take any legal action hereunder which might in your judgment involve any expense or liability unless you shall have been furnished with an indemnity reasonably satisfactory to you;

(d) may rely on, and shall be fully protected and indemnified as provided in Section 12 hereof in acting upon, the written or oral instructions with respect to any matter relating to your acting as Exchange Agent specifically covered by this Agreement or supplementing or qualifying any such action of any officer or agent of such other person or persons as may be designated or whom you reasonably believe have been designated by the Company;

(e) may consult with counsel satisfactory to you, including counsel for the Company, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by you in good faith and in accordance with such advice of such counsel;

(f) shall not at any time advise any person as to the wisdom of the Exchange Offer or as to the market value or decline or appreciation in market value of any 2005 Bonds or 2005 Exchange Bonds; and

(g) shall not be liable for any action which you may do or refrain from doing in connection with this Agreement except for your gross negligence, willful misconduct or bad faith.

12. The Company covenants and agrees to indemnify and hold harmless Deutsche Bank Trust Company Americas and its officers, directors, employees, agents and affiliates (collectively, the "Indemnified Parties" and each an "Indemnified Party") against any loss, liability or reasonable expense of any nature (including reasonable attorneys' and other fees and expenses), incurred without gross negligence, willful misconduct or bad faith on the part of such Indemnified Party, in connection with the administration of the duties of the Indemnified Parties hereunder in accordance with this Agreement; provided, however, such Indemnified Party shall use its best effort to notify the Company by letter, or by facsimile confirmed by letter, of the written assertion of a claim against such Indemnified Party, or of any action commenced against such Indemnified Party, promptly after but in any event within 10 days of the date such Indemnified Party shall have received any such written assertion of a claim or shall have been served with a summons, or other legal process, giving information as to the nature and basis of the claim; provided, however, that failure to so notify the Company shall not relieve the Company of any liability which it may otherwise have hereunder except such liability that is a direct result of such Indemnified Party's failure to so notify the Company. The Company shall be entitled to participate at its own

expense in the defense of any such claim or legal action and if the Company so elects or if the Indemnified Party in such notice to the Company so directs, the Company shall assume the defense of any suit brought to enforce any such claim. Notwithstanding anything to the contrary set forth herein, you shall be entitled to retain counsel of your choice in any suit and the Company shall pay the fees, expenses and disbursements of such counsel. You shall not enter into a settlement or other compromise with respect to any indemnified loss, liability or expense without the prior written consent of the Company, which shall not be unreasonably withheld or delayed if not adverse to the Company's interests.

13. This Agreement and your appointment as the Exchange Agent shall be construed and enforced in accordance with the laws of the State of New York and shall inure to the benefit of, and the obligations created hereby shall be binding upon, the successors and assigns of the parties hereto. No other person shall acquire or have any rights under or by virtue of this Agreement.

14. The parties hereto hereby irrevocably submit to the venue and jurisdiction of any New York State or federal court sitting in the Borough of Manhattan in New York City in any action or proceeding arising out of or relating to this Agreement, and the parties hereby irrevocably agree that all claims in respect of such action or proceeding arising out of or relating to this Agreement, shall be heard and determined in such a New York State or federal court. The parties hereby consent to and grant to any such court jurisdiction over the persons of such parties and over the subject matter of any such dispute and agree that delivery or mailing of any process or other papers in the manner provided herein, or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

15. This Agreement may not be modified, amended or supplemented without an express written agreement executed by the parties hereto. Any inconsistency between this Agreement and the Tender Documents, as they may from time to time be supplemented or amended, shall be resolved in favor of the latter, except with respect to the duties, liabilities and indemnification of you as Exchange Agent.

16. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

17. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

18. Unless terminated earlier by the parties hereto, this Agreement shall terminate 90 days following the Expiration Date. Notwithstanding the foregoing, Sections 9, 12 and 13 shall survive the termination of this Agreement. Upon any

termination of this Agreement, you shall promptly deliver to the Trustee any certificates for 2005 Bonds or 2005 Exchange Bonds, funds or property then held by you as Exchange Agent under this Agreement.

19. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if delivered or mailed first class certified or registered mail, postage prepaid, or telecopied as follows:

If to Company: Kansas Gas and Electric Company
818 S. Kansas Avenue
Topeka, Kansas 66612
Telephone: (785) 575-1625
Telecopier No: (785) 575-8061
Attn: General Counsel

and a copy to: Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025
Telephone: (650) 752-2000
Telecopier No.: (650) 752-2111
Attn: Daniel G. Kelly, Jr.

If to you: Deutsche Bank Trust Company Americas
Trust and Securities Services
60 Wall Street, 27th Floor
New York, NY 10005
Attn.: Annie Jaghatpanyan
Telephone: (212) 250-2217
Telecopier: (212) 797-8614

or such other address or telecopy number as any of the above may have furnished to the other parties in writing for such purposes.

20. This Agreement and all of the obligations hereunder shall be assumed by any and all successors and assigns of the Company.

If the foregoing is in accordance with your understanding, would you please indicate your agreement by signing and returning the enclosed copy of this Agreement to the Company.

Very truly yours,

By: _____
Name: Larry D. Irick
Title: Secretary

Agreed to this day of _____, 2005

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Exchange Agent

By: _____
Name:
Title:

LA CYGNE UNIT #2
Fair Market Value
June 17, 2005



June 17, 2005

Jennifer Daley
Comcast MO Financial Services, Inc.
1500 Market Street
Philadelphia, PA 19102-2148

File Reference 22-36-00468

Dear Ms. Daley:

As authorized by Comcast MO Financial Services, Inc., we have conducted an analysis of the La Cygne Unit 2 (herein also referred to as the "Facility"). The Facility began commercial operation in month May, 1977. A leveraged lease transaction (the "Lease") was consummated between Kansas Gas & Electric (the "Lessee") and Comcast MO Financial Services, Inc. (the "Lessor"). The term of the original lease commenced on March 29, 1988 (the "Basic Lease Commencement Date") and was intended for an initial lease period terminating on March 29, 2016. In line with the restructuring of the Lease for financing purposes, the Lease is expected to continue for a period of 41.5 years (the "Basic Lease Term"), terminating on September 29, 2029 ("Basic Lease Term Expiration Date"). The purpose of this analysis is to render our opinion concerning the Fair Market Value of the 50.0% undivided interest of Comcast MO Financial Services, Inc. in the Facility at various key dates.

We understand that this report is to be used by the Lessor for financing purposes in connection with the restructuring of the existing leveraged lease as of June 17, 2005 (the "Refinancing Date"). This appraisal may be invalid if used for any other purpose.

Our appraisal analysis was conducted in accordance with generally accepted appraisal standards, as set forth by the American Society of Appraisers. This self-contained Report is prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers. Accordingly, we performed such research and analyses as we considered appropriate under the circumstances.

Atlanta
Chicago
Houston
Los Angeles
New York
Philadelphia
San Francisco
St. Louis
Tampa

Based on our analyses, we conclude:

1. That, as of the Refinancing Date, the Fair Market Value of the Facility and common facilities is \$451,650,000 of which \$428,840,000 corresponds to the Facility and common facilities which are part of the Lease transaction, and \$22,810,000 correspond to common facilities which are not part of this transaction.
2. That, as of the Refinancing Date, the Fair Market Value of the Facility at the end of Basic Lease Term on a constant dollar (uninflated) basis is \$187,100,000 of which \$177,650,000 or 41.4% of the Fair Market Value as of the Refinancing Date, corresponds to the Facility and common facilities which are part of the Lease transaction, and \$9,450,000 corresponds to common facilities which are not part of this transaction.
3. That, as of the Refinancing Date, the Fair Market Value of the Facility at the end of Basic Lease Term on a real dollar (inflated) basis is \$360,850,000 of which \$342,630,000 corresponds to the Facility and common facilities which are part of the Lease transaction, and \$18,220,000 correspond to common facilities which are not part of this transaction.
4. That, as of the Refinancing Date, the remaining economic useful life ("REUL") of the Facility is 37 years.
5. That, the Facility's Remaining Economic Useful Life at the end of the Basic Lease Term is at least 20.0% of the Economic Useful Life of the Facility as of the original commercial operation date.
7. Upon expiration or earlier termination of the Lease, there is a reasonable likelihood that it would be commercially feasible for a party other than the Lessee to own and operate the Facility.
8. That, based on our estimate of the fair market value of the Facility and common facilities at the end of the Basic Lease Term of \$177,650,000 and the terms of the Lease, there is no economic compulsion for the Lessee to exercise the Purchase Option because as of Lease Term Expiration Date, the Purchase Option Price is expected to equal the Fair Market Value of the Facility.

Our opinions of value are as of the issue date of this report. Our opinions are based on perceptions of the market reflecting economic conditions as they exist on the date of this report. We expect the property to be managed competently. Unforeseen events may affect the value, but these events inherently cannot be considered in our opinions. The basis for our conclusions is outlined in the attached Report and Exhibits.

The conclusions stated herein are subject to the assumptions and limiting conditions. All information used in these investigations and analyses has been documented and retained in our files and is available for review upon request. If you should have any questions concerning our conclusions, please contact Lawrence Danzig or George Varghese at 212-425-4300.

We are pleased to provide this service to you.

Very truly yours,

/s/ MARSHALL & STEVENS

Marshall & Stevens

MARSHALL & STEVENS INCORPORATED

LA CYGNE UNIT 2 FACILITY

Appraisal Report

Prepared for

COMCAST CORPORATION

AS OF

June 17, 2005

**MARSHALL & STEVENS INCORPORATED
VALUATION AND FINANCIAL CONSULTANTS**



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Assumptions and Limiting Conditions

ADDENDA

Attachment 1- Information Received and Relied Upon In Our Analysis

EXHIBITS

Exhibit A: Fair Market Value

Exhibit B: Residual Value - Real Dollars

Exhibit C: Residual Value - Constant Dollars

1.0 Introduction

1.1 Purpose of the Appraisal

Marshall & Stevens was retained by Comcast Corporation (“Comcast” or “Lessor”) to conduct an investigation and analysis of the La Cygne Unit 2, a power generation facility near Linn County, Kansas.

The appraisal provides our opinion of the following:

1. The Fair Market Value of the Facility as of the Refinancing Date.
2. The Fair Market Value of the Facility at the end of Basic Lease Term on a constant dollar (uninflated) basis as of the Refinancing Date.
3. The Fair Market Value of the Facility at the end of Basic Lease Term on a real dollar (inflated) basis as of the Refinancing Date.
4. The remaining economic useful life (“REUL”) of the Facility as of the Refinancing Date.
5. That, the Facility’s Remaining Economic Useful Life at the end of the Basic Lease Term is at least 20.0% of the Economic Useful Life of the Facility as of the original commercial operation date.
7. Upon expiration or earlier termination of the Lease, there is a reasonable likelihood that it would be commercially feasible for a party other than the Lessee to own and operate the Facility;
8. Whether the Lessee is under Economic Compulsion to exercise any purchase Option under the Lease.

1.2 Appraisal Definitions

The following definitions pertain to this report:

Fair market value is defined as the estimated amount at which a property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts.

When fair market value is established on the premise of *continued use*, it is assumed that the buyer and seller would be contemplating retention of the property at its present location as part of the current operations. An estimate of fair market value arrived at on the premise of continued use does not represent the amount that might be realized from piecemeal disposition of the property in the marketplace or from an alternative use of the property.

The premise of continued use is generally appropriate when:

- The property is fulfilling an economic demand for the service it provides or which it houses.
- The property has a significant remaining useful life expectancy.
- Responsible ownership and competent management may be expected.
- Diversion of the property to an alternative use would not be economically feasible or legally permitted.
- Continuation of the existing use by present or similar users is practical.
- Functional utility of the property for its present use is given due consideration.
- Economic utility of the property is given due consideration.

Depreciation is defined as the loss in value from any cause in comparison with a new item of property of like kind, resulting from physical deterioration, functional obsolescence, and external, or economic, obsolescence.

Economic useful life is defined as the estimated period of time over which it is anticipated an asset may be profitably used for the purpose for which it was intended. This time span may be limited by changing economic conditions, factors of obsolescence; or physical life.

Remaining economic useful life is defined as the estimated remaining period of time over which it is anticipated an asset may be profitably used for the purpose for which it was intended. This time span may be limited by changing economic conditions, factors of obsolescence, or physical life.

1.3 Background Data

In the course of this study, we interviewed Kansas Gas & Electric's management and considered financial and operating statistics regarding the Facility provided by Kansas Gas & Electric. Marshall & Stevens appraisal engineering staff visited the Facility and met with the Lessee's engineering and maintenance personnel to determine the status and condition of the Facility and its future operating prospects. In addition we relied upon various financial sources such as "Trends & Projections" in Standard & Poor's Industry Surveys; The Value Line Investment Survey; Moody's Company Data and Capital IQ databases. We also used various other miscellaneous published financial and economic data in our estimates of market value.

1.4 Executive Summary

Lessee: Kansas Gas & Electric
Lessor: Comcast MO Financial Services
Type of Asset: Coal Electric Power Facility

Significant Dates:

Report Date	June 17, 2005
Basic Lease Expiration Date	September 29, 2029
Remaining Economic Useful Life:	37 Years
Fair Market Sales Value of the Facility and common facilities as of June 17, 2005	\$428,840,000
Residual Value of the Facility and common facilities at the Lease Expiration Date as of June 17, 2005 (Real Dollars)	\$342,630,000
Residual Value of the Facility and common facilities at the Lease Expiration Date as of June 17, 2005 (Constant Dollars)	\$177,650,000
Inflation Rate:	2.5%

2.0 Description of Facility

The La Cygne Unit 2 is a coal-fired installation in Linn County, approximately 50 miles south of Kansas City. The Facility has a current net capacity of 674 MW, originally approximately 640 MW, and consists of a steam generator supplying high pressure- temperature steam to its associated turbine-generator and includes: condenser, feed water heating and pumping system, electrostatic precipitator, circulating water system, and necessary unit specific auxiliary systems.

The Babcock & Wilcox steam generator is a pulverized coal fired, sub-critical pressure, reheat and a balanced draft unit. Auxiliary equipment includes: seven coal pulverizers, gravimetric coal feeders, coal/oil burners, regenerative air heaters, air and combustion gas fans, stack, turbine driven feed water pump, and control systems.

The General Electric turbine-generator unit is a tandem compound four flow reheat steam turbine, with seven steam extractions for feedwater heating, 24,000 volt hydrogen cooled synchronous generator; and excitation system.

Steam exhausting from the low pressure turbine stages flows into a two shell, single pass surface condenser. The boiler feed water system consists of four low pressure heaters, a de-aerating system, and two high pressure heaters.

The boiler exhaust gases pass through a pair of Lodge Cottrell electrostatic precipitators to collect fly ash for compliance with applicable environmental regulations controlling particulate emissions. Collection efficiency is above 99%.

The Facility burns predominantly Powder River Basin, Wyoming low sulphur coal. Coal is received at the plant by railroad in 100 ton/car unit trains, and is unloaded by a rotary car dumper into a 350 ton capacity hopper. Belt conveyors transfer it to a 15,000 ton capacity yard storage silo, from which a system of feeders and conveyors transport the coal directly to the steam generator seven storage bunkers, or transfer coal to the plant stacker-declainer for stock piling in the storage yard. Coal is reclaimed from the active storage pile when necessary by the reclaimer or by means emergency reclaim hoppers and feeders. The system includes a dual conveyor system for reliability, crushers, weigh scales, a sampling system and magnetic separators.

Boiler furnace bottom ash is quenched by water in three water impounded collection hoppers. A hydraulic sluice system conveys the ash to two dewatering bins. The dewatered granular ash is loaded into trucks, by discharge gates, for disposal to the plant ash pond. Fly ash from precipitator and air heater hoppers is collected by a dry pneumatic system and transported to a storage silo for disposal by truck.

Electric generator power is transformed to 345KV in the main generator step-up transformer and transmitted to the plant electrical switch yard. The main auxiliary transformer steps down generated power to 6.9KV for plant equipment usage.

Common Facilities: The Lease includes the equipment and facilities specifically installed for La Cygne Unit 2: turbine generator, steam generator, condenser, feed water system, precipitator, ash system and all auxiliary equipment and systems which are unit specific. As the second unit installed on a site designed for two units, Unit No. 2 shares facilities which were developed and installed with Unit No. 1.

The following common facilities are included in the Lease: Plant security, fences, lighting, Railroad tracks, yard coal handling, auxiliary fuel oil storage tanks, auxiliary oil fired boilers, circulating water intake and discharge structures and crane, auxiliary generators, common repair and administration facilities, water makeup pretreatment system, sanitary waste drainage and treating systems, cathodic protection system, service gas systems and plant water systems. The common and support facilities not included in the Lease are site preparation, improvements, roads and drainage, cooling water pond, ash storage ponds, waste water treatment ponds, plant electrical switchyard, transmission line system and coal unit train equipment.

The major changes that have occurred since original construction are the increase in capacity to 674 MW, the addition of two 8,000 ton coal storage silos in the mid 1990s and the installation of a distributed control system (“DCS”) in the late 1990s. In addition to this, several pieces of equipment have been replaced. For example, the entire coal loading system has been replaced within the last five years. Other major components replaced within the last five years include the condenser and half of the feed water heaters. There have been few changes to the site itself which, with its favorable geographical location and access to water supply, is well suited to use as the site of a power generation facility.

3.0 Economic and Industry Outlook

3.1 Economic Outlook

The current and future outlook of the national economy affects the value of a business and its assets in many ways. The value of a facility is directly related to the state of the general economy by virtue of factors such as inflation, interest rates and consumer confidence levels. Below is a brief economic overview and description of some of the factors that will have a marked affect on the Facility going forward.

Overview: Despite a powerful late year rally, the stock market turned in an indifferent performance during 2004, with key equity averages typically scoring modest single-digits gains. This performance came on the heels of the double-digit gains of 2003. In some respects, the 2004 market performance was in keeping with an economy that showed little notable strength or any large-scale weakness, but rather struggled along for much of the year at modest rates of growth. Inflation, which stayed subdued last year, save for oil, which rose sharply, matched the modest gains posted by the general economy. Interest rates also remained low, although the Federal Reserve did tighten its monetary stance. The one area that did turn heads was corporate earnings, which showed the eye-catching gains that so typified the late 1990s.

Overall, as we look into 2005, the economic indicators are modestly positive, with gross domestic product growth likely to average about 3 1/2% to 4.0%. Oil prices will hold in a \$40 to \$50-a-barrell range (barring some exogenous shocks) and the Federal Reserve ("Fed") is likely to raise interest rates up to a still non-disruptive 3.0% to 3 1/2%. Finally, earnings are likely to rise again, on the strength of modest growth in demand, additional cost-cutting initiatives, and further gains in productivity. Things remain less settled globally, though, with the conflict in Iraq continuing to escalate, the situation in the rest of the Middle East still in flux, and the threat on the terrorist front still years from abating.

Economic Growth: It is expected that real GDP growth will be approximately 3 1/2% to 4% in 2005, following up on growth of 4.5% and 3.75% in 2003 and 2004, respectively. Underpinning this forecast is the expectation that consumer and industrial markets will press forward at a steady pace. The fundamental factors that drove the economy in 2004 should carry forward into 2005 and beyond, promoting both healthy expansion of activity and low inflation. Profits have been rising briskly, and corporate borrowing costs are still low. Household net worth has increased with the continued sharp rise in the value of real estate assets as well as gains in equity prices, and this will likely help support consumer

demand in the future. Absent a significant run-up in oil prices from current levels, the drag from last year's gains in output should wane this year. Finally, economic growth will likely be sufficient to generate notable increases in employment in 2005. After falling from 6.0% in late 2003 to 5.5% in late 2004, the unemployment rate is widely expected to decrease to around 5.25% in 2005.

Inflation: Inflation is likely to remain relatively tame as well. The Federal Open Market Committee (FOMC) projects that the chain-type price index for personal consumption expenditures excluding food and energy (core PCE) will increase between 1.5% and 1.75% both this year and next, after a 1.6% increase in 2004. Inflation last year was, in large part, due to rising energy prices, and the FOMC's projections are assuming that oil prices do not escalate wildly above their current historically high levels. This is not considered very likely, and even in the event of further increases in oil or base metal prices, the effect should not be so great as to be a threat to the economy.

Interest Rates: The Federal Reserve Board has raised interest rates a number of times in the past six months, with the latest increase raising the Federal Funds rate from 2.0% to 2.24%. We believe that the Fed will stick with its goal of tightening the monetary reigns in a measured way for 2005. The Fed stated its intent to raise rates at a gradual enough pace so as not to disrupt the current sustained business upturn. Reports showing that inflation remains modest are providing support for the Fed's resolve to raise rates very gradually.

Conclusion: Obviously, risks and uncertainties are present, and these clearly will have an impact on both the equity markets and general U.S. economy in the months ahead. However, we feel that the prevailing economic conditions will lead to favorable economic growth with moderate inflation for 2005. The Fed will play an important role in determining just how favorable the economic growth will be, and we expect monetary policy to continue to be a slow and steady process.

3.2 Industry Review and Outlook

We have reviewed conditions and trends in the U.S. electric utility industry, which directly affect the Facility and its future prospects. The aspects of the industry directly affecting the Facility include, but are not limited to: supply and demand forces; environmental and regulatory issues; and competition. The following outlook, based primarily on the Energy Information Association's (EIA) Annual Energy Outlook for 2005 describes these and other factors that will shape the power generating industry in the years ahead.



U.S. Outlook: Consistent with population growth rates and household formation, delivered residential energy consumption is projected to grow from 11.6 quadrillion British thermal units (Btu) to 14.3 quadrillion Btu in 2025, at an average rate of 0.9% per year between 2003 and 2025. The most rapid growth in energy demand is projected to be for electricity used to power computers, electronic equipment, and appliances.

Total electricity consumption, including both purchases from electric power producers and on-site generation, is projected to grow from 3,657 billion kwh in 2003 to 5,467 billion kwh in 2025, increasing at an average rate of 1.8% per year. Rapid growth in electricity demand to power computers, office equipment, and a variety of electrical appliances in the end-use sectors is partially offset in the forecast by improved efficiency in these and other, more traditional electrical applications and by slower growth in electricity demand in the industrial sector.

Total coal consumption is projected to increase from 1,095 million short tons in 2003 to 1,508 million short tons in 2025, an average growth rate of 1.5% over the forecasted period. The growth rate has been lowered slightly from previous forecasts due to an update of assumptions made about relative capital costs of new coal and natural gas-fired power plants. Total coal consumption for electricity generation is projected to increase by an average of 1.6% per year, from 1,004 million short tons in 2003 to 1,425 million short tons in 2025; again, slightly down from previous forecasts.

The natural gas share of electricity generation is projected to increase from 16% in 2003 to 24% in 2025. The share from coal is projected to decrease marginally, from 51% in 2003 to 50% in 2025. It is projected that 87 gigawatts of new coal-fired generating capacity will be constructed between 2004 and 2025. While nuclear, renewable and petroleum generating capacity are all projected to show marginal growth between 2004 and 2025.

Regional Outlook: The La Cygne Unit 2 facility, services the Mid-Continent Area Power Pool (MAPP) U.S region. MAPP membership includes 108 utility and nonutility systems. The MAPP Region covers all or portions of Iowa, Illinois, Minnesota, Nebraska, North and South Dakota, Michigan, Montana, Wisconsin, and the provinces of Manitoba and Saskatchewan. The total geographic area is 900,000 square miles with a population of 18 million.

The electricity sales are projected to grow between 1.3 and 1.8 percent per year from 1996 through 2015. All of the increases in coal based electric generation occur as a result of greater utilization of existing coal-fired power plants (60 percent in 1996 compared with 77 to 79 percent in 2005). There is little additional change between 2005 and 2015, and no new coal-fired plants are projected to be built. The amount of additional generation required will depend on the level of demand for electricity and the assumed early retirement of two nuclear power plants.

For the period 2004-2011, currently projected capacity reported in the Mid-Continent Area Power Pool (MAPP) U.S. region is below MAPP requirements for reserve capacity obligations, but MAPP does not expect any capacity deficits to occur during the next ten years.

4.0 Remaining Economic Useful Life

The standard method for estimating the remaining economic useful life (“REUL”) of a property is to determine the total expected economic useful life (“EUL”) of the property on a component-by-component basis, and then adjust the estimate for anticipated or actual physical, functional, and external depreciation. For new property, depreciation is not taken into consideration since the components are new, employ state-of-the-art technology, and have not been used in production. Consideration must also be given to the maintenance and repair policies of a potential user. Factoring these considerations into an analysis helps to determine the physical useful life of a property. If it can be demonstrated that it is economical and in the owner’s interest to continue operations throughout the estimated physical or functional useful life of a facility, then the physical or functional useful life equals the estimated EUL.

The first step in the valuation of a facility is to determine its estimated EUL. This sets time horizons for calculating Fair Market and Residual Values. The standard method for calculating the EUL is to establish the total life of a new project based on historical data, industry sources and professional experience. This model is then adjusted for anticipated physical, functional and external depreciation.

As of the unit commissioning date of May 1977, the EUL of the Facility was estimated to be over 50 years. Approximately 28 yrs have elapsed since the commissioning date. Based on our observations from the on-site plant visit and talks with plant personnel, in addition to evincing a very high level of maintenance various major components of the Facility have been replaced within the last five years. The availability and efficiency of the older facilities is maintained at optimum by a combination of increased use of preventive maintenance techniques to prevent equipment fatigue, improved pollution control equipment and up to date instrumentation control systems. The major changes that have occurred since original construction are primarily the total control system updating to automated mode with installation of a distributed control system (“DCS”), replacement of entire coal loading system, the installation of new condenser and half of the feed water heaters. The major components of the plant such as the turbine, generator and boiler are frequently inspected and undergo regular scheduled overhauls. However, furthermore, we would expect that the level and quality of maintenance will remain high and that major components will continue to be replaced in the same manner as in the past. The Facility plans to meet Clean Air Act of NO_x, and SO₂ emission

standards, through a combination of low sulfur coal, installation of low NO_x burners and emerging technologies; like limestone injection multistage burners.

The changing nature of the utility sector has led to many natural gas based facilities either being shutdown or run as peaking plants due to high expected natural gas costs in the foreseeable future; and additional coal and nuclear green field projects need 20-25 years including permits, environmental clearances and construction lead time. To meet this shortfall in electric demand caused by mothballing of new natural gas facilities, well maintained and efficient existing coal and nuclear facilities are being used on extended useful lives along with strides toward unbundling other non-conventional energy sources. This trend is in line with the EIA database of coal based power facilities with generating capacity in range of 100-1300 MW. This database shows many facilities aged 50 years and over operating at optimal plant efficiency. Also, in addition to the fact that there is a 20-25 year lead time from the conceptualization of a power facility design to final hot run generation, the MAPP regional electric market outlook discussed earlier in this report indicates there are no new coal based generation plants projected for the plan period 1996-2015. Based on this information, the mothballing of new natural gas facilities, and the EIA database, it is our opinion that the Facility has an estimated REUL of 37 years. Therefore, in our opinion, the Facility has a total EUL of 65 years.

5.0 Valuation

In any appraisal, consideration must be given to the three basic approaches to valuation. These are the income approach, the market approach, and the cost approach, outlined as follows:

The Income Approach

The income approach establishes the value of the property on the basis of capitalization of the net earnings or cash flow. The income approach is typically used in the valuation of assets which produce, or are capable of producing; an identifiable stream of income or cost savings that can be uniquely quantified.

The Market Approach

The sales comparison (market) approach is useful in the valuation of individual assets only when there have been sufficient recent sales of like assets to establish a market, and the details of those sales are known. A comparison of the market data requires knowledge of the condition of the property that was sold, the terms and conditions of the sale, including the amount paid, financing, related contracts and other considerations, and the state of the industry at the time of the sale. In many cases this information is not publicly available and the known sales are used only as a broad gauge of comparison.

The Cost Approach

The foundation of the cost approach is the proposition that an informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility. When the approach is applied, property facts are assembled in an appraisal inventory, and data regarding costs and price-governing factors are gathered. The accumulated data are then employed to develop the cost of reproduction new or the cost of replacement of the subject property.

From the cost to reproduce or replace the property as if new, an amount is deducted for accrued depreciation or physical deterioration, plus any functional and external obsolescence that might exist. The cost approach ordinarily supplies the most reliable indication of the fair market value of newly constructed special structures, systems, and special machinery and equipment.

In reviewing the three approaches for applicability, we determined that the appropriate valuation method for the Facility is the income approach. The sales comparison

approach was not utilized in determining the fair market value in continued use of the Facility as an active secondary market for similar facilities was not identified. In our opinion, the cost approach is not relevant because the Facility is no longer new and its value depends on the expected future income streams.

5.1 Fair Market Value

Income Approach — The value indicated by the income approach was determined by performing a prospective financial analysis of the Facility to estimate future available debt-free net cash flows (“DFNCF”). DFNCF is determined as follows:

$EBIT - Taxes + Depreciation \text{ and Amortization} - Working \text{ Capital Additions} - Capital \text{ Expenditures} = DFNCF$

To prepare forecasts of electricity prices and fuel costs, we examined historical wholesale pricing in the area where the Facility is located. We then reviewed various sources to find authoritative forecasts of future pricing. For our valuation models we used pricing and fuel cost forecasts from the Energy Information Administration (“EIA”). The Energy Information Administration, created by Congress in 1977, is an agency of the U.S. Department of Energy. It provides policy-independent data, forecasts and analyses used by analysts and policy makers.

Cash flows are discounted to present value at a rate that reflects both current market return requirements and the risks inherent in the specific investment. The cash flow stream is projected over the REUL of the Facility and discounted to present value.

The basic method of forecasting involves using past experience to forecast the future. This approach is based upon “causal” and “continuity” postulates. The causal postulate assumes that given numerical results were caused by some combination of supply and demand, managerial ability, sales ability, inventiveness, the possession of natural resources, the political climate, etc. The continuity postulate assumes that, barring evidence that the interrelated causes that gave rise to past effects have changed, the same causes will continue to produce the same effects. In general, the continuity postulate is particularly apposite for facilities such as La Cygne Unit 2.

Review of Historical Performance — The Facility’s revenues and expenses were projected over its estimated REUL based on a review of historical operating data provided by Kansas Gas & Electric, as well as subsequent discussions with Kansas Gas & Electric personnel and the expected conditions of the economy and the industry. Marshall & Stevens relied on this information for the income analysis and it is identified in an appendix and, based upon our review; believe that the information provided is a reasonable basis for this valuation.

Forecast of Operations — The Facility is valued as a coal-fired steam electric generating facility. It is sometimes appropriate to adjust all other non-utility operating expenses to eliminate the scale efficiencies inherent in the allocated amounts. But this step was not taken in order to reflect the benefits of the overall economics of the Facility.

The major factors impacting the DFNCF are discussed in the following report sections.

Revenue — The Facility’s revenue is derived from net power sales. Power sales were calculated as follows:

Annual Net Generation x Market Price of Power = Power sales

Based on the historical performance of the Facility it is estimated that annual average generation will be approximately 5,100,000 MWhs at an 87.0% capacity factor. However, in recognition of the likelihood that capacity utilization will begin to deteriorate as the Facility ages, we have provided a decrease in the utilization factor beginning in 2026 from 87.0% down to 78.0% during the last three years of forecasted operations.

The price per MWh was based on EIA average forecast electricity prices in the North West Central Region. The price was escalated upward from 2005 to reflect inflation at 2.5%, based on Value Line’s annual inflation forecast. The first year average forecast wholesale market price amounted to \$30.9 per megawatt hour (MWh).

Operating Expenses — Operating expenses include fuel costs as well as operating costs consisting of general, administrative, maintenance and miscellaneous expenses. The following provides the conclusions regarding the operating expense forecast.

Fuel costs for the base year were based on the EIA forecast and the actual average delivered cost of \$0.82 per MMBtu for Powder River Basin steam coal. The Facility heat rate factor based on historical operating data was determined to be 10,367 Btu/KWh. We have assumed approximately a 10.0% increase in the heat rate in the residual period; from 10,367 Btu/KWh in 2030 to 11,566 Btu/KWh in 2041; the terminal year of our forecast. Other Direct Costs and Indirect costs were projected based on review of historical levels and then inflating the base year over the REUL at the assumed inflation rate of 2.5%. It has been concluded that Other Direct Costs and Indirect Charges for the Facility's Year 1 forecast is approximately \$31,620,665.

Depreciation — Depreciation of the Facility's capital expenditures were then deducted from pretax income to arrive at taxable income. The Facility's depreciable assets can be classified as industrial steam and electric generation assets belonging to modified accelerated cost recovery system ("MACRS") asset class 00.4. As such, the depreciable assets are treated under the General Depreciation System by the MACRS 20-year convention.

Income Taxes — Income tax was then deducted from the income in estimating future cash flows. We consider the marginal rate of tax of 40% to be appropriate since a hypothetical investor would incur this level of tax due to the incremental income, regardless of the investor's actual tax situation.

Capital Expenditures — Projected capital expenditures were based on annual forecasts provided by Kansas Gas & Electric for 2005-2009 and from the year 2010 to the end of the Lease Term; equivalent to approximately 1.0-5.0% of annual revenues based on comparable company analysis. The capital expenditures assume sharp increases starting in 2013 to meet Clear Air phase II standards for NO_x and SO₂ emissions, through installation of low NO_x burners and emerging technologies; like limestone injection multistage burners.

Working Capital — Working capital requirements are projected to be equal to zero percent of revenue since most independent power facilities operate at negative levels of working capital.

The projected depreciation amounts are added back to the net income amounts since it is a non-cash expense. Capital expenditures are then subtracted to derive the cash flows for the Facility. The cash flows derived using the assumptions above are presented in Exhibit A.

Cash Flow Summary — Based upon the analysis discussed above, the fair market value of the Facility and common facilities, according to the income approach, is approximately \$451,650,000. The appraised value of the Facility and common facilities included in the Lease transaction are taken to be 94.95% of the total appraised value. The 5.05% of total fair market value of the common facilities excluded from the Lease is expected to be similar to the original engineering valuation of the Facility by Burns and Roe dated September, 1987, assuming regular maintenance and optimal operational efficiency. Thus, the current fair market value of the Facility and common facilities included in the Lease is approximately \$428,840,000, and the current fair market value of the common facilities, which are not included, is \$22,810,000.

Discount Rate Analysis

One of the key elements of the income approach is the discount rate used to discount the projected cash flows to their present values. Determining an appropriate discount rate is one of the more difficult parts of the valuation process. The applicable rate of return or discount rate—the rate investor’s require as a condition of purchase—varies from time to time, depending on economic and other conditions.

The magnitude of the discount rate also varies with the investor’s degree of optimism or pessimism relative to the sales and income projections; increasingly optimistic projections will require a higher discount rate, and vice versa. Stated differently, as the degree of certainty with which the projections are believed attainable increases, the discount rate falls correspondingly, and vice versa.

The starting point for developing the appropriate discount rate is the alternative investment opportunities in risk-free or relatively risk-free investments. An indication of these market rates of interest near the appraisal date follows.

Market Rates of Interest	
Security	Yield
Treasury Securities–5-year	3.81
Treasury Securities–Long-term (20-year)	4.84
Moody’s Aaa Corporate Bonds	5.30
Moody’s Baa Corporate Bonds	5.66

Source: Federal Reserve Board as of May 6, 2005

All of these investments offer somewhat less risk than an investment in the subject Facility. In addition, these securities are readily marketable.

The rate of return expected from an investment by an investor relates to perceived risks. Risk factors relevant in our selection of an appropriate discount rate for the Facility include the following:

1. Interest rate risk measures variability of returns caused by changes in the general level of interest rates.
2. Purchasing power risk measures loss of purchasing power over time due to inflation.
3. Market risk measures the effects of the general market on the price behavior of securities.
4. Business risk measures the uncertainty inherent in projections of operating income.

Consideration of risk, burden of management, and other factors affect the rate of return acceptable to a given investor in a specific investment. An adjustment for risk is an increment added to a base or safe rate to compensate for the extent of risk believed involved in the use of the capital sum. The discount rate applied to the projected cash flows was weighted to incorporate the rates of return required by both debt and equity investors as of the valuation date.

To calculate the appropriate capital structure to be used in determining the Facility’s weighted cost of capital we examined the debt/equity ratios of the comparable guideline companies in the electric utility sector, based on ValueLine database. The guideline

companies we identified include independent power producers operating power projects or public utilities primarily relying on fossil fuel sources.

In financial theory, the cost of equity is defined as the minimum rate of return that a company must earn on the equity-financed portion of its capital to leave its value unchanged. We calculate the required return on equity by using the capital asset pricing model ("CAPM"). The capital asset pricing model uses the beta (β) coefficient to measure the extent to which the returns on a given investment track the stock market as a whole. Beta is a gauge of a security's volatility in comparison with the market's volatility.

The cost of debt capital was estimated based upon the rate on high-grade (Aaa-rated) corporate bonds, adjusted to account for the relative safety of the industry and the investment. The cost of equity capital was determined through the use of the Capital Asset Pricing Model.

The equity risk premium (ERP) is the return on the market in excess of the risk-free rate (R_f). The risk premium is based on the average premium over the risk-free rate that investors in common stocks have earned since 1926. The unsystematic or additional risk premium (ARP) may be necessary to reflect size, diversification, depth of management, lack of a public market, aggressiveness of forecast, or a variety of factors that may make the company more or less risky than the comparable companies.

Based on the information presented previously, we selected a discount rate of 8.0% as being reasonable for the La Cygne Unit 2, derived as shown below:

Cost of Debt Capital (CDC)	5.3%
Debt Premium	0.7%
	6.0%
Large Company Stock Return	12.4%
Long-term Government Bond Return (Rf)	4.8%
Equity Risk Premium (ERP)	7.6%
Additional Risk Premium (ARP)	2.0%
Beta Coefficient (β)	0.8
Cost of Equity Capital [$R_f + \beta(ERP) + ARP$]	12.9%
Debt as a Percentage of Capital (D)	55.0%
Equity as a Percentage of Capital (E)	45.0%
Tax Rate (T)	40.0%
Weighted Cost of Debt (D)(CDC)(1-T)	2.0%
Weighted Cost of Equity	5.8%
(E)[$R_f + \beta(ERP) + ARP$]	
Weighted Cost of Capital (Rounded)	8.0%

5.2 Residual Value – Real Dollars

The purpose of this section is to present our determination of the Residual Value of the Facility at the end of the Lease Term on September 29, 2029. We assume that the Facility will be operated and maintained in a manner which is consistent with the terms of the Lease. In essence the Lessee is obligated to operate and maintain the Facility in accordance with prudent industry practice as well as governmental laws and actions. They are required to insure that equipment warranties and insurance are not adversely affected by their methods. All records, logs, manuals and other materials are to be maintained in accordance with prudent industry practice.

Income Approach

To arrive at an indication of the value of the Facility at the end of the Lease Term via the income approach, we developed a pro forma cash flow for the period of time from the end of the Lease Term to the end of the Facility's Economic Useful Life. We used essentially the same methodology outlined in the Fair Market Value income approach section of this report.

Using real dollar (inflated) margins and expenses from the original cash flow projection; we determined the after-tax cash flow for the residual period. As discussed in the Fair Market Value income approach section, we applied a discount rate of 8.0% to the inflated after tax cash flows of the residual period.

As a result of the discounted cash flow analysis, it is our opinion that the indicated value of the Facility at the end of the Lease Term in real dollars, via the income approach, is \$360,850,000. The appraised value of the Facility and common facilities included in the Lease are taken to be 94.95% of the total appraised value. Thus the residual fair market value of the Facility and common facilities in real dollars, included in the Lease is approximately \$342,630,000 and the residual fair market value of the common facilities in real dollars which are not included is \$18,220,000. The detailed real dollar discounted cash flow analysis is shown in Exhibit B.

5.3 Residual Value-Constant Dollars

Our final opinion of the Residual Value of the Facility without consideration of inflation or deflation, or in constant dollars is \$187,100,000. The appraised value of the Facility and common facilities included in the Lease are taken to be 94.95% of the total appraised value. Thus the residual fair market value of the Facility and common facilities without consideration of inflation or deflation, or in constant dollars, included in the Lease is approximately \$177,650,000 or 41.4% of the Fair Market Value as of the Refinancing Date, and the residual fair market value of the common facilities without consideration of inflation or deflation, or in constant dollars, which are not included is \$9,450,000. The detailed constant dollar discounted cash flow analysis is shown in Exhibit C.

5.4 Compulsion Analysis Opinion

Our opinion that there is no compulsion associated with the terms of the Purchase Option Price is based on our analysis of Subsection 6(i) of the Lease which, in summary provides that the Purchase Option Price is the lesser of (1) the Fair Market Sales Value as of the Basic Lease Term Expiration Date and (2) Option Price equal to the sum of,

- Expected End-of-Basic-Term Asset Value.
- Fair market value on such date of any Nonseverable Alterations completed after the date of the Marshall & Stevens Appraisal and financed by an additional investment of Owner Participant in accordance with paragraph (c) of subsection 11.6 of the Lease.
- The Lessee Loan Balance, if any, on such date, over the Lessor Loan Balance, if any, on such date.

Based on our analysis, the Fair Market Sales Value as of the Basic Lease Term Expiration Date is expected to be less than the Option Price and is, therefore, the expected Purchase Option Price according to the terms of the Lease. Accordingly, since the Purchase Option Price is equal to Fair Market Sales Value, there is, in our opinion, no compulsion to exercise the Purchase Option.

ASSUMPTIONS AND LIMITING CONDITIONS

Date of Value

The reader is advised that this valuation is heavily dependent upon future events with respect to industry performance, economic conditions, and the ability or lack thereof for certain products or business divisions to meet certain performance levels. The operating projections used may be reasonable and valid at the date of this appraisal; however, there is no assurance or implied guarantee that the assumed facts and circumstances will actually occur. We reserve the right to make adjustments to our opinions as may be required by any modifications in the prospective outlook for the economy, the industry, and/or the Company.

Non-appraisal Expertise

We neither express nor imply any opinions for matters that require legal or specialized expertise, investigation, or knowledge, beyond that customarily employed by us. We made no investigation of legal title and we render no opinion as to ownership of the underlying assets used by entities involved in this analysis.

Information and Data

Information supplied by others that was considered in this appraisal is from sources believed to be reliable, and no further responsibility is assumed for its accuracy. We reserve the right to make such adjustments to the valuation herein reported based upon consideration of additional or more reliable data that may become available subsequent to the issuance of this report.

Confidentiality / Advertising

This report and supporting documentation are confidential. Neither all nor any part of the contents of this appraisal shall be copied or disclosed to any party or conveyed to the public orally or in writing through advertising, public relations, news sales, or in any other manner without the prior written consent and approval of both Marshall & Stevens and its client. However, Marshall & Stevens consents that this report may be provided to any government authority and/or legal and tax advisors of the client.

Litigation Support

Depositions, expert testimony, attendance in court, and all preparations/support for same, arising from this appraisal shall not be required unless arrangements for such services have previously been made.

Management

The opinions of value expressed herein assume the continuation of prudent management policies over whatever period of time is deemed reasonable and necessary to maintain the character and integrity of the subject business enterprise.

Purpose

All opinions of market value are presented as Marshall & Stevens' considered opinion based on the facts and data obtained during the course of our analysis. This report has been prepared for the sole purpose stated herein and shall not be used for any other purpose.

Unexpected Conditions

We assume there are no hidden or unexpected conditions associated with the subject property that might adversely affect value. Further, we assume no responsibility for changes in market conditions, which may require an adjustment in the appraisal.

Appraisal Fee

The fee established for the formulation and reporting of these conditions has not been contingent upon the conclusion of value or other opinions presented.

ATTACHMENT 1
INFORMATION RECEIVED AND RELIED UPON IN OUR ANALYSIS

- 1) Discussions during site visit on May 12, 2005.
- 2) Continuing Property Records (CPR) for La Cygne Unit 2 (“LC2”) and common units.
- 3) Listing of additions since 1988.
- 4) Detailed listing of Capital Expenditures from 2000 to 2004.
- 5) 5 yr GADS stats for La Cygne Unit 2
- 6) La Cygne Unit 2 maintenance outage schedules.
- 7) Piping and Instrumentation drawings for La Cygne Unit 2.
- 8) Aerial photographs provided by Chuck Hodson.
- 9) Report “LaCygne Station Budget 2005”.
- 10) The Facility historical operational FERC Form 1 data, historical annual capital expenditure data for 2000-2004 period and severable and non severable assets listing received via e-mail from Kansas Gas & Electric marked subject “Information request”, on 05/10/05.
- 11) O&M & Capex forecast for 2005-2009 received from Kansas Gas & Electric via e-mail marked subject “Budget & forecast information” on 05/12/05.
- 12) Engineering Appraisal by Burns & Roe Company, September 1987; received from Kansas Gas & Electric via e-mail marked subject “Original Appraisal of La Cygne2” on 05/12/05.
- 13) Lease Agreement received from Kansas Gas & Electric via e-mail marked subject “La Cygne 2 1987 Lease Docs” on 05/18/05.
- 14) Ground Lease, Participation Agreement and Facilities Agreement received via e-mail “Additional La Cygne docs” from Kansas Gas & Electric on 05/18/05.

EXHIBIT A
LA CYGNE #2 POWER PLANT
DISCOUNTED NET CASH FLOW

Price Inflat— 2.5% REUL—37 Years	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	1	2	3	4	5	6	7	8	9	10	11
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Year											
Net operating capacity (MW)	674	674	674	674	674	674	674	674	674	674	674
Capacity factor	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%
Hours operating per year	7600	7600	7600	7600	7600	7600	7600	7600	7600	7600	7600
Total production (MWH)	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616
Price (\$/MWH)	30.9	31.1	31.5	32.7	34.1	35.3	34.5	34.7	35.8	36.7	37.6
Total revenues	\$158,103,325	\$159,495,454	\$161,280,225	\$167,342,783	\$174,429,737	\$180,884,240	\$176,608,980	\$177,913,678	\$183,433,018	\$188,013,383	\$192,440,810
Fuel expenses: Coal Production (MWH)	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616	5,122,616
Facility heat rate (Btu/KWH)	10,367	10,367	10,367	10,367	10,367	10,367	10,367	10,367	10,367	10,367	10,367
Price (\$/MMBTU)	53,106,157	53,106,157	53,106,157	53,106,157	53,106,157	53,106,157	53,106,157	53,106,157	53,106,157	53,106,157	53,106,157
	0.82	0.84	0.86	0.88	0.91	0.93	0.95	0.97	1.00	1.02	1.05
Total fuel expense	43,547,049	44,635,725	45,751,618	46,895,408	48,067,794	49,269,488	50,501,226	51,763,756	53,057,850	54,384,296	55,743,904
Total operating costs	31,620,665	31,899,091	32,256,045	33,468,557	34,885,947	36,176,848	35,321,796	35,582,736	36,686,604	37,602,677	38,488,162
Total expenses	75,167,714	76,534,816	78,007,663	80,363,965	82,953,741	85,446,336	85,823,022	87,346,492	89,744,454	91,966,973	94,232,066
EBITDA	82,935,611	82,960,638	83,272,562	86,978,818	91,475,996	95,437,904	90,785,958	90,567,186	93,688,564	96,026,410	98,208,744
Less: Depreciation	33,762,409	65,190,527	60,538,136	56,072,301	51,952,036	46,195,215	44,711,795	41,496,736	41,170,856	41,492,443	41,839,467
Pretax income	49,173,202	17,770,112	22,734,427	30,905,517	39,523,960	47,239,689	46,074,163	49,070,450	52,517,709	54,533,967	56,369,278
Income tax @40%	19,669,281	7,108,0145	9,093,771	12,362,607	15,809,584	18,895,876	18,429,665	19,628,180	21,007,083	21,813,587	22,547,711
Net income	29,503,921	10,662,067	13,640,656	18,543,910	23,714,376	28,343,814	27,644,498	29,442,270	31,510,625	32,720,380	33,821,567
Plus: Depreciation	33,762,409	65,190,527	60,538,136	56,072,301	51,952,036	48,196,215	44,711,795	41,496,736	41,170,856	41,492,443	41,839,467
Less: Capital expenditures	936,000	5,217,000	1,238,000	564,000	1,880,000	1,808,842	1,766,090	1,779,137	5,502,991	5,640,401	5,773,224
Cash flow	62,330,331	70,635,594	72,940,792	74,052,212	73,786,412	74,733,186	70,590,203	69,159,869	67,178,490	68,572,422	69,867,809
Discount factor @8%	0.9623	0.8910	0.8250	0.7639	0.7073	0.6549	0.6064	0.5615	0.5199	0.4814	0.4457
Present value of cash flows	\$ 59,977,389	\$ 62,934,381	\$ 60,174,305	\$ 56,565,924	\$ 52,187,860	\$ 48,942,127	\$ 42,804,559	\$ 38,830,770	\$ 34,924,349	\$ 33,008,350	\$ 31,149,565
Present value—forecast period	\$899,394,920										
Remaining book value	167,137,166										
Remaining book value recapture	66,854,866										
Discount factor 8% @ end of year 37	0.058										
After-tax present value of recapture	3,877,582										
Present value—forecast period	899,394,920										
Present value—book value recapture	3,877,582										
Present value—total	903,272,502										
Present value (rounded)	\$903,300,000										
Comcast undivided interest	50.0%										
Value of Comcast undivided interest	\$451,650,000										

Assumptions:

- 1) Electricity prices as per EIA less transmission and distribution cost.
- 2) Fuel prices as per EIA projections.
- 3) Operating expense at 20-25% of revenues.
- 4) Depreciation—20 year MACRS.
- 5) Capacity factor and plant heat rate as per management.

EXHIBIT A
LA CYGNE #2 POWER PLANT
DISCOUNTED NET CASH FLOW

Price Inflaters—2.5% REUL—37 Years Year	Year 34 2038	Year 35 2039	Year 36 2040	Year 37 2041
Net operating capacity (MW)	674	674	674	674
Capacity factor	78.5%	78%	78%	78%
Hours operating per year	6858	6814	6814	6814
Total production (MWH)	4,622,130	4,592,690	4,592,690	4,592,690
Price (\$/MWH)	69.6	71.3	73.1	74.9
Total revenues	\$321,501,153	\$327,439,710	\$335,625,702	\$344,016,345
Fuel expense: Coal				
Production (MWH)	4,622,130	4,592,690	4,592,690	4,592,690
Facility heat rate (Btu/KWH)	11,226	11,338	11,452	11,566
	51,887,921	52,072,999	52,593,729	53,119,666
Price (\$/MMBTU)	1.85	1.90	1.95	1.99
Total fuel expense	96,109,801	98,863,928	102,348,882	105,956,680
Total operating costs	80,375,288	81,859,927	83,906,426	86,004,086
Total expenses	176,485,089	180,723,856	186,255,307	191,960,766
EBITDA	145,016,064	146,715,854	149,370,395	152,055,579
Less: Depreciation	11,663,859	12,123,783	12,594,625	13,080,362
Pretax income	133,352,405	134,592,071	136,775,770	138,975,217
Income tax @40%	53,340,962	53,836,628	54,710,308	55,590,087
Net income	80,011,443	80,755,242	82,065,462	83,385,130
Plus: Depreciation	11,663,659	12,123,783	12,594,625	13,080,362
Less: Capital expenditures	16,075,058	16,371,985	16,781,285	17,200,817
Cash flow	75,600,044	76,507,040	77,878,802	79,264,675
Discount factor @8%	0.0759	0.0703	0.0651	0.0603
Present value of cash flows	\$ 5,738,868	\$ 5,377,518	\$ 5,088,459	\$ 4,776,531
Present value—forecast period				
Remaining book value				
Remaining book value recapture				
Discount factor 8% @ end of year 37				
After-tax present value of recapture				
Present value—forecast period				
Present value—book value recapture				
Present value—total				
Present value (rounded)				
Comcast undivided interest				
Value of Comcast undivided interest				

(rounded)

Comcast undivided interest	50.0%
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Value of Comcast undivided interest	\$ 360,850,000
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Assumptions:

- 1) Electricity prices as per EIA less transmission and distribution cost.
- 2) Fuel prices as per EIA projections.
- 3) Operating expense at 20-25% of revenues.
- 4) Depreciation—20 year MACRS.
- 5) Capacity factor and plant heat rate as per management.

EXHIBIT C
LA CYGNE #2 POWER PLANT
RESIDUAL VALUE—CONSTANT DOLLARS

Price Inflators— 2.5% REUL—37 Years Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	26 2030	27 2031	28 2032	29 2033	30 2034	31 2015	32 2036	33 2037	34 2038	35 2039	36 2040	37 2041
Net operating capacity (MW)	674	674	674	674	674	674	674	674	674	674	674	674
Capacity factor	84%	83%	82%	81%	80.5%	80.0%	79.5%	79%	78.5%	78%	78%	78%
Hours operating per year	7338	7251	7164	7076	7032	6989	6945	6901	6858	6814	8814	6814
Total production (MWH)	4,945,974	4,887,093	4,828,212	4,769,332	4,739,892	4,710,451	4,681,011	4,651,571	4,622,130	4,592,690	4,592,690	4,592,690
Price (\$/MWH)	57.1	58.5	60.0	61.5	63.0	64.6	66.2	67.9	69.6	71.3	73.1	74.9
Total revenues	\$ 282,358,744	\$285,972,264	\$289,589,985	\$293,209,860	\$298,684,921	\$304,250,478	\$309,907,635	\$315,657,494	\$321,501,153	\$327,439,710	\$335,625,702	\$344,016,345
Fuel expenses: Coal												
Production (MWH)	4,945,974	4,887,093	4,828,212	4,769,332	4,739,892	4,710,451	4,681,011	4,651,571	4,622,130	4,592,690	4,592,690	4,592,690
Facility heat rate (Btu/KWH)	10,367	10,471	10,575	10,681	10,788	10,896	11,005	11,115	11,226	11,338	11,452	11,566
	51,274,910	51,171,139	51,060,166	50,941,856	51,133,674	51,324,234	51,513,492	51,701,403	51,887,921	52,072,999	52,593,729	53,119,666
Price (\$/MMBTU)	1.52	1.56	1.60	1.64	1.68	1.72	1.76	1.81	1.85	1.90	1.95	1.99
Total fuel expense	77,949,870	79,736,917	81,553,093	83,398,232	85,805,069	88,277,960	90,818,572	93,428,607	96,109,801	98,863,928	102,348,882	105,958,680
Total operating costs	67,766,099	71,493,066	72,397,496	73,302,465	74,671,230	76,062,620	77,476,909	78,914,374	80,375,288	81,859,927	83,906,426	86,004,086
Total expenses	145,715,968	151,229,983	153,950,590	156,700,697	160,476,299	164,340,580	168,295,481	172,342,980	176,485,089	180,723,856	186,255,307	191,960,765
EBITDA	136,642,776	134,742,281	135,639,396	136,509,163	138,208,621	139,909,898	141,812,154	143,314,514	145,016,064	146,715,854	149,370,395	152,055,579
Less: Depreciation	12,759,232	25,098,570	24,293,436	23,566,769	22,906,662	22,320,744	21,796,136	21,336,342	21,880,611	22,621,294	23,393,281	23,542,331
Pretax income	123,883,544	109,643,710	111,345,959	112,942,394	115,301,960	117,589,155	119,816,018	121,978,171	123,135,453	124,094,560	125,977,114	128,513,248
Income tax @40%	49,553,417	43,857,484	44,538,384	45,176,958	46,120,784	47,035,662	47,926,407	48,791,268	49,254,181	49,637,824	50,390,846	51,405,299
Net income	74,330,126	65,786,226	66,807,576	67,765,436	69,181,176	70,553,493	71,889,611	73,186,903	73,881,272	74,456,736	75,586,269	77,107,949
Plus: Depreciation	12,759,232	25,098,570	24,293,436	23,566,769	22,906,662	22,320,744	21,796,136	21,336,342	21,880,611	22,621,294	23,393,281	23,542,331
Less: Capital expenditures	14,117,937	14,298,613	14,479,499	14,660,493	14,934,246	15,212,524	15,495,382	15,782,875	16,075,058	16,371,985	16,781,285	17,200,817
Cash flow— inflated	72,971,421	76,586,184	76,621,513	76,671,712	77,153,591	77,661,712	78,190,365	78,740,370	79,686,825	80,706,044	82,198,264	83,449,462
Cash flow— uninflated	38,877,134	39,807,783	38,854,777	37,931,935	37,239,352	36,570,346	35,921,253	35,291,639	34,844,724	34,429,658	34,210,973	33,884,607
Discount factor @5.5%	0.9736	0.9228	0.8747	0.8291	0.7859	0.7449	0.7061	0.6693	0.6344	0.6013	0.5700	0.5403
Present value of cash flows	\$ 37,850,185	\$ 36,735,783	\$ 33,987,035	\$ 31,450,054	\$ 29,266,181	\$ 27,242,097	\$ 25,363,577	\$ 23,619,918	\$ 22,105,031	\$ 20,703,050	\$ 19,499,101	\$ 18,306,241
Present value— forecast period	\$ 326,128,253											
Remaining book value	228,644,780											
Remaining book value recapture	91,457,912											
Discount factor 5.5% @ end of year 32	0.526											
After-tax present value of recapture	48,106,862											
Present value— forecast period	326,128,253											
Present value— book value recapture	48,106,862											
Present value— total	374,235,114											
Present value (rounded)	\$ 374,200,000											
Comcast undivided interest	50.0%											
Value of Comcast undivided interest	\$ 187,100,000											
Assumptions:												
1) Electricity prices as per EIA less transmission and distribution cost.												
2) Fuel prices as per EIA projections.												
3) Operating expense at 20-25% of revenues.												

4) Depreciation—20 year MACRS.

5) Capacity factor and plant heat rate as per management.