Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

Note The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012 or tax year beginning , 2012, and ending , 20

Name of foundation: KGE PROJECT DESERVE TRUST FUND

A Employer identification number: 48-6268846

Number and street (or P O box number if mail is not delivered to street address): 818 SOUTH KANSAS AVENUE

Room/suite:

B Telephone number (see instructions): 785-575-6343

City or town, state, and ZIP code: TOPEKA, KS 66612

C If exemption application is pending, check here ▶ ☐

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

D 1 Foreign organizations, check here ▶ ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

H Check type of organization: [X] Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $ 1,684,570

J Accounting method: [X] Cash ☐ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I Analysis of Revenue and Expenses *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc, received (attach schedule)				
	2 Check ▶ ☐ if the foundation is **not** required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	47,053	47,053		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	55,941			
	b Gross sales price for all assets on line 6a 531,221				
	7 Capital gain net income (from Part IV, line 2)		55,941		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule) SCH 1	516	516		
	12 **Total.** Add lines 1 through 11	103,510	103,510		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions) SCH 1	1,932	1,932		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) SCH 1	5,003	5,003		
	24 **Total operating and administrative expenses.** Add lines 13 through 23	6,935	6,935		
	25 Contributions, gifts, grants paid	92,903			92,903
	26 **Total expenses and disbursements** Add lines 24 and 25	99,838	6,935		92,903
	27 Subtract line 26 from line 12				
	a **Excess of revenue over expenses and disbursements**	3,672			
	b **Net investment income** (if negative, enter -0-)		96,575		
	c **Adjusted net income** (if negative, enter -0-)				

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Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
	(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets			
1 Cash - non-interest-bearing	82,236	46,470	46,469
2 Savings and temporary cash investments			
3 Accounts receivable ▶			
Less. allowance for doubtful accounts ▶			
4 Pledges receivable ▶			
Less· allowance for doubtful accounts ▶			
5 Grants receivable			
6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
7 Other notes and loans receivable (attach schedule) ▶			
Less allowance for doubtful accounts ▶			
8 Inventories for sale or use			
9 Prepaid expenses and deferred charges			
10 a Investments - U S and state government obligations (attach schedule)			
b Investments - corporate stock (attach schedule) SCH 2	549,277	600,445	731,716
c Investments - corporate bonds (attach schedule) SCH 2	840,880	594,115	671,333
11 Investments - land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶			
12 Investments - mortgage loans			
13 Investments - other (attach schedule)			
14 Land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶ ALTERNATIVE INVESTMENT FUNDS)	0	235,035	235,052
16 **Total assets** (to be completed by all filers - see the instructions Also, see page 1, item I)	1,472,393	1,476,065	1,684,570
Liabilities			
17 Accounts payable and accrued expenses			
18 Grants payable			
19 Deferred revenue			
20 Loans from officers, directors, trustees, and other disqualified persons			
21 Mortgages and other notes payable (attach schedule)			
22 Other liabilities (describe ▶)			
23 **Total liabilities** (add lines 17 through 22)			
Net Assets or Fund Balances			
Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
24 Unrestricted			
25 Temporarily restricted			
26 Permanently restricted	1,472,393	1,476,065	
Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ ☐			
27 Capital stock, trust principal, or current funds			
28 Paid-in or capital surplus, or land, bldg , and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds			
30 **Total net assets or fund balances** (see instructions)	1,472,393	1,476,065	
31 **Total liabilities and net assets/fund balances** (see instructions)	1,472,393	1,476,065	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,472,393
2 Enter amount from Part I, line 27a	2	3,672
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	1,476,065
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,476,065

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo., day, yr)
1a	SCHEDULE 3, PAGE 1	P	VARIOUS	2012
b	SCHEDULE 3, PAGE 2	P	VARIOUS	2012
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	510,736		475,280	35,456
b	20,485			20,485
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				35,456
b				20,485
c				
d				
e				

2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7	2	55,941
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6). If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8		3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2011	95,646	1,656,152	0.0578
2010	95,400	1,584,914	0.0602
2009	81,848	1,421,712	0.0576
2008	113,632	1,645,186	0.0691
2007	114,597	1,894,853	0.0605

2	**Total** of line 1, column (d)	2	0.3052
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.0610
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	1,657,875
5	Multiply line 4 by line 3	5	101,130
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	966
7	Add lines 5 and 6	7	102,096
8	Enter qualifying distributions from Part XII, line 4	8	92,903

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1 . . . Date of ruling or determination letter ______________ (attach copy of letter if necessary - see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b	1	1,932
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	
3	Add lines 1 and 2	3	1,932
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-	5	1,932
6	Credits/Payments		
a	2012 estimated tax payments and 2011 overpayment credited to 2012 — 6a: 1,927		
b	Exempt foreign organizations - tax withheld at source — 6b:		
c	Tax paid with application for extension of time to file (Form 8868) — 6c:		
d	Backup withholding erroneously withheld — 6d:		
7	Total credits and payments. Add lines 6a through 6d	7	1,927
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** "Filed Electronically" ▶	9	5
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	
11	Enter the amount of line 10 to be **Credited to 2013 estimated tax** ▶ Refunded ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)?	1b		X
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation ▶ $ ______ (2) On foundation managers ▶ $ ______			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ______			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	2	X	
	If "Yes," attach a detailed description of the activities SCHEDULE 5			
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes* SCHEDULE 5	3	X	
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5		X
	If "Yes," attach the statement required by General Instruction T			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either. • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ ______			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		X

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶

14 The books are in care of ▶ THE COMMERCE TRUST COMPANY Telephone no ▶ 316-261-4634

Located at ▶ P.O. BOX 637, WICHITA, KS ZIP+4 ▶ 67202

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ 15

			Yes	No
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22 1 If "Yes," enter the name of the foreign country ▶			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

			Yes	No
1a	During the year did the foundation (either directly or indirectly).			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? ☐ Yes ☒ No			
	If "Yes," list the years ▶ ____ , ____ , ____ , ____			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions) N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here.			
	▶ ____ , ____ , ____ , ____ N/A			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2012 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012)* N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

		Yes	No
5a	During the year did the foundation pay or incur any amount to		
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No		
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No		
	(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No		
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No		
b	If any answer is "Yes" to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A — **5b**		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐		
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No		
	If "Yes," attach the statement required by Regulations section 53.4945-5(d)		
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No		
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? — **6b**		X
	If "Yes" to 6b, file Form 8870		
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No		
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A — **7b**		

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SCHEDULE 4				

2 Compensation of five highest-paid employees (other than those included on line 1 - see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶

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Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 N/A	
2 N/A	
3 N/A	
4 N/A	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2 N/A	
All other program-related investments See instructions 3 N/A	
Total. Add lines 1 through 3 ▶	

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes:		
a	Average monthly fair market value of securities	1a	1,623,189
b	Average of monthly cash balances	1b	59,933
c	Fair market value of all other assets (see instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	1,683,122
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	1,683,122
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	25,247
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,657,875
6	**Minimum investment return.** Enter 5% of line 5	6	82,894

Part XI **Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6			1	82,894
2a	Tax on investment income for 2012 from Part VI, line 5	2a	1,932		
b	Income tax for 2012. (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	1,932
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	80,962
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	80,962
6	Deduction from distributable amount (see instructions)			6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	80,962

Part XII **Qualifying Distributions** (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc - total from Part I, column (d), line 26	1a	92,903
b	Program-related investments - total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	92,903
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	92,903

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				80,962
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only				
b Total for prior years 20____,20____,20____				
3 Excess distributions carryover, if any, to 2012:				
a From 2007 — 22,181				
b From 2008 — 31,906				
c From 2009 — 11,703				
d From 2010 — 17,397				
e From 2011 — 14,493				
f Total of lines 3a through e	97,680			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ $ 92,903				
a Applied to 2011, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)				
c Treated as distributions out of corpus (Election required - see instructions)				
d Applied to 2012 distributable amount				80,962
e Remaining amount distributed out of corpus	11,941			
5 Excess distributions carryover applied to 2012 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	109,621			
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount - see instructions				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount - see instructions				
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	22,181			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)				
9 **Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a	87,440			
10 Analysis of line 9.				
a Excess from 2008 — 31,906				
b Excess from 2009 — 11,703				
c Excess from 2010 — 17,397				
d Excess from 2011 — 14,493				
e Excess from 2012 — 11,941				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling . . . . ▶ N/A

b Check box to indicate whether the foundation is a private operating foundation described in section [ ] 4942(j)(3) or [ ] 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	(e) Total
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test- enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942 (j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year - see instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ [X] if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed:

N/A

b The form in which applications should be submitted and information and materials they should include:

N/A

c Any submission deadlines:

N/A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
MIDWAY KANSAS CHAPTER OF THE AMERICAN RED CROSS PROJECT DESERVE 707 N. MAIN WICHITA, KS 67203	N/A		PUBLIC ENERGY ASSISTANCE FOR HELPING THE ELDERLY, HANDICAPPED, AND INDIGENT WITH PAYMENT OF UTILITY BILLS AND HOME WEATHERIZATION.	92,903
Total ▶ 3a				92,903
b Approved for future payment				
Total ▶ 3b				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions.)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue.					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	47,053	
5 Net rental income or (loss) from real estate.					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	516	
8 Gain or (loss) from sales of assets other than inventory			18	55,941	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue. a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)				103,510	

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 103,510

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See instructions.)
	N/A

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions.			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A	N/A	N/A

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

Signature of officer or trustee: [signature] Date: 5-14-13 Title: TRUSTEE

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

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KG&E Project Deserve Trust Fund
Return of Private Foundation - Calendar Year 2012
Employer Identification Number: 48-6268846

Other Income, Part 1, Line 11

Dividends - JP Morgan Alerian MLP Index ETN	516
Total Other Income	**516**

Taxes, Part 1, Line 18

Excise Tax on Investment Income	1,800
Foreign taxes Withheld	132
Total Taxes	**1,932**

Other Expenses, Part 1, Line 23

Account Management Fees	4,853
2012 Fee for EFTPS Remittance of Tax Payments	150
Total Other Expenses	**5,003**

KG&E Project Deserve Trust Fund
Return of Private Foundation - Calendar Year 2012
Employer Identification Number: 48-6268846

Information about Officers, Directors, Trustees, Foundation Managers, High Paid Employees, and Contractors

1) List of officers, directors, trustees, and foundation managers:

Name & Address	Title & Avg. Hrs. Devoted Per Week	Contributions to Employee Benefit Plan	Expense Account	Compensation
Pete Sumners Westar Energy 818 S. Kansas Ave. Topeka, KS 66612	Trustee - .5 hrs.	$0	$0	$0
Candace Johnson 1900 E. Douglas Wichita, KS 67214	Trustee - .5 hrs.	$0	$0	$0
Ronald D. Myers 5926 E. 10th St. N Wichita, KS 67208 316-682-6370	Trustee - .5 hrs.	$0	$0	$0
Robert (Bob) Crawford 8830 Shannon Way Ct Wichita, KS 67206 316-644-2020	Trustee - .5hrs.	$0	$0	$0
Megan Gottschalk-Hammersmith Reno County Chapter 111 N. Walnut Ste B Hutchinson, KS 67502 620-662-3363	Trustee - .5hrs.	$0	$0	$0

KGE Project Deserve Trust Fund
Return of Private Foundation - Calendar Year 2012
Employer Identification Number: 48-6268846

Part II, Investments Held, Line 10

	Beg Of Year Book Value	End Of Year Book Value	End Of Year Market Value
Line 10b - Investments - Corporate Stock			
Allianz Nfj Dividend Value Fund - Ins	51,280	51,280	74,117
American Century Growth Fund - Instl Fund # 320	46,683	46,683	58,207
Artisan Mid Cap Value Fund - Inv	25,318	27,818	45,484
Blackrock Small Cap Growth Equity Portfolio Inst	11,169	34,169	40,288
Columbia Acorn International Fund-Z	0	21,875	23,369
Commerce Growth Fund Institutional Fund # 337	67,056	63,312	92,189
Commerce Midcap Growth Fund Institutional # 339	11,660	19,160	23,756
Commerce Value Fund Institutional Fund # 346	98,432	52,427	62,194
Invesco Developing Market Fund Class R5	0	25,000	26,784
iShares Russell Midcap Value Index Fund	22,546	22,546	25,371
iShares Russell 1000 Value Index Fund	34,803	54,726	64,082
Laudus Growth Investors US Large Cap Growth Fund	20,000	50,000	50,402
MFS Research International Fund-I	67,500	57,101	57,932
Morgan Stanley Institutional Fund Trust Mid Cap Growth P	25,444	40,444	46,372
Target Small Capitalization Value Portfolio	33,904	33,904	41,169
Vanguard Morgan Growth Fund - IV	33,483	0	0
Total	549,277	600,445	731,716
Line 10c - Investments - Corporate Bonds			
Blackrock High Yield Bond Portfolio	0	12,500	12,932
Commerce Bond Fund #333	525,882	379,339	441,429
Commerce Short Term Govt Fund #336	55,500	0	0
Dodge & Cox Income Fund	133,000	103,675	107,542
Fidelity Advisor Emerging Markets Income Fund-I	0	10,000	10,402
Hartford Floating Rate Fund-Y	0	7,500	7,611
iShares Barclays Treasury Inflation Protected Securities Bc	29,330	0	0
iShares S&P US Preferred Stock Index Fund	0	19,740	19,810
Pimco Emerging Local Bond Fund Is	0	10,000	10,329
Vanguard Intermediate Term Corp Fund #71	97,168	0	0
Vanguard Intermediate Term Investment Grade Fund Adm	0	51,361	61,278
Total	840,880	594,115	671,333
Line 15 - Other Assets			
Absolute Strategies Fund-I	0	80,000	78,861
DWS Rreef Real Estate Securities Fund-Inst	0	15,000	14,501
iShares Comex Gold Trust	0	20,180	20,674
JP Morgan Alerian MLP Index ETN	0	19,855	19,230
Pimco All Asset All Authority Fund Is	0	65,000	66,745
Pimco Commodity Realreturn Strategy Fund-Ins	0	20,000	19,444
Prudential Global Real Estate Fund Z	0	15,000	15,597
Total	0	235,035	235,052

KGE Project Deserve Trust Fund
Return of Private Foundation - Calendar Year 2012
Employer Identification Number: 48-6268846

Part IV, Capital Gains and Losses for Tax on Investment Income

	(a) Property Sold	(b) How Acquired	(c) Date Acquired	(d) Date Sold	(e) Gross sales price minus expense of sale	(f) Depreciation allowed or allowable	(g) Cost or other basis	(h) Gain or (loss)
	Commerce Bond Fund #333	P	7/29/2010	2/13/2012	10,000		9,722	278
	Commerce Bond Fund #333	P	Various	7/27/2012	150,000		136,820	13,180
	Commerce Growth Fund Institutional #337	P	4/29/2004	7/27/2012	5,000		3,743	1,257
	Commerce Short Term Government #336	P	Various	2/13/2012	30,000		30,174	(174)
	Commerce Short Term Government #336	P	3/1/2010	7/27/2012	25,201		25,326	(125)
	Commerce Value Fund Institutional #346	P	4/29/2004	7/5/2012	20,000		18,765	1,235
	Commerce Value Fund Institutional #346	P	4/29/2004	7/27/2012	30,000		27,241	2,759
	Dodge & Cox Income Fund	P	7/26/2011	7/27/2012	30,000		29,325	675
	iShares Barclays Treasury Inflation Protected	P	2/3/2009	1/27/2012	35,471		29,330	6,141
	MFS Research International Fund-I	P	12/7/2010	7/5/2012	16,350		17,899	(1,549)
	Vanguard Intermediate Term Corp Fund #71	P	Various	7/27/2012	50,000		45,807	4,193
	Vanguard Morgan Growth Fund IV	P	2/6/2008	7/5/2012	15,000		13,296	1,704
	Vanguard Morgan Growth Fund IV	P	Various	7/27/2012	25,826		20,187	5,639
	Total Part IV, Long Term Gain(Loss)				442,848	0	407,635	35,213
	Columbia Acorn International Fund - Z	P	2/13/2012	7/5/2012	12,850		13,125	(275)
	iShares Comex Gold Trust	P	7/30/2012	12/31/2012	22		20	2
	Laudus Growth Investors US Large Cap Growth Fund	P	7/28/2011	1/26/2012	19,359		20,000	(641)
	Vanguard Morgan Growth Fund IV	P	1/26/2012	7/27/2012	35,657		34,500	1,157
	Total Part IV, Short Term Gain(Loss)				67,888	0	67,645	243
1a	**Totals Part IV, Line 1a**				**510,736**	**0**	**475,280**	**35,456**

KGE Project Deserve Trust Fund
Return of Private Foundation - Calendar Year 2012
Employer Identification Number: 48-6268846

Part IV, Capital Gains and Losses for Tax on Investment Income

	(a) Property Sold	(b) How Acquired	(c) Date Acquired	(d) Date Sold	(e) Gross sales price minus expense of sale	(f) Depreciation allowed or allowable	(g) Cost or other basis	(h) Gain or (loss)
	American Century Growth Fund - Instl Fund # 320	P	Various	12/20/2012	1,873			1,873
	Artisan Mid Cap Value Fund - Inv	P	Various	12/21/2012	1,957			1,957
	Blackrock Small Cap Growth Equity Portfolio Inst	P	Various	12/7/2012	2,554			2,554
	Commerce Growth Fund Institutional # 337	P	Various	12/10/2012	3,435			3,435
	Commerce Midcap Growth Fund Institutional # 339	P	Various	12/10/2012	2,332			2,332
	DWS Rreef Real Estate Securities Fund Inst	P	Various	12/21/2012	462			462
	Fidelity Advisor Emerging Markets Income Fund I	P	Various	12/24/2012	47			47
	Laudus Growth Investors US Large Cap Growth Fund	P	Various	12/10/2012	472			472
	Morgan Stanley Institutional Fund Trust	P	Various	12/19/2012	1,571			1,571
	Pimco Stanley Institutional Fund Trust	P	Various	12/18/2012	59			59
	Target Small Capitalization Value Portfolio	P	Various	12/14/2012	1,165			1,165
	Vanguard Intermediate Term Corp Fund # 71	P	Various	4/2/2012	399			399
	Vanguard Intermediate Term Investment Grade Fund Adm	P	Various	12/31/2012	695			695
	Totals Part IV, L/T Capital Gain Dividends Distributions, Line 1b				17,021	0	0	17,021
	Artisan Mid Cap Value Fund Ins	P	Various	12/21/2012	301			301
	Blackrock High Yield Bond Portfolio	P	Various	12/24/2012	49			49
	Blackrock Small Cap Growth Equity Portfolio Inst	P	Various	12/7/2012	2,037			2,037
	Commerce Midcap Growth Fund Institutional # 339	P	Various	12/10/2012	62			62
	Fidelity Advisor Emerging Markets Income Fund I	P	Various	12/24/2012	95			95
	Laudus Growth Investors US Large Cap Growth Fund	P	Various	12/10/2012	435			435
	Pimco Commodity Realreturn Strategy Fund Ins	P	Various	12/18/2012	144			144
	Vanguard Intermediate Term Corp Fund #71	P	Various	4/2/2012	151			151
	Vanguard Intermediate Term Investment Grade Fund Adm	P	Various	12/31/2012	190			190
	Totals Part IV, S/T Capital Gain Dividends Distributions, Line 1b				3,464	0	0	3,464
1b	**Totals Part IV, Line 1b**				**20,485**	**0**	**0**	**20,485**

KG&E Project DESERVE Trust Fund
Return of Private Foundation – Calendar Year 2012
Employer Identification Number – 48-6268846

Part VII-A, Statements Regarding Activities, Line 2 and Line 3

Part VII-A, Line 2: "Has the Foundation engaged in any activities that have not previously been reported to the IRS?"

Answer: Yes. Prior to 2006, the Foundation made grants to the American Red Cross "(ARC"), which in turn made grants to needy individuals for "home energy-related expenses, including monthly bills for natural gas or electric service and propane and butane." Beginning in 2006, ARC made grants to individuals for electric service only, which effectively limited the ARC payments to customers of Westar Energy, Inc. ("Westar"), an affiliate of Kansas Gas and Electric Company ("KG&E"), which had originally established the Foundation in 1984. Westar is a substantial contributor to the Foundation.

There is circularity to the flow of dollars from KG&E/Westar to the Foundation to ARC to needy persons to help pay their electric bills. While the ultimate charitable use of funds is not in question, because monies are ultimately paid to KG&E/Westar for utility bills of needy persons, it was thought best to seek certain rulings that there are no adverse tax consequences to the Foundation and its managers and disqualified persons. Accordingly, a private letter ruling request was filed on February 18, 2013, with EO Letter Rulings – Mr. Ron Shoemaker, Manager, Group 2.

Part VII-A, Line 3: "Has the Foundation made any changes, not previously reported to the IRS, in its governing instrument, Articles of Incorporation, or Bylaws, or other similar instruments? If "yes," attach a conformed copy of the changes."

Answer: Yes, and attachments are (1) Restated Trust Agreement, dated January 1, 2001 [The principal substantive modification in the Restated Trust Agreement was to define "income" for purposes of the annual distribution requirement to be "an amount equal to 6% of the fair market value of the Trust Estate on the first day of January" each year]; and (2) Second Amended and Restated Trust Fund Agreement, dated March 4, 2004. [This Second Amended and Restated Trust Fund Agreement added an additional purpose of the trust, namely to administer the "Project DESERVE Williams Refund," which was to make grants to ARC to be "used exclusively to pay costs of electric service for Westar Energy, Inc. customers who met low income qualifications."]

00-0479
File Room

KG&E PROJECT DESERVE TRUST FUND
AMENDED AND RESTATED TRUST AGREEMENT

Whereas, Kansas Gas & Electric Company ("KG&E") created a trust named the "KG&E Project DESERVE Trust Fund" under an agreement dated October 10, 1984;

Whereas, KG&E desires to amend and restate the trust agreement pursuant to KG&E's authority under Section Thirteen of the original trust agreement;

Now, therefore, in consideration of the mutual covenants and agreements contained in this agreement, it is agreed that this agreement amends and restates the agreement creating the KG&E Project DESERVE Trust Fund dated October 10, 1984.

The trustees shall hold and administer all assets that the trustees acquired pursuant to the original trust agreement and all assets that the trustees acquire pursuant to the amended and restated trust agreement (such property hereinafter being referred to collectively as the "Trust Estate"), in trust. The Trust Estate shall be held and administered in accordance with the terms of this trust agreement.

1. Trust Name. The name of this trust is the KG&E Project DESERVE Trust Fund.

2. Trust Purpose. This trust shall benefit Project DESERVE which is managed by the Mid Way-Kansas Chapter of the American Red Cross.

This trust is created to secure income from the Trust Estate and to organize the distribution of that income, undiminished by commission, stipend or expenses whenever possible.

The provisions of this agreement shall be liberally construed in the interest and for the benefit of Project DESERVE

3. Board of Trustees. This trust shall be governed by its Board of Trustees.

There shall be five trustees of the trust.

The trustees shall be the following:

1. The chairman of the board of directors of the Mid Way-Kansas Chapter of the American Red Cross [or an individual designated by such chairman who is a member of the executive committee of the board of directors of the Mid Way-Kansas Chapter of the American Red Cross or an officer of the Mid Way-Kansas Chapter of the American Red Cross];

2. The chairman of the board of directors of KG&E [or an individual designated by such chairman who is member of the board of directors of KG&E or is an officer of KG&E];

3. The chairman of the Project DESERVE Monitoring Committee;

4. A director of the Mid Way-Kansas Chapter of the American Red Cross who is appointed by the chairman of the board of directors of the Mid Way-Kansas Chapter of the American Red Cross; and

5. A member of the Project DESERVE Monitoring Committee who is representing a Kansas chapter of the American Red Cross that is not otherwise represented on the Board of Trustees. Such trustee shall serve a two year term on the board and shall be appointed by the chairman of the Project DESERVE Monitoring Committee.

The chairman of the board of directors of KG&E [or the individual designated by such chairman to serve as a trustee] shall serve as president of the Board of Trustees. At any regular meeting that the president is not able to attend, the chairman of the board of directors of the Mid Way-Kansas Chapter of the American Red Cross [or the individual designated by such chairman to serve as trustee] shall act as president of the Board of Trustees.

The Board of Trustees shall meet in January in each year and in July of each year at the offices of the Mid Way-Kansas Chapter of the American Red Cross or such other place as the president may designate. The president may call such additional meetings as the president shall deem necessary.

Written notice of all meetings shall be given to each trustee stating the time and place of the meeting. Such notice shall be sent to each trustee at least 15 days before the meeting. Attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting except where a trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Three members of the Board of Trustees shall constitute a quorum for the transaction of business. The act of a majority of the trustees present at a meeting at which a quorum is present, in person or by proxy, shall be the act of the Board of Trustees and shall bind the Board of Trustees.

At any meeting of the Board of Trustees, a trustee entitled to vote may vote by proxy executed in writing by the trustee. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

The Board of Trustees may appoint standing or temporary committees made up of trustees and invest such committees with such powers as the trustees see fit. The committees shall be required to keep regular minutes of their transactions and shall report the same to the board at their regular meetings or upon the request of the Board of Trustees.

The Board of Trustees may conduct its business by adopting a written consent signed by all of the Trustees, and such consent shall have the same force and effect as if the resolutions set forth in the written consent were adopted at a properly called and conducted meeting of the Board of Trustees.

4. <u>No Court Supervision.</u> The powers and authorities granted to the Board of Trustees under this agreement or by law shall be exercised and performed without order, approval or confirmation of any court. The trustees shall not be required to file with the Probate Court, nor with any other court, any notice of appointment as trustee, any copy of the instrument creating this trust, or any list of beneficiaries under the trust. Neither shall the trustees be required to file any inventory of trust property, or any intermediate, final or distribution accounting with any court.

5. **<u>Trustee Bond and Indemnification.</u>** No bond, surety or other security shall be required of a trustee.

The trustees shall not be personally liable for monetary damages for breach of fiduciary duty as a trustee, except for liability (i) for any breach of the trustee's duty of loyalty to the trust fund, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the trustee derived any improper personal benefit.

Each person who is made a party, is threatened to be made a party to, or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a trustee or president under this trust agreement shall be indemnified and held harmless by KG&E. Such right shall include the right to be paid by KG&E for any and all expense, liability and loss reasonably incurred or suffered by such indemnitee.

6. Powers of Board of Trustees. The Board of Trustees shall have all those powers granted to trustees under the Uniform Trustees' Powers Act, Chapter 58, Article 12, Kansas Statutes Annotated, as the Act may be amended from time to time.

In addition, the Board of Trustees shall have the full right, power and authority, in their sole and absolute discretion and without authorization by any court, to invest, manage and administer the Trust Estate. Such authority shall include the authority to select a qualified investment manager and to delegate to that investment manager the responsibility for investing, managing, and administering the Trust Estate. The Board of Trustees shall have authority to reasonably compensate the investment manager for its services and to deduct this expense from the income or principal of the Trust Estate.

The Board of Trustees shall, at least annually, review the investment methods of the manager and review the investment results.

The Board of Trustees shall not be liable for acts of any agents when the agents shall have been selected by the Board of Trustees using reasonable care and due diligence.

7. **Distribution of Principal and Income.** The Board of Trustees shall care for and manage the Trust Estate and collect the income derived from such funds. The Board of Trustees shall distribute the income of the Trust Estate each year to Project DESERVE. Such distributions shall be made in four equal installments within 30 days after the end of each calendar quarter.

Income for each year, for purposes of this agreement, shall be defined as an amount equal to 6% of the fair market value of the Trust Estate on the first day of January of such year.

The Board of Trustees shall have no control over, or responsibility for, the use of the distributions from the Trust Estate to Project DESERVE.

8. Compensation of Trustees. The Board of Trustees shall serve without compensation or reimbursement of expenses from the Trust Estate.

9. Duration of Trustees Powers. All of the rights, powers, authorities, privileges, and immunities given to the Board of Trustees by this agreement shall continue after termination of this trust until the Board of Trustees has made actual distribution of all of the Trust Estate.

10. Resignation, Removal, and Death of Trustees. A trustee may resign at any time by giving written notice to the president of the Board of Trustees. Such notice shall specify the effective date of the resignation. No resignation shall be effective prior to the expiration of thirty (30) days following the date of the notice.

Any trustee may be removed for a breach of trust upon the unanimous vote of the other trustees.

Upon the death, resignation, removal or disability of any trustee, the vacancy shall be filled consistent with the provisions of section 4 of this agreement.

11. **Successor Trustee.** No successor trustee shall be personally liable for any act or omission of any predecessor trustees. Any successor trustee shall accept without examination or review the accounts rendered and the property delivered by or for a predecessor trustee without incurring any liability or responsibility.

12. **Accounting.** The Board of Trustees shall provide an annual statement of account to KG&E and to the Project DESERVE Monitoring Committee.

13. **Additional Contributions.** The Board of Trustees shall have the right to accept additional contributions to the Trust Estate. When any such contributions are received, they shall become the property of the Trust Estate.

14. **Prohibited Transactions.** The trustee shall make distributions at such time and in such manner as not to subject the trust to tax under section 4942 of the Internal Revenue Code [tax on undistributed income]. The Trustee shall not engage in any act of self-dealing, as defined in section 4941(d) of the Internal Revenue Code, and shall not make any taxable expenditures, as defined in section 4945(d) of the Internal Revenue Code. The Trustee shall not make any investments that jeopardize the charitable purpose of the Trust within the meaning of section 4944 of the Internal Revenue Code and the regulations thereunder, or retain any excess business holdings with the meaning of section 4943(c) of the Internal Revenue Code.

15. **Accounting Year.** The accounting year of the trust shall be the calendar year.

16. **Governing Law.** The laws of the State of Kansas shall govern the operation of the trust.

In witness whereof, KG&E has executed this agreement effective the 1st day of January 2001.

"KG&E"
Kansas Gas and Electric Company

By: Ronald W. Holt

Ronald W. Holt
chairman of the board and president

KGE PROJECT DESERVE TRUST FUND

CERTIFICATE OF RESOLUTIONS

Ronald W. Holt, president of the Board of Trustees of KGE Project DESERVE Trust Fund, hereby certifies that the following resolutions were adopted by unanimous consent of the trustees of KGE Project DESERVE Trust Fund on the 8th day of January 2001 and that as of the date hereof, the following resolutions are in full force and effect and have not been modified or rescinded.

RESOLVED, that **Commerce Bank, N.A., Wichita, Kansas** is hereby designated a depository of the trust.

FURTHER RESOLVED, that the signature of the president and one other trustee shall be required on any and all checks and other instruments used to withdraw funds from trust accounts.

FURTHER RESOLVED, that any officer is authorized to endorse, for credit or negotiation, any check for the payment of money to the trust. Such endorsement may be made in writing or by a stamp and without designation of office of the person so endorsing.

FURTHER RESOLVED, the depository bank may consider these resolutions and the holders of offices to be and continue as set forth in this instrument until notice to the contrary, in writing, is sent to the bank.

FURTHER RESOLVED, that the Board of Trustees of the KGE Project DESERVE Trust Fund appoint **Commerce Bank**, N.A. as the trust's investment agent and hereby approve and ratify the Agency Agreement attached to these minutes.

In witness whereof, the undersigned has executed this certificate.

Ronald W. Holt

Ronald W. Holt, president of the Board of
Trustees of Project DESERVE Trust Fund

KGE PROJECT DESERVE TRUST FUND
ACCEPTANCE OF APPOINTMENT AS TRUSTEE
[POSITION NO. 1]

EFFECTIVE JANUARY 1, 2001

Charles Russell, as Chairman of the Board of Directors of the Midway-Kansas Chapter of the American Red Cross, hereby accepts the position of Trustee of the KGE Project DESERVE Trust Fund under the trust agreement dated October 10, 1984, as amended.

The undersigned agrees that this acceptance shall be valid and continue until the earliest of the following:

1. the undersigned shall cease to serve as Trustee by submission of resignation in writing to the President of the Board of Trustees;

2. the undersigned no longer holds the office of Chairman of the Board of Directors of the Midway-Kansas Chapter of the American Red Cross; or

3. the undersigned designates a member of the executive committee of the board of directors of the Midway-Kansas Chapter of the American Red Cross or an officer of the Midway-Kansas Chapter of the American Red Cross to serve in the undersigned's place.

Executed this 9th day of May 2001.

Charles Russell

CHARLES RUSSELL
CHAIRMAN OF THE BOARD OF DIRECTORS OF THE MIDWAY-KANSAS CHAPTER OF THE AMERICAN RED CROSS

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KGE PROJECT DESERVE TRUST FUND
ACCEPTANCE OF APPOINTMENT AS TRUSTEE
[POSITION NO. 2]

EFFECTIVE JANUARY 1, 2001

Ronald W. Holt, as Chairman of the Board of Directors of the Kansas Gas and Electric, hereby accepts the position of Trustee of the KGE Project DESERVE Trust Fund under the trust agreement dated October 10, 1984, as amended and accepts the position of President of the Board of Trustees.

The undersigned agrees that this acceptance shall be valid and continue until the earliest of the following.

1. the undersigned shall cease to serve as Trustee by submission of resignation in writing to the remaining Trustees;

2. the undersigned no longer holds the office of the Chairman of the Board of Directors of Kansas Gas and Electric; or

3. the undersigned designates a member of the board of directors of Kansas Gas and Electric Company or another officer of Kansas Gas and Electric Company to serve in the undersigned's place.

Executed this 23rd day of April 2001.

Ronald W. Holt

RONALD W. HOLT
CHAIRMAN OF THE BOARD OF DIRECTORS OF KANSAS GAS AND ELECTRIC

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65622-0062

KGE PROJECT DESERVE TRUST FUND
ACCEPTANCE OF APPOINTMENT AS TRUSTEE
[POSITION NO. 3]

EFFECTIVE JANUARY 1, 2001

James Young, as Chairman of the Project DESERVE Monitoring Committee, hereby accepts the position of trustee of the KGE Project DESERVE Trust Fund under the trust agreement dated October 10, 1984, as amended.

The undersigned agrees that this acceptance shall be valid and continue until the earliest of the following:

1. the undersigned shall cease to serve as Trustee by submission of resignation in writing to the President of the Board of Trustees; or

2. the undersigned no longer holds the office of Chairman of the Project DESERVE Monitoring Committee.

Executed this 23 day of April 2001.

James M Young
JAMES YOUNG
CHAIRMAN OF THE PROJECT DESERVE MONITORING COMMITTEE

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KGE PROJECT DESERVE TRUST FUND
DESIGNATION OF TRUSTEE
[POSITION NO 4]

EFFECTIVE JANUARY 1, 2001

Charles Russell, as Chairman of the Board of Directors of the Midway-Kansas Chapter of the American Red Cross, hereby designates **Bob Crawford** to serve as a Trustee of KGE Project DESERVE Trust Fund pursuant to the trust agreement dated October 10, 1984, as amended.

CHARLES RUSSELL
CHAIRMAN OF THE BOARD OF DIRECTORS OF THE MIDWAY-KANSAS CHAPTER OF THE AMERICAN RED CROSS

ACCEPTANCE OF APPOINTMENT AS TRUSTEE

Bob Crawford hereby accepts the appointment by the Chairman of the Board of Directors of the Midway-Kansas Chapter of the American Red Cross to serve as a Trustee of KGE Project DESERVE Trust Fund pursuant to the trust agreement dated October 10, 1984, as amended. The undersigned is a member of the Board of Directors of the Midway-Kansas Chapter of the American Red Cross.

The undersigned agrees that this acceptance shall be valid and continue until the earliest of the following:

1. the undersigned shall cease to serve as Trustee by submission of resignation in writing to the President of the Board of Trustees; or

2. the undersigned no longer holds the office of director of the Midway-Kansas Chapter of the American Red Cross.

Executed on this 23rd day of April 2001.

Bob Crawford

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KGE PROJECT DESERVE TRUST FUND
DESIGNATION OF TRUSTEE
[POSITION NO. 5]

EFFECTIVE JANUARY 1, 2001

James Young, as Chairman of the Project DESERVE Monitoring Committee, hereby designates **Martha Pate** to serve as a trustee of KGE Project DESERVE Trust Fund pursuant to the trust agreement dated October 10, 1984, as amended.

James M Young

JAMES YOUNG
CHAIRMAN OF THE BOARD OF DIRECTORS OF THE MIDWAY-KANSAS CHAPTER OF THE AMERICAN RED CROSS

ACCEPTANCE OF APPOINTMENT AS TRUSTEE

Martha Pate hereby accepts the appointment by the Chairman of the Project Deserve Monitoring Committee to serve as a Trustee of KGE Project DESERVE Trust Fund pursuant to the trust agreement dated October 10, 1984, as amended. The undersigned is a member of the Project DESERVE Monitoring Committee and is representing a Kansas chapter of the American Red Cross that is not otherwise represented on the Board of Trustees.

The undersigned agrees that this acceptance shall be valid and continue until the earliest of the following:

1. the undersigned shall cease to serve as Trustee by submission of resignation in writing to the President of the Board of Trustees;

2 the undersigned is no longer a member of the Project DESERVE Monitoring Committee; or

3. two years from the effective date of the appointment.

Executed on this 23 day of April 2001.

Martha E Pate

MARTHA PATE

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65622-0062

KG&E PROJECT DESERVE TRUST FUND
SECOND AMENDED AND RESTATED TRUST FUND AGREEMENT

Whereas, Kansas Gas & Electric Company ("KG&E") created a trust named the "KG&E Project DESERVE Trust Fund" under a "Trust Fund Agreement" dated October 10, 1984;

Whereas, KG&E, with the consent of the Midway-Kansas Chapter of the American Red Cross ("Midway Chapter"), amended and restated the trust fund agreement pursuant to an instrument dated January 1, 2001;

Whereas, KG&E desires to further amend and restate the trust fund agreement with the consent of the Midway Chapter;

Whereas, the Midway Chapter has consented to the amendments set forth in this instrument;

Now, therefore, in consideration of the covenants and agreements contained in this second amended and restated trust fund agreement, this instrument amends and restates the trust fund agreement creating the KG&E Project DESERVE Trust Fund dated October 10, 1984.

On the effective date of this instrument (March 4, 2004), the trustees shall hold in trust, and shall administer pursuant to the trust fund agreement, all assets that the trustees acquire (such property hereinafter being referred to collectively as the "Trust Estate"). The Trust Estate shall be held and administered in accordance with the terms of this trust fund agreement.

1. **Trust Name.** The name of this trust is the KG&E Project DESERVE Trust Fund.

2. **Trust Purpose.** This trust shall benefit Project DESERVE and Project DESERVE Williams Refund. Both Project DESERVE and Project DESERVE Williams Refund are solely managed and operated by the Midway Chapter.

This trust is created to secure income from the Trust Estate for the benefit of Project DESERVE and Project DESERVE Williams Refund and to organize the distribution of that income, undiminished by commission, stipend or expenses whenever possible.

The provisions of this agreement shall be liberally construed in the interest and for the benefit of Project DESERVE and Project DESERVE Williams Refund.

3. **Board of Trustees.** This trust shall be governed by its Board of Trustees.

The Board of Trustees shall consist of five trustees.

The following persons shall serve as trustees:

1. The chairman of the board of directors of the Midway Chapter (or an individual designated by such chairman who is a member of the executive committee of the board of directors of the Midway Chapter or an officer of the Midway Chapter);

2. The chairman of the board of directors of KG&E (or an individual designated by such chairman who is member of the board of directors of KG&E or is an officer of KG&E);

3. The chairman of the Project DESERVE Monitoring Committee;

4. A director of the Midway Chapter who is appointed by the chairman of the board of directors of the Midway Chapter; and

5. A member of the Project DESERVE Monitoring Committee who is representing a Kansas chapter of the American Red Cross that is not otherwise represented on the Board of Trustees. Such trustee shall serve a two year term on the board and shall be appointed by the chairman of the Project DESERVE Monitoring Committee.

The chairman of the board of directors of KG&E (or the individual designated by such chairman to serve as a trustee) shall serve as chairman of the Board of Trustees. At any regular meeting that such person is not able to attend, the chairman of the board of directors of the Midway Chapter (or the individual designated by such chairman to serve as a trustee) shall act as chairman of the Board of Trustees.

The Board of Trustees shall meet in January in each year and in July of each year at the offices of the Midway Chapter or such other place as the chairman of the Board of Trustees may designate. The chairman may call such additional meetings as the chairman shall deem necessary.

Written notice of all meetings shall be given to each trustee stating the time and place of the meeting. Such notice shall be sent to each trustee at least 15 days before the meeting either in writing or by electronic transmission. Attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting except where a trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Three members of the Board of Trustees shall constitute a quorum for the transaction of business. The act of a majority of the trustees present at a meeting at which a quorum is present, in person or by proxy, shall be the act of the Board of Trustees and shall bind the Board of Trustees.

At any meeting of the Board of Trustees, a trustee may vote by proxy executed in writing and delivered to another trustee or by proxy delivered by electronic transmission by the trustee to another trustee. No proxy shall be valid after eleven months from the date of its execution or delivery, unless otherwise provided in the proxy.

The Board of Trustees may appoint standing or temporary committees made up of one or more trustees and invest such committees with such powers as the Board of Trustees sees fit. The committees shall be required to keep regular minutes of their transactions and shall report the same to the Board of Trustees at the Board of Trustees' regular meetings or at such other times requested by the Board of Trustees.

The Board of Trustees may conduct its business by adopting a written consent signed by a majority of the trustees, and such consent shall have the same force and effect as if the resolutions set forth in the written consent were adopted at a properly called and conducted meeting of the Board of Trustees.

4. **No Court Supervision.** The powers and authorities granted to the Board of Trustees under this agreement or by law shall be exercised and performed without order, approval or confirmation of any court. The trustees shall not be required to file with any court, any notice of appointment as trustee, any copy of the instrument creating this trust, or any list of beneficiaries under the trust. The trustees shall not be required to file any inventory of trust property, or any intermediate, final or distribution accounting with any court.

5. **Trustee Bond and Indemnification.** No bond, surety or other security shall be required of a trustee.

Except for an action brought by the trust or the Board of Trustees, KG&E shall indemnify any current or former trustee or chairman of the Board of Trustees that is made a party, or is threatened to be made a party, to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a trustee or chairman. KG&E shall indemnify such person against payments made by such person that are actually and reasonably incurred and that are in the nature of expenses, judgments, fines and amounts paid in settlement, including attorneys' fees, if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of the trust and the Board of Trustees. With respect to any criminal action or proceeding, no such payment shall be made if the person had reasonable cause to believe such person's conduct was unlawful.

Expenses incurred by a current or former trustee or chairman in defending a civil or criminal action, suit or proceeding, shall be paid by KG&E in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount if it is ultimately determined that the person is not entitled to be indemnified as authorized in this section.

KG&E shall not be required to indemnify a current or former trustee or chairman from amounts owed or paid by such person as a result of (i) a breach of the trustee's duty of loyalty to the trust fund, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the trustee derived any improper personal benefit.

This indemnification provision shall survive the termination of this agreement.

6. **Powers of Board of Trustees.** The Board of Trustees shall have all those powers granted to trustees under the Uniform Trust Code, K.S.A. § 58a-101 *et. seq.*, as such code is amended from time to time.

In addition, the Board of Trustees shall have the full right, power and authority, in their sole and absolute discretion and without authorization by any court, to invest, manage and administer the Trust Estate. Such authority shall include the authority to select a qualified investment manager and to delegate to that investment manager the responsibility for investing, managing, and administering the Trust Estate. The Board of Trustees shall have authority to reasonably compensate the investment manager for its services and to deduct this expense from the income or principal of the Trust Estate.

The Board of Trustees shall, at least annually, review the investment methods of the manager and review the investment results.

The Board of Trustees shall not be liable for the acts or omissions of any agents when the agents shall have been selected by the Board of Trustees using reasonable care and due diligence.

7. **Trust Shares and Distributions.**

Quarterly Distributions. The Board of Trustees shall manage and administer the Trust Estate and collect the income derived from such funds. The Board of Trustees shall distribute the income of the Trust Estate each year to Project DESERVE and Project DESERVE Williams Refund. Such distributions shall be made in four equal installments within 30 days after the end of each calendar quarter.

The Board of Trustees shall have no control over, or responsibility for, the use of the distributions from the Trust Estate to Project DESERVE and Project DESERVE Williams Refund.

Funding of Project DESERVE Williams Refund. On or about March 4, 2003, a refund received by Westar Energy, Inc. for overcharges in connection Westar's purchase of natural gas was, pursuant to an order of the Kansas Corporation Commission, contributed to the trustees by Westar Energy, Inc. to be held under this trust fund agreement. Such funds were combined with the existing principal of the Trust Estate subject to the requirement that a percentage of the income of the Trust Estate be allocated to Project DESERVE Williams Refund and used exclusively to pay costs of electric service for Westar Energy, Inc. customers who meet low income qualifications (such qualifications to be determined from time to time by Project DESERVE Williams Refund).

Beginning in calendar year 2004, the Trust Estate shall be divided into two separate trust shares, one share shall be held for the benefit of Project DESERVE and one share shall be held for the benefit of Project DESERVE Williams Refund.

2004 Distributions. For the calendar year 2004, the trustees shall distribute the following amount as the income from the Project DESERVE Williams Refund trust share: an amount equal to 83% of 6% of the amount of the refund. The trustees shall distribute 6% of the fair market value of the Trust Estate on the first day of January 2004 as the income from the Project DESERVE trust share for the calendar year 2004. Any gains, expenses and losses of the Trust Estate for 2004 shall be allocated between the trust shares based on each trust share's percentage of total income distributed for 2004 (as provided in this paragraph).

Distributions after 2004. Effective for the calendar year 2005 and each calendar year thereafter, each trust share shall be allocated the following percentages of all principal, gain, income, expense and loss of the Trust Estate:

Project DESERVE	39.2%
Project DESERVE Williams Refund	60.8%

The trust share percentage of Project DESERVE Williams Refund is equal to the percentage of the principal of the Trust Estate represented by the March 4, 2004 contribution.

Any contributions or additions to principal of the Trust Estate after the effective date of this instrument shall be allocated to trust shares of Project DESERVE and Project DESERVE Williams Refund in the percentage allocation set forth above, unless a contribution is specifically directed, by the contributor, to be allocated in a different manner. In the event a different allocation is directed by the donor, the trust share percentages set forth above shall be changed to reflect the change in the percentage of the Trust Estate represented by each trust share.

Except as provided above, income of the Trust Estate for each year, for purposes of this agreement, shall be defined as an amount equal to 6% of the fair market value of the Trust Estate on the first day of January of such year.

8. Compensation of Trustees. The Board of Trustees shall serve without compensation or reimbursement of expenses from the Trust Estate.

9. Duration of Trustees Powers upon Termination. All of the rights, powers, authorities, privileges, and immunities given to the Board of Trustees by this agreement shall continue after termination of this trust until the Board of Trustees has made actual distribution of all of the Trust Estate.

10. Resignation, Removal, and Death of Trustees. A trustee may resign at any time by giving written notice to the chairman of the Board of Trustees. Such notice shall specify the effective date of the resignation. No resignation shall be effective prior to the expiration of thirty (30) days following the date of the notice.

Any trustee may be removed for a breach of a duty to the trust by KG&E or upon the unanimous vote of the other trustees.

Upon the death, resignation, removal or disability of any trustee, the vacancy shall be filled consistent with the provisions of section 3 of this agreement and this section 10. In the case of a vacancy in a trusteeship position that was filled by a person holding another position in the Midway Chapter, in the Project DESERVE Monitoring Committee, or in KG&E, the vacancy shall be filled as soon as a new person is appointed or elected to such other position. In the case of a trusteeship position that was filled by appointment, the vacancy shall be filled as soon as a new person is appointed to the trusteeship position.

11. Successor Trustee. No successor trustee shall be personally liable for any act or omission of any predecessor trustees. Any successor trustee shall accept without examination or review the accounts rendered and the property delivered by or for a predecessor trustee without incurring any liability or responsibility.

12. **Accounting.** The Board of Trustees shall provide an annual statement of account to KG&E and to the Project DESERVE Monitoring Committee and to Project DESERVE Williams Refund Monitoring Committee.

13. **Additional Contributions.** The Board of Trustees shall have the right to accept additional contributions to the Trust Estate. When any such contributions are received, they shall become the property of the Trust Estate.

14. **Prohibited Transactions.** The Board of Trustees shall make distributions at such time and in such manner as not to subject the trust to tax under § 4942 of the Internal Revenue Code of 1986 [tax on undistributed income]. The Board of Trustees shall not engage in any act of self-dealing, as defined in § 4941(d) of the Internal Revenue Code of 1986, and shall not make any taxable expenditures, as defined in § 4945(d) of the Internal Revenue Code of 1986. The Board of Trustees shall not make any investments that jeopardize the charitable purpose of the Trust within the meaning of § 4944 of the Internal Revenue Code of 1986 and the regulations thereunder, or retain any excess business holdings with the meaning of § 4943(c) of the Internal Revenue Code of 1986.

15. **Accounting Year.** The accounting year of the trust shall be the calendar year.

16. **Revocation and Amendment of Trust.** KG&E reserves the right to revoke this trust instrument by a written notice delivered to the Board of Trustees and expressing the mutual consent of KG&E and the Midway Chapter. Any decision to revoke this trust instrument will be jointly made by KG&E and the Midway Chapter on the premise that Project DESERVE and/or Project DESERVE Williams Refund are no longer useful or functional as energy emergency assistance programs.

KG&E also reserves the right, with the consent of the Midway Chapter, to alter or amend this trust instrument by a written notice delivered to the Board of Trustees. The duties of the Board of Trustees shall not be materially increased by any alteration or amendment without the written consent of the Board of Trustees.

Upon the termination of this trust instrument, the Trust Estate, including any accumulated income, shall revert to and become the property of KG&E. Recommendations for the use of the Trust Estate upon such termination shall be made by KG&E and the Midway Chapter. These recommendations shall be submitted to the Kansas Corporation Commission for review prior to their implementation.

17. **Governing Law.** The laws of the State of Kansas shall govern the operation of the trust.

In witness whereof, KG&E has executed this agreement effective the 4th day of March 2004.

"KG&E"
Kansas Gas and Electric Company

Date: 12/17/04, 2004

By: William B. Moore
William B. Moore
chairman of the board and president

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

Before me, the undersigned, a Notary Public, within and for said County and State, on this _________ day of ________________________ 2004, personally appeared William C. Moore, chairman of the board and president of Kansas Gas and Electric Company to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth as a duly constituted agent of Kansas Gas and Electric Company.

____
Notary Public

My Appointment Expires:

Agreed and accepted by the Midway-Kansas Chapter of the American Red Cross:

By: ______________________________
Sharon Powell-Quincy, director
Date: _____________, 2004

In witness whereof, KG&E has executed this agreement effective the 4th day of March 2004.

"KG&E"
Kansas Gas and Electric Company

Date: _____________, 2004 By:_________________________________

William B. Moore
chairman of the board and president

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

Before me, the undersigned, a Notary Public, within and for said County and State, on this _________ day of ________________________ 2004, personally appeared William C. Moore, chairman of the board and president of Kansas Gas and Electric Company to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth as a duly constituted agent of Kansas Gas and Electric Company.

____
Notary Public

My Appointment Expires:

Agreed and accepted by the Midway-Kansas Chapter of the American Red Cross:

By: Beverly Morlan
Beverly Morlan, executive director
Date: December 1 2004

Agreed and accepted by the Board of Trustees:

Susan Koslowsky

Susan Koslowsky
Date: 11/30, 2004

Caroline Williams
Date: ____________, 2004

Frances Colonna
Date: ____________, 2004

Charles Russell
Date: ____________, 2004

Ray Glass
Date: ____________, 2004

Agreed and accepted by the Board of Trustees:

____
Susan Koslowsky
Date: _____________, 2004

Caroline A. Williams
____
Caroline Williams
Date: December 3, 2004

____
Frances Colonna
Date: _____________, 2004

____
Charles Russell
Date: _____________, 2004

____
Ray Glass
Date: _____________, 2004

Agreed and accepted by the Board of Trustees:

____
Susan Koslowsky
Date: ____________, 2004

____
Caroline Williams
Date: ____________, 2004

Frances H. Colonna
Frances Colonna
Date: 10 December 2004

____
Charles Russell
Date: ____________, 2004

____
Ray Glass
Date: ____________, 2004

Agreed and accepted by the Board of Trustees:

____
Susan Koslowsky
Date: ______________, 2004

____
Caroline Williams
Date: ______________, 2004

____
Frances Colonna
Date: ______________, 2004

Charles Russell
Date: Dec. 3, 2004

____
Ray Glass
Date: ______________, 2004

Agreed and accepted by the Board of Trustees:

____
Susan Koslowsky
Date: _____________, 2004

____
Caroline Williams
Date: _____________, 2004

____
Frances Colonna
Date: _____________, 2004

____
Charles Russell
Date: _____________, 2004

Ray Glass
____
Ray Glass
Date: December 2, 2004