

WESTERN RESOURCES BOARD OF DIRECTORS
HUMAN RESOURCES COMMITTEE
February 7, 2001

The Western Resources Human Resources Committee of the Board of Directors met on February 7, 2001. The following members participated: Frank J. Becker, chairman, Gene A. Budig and John C. Dicus. Participating from Western Resources was David C. Wittig, chairman of the board, president and chief executive officer.

Chairman Becker called the meeting of the Human Resources Committee to order. The Committee reviewed and approved the minutes of the meetings of November 8, 2000, December 6, 2000, and February 2, 2001.

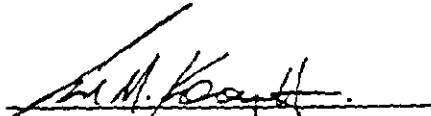
David Wittig reviewed the packet of information distributed to the members of the Human Resources Committee, including the 2000 short-term incentive, the restricted share unit awards for 2001, and the impact of those awards on the employment contracts and change in control agreements. After discussion by the Committee, the Committee recommended that the short-term incentive bonuses for the year-ended 2000 as presented at the meeting be recommended to the full meeting of the Board of Directors and that the restricted share units in the grant levels as presented also be recommended to the full Board. Those grants would vest upon a fifteen percent appreciation of stock price but would not be triggered upon a change in control or a transaction with the Public Service Company of New Mexico.

The Committee also considered a resolution dealing with the directors' restricted share units as presented in the Board information. It was moved, seconded and approved to recommend this resolution to the Board of Directors.

The Committee also reviewed the résumé of Paul R. Geist, currently executive director of corporate strategy, and recommended for approval by the full Board his election as vice president, corporate development for Western Resources at the proposed salary outlined in the letter from Resources Connection.

There being no further business, the meeting of the Committee was adjourned.

Submitted by,


Carl M. Koupal, Jr.



- Sent to full board.
Take Copy

DAVID C. WITTIG
Chairman of the Board,
President and Chief Executive Officer

February 5, 2001

Frank J. Becker

REDACTED

Dear Frank,

I am sending a package of compensation information in anticipation of our meeting on Thursday. This package contains four sections.

The first is a history of compensation at Western. You were previously provided this information. I would point out the history of the SERP (beginning on page 5), which was established in 1981 and last amended in 1999. Every officer who has left the company since 1996 has received full benefit of the SERP.

The second section illustrates the bonus calculation, RSU grants, and the impact of the bonuses on payments due to employees at the closing of the PNM transaction.

The third section is my recommendation for modification to the 2000 bonuses. I have also enclosed an analysis of the impact on the payments associated with the PNM transaction. As you can see in both cases (with or without an excise tax), the amounts are under the caps outlined in the merger agreement.

The fourth section contains the draft language that will appear in the merger proxy.

Please call me if you have any questions.

Sincerely,

attachment

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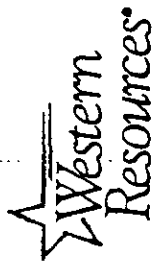
Board of Directors

February 7-9, 2001





Compensation/Benefits History



February 8, 2001

Annual Review Process

- Each year, the Human Resources Committee receives a report from an outside human resources consulting firm -- Resources Connection of Houston, Texas.
- The report provides detailed market analysis of base salary, short-term incentive targets and long-term incentives compared to other companies.
- The Human Resources Committee will be reviewing recommendations for 2001 in May.

Compensation Philosophy

The company's compensation philosophy continues to emphasize shareholder value creation through a pay-for-performance compensation program. More specifically, the company's philosophy is to:

- Align base salaries at 90-100% of market and provide total compensation potential above the market average;
- Emphasize long-term incentives and equity programs for senior management;
- Encourage employee stock ownership;
- Provide incentives linked to performance throughout the organization.

Summary of Officer Benefits

Benefits	Description
Short-Term Incentive Plan	The Western Resources Short-Term Incentive Plan motivates key executives and select employees (grades C and above--approximately 10% of exempt work force) to achieve the highest level of performance to further the achievement of Western Resources' goals, objectives, and strategies.
Long-Term Incentive Plan	The Western Resources Long-Term Incentive and Share Award Plan provides employees of the company with restricted stock or restricted share units as a means to attract and retain and motivate employees.
Executive Salary Continuation Plan	The Western Resources Executive Salary Continuation Plan provides specified benefits to a select group of officers who contribute materially to the continued growth, development and future business success of Western Resources and its subsidiaries. Full vesting with 15 years service or age 65. Provides 61.7% of final 3 years' pay at age 65. Lesser benefit payable below age 65. Earliest commencement is age 50, actuarially reduced for age below 60 and service less than 15 years. Benefit reduced by Qualified Retirement Plan benefit.



Summary of Officer Benefits

Benefits	Description
Deferred Compensation Plan	The Western Resources Deferred Compensation Plan allows deferral of income for a specified period and provides funds for retirement or death for certain executive and management employees (and their beneficiaries). Maximum deferral 100% of base salary and short-term incentive compensation.
Change in Control Agreement	The Western Resources Change in Control Agreement provides specified benefits to a select group of management and executive employees of the company in order that they may advise the Board whether a proposed change in control would be in the best interests of the company and its shareholders without being influenced by the uncertainties of their own situation. Members of the EC are provided Employment Agreements.
Car Allowance	Monthly car allowance of \$633.83, grossed-up for anticipated taxes.
Country Club Membership	The company provides to members of the Executive Council a membership in a country club which includes the payment of the initiation fee and the monthly dues. Business expenses are reimbursed.
Financial/Legal Services	Executive Council members are reimbursed up to \$10,000 annually for their financial planning expenses, including associated preparation expenses and \$10,000 for legal expenses. For other officers, the annual amount is \$5,000 for financial planning expenses and \$5,000 for legal expenses.
Vacation	Officers are provided with a minimum of 4-weeks of vacation annually.

Other Basic Benefits

Medical/Dental	Sick Leave
Life Insurance/AD&D	Short-Term Disability
Pension	Long-Term Disability
401(k) Savings Plan	

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History of Executive Salary Continuation Plan

In 1981, the company instituted a nonqualified Salary Continuation Plan for certain executives. The Plan provided three benefits:

- Pre-retirement survivor benefit equal to 50% of base salary payable for 180 months, offset by pension benefits;
 - Supplemental executive retirement program (SERP) paying 50% of final 3-years average salary at age 62 to 56% of final 3-years average salary at age 65, payable for life with 15 years certain, also offset by pension benefits; and
 - A disability income benefit equal to the benefit which would have been paid at 65, offset by pension benefits.
- Nine officers were originally selected to participate. Expanded to 13 in 1985.

History of Executive Salary Continuation Plan

- In 1991 the Plan was amended to include all officers of the company with the same benefit structure, except for John Hayes' benefit being 60% at age 61. Life insurance policies were taken out for all participants as well as for several former officers who had employment/separation agreements for certain benefits.
- The program was revised in March, 1995 following an executive compensation study. The revised plan included the following features:
 - Total cash compensation instead of base salary;
 - Retirement benefits from 50% at or below age 50 to 61.7% at age 65;
 - Graded vesting starting with 10% after 6-years to 100% after 15-years service;
 - Early retirement reductions for commencement prior to age 60;
 - Establishment of a rabbi trust to pay benefits using single premium annuity contracts funded at retirement or change in control.

History of Executive Salary Continuation Plan

- The Plan has been amended twice since 1995. In 1996, a change in control provision was added to provide benefits in the event of a change in control as if the participant were 65 years of age for purposes of determining the retirement benefit and vesting.
- The latest amendment revised the definition of compensation to include stock compensation (RSUs) under the Executive Stock for Compensation program in addition to cash compensation, effective April 1, 1999.
- Today, there are 14 officers of the company covered by the provisions of the Plan.

Change in Control/Employment Agreements History

- Change in Control agreements were approved by the Board in 1994. These agreements were provided to all officers.
- Benefits were paid upon a "double trigger"
 - Change in control of the ownership of the company;
 - Following a change in control, if there was an adverse change in officer's status or position; reduction in compensation; change in benefits or other adverse change.
- Benefits Payable
 - 2.99x final 3-years base salary and average bonus for EC;
 - 2x final 3-years base and average bonus for other officers and a select group of employees.

Change in Control/Employment Agreements History

- Revisions to Change in Control Agreements in 2000
 - For members of the Executive Council (EC)
 - Employment Agreements containing change in control provisions;
 - For EC, the agreements are single-trigger requiring only either a change in control, as defined, or "Good Reason."^{*}
 - Note that the definition of "Change in Control" for purposes of 280G differs from definition in Employment Agreements. The definition in 280G is focused on whether the company's shareholders have a majority after the transaction. The definition in the Employment Agreements relate to percentage of shareholder ownership, continuation of the existing Board and no holder greater than 20%. The PNM Agreement expressly acknowledges that the transaction constitutes a Change in Control for purposes of the Employment Agreements.
 - Benefits for EC
 - 2.99x the base amount and bonus amount;
 - Continuation of health and welfare benefits, and financial and legal counseling services for 3-years;
 - Payment for outplacement services;
 - Relocation assistance;
 - Cross-up for excise tax.

* Good reason includes (i) material adverse change in duties or responsibilities, (ii) reduction in base salary, annual target bonus opportunity or targeted long-term incentive value, (iii) required relocation more than 30 miles, or (iv) certain reductions in employee benefits

Change in Control/Employment Agreements History

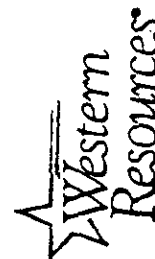
- Employment Agreements similar to this utilized by more than 65% of peer group
- For other 12 officers
 - Double trigger change in control agreements requiring a change in control plus a change in circumstances.
 - Reduction in salary by more than 10%;
 - Change in benefits;
 - Relocation of more than 75 miles.
- Benefits
 - 2x base amount and bonus amount;
 - Continuation of health and welfare benefits, and financial and legal counseling services for 2-years;
 - Payment for outplacement services.



Long-Term Incentive Program

■ In January, 1991, a performance share long-term incentive plan was implemented for the CEO and direct reports. Each January, performance shares equivalent to 10% of each executive's base salary were established in an account. These shares were distributed after three years based on a proportion determined by the measures shown below. The maximum payout was equal to 110% of the original number of shares. Distribution was in the form of cash based on a "phantom stock" plan. Participants were eligible for cash dividend equivalents on all performance shares.

Measure	Weight
Actual EPS Compared to Budgeted EPS	35%
Stock Price Appreciation Compared to S&P Electric Index	35%
Average of Individual Performance Ratings Over Three Years	30%



Long-Term Incentive Program

- Long-Term Incentive and Share Award Plan
 - In January, 1996, the company implemented a Long-Term Incentive and Share Award Plan. This plan reserves a number of shares for issuance in connection with awards for stock options, restricted shares and restricted share units, and specifies general terms under which these awards are granted
- Stock Options
 - July, 1996 - Stock options were first granted effective July, 1996, to employees in Grade C (middle management) and above, including officers (approximately 100 officers and employees). Options vested when the stock price had appreciated at least 20% for 30 consecutive trading days (but no sooner than the third anniversary) or on the ninth anniversary of the grant. The grant expired on the tenth anniversary. A dividend equivalent was granted for each option granted to an employee.
 - Options were granted in 1996 through 2000.

Long-Term Incentive Program

- Stock Options, cont'd.
 - May, 1998 - The stock option plan as described above was extended to all non-bargaining unit employees.
 - May, 2000 - All active Western Resources employees were given the opportunity to convert previously granted stock options to Restricted Share Units of comparable value. These converted RSUs would vest one-third in May, 2001, May, 2002, and May, 2003. Accumulated DERs were included in the determination of stock option value and thus were converted to RSUs. Future DERs stemming from the RSUs would be paid in cash, or deferred in the form of RSUs if so elected by the employees (Grade C and above only). This resulted in a one-time savings of \$4.9 million and an ongoing savings of \$500,000 in 2001 increasing each year.

Long-Term Incentive Program

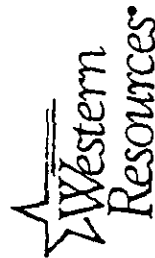
- Restricted Shares
 - May, 1998 - Restricted Shares were granted to members of the Executive Council. These shares vested when two hurdles were met: 1) the participant completed at least four years of continuous employment after the grant (excepting terminations due to death, disability, or retirement) and, 2) the stock price appreciated at least 20% above the grant price for 30 consecutive trading days. The restricted shares were forfeited if either of these hurdles had not been met by the expiration date.
 - Participants were allowed to take the dividends in cash, or to reinvest in shares at the same discounted rate available through the Direct Stock Purchase Plan for shareholders.

Long-Term Incentive Program

- Restricted Shares, cont'd.
 - June, 1999 - Restricted Share Units were granted to members of the EC that required employees to continue employment through the first four years after the grant (except in the event of death, disability or retirement). At that point the RSUs are vested and would be distributed on the earliest of the ninth anniversary or the date the stock price appreciated above the grant price for at least 30 consecutive trading days.
 - Participants were given the opportunity to replace previous restricted share grants with restricted share unit grants under these terms.
 - In 2000, restricted share units were granted to all non-union employees. These RSUs vest at the end of four years. Additionally, for employees in Grade C and above, the share price must appreciate 20% for 30 consecutive trading days for vesting to occur. In no event would the RSUs be distributed later than the ninth anniversary.

Short-Term Incentive Program

- January, 1990 - A short-term incentive plan was first implemented with participation restricted to the CEO and officers reporting directly to the CEO. Each participant had an incentive target of 20% and an incentive maximum of 24%, which could be achieved when financial measures exceeded budgeted performance by at least 10%.
 - The plan used three measures:
 - Financial (50%)
 - Individual (30%)
 - Discretionary (20%)



Short-Term Incentive Program

■ January, 1991 - The plan was extended to other officers and to non-officer employees in Grades C and above. The incentive targets were raised or established as shown in the table below. The weights associated with each of the three measures varied based on organizational level.

Weights

Org. Level	Incentive Target	Financial	Individual	Discretionary
CEO	35%	50%	30%	20%
Direct Reports	30%	50%	30%	20%
EVP	20%	50%	30%	20%
Other Officers	10%	40%	40%	20%
C & above	5%	30%	50%	20%



Short-Term Incentive Program

- January, 1996 - The weight associated with the financial measure was equally split into two separate measures:
 - 1) EPS relative to budget and, 2) Stock Price Appreciation relative to a peer group. The peer group was defined as the Standard and Poor's Electric Utility Index. This second measure provided for no payout where WR price appreciation was less than or equal to the index growth with the maximum payout achieved where WR appreciation was at least 10% above the index growth.
- Incentive targets were adjusted as follows based on market study:

Grade	Incentive Target	Incentive Maximum
1	43%	51%
2-7	35%	46%
8	25%	32%
9-11	15%	21%
30 & above	8%	11%

Short-Term Incentive Program

■ January, 1997 - The payout curve was modified for each of the two financial measures. They were designed with a threshold of 90% of budgeted performance and a straight-line payout curve that earned the targeted incentive for each 10% (of budgeted performance) achieved above the threshold. Target incentives were also increased, based on a market analysis, as shown below based on a review of the market:

Grade	Incentive Target
1-2	60%
3-7	55%
8	40%
9-11	30%
30 & above	15%

Short-Term Incentive Program

- The peer group was also changed at this time to reflect a specific set of companies considered to be more representative of Western Resources than a general index.
- January, 1998 - The plan was modified to create a better alignment between participants in the Generation, Distribution, Customer Service, and Shared Services business units. Where applicable, new measures were created to address customer service and safety issues, and the stock appreciation measure was replaced with a measure based on business unit SVA (actual versus budget). Incentive targets for officers were increased to better reflect labor market averages. The following tables show the targets and the applicable weights associated with each measure.

Short-Term Incentive Program

Western Resources (Corporate)

Component Measure Weights

Unit/ Grades	Incentive Target % of Base	WR EPS	Stock Appr.	BU SVA	Safety	Cust. Service	Individual
1-2	80%	40%	40%				20%
3-7	60%	40%	40%				20%
8	45%	35%	35%				30%
9-11	30%	30%	30%				40%
A-C	15%	25%	25%				50%

Generation

Component Measure Weights

Unit/ Grades	Incentive Target % of Base	WR EPS	Stock Appr.	BU SVA	Safety	Cust. Service	Individual
8	45%	10%		30%	10%		50%
9-11	30%	10%		30%	10%		50%
A-C	15%	7%		20%	7%		66%



Short-Term Incentive Program

Distribution/Customer Service

Component Measure Weights

Unit/ Grades	Incentive Target % of Base	WR EPS	Stock Appr.	BU SVA	Safety	Cust. Service	Individual
8	45%	10%		20%	10%	10%	50%
9-11	30%	10%		20%	10%	10%	50%
A-C	15%	7%		13%	7%	7%	66%

Shared Services

Component Measure Weights

Unit/ Grades	Incentive Target % of Base	WR EPS	Stock Appr.	BU SVA	Safety	Cust. Service	Individual
8	45%	10%		30%		10%	50%
9-11	30%	10%		30%		10%	50%
A-C	15%	7%		20%		7%	66%



Short-Term Incentive Program

- January, 1999 - Incentive targets for officers were increased to better reflect labor market rates. Measures were left unchanged. The new incentive targets are shown below:

Grade	Incentive Target
1	90%
4-5	80%
6-7	70%
8	50%
9-11	35%
C & above	15%

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2000 Bonus Calculation

These are the bonuses that result from the short-term incentive program that was described in the proxy and was approved by the shareholders in 1999. These payments and the grants described on page three are due on March 1, 2001.

I. Stock Price

Western outperformed the peer group 58.4% to 34.9%.

Formula:

$$\begin{aligned} & 1.584 - (1.349 \times 0.90) / 1.349 \times 0.10 \\ & 1.584 - 1.214 / 0.135 \\ & 0.370 / 0.135 = 2.741x \end{aligned}$$

II. EPS

<u>Actual</u>	<u>Budget</u>
1.96	1.74

Formula:

$$\begin{aligned} & 1.96 - (1.74 \times 0.90) / 1.74 \times 0.10 \\ & 1.96 - 1.566 / 0.174 \\ & 0.394 / 0.174 = 2.264x \end{aligned}$$

III. Discretionary

Target average of 70% payout for all employees.

IV. Payout Multiplier Formula (average)

$$\begin{aligned} & (0.4 \times 2.741) + (0.4 \times 2.264) + (0.2 \times 0.7) \\ & 1.096 + 0.906 + 0.14 = 2.142x \end{aligned}$$

V. Multiplier

		<u>As % of Target Base</u>
Wittig	2.142	1.820%
Lake	2.142	1.637%
Koupal	2.142	1.899%
Grennan	2.142	1.796%
Terrill	2.142	1.714%
Sharpe	N/A	N/A

VI. Individual Discretionary %

Wittig	70%
Lake	70%
Koupal	70%
Grennan	70%
Terrill	70%
Sharpe	70%

Martin **REDACTED**

VII. Individual Multiplier

Wittig	2.142 x 0.9 = 1.928x
Lake	2.142 x 0.8 = 1.714x
Koupal	2.142 x 0.8 = 1.714x
Grennan	2.142 x 0.7 = 1.499x
Terrill	2.142 x 0.7 = 1.499x
Sharpe	N/A

Martin **REDACTED**

VIII. 2000 Bonuses

Wittig	\$743,600 x	1.928 =	\$1,433,661
Lake	\$427,900 x	1.714 =	\$ 733,421
Koupal	\$318,240 x	1.714 =	\$ 545,463
Grennan	\$241,500 x	1.499 =	\$ 362,009
Terrill	\$230,400 x	1.499 =	\$ 345,370
Sharpe	N/A		\$ 229,750

Martin **REDACTED** \$3,771,174

NOTE: Sharpe and Martin changed pay grades in 2001 and therefore they are paid in a way such that comparisons to other EC members are not applicable.

2000 Stock Grants for the EC

Western pays out grants at the first Board meeting each year in an amount not less than the aggregate dollar amount of the grants in previous years. The grants are reviewed again in April as part of our annual compensation review and as appropriate additional grants are given.

I. Formula

$$\begin{aligned} & [2000 \text{ grants} + (0.5 \times 2000 \text{ options})] \times 15.47 / 24.00 \\ & [386,900 + (0.5 \times 99,200)] \times 15.47 / 24.00 \\ & (386,900 + 49,600) \times 15.47 / 24.00 \\ & 436,500 \times 15.47 / 24.00 \\ & 6,752,665 / 24.00 = 281,361 \end{aligned}$$

II. Individual Grants

Wittig	109,225
Lake	58,077
Koupal	41,769
Grennan	22,818
Terrill	31,746
Sharpe	<u>17,726</u>
	281,361

Martin **REDACTED**

**Payments Due on Utility Sale
Under Employment Agreements**

I. Formula

(Adjusted Base + Bonus) x 2.99

II. Individual Payouts

Wittig	$(\$805,678 + 1,433,661) \times 2.99 = \$6,695,624$
Lake	$(\$522,178 + 733,421) \times 2.99 = \$3,754,241$
Koupal	$(\$341,038 + 545,463) \times 2.99 = \$2,650,638$
Grennan	$(\$277,034 + 362,009) \times 2.99 = \$1,910,739$
Terrill	$(\$277,014 + 345,370) \times 2.99 = \$1,860,928$
Sharpe	$(\$225,548 + 229,750) \times 2.99 = \$1,361,341$

III. Total Payout

\$18,233,511

SERP Payments

The Salary Continuation Plan and the employee contracts call for employees to receive fully vested retirement benefits. The contracts call for annuities to be purchased for the benefit of each employee that pays the formula amount for life, but no less than 15 years.

I. Formula

$$(\text{Adjusted Base} + \text{Bonus}) \times 0.617$$

II. Individual Payouts

Wittig	$(\$805,678 + 1,433,661) \times 0.617 = \$1,381,672$
Lake	$(\$522,178 + 733,421) \times 0.617 = \$ 744,705$
Koupal	$(\$341,038 + 545,463) \times 0.617 = \$ 546,971$
Grennan	$(\$277,034 + 362,009) \times 0.617 = \$ 394,290$
Terrill	$(\$277,014 + 345,370) \times 0.617 = \$ 384,011$
Sharpe	$(\$225,348 + 229,750) \times 0.617 = \$ 280,795$

III. Annuities

Annual payout $\times 12.74 =$ approximate cost of annuity

	Life Expectancy (Years)	Cost of Annuity (@ 7.25% Interest)
Wittig	34.9	\$17,920,252
Lake	30.2	\$9,719,433
Koupal	33.0	\$6,928,656
Grennan	32.1	\$4,669,399
Terrill	34.0	\$4,751,358
Sharpe	37.8	\$3,567,306

280G Tax

I. Formula for Each Individual

(a) Payment on utility sale + cost of annuity + accelerated portion of restricted share units + any other payments accelerated by employee's departure - vested SERP benefits / (b) Average W-2 income for 1997-2001.

If the number is greater than 2.99, then $[(a - b) \times 0.2] \times 3.07 =$ approximate gross-up payment owed to employee.

If no 280G tax is due, all payments to an employee are tax deductible if the employee ceases employment in the same calendar year the payments are made. If a 280G tax is due, no payments in excess of average W-2 income for 1997-2001 are tax deductible.

I(a) Payments for each individual.

Assumes all outplacement and relocation expenses, if applicable, are an obligation of Westar.

Individual: utility sale payment + accelerated payments + RSU value (value of grants vested as determined by Arthur Andersen. Not paid in cash.) + benefits + SERP - vested SERP benefits = 280G amount.

Wittig	\$6.695 +	0 + 5.703 + 0.078 +	17.920 - 1.435 =	\$28.961
Lake	\$3.754 +	0 + 3.599 + 0.078 +	9.719 - 0.391 =	\$16.759
Koupal	\$2.651 +	0 + 2.209 + 0.078 +	6.929 - 1.242 =	\$10.625
Grennan	\$1.911 +	0 + 1.494 + 0.078 +	4.669 - 1.197 =	\$6.955
Terrill	\$1.861 + 0.601 + 1.641 + 0.078 +		4.751 - 1.053 =	\$7.879
Sharpe	\$1.361 +	0 + 1.127 + 0.078 +	3.567 - 0.540 =	\$5.593

II. 280G Estimated Tax (Assumes 2001 bases are adjusted per management's recommendations, and employees earn targeted bonus)

Name	Average W-2	Amount Subject to 280G	280G Gross-up
Wittig	4.305	\$28.961	\$15.173
Lake	2.355	\$16.759	\$8.864
Koupal	1.352	\$10.625	\$5.706
Grennan	0.812	\$6.955	\$3.781
Terrill	0.868	\$7.879	\$4.315
Sharpe	0.522	\$5.593	\$3.120
Total		\$76.772	\$40.959

Less RSU value: \$15.774
 $\$60.998 + 40.959 + 11.200$ (non-EC SERPs) = \$113.157

Cap Calculations

If no 280G tax is owed, \$43.680 million, net of taxes, would be paid. The gross amount is \$72.198 million including amounts paid to other officers for their SERP plans.

The limits per the PNM agreement are \$55.0 million, net of taxes. The gross limit is \$90.9 million.

The payouts as outlined would be less than the limits established as part of the PNM transaction.

If a 280G tax is owed, the payout would be \$113.157, exceeding the \$80 million after-tax cap by \$33.157, entirely the result of excise taxes.

Employee Payments

	At Closing	Per Year
Wittig	\$6.696	\$1.382
Lake	\$3.754	\$0.745
Koupal	\$2.651	\$0.547
Grennan	\$1.911	\$0.394
Terrill	\$1.861	\$0.384
Sharpe	\$1.361	\$0.281

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Modification Recommendations

The following section outlines recommendations to address this issue. These recommendations have been reviewed by Western's Human Resources Committee. Westar would assume the exposure for any amounts above the \$80 million cap if Western is unsuccessful in obtaining a letter ruling from the IRS that the 280G tax is not applicable. In order to further mitigate the caps, the management would make the following recommendations:

1. In an effort to increase "W-2" income which impacts the 280G calculation, management would terminate or amend the Western employee deferred compensation plan, as well as one KGE deferred compensation payment. In addition, the deferred bonus of Lake would be paid in 2001 so that all payments would be compensation in 2001, so as to accelerate payout.
2. Western would amend its pre-2001 grants to have them vest December 1, 2001, not at shareholder vote. 2001 grants would become subject only to the price target of up 15%.
3. Payment due on sale would be reduced by 60% and employee would enter into non-compete agreement in the amount of the reduction, paid at closing.
4. All health, relocation, outplacement and legal benefits would become the obligation of Westar, if applicable.

Alternative 2000 Bonus Calculation

I. Stock Price (using a non-weighted peer group average)

Western outperformed the peer group 58.4% to 44.9% or 13.5%.

Formula:

$$\begin{aligned} & 1.584 - (1.449 \times 0.90) / 1.449 \times 0.10 \\ & 1.584 - 1.304 / 0.145 \\ & 0.280 / 0.145 = 1.931x \end{aligned}$$

II. EPS

<u>Actual</u>	<u>Budget</u>
\$1.96	\$1.74

Formula:

$$\begin{aligned} & 1.96 - (1.74 \times 0.90) / 1.74 \times 0.10 \\ & 1.96 - 1.566 / 0.174 \\ & 0.394 / 0.174 = 2.264x \end{aligned}$$

III. Discretionary

Target average of 70% payout for all employees

IV. Payout Multiplier Formula (average)

$$\begin{aligned} & (0.4 \times 1.931) + (0.4 \times 2.264) + (0.2 \times 0.7) \\ & 0.772 + 0.906 + 0.14 = 1.818x \end{aligned}$$

V. Multiplier

		<u>As % of Target Base</u>
Wittig	1.750	148.7%
Lake	1.878	143.5%
Koupal	1.677	148.7%
Grennan	1.773	148.7%
Terrill	1.859	148.7%
Sharpe	N/A	N/A

VI. Individual Discretionary %

Wittig	36%
Lake	100%
Koupal	0%
Grennan	47.5%
Terrill	90.5%
Sharpe	70%

Martin **REDACTED**

VII. Individual Multiplier

Wittig	$1.750 \times 0.9 = 1.575x$
Lake	$1.878 \times 0.8 = 1.502x$
Koupal	$1.677 \times 0.8 = 1.342x$
Grennan	$1.773 \times 0.7 = 1.241x$
Terrill	$1.859 \times 0.7 = 1.301x$
Sharpe	N/A

Martin **REDACTED**

VIII. 2000 Bonuses

Wittig	\$743,600 x	1.575 =	\$1,171,170
Lake	\$427,900 x	1.502 =	\$ 642,706
Koupal	\$318,240 x	1.342 =	\$ 427,078
Grennan	\$241,500 x	1.241 =	\$ 299,702
Terrill	\$230,400 x	1.301 =	\$ 299,750
Sharpe			\$ 209,707
Martin			
			<hr/>
			\$3,171,613

REDACTED

2000 Stock Grants for the EC

I. Formula

$$\begin{aligned} & [2000 \text{ grants} + (0.5 \times 2000 \text{ options})] \times 15.47 / 24.00 \\ & [386,900 + (0.5 \times 99,200)] \times 15.47 / 24.00 \\ & (386,900 + 49,600) \times 15.47 / 24.00 \\ & 436,500 \times 15.47 / 24.00 \\ & 6,752,665 / 23.3125 = 281,361 \end{aligned}$$

II. Individual Grants

Wittig	109,225
Lake	58,077
Koupal	41,769
Grennan	22,818
Terrill	31,746
Sharpe	<u>17,726</u>
	281,361

Martin

REDACTED

**Payments Due on Utility Sale
Under Employment Agreements**

Assumptions: WR stock is \$26 at shareholder vote, \$29.00 at 12/31/01 and \$32 at closing.
Shareholder vote 8/01, closing 10/02.

I. Formula

(Adjusted Base + Bonus) x 2.99

II. Individual Payouts

Wittig	$(\$805,678 + 1,171,170) \times 2.99 = \$5,910,776$
Lake	$(\$522,178 + 642,706) \times 2.99 = \$3,483,003$
Koupal	$(\$341,038 + 427,078) \times 2.99 = \$2,296,667$
Grennan	$(\$277,034 + 299,702) \times 2.99 = \$1,724,441$
Terrill	$(\$277,014 + 299,750) \times 2.99 = \$1,724,524$
Sharpe	$(\$225,548 + 209,707) \times 2.99 = \$1,301,412$

III. Total Payout

\$16,440,823

SERP Payments

The Salary Continuation Plan and the employee contracts call for employees to receive fully vested retirement benefits. The contracts call for annuities to be purchased for the benefit of each employee that pays the formula amount for life, but no less than 15 years.

I. Formula

$$(\text{Adjusted Base} + \text{Bonus}) \times 0.617$$

II. Individual Payouts

Wittig	$(\$805,678 + 1,171,170) \times 0.617 = \$1,219,715$
Lake	$(\$522,178 + 642,706) \times 0.617 = \$ 718,733$
Koupal	$(\$341,038 + 427,078) \times 0.617 = \$ 473,928$
Grennan	$(\$277,034 + 299,702) \times 0.617 = \$ 355,846$
Terrill	$(\$277,014 + 299,750) \times 0.617 = \$ 355,863$
Sharpe	$(\$225,348 + 209,707) \times 0.617 = \$ 268,429$

III. Annuities

Annual payout x 12.61 = approximate cost of annuity

	Life Expectancy (Years)	Cost of Annuity (@ 7.25% Interest)
Wittig	34.9	\$15,811,202
Lake	30.2	\$9,017,220
Koupal	33.0	\$5,989,451
Grennan	32.1	\$4,178,713
Terrill	34.0	\$4,386,724
Sharpe	37.8	\$3,403,241

280G Tax

I. Formula for Each Individual

(a) Payment on utility sale + cost of annuity + accelerated portion of restricted share units + any other payments accelerated by employee's departure - vested SERP benefits / (b) Average W-2 income for 1997-2001.

If the number is greater than 2.99, then $[(a - b) \times 0.2] \times 3.07 =$ approximate gross-up payment owed to employee.

If no 280G tax is due, all payments to an employee are tax deductible if the employee ceases employment in the same calendar year the payments are made. If a 280G tax is due, no payments are tax deductible.

I(a) Payments for each individual.

Assumes all benefits, outplacement and relocation expenses, if applicable, are an obligation of Westar.

Individual: utility sale payment + accelerated payments + RSU value (value of grants vested as determined by Arthur Andersen. Not paid in cash.) + SERP - vested SERP benefits = 280G amount.

Wittig	$\$2.364 + 0 + 4.311 + 15.811 - 1.344 =$	$\$21.142$
Lake	$\$1.393 + 0 + 2.596 + 9.017 - 0.377 =$	$\$12.629$
Koupal	$\$0.919 + 0 + 1.676 + 5.989 - 1.152 =$	$\$7.432$
Grennan	$\$0.690 + 0 + 1.067 + 4.179 - 1.120 =$	$\$4.816$
Terrill	$\$0.690 + 0 + 1.231 + 4.387 - 1.005 =$	$\$5.303$
Sharpe	$\$0.521 + 0 + 0.769 + 3.403 - 0.526 =$	$\$4.167$

II. 280G Estimated Tax (Assumes 2001 bases are adjusted per management's recommendations, and employees earn targeted bonus)

Name	Average W-2	Amount Subject to 280G	280G Gross-up
Wittig	7.939	\$21.142	0
Lake	2.502	\$12.629	\$6.232
Koupal	2.507	\$7.432	0
Grennan	1.074	\$4.816	\$2.303
Terrill	1.051	\$5.303	\$2.617
Sharpe	0.629	\$4.167	\$2.177
Total		\$55.490	\$13.329

Less RSU value: \$11.650
 $\$43.840 + 13.329 + 11.200$ (non-EC SERPs) + 9.864 (non-competes) =
\$78.233

Cap Calculations

If no 280G tax is owed, \$39.267 million, net of taxes, would be paid. The gross amount is \$64.904 million including amounts paid to other officers for their SERP plans.

The limits per the PNM agreement are \$55.0 million, net of taxes. The gross limit is \$90.9 million.

If a 280G tax is owed, the payout would be \$78.233, versus the cap of \$80 million.

The payouts as outlined would be less than the limits established as part of the PNM transaction.

**Recommended
Employee Payments**

	At Closing	Per Year
Wittig	\$5.911	\$1.220
Lake	\$3.483	\$0.719
Koupal	\$2.297	\$0.474
Grennan	\$1.724	\$0.356
Terrill	\$1.725	\$0.356
Sharpe	\$1.301	\$0.268



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February 5, 2001

Company Employment and Change in Control Agreements

The Company has entered into employment agreements with Messrs. Wittig, Grennan, Koupal, Lake and Terrill and one other officer, each of which contains change in control provisions, and change in control agreements with twelve other officers of the Company. Completion of the merger would constitute a change in control under each of these agreements. The impact of a change in control under the employment agreements and the change in control agreements differs. Under the employment agreements, an officer is entitled to severance benefits, whether or not a change in control occurs, if his or her employment is terminated by the Company other than for cause or upon death, disability, or retirement; or by the officer for good reason, as defined in the agreements. Under the change in control agreements, severance benefits are provided for such terminations only if they occur within two years of a change in control. Under the employment agreements, however, severance benefits would be provided if the officer were to terminate his or her employment, regardless of the reason, within 90 days of a change in control or if, in connection with a change in control, the officer were to leave the employment of the Company and become an employee of a former subsidiary of the Company which is then a separate, publicly-traded company (such as Westar Industries). A termination that would result in the change in control payments becoming payable is referred to as "Qualifying Termination."

Upon a Qualifying Termination, the Company, or its successor, must make a lump-sum cash payment to the officer, in addition to any other compensation to which the officer is entitled, of

- two (2.99 in the case of eight officers, including the named officers) times the higher of such officer's base salary and 90% of the position's job value ("Adjusted Salary"),
- two (2.99 in the case of eight officers, including the named officers) times the higher of the highest bonus paid to such executive officer for the last three fiscal years and executive's target bonus ("Bonus Amount"), and
- for officers not participating in the Company's executive salary continuation plan, the actuarial equivalent of the excess of the officer's accrued pension benefits, computed as if the officer had two additional years of benefit accrual service, over the officer's vested accrued pension benefits utilizing the officer's current salary without regard for any salary limits imposed for qualified pension plans.

In addition, the Company must offer health, disability and life insurance coverage to the officer and his or her dependents on the same terms and conditions that existed immediately prior to the termination for two (three in the case of eight officers, including the named officers) years, or, if earlier, until such officer is covered by equivalent benefits, continuation of financial and legal counseling services, participation in the Company's matching gift program for two

(three in the case of eight officers, including the named officers) additional years, and outplacement services. The employment agreements also provide for additional payments, if required, to make the individuals whole for any excise tax imposed under Section 4999 of the Internal Revenue Code, to acquire the officer's principal residence at its appraised value, but not less than cost, within eighteen months of the officer's termination of employment, and provision of retiree medical benefits.

Because it is not known at this time which, if any, officers would become entitled to severance benefits under the agreements, the Company's, or its successor's, total obligations under the agreements cannot be determined at this time. Assuming, however, that a Qualifying Termination were to occur for all 18 officers and that the merger were completed on the date of this proxy statement, it is estimated that the aggregate cash severance payments that would be required under the agreements would be approximately \$[] million [with Messrs. Wittig, Grennan, Koupal, Lake and Terrill receiving _____, _____, _____, _____, and _____, respectively. In addition, the six officers with employment agreements would be entitled to additional payments, if required, to make them whole for any excise taxes they incur as a result of Section 4999 of the Internal Revenue Code.

Company Long-Term Incentive and Share Award Plan

The Company's Long-Term Incentive and Share Award Plan provides long-term incentive compensation to key employees of the Company in the form of stock options, dividend equivalents, restricted shares and restricted share units. All 18 officers of the Company participate in the Long-Term Incentive and Share Award Plan. In the absence of a change in control, restricted share units vest following up to four years of continued employment from the date of grant unless the executive's employment is terminated without cause by the Company or due to retirement, death or disability or by the executive for good reason, as defined therein. The officers only hold restricted share units and dividend equivalents under the plan.

In the event of a change in control, dividend equivalents, and restricted share units under this plan accelerate and vest and restrictions or performance criteria lapse. The merger will constitute a change in control for purposes of the Long-Term Incentive and Share Award Plan. As a consequence, if the merger had been approved on the date of this proxy, restrictions on _____ share units of common stock of the Company held by officers of the Company would vest or lapse.

The merger agreement provides that prior to the effective time of the merger, the Company shall contribute to the rabbi trusts maintained for the executive stock for compensation program under the Long-Term Incentive and Share Award Plan, and amount of shares of company stock that it reasonably believes will be necessary to satisfy outstanding awards or obligations under such plans.

Company Executive Salary Continuation Plan

The Company's Executive Salary Continuation Plan provides supplemental retirement benefits to designated participants, including 14 of the officers of the Company. This plan

provides retirement benefits of up to 61.70% of the participant's compensation in effect immediately prior to retirement. For purposes of the plan, compensation is equal to the average of the officer's prior three years base salary plus short-term incentive awards granted to the officer, in each case immediately prior to retirement. The plan provides in the event of a change in control, such as consummation of the merger, all active participants in the plan will be deemed to be 65 years of age for purposes of achieving the maximum percentage of retirement benefits and 100% vesting of such benefits with benefits commencing not earlier than age 50. In a change in control, the rabbi trust established under this plan shall be fully funded. In addition, the employment agreements for six executive officers, including the named officers, provides that full benefits under the plan shall commence upon a Qualifying Termination and shall be calculated using the officer's Adjusted Salary and Bonus Amount.

Company Split Dollar Life Insurance Program

The Company's Split Dollar Life Insurance Program provides supplemental life insurance benefits to two officers. Under the Split Dollar Life Insurance Program, the Company has purchased a life insurance policy on the insured's life and, upon termination of the policy or the insured's death, the insured's beneficiary is entitled to a death benefit in an amount equal to the face amount of the policy reduced by the greater of (i) all premiums paid by the Company and, (ii) the cash surrender value of the policy, which amount, at the death of the employee or termination of the policy, as the case may be, will be returned to the Company. The Company retains an equity interest in the death benefit and cash value of the policy to secure this repayment obligation. Subject to certain conditions, the officers are allowed to transfer to the Company, from time to time, death benefits under the policies at a discount equal to \$1 for each \$1.50 of death benefit subject to adjustment based upon total return to shareholders. Under these officers' employment agreements, completion of the merger will result in the vesting of benefits under the program which may be transferred to the Company. The Company estimates that the additional amounts that the officers would become vested in under the terms of the program, assuming the merger occurred on the date of this proxy statement, would be \$ _____ in the aggregate. Upon a Change in Control, benefits payable under the program are required to be deposited into a Rabbi Trust.

Vesting of Certain Other Benefits

Non-employee directors of the Company may participate in a Deferred Compensation Plan maintained by the Company under which a participating director may elect to defer all, part or none of his or her retainer and/or meeting fees and may convert a portion of the deferred amount into company common stock. [] of the Company's [] directors participate in this plan. The plan provides that, in the event of a change in control of the Company, cash-denominated deferrals shall earn interest at the rate of prime plus one percent. Consummation of the merger would constitute a change in control for purposes of the plan.

The Company Deferred Compensation Plan provides that each participant can elect to defer up to 100% of his or her base compensation plus the cash portion of any incentive compensation received by the executive. [] of the officers participate in this plan. The plan provides that in the event of a change in control of the Company, the committee that oversees

operation of the plan may terminate the plan and require that all deferred compensation amounts be paid out to the participants. If the plan is not so terminated, interest on deferrals will be based upon prime plus one percent. Consummation of the merger would constitute a change in control for purposes of the plan. Upon a Qualifying Termination Mr. Terrill will receive the present value of the future benefits under certain deferred compensation agreements.

Mr. Lake's agreement with the Company provides for a payment of \$1 million on September 15, 2002. Upon a Qualifying Termination (such as the merger), this payment will become due on the closing date.

The Company Short-Term Incentive Plan provides awards, the payment and amount of which is contingent upon the degree of attainment of certain levels of pre-established performance goals. Officers of the Company have outstanding awards under this plan as of the date hereof which, in the event of a change in control such as the merger, would become immediately vested and the performance goals related to such awards would be deemed to have been achieved at the greater of the target level or the projected bonus.

Employment Agreements

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of the ___ day of _____, 2000 by and between Western Resources, Inc., a Kansas corporation (the "Company"), and _____ ("Executive"). This Agreement amends and restates in its entirety the Letter Agreement between the Company and Executive, dated _____ 199__.

W I T N E S S E T H

WHEREAS, the Company considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its stockholders; and

WHEREAS, the Board (as defined in Section 1) has determined that it is in the best interests of the Company and its stockholders to secure Executive's continued services; and

WHEREAS, the Company also recognizes that the possibility of a change in control could arise which may result in the distraction of management to the detriment of the Company and its shareholders. It is important that Executive be able to advise the Board whether a proposed change in control would be in the best interests of the Company and its shareholders and to take action regarding such proposal as the Board directs, without being influenced by the uncertainties of Executive's own situation.

WHEREAS, the Board has authorized the Company to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Company and Executive hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Adjusted Base Salary" shall mean ninety percent (90%) of the annual salary job value for the pay grade of Executive and other remuneration for current services (but excluding all bonuses, stock based awards and other incentive compensation) paid to or for the benefit of Executive.

(b) "Base Salary" shall mean all salary, cash compensation and other remuneration for current services (but excluding all bonuses, stock based awards and other incentive compensation) paid to, for the benefit of or deferred by Executive, together (without duplication) with the compensation that would have been payable in cash to Executive if such compensation had not been converted into Restricted Share Units pursuant to the Western Resources, Inc. Executive Stock for Compensation Program.

(c) "Board" means the Board of Directors of the Company.

(d) "Bonus Amount" means the greater of (a) the highest annual incentive bonus (together with the bonus amount that would have been payable to Executive if such bonus amount had not been converted into a split dollar life insurance benefit pursuant to the Split Dollar Insurance Program) payable to or for the benefit of or deferred by Executive from the Company (or its affiliates) for the last three (3) completed fiscal years of the Company immediately preceding Executive's Date of Termination (annualized in the event Executive was not employed by the Company (or its affiliates) for the whole of any such fiscal year), or (b) the Executive's target bonus amount for the year of termination of employment.

(e) "Cause" means (i) the willful and continued failure of Executive to perform substantially his duties with the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such failure subsequent to Executive being delivered a Notice of Termination without Cause by the Company or delivering a Notice of Termination for Good Reason to the Company) after a written demand for substantial performance is delivered to Executive by the Chairman of the Board which specifically identifies the manner in which Executive has not substantially performed Executive's duties, or (ii) the willful engaging by Executive in illegal conduct which is demonstrably and materially injurious to the Company. For purposes of this paragraph (e), no act or failure to act by Executive shall be considered "willful" unless done or omitted to be done by Executive in bad faith and without reasonable belief that Executive's action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, based upon the advice of counsel for the Company or upon the instructions of the Company's

chief executive officer or another senior officer of the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. Executive's attention to matters not directly related to the business of the Company shall not provide a basis for termination for Cause if the Company has not objected to such activity in writing. Cause shall not exist unless and until the Company has delivered to Executive a copy of a resolution duly adopted by three-quarters (3/4) of the entire Board (excluding Executive if Executive is a Board member) at a meeting of the Board called and held for such purpose (after reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard before the Board), finding that in the good faith opinion of the Board an event set forth in clauses (i) or (ii) has occurred and specifying the particulars thereof in detail.

(f) "Change in Control" means the occurrence of any one of the following events:

(i) individuals who, on May 17, 2000, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to May 17, 2000, whose election or nomination for election was approved by a vote of at least three-fourths of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the

Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any Subsidiary, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, (D) pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) pursuant to any acquisition by Executive or any group of persons including Executive (or any entity controlled by Executive or any group of persons including Executive);

(iii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries (a "Business Combination"), unless immediately following such Business Combination: (A) more than 60% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business

Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company's assets.

(g) "Date of Termination" means (i) if Executive's employment is to be terminated for Disability, 30 days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such 30 day period), (ii) if Executive's employment is to be terminated by the Company for Cause or by Executive for Good Reason, the date specified in the Notice of Termination, (iii) if Executive's employment is to be terminated by the Company for any reason other than Cause, the date specified in the Notice of Termination, which shall be 90 days after the Notice of Termination is given, unless an earlier date has been expressly agreed to by Executive in writing, (iv) if Executive's employment terminates by reason of death, the date of death of Executive; or (v) if Executive's employment is terminated by Executive other than for Good Reason, the date specified in Executive's Notice of Termination, but not more than 30 days after the Notice of Termination is given, unless expressly agreed to by the Company in writing.

(h) "Disability" means termination of Executive's employment by the Company due to Executive's absence from Executive's duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of Executive's incapacity due to physical or mental illness, unless within 30 days after Notice of Termination is given to Executive following such absence Executive shall have returned to the full-time performance of Executive's duties.

(i) "Good Reason" shall mean termination based on any of the following events:

(i) (A) any change in the duties or responsibilities (including reporting responsibilities) of Executive that is inconsistent in any material and adverse respect with

Executive's position(s), duties, responsibilities or status with the Company (including any adverse diminution of such duties or responsibilities) or (B) the failure to reappoint or reelect Executive to any position held by Executive without Executive's consent; provided, however, that Good Reason shall not be deemed to occur upon a change in duties or responsibilities (other than reporting responsibilities) that is solely and directly a result of the Company no longer being a publicly traded entity and does not involve any other event set forth in this paragraph;

(ii) a reduction by the Company in Executive's Base Salary, annual target bonus opportunity or targeted long-term incentive value (including any material and adverse change in the formula for such annual bonus target or long-term incentive target) as in effect immediately prior to the date hereof or as the same may be increased from time to time thereafter;

(iii) any requirement of the Company that Executive (A) be required to relocate more than 30 miles from Executive's present place of employment or (B) travel on Company business to an extent substantially greater than the travel obligations of Executive immediately prior to the date hereof;

(iv) the failure of the Company to (A) continue in effect any employee benefit plan, welfare benefit plan or fringe benefit plan in which Executive is participating immediately prior to the date hereof or, if more favorable, which may be available from time to time hereafter to Executive or other executives of the Company, or the taking of any action by the Company which would materially and adversely affect Executive's participation in or reduce Executive's benefits under any such plan, unless Executive is permitted to participate in other plans providing Executive with substantially equivalent benefits (at no greater cost to Executive with respect to welfare benefit plans), or (B) provide Executive with paid vacation and sick leave in accordance with the most favorable policies of the Company as in effect for Executive immediately prior to the date hereof or, if more favorable, as may be available for Executive or other executives of the Company after the date hereof; provided however, that prior to a Change in Control, changes in any such plans which constitute in the aggregate

less than 10% of Executive's aggregate benefits under such plans and which are applied to all employees of the Company shall not constitute "Good Reason";

(v) any refusal by the Company to permit Executive to engage in activities not directly related to the business of the Company which Executive was, or other executives of the Company are, permitted to engage in;

(vi) any purported termination of Executive's employment which is not effectuated pursuant to Section 17(b) (and which will not constitute a termination hereunder);

(vii) the failure of the Company to obtain the assumption (and, if applicable, guarantee) agreement contemplated in Section 16(b); or

(viii) the Company's termination of this Agreement or the failure of the Company to renew this Agreement as provided in Section 4 hereof.

For purposes of this Agreement, any good faith determination of Good Reason by Executive shall be conclusive, provided however, that an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by Executive shall not constitute Good Reason. Executive's right to terminate employment for Good Reason shall not be affected by Executive's incapacities due to mental or physical illness and Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any event or condition constituting Good Reason; provided, however, that Executive must provide notice of termination of employment within one hundred eighty (180) days following Executive's knowledge of an event constituting Good Reason or such event shall not constitute Good Reason under this Agreement.

(j) "Notice of Termination" means a written notice of termination of employment given by one party to the other party pursuant to Section 17(b).

(k) "Qualifying Termination" means a termination of Executive's employment (i) by the Company other than for Cause; (ii) by Executive for Good Reason; or (iii) by Executive during

the 90 day period after a Change in Control. Termination of Executive's employment on account of death, Disability or Retirement shall not be treated as a Qualifying Termination. In addition, in the event that Executive is offered employment with a subsidiary of the Company in connection with any event which would constitute a Change in Control and in which such subsidiary becomes a publicly traded Company and Executive accepts such offer, Executive shall be deemed to have terminated employment with the Company pursuant to a Qualifying Termination upon commencing such employment with the subsidiary and shall be entitled to the benefits described in this Agreement payable by reason of a Qualifying Termination.

(l) "Rabbi Trust" means a trust established by the Company with a trustee acceptable to Executive under a trust agreement pursuant to which (i) the trustee will be required to pay the amounts payable to Executive in connection with the split dollar insurance agreement in accordance with Section 6(a)(ix) and for the amounts payable to Executive for "relocation expenses" in accordance with Section 6(a)(x) of this Agreement to the extent not otherwise paid to Executive (to the extent the trust assets are sufficient), (ii) the Company will be required to make any additional contributions to the trust that may be necessary to assure the trust assets are sufficient to pay the amounts described in (i) above, (iii) except as provided in (iv) below, no amounts held in the trust may be returned to the Company or used for any purpose other than the payment of the amounts described in (i) above or the payment of the fees of the trustee and other expenses of the trust until there has been full payment of the amounts described in (i) above, (iv) the assets of the trust shall be subject to claims of creditors of the Company in the event of the Company's insolvency, (v) the Company will promptly pay all of the fees of the trustee and other expenses of the trust, and (vi) the trust assets shall be invested exclusively in public debt securities of the United States, time or demand deposits in a bank insured by an agency of the United States, cash and cash equivalents.

(m) "Retirement" means Executive's termination on or after Executive's normal retirement date under the terms of the Western Resources, Inc. Retirement Plan, as in effect immediately prior to Executive's termination or a Change in Control, whichever is earlier, or in accordance with any retirement arrangement established with respect to Executive with Executive's written consent.

(n) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% of the assets upon liquidation or dissolution.

2. Employment and Duties.

(a) Term of Employment. The Company agrees to continue to employ Executive, and Executive agrees to remain in employment of the Company, in accordance with the terms and provisions of this Agreement, for the Term of this Agreement, unless such employment is sooner terminated by the Company or Executive.

(b) Duties. During the term of Executive's employment under this Agreement, Executive shall serve as _____ of the Company. Executive shall devote Executive's full business time and attention to the affairs of the Company and his duties as its _____. Executive shall have such duties as are appropriate to Executive's position as _____, and shall have such authority as required to enable Executive to perform these duties. Consistent with the foregoing, Executive shall comply with all reasonable instructions of the [Chief Executive Officer of the Company] [Board of Directors of the Company]. Executive shall be based at the headquarters of the Company in Topeka, Kansas and Executive's services shall be rendered there except insofar as travel may be involved in connection with Executive's regular duties. Executive shall report directly to _____.

3. Obligation of Executive. In the event of a tender or exchange offer, proxy contest, or the execution of any agreement which, if consummated, would constitute a Change in Control, Executive agrees not to voluntarily leave the employ of the Company, other than as a result of Disability, Retirement or an event which would constitute Good Reason, until the Change in Control occurs or, if earlier, such tender or exchange offer, proxy contest, or agreement is terminated or abandoned.

4. Term of Agreement. This Agreement shall continue for a

period of three (3) years from the date hereof provided that on each anniversary of the Agreement, the term shall automatically be extended for one year, unless at least 90 days prior to such date, the Company or Executive shall have given notice to cancel this Agreement at the end of its then term.

5. Salary and Benefits.

(a) Salary. The Company shall pay Executive an annual salary at an initial rate equal to Executive's current Base Salary which shall be reviewed annually by the Human Resources Committee of the Board for the purpose of considering increases thereof. Executive's salary shall be paid in accordance with the standard practices for other senior corporate executives of the Company.

(b) Bonuses. Executive shall be eligible to receive annually or otherwise any bonus awards, whether payable in cash, shares of common stock of the Company or otherwise, which the Company, the Human Resources Committee of the Board or such other authorized committee of the Board determines to award or grant.

(c) Benefit Programs. Executive shall receive such benefits and awards, including without limitation stock options and restricted share unit awards, as the Human Resources Committee of the Board shall determine and shall be eligible to participate in all employee benefit plans and programs of the Company from time to time in effect for the benefit of senior executives of the Company, including, but not limited to, pension and other retirement plans, 401(k) plans, group life insurance, hospitalization and surgical and major medical coverages, sick leave, salary continuation arrangements, vacations and holidays, long-term disability, and such other benefits as are or may be made available from time to time to senior executives of the Company.

(d) Business Expenses and Perquisites. Executive shall be reimbursed for all reasonable expenses incurred by Executive in connection with the conduct of the business of the Company, provided Executive properly accounts therefor in accordance with the Company's policies. Executive shall also be entitled to such other perquisites as are customary for senior executives of the Company.

(e) Office and Services Furnished. The Company shall furnish Executive with office space, secretarial assistance and

such other facilities and services as shall be suitable to Executive's position and adequate for the performance of Executive's duties hereunder.

6. Payments Upon Termination of Employment.

(a) Qualifying Termination. If during the Term of this Agreement the employment of Executive shall terminate pursuant to a Qualifying Termination, then the Company shall provide to Executive:

(i) within five days following the Date of Termination a lump-sum cash amount equal to the sum of (A) Executive's Base Salary through the Date of Termination and any bonus amounts which have become payable to the extent not theretofore paid or deferred, (B) a pro rata portion of Executive's annual bonus for the fiscal year in which Executive's Date of Termination occurs in an amount at least equal to (1) Executive's Bonus Amount, multiplied by (2) a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs through the Date of Termination and the denominator of which is three hundred sixty-five (365), and reduced by (3) any amounts paid from the Company's annual incentive plan for the fiscal year in which Executive's Date of Termination occurs, (C) any accrued vacation pay, and (D) the cash equivalent of any accumulated sick leave; in each case to the extent not theretofore paid;

(ii) within five days following the Date of Termination, a lump-sum cash amount equal to the sum of (i) 2.99 times the higher of Executive's highest annual rate of Base Salary during the 12-month period immediately prior to Executive's Date of Termination and Executive's Adjusted Base Salary, plus (ii) 2.99 times Executive's Bonus Amount;

(iii) the Company shall continue to provide, for a period of three (3) years following Executive's Date of Termination, Executive (and Executive's dependents, if applicable) with the same level of medical, dental, accident, disability and life insurance benefits and following such three year period retiree medical and dental benefits for the life of Executive and eligible dependents upon substantially the same terms and conditions (including contributions required by Executive for such benefits) as existed on the date hereof or, if more favorable to the

Executive, as may exist immediately prior to Executive's Date of Termination; provided, that, if Executive cannot continue to participate in the Company plans providing such benefits or the Company shall modify or terminate any such plans, the Company shall otherwise provide such benefits on the same after-tax basis as if continued participation had been permitted. Notwithstanding the foregoing, in the event Executive becomes reemployed with another employer and becomes eligible to receive welfare benefits from such employer, the welfare benefits described herein shall be secondary to such benefits during the period of Executive's eligibility, but only to the extent that the Company reimburses Executive for any increased cost and provides any additional benefits necessary to give Executive the benefits provided hereunder;

(iv) Executive shall be entitled to the provisions of the Executive Salary Continuation Plan and, notwithstanding anything to the contrary in such Plan, (i) shall be deemed to be sixty-five years of age as of the Date of Termination for purposes of determining the Retirement Benefit and commencement of payment thereof under Section 4.1 of the Plan (without regard to Executive's actual age or date of commencement of retirement benefit payments under the Western Resources, Inc. Retirement Plan) and Vesting under Section 4.3 of the Plan and (ii) Compensation for purposes of calculating the Retirement Benefit thereunder shall be deemed to be the sum of (A) the higher of Executive's Adjusted Base Salary and Executive's Base Salary, plus (B) Executive's Bonus Amount;

(v) the cost of outplacement services of a nationally recognized executive employment agency selected by Executive and reasonably acceptable to the Company, or in lieu of such outplacement services Executive may elect to receive a lump sum of \$50,000;

(vi) continuation of the Company's executive financial and legal counseling services program as in effect on the date hereof or if more favorable to Executive, as may be available to Executive or other comparable executives of the Company thereafter, for three (3) years following Executive's Date of Termination;

(vii) continuation of participation in the Company's

matching gift program as in effect on the date hereof or if more favorable to the Executive, as may be available to Executive or other comparable executives of the Company thereafter, as if Executive continued as a senior executive of the Company, for three (3) years following Executive's Date of Termination;

(viii) if Executive has deferred compensation agreements or deferred retention payments with the Company, or any of its subsidiaries or affiliates that (i) have not fully vested or contain any restriction on the payment of benefits thereunder (other than the passage of time) [Certain Executives: other than the passage of time, except that payment under Executive's Deferred Compensation agreements with Kansas Gas and Electric Company shall commence upon a Qualifying Termination] such benefits shall upon a Qualifying Termination become fully vested and all such restrictions shall lapse, and/or (ii) provide for variable interest rates thereon (which interest rates are established by the Company, subsidiary or affiliate), such interest rates shall be fixed for the duration of such deferral at the higher of the contract rate and the prime rate established from time to time by Chase Manhattan Bank, New York, New York ("Prime Rate");

(ix) if the Executive is entitled to benefits under any split dollar life insurance agreement, (A) the amount payable to Executive thereunder shall be in accordance with the terms of the agreement, but not less than the Base Amount (as defined in the split dollar insurance agreement) under any such agreement, (B) upon a Change in Control the maximum amount that could be payable to Executive under such split dollar life insurance agreement shall be deposited in a Rabbi Trust until paid to Executive and (C) following a Change in Control the total shareholder return calculation under the split dollar agreement shall include any consideration received in the Change in Control and any distribution to shareholders of assets and/or securities at or about the time of the Change in Control;

(x) Relocation Expenses;

"Relocation Expenses" shall mean the purchase of Executive's principal residence by the Company at the request of Executive on or before 18 months following

Executive's Date of Termination. The price to be paid by Company shall equal the higher of the appraised tax value of the residence and the appraised value of such residence determined by an appraiser selected by the Executive and the Company (but not less than the purchase price of such residence plus all improvements thereto) plus, in each case, the cost of any brokerage fees or other costs and expenses incurred by Executive in connection with such sale. If Executive and the Company cannot agree on an appraiser each shall select an appraiser. Such appraisers shall select a third appraiser. Each appraiser shall determine the fair value of the residence which shall be averaged, provided that any appraisal that is more than 10% deviation from the other two appraisals shall be omitted. The cost of such appraisals shall be paid by the Company. Upon a Change in Control, relocation expenses under this Section 6(a)(x) shall be estimated at the higher of (i) the appraised value and (ii) the purchase price plus all improvements of the applicable residence at the date of the Change in Control, plus 17% of such amount and shall be deposited in a Rabbi Trust until paid to Executive;

(xi) each stock option granted to Executive by the Company and outstanding immediately prior to the Qualifying Termination shall be fully exercisable and may be exercised by Executive (or Executive's legal representatives, legatees or distributees) at prior to the expiration date of the applicable option (determined without regard to any earlier termination that would otherwise occur by reason of termination of employment) and each related dividend equivalent shall become fully vested upon such Qualifying Termination;

(xii) each restricted share granted to Executive by the Company and still subject to restrictions immediately prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination;

(xiii) each restricted share unit granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested upon such Qualifying Termination; and

(xiv) each other stock or stock equivalent grant granted

to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination.

(b) If during the Term of this Agreement the employment of Executive shall terminate other than by reason of a Qualifying Termination, then the Company shall pay to Executive within ten (10) days following the Date of Termination, a lump-sum cash amount equal to the sum of (1) Executive's Base Salary through the Date of Termination and any Bonus Amounts which have become payable, to the extent not theretofore paid or deferred, and (2) any accrued vacation pay and accumulated sick leave, in each case to the extent not theretofore paid. The Company may make such additional payments, and provide such additional benefits, to Executive as the Company and Executive may agree in writing.

7. Gross-Up Provision.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment, award, benefit or distribution (or any acceleration of any payment, award, benefit or distribution) by the Company (or any of its affiliated entities) or any entity which effectuates a change in ownership or control described in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") (or any of its affiliated entities) to or for the benefit of Executive (whether pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (the "Payments") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Company shall pay to Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any Excise Tax) imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the sum of (x) the Excise Tax imposed upon the Payments and (y) the product of any deductions disallowed because of the inclusion of the Gross-up Payment in Executive's adjusted gross income and the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-up Payment is to be made. For purposes of determining the amount of the Gross-up Payment, the Executive shall be deemed to (i) pay federal income taxes at the highest marginal rates of federal income taxation for the

calendar year in which the Gross-up Payment is to be made, (ii) pay applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Gross-up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes and (iii) have otherwise allowable deductions for federal income tax purposes at least equal to those which could be disallowed because of the inclusion of the Gross-up Payment in the Executive's adjusted gross income.

(b) Subject to the provisions of Section 7(a), all determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment, and the assumptions to be utilized in arriving at such determinations, shall be made by the public accounting firm that is retained by the Company as of the date immediately prior to the change in ownership or control (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from the Company or the Executive that there has been a Payment, or such earlier time as is requested by the Company (collectively, the "Determination"). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the change in ownership or control, Executive may appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company and the Company shall enter into any agreement requested by the Accounting Firm in connection with the performance of the services hereunder. The Gross-up Payment under this Section 7 with respect to any Payments shall be made no later than thirty (30) days following such Payment. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion to such effect, and to the effect that failure to report the Excise Tax, if any, on Executive's applicable federal income tax return will not result in the imposition of a negligence or similar penalty. The Determination by the Accounting Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the Determination, it is possible that Gross-Up Payments which will not have been made by the Company should have been

made ("Underpayment") or Gross-up Payments are made by the Company which should not have been made ("Overpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive thereafter is required to make payment of any Excise Tax or additional Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code and any penalties payable by Executive) shall be promptly paid by the Company to or for the benefit of Executive. In the event the amount of the Gross-up Payment exceeds the amount necessary to reimburse the Executive for his Excise Tax, the Accounting Firm shall determine the amount of the Overpayment that has been made and any such Overpayment (together with interest at the rate provided in Section 1274(b)(2) of the Code) shall be promptly paid by Executive (to the extent he has received a refund if the applicable Excise Tax has been paid to the Internal Revenue Service) to or for the benefit of the Company. Executive shall cooperate, to the extent his expenses are reimbursed by the Company, with any reasonable requests by the Company in connection with any contests or disputes with the Internal Revenue Service in connection with the Excise Tax.

8. Confidential Information. Executive acknowledges that: (i) the business of the Company and its subsidiaries and affiliates is intensely competitive and that Executive's engagement by the Company requires that Executive have access to and knowledge of confidential information of the Company and its subsidiaries and affiliates, including, but not limited to, the identity of customers, the identity of the representatives of customers with whom the Company and its subsidiaries and affiliates have dealt, the kinds of services provided by the Company and its subsidiaries and affiliates to customers and offered to be performed for potential customers, the manner in which such services are performed or offered to be performed, the service needs of actual or prospective customers, pricing information, information concerning the creation, acquisition or disposition of products and services, customer maintenance listings, computer software applications and other programs, personnel information and other trade secrets (the "Confidential Information"); (ii) the direct and indirect disclosure of such Confidential Information to existing or potential competitors of the Company and its subsidiaries and affiliates would place the Company and its subsidiaries and affiliates at a competitive

disadvantage and would do damage, monetary or otherwise, to the business of the Company and its subsidiaries and affiliates; and (iii) the engaging by Executive in any of the activities prohibited by this Section 8 may constitute improper appropriation and/or use of such information and trade secrets. Notwithstanding the foregoing, Confidential Information shall not include information which (x) is or becomes part of the public domain through a source other than Executive, (y) is or becomes available to Executive from a source independent of the Company and its subsidiaries and affiliates, or (z) constitutes general industry knowledge possessed by Executive by virtue of Executive's employment with the Company. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectable business interest of the Company and its subsidiaries and affiliates. Accordingly, the Company and Executive agree as follows:

(a) During the Term of this Agreement and for three years following Executive's Date of Termination, Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, principal or agent of any business, or in any other capacity, make known, disclose, furnish, make available or use any of the Confidential Information, other than in the proper performance of the duties contemplated herein or as required by law or by a court of competent jurisdiction or other administrative or legislative body; provided, however, that prior to disclosing any of the Confidential Information to a court or other administrative or legislative body, Executive shall promptly notify the Company so that the Company may seek a protective order or other appropriate remedy.

(b) Executive agrees to return all Confidential Information, including all photocopies, extracts and summaries thereof, and any such information stored electronically on tapes, computer disks or in any other manner to the Company at upon request of the Company and upon the termination of Executive's employment for any reason.

9. Nonsolicitation. During the Term of this Agreement and for a period of two years after the Date of Termination Executive shall not, directly or indirectly, solicit, interfere with, hire, offer to hire or induce any person who is an employee of the Company or any of its subsidiaries or affiliates and whose salary

is in excess of \$50,000 to discontinue his or her relationship with the Company or any of its subsidiaries or affiliates and accept employment by, or enter into a business relationship with, Executive or any other person or entity.

10. Antidisparagement.

(a) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, Executive agrees and promises that Executive shall not make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of the Company or any of its subsidiaries or affiliates, or any of their shareholders, directors, officers or employees, or (ii) has or would have a negative financial impact, whether directly or indirectly, on the Company or any of its subsidiaries and affiliates, or any of their shareholders, directors, officers or employees.

(b) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, the Company agrees and promises that neither it nor any of its subsidiaries and affiliates shall make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of Executive or (ii) has or would have a negative financial impact, whether directly or indirectly, on Executive.

11. Injunctive Relief.

(a) Executive acknowledges that a breach of the undertakings in Sections 8, 9 or 10(a) of this Agreement would cause irreparable damage to the Company and its subsidiaries and affiliates, the exact amount of which shall be difficult to ascertain, and that remedies at law for any such breach would be inadequate. Executive agrees that, if Executive breaches or attempts or threatens to breach any of the undertakings in Sections 8, 9 or 10(a) of this Agreement, then the Company shall be entitled to injunctive relief without posting bond or other security, in addition to any other remedy or remedies available to the Company at law or in equity.

(b) The Company acknowledges that a breach of the undertakings in Section 10(b) of this Agreement would cause irreparable damage to Executive, the exact amount of which shall

be difficult to ascertain, and that remedies at law for any such breach would be inadequate. The Company agrees that, if the Company or any of its subsidiaries or affiliates breaches or attempts or threatens to breach any of the undertakings in Section 10(b) of this Agreement, then Executive shall be entitled to injunctive relief, without posting bond or other security, in addition to any other remedy or remedies available to Executive at law or in equity.

12. Withholding Taxes. The Company may withhold from all payments due to Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

13. Indemnity. The Company shall hold harmless and indemnify Executive against any and all expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by Executive in connection with any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative (including an action by or in the right of the corporation) to which Executive is, was, or at becomes a party, or is threatened to be made a party, by reason of the fact that Executive is, was, or at becomes a director, officer, employee, or agent of Company, or is, or was serving, or at serves at the request of Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise; or otherwise to the fullest extent as may be provided to Executive by Company under the nonexclusivity provisions of Article XVIII of The Articles of Incorporation of Company and Kansas law.

14. Reimbursement of Expenses; Mitigation. (a) If any contest or dispute shall arise under this Agreement involving termination of Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse Executive, on a current basis, for all legal fees and expenses, if any, incurred by Executive in connection with such contest or dispute or incurred by Executive in seeking advice with respect to any such matters (regardless of the result thereof), together with interest in an amount equal to the prime rate of Chase Manhattan Bank from time to time in effect, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives

Executive's statement for such fees and expenses through the date of payment thereof, regardless of whether or not Executive's claim is upheld by an arbitration panel or court.

(b) Executive shall not be required to mitigate any payment the Company becomes obligated to make to Executive under this Agreement.

15. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle Executive to continued employment with the Company or its Subsidiaries; provided, however, that any termination of Executive's employment during the Term of this Agreement shall be subject to all of the provisions of this Agreement.

16. Successors; Binding Agreement. (a) This Agreement shall not be terminated by any sale, merger or other business combination. In the event of any such sale, merger or other business combination, the provisions of this Agreement shall be binding upon the surviving corporation, and such surviving corporation shall be treated as the Company hereunder.

(b) The Company agrees that in connection with the sale, merger or other business combination, it will cause any successor entity to the Company unconditionally to assume (and for any Parent Corporation in such business combination to guarantee), by written instrument delivered to Executive (or his beneficiary or estate), all of the obligations of the Company hereunder.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts would be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

17. Notice. (a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five (5) days after deposit in the United

States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:
Western Resources, Inc.
818 S. Kansas Avenue
Topeka, KS 66612
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of Executive's Date of Termination by the Company or Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specify the Date of Termination. The failure by Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

18. Full Settlement; Resolution of Disputes. The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall be in lieu and in full settlement of all other severance payments to Executive under any other severance or employment agreement between Executive and the Company, and any severance plan of the Company. The Company's obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and except as otherwise provided in Section

6(a)(iii), such amounts shall not be reduced whether or not Executive obtains other employment. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Topeka, Kansas by three arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section.

19. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any Subsidiary.

20. Survival. The respective obligations and benefits afforded to the Company and Executive as provided in Sections 6 (to the extent that payments or benefits are owed as a result of a termination of employment that occurs during the term of this Agreement), 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, and 21 shall survive the termination of this Agreement.

21. GOVERNING LAW; VALIDITY. THE INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF KANSAS WITHOUT REGARD TO THE PRINCIPLE OF CONFLICTS OF LAWS. THE INVALIDITY OR UNENFORCEABILITY OF ANY PROVISION OF THIS AGREEMENT SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF ANY OTHER PROVISION OF THIS AGREEMENT, WHICH OTHER PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

23. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by Executive and by a duly authorized officer of the Company. No waiver by either party hereto at of any breach by the other party hereto of; or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by Executive or the Company to insist upon strict compliance with any provision of this Agreement or to

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT is entered into as of the ____ day of _____, 2000 by and between Western Resources, Inc., a Kansas corporation (the "Company"), and _____ ("Executive"). This Agreement amends and restates in its entirety the Letter Agreement between the Company and Executive, dated _____, 199__.

W I T N E S S E T H

WHEREAS, the Board (as defined in Section 1) has determined that it is in the best interests of the Company and its stockholders to secure Executive's continued services; and

WHEREAS, the Company recognizes that the possibility of a change in control could arise which may result in the distraction of management to the detriment of the Company and its shareholders. It is important that Executive be able to advise the Board whether a proposed change in control would be in the best interests of the Company and its shareholders and to take action regarding such proposal as the Board directs, without being influenced by the uncertainties of Executive's own situation.

WHEREAS, the Board has authorized the Company to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Company and Executive hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Adjusted Base Salary" shall mean ninety percent (90%) of the annual salary job value for the pay grade of Executive.

(b) "Base Salary" shall mean all salary paid to or deferred by Executive for current services (excluding all bonuses, stock-based awards and other incentive compensation), together (without duplication) with the salary that would have been payable in cash to Executive if such compensation had not been converted into Restricted Share Units pursuant to the Western Resources, Inc. Executive Stock for Compensation Program.

(c) "Board" means the Board of Directors of the Company.

(d) "Bonus Amount" means the greater of (a) the highest annual incentive bonus payable to or deferred by Executive from the Company (or its affiliates) for the last three (3) completed fiscal years of the Company immediately preceding Executive's Date of Termination (annualized in the event Executive was not employed by the Company (or its affiliates) for the whole of any such fiscal year) or (b) the Executive's target bonus amount for the year of termination of employment.

(e) "Cause" means (i) the willful and continued failure of Executive to perform substantially his duties with the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such failure subsequent to Executive being delivered a Notice of Termination without Cause by the Company or delivering a Notice of Termination for Good Reason to the Company) after a written demand for substantial performance is delivered to Executive by the Chairman of the Board which specifically identifies the manner in which Executive has not substantially performed Executive's duties, or (ii) the willful engaging by Executive in illegal conduct which is demonstrably and materially injurious to the Company. For purposes of this paragraph (e), no act or failure to act by Executive shall be considered "willful" unless done or omitted to be done by Executive in bad faith and without reasonable belief that Executive's action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, based upon the advice of counsel for the Company or upon the instructions of the Company's chief executive officer or another senior officer of the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. Executive's attention to matters not directly related to the business of the Company shall not provide a basis for termination for Cause if the Company has not objected to such activity in writing. Cause shall not exist unless and until the Company has delivered to Executive a copy of a resolution duly adopted by three-quarters (3/4) of the entire Board (excluding Executive if Executive is a Board member) at a meeting of the Board called and held for such purpose (after reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard before the Board), finding that in the good

faith opinion of the Board an event set forth in clauses (i) or (ii) has occurred and specifying the particulars thereof in detail.

(f) "Change in Control" means the occurrence of any one of the following events:

(i) individuals who, on May 17, 2000, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to May 17, 2000, whose election or nomination for election was approved by a vote of at least three-fourths of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any Subsidiary, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, (D) pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) pursuant to any acquisition by Executive or any group of persons including Executive (or any entity controlled by Executive or any group of persons

including Executive);

(iii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries (a "Business Combination"), unless immediately following such Business Combination: (A) more than 60% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company's assets.

(g) "Date of Termination" means (i) if Executive's employment is to be terminated for Disability, 30 days after

Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such 30 day period), (ii) if Executive's employment is to be terminated by the Company for Cause or by Executive for Good Reason, the date specified in the Notice of Termination, (iii) if Executive's employment is to be terminated by the Company for any reason other than Cause, the date specified in the Notice of Termination, which shall be 90 days after the Notice of Termination is given, unless an earlier date has been expressly agreed to by Executive in writing; (iv) if Executive's employment terminates by reason of death, the date of death of Executive; or (v) if Executive's employment is terminated by Executive other than for Good Reason, the date specified in Executive's Notice of Termination but not more than 30 days after the Notice of Termination is given, unless expressly agreed to by the Company in writing.

(h) "Disability" means termination of Executive's employment by the Company due to Executive's absence from Executive's duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of Executive's incapacity due to physical or mental illness, unless within 30 days after Notice of Termination is given to Executive following such absence Executive shall have returned to the full-time performance of Executive's duties.

(i) "Good Reason" shall mean termination within two years following a Change in Control based on any of the following events:

(i) (A) any change in the duties or responsibilities (including reporting responsibilities) of Executive that is inconsistent in any material and adverse respect with Executive's position(s), duties, responsibilities or status with the Company (including any adverse diminution of such duties or responsibilities) or (B) the failure to reappoint or reelect Executive to any position held by Executive without Executive's consent; provided, however, that Good Reason shall not be deemed to occur upon a change in duties or responsibilities (other than reporting responsibilities) that is solely and directly a result of the Company no longer being a publicly traded entity and does not involve any other event set forth in this paragraph;

(ii) a reduction by the Company in Executive's Base

Salary, annual target bonus opportunity or targeted long-term incentive value (including any material and adverse change in the formula for such annual bonus target or long-term incentive target) as in effect immediately prior to the Change in Control or as the same may be increased from time to time thereafter;

(iii) any requirement of the Company that Executive (A) be required to relocate more than thirty (30) miles from Executive's place of employment immediately prior to a Change in Control or (B) travel on Company business to an extent substantially greater than the travel obligations of Executive immediately prior to the Change in Control;

(iv) the failure of the Company to (A) continue in effect any employee benefit plan, welfare benefit plan or fringe benefit plan in which Executive is participating immediately prior to the Change in Control or, if more favorable to Executive, which may be available from time to time thereafter to Executive or other comparable executives of the Company, or the taking of any action by the Company which would materially and adversely affect Executive's participation in or reduce Executive's benefits under any such plan, unless Executive is permitted to participate in other plans providing Executive with substantially equivalent benefits (at no greater cost to Executive with respect to welfare benefit plans), or (B) provide Executive with paid vacation and sick leave in accordance with the most favorable policies of the Company as in effect for Executive immediately prior to the Change in Control or, if more favorable to Executive, as may be available for Executive or other executives of the Company after the date thereof; provided however, changes in any such plans which constitute in the aggregate less than 10% of Executive's aggregate benefits under such plans and which are applied to all employees of the Company shall not constitute "Good Reason";

(v) any refusal by the Company to permit Executive to engage in activities not directly related to the business of the Company which Executive was, or other executives of the Company are, permitted to engage in;

(vi) any purported termination of Executive's employment by the Company which is not effectuated pursuant

to Section 15(b) (and which will not constitute a termination hereunder); or

(vii) the failure of the Company to obtain the assumption (and, if applicable, guarantee) agreement contemplated in Section 14(b);

For purposes of this Agreement, any good faith determination of Good Reason by Executive shall be conclusive, provided however, that an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by Executive shall not constitute Good Reason. Executive's right to terminate employment for Good Reason shall not be affected by Executive's incapacities due to mental or physical illness and Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any event or condition constituting Good Reason; provided, however, that Executive must provide notice of termination of employment within one hundred eighty (180) days following Executive's knowledge of an event constituting Good Reason or such event shall not constitute Good Reason under this Agreement.

(j) "Notice of Termination" means a written notice of termination of employment given by one party to the other party pursuant to Section 15(b).

(k) "Qualifying Termination" means a termination of Executive's employment within two (2) years following a Change in Control (i) by the Company other than for Cause; or (ii) by Executive for Good Reason. Termination of Executive's employment on account of death, Disability or Retirement shall not be treated as a Qualifying Termination.

(l) "Retirement" means Executive's termination on or after Executive's normal retirement date under the terms of the Western Resources, Inc. Retirement Plan, as in effect immediately prior to Executive's termination or a Change in Control, whichever is earlier, or in accordance with any retirement arrangement established with respect to Executive with Executive's written consent.

(m) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then

and actuarial assumptions shall be no less favorable to Executive than those in effect at the same time;]

(v) the cost (not to exceed \$20,000) of outplacement services of a nationally recognized executive employment agency selected by Executive and reasonably acceptable to the Company;

(vi) continuation of the Company's executive financial and legal counseling services program as in effect on the Date of Termination or if more favorable to Executive, as may be available to Executive or other comparable executives of the Company immediately prior to the Change in Control, for two (2) years [three (3) years for certain executives] following Executive's Date of Termination;

(vii) if Executive has deferred compensation agreements with the Company, or any of its subsidiaries or affiliates that (i) have not fully vested or contain any restriction on the payment of benefits thereunder (other than the passage of time) such benefits shall upon a Qualifying Termination become fully vested and all such restrictions shall lapse, and/or (ii) provide for variable interest rates thereon (which interest rates are established by the Company, subsidiary or affiliate), such interest rates shall be fixed for the duration of such deferral at the higher of the contract rate and the prime rate established from time to time by Chase Manhattan Bank, New York, New York ("Prime Rate");

(viii) each stock option granted to Executive by the Company and outstanding immediately prior to the Qualifying Termination shall be fully exercisable and may be exercised by Executive (or Executive's legal representatives, legatees or distributees) at anytime prior to the expiration date of the applicable option (determined without regard to any earlier termination that would otherwise occur by reason of termination of employment) and each related dividend equivalent shall become fully vested upon such Qualifying Termination;

(ix) each restricted share granted to Executive by the Company and still subject to restrictions immediately prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying

Termination;

(x) each restricted share unit granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested upon such Qualifying Termination; and

(xi) each other stock or stock equivalent grant granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination.

(b) If during the Term of this Agreement the employment of Executive shall terminate other than by reason of a Qualifying Termination, then the Company shall pay to Executive within ten (10) days following the Date of Termination, a lump-sum cash amount equal to the sum of (1) Executive's Base Salary through the Date of Termination and any Bonus Amounts which have become payable, to the extent not theretofore paid or deferred, and (2) any accrued vacation pay and accumulated sick leave, in each case to the extent not theretofore paid. The Company may make such additional payments, and provide such additional benefits, to Executive as the Company and Executive may agree in writing.

5. Gross-Up Provision. If the payments provided by Section 4(b) hereof (the "Agreement Payments") become subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code as in effect on the date of this Agreement (or any similar tax), Executive will be responsible for the Excise Tax and the Company will not pay Executive an additional amount (the "Gross-up Payment"). If, however, the "Agreement Payments" become subject to the Excise Tax (or any similar tax) by virtue of changes in the Code which occur after the date of this Agreement, the Company shall pay to Executive at the time specified in Subsection (i) below a "Gross-up Payment" such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments (as hereinafter defined), and any federal, state and local income tax and Excise Tax upon the Gross-up Payment provided for by this section shall be equal to what the Total Payments would have been had such changes in the Code not occurred.

For purposes of determining whether any of the Agreement Payments will be subject to the Excise Tax and the amount of such Excise Tax, (a) any other payments or benefits received or to be

and actuarial assumptions shall be no less favorable to Executive than those in effect at the same time;]

(v) the cost (not to exceed \$20,000) of outplacement services of a nationally recognized executive employment agency selected by Executive and reasonably acceptable to the Company;

(vi) continuation of the Company's executive financial and legal counseling services program as in effect on the Date of Termination or if more favorable to Executive, as may be available to Executive or other comparable executives of the Company immediately prior to the Change in Control, for two (2) years [three (3) years for certain executives] following Executive's Date of Termination;

(vii) if Executive has deferred compensation agreements with the Company, or any of its subsidiaries or affiliates that (i) have not fully vested or contain any restriction on the payment of benefits thereunder (other than the passage of time) such benefits shall upon a Qualifying Termination become fully vested and all such restrictions shall lapse, and/or (ii) provide for variable interest rates thereon (which interest rates are established by the Company, subsidiary or affiliate), such interest rates shall be fixed for the duration of such deferral at the higher of the contract rate and the prime rate established from time to time by Chase Manhattan Bank, New York, New York ("Prime Rate");

(viii) each stock option granted to Executive by the Company and outstanding immediately prior to the Qualifying Termination shall be fully exercisable and may be exercised by Executive (or Executive's legal representatives, legatees or distributees) at anytime prior to the expiration date of the applicable option (determined without regard to any earlier termination that would otherwise occur by reason of termination of employment) and each related dividend equivalent shall become fully vested upon such Qualifying Termination;

(ix) each restricted share granted to Executive by the Company and still subject to restrictions immediately prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying

Termination;

(x) each restricted share unit granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested upon such Qualifying Termination; and

(xi) each other stock or stock equivalent grant granted to Executive by the Company which has not vested prior to the Qualifying Termination shall become fully vested and all restrictions shall lapse upon such Qualifying Termination.

(b) If during the Term of this Agreement the employment of Executive shall terminate other than by reason of a Qualifying Termination, then the Company shall pay to Executive within ten (10) days following the Date of Termination, a lump-sum cash amount equal to the sum of (1) Executive's Base Salary through the Date of Termination and any Bonus Amounts which have become payable, to the extent not theretofore paid or deferred, and (2) any accrued vacation pay and accumulated sick leave, in each case to the extent not theretofore paid. The Company may make such additional payments, and provide such additional benefits, to Executive as the Company and Executive may agree in writing.

5. Gross-Up Provision. If the payments provided by Section 4(b) hereof (the "Agreement Payments") become subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code as in effect on the date of this Agreement (or any similar tax), Executive will be responsible for the Excise Tax and the Company will not pay Executive an additional amount (the "Gross-up Payment"). If, however, the "Agreement Payments" become subject to the Excise Tax (or any similar tax) by virtue of changes in the Code which occur after the date of this Agreement, the Company shall pay to Executive at the time specified in Subsection (i) below a "Gross-up Payment" such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments (as hereinafter defined), and any federal, state and local income tax and Excise Tax upon the Gross-up Payment provided for by this section shall be equal to what the Total Payments would have been had such changes in the Code not occurred.

For purposes of determining whether any of the Agreement Payments will be subject to the Excise Tax and the amount of such Excise Tax, (a) any other payments or benefits received or to be

received by Executive in connection with a change in control or Executive's termination of employment (under this Agreement or any other agreement with the Company or any person whose actions result in a change of control or any person affiliated with the Company) (which, together with the Agreement Payments, shall constitute the "Total Payments") shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors such other payments or benefits (in whole or in part) are not subject to the Excise Tax, (b) the amount of the Total Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (1) the Total Payments or (2) the amount of excess parachute payments within the meaning of Section 280G(b)(1) of the Code (after applying clause (a), above), and (c) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

For purposes of determining the Gross-up Payment, Executive shall be deemed to pay federal, state, and local income taxes at the highest applicable marginal rate for the calendar year in which the Gross-up Payment is to be made net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. If the Excise Tax is finally determined to be less than the amount taken into account at the time the Gross-up Payment is made, Executive shall repay the portion attributable to such reduction (plus the portion of the Gross-up Payment attributable to a reduction in Excise Tax and/or a federal and state and local income tax deduction), plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. If the Excise Tax is later determined to exceed the amount taken into account at the time the Gross-up Payment is made, the Company shall make an additional gross-up payment (plus any interest payable with respect to such excess at the rate provided in Section 1274(b)(2)(B) of the code) when such excess is finally determined.

(i) The Gross-up Payment or portion thereof provided for above shall be paid not later than the thirtieth day following payment of any amounts under Section 4; provided, however, that if the amount of such Gross-up Payment or portion

thereof cannot be finally determined on or before such day, the Company shall pay to Executive on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the forty-fifth day after payment of any amounts under Section 4. If the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to Executive, payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(ii) In the event it shall be determined by the Company's independent auditor that the Agreement Payments would subject Executive to the Excise Tax, it shall also be determined whether a certain reduction in the Agreement Payments would result in an after-tax amount with a greater net present value than would occur without such reduction. If so, the Agreement Payments shall be reduced by the minimum amount necessary to obtain such result.

6. Confidential Information. Executive acknowledges that: (i) the business of the Company and its subsidiaries and affiliates is intensely competitive and that Executive's engagement by the Company requires that Executive have access to and knowledge of confidential information of the Company and its subsidiaries and affiliates, including, but not limited to, the identity of customers, the identity of the representatives of customers with whom the Company and its subsidiaries and affiliates have dealt, the kinds of services provided by the Company and its subsidiaries and affiliates to customers and offered to be performed for potential customers, the manner in which such services are performed or offered to be performed, the service needs of actual or prospective customers, pricing information, information concerning the creation, acquisition or disposition of products and services, customer maintenance listings, computer software applications and other programs, personnel information and other trade secrets (the "Confidential Information"); (ii) the direct and indirect disclosure of such Confidential Information to existing or potential competitors of the Company and its subsidiaries and affiliates would place the Company and its subsidiaries and affiliates at a competitive disadvantage and would do damage, monetary or otherwise, to the

business of the Company and its subsidiaries and affiliates; and (iii) the engaging by Executive in any of the activities prohibited by this Section 6 may constitute improper appropriation and/or use of such information and trade secrets. Notwithstanding the foregoing, Confidential Information shall not include information which (x) is or becomes part of the public domain through a source other than Executive, (y) is or becomes available to Executive from a source independent of the Company and its subsidiaries and affiliates, or (z) constitutes general industry knowledge possessed by Executive by virtue of Executive's employment with the Company. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectable business interest of the Company and its subsidiaries and affiliates. Accordingly, the Company and Executive agree as follows:

(a) During the Term of this Agreement and for three years following Executive's Date of Termination, Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, principal or agent of any business, or in any other capacity, make known, disclose, furnish, make available or use any of the Confidential Information, other than in the proper performance of the duties contemplated herein or as required by law or by a court of competent jurisdiction or other administrative or legislative body; provided, however, that prior to disclosing any of the Confidential Information to a court or other administrative or legislative body, Executive shall promptly notify the Company so that the Company may seek a protective order or other appropriate remedy.

(b) Executive agrees to return all Confidential Information, including all photocopies, extracts and summaries thereof, and any such information stored electronically on tapes, computer disks or in any other manner to the Company at anytime upon request of the Company and upon the termination of Executive's employment for any reason.

7. Nonsolicitation. During the Term of this Agreement and for a period of two years after the Date of Termination Executive shall not, directly or indirectly, solicit, interfere with, hire, offer to hire or induce any person who is an employee of the Company or any of its subsidiaries or affiliates and whose salary is in excess of \$50,000 to discontinue his or her relationship

with the Company or any of its subsidiaries or affiliates and accept employment by, or enter into a business relationship with, Executive or any other person or entity.

8. Antidisparagement.

(a) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, Executive agrees and promises that Executive shall not make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of the Company or any of its subsidiaries or affiliates, or any of their shareholders, directors, officers or employees, or (ii) has or would have a negative financial impact, whether directly or indirectly, on the Company or any of its subsidiaries and affiliates, or any of their shareholders, directors, officers or employees.

(b) Unless otherwise required by a court of competent jurisdiction or pursuant to any recognized subpoena power, the Company agrees and promises that neither it nor any of its subsidiaries and affiliates shall make any oral or written statements or reveal any information to any person, company or agency which (i) is negative, disparaging or damaging to the name, reputation or business of Executive or (ii) has or would have a negative financial impact, whether directly or indirectly, on Executive.

9. Injunctive Relief.

(a) Executive acknowledges that a breach of the undertakings in Sections 6, 7 or 8(a) of this Agreement would cause irreparable damage to the Company and its subsidiaries and affiliates, the exact amount of which shall be difficult to ascertain, and that remedies at law for any such breach would be inadequate. Executive agrees that, if Executive breaches or attempts or threatens to breach any of the undertakings in Sections 6, 7 or 8(a) of this Agreement, then the Company shall be entitled to injunctive relief without posting bond or other security, in addition to any other remedy or remedies available to the Company at law or in equity.

(b) The Company acknowledges that a breach of the undertakings in Section 8(b) of this Agreement would cause irreparable damage to Executive, the exact amount of which shall

be difficult to ascertain, and that remedies at law for any such breach would be inadequate. The Company agrees that, if the Company or any of its subsidiaries or affiliates breaches or attempts or threatens to breach any of the undertakings in Section 8(b) of this Agreement, then Executive shall be entitled to injunctive relief, without posting bond or other security, in addition to any other remedy or remedies available to Executive at law or in equity.

10. Withholding Taxes. The Company may withhold from all payments due to Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

11. Indemnity. The Company shall hold harmless and indemnify Executive against any and all expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by Executive in connection with any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative (including an action by or in the right of the corporation) to which Executive is, was, or at anytime becomes a party, or is threatened to be made a party, by reason of the fact that Executive is, was, or at anytime becomes a director, officer, employee, or agent of Company, or is, or was serving, or at anytime serves at the request of Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise; or otherwise to the fullest extent as may be provided to Executive by Company under the nonexclusivity provisions of Article XVIII of The Articles of Incorporation of Company and Kansas law.

12. Reimbursement of Expenses; Mitigation. (a) If any contest or dispute shall arise under this Agreement involving termination of Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse Executive, on a current basis, for all legal fees and expenses, if any, incurred by Executive in connection with such contest or dispute or incurred by Executive in seeking advice with respect to any such matters (regardless of the result thereof), together with interest in an amount equal to the prime rate of Chase Manhattan Bank from time to time in effect, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives

Executive's statement for such fees and expenses through the date of payment thereof, regardless of whether or not Executive's claim is upheld by an arbitration panel or court.

(b) Executive shall not be required to mitigate any payment the Company becomes obligated to make to Executive under this Agreement.

13. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle Executive to continued employment with the Company or its Subsidiaries; provided, however, that any termination of Executive's employment during the Term of this Agreement shall be subject to all of the provisions of this Agreement.

14. Successors; Binding Agreement. (a) This Agreement shall not be terminated by any sale, merger or other business combination. In the event of any such sale, merger or other business combination, the provisions of this Agreement shall be binding upon the surviving corporation, and such surviving corporation shall be treated as the Company hereunder.

(b) The Company agrees that in connection with the sale, merger or other business combination, it will cause any successor entity to the Company unconditionally to assume (and for any Parent Corporation in such business combination to guarantee), by written instrument delivered to Executive (or his beneficiary or estate), all of the obligations of the Company hereunder.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts would be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

15. Notice. (a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five (5) days after deposit in the United

States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:

Western Resources, Inc.
818 S. Kansas Avenue
Topeka, Kansas 66612
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of Executive's Date of Termination by the Company or Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specify the Date of Termination. The failure by Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

16. Full Settlement; Resolution of Disputes. The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall be in lieu and in full settlement of all other severance payments to Executive under any other severance or employment agreement between Executive and the Company, and any severance plan of the Company. The Company's obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, such amounts shall not be reduced whether or not Executive obtains other employment, except as otherwise provided in Section 4(a)(iii). Any dispute or controversy

arising under or in connection with this Agreement shall be settled exclusively by arbitration in Topeka, Kansas by three arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section.

17. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any Subsidiary.

18. Survival. The respective obligations and benefits afforded to the Company and Executive as provided in Sections 4 (to the extent that payments or benefits are owed as a result of a termination of employment that occurs during the term of this Agreement), 5, 6, 7, 8, 9, 10, 11, 12, 14, 16, and 19 shall survive the termination of this Agreement.

19. GOVERNING LAW; VALIDITY. THE INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF KANSAS WITHOUT REGARD TO THE PRINCIPLE OF CONFLICTS OF LAWS. THE INVALIDITY OR UNENFORCEABILITY OF ANY PROVISION OF THIS AGREEMENT SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF ANY OTHER PROVISION OF THIS AGREEMENT, WHICH OTHER PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

21. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by Executive and by a duly authorized officer of the Company. No waiver by either party hereto at anytime of any breach by the other party hereto of; or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right Executive or the Company may have hereunder, including without limitation, the right of

Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise specifically provided herein, the rights of, and benefits payable to, Executive, his estate or his beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, Executive, his estate or his beneficiaries under any other employee benefit plan or compensation program of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and Executive has executed this Agreement as of the day and year first above written.

WESTERN RESOURCES, INC.

By: _____
Carl M. Koupal, Jr.
Executive Vice President,
Chief Administrative Officer
