

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM S-3  
REGISTRATION STATEMENT  
under  
THE SECURITIES ACT OF 1933

Western Resources, Inc.  
(Exact name of registrant as specified in its charter)

Kansas  
(State or other jurisdiction  
of incorporation or organization)  
818 Kansas Avenue  
Topeka, Kansas 66612  
(785) 575-6300  
(Address, including zip code, and telephone number, including  
area code, of principal executive offices)

48-0290150  
(I.R.S. Employer  
Identification No.)

Richard D. Terrill, Esq.  
Vice President, Law  
and Corporate Secretary  
Western Resources, Inc.  
818 Kansas Avenue  
Topeka, Kansas 66612  
(785) 575-6300

Steven L. Kitchen  
Executive Vice President and  
Chief Financial Officer  
Western Resources, Inc.  
818 Kansas Avenue  
Topeka, Kansas 66612  
(785) 575-6300

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

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

If the only securities being registered on this Form are being offered  
pursuant to dividend or interest reinvestment plans, please check the following  
box.

If any of the securities being registered on this Form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, other than securities offered only in connection with dividend or interest  
reinvestment plans, 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, please 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(c)  
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 delivery of the prospectus is expected to be made pursuant to Rule 434,  
please check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price*	Amount of registration fee
Debt Securities	\$800,000,000(1)	\$236,000

\* Estimated solely for the purpose of calculating the registration fee.  
(1) In no event will the aggregate initial offering price of all securities  
issued from time to time pursuant to this Registration Statement exceed  
\$800,000,000. If any such securities are issued at an original discount,  
then the aggregate initial offering price as so discounted shall not exceed  
\$800,000,000, notwithstanding that the stated principal amount of such  
securities may exceed such amount.

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 or until the Registration Statement shall become  
effective on such date as the Securities and Exchange Commission, acting  
pursuant to said Section 8(a), may determine.

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Western Resources, Inc. (the "Company") intends from time to time to issue up to \$800,000,000 aggregate principal amount of its senior, unsecured debt securities (the "Debt Securities"), in one or more series, on terms to be determined at the time or times of sale. At each time that Debt Securities (the "Offered Securities") are offered for which this Prospectus is being delivered, there will be an accompanying Prospectus Supplement (the "Prospectus Supplement") that sets forth the series designation, aggregate principal amount, maturity or maturities, rate or rates and times of payment of interest, redemption terms, any sinking fund terms, any conversion, exchange or put terms, and any other special terms of the Offered Securities. The Debt Securities will be offered as set forth under "Plan of Distribution." See "Description of Debt Securities."

The Debt Securities will be effectively subordinated to all secured debt of the Company, including its First Mortgage Bonds. The Debt Securities will also be structurally subordinated to all secured and unsecured indebtedness of the Company's subsidiaries.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is \_\_\_\_\_, 1998.

## FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Prospectus or in documents incorporated by reference herein 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 the Company "believes," "anticipates," "expects" or words of similar meaning. Forward-looking statements describe the Company's future plans, objectives, expectations or goals. Such statements address future events and conditions concerning, among other things, capital expenditures, earnings, litigation, rate and other regulatory matters, possible corporate restructurings, mergers, acquisitions, dispositions, liquidity and capital resources, interest and dividend rates, environmental matters, changing weather, nuclear operations and accounting matters. What happens in each case could vary materially from what the Company expects because of such matters including, without limitation, electric utility deregulation, including ongoing state and federal activities; future economic conditions; constraints on the availability of energy for purchase; legislative developments; the Company's regulatory and competitive markets; and other circumstances affecting anticipated operations, revenues and costs. See the Company's Form 10-K/A and the Form S-4 (each as defined below).

## AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy and information statements, and other information filed by the Company, can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at certain of its Regional Offices at 7 World Trade Center, 13th Floor, New York, N.Y. 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 and by accessing the Commission's Web site, <http://www.sec.gov>. Certain securities of the Company are listed on the New York Stock Exchange (the "NYSE"), and reports, proxy statements and other information concerning the Company can be inspected at the offices of the NYSE, 20 Broad Street, New York, N.Y. 10005. Kansas City Power & Light Company ("KCPL") has securities listed on the NYSE and on the Chicago Stock Exchange (the "CSE"). Because KCPL is also subject to the informational requirements of the 1934 Act and has securities listed on the NYSE, information concerning KCPL is available from the same sources as given above with respect to the Company. Furthermore, information concerning KCPL is available at the offices of the CSE, 440 South LaSalle Street, Chicago, Illinois 60605.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission are incorporated herein by reference as of their respective dates of filing and shall be deemed to be a part hereof:

1. The Company's Annual Report on Form 10-K/A (File No. 1-3523) for the year ended December 31, 1997 (the "Company's 1997 Form 10-K/A").
2. The Company's Quarterly Report on Form 10-Q (File No. 1-3523) for the quarter ended March 31, 1998.

3. The Company's Current Reports on Form 8-K (File No. 1-3523) filed January 5, 1998, March 23, 1998 and July 13, 1998 (the "Company's July 13, 1998 Form 8-K").

4. The Company's Registration Statement on Form S-4 (File No. 333-56369) (the "Form S-4").

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the 1934 Act after the date of this Prospectus and prior to the termination of this offering shall also be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this Prospectus (not including exhibits to such incorporated information that are not specifically incorporated by reference into such information). Requests for such copies should be directed to Richard D. Terrill, Esq., Secretary of the Company, 818 Kansas Avenue, Topeka, Kansas 66612, (785) 575-6300.

INFORMATION ON  
KANSAS CITY POWER & LIGHT COMPANY

While the Company has included or incorporated in this Prospectus by reference information concerning KCPL insofar as it is known or reasonably available to the Company, KCPL is not affiliated with the Company. Although the Company has no knowledge that would indicate that statements relating to KCPL contained or incorporated by reference in this Prospectus in reliance upon publicly available information are inaccurate or incomplete, the Company was not involved in the preparation of such information and statements and, for the foregoing reasons, is not in a position to verify any such information or statements. See "The Company."

## THE COMPANY

The Company's primary business activities are providing electric generation, transmission and distribution services to approximately 614,000 customers in Kansas; providing security alarm monitoring services to approximately 1.3 million customers located throughout the United States; providing natural gas transmission and distribution services to approximately 1.4 million customers in Oklahoma and Kansas through its ownership of a 45% equity interest in ONEOK Inc. ("ONEOK"); and investing in international power projects. Rate regulated electric service is provided by KPL, a division of the Company, and Kansas Gas and Electric Company ("KGE"), a wholly owned subsidiary. Security services are provided by Protection One, Inc. ("Protection One"), a publicly traded, approximately 85%-owned subsidiary. KGE owns 47% of Wolf Creek Nuclear Operating Corporation, the operating company for Wolf Creek Generating Station.

On February 7, 1997, the Company announced that it had entered into a merger agreement with KCPL, pursuant to which the Company will acquire KCPL. KCPL is a public utility engaged in the generation, transmission, distribution and sale of electricity to customers in western Missouri and eastern Kansas. On March 18, 1998, the Company and KCPL announced a restructuring of their February 7, 1997 merger agreement which will result in the formation of Westar Energy, Inc., a new electric company ("Westar Energy"). Under the terms of the merger agreement, the electric utility operations of the Company will be transferred to KGE, and KCPL and KGE will be merged into NKC, Inc., which will be renamed Westar Energy. Following the KCPL Acquisition, the Company will own approximately 80.1% of the issued and outstanding common stock of Westar Energy. The Company will be a holding company conducting all of its business through subsidiaries. In connection with the consummation of the KCPL Acquisition, up to \$1.9 billion of the outstanding indebtedness of the Company and KGE will be assumed by Westar Energy. The Debt Securities will not be assumed by Westar Energy and will remain the obligations of the Company and not any of its subsidiaries upon consummation of the KCPL Acquisition.

The Company was incorporated under the laws of the State of Kansas in 1924. The Company's principal executive offices are located at 818 Kansas Avenue, Topeka, Kansas 66612, and its telephone number is (785) 575-6300.

## USE OF PROCEEDS

Information concerning the use of proceeds from the sale of each series of the Debt Securities will be set forth in the Prospectus Supplement relating to such series.

## DESCRIPTION OF DEBT SECURITIES

The Debt Securities will be issued in one or more series under an Indenture (the "Indenture") between the Company and Bankers Trust Company, as Indenture Trustee, the form of which is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Indenture do not purport to be complete and are qualified in their entirety by express reference to the Indenture and the Securities Resolutions or the indentures supplemental thereto (copies of which have been or will be filed with the Commission). Capitalized terms used in this section without definition have the meanings given such terms in the Indenture.

## General

The Indenture does not limit the amount of Debt Securities that can be issued thereunder and provides that the Debt Securities may be issued from time to time in one or more series pursuant to the terms of one or more Securities Resolutions or supplemental indentures creating such series. As of the date of this Prospectus, there were no Debt Securities outstanding under the Indenture. The Debt Securities will be unsecured and will rank on a parity with all other senior, unsecured debt of the Company, but will rank junior to the Company's outstanding secured indebtedness. The Debt Securities will be senior to any indebtedness of the Company which by its terms is made subordinate to the Debt Securities. Although the Indenture provides for the possible issuance of Debt Securities in other forms or currencies, the only Debt Securities covered by this Prospectus will be Debt Securities denominated in U.S. dollars in registered form without coupons.

Substantially all of the fixed properties and franchises of the Company are subject to the lien of the Indenture of Mortgage and Deed of Trust, dated July 1, 1939, to Harris Trust and Savings Bank, as Trustee, as supplemented and amended, under which the Company's First Mortgage Bonds are outstanding (the "Mortgage"). Following consummation of the KCPL Acquisition, the Company's First Mortgage Bonds will be assumed by Westar Energy and substantially all of the fixed properties and franchises of Westar Energy will be subject to the lien of the Mortgage.

## Terms

Reference is made to the Prospectus Supplement for the following terms, if applicable, of the Debt Securities offered thereby: (1) the designation, aggregate principal amount, currency or composite currency and denominations; (2) the price at which such Debt Securities will be issued and, if an index formula or other method is used, the method for determining amounts of principal or interest; (3) the maturity date and other dates, if any, on which principal will be payable; (4) the interest rate (which may be fixed or variable), if any; (5) the date or dates from which interest will accrue and on which interest will be payable, and the record dates for the payment of interest; (6) the manner of paying principal and interest; (7) the place or places where principal and interest will be payable; (8) the terms of any mandatory or optional redemption by the Company or any third party including any sinking fund; (9) the terms of any conversion or exchange; (10) the terms of any redemption at the option of Holders or put by the Holders; (11) any tax indemnity provisions; (12) if the Debt Securities provide that payments of principal or interest may be made in a currency other than that in which Debt Securities are denominated, the manner for determining such payments; (13) the portion of principal payable upon acceleration of a Discounted Security (as defined below); (14) whether and upon what terms Debt Securities may be defeased; (15) any events of default or covenants in addition to or in lieu of those set forth in the Indenture; (16) provisions for electronic issuance of Debt Securities or for Debt Securities in uncertificated form; and (17) any additional provisions or other special terms not inconsistent with the provisions of the Indenture, including any terms that may be required or advisable under United States or other applicable laws or regulations, or advisable in connection with the marketing of the Debt Securities. (Section 2.01)

Debt Securities of any series may be issued as registered Debt Securities, bearer Debt Securities or uncertificated Debt Securities, and in such denominations as specified in the terms of the series. (Section 2.01)

In connection with its original issuance, no bearer Security will be offered, sold or delivered to any location in the United States, and a bearer Security in definitive form may be delivered in connection with its original issuance only upon presentation of a certificate in a form prescribed by the Company to comply with United States laws and regulations. (Section 2.04)

Registration of transfer of registered Debt Securities may be requested upon surrender thereof at any agency of the Company maintained for that purpose and upon fulfillment of all other requirements of the agent. (Sections 2.03 and 2.07)

Securities may be issued under the Indenture as Discounted Debt Securities to be offered and sold at a substantial discount from the principal amount thereof. Special United States federal income tax and other considerations applicable thereto will be described in the Prospectus Supplement relating to such Discounted Debt Securities. "Discounted Debt Security" means a Security where the amount of principal due upon acceleration is less than the stated principal amount. (Section 2.10)

#### Certain Covenants

Any covenants which may apply to a particular series of Debt Securities will be described in the Prospectus Supplement relating thereto.

#### Successor Obligor

The Indenture provides that, unless otherwise specified in the Securities Resolution establishing a series of Debt Securities, the Company shall not consolidate with or merge into, or transfer all or substantially all of its assets to, any person in any transaction in which the Company is not the survivor, unless: (1) the person is organized under the laws of the United States or a State thereof or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a State thereof; (2) the person assumes by supplemental indenture all the obligations of the Company under the Indenture, the Debt Securities and any coupons; (3) all required approvals of any regulatory body having jurisdiction over the transaction shall have been obtained; and (4) immediately after the transaction no Default (as defined) exists. The successor shall be substituted for the Company, and thereafter all obligations of the Company under the Indenture, the Debt Securities and any coupons shall terminate. (Section 5.01)

#### Exchange of Debt Securities

Registered Debt Securities may be exchanged for an equal aggregate principal amount of registered Debt Securities of the same series and date of maturity in such authorized denominations as may be requested upon surrender of the registered Debt Securities at an agency of the Company maintained for such purpose and upon fulfillment of all other requirements of such agent. (Section 2.07)

#### Default and Remedies

Unless the Securities Resolution establishing the series otherwise provides (in which event the Prospectus Supplement will so state), an "Event of Default" with respect to a series of Debt Securities will occur if:

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

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

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

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

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

(A) commences a voluntary case,

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

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

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

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

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

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

(C) orders the liquidation of the Company,

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

(7) there occurs any other Event of Default provided for in such series. (Section 6.01)

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or a similar official under any Bankruptcy Law. (Section 6.01)



"Default" means any event which is, or after notice or passage of time would be, an Event of Default. A Default under subparagraph (4) above is not an Event of Default until the Trustee or the Holders of at least 33-1/3% in principal amount of the series notify the Company of the Default and the Company does not cure the Default within the time specified after receipt of the notice. (Section 6.01) The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Debt Securities of the series. (Section 7.01) Subject to certain limitations, Holders of a majority in principal amount of the Debt Securities of the series may direct the Trustee in its exercise of any trust or power with respect to such series. (Section 6.05) Except in the case of Default in payment on a series, the Trustee may withhold from Securityholders of such series notice of any continuing Default (except a Default in payment of principal, premium or interest) if the Trustee determines that withholding notice is in the interest of such Securityholders. (Section 7.04) The Company is required to furnish the Trustee annually a brief certificate as to the Company's compliance with all conditions and covenants under the Indenture. (Section 4.04)

The failure to redeem any Debt Securities subject to a Conditional Redemption (as defined in the Indenture) is not an Event of Default if any event on which such redemption is so conditioned does not occur and is not waived before the scheduled redemption date. (Section 6.01)

The Indenture does not have a cross-default provision. Thus, a default by the Company on any other debt, including any other series of Debt Securities, would not constitute an Event of Default.

#### Amendments and Waivers

The Indenture and the Debt Securities or any coupons of the series may be amended, and any default may be waived as follows: Unless the Securities Resolution otherwise provides (in which event the Prospectus Supplement will so state), the Debt Securities and the Indenture may be amended with the consent of the Holders of a majority in principal amount of the Debt Securities of all series affected voting as one class. (Section 10.02) Unless the Securities Resolution otherwise provides (in which event the Prospectus Supplement will so state), a Default on a particular series may be waived with the consent of the Holders of a majority in principal amount of the Debt Securities of the series. (Section 6.04) However, without the consent of each Securityholder affected, no amendment or waiver may (1) reduce the amount of Debt Securities whose Holders must consent to an amendment or waiver, (2) reduce the interest on or change the time for payment of interest on any Debt Security, (3) change the fixed maturity of any Debt Security, (4) reduce the principal of any non-Discounted Security or reduce the amount of the principal of any Discounted Debt Security that would be due on acceleration thereof, (5) change the currency in which the principal or interest on a Debt Security is payable, (6) make any change that materially adversely affects the right to convert any Debt Security, or (7) waive any Default in payment of interest on or principal of a Debt Security. (Sections 6.04 and 10.02) Without the consent of any Securityholder, the Indenture or the Debt Securities may be amended: to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders in the event of a merger or consolidation requiring such assumption; to provide that specific provisions of the Indenture shall not apply to a series of Debt Securities not previously issued; to create a series and establish its terms; to provide for a separate Trustee for one or more series; or to make any change that does not materially adversely affect the rights of any Securityholder. (Section 10.01)

## Legal Defeasance and Covenant Defeasance

Debt Securities of a series may be defeased in accordance with their terms and, unless the Securities Resolution establishing the terms of the series otherwise provides, as set forth below. The Company at any time may terminate as to a series all of its obligations (except for certain obligations, including obligations with respect to the defeasance trust and obligations to register the transfer or exchange of a Debt Security, to replace destroyed, lost or stolen Debt Securities and coupons and to maintain paying agencies in respect of the Debt Securities) with respect to the Debt Securities of the series and any related coupons and the Indenture ("legal defeasance"). The Company at any time may terminate as to a series its obligations with respect to any restrictive covenants which may be applicable to a particular series ("covenant defeasance").

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, a series may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, a series may not be accelerated by reference to any covenant which may be applicable to a series. (Section 8.01)

To exercise either defeasance option as to a series, the Company must (i) irrevocably deposit in trust (the "defeasance trust") with the Trustee or another trustee money or U.S. Government Obligations, deliver a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due on the deposited U.S. Government Obligations, without reinvestment, plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay the principal and interest when due on all Debt Securities of such series to maturity or redemption, as the case may be, and (ii) comply with certain other conditions. In particular, the Company must obtain an opinion of tax counsel that the defeasance will not result in recognition of any gain or loss to holders for Federal income tax purposes. "U.S. Government Obligations" means direct obligations of the United States or any agency or instrumentality of the United States, the payment of which is unconditionally guaranteed by the United States, which, in either case, have the full faith and credit of the United States pledged for payment and which are not callable at the issuer's option, or certificates representing an ownership interest in such obligations. (Section 8.02)

### Regarding the Trustee

Bankers Trust Company will act as Indenture Trustee and Registrar for Debt Securities issued under the Indenture and, unless otherwise indicated in a Prospectus Supplement, the Indenture Trustee will also act as Transfer Agent and Paying Agent with respect to the Debt Securities. (Section 2.03) The Company may remove the Indenture Trustee with or without cause if the Company so notifies the Indenture Trustee three months in advance and if no Default occurs during the three-month period. (Section 7.07) The Indenture Trustee provides services for the Company and certain affiliates, as a depository of funds, registrar, trustee under other indentures and similar services.

## BOOK-ENTRY

The Depository Trust Company ("DTC") will act as securities depository for the Debt Securities. The Debt Securities will be issued only as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered global certificates will be issued for the Debt Securities representing the aggregate principal amount of the Debt Securities and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the 1934 Act. DTC holds securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the NYSE, the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants," and together with the Direct Participants, the "Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of the Debt Securities within the DTC system must be made by or through Direct Participants, which will receive a credit for the Debt Securities on DTC's records. The ownership interest of each actual purchaser of each Debt Security (a "Beneficial Owner") will in turn be recorded on the Direct and Indirect Participants' respective records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Debt Securities will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Debt Securities except in the event that use of the book-entry system for the Debt Securities is discontinued.

The laws of some jurisdictions may require that certain purchasers of the Debt Securities take physical delivery of such Debt Securities in definitive form. Accordingly, the ability to transfer interests in the Debt Securities represented by a global certificate to such persons may be limited. In addition, because DTC can act only on behalf of its Participants, which in turn act on behalf of persons who hold interests through the Participants, the ability of a person having an interest in the Debt Securities represented by a global certificate to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive certificate in respect of such interest.

The deposit of the Debt Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Debt Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Debt Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other direct communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the Debt Securities of an issue are being redeemed, DTC's practice will determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Debt Securities. Under its usual procedures, DTC mails an omnibus proxy (an "Omnibus Proxy") to the Participants as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Debt Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest on the Debt Securities will be paid to DTC. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to Beneficial Owners 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 such Participant and not of DTC, the underwriters or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to DTC is the responsibility of the Company or the Indenture Trustee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Debt Securities at any time by giving reasonable notice to the Company. Under such circumstances and in the event that a successor securities depository is not obtained, certificates for the Debt Securities are required to be printed and delivered. In addition, the Company may decide to discontinue use of the system of book-entry transfers through DTC (or any successor securities depository). In that event, certificates for the Debt Securities will be printed and delivered.

The Company will not have any responsibility or obligation to Participants or to the persons for whom they act as nominees with respect to the accuracy of the records of DTC, its nominees or any Direct or Indirect Participant with respect to any ownership interest in the Debt Securities, or with respect to payments or providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners.

So long as Cede & Co. is the registered owner of the Debt Securities, as nominee of DTC, references herein to holders of the Debt Securities shall mean Cede & Co. or DTC and shall not mean the Beneficial Owners of the Debt Securities.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. None of the Company, the Indenture Trustee or the underwriters take any responsibility for the accuracy or completeness thereof.

#### PLAN OF DISTRIBUTION

The Company may sell Debt Securities in any of the following ways: (i) through one or more underwriters or dealers; (ii) directly to one or more purchasers; or (iii) through agents. The applicable Prospectus Supplement will set forth the terms of the offering of any Debt Securities, including the names of any underwriters or agents, the purchase price of such Debt Securities and the proceeds to the Company from such sale, any underwriting discounts and other items constituting underwriters' compensation, any initial public offering price, any discounts or concessions allowed or reallocated or paid to dealers and any securities exchanges on which such Debt Securities may be listed.

If one or more underwriters are used in the sale, Debt Securities will be acquired by them for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Such Debt Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or by one or more underwriters without a syndicate. Unless otherwise set forth in the applicable Prospectus Supplement, the obligations of underwriters to purchase such Debt Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of such Debt Securities if any of such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time. Only underwriters named in a Prospectus Supplement are deemed to be underwriters in connection with the Debt Securities offered thereby.

Debt Securities may also be sold directly by the Company or through agents designated by the Company from time to time. Any agent involved in the offer or sale of Debt Securities will be named, and any commissions payable by the Company to such agent will be set forth in the applicable Prospectus Supplement. Unless otherwise indicated in the applicable Prospectus Supplement, any such agent will act on a best efforts basis for the period of its appointment.

If so indicated in a Prospectus Supplement with respect to Debt Securities, the Company will authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase such Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for payment and delivery on the date or dates stated in the Prospectus Supplement. Each Contract will be for an amount not less than, and the aggregate principal amount of the Debt Securities sold pursuant to the Contracts shall be not less nor more than, the respective amounts stated in the Prospectus Supplement. Institutions with whom the Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to the approval of the Company. The Con-

tracts will not be subject to any conditions except that (i) the purchase by an institution of the Debt Securities covered by its Contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject, and (ii) if the Debt Securities are being sold to underwriters, the Company shall have sold to such underwriters the total principal amount of the Debt Securities less the principal amount thereof covered by the Contracts. The underwriters will not have any responsibility in respect of the validity or performance of the Contracts.

If dealers are utilized in the sale of any Debt Securities, the Company will sell such Debt Securities to the dealers, as principal. Any dealer may then resell such Debt Securities to the public at varying prices to be determined by such dealer at the time of resale. The name of any dealer and the terms of the transaction will be set forth in the Prospectus Supplement with respect to such Debt Securities being offered thereby.

It has not been determined whether any series of Debt Securities will be listed on a securities exchange. Underwriters will not be obligated to make a market in any series of Securities. The Company cannot predict the level of trading activity in, or the liquidity of, any series of Debt Securities.

Any underwriters, dealers or agents participating in the distribution of Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions under the Securities Act of 1933. Agents and underwriters may be entitled under agreements entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under the Securities Act of 1933, or to contribution with respect to payments that the agents or underwriters may be required to make in respect thereof. Agents and underwriters may be customers of, engaged in transactions with, or perform services for, the Company or its affiliates in the ordinary course of business.

#### LEGAL OPINIONS

The statements as to matters of law and legal conclusions (except matters relating to KCPL and the Internal Revenue Code of 1986, as amended) set forth in this Prospectus and in the documents incorporated by reference herein have been reviewed by Richard D. Terrill, Esq., Vice President, Law and Corporate Secretary of the Company, and are set forth or incorporated herein in reliance upon the opinion of Mr. Terrill. At July 21, 1998, Mr. Terrill owned directly and/or beneficially 1,519 shares of Common Stock of the Company and had been granted, pursuant to and subject to the terms of the Company's long-term incentive program, stock options exercisable for 8,000 shares of Common Stock of the Company.

Certain legal matters in connection with the Debt Securities will be passed upon by Mr. Terrill, by Cahill Gordon & Reindel, a partnership including a professional corporation, counsel for the Company, and by Sidley & Austin, counsel for the underwriters, dealers, purchasers or agents. Cahill Gordon & Reindel and Sidley & Austin will not pass upon the incorporation of the Company and will rely upon the opinion of Mr. Terrill as to matters of Kansas law.

#### EXPERTS

The consolidated financial statements of Western Resources, Inc. incorporated by reference in this Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

The financial statements included in KCPL's Annual Report on Form 10-K for the year ended December 31, 1997 incorporated by reference in this Prospectus and in the Registration Statement as an exhibit to the Company's July 13, 1998 Form 8-K, have been audited by Pricewaterhouse Coopers LLP, independent accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein, in reliance upon the authority of said firm as experts in giving said reports.

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No person is authorized to give any information or to make any representations other than those contained in this Prospectus, including any Prospectus Supplement in connection with the offer of the Debt Securities, and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy such securities in any circumstance in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained or incorporated by reference herein is correct as of any time subsequent to the date of this Prospectus.

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Western Resources, Inc.

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PROSPECTUS

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Debt Securities

, 1998

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PART II  
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

An estimate of expenses, other than underwriting discount, follows:

Securities and Exchange Commission registration fee.....	\$236,000
Trustee's fees and expenses.....	15,000
Printing.....	80,000
Legal fees and expenses .....	175,000
Accountants' fees and expenses.....	75,000
Rating agencies fees.....	350,000
Miscellaneous expenses.....	20,000
 Total .....	 \$951,000*
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\* All expenses, except the Securities and Exchange Commission registration fee, are estimated.

Item 15. Indemnification of Directors and Officers.

Article XVIII of the Registrant's Restated Articles of Incorporation, as amended, provides that a director of the Registrant shall not be personally liable to the Registrant 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. Article XVIII of the Company's Restated Articles of Incorporation, as amended, requires the Company to indemnify its directors and officers to the fullest extent provided by Kansas law. Further, as is provided for in Article XVIII the Company has entered into indemnification agreements with its directors, which provide indemnification broader than that available under Article XVIII and the Indemnification Statute.

The Standard Purchase Agreement filed as Exhibit 1 to the Registration Statement includes provisions requiring underwriters to indemnify the Company as well as its directors and officers who signed this Registration Statement, as well as its controlling persons, against certain civil liabilities, including liabilities under the Securities Act of 1933, in certain circumstances.

Item 16. Exhibits.

The Exhibits to this Registration Statement are listed in the Exhibit Index on Page E-1 of this Registration Statement, which Index is incorporated herein by reference.

Item 17. Undertakings.

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;

(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;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the Registration Statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment that contains a form of prospectus 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.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of Registrant's annual report pursuant to Section 13(a) or 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.

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 provisions described under Item 15 above, 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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Western Resources, Inc., the Registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunder duly authorized, in the City of Topeka, State of Kansas on the 22d day of July, 1998.

WESTERN RESOURCES, INC.  
(Registrant)

By: /s/ John E. Hayes, Jr.  
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John E. Hayes, Jr.  
Chairman of the Board

Each person whose signature appears below appoints John E. Hayes, Jr., David C. Wittig, Steven L. Kitchen and Richard D. Terrill and each of them, any of whom may act without the joinder of the other, as 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 on Form S-3 and to file the same, with all exhibits thereto and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ John E. Hayes, Jr. ----- John E. Hayes, Jr.	Chairman of the Board	July 22, 1998
/s/ David C. Wittig ----- David C. Wittig	President and Chief Executive Officer (Principal Executive Officer)	July 22, 1998
/s/ Steven L. Kitchen ----- Steven L. Kitchen	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	July 22, 1998

/s/ Frank J. Becker ----- Frank J. Becker	Director	July 22, 1998
/s/ C.Q. Chandler ----- C. Q. Chandler	Director	July 22, 1998
/s/ Thomas R. Clevenger ----- Thomas R. Clevenger	Director	July 22, 1998
/s/ John C. Dicus ----- John C. Dicus	Director	July 22, 1998
/s/ David H. Hughes ----- David H. Hughes	Director	July 22, 1998
/s/ Russell W. Meyer, Jr. ----- Russell W. Meyer, Jr.	Director	July 22, 1998
/s/ Louis W. Smith ----- Louis W. Smith	Director	July 22, 1998

INDEX TO EXHIBITS

Exhibit Number -----	Exhibit -----	Sequentially Numbered Page -----
1	-- Standard Purchase Agreement (1)	
2	-- Agreement and Plan of Merger between Western Resources, Inc., Kansas Gas and Electric Company, NKC, Inc. and Kansas City Power & Light Company, dated as of March 18, 1998 (2)	
4(a)	-- Form of Indenture for Debt Securities (1)	
4(b)	-- Form of Securities Resolution (1)	
5	-- Opinion of Richard D. Terrill, Esq. (1)	
12	-- Computation of Ratio of Earnings to Fixed Charges (2)	
23(a)	-- Consent of Richard D. Terrill, Esq. (contained in Exhibit 5) (1)	
23(b)	-- Consent of Arthur Andersen LLP (1)	
23(c)	-- Consent of Pricewaterhouse Coopers LLP(1)	
24	-- Power of Attorney (set forth on the signature page of this Registration Statement)	
25	-- Statement of Eligibility of Trustee regarding Form of Indenture of Debt Securities(1)	

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(1) Filed herewith.

(2) Incorporated by reference to exhibits previously filed with the Commission  
as follows:

Exhibit Number In this Registration Statement	Former Exhibit Reference	File Reference
2	99	Form 8-K, dated March 23, 1998**
12	12	Form 10-Q, Quarter ended March 31, 1998**

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(\* ) Registration Statements under the Securities Act of 1933.

(\*\* ) File No. 1-3523 under the 1934 Act .

WESTERN RESOURCES, INC.  
DEBT SECURITIES  
STANDARD PURCHASE PROVISIONS  
INCLUDING  
FORM OF PURCHASE AGREEMENT

WESTERN RESOURCES, INC.  
STANDARD PURCHASE PROVISIONS

From time to time, Western Resources, Inc., a corporation organized and existing under the laws of the State of Kansas (the "Company") may enter into purchase agreements that provide for the sale of designated securities to the purchaser or purchasers named therein. The standard provisions set forth herein may be incorporated by reference in any such purchase agreement (the "Purchase Agreement"). The Purchase Agreement, including the provisions incorporated therein by reference, is herein sometimes referred to as "this Agreement." The term "Debt Securities" shall mean the Debt Securities of the Company to be sold by the Company pursuant to the applicable Purchase Agreement. Unless otherwise defined herein, terms defined in the Purchase Agreement are used herein as therein defined.

The Company has filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively called the "Act"), with the Securities and Exchange Commission (the "Commission"), a registration statement on Form S-3 (including a prospectus), relating to the Debt Securities, which pursuant to Item 12 of Form S-3 incorporates by reference documents which the Company and others have filed in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively called the "Exchange Act") relating to the Company or other companies involved in transactions involving the Company. Such registration statement has been declared effective by the Commission. Promptly upon the execution of this Agreement, the Company will prepare a prospectus supplement relating to the Debt Securities (the "Prospectus Supplement"). The Company has furnished to you, for use by the Underwriters (as defined herein) and dealers, copies of one or more preliminary prospectuses and the documents so incorporated therein (each thereof, including the documents so incorporated therein, is herein called the "Preliminary Prospectus").

1. Introductory. The Company proposes to issue and sell from time to time Debt Securities registered under the Registration Statement. The Debt Securities will be issued pursuant to the Indenture (the "Indenture"), dated August [ ], 1998, between the Company and [ ], as Indenture Trustee (the "Indenture Trustee"), as supplemented, including by a

supplemental indenture pertaining to the particular series of Debt Securities involved in the offering, and will have varying designations, interest rates and times of payment of any interest, maturities, redemption, put and call provisions and other terms, including, if specified with respect to a series, with all such terms for any particular series of the Debt Securities being determined at the time of the sale and set forth in the Purchase Agreement and the Prospectus Supplement relating to such series of Debt Securities. The Debt Securities involved in any such offering are hereinafter referred to as the "Purchased Debt Securities," and the firm or firms, as the case may be, which agree to purchase the same are hereinafter referred to as the "Underwriters" of the Purchased Debt Securities. The terms "you" and "your" refer to those Underwriters who sign the Purchase Agreement either on behalf of themselves only or on behalf of themselves and as representatives of the several Underwriters named in Schedule A thereto, as the case may be. Purchased Debt Securities to be purchased by Underwriters are herein referred to as "Underwriters' Debt Securities," and any Purchased Debt Securities to be purchased pursuant to Delayed Delivery Contracts (as defined below) as hereinafter provided are herein referred to as "Contract Debt Securities."

2. Delivery and Payment. The Company will deliver the Underwriters' Debt Securities to you for the accounts of the Underwriters at the place specified in the Purchase Agreement, against payment of the purchase price by certified or bank cashier's check in same day or New York Clearing House funds (as agreed to by the parties and specified in the Purchase Agreement) drawn to the order of the Company, at the time set forth in this Agreement or at such other time not later than seven full business days thereafter as you and the Company determine, such time being herein referred to as the "time of purchase." Unless otherwise provided for in the Purchase Agreement, the Underwriters' Debt Securities so to be delivered will be in definitive fully registered form registered in such authorized denominations and in such names as you request in writing not later than 10:00 A.M.,\* on the third business day prior to the time of purchase, or, if no such request is received, in the names of the respective Underwriters in the amounts agreed to be purchased by them pursuant to this Agreement. For the purpose of expediting the checking of the Under-

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\* Times mentioned herein are New York City Time.



writers' Debt Securities, the Company agrees to make the Underwriters' Debt Securities available to you (at the place specified in the Purchase Agreement) in definitive form not later than 10:00 A.M. on the first business day preceding the time of purchase.\*

If any Purchase Agreement provides for sales of Purchased Debt Securities pursuant to delayed delivery contracts, the Company authorizes the Underwriters to solicit offers to purchase Contract Debt Securities pursuant to delayed delivery contracts substantially in the form of Schedule I attached hereto (the "Delayed Delivery Contracts") with such changes therein as the Company may approve. Delayed Delivery Contracts are to be with institutional investors, including commercial and savings banks, insurance companies, pension funds, investment companies, and educational and charitable institutions. At the time of purchase the Company will pay you as compensation, for the accounts of the Underwriters, the compensation set forth in such Purchase Agreement in respect of the principal amount of Contract Debt Securities. The Underwriters will not have any responsibility in respect of the validity or the performance of Delayed Delivery Contracts. If the Company executes and delivers Delayed Delivery Contracts, the Contract Debt Securities shall be deducted from the Purchased Debt Securities to be purchased by the several Underwriters and the aggregate principal amount of Purchased Debt Securities to be purchased by each Underwriter shall be reduced pro rata in proportion to the principal amount of Purchased Debt Securities set forth opposite each Underwriter's name in such Purchase Agreement, except to the extent that you determine that such reduction shall be otherwise allocated and so advise the Company.

3. Certain Covenants of the Company. The Company agrees:

(a) As soon as possible after the execution and delivery of this Agreement to file the Prospectus with the Commission pursuant to its Rule 424 under the Act and, if and when required at any time after such execution and delivery, to file amendments to the applications the Company has previously filed with any state regulatory agencies

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\* As used herein, "business day" shall mean a day on which the New York Stock Exchange is open for trading.

having jurisdiction over the Company's issuance of its securities setting forth, among other things, the necessary information with respect to the price and terms of the offering of the Purchased Debt Securities;

(b) To file no amendment or supplement to the Registration Statement or Prospectus subsequent to the execution of this Agreement to which you object in writing unless, in the opinion of counsel to the Company, such filing is required by law;

(c) To furnish such proper information as may be required and otherwise to cooperate in qualifying the Purchased Debt Securities for sale under the laws of such jurisdictions as you may designate and in determining their eligibility for investment under the laws of such jurisdictions; provided that the Company shall not hereby be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(d) To the extent not previously furnished to you, to furnish to you two signed copies of the Registration Statement, as initially filed with the Commission, of all amendments thereto, and of all documents incorporated by reference therein (including all exhibits filed therewith, other than exhibits which have previously been furnished to you and exhibits incorporated by reference in such documents), and to furnish to you sufficient unsigned copies of the foregoing (other than exhibits) for distribution of a copy to you and to each of the other Underwriters (if any);

(e) To deliver to the Underwriters without charge as soon as practicable after the execution and delivery of this Agreement and thereafter from time to time to furnish to the Underwriters, without charge, as many copies of the Prospectus in final form and any documents incorporated by reference therein at or after the date thereof (and of the Registration Statement as amended or supplemented, if the Company shall have made any amendment or supplement after the effective date of the Registration Statement) as you or the respective Underwriters may reasonably request for the purposes contemplated by the Act;

(f) To advise you promptly (confirming such advice in writing) of any official request made by the Commission for amendments to the Registration Statement or Prospectus or for additional information with respect thereto, or of

official notice of institution of proceedings for, or the entry of, a stop order suspending the effectiveness of the Registration Statement and, if such a stop order should be entered by the Commission, to make every reasonable effort to obtain the lifting or removal thereof as soon as possible, or of the suspension of qualification of the Purchased Debt Securities for offering or sale in any jurisdiction or of the initiation or threatening of any proceeding for any such purpose;

(g) To advise the Underwriters of the happening of any event known to the Company within the time during which a prospectus relating to the Purchased Debt Securities is required to be delivered under the Act which, in the judgment of the Company, would require the making of any change in the Prospectus or any amended or supplemented Prospectus or in the information incorporated by reference therein so that as thereafter delivered to purchasers such Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and on request to prepare and furnish to the Underwriters and to dealers and other persons designated by you such amendments or supplements (including appropriate filings under the Exchange Act) to the Prospectus as may be necessary to reflect any such change, provided that the Company shall be so obligated subsequent to the time of purchase only so long as the Company is notified of unsold allotments (failure by the Underwriters to so notify the Company cancels the Company's obligation under this Section 3(g));

(h) As soon as practicable, to make generally available to its security holders an earnings statement (as contemplated by Rule 158 under the Act) covering a period of twelve months after the effective date (as the term "effective date" is defined in Rule 158) of the Registration Statement;

(i) To pay the reasonable fees and expenses of counsel for the Underwriters, and to reimburse the Underwriters for their reasonable out-of-pocket expenses incurred in contemplation of the performance of this Agreement, in the event that the Underwriters' Debt Securities are not delivered to and taken up and paid for by the Underwriters hereunder for any reason whatsoever except the failure or refusal of any Underwriter to take up and pay for Under-

writers' Debt Securities for some reason not permitted by the terms of this Agreement, the Underwriters agreeing to pay the fees and expenses of counsel for the Underwriters in any other event;

(j) To pay all expenses, fees and taxes (other than transfer taxes and fees and disbursements of counsel for the Underwriters, except as set forth under 3(i) above or (iv) below) in connection with (i) the preparation and filing of the Registration Statement, each Preliminary Prospectus and the Prospectus, any documents incorporated by reference therein at or after the date thereof and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to the Underwriters and to dealers, (ii) the issue, sale and delivery of the Purchased Debt Securities, (iii) the printing and reproduction of this Agreement and the opinions and letters referred to in Section 4(a) hereof, (iv) the qualification of the Purchased Debt Securities for sale and determination of their eligibility for investment under state laws as aforesaid, including the legal fees (not to exceed \$3,000) and all filing fees and disbursements of counsel for the Underwriters and all other filing fees, and the printing and furnishing of copies of the "Blue Sky Survey" and the "Legal Investment Survey" to the Underwriters and to dealers, (v) the rating of the Purchased Debt Securities by national rating agencies and (vi) the performance of the Company's other obligations hereunder;

(k) To cause the Indenture to be duly authorized by the Company and to be registered under the Trust Indenture Act of 1939, as amended;

(l) To furnish to the Underwriters, at or before the time of filing with the Commission subsequent to the effective date of the Registration Statement and prior to the termination of the distribution of the Purchased Debt Securities, a copy of any document proposed to be filed by the Company pursuant to Section 13(a), 13(d), 14 or 15(d) of the Exchange Act; and

(m) During the period beginning from the date of this Agreement and continuing to and including the later of (i) the termination of trading restrictions on the Purchased Debt Securities, as notified to the Company by the Underwriters, and (ii) the time of purchase, the Company will not offer, sell, contract to sell or otherwise dispose of any debt securities of the Company which mature

more than one year after the time of purchase and which are substantially similar to the Purchased Debt Securities, without the Underwriters' prior written consent; provided, however, that in no event shall the foregoing period extend more than fifteen calendar days from the date of this Agreement.

4. Conditions of Underwriters' Obligations. The several obligations of the Underwriters hereunder are subject to the following conditions:

(a) That, at the time of purchase, you shall receive the signed opinions of Richard D. Ternill, Esq., Vice President, Law and Corporate Secretary of the Company; Cahill Gordon & Reindel, counsel for the Company; and Sidley & Austin, counsel for the Underwriters, in each case substantially in the forms heretofore furnished to you and in substance satisfactory to you, addressed to the Underwriters (with reproduced or conformed copies thereof for each of the other Underwriters); and that, at the time of purchase, you shall receive the signed letter of Arthur Andersen & Co., independent public accountants of the Company, and the signed letter of Coopers & Lybrand L.L.P., independent public accountants of Kansas City Power & Light Company ("KCPL"), each substantially in the form heretofore furnished to you and in substance satisfactory to you addressed to the Underwriters (with reproduced or conformed copies thereof for each of the other Underwriters);

(b) That all orders, approvals or consents of state or federal regulatory commissions necessary to permit the issue, sale and delivery of the Purchased Debt Securities shall have been issued; at the time of purchase such orders shall be in full force and effect; and prior to such time of purchase no stop order with respect to the effectiveness of the Registration Statement shall have been issued under the Act by the Commission and at such time of purchase no proceedings therefor shall be pending or threatened;

(c) That, at the time the Registration Statement became effective, the Registration Statement did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus at its issue date and at the time of purchase shall not contain an untrue statement of a material

fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, other than any statement contained in, or any matter omitted from, the Registration Statement or the Prospectus in reliance upon, and in conformity with, information furnished in writing by or on behalf of any Underwriter through you to the Company expressly for use with reference to such Underwriter in the Registration Statement or Prospectus and other than information with respect to KCPL contained or incorporated by reference in the Registration Statement and Prospectus and filings made by KCPL and incorporated by reference in the Registration Statement and Prospectus;

(d) That, subsequent to the respective dates as of which information is given in the Registration Statement and in the Prospectus, at the time the Prospectus is first filed pursuant to Rule 424 under the Act, and prior to the time of purchase, in your opinion no material adverse change in the condition of the Company, financial or otherwise, shall have taken place (other than as referred to in or contemplated by the Registration Statement and Prospectus as of such time) which, in the reasonable judgment of the Underwriters, is sufficiently material and adverse so as to render it impractical or inadvisable to offer or deliver the Purchased Debt Securities on the terms and in the manner contemplated in the Prospectus;

(e) That the Company shall have performed all of its obligations under this Agreement which are to be performed by the terms hereof at or before the time of purchase;

(f) That the Company shall, at the time of purchase, deliver to you (with reproduced or conformed copies thereof for each of the other Underwriters) a signed certificate of two of its executive officers stating that, subsequent to the respective dates as of which information is given in the Registration Statement and in the Prospectus, at the time the Prospectus is first filed pursuant to Rule 424 under the Act, and prior to the time of purchase, no material adverse change in the condition of the Company, financial or otherwise, shall have taken place (other than as referred to in or contemplated by the Registration Statement and Prospectus as of such time) and also covering the matters set forth in (c) and (e) of this Section 4;

(g) That the Company shall have accepted Delayed Delivery Contracts in any case in which sales of Contract Debt Securities arranged by the Underwriters have been approved by the Company; and

(h) That subsequent to the date of this Agreement: (i) no downgrading shall have occurred in the rating accorded the Company's Debt Securities by a "nationally recognized securities rating organization," as that term is defined by the Commission for purposes of its Rule 436(g)(2); and (ii) no such rating organization shall have announced publicly subsequent to the date of this Agreement that it has placed, or informed the Company or the Underwriters that it intends to place, any of the Debt Securities on what is commonly referred to as a "watchlist" for possible downgrading, in a manner or to an extent indicating a materially greater likelihood of a downgrading as described in clause (i) above occurring than was the case as of the date hereof.

5. Termination of Agreement. The obligations of the several Underwriters hereunder shall be subject to termination in your absolute discretion, if, at any time prior to the time of purchase, trading in securities on the New York Stock Exchange shall have been suspended (other than a temporary suspension to provide for an orderly market) or minimum prices shall have been established on the New York Stock Exchange, or if a banking moratorium shall have been declared either by the United States or New York State authorities, or if the United States shall have declared war in accordance with its constitutional processes or there shall have occurred any outbreak or material escalation of hostilities or other national or international calamity or crisis of such magnitude in its effect on the financial markets of the United States as, in your reasonable judgment, to make it impracticable to market the Purchased Debt Securities.

If you elect to terminate this Agreement as provided in this Section 5, the Company and each other Underwriter shall be notified promptly in writing or by telephone, confirmed in writing.

If the sale to the Underwriters of the Underwriters' Debt Securities, as herein contemplated, is not carried out by the Underwriters for any reason permitted hereunder or if such sale is not carried out because the Company shall be unable to comply with any of the terms thereof, the Company shall not be under any obligation or liability under this Agreement (except

to the extent provided in Sections 3(i), 3(j), 7(b) and 9 hereof), and the Underwriters shall be under no obligation or liability to the Company (except to the extent provided in Sections 8(b) and 9 hereof) or to one another under this Agreement.

6. Increase in Underwriters' Commitments. If any Underwriter shall default in its obligation to take up and pay for the Purchased Debt Securities to be purchased by it hereunder and if the principal amount of the Purchased Debt Securities which all Underwriters so defaulting shall have so failed to take up and pay for does not exceed 10% of the total principal amount of the Purchased Debt Securities, the non-defaulting Underwriters shall take up and pay for (in addition to the principal amount of the Purchased Debt Securities they are obligated to purchase pursuant to this Agreement) the principal amount of the Purchased Debt Securities agreed to be purchased by all such defaulting Underwriters, as herein provided. Such Purchased Debt Securities shall be taken up and paid for by such non-defaulting Underwriter or Underwriters in such amount or amounts as you may designate with the consent of each Underwriter so designated or, in the event no such designation is made, such Purchased Debt Securities shall be taken up and paid for by all non-defaulting Underwriters pro rata in proportion to the principal amount of the Purchased Debt Securities set opposite the names of all such non-defaulting Underwriters in Schedule A to the Purchase Agreement.

Without relieving any defaulting Underwriter of its obligations hereunder, the Company agrees with the non-defaulting Underwriters that it will not sell any Purchased Debt Securities hereunder unless all of the Underwriters' Debt Securities are purchased by the Underwriters (or by substituted Underwriters selected by you with the approval of the Company or selected by the Company with your approval).

If a new underwriter or underwriters are substituted by the Underwriters or by the Company for a defaulting Underwriter or Underwriters in accordance with the foregoing provision, the Company or you will have the right to postpone the time of purchase for a period of not exceeding five business days in order that necessary changes in the Registration Statement and Prospectus and other documents may be effected.

The term "Underwriter" as used in this Agreement will refer to and include any underwriter substituted under this Section 6 with like effect as if such substituted underwriter



had originally been named in Schedule A to the Purchase Agreement.

7. Warranties and Representations of and Indemnity by the Company. (a) The Company warrants and represents that, when the Registration Statement became effective, the Registration Statement complied in all material respects, and, when the Prospectus is first filed pursuant to Rule 424 under the Act, and at the time of purchase the Prospectus will comply in all material respects, with the provisions of the Act, and that neither contained nor will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company makes no warranty or representation with respect to any statement contained in, or any matter omitted from, the Registration Statement or the Prospectus in reliance upon and in conformity with information furnished in writing by or on behalf of any Underwriter through you to the Company expressly for use with reference to the Underwriter in the Registration Statement or Prospectus or information with respect to KCPL contained or incorporated by reference in the Registration Statement and Prospectus or filings made by KCPL incorporated by reference in the Registration Statement and Prospectus. The Company also warrants and represents that the documents incorporated by reference in the Prospectus (other than information with respect to KCPL incorporated by reference therein and filings made by KCPL) complied at the time they were filed in all material respects with the requirements of the Exchange Act and any additional documents deemed to be incorporated by reference in the Prospectus (other than information with respect to KCPL incorporated by reference therein and filings made by KCPL) will, when they are filed with the Commission, comply in all material respects with the requirements of the Exchange Act, and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(b) The Company agrees to indemnify and hold harmless each Underwriter, and any person who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any loss, expense, liability or claim which arises out of or is based

upon any alleged untrue statement of a material fact in the Registration Statement, any prospectus contained in the Registration Statement at the time it became effective or the Prospectus, or any related preliminary prospectus, or arises out of or is based upon any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading. The foregoing shall not cover any such loss, expense, liability or claim, however, which arises out of or is based upon any alleged untrue statement of a material fact contained in, and in conformity with information furnished in writing by or on behalf of any Underwriter through you to the Company expressly for use with reference to the Underwriter in, any such documents or arises out of or is based upon any alleged omission to state a material fact in connection with such information required to be stated in any such documents or necessary to make such information not misleading.

If any action is brought against an Underwriter or controlling person in respect of which indemnity may be sought against the Company pursuant to the foregoing paragraph, such Underwriter shall promptly notify the Company in writing or by telephone, confirmed in writing, of the institution of such action, and the Company shall assume the defense of such action, including the employment of counsel and payment of expenses; provided, however, that the failure so to notify the Company will not relieve it from any liability that it may have to such Underwriter under this Section 7(b) unless, and only to the extent that, such failure results in the forfeiture of substantive rights or defenses by the Company. Such Underwriter or controlling person shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless the employment of such counsel shall have been authorized in writing by the Company in connection with the defense of such action or the Company shall not have employed counsel to have charge of the defense of such action or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Company (in which case the Company shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses of one counsel for all indemnified parties selected by such Underwriter shall be borne by the Company. Anything in this paragraph to the contrary notwithstanding, the Company shall not be liable for any settlement of any such claim or action effected without its written consent. The Company's indemnity agreement contained in this Section 7(b) and its warranties and representations contained in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter or controlling person,

and shall survive any termination of this Agreement and the issuance and delivery of the Purchased Debt Securities.

The Company agrees promptly to notify the Underwriters of the commencement of any litigation or proceedings against the Company or any of its officers, directors or controlling persons in connection with the issue and sale of the Purchased Debt Securities or with the Registration Statement or Prospectus.

8. Warranties and Representations of and Indemnity by Underwriters. (a) Each Underwriter warrants and represents that the information furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use with reference to such Underwriter in the Registration Statement at the time it became effective or the Prospectus when the Prospectus is first filed pursuant to Rule 424 under the Act, will not contain an untrue statement of a material fact and will not omit to state a material fact in connection with such information required to be stated in the Registration Statement or the Prospectus or necessary to make such information not misleading. Each Underwriter, in addition to other information furnished by such Underwriter or on its behalf through you to the Company in writing expressly for use with reference to such Underwriter in the Registration Statement and Prospectus, hereby furnishes to the Company in writing expressly for use with reference to such Underwriter the statements with respect to the terms of offering of the Purchased Debt Securities by the Underwriters set forth on the cover page of the Prospectus and under "Underwriting" therein.

(b) Each Underwriter severally agrees to indemnify and hold harmless the Company and its directors, officers and controlling persons from and against any loss, expense, liability or claim which arises out of or is based upon any alleged untrue statement of a material fact contained in, and in conformity with information furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use with reference to such Underwriter in, the Registration Statement, any prospectus contained in the Registration Statement at the time it became effective or the Prospectus, or any related preliminary prospectus, or arises out of or is based upon any alleged omission to state a material fact in connection with such information required to be stated in such documents or necessary to make such information not misleading.

If any action is brought against the Company or any such person in respect of which indemnity may be sought against

any Underwriter pursuant to the foregoing paragraph, the Company or such person shall promptly notify such Underwriter in writing or by telephone, confirmed in writing, of the institution of such action, and such Underwriter shall assume the defense of such action, including the employment of counsel and payment of expenses; provided, however, that the failure so to notify such Underwriter will not relieve it from any liability that it may have to the Company under this Section 8(b) unless, and only to the extent that, such failure results in the forfeiture of substantive rights or defenses by such Underwriter. The Company or such person shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of the Company or such person unless the employment of such counsel shall have been authorized in writing by such Underwriter in connection with the defense of such action or such Underwriter shall not have employed counsel to have charge of the defense of such action or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to such Underwriter (in which case such Underwriter shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses of one counsel for all indemnified parties selected by the Company shall be borne by such Underwriter. Anything in this paragraph to the contrary notwithstanding, no Underwriter shall be liable for any settlement of any such claim or action effected without the written consent of such Underwriter. The indemnity agreement on the part of each Underwriter contained in this Section 8(b) shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or such person, and shall survive any termination of this Agreement and the issuance and delivery of the Purchased Debt Securities.

Each Underwriter agrees promptly to notify the Company of the commencement of any litigation or proceedings against the Underwriter in connection with the issue and sale of the Purchased Debt Securities or with the Registration Statement or Prospectus.

9. Contribution. If the indemnification provided for in Sections 7(b) or 8(b) above is unavailable in respect of any losses, expenses, liabilities or claims referred to therein, then the parties entitled to indemnification by the terms thereof shall be entitled to contribution to liabilities and expenses except to the extent that contribution is not permitted under Section 11(f) of the Act. In determining the

amount of contribution to which the respective parties are entitled, there shall be considered the relative benefits received by each party from the offering of the Purchased Debt Securities (taking into account the portion of the proceeds of the offering received by each), the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any misstatement or omission, and any other equitable considerations appropriate under the circumstances. The parties entitled to indemnification agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters and their directors, officers and controlling persons were treated as one entity for such purpose). The contribution agreement contained in this Section 9 shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter or the Company or any of their respective directors, officers or controlling persons and shall survive any termination of this Agreement and the issuance and delivery of the Purchased Debt Securities.

10. Notices. All statements, requests, notices and agreements shall be in writing or by telegram or facsimile and, if to the Underwriters, shall be sufficient in all respects if delivered or sent by registered mail to the address furnished in writing for the purpose of such statements, requests, notices and agreements hereunder, and, if to the Company shall be sufficient in all respects if delivered or sent by registered mail to the Company at 818 Kansas Avenue, Topeka, Kansas 66612, Attention: Steven L. Kitchen, Executive Vice President and Chief Financial Officer.

11. Construction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

The section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

12. Parties in Interest. The Agreement herein set forth has been and is made solely for the benefit of the Underwriters and the Company, and the controlling persons, directors and officers referred to in Sections 7, 8 and 9 hereof, and their respective successors, assigns, executors and administrators, and no other person shall acquire or have any right under or by virtue of this Agreement. Nothing in this Agreement is intended or shall be construed to give to any other person,

firm or corporation (including, without limitation, any purchaser of the Purchased Debt Securities from an Underwriter or any subsequent holder thereof or any purchaser of any Contract Debt Securities or any subsequent holder thereof) any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained.

The term "successor" as used in this Agreement shall not include any purchaser, as such purchaser, of any Purchased Debt Securities from any Underwriter or any subsequent holder thereof or any purchaser, as such purchaser, of any Contract Debt Securities or any subsequent holder thereof.

13. Counterparts. This Agreement may be executed in any number of counterparts which, taken together, shall constitute one and the same instrument.

Schedule I

DELAYED DELIVERY CONTRACT

Dated: \_\_\_\_\_, 199\_

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

Attention: Chief Financial Officer

Dear Sirs:

The undersigned hereby agrees to purchase from Western Resources, Inc. (the "Company"), and the Company agrees to sell to the undersigned,

\$ \_\_\_\_\_

principal amount of the Company's (state title of issue] (the Debt Securities) offered by the Company's Prospectus dated \_\_\_\_\_, 199\_ and a Prospectus Supplement dated \_\_\_\_\_, 199\_, receipt of copies of which is hereby acknowledged, at a purchase price of \_\_\_\_\_% of the principal amount thereof plus accrued interest and on the further terms and conditions set forth in this contract.

The undersigned agrees to purchase such Debt Securities in the principal amounts and on the delivery dates (the Delivery Dates) set forth below:

Delivery Date	Principal Amount	Plus Accrued Interest From:
- -----	\$ -----	-----
- -----	\$ -----	-----
- -----	\$ -----	-----

Payment for the Debt Securities which the undersigned has agreed to purchase on each Delivery Date shall be made to the Company or its order by certified or bank cashier's check in same day or New York Clearing House funds (as agreed to by the Company and the undersigned) at the \_\_\_\_\_ (or at such other place as the undersigned and the Company shall agree) at 11:00 A.M., New York City Time, on such Delivery Date upon issuance and delivery to the undersigned of the Debt Securities to be purchased by the undersigned on such Delivery Date in such authorized denominations and, unless otherwise provided herein, registered in such names as the undersigned may designate by written or telegraphic communications addressed to the Company not less than five full business days prior to such Delivery Date.

The obligation of the Company to sell and deliver, and of the undersigned to take delivery of and make payment for, Debt Securities on each Delivery Date shall be subject to the conditions that (1) the purchase of Debt Securities to be made by the undersigned shall not at the time of delivery be prohibited under the laws of the jurisdiction to which the undersigned is subject, (2) the sale of the Debt Securities by the Company pursuant to this contract shall not at the time of delivery be prohibited under the laws of any jurisdiction to which the Company is subject and (3) the Company shall have sold, and delivery shall have taken place, to the Underwriters such principal amount of the Debt Securities as is to be sold and delivered to them. In the event that Debt Securities are not sold to the undersigned because one of the foregoing conditions is not met, the Company shall not be liable to the undersigned for damages arising out of the transactions covered by this contract.

Promptly after completion of the sale and delivery to the Underwriters, the Company will mail or deliver to the undersigned at its address set forth below notice to such effect, accompanied by copies of the opinions of counsel for the Company delivered to the Underwriters.

Failure to take delivery of and make payment for Debt Securities by any purchaser under any other Delayed Delivery Contract shall not relieve the undersigned of its obligations under this contract.

The undersigned represents and warrants that (a) as of the date of this contract, the undersigned is not prohibited under the laws of the jurisdictions to which the undersigned is subject from purchasing the Debt Securities hereby agreed to be



purchased and (b) the undersigned does not contemplate selling the Debt Securities which it has agreed to purchase hereunder prior to the Delivery Date therefore.

This contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the written consent of the other. This contract shall be governed by and construed in accordance with the laws of the State of New York. This contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

It is understood that the acceptance of any Delayed Delivery Contract is in the Company's sole discretion and, without limiting the foregoing, need not be on a first-come, first-served basis. If the contract is acceptable to the Company, it is requested that the Company sign the form of acceptance below and mail or deliver one of the counterparts hereof to the undersigned at its address set forth below. This will become a binding contract between the Company and the undersigned when such counterpart is so signed.

Yours very truly,

\_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Address

Accepted, as of the date first above written

WESTERN RESOURCES, INC.

By \_\_\_\_\_

Title \_\_\_\_\_

PURCHASER -- PLEASE COMPLETE AT TIME OF SIGNING

The name and telephone and department of the representative of the Purchaser with whom details of delivery on the Delivery Date may be discussed are as follows:

(Please print.)

Name -----	Telephone No. (Including Area Code) -----	Department -----
---------------	---	---------------------

WESTERN RESOURCES, INC.

PURCHASE AGREEMENT

DEBT SECURITIES

-----  
Date)

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

Dear Sirs:

Referring to the Debt Securities of Western Resources, Inc. (the "Company") ("Debt Securities") covered by registration statement on Form S-3 (No. 333- ), such registration statement including (i) the prospectus included therein, dated \_\_\_\_\_, as supplemented by a prospectus supplement dated \_\_\_\_\_, in the form filed under Rule 424(b) and any additional prospectus supplements relating to the Debt Securities filed under Rule 424 (such prospectus as so supplemented, including each document incorporated by reference therein is hereinafter called the "Prospectus") and (ii) all documents filed as part thereof or incorporated by reference therein, is hereinafter called the "Registration Statement," on the basis of the representations, warranties and agreements contained in this Agreement, but subject to the terms and conditions herein set forth, the purchaser or purchasers named in Schedule A hereto (the "Underwriters") agree to purchase, severally, and the Company agrees to sell to the Underwriters, severally, the respective principal amounts of the Debt Securities having the terms described below (the "Purchased Debt Securities") set forth opposite the name of each Underwriter on Schedule A hereto.

The price at which the Purchased Debt Securities shall be purchased from the Company by the Underwriters shall be \_\_\_% plus accrued interest from \_\_\_\_\_. The initial public offering price shall be \_\_\_% plus accrued interest from \_\_\_\_\_. The Purchased Debt Securities will be offered by the Underwriters as set forth in the Prospectus relating to such Purchased Debt Securities.

The Purchased Debt Securities will have the following terms:

Title of Debt Securities: \_\_\_\_\_

Interest Rate: \_\_\_\_\_ % per annum

Interest Payment Dates: \_\_\_\_\_

Maturity: \_\_\_\_\_

Redemption Provisions: \_\_\_\_\_

Company Conversion Option: \_\_\_\_\_

Other: \_\_\_\_\_

Payment for the Purchased Debt Securities shall be made in the following funds: \_\_\_\_\_

The time of purchase shall be: \_\_\_\_\_

The place at which the Purchased Debt Securities may be checked and packaged shall be: \_\_\_\_\_

The place(s) at which the Purchased Debt Securities shall be delivered and sold shall be: \_\_\_\_\_

Delayed Delivery

Contracts: [authorized] [not authorized]

[Delivery Date \_\_\_\_\_]

Minimum principal amount of Purchased Debt Securities to be sold pursuant to any Delayed Delivery Contract: \_\_\_\_\_

Maximum aggregate principal amount of Purchased Debt Securities to be sold pursuant to all Delayed Delivery Contracts: \_\_\_\_\_

Compensation to Underwriters: \_\_\_\_\_]\*

Notices to the Underwriters shall be sent to the following address(es) or telecopier number(s):

If we are acting as Representative(s) for the several Underwriters named in Schedule A hereto, we represent that we are authorized to act for such several Underwriters in connection with the transactions contemplated in this Agreement, and that, if there are more than one of us, any action under this Agreement taken by any of us will be binding upon all the Underwriters.

All of the provisions contained in the document entitled "Western Resources, Inc., Debt Securities, Standard Purchase Provisions," a copy of which has been previously furnished to us, are hereby incorporated by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions had been set forth in full herein.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us the enclosed duplicate hereof, whereupon it will become a binding agreement between the Company and the several Underwriters in accordance with its terms.

Very truly yours,

[Firm Name]

By \_\_\_\_\_  
Title: \_\_\_\_\_

[Firm Name]

By \_\_\_\_\_  
Title: \_\_\_\_\_

Acting on behalf of and as  
Representative(s) of the sev-  
eral Underwriters named in  
Schedule A hereto.\*

- - - - -

\* To be deleted if the Purchase Agreement is not executed by one or more Underwriters acting as Representative(s) of the Underwriters for purposes of this Agreement.

The foregoing Purchase Agreement  
is hereby confirmed as of the  
date first above written.

WESTERN RESOURCES, INC.

By \_\_\_\_\_  
Title \_\_\_\_\_

SCHEDULE A

Name of Underwriter  
-----

Amount  
-----

Total

-----  
\$  
-----



=====

WESTERN RESOURCES, INC.

DEBT SECURITIES

INDENTURE

Dated as of \_\_\_\_\_,

BANKERS TRUST COMPANY, Trustee

=====

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INDENTURE dated as of \_\_\_\_\_, \_\_\_\_ between WESTERN RESOURCES, INC., a corporation organized and existing under the laws of the State of Kansas (hereinafter called the "Company"), and BANKERS TRUST COMPANY, ("Trustee").

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

#### ARTICLE 1 -- DEFINITIONS

##### SECTION 1.01. Definitions.

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

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

"Authorized Newspaper" means a newspaper that is:

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

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

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

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

"Bearer Security" means a Security payable to bearer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

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

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

"SEC" means the Securities and Exchange Commission.

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

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

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

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

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

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

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

"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the



Trustee assigned by the Trustee to administer its corporate trust matters.

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

SECTION 1.02. Other Definitions.

Term	Defined in Section
"actual knowledge"	7.01
"Bankruptcy Law"	6.01
"Beneficial Owner"	3.07
"Conditional Redemption"	3.04
"Conversion Agent"	2.03
"Conversion Date"	9.02
"Conversion Notice"	9.02
"Conversion Right"	9.01
"Custodian"	6.01
"Depositary"	3.07
"Event of Default"	6.01
"Legal Holiday"	11.06
"Market Price"	9.07
"Participant"	3.07
"Paying Agent"	2.03
"Price Per Share"	9.09
"Registrar"	2.03
"Section 3.07 Aggregate Limit"	3.07
"Section 3.07 Commencement Date"	3.07
"Section 3.07 Individual Limit"	3.07
"Section 3.07 Redemption Period"	3.07
"Transfer Agent"	2.03
"Treasury Regulations"	2.04
"U.S. Government Obligations"	8.02

SECTION 1.03. Rules of Construction.

Unless the context otherwise requires:

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

- (3) generally accepted accounting principles are those applicable from time to time;
- (4) all terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings assigned to them by such definitions;
- (5) "or" is not exclusive; and
- (6) words in the singular include the plural, and in the plural include the singular.

ARTICLE 2 -- THE SECURITIES

SECTION 2.01. Issuable in Series.

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

- (1) the title of the series;
- (2) the aggregate principal amount of the series;
- (3) the interest rate, if any, or method of calculating the interest rate;
- (4) the date from which interest will accrue;
- (5) the record dates for interest payable on Registered Securities;
- (6) the dates when principal and interest are payable;
- (7) the manner of paying principal and interest;
- (8) the places where principal and interest are payable;
- (9) the Registrar, Transfer Agent and Paying Agent;

- (10) the terms of any mandatory or optional redemption by the Company or any third party including any sinking fund;
- (11) the terms of any redemption at the option of Holders or put by the Holders;
- (12) the denominations in which Securities are issuable;
- (13) whether Securities will be issuable as Registered Securities, Bearer Securities or uncertificated Securities;
- (14) whether and upon what terms Registered Securities, Bearer Securities and uncertificated Securities may be exchanged;
- (15) whether any Securities will be represented by a Security in global form;
- (16) the terms of any global Security;
- (17) the terms of any tax indemnity;
- (18) the currencies (including any composite currency) in which principal or interest may be paid;
- (19) if payments of principal or interest may be made in a currency other than that in which Securities are denominated, the manner for determining such payments;
- (20) if amounts of principal or interest may be determined by reference to an index, formula or other method, the manner for determining such amounts;
- (21) provisions for electronic issuance of Securities or for Securities in uncertificated form;
- (22) the portion of principal payable upon acceleration of a Discounted Debt Security;
- (23) whether any Events of Default or covenants in addition to or in lieu of those set forth in this Indenture have been added;

- (24) whether and upon what terms Securities may be defeased;
- (25) the forms of the Securities or any coupon, which may be in the form of Exhibit A or B;
- (26) any terms that may be required by or advisable under U.S. laws;
- (27) whether and upon what terms the Securities will be convertible into or exchangeable for Common Stock of the Company or other equity or debt securities, which may include the terms provided in Article 9; and
- (28) any other terms not inconsistent with this Indenture.

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

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

#### SECTION 2.02. Execution and Authentication.

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

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

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

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

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

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

SECTION 2.03. Agents.

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

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

SECTION 2.04. Bearer Securities.

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

- (1) Bearer Securities will be offered, sold or delivered only outside the United States and will be delivered in connection with its original issuance only upon presentation of a certificate in a form prescribed by the Company to comply with U.S. laws and regulations.
- (2) Bearer Securities will not be issued in exchange for Registered Securities.
- (3) All payments of principal and interest (including original issue discount) on Bearer Securities will be made outside the United

States by a Paying Agent located outside the United States unless the Company determines that:

- (A) such payments may not be made by such Paying Agent because the payments are illegal or prevented by exchange controls as described in Treasury Regulation ss. 1.163-5(c)(2)(v); and
- (B) making the payments in the United States would not have an adverse tax effect on the Company.

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

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

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

SECTION 2.05. Paying Agent to Hold Money in Trust.

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

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

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

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

SECTION 2.06. Securityholder Lists.

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

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

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

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

SECTION 2.07. Transfer and Exchange.

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

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

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

SECTION 2.08. Replacement Securities.

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

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

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

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

SECTION 2.09. Outstanding Securities.

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

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

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



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

SECTION 2.10. Discounted Debt Securities.

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

SECTION 2.11. Treasury Securities.

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

SECTION 2.12. Global Securities.

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

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

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

The Company, an Affiliate, the Trustee and any Agent shall not be responsible for any acts or omissions of a deposi-

tory, for any depository records of beneficial ownership interests or for any transactions between the depository and beneficial owners.

SECTION 2.13. Temporary Securities.

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

SECTION 2.14. Cancellation.

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

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

SECTION 2.15. Defaulted Interest.

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

ARTICLE 3 -- REDEMPTION

SECTION 3.01. Notices to Trustee.

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

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

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

SECTION 3.02. Selection of Securities to Be Redeemed.

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

SECTION 3.03. Notice of Redemption.

At least 30 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to

each Holder of Registered Securities whose Securities are to be redeemed.

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

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

- (1) the redemption date;
- (2) the redemption price;
- (3) the name and address of the Paying Agent;
- (4) that Securities called for redemption, together with all coupons, if any, maturing after the redemption date, must be surrendered to the Paying Agent to collect the redemption price;
- (5) that interest on Securities called for redemption ceases to accrue on and after the redemption date;
- (6) whether the redemption by the Company is mandatory or optional; and
- (7) whether the redemption is conditional as provided in Section 3.04, and if so, the terms of the conditions, and that, if the conditions are not satisfied or is not waived by the Company, the Securities will not be redeemed and such a failure to redeem will not constitute an Event of Default.

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

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

SECTION 3.04. Effect of Notice of Redemption.

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

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

SECTION 3.05. Payment of Redemption Price.

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

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

- (1) the Company will pay any such interest (except defaulted interest) to Holders on the record date of Registered Securities if the redemption date occurs on an interest payment date; and
- (2) the Company will pay any such interest to Holders of coupons that mature on or before the redemption date upon surrender of such coupons to the Paying Agent.

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

SECTION 3.06. Securities Redeemed in Part.

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

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

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

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

ceding paragraph) will be applied to successive Section 3.07 Redemption Periods in the order of receipt for prepayment, regardless of the number of Section 3.07 Redemption Periods required to redeem such interest unless sooner withdrawn as described below.

A request for redemption of an interest in the Securities may be made by delivering a request to the depository, if any, in whose names the certificate or certificates representing such Securities (the "Depository") in the case of a participant in the system of such Depository, including securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with such a participant, either directly or indirectly (a "Participant"), which is the Beneficial Owner of such interest, or to the Participant through whom the Beneficial Owner owns such interest, in form satisfactory to the Participant, together with evidence of death of the Beneficial Owner and the authority of the Representative satisfactory to the Participant and the Trustee. A Representative of a deceased Beneficial Owner may make the request for redemption and shall submit such other evidence of the right to such redemption as the Participant or Trustee shall require. The request shall specify the principal amount of the Securities to be redeemed. A request for redemption in form satisfactory to the Participant and accompanied by the documents relevant to the request as above provided, together with a certification by the Participant that it holds the interest on behalf of the deceased Beneficial Owner with respect to whom the request for redemption is being made (the "Redemption Request") shall be provided to the Depository by a Participant and the Depository will forward the request to the Trustee. Redemption Requests, including all supporting documentation, shall be in the form satisfactory to the Trustee and no request for redemption shall be considered validly made until the Redemption Request and all supporting documentation, in form satisfactory to the Trustee, shall have been received by the Trustee.

The price to be paid by the Company for an interest in the Securities to be redeemed pursuant to a request from a deceased Beneficial Owner's Representative is one hundred percent (100%) of the principal amount thereof, unless otherwise specified in the Securities Resolution authorizing a series, plus accrued but unpaid interest to the date of redemption. Subject to arrangements with the Depository, payment for interests in the Securities which are to be redeemed shall be made to the Depository within 60 days following receipt by the Trustee of the Redemption Request, including all supporting docu-

mentation, and the Securities to be redeemed in the aggregate principal amount specified in the Redemption Requests submitted to the Trustee by the Depository which are to be fulfilled in connection with such payment. An acquisition of Securities by the Company or its subsidiaries other than by redemption at the option of any Representative of a deceased Beneficial Owner shall not be included in the computation of either the Section 3.07 Individual Limit or relevant Section 3.07 Aggregate Limit for any Section 3.07 Redemption Period.

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

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

#### ARTICLE 4 -- COVENANTS

##### SECTION 4.01. Payment of Securities.

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

##### SECTION 4.02. Overdue Interest.

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



shall pay interest on overdue installments of interest at the same rate or yield to maturity to the extent lawful.

SECTION 4.03. No Lien Created, etc.

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

SECTION 4.04. Compliance Certificate.

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

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

The certificates need not comply with Section 11.04.

SECTION 4.05. SEC Reports.

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

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

ARTICLE 5 -- SUCCESSORS

SECTION 5.01. When Company May Merge, etc.

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

- (1) the person is organized under the laws of the United States or a State thereof or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a State thereof;
- (2) the person assumes by supplemental indenture all the obligations of the Company under this Indenture, the Securities and any coupons;
- (3) all required approvals of any regulatory body having jurisdiction over the transaction shall have been obtained; and
- (4) immediately after the transaction no Default exists.

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

ARTICLE 6 -- DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default.

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

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

the series when the same becomes due and payable at maturity or upon redemption, acceleration or otherwise, and such default shall continue for five or more days;

- (3) the Company defaults in the payment or satisfaction of any sinking fund obligation with respect to any Securities of the series as required by the Securities Resolution establishing such series and the Default continues for a period of 60 days; (4) the Company defaults in the performance of any of its other agreements applicable to the series and the Default continues for 90 days after the notice specified below;
- (5) the Company pursuant to or within the meaning of any Bankruptcy Law:
  - (A) commences a voluntary case,
  - (B) consents to the entry of an order for relief against it in an involuntary case,
  - (C) consents to the appointment of a Custodian for it or for all or substantially all of its property, or
  - (D) makes a general assignment for the benefit of its creditors;
- (6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
  - (A) is for relief against the Company in an involuntary case,
  - (B) appoints a Custodian for the Company or for all or substantially all of its property, or
  - (C) orders the liquidation of the Company;and the order or decree remains unstayed and in effect for 60 days; or

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

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

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

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

#### SECTION 6.02. Acceleration.

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

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

#### SECTION 6.03. Other Remedies.

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

erwise to protect the rights of the Trustee and Holders of the series.

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

SECTION 6.04. Waiver of Past Defaults.

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

- (1) a Default in the payment of the principal of or interest on the series, or
- (2) a Default in respect of a provision that under Section 10.02 cannot be amended without the consent of each Securityholder affected.

SECTION 6.05. Control by Majority.

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

SECTION 6.06. Limitation on Suits.

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

- (1) the Holder gives to the Trustee notice of a continuing Event of Default on the series;
- (2) the Holders of at least 33-1/3% in principal amount of the series make a request to the Trustee to pursue the remedy;

- (3) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (5) during such 60-day period the Holders of a majority in principal amount of the series do not give the Trustee a direction inconsistent with such request.

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

SECTION 6.07. Collection Suit by Trustee.

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

SECTION 6.08. Priorities.

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

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

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

Third: to the Company.

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

ARTICLE 7 -- TRUSTEE

SECTION 7.01. Rights of Trustee.

- (1) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.
- (2) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Certificate or Opinion.
- (3) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.
- (4) The Trustee shall not be liable for any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.
- (5) The Trustee may refuse to perform any duty or exercise any right or power which it reasonably believes may expose it to any loss, liability or expense unless it receives indemnity satisfactory to it against such loss, liability or expense.
- (6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.
- (7) The Trustee shall have no duty with respect to a Default unless it has actual knowledge of the Default. As used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

- (8) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized and within its powers.
- (9) Any Agent shall have the same rights and be protected to the same extent as if it were Trustee.
- (10) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

SECTION 7.02. Individual Rights of Trustee.

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

SECTION 7.03. Trustee's Disclaimer.

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

SECTION 7.04. Notice of Defaults.

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



SECTION 7.05. Reports by Trustee to Holders.

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

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

SECTION 7.06. Compensation and Indemnity.

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

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

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

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

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

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

SECTION 7.07. Replacement of Trustee.

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

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

The Company may remove the Trustee if:

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

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

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

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

competent jurisdiction for the appointment of a successor Trustee.

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

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

SECTION 7.08. Successor Trustee by Merger, etc.

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

SECTION 7.09. Trustee's Capital and Surplus.

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

ARTICLE 8 -- DISCHARGE OF INDENTURE

SECTION 8.01. Defeasance.

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

The Company at any time may terminate as to a series all of its obligations under this Indenture, the Securities of the series and any related coupons ("legal defeasance option"). The Company at any time may terminate as to a series its obligations, if any, under any restrictive covenants which may be applicable to a particular series ("covenant defeasance op-

tion"). However, in the case of the legal defeasance option, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.06, 7.07 and 8.04 shall survive until the Securities of the series are no longer outstanding; thereafter the Company's obligations in Section 7.06 shall survive.

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

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

#### SECTION 8.02. Conditions to Defeasance.

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

- (1) the Company irrevocably deposits in trust with the Trustee or another trustee money or U.S. Government Obligations;
- (2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due on the deposited U.S. Government Obligations without reinvestment plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities of the series to maturity or redemption, as the case may be;
- (3) immediately after the deposit no Default exists;
- (4) the deposit does not constitute a default under any other agreement binding on the Company;
- (5) the deposit does not cause the Trustee to have a conflicting interest under TIA ss. 310(a) or ss. 310(b) as to another series;

- (6) the Company delivers to the Trustee an Opinion of Counsel to the effect that Holders of the series will not recognize income, gain or loss for Federal income tax purposes as a result of the defeasance; and
- (7) 91 days pass after the deposit is made and during the 91-day period no Default specified in Section 6.01(5) or (6) occurs that is continuing at the end of the period.

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

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

SECTION 8.03. Application of Trust Money.

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

SECTION 8.04. Repayment to Company.

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

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

ARTICLE 9 -- CONVERSION

SECTION 9.01. Conversion Privilege.

If the Securities Resolution establishing the terms of a series of Securities so provides, Securities of any series may be convertible at the option of the holders into or for Common Stock or other equity or debt securities (a "Conversion Right"). The Securities Resolution may establish, among other things, the Conversion Rate, provisions for adjustments to the Conversion Rate and limitations upon exercise of the Conversion Right.

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

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

SECTION 9.02. Conversion Procedure.

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

The Company will complete settlement of any conversion of Securities not later than the fifth business day fol-

lowing the Conversion Date in respect of the cash portion elected to be delivered in lieu of the securities into which the Security is convertible and not later than the seventh business day following the Conversion Date in respect of the portion to be settled in such securities.

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

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

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

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

#### SECTION 9.03. Taxes on Conversion.

If a Holder of a Security exercises a Conversion Right, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of the securities into which the Security is convertible upon the conversion.  
How-

ever, the Holder shall pay any such tax which is due because securities or other property are issued in a name other than the Holder's name. Nothing herein shall preclude any income tax or other withholding required by law or regulations.

SECTION 9.04. Company Determination Final.

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

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

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

SECTION 9.06. Company to Provide Conversion Securities.

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

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

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

SECTION 9.07. Cash Settlement Option.

If the Securities Resolution so provides, the Company may elect to satisfy, in whole or in part, a Conversion Right



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

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

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

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

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

- (1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock;
- (2) subdivides its outstanding shares of Common Stock into a greater number of shares;
- (3) combines its outstanding shares of Common Stock into a smaller number of shares;
- (4) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock other than Common Stock; or
- (5) issues by reclassification of its Common Stock any shares of its Capital Stock,

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

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

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

If after an adjustment a Holder of a Security may, upon conversion, receive shares of two or more classes of Capital Stock of the Company or other securities, the Board of Directors of the Company shall determine the allocation of the adjusted Conversion Rate between or among the classes of Capital Stock or other securities. After such allocation, the conversion privilege and the Conversion Rate of each class of Capital Stock or other securities shall thereafter be subject

to adjustment on terms comparable to those applicable to Common Stock in this Article or in such Securities Resolution.

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

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

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

where:

AC = the adjusted Conversion Rate.

CC = the then current Conversion Rate.

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

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

R = the proceeds received or receivable by the Company, which (i) in the case of rights, options or warrants to subscribe for or purchase shares of Common Stock or of securities convertible into or exchangeable for shares of Com-

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

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

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

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

where:

P = Price Per Share

and R and N have the meanings assigned above.

If the Company shall issue rights, options, warrants or convertible or exchangeable securities with respect to its Common Stock for a consideration consisting, in whole or in part, of property other than cash the amount of such considera-

tion shall be determined in good faith by the Board of Directors whose determination shall be conclusive and evidenced by a resolution of the Board of Directors filed with the Trustee.

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

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

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

SECTION 9.10. Adjustment for Other Distributions.

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

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

where:

AC = the adjusted Conversion Rate.

- CC = the then current Conversion Rate.
- O = the number of shares of Common Stock outstanding on the record date mentioned below (which number shall include shares owned or held by or for the account of the Company).
- M = the current Market Price per share of Common Stock on the record date mentioned below.
- F = the fair market value on the record date of the assets, securities, rights or warrants distributed. The Board of Directors of the Company shall determine the fair market value.

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

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

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

#### SECTION 9.11. Voluntary Adjustment.

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

#### SECTION 9.12. When Adjustment May Be Deferred.

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

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

SECTION 9.13. When No Adjustment Required.

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

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

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

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

SECTION 9.14. Notice of Adjustment.

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

SECTION 9.15. Notice of Certain Transactions.

If:

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

- (2) the Company proposes to take any action that would require a supplemental indenture pursuant to Section 9.16, or
- (3) there is a proposed liquidation or dissolution of the Company or of the issuer of any other security into which the Securities are convertible,

the Company shall mail to registered Holders of Securities of any affected series a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution. The Company shall mail the notice at least 15 days before such date. Failure to mail the notice or any defect in it shall not affect the validity of the transaction.

SECTION 9.16. Reorganization of the Company.

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

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

ARTICLE 10 -- AMENDMENTS

SECTION 10.01. Without Consent of Holders.

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



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

SECTION 10.02. With Consent of Holders.

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

- (1) reduce the amount of Securities whose Holders must consent to an amendment;
- (2) reduce the interest on or change the time for payment of interest on any Security;
- (3) change the fixed maturity of any Security;
- (4) reduce the principal of any non-Discounted Debt Security or reduce the amount of principal of any Discounted Debt Security that would be due upon an acceleration thereof;
- (5) change the currency in which principal or interest on a Security is payable;
- (6) make any change that materially adversely affects the right to convert any Security; or
- (7) make any change in Section 6.04 or 10.02, except to increase the amount of Securities whose Hold-

ers must consent to an amendment or waiver or to provide that other provisions of this Indenture cannot be amended or waived without the consent of each Securityholder affected thereby.

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

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

SECTION 10.03. Compliance with Trust Indenture Act.

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

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

SECTION 10.04. Effect of Consents.

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

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

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

SECTION 10.05. Notation on or Exchange of Securities.

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

SECTION 10.06. Trustee Protected.

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

ARTICLE 11 -- MISCELLANEOUS

SECTION 11.01. Trust Indenture Act.

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

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

SECTION 11.02. Notices.

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

Company:

Western Resources, Inc.  
818 Kansas Avenue  
Topeka, Kansas 66612  
Fax: (913) 575-8160  
Attention: Vice President -- Finance

Trustee:

Bankers Trust Company  
4 Albany Street  
4th Floor  
New York, NY 10006

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

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

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

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

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

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

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

SECTION 11.03. Certificate and Opinion as to Conditions Precedent.

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

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

SECTION 11.04. Statements Required in Certificate or Opinion.

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

- (1) a statement that the person making such certificate or opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 11.05. Rules by Company and Agents.

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

SECTION 11.06. Legal Holidays.

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

SECTION 11.07. No Recourse Against Others.

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

SECTION 11.08. Duplicate Originals.

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

SECTION 11.09. Governing Law.

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

SIGNATURES

Dated: \_\_\_\_\_, WESTERN RESOURCES, INC.

By \_\_\_\_\_

Name:  
Title:

Attest: \_\_\_\_\_ (SEAL)

-----  
Name:  
Title:

Dated: \_\_\_\_\_, BANKERS TRUST COMPANY

By \_\_\_\_\_

Name:  
Title:

Attest: \_\_\_\_\_ (SEAL)

-----  
Name:  
Title:

EXHIBIT A

A Form of Registered Security

No. \_\_\_\_\_ \$ \_\_\_\_\_

[NAME OF ISSUER]  
[Title of Security]

[Name Of Issuer]  
promises to pay to

or registered assigns  
the principal sum of

Dollars on \_\_\_\_\_,

Interest Payment Dates:  
Record Dates:

Dated:

[ \_\_\_\_\_ ]  
Transfer Agent and Paying Agent

[NAME OF ISSUER]

by

(SEAL)

Authenticated:

Chairman of the Board

[Name of Registrar]

Registrar, by

Authorized Signature

Vice-President



[NAME OF ISSUER]  
[Title of Security]  
[Explanatory Notes follow Exhibit B]

1. Interest.(1)

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

2. Method of Payment.(2)

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

3. Agents.

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

4. Indenture.

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

5. Optional Redemption.(3)

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

If redeemed during the 12-month period beginning,

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

and thereafter at 100%.

6. Mandatory Redemption.(4)

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

On \_\_\_\_\_ of each year commencing \_\_\_\_\_, the Trustee will, upon the death of any registered owner, redeem any of the Securities

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

The death of a person who, during his lifetime, was entitled to substantially all of the beneficial interest of ownership of a Security will be deemed the death of a registered owner, regardless of the registered owner, if such beneficial interest can be established to the satisfaction of the Trustee. Such beneficial interest shall be deemed to exist in typical cases of street name or nominee ownership, owner-

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

7. Additional Optional Redemption.(6)

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

8. Notice of Redemption.(7)

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

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

9. Conversion.(8)

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

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

10. Denominations, Transfer, Exchange.

The Securities are in registered form without coupons in denominations of \$1,000<sup>10</sup> and whole multiples of \$1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the

Indenture. The Transfer Agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before a selection of Securities to be redeemed.

11. Persons Deemed Owners.

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

12. Amendments and Waivers.

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

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

13. Restrictive Covenants.(12)

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

14. Successors.

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

15. Defeasance Prior to Redemption or Maturity.(13)

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

16. Defaults and Remedies.

An Event of Default(14) includes: default for 60 days in payment of interest on the Securities; default in payment of principal on the Securities; default for 60 days in payment or satisfaction of any sinking fund obligation; default by the Company for a specified period after notice to it in the performance of any of its other agreements applicable to the Securities; certain events of bankruptcy or insolvency; and any other Event of Default provided for in the series. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 33-1/3% in principal amount of the Securities may declare the principal<sup>15</sup> of all the Securities to be due and payable immediately. Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

17. Trustee Dealings with Company.

Bankers Trust Company, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services

for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

18. No Recourse Against Others.

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

19. Authentication.

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

20. Abbreviations.

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

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



EXHIBIT B

A Form of Bearer Security

No. \_\_\_\_\_ \$ \_\_\_\_\_  
[NAME OF ISSUER]  
[Title of Security]  
[Explanatory Notes follow \_\_\_\_\_ ]

[Name Of Issuer]  
promises to pay to bearer

the principal sum of \_\_\_\_\_ Dollars on \_\_\_\_\_ ,

Interest Payment Dates:

Dated: \_\_\_\_\_  
[ \_\_\_\_\_ ] [NAME OF ISSUER]  
Transfer Agent

(SEAL) by

Authenticated: \_\_\_\_\_ Chairman of the Board

[Name of Registrar]

Registrar, by

Authorized Signature \_\_\_\_\_ Vice-President

1. Interest.(1)

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

2. Method of Payment.(2)

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

3. Agents.

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

4. Indenture.

The Company issued the securities of this series \_\_\_\_\_ ("Securities") under an Indenture dated as of \_\_\_\_\_, \_\_\_\_\_ ("Indenture") between the Company and Bankers Trust Company ("Trustee"). The terms of the Securities include those stated in the Indenture and the Securities Resolution and those made part of the Indenture

by the Trust Indenture Act of 1939 (15 U.S. Code ss.ss. 77aaa-77bbb), as amended. Securityholders are referred to the Indenture, the Securities Resolution and the Act for a statement of such terms.

5. Optional Redemption.(3)

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

If redeemed during the 12-month period beginning,

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

and thereafter 100%.

6. Mandatory Redemption.(4)

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

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

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

The death of a person who, during his lifetime, was entitled to substantially all of the beneficial interest of ownership of a Security will be deemed the death of a registered owner, regardless of the registered owner, if such beneficial interest can be established to the satisfaction of the Trustee. Such beneficial interest shall be deemed to exist in typical cases of street name or nominee ownership, ownership under the Uniform Transfers to Minors Act or similar statute, community property or other joint ownership arrangements between husband and wife, and trust and certain other arrangements where one person has substantially all of the beneficial ownership interest in the Securities during his lifetime. In the case of Securities registered in the name of banks, trust companies or broker-dealers who are members of a national securities exchange or the National Asso-

ciation of Securities Dealers, Inc. ("Qualified Institutions"), the redemption limitations described above apply to each beneficial owner of Securities held by any Qualified Institution. In connection with the redemption request, such Qualified Institution must submit evidence, satisfactory to the Trustee, that it holds Securities subject to request on behalf of such beneficial owner and must certify the aggregate amount of redemption requests made on behalf of such beneficial owner.

7. Additional Optional Redemption.(6)

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

8. Notice of Redemption.(7)

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

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

9. Conversion.(8)

A Holder of a Security may convert it into Common Stock of the Company or cash, or a combination

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

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

10. Denominations, Transfer, Exchange.

The Securities are in bearer form with coupons in denominations of \$5,000(10) and whole multiples of \$5,000. The Securities may be transferred by delivery and exchanged as provided in the Indenture. Upon an exchange, the Transfer Agent may require a holder, among other things, to furnish appropriate documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange any

Security or portion of a Security selected for redemption. Also, it need not exchange any Securities for a period of 15 days before a selection of Securities to be redeemed.

11. Persons Deemed Owners.

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

12. Amendments and Waivers.

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

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

13. Restrictive Covenants.(12)

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

14. Successors.

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

15. Defeasance Prior to Redemption or Maturity.(13)

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities, any coupons and the Indenture if the Company deposits with the Trustee money or U.S.

Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

16. Defaults and Remedies.

An Event of Default<sup>(14)</sup> includes: default for 60 days in payment of interest on the Securities; default in payment of principal on the Securities; default for 60 days in payment or satisfaction of any sinking fund obligation; default by the Company for a specified period after notice to it in the performance of any of its other agreements applicable to the Securities; certain events of bankruptcy or insolvency; and any other Event of Default provided for in the series. If an Event of Default occurs and is continuing, the Trustee or the holders of at least 33-1/3% in principal amount of the Securities may declare the principal<sup>(15)</sup> of all the Securities to be due and payable immediately.

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

17. Trustee Dealings with Company.

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



18. No Recourse Against Others.

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

19. Authentication.

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

20. Abbreviations.

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

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

[FACE OF COUPON]

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

[NAME OF ISSUER]

[Title of Security]

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

[Name Of Issuer]

By \_\_\_\_\_

[REVERSE OF COUPON]

PAYING AGENTS

NOTES TO EXHIBITS A AND B

- 1 If the Security is not to bear interest at a fixed rate per annum, insert a description of the manner in which the rate of interest is to be determined. If the Security is not to bear interest prior to maturity, so state.
- 2 If the method or currency of payment is different, insert a statement thereof.
- 3 If applicable. A restriction on redemption or refunding or any provision applicable to its redemption other may be added.
- 4 Such provisions as are applicable, if any.
- 5 If the Security is a Discounted Debt Security, insert amount to be redeemed or method of calculating such amount.
- 6 If applicable. Also insert, if applicable, provisions for repayment of Securities at the option of the Securityholder.
- 7 If applicable.
- 8 If applicable. If convertible into securities other than Common Stock, insert appropriate summary.
- 9 If additional or different adjustment provisions apply so specify.
- 10 If applicable. Insert additional or different denominations and terms as appropriate.
- 11 If different terms apply, insert a brief summary thereof.
- 12 If applicable. If additional or different covenants apply, insert a brief summary thereof.
- 13 If applicable. If different defeasance terms apply, insert a brief summary thereof.
- 14 If additional or different Events of Default apply, insert a brief summary thereof.

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

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

EXHIBIT C  
ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

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

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

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

Date: \_\_\_\_\_ Your Signature: \_\_\_\_\_  
\_\_\_\_\_

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

EXHIBIT D

CONVERSION NOTICE

To convert this Security, check the box:

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

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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Date: \_\_\_\_\_ Signature(s): \_\_\_\_\_

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

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

SECURITIES RESOLUTION NO.  
OF  
WESTERN RESOURCES, INC.

I, \_\_\_\_\_, Corporate Secretary of Western Resources, Inc. (the "Company"), do hereby certify that the attached is a true and correct copy of Securities Resolution No. \_\_\_\_\_ duly adopted by the authorized officers of the Company pursuant to authorization delegated to them by the Board of Directors of the Company at a meeting called and held on \_\_\_\_\_; and I do further certify that said resolution has not been rescinded and remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal to WESTERN RESOURCES, INC. this \_\_\_\_\_ day \_\_\_\_\_ of \_\_\_\_\_.

By: \_\_\_\_\_

Secretary

[CORPORATE SEAL]

% Senior Notes Due

SECURITIES RESOLUTION NO.  
OF  
WESTERN RESOURCES, INC.

The actions described below are taken by the duly authorized officers of WESTERN RESOURCES, INC. (the "Company"), pursuant to delegation, in accordance with resolutions adopted by the Board of Directors of the Company on \_\_\_\_\_, and Section 2.01 of the Indenture dated \_\_\_\_\_, \_\_\_\_\_ (the "Indenture") between the Company and Bankers Trust Company, as Trustee. Terms used herein and not defined have the same meaning given such terms in the Indenture.

RESOLVED, that a new series of Securities is authorized as follows:

1. The title of the series is \_\_\_\_\_% Senior Notes Due \_\_\_\_\_ (the "Notes").
2. The form of the Notes shall be substantially in form of Annex 1 hereto.
3. The Notes shall have the terms set forth in Annex 1.

This Securities Resolution shall be effective as of \_\_\_\_\_.

-----  
Name:  
Title:

-----  
Name:  
Title:



July 22, 1998

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

Ladies and Gentlemen:

As Vice President, Law and Corporate Secretary of Western Resources, Inc. (the "Company"), and in connection with the proposed issue and sale, from time to time, of \$800,000,000 aggregate principal amount of Debt Securities (the "Debt Securities") with respect to which the Company is filing a Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission under the Securities Act of 1933, to which Registration Statement this opinion shall be filed as an exhibit (capitalized terms used herein without definition have the meanings given such terms in the Registration Statement), I advise you that, in my opinion:

1. The Company is a corporation duly organized and validly existing under the laws of the State of Kansas.
2. The Debt Securities are to be issued under an indenture (hereinafter called the "Indenture") which may hereafter be supplemented by one or more supplemental indentures or Securities Resolutions (as defined in the Indenture) creating the Debt Securities (forms of which are filed as exhibits to the Registration Statement).
3. Upon (a) authorization of the issue and sale of the Debt Securities by state regulatory commissions having jurisdiction, (b) the Registration Statement becoming effective under the Securities Act of 1933, (c) the authorization by the Company of a supplement to the Indenture and/or the issuance, sale and delivery of the Debt Securities pursuant to a Securities Resolution, (d) authorization by resolutions of the Board of Directors of the Company, or the proper officers of the Company duly authorized, and receipt by the Company of sufficient consideration for the issuance, sale and delivery of such Debt Securities, and (e) the execution of the Debt Securities by the proper officers of the Company and the authentication thereof by the Trustee, the Debt Securities will be duly authorized and issued and will constitute the legal,

-2-

valid and binding obligations of the Company entitled to the benefits provided by the Indenture and any supplements thereto.

I hereby consent to the filing of a copy of this opinion as an exhibit to said Registration Statement. I also consent to the use of my name and the making of the statements with respect to myself in the Registration Statement and the Prospectus constituting a part thereof.

Very truly yours,

/s/ Richard D. Terrill  
-----  
Name: Richard D. Terrill  
Title: Vice President, Law

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use and incorporation by reference of our reports and to all references to our Firm included in or made part of this Registration Statement on Form S-3.

/s/ Arthur Andersen LLP

Kansas City, Missouri,  
July 22, 1998

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement of Western Resources, Inc. (the Company) on Form S-3 of our report dated January 30, 1998, on our audits of the consolidated financial statements of Kansas City Power & Light Company and Subsidiary as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, which report is included in Kansas City Power & Light Company and Subsidiary's Annual Report on Form 10-K, an exhibit in the Company's July 13, 1998 Current Report on Form 8-K. We Also consent to the reference to our firm under the caption "Experts."

/s/ Pricewaterhouse Coopers LLP

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Pricewaterhouse Coopers LLP

Kansas City, Missouri  
July 22, 1998

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) \_\_\_\_\_

-----  
BANKERS TRUST COMPANY

(Exact name of trustee as specified in its charter)

NEW YORK 13-4941247  
(Jurisdiction of Incorporation or (I.R.S. Employer  
organization if not a U.S. national bank) Identification no.)

FOUR ALBANY STREET 10006  
NEW YORK, NEW YORK (Zip Code)  
(Address of principal executive offices)

Bankers Trust Company  
Legal Department  
130 Liberty Street, 31st Floor  
New York, New York 10006  
(212) 250-2201  
(Name, address and telephone number of agent for service)  
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WESTERN RESOURCES, INC.

(Exact name of obligor as specified in its charter)

KANSAS 48-0290150  
(State or other jurisdiction of (I.R.S. Employer Identification no.)  
Incorporation or organization)

818 KANSAS AVENUE  
TOPEKA, KANSAS 66612  
(Address of principal executive offices)

DEBT SECURITIES

(Title of the indenture securities)

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	Address
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	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 7, 1990, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated June 21, 1995 - Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 33-65171, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated March 20, 1996, incorporate by referenced to Exhibit 1 filed with Form T-1 Statement, Registration No. 333-25843 and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated June 19, 1997, copy

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 November 18, 1997. 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 Bankers Trust Company dated as of December 31, 1997. 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, Bankers Trust Company, 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 the 22nd day of July, 1998.

BANKERS TRUST COMPANY

By: /s/ Scott Thiel

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Scott Thiel  
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 June 19, 1997, providing for an increase in authorized capital stock from \$1,601,666,670 consisting of 100,166,667 shares with a par value of \$10 each designated as Common Stock and 600 shares with a par value of \$1,000,000 each designated as Series Preferred Stock to \$2,001,666,670 consisting of 100,166,667 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.

Witness, my hand and official seal of the Banking Department at the City of New York, this 27th day of June in the Year of our Lord one thousand nine hundred and ninety-seven.

/s/ Manuel Kursky

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Deputy Superintendent of Banks



CERTIFICATE OF AMENDMENT

OF THE

ORGANIZATION CERTIFICATE

OF BANKERS TRUST

Under Section 8005 of the Banking Law

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We, James T. Byrne, Jr. and Lea Lahtinen, being respectively a Managing Director 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 One Billion, Six Hundred and One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars (\$1,601,666,670), divided into One Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (100,166,667) shares with a par value of \$10 each designated as Common Stock and 600 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 Two Billion One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars (\$2,001,666,670), divided into One Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (100,166,667) 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."

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 19th day of June, 1997.

/s/ James T. Byrne, Jr.

-----  
James T. Byrne, Jr.  
Managing Director

/s/ Lea Lahtinen

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Lea Lahtinen  
Assistant Secretary

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

Lea Lahtinen, being fully sworn, deposes and says that she is 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

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Lea Lahtinen

Sworn to before me this 19th day  
of June, 1997.

/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

BY-LAWS

NOVEMBER 18, 1997

Bankers Trust Company  
New York

BY-LAWS  
of  
Bankers Trust Company

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, on the third Tuesday 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 or the 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, 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 ten nor more than twenty-five, 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 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 person who shall have attained age 72 shall be eligible to be elected or re-elected a director. Such director may, however, remain a director of the Company until the next annual meeting of the stockholders of Bankers Trust New York Corporation (the Company's parent) so that such director's retirement will coincide with the retirement date from Bankers Trust New York Corporation.

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, 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 on the third Tuesday of the month. If the day appointed for holding such regular meetings shall be a legal holiday, the regular meeting to be held on such day shall be held on the next business day thereafter. 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, 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, 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 whom 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, and may also elect a Senior Vice Chairman, one or more Vice Chairmen, one or more Executive Vice Presidents, one or more Senior Managing Directors, one or more Managing Directors, one or more Senior Vice Presidents, one or more Principals, one or more Vice Presidents, one or more General Managers, a Secretary, a Controller, a Treasurer, a General Counsel, one or more Associate General Counsels, a General Auditor, a General Credit Auditor, and one or more Deputy Auditors, 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, the Senior Vice Chairman 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, the Senior Vice Chairman 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, President, Senior Vice Chairman or Vice Chairman 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 or the President, and (ii) only if and to the extent that, after

making such efforts as the Chairman of the Board, the Chief Executive Officer or the 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, Sandra L. West, Assistant Secretary of Bankers Trust Company, New York, New York, hereby certify that the foregoing is a complete, true and correct copy of the By-Laws of Bankers Trust Company, and that the same are in full force and effect at this date.

/s/ Sandra L. West

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ASSISTANT SECRETARY

DATED: July 22, 1998

Legal Title of Bank: Bankers Trust Company  
 Address: 130 Liberty Street  
 City, State ZIP: New York, NY 10006  
 FDIC Certificate No.: | 0 | 0 | 6 | 2 | 3

Call Date: 12/31/97 ST-BK: 36-4840  
 Vendor ID: D CERT: 00623

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Consolidated Report of Condition for Insured Commercial  
 and State-Chartered Savings Banks for December 31, 1997

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

Schedule RC--Balance Sheet

Dollar Amounts in Thousands		RCFD	C400 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	2,121,000	1.a.
b.	Interest-bearing balances (2) .....	0071	4,770,000	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	4,015,000	2.b.
3.	Federal funds sold and securities purchased under agreements to resell..	1350	28,927,000	3.
4.	Loans and lease financing receivables:	///	///	///
a.	Loans and leases, net of unearned income	///	///	///
	(from Schedule RC-C).....RCFD 2122 17,692,000	///	///	4.a.
b.	LESS: Allowance for loan and lease losses..RCFD 3123 659,000	///	///	4.b.
c.	LESS: Allocated transfer risk reserve ...RCFD 3128 0	///	///	4.c.
d.	Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c) .....	2125	17,033,000	4.d.
5.	Trading Assets (from schedule RC-D) .....	3545	45,488,000	5.
6.	Premises and fixed assets (including capitalized leases) .....	2145	766,000	6.
7.	Other real estate owned (from Schedule RC-M) .....	2150	188,000	7.
8.	Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)	2130	58,000	8.
9.	Customers' liability to this bank on acceptances outstanding .....	2155	633,000	9.
10.	Intangible assets (from Schedule RC-M) .....	2143	83,000	10.
11.	Other assets (from Schedule RC-F) .....	2160	5,957,000	11.
12.	Total assets (sum of items 1 through 11) .....	2170	110,039,000	12.

(1) Includes cash items in process of collection and unposted debits.  
 (2) Includes time certificates of deposit not held for trading.

Legal Title of Bank: Bankers Trust Company  
 Address: 130 Liberty Street  
 City, State Zip: New York, NY 10006  
 FDIC Certificate No.: | 0 | 0 | 6 | 2 | 3

Call Date: 12/31/97 ST-BK: 36-4840  
 Vendor ID: D CERT: 00623

FFIEC 031  
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Schedule RC--Continued

LIABILITIES	Dollar Amounts in Thousands	Bil Mil Thou
13. Deposits:		
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)		
(1) Noninterest-bearing(1) .....RCON 6631	2,856,000....	RCON 2200 24,608,000 13.
(2) Interest-bearing .....RCON 6636	21,752,000....	13.
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E part II)		
(1) Noninterest-bearing .....RCFN 6631	2,122,000	RCFN 2200 20,529,000 13.
(2) Interest-bearing .....RCFN 6636	18,407,000	13.
14. Federal funds purchased and securities sold under agreements to repurchase		RCFD 2800 13,777,000 14.
15. a. Demand notes issued to the U.S. Treasury .....		RCON 2840 0 15.
b. Trading liabilities (from Schedule RC-D).....		RCFD 3548 24,968,000 15.
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases):		
a. With a remaining maturity of one year or less .....		RCFD 2332 5,810,000 16.
b. With a remaining maturity of more than one year through three years..		A547 4,702,000 16.
c. With a remaining maturity of more than three years.....		A548 1,750,000 16.
17. Not Applicable.		17.
18. Bank's liability on acceptances executed and outstanding .....		RCFD 2920 633,000 18.
19. Subordinated notes and debentures (2).....		RCFD 3200 1,307,000 19.
20. Other liabilities (from Schedule RC-G) .....		RCFD 2930 5,961,000 20.
21. Total liabilities (sum of items 13 through 20) .....		RCFD 2948 104,045,000 21.
22. Not Applicable		22.
EQUITY CAPITAL		
23. Perpetual preferred stock and related surplus .....		RCFD 3838 1,000,000 23.
24. Common stock .....		RCFD 3230 1,352,000 24.
25. Surplus (exclude all surplus related to preferred stock) .....		RCFD 3839 540,000 25.
26. a. Undivided profits and capital reserves .....		RCFD 3632 3,526,000 26.
b. Net unrealized holding gains (losses) on available-for-sale securities		RCFD 8434 ( 45,000) 26.
27. Cumulative foreign currency translation adjustments .....		RCFD 3284 ( 379,000) 27.
28. Total equity capital (sum of items 23 through 27) .....		RCFD 3210 5,994,000 28.
29. Total liabilities and equity capital (sum of items 21 and 28).....		RCFD 3300 110,039,000 29

Memorandum

To be reported only with the March Report of Condition.

1. Indicate in the box at 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 1996.....| RCFD 6724 N/A Number M.1

- |  |  |
|--|--|
| <p>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</p> <p>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)</p> <p>3 = 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)</p> | <p>4 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)</p> <p>5 = Review of the bank's financial statements by external auditors</p> <p>6 = Compilation of the bank's financial statements by external auditors</p> <p>7 = Other audit procedures (excluding tax preparation work)</p> <p>8 = No external audit work</p> |
|--|--|

(1) Including total demand deposits and noninterest-bearing time and savings deposits.

(2) Includes limited-life preferred stock and related surplus.