



DAVID C. WITIG
President and Chief Executive Officer

August 17, 1998

Mr. Douglas T. Lake

REDACTED

Dear Doug,

In accordance with our recent discussions, I would like to outline for you some terms for a position with Western Resources. Obviously, any agreement is subject to approval of the Western Resources Board of Directors.

I am pleased to offer you the position of Executive Vice President, Chief Strategic Officer for Western Resources. In addition, you would serve as a member of the Company's Executive Council and participate with other senior officers in the formation and implementation of corporate policy regarding all aspects of the Company's operations.

In your position, you would be primarily responsible for leading our efforts to grow our business as well as the businesses of our subsidiaries. Where appropriate, you would be expected to serve on subsidiary boards. In addition, we would expect you to open and manage an office in New York City to be staffed with a sufficient number of financial analysts in order to provide much of the analytical work for which we currently rely on bankers.

While we would expect you to spend at least half of your time in Topeka and to establish your primary residence here, you would be expected to travel extensively.

Your annual base compensation would be set at \$325,000. You would receive a \$350,000 signing bonus if you begin your employment prior to September 1, 1998. In addition to this base compensation, you would participate in the Company's short- and long-term incentive plans for officers. The short-term plan, while subject to change, would provide you an opportunity for additional cash compensation of up to 60% of base pay. You would also receive 30,000 stock options and 13,500 restricted shares in 1998, under the long-term plan. In addition, you would be enrolled in Western Resources' executive salary continuation plan.

818 South Kansas Avenue / Topeka, Kansas 66612
Telephone: (785) 575-6401 / Fax: (785) 575-8061
Internet: david_witig@wstrres.com

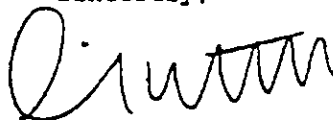
DTL-000587

If you are still an employee of Western Resources (or its successor or one of its affiliates) as of September 1, 2000, you would receive a \$500,000 payout. Likewise, if you are an employee on September 1, 2002, you would receive \$1,000,000. In the event your employment is terminated prior to these respective dates by the Company without "Cause" or by you for "Good Reason," as those terms are defined in the Company's Change of Control Agreements, you would receive \$500,000 if such termination is prior to September 1, 2000 or \$1,000,000 if after September 1, 2000 but before September 1, 2002.

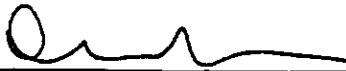
In addition to the above, you will receive all benefits which are customarily offered to officers who serve on the Company's Executive Council. These include a deferred compensation plan, a 401k savings plan, a qualified retirement plan, medical/dental insurance, life insurance, accidental death and dismemberment insurance, short- and long-term disability protection, sick leave, vacation and holiday leave, up to \$10,000 annually to cover financial planning and tax preparation as well as \$10,000 for legal assistance in that regard, a car allowance, personal use of a cellular phone, a club membership, a change of control agreement, matching gift, and relocation benefits. I have enclosed a schedule that sets forth this information in greater detail.

Doug, I look forward to hearing from you on this matter. Please call if you would like to discuss any of these matters in more detail.

Sincerely,



Accepted:



Douglas T. Lake

Date: 8/19/98

enclosure

DTL-000588

NAME: Douglas T. Lake
POSITION: Executive Vice President, Chief Strategic Officer
PAY GRADE: 5

DTL-000589

COMPENSATION

COMMENTS

Base Salary	\$325,000	Paid on the 15th and last day of the month.
Short Term Incentive	Yes	Performance related cash award (target of 60% of Base Salary) Payable in first quarter following close of performance period
Long Term Incentive	Yes	Non-qualified stock options and dividend equivalents 30,000 stock options and 13,500 restricted shares in 1998

BENEFITS

Medical/Dental	Yes	Noncontributory medical; dental premium split 50/50
Life Insurance	Yes	1X salary basic and AD&D - noncontributory; Up to 4X salary supplemental - employee paid; premium fixed at age of entry; supplemental fully portable upon termination/retirement.
Qualified Retirement Plan	Elig. after 1 yr.	Provides approx. 37% of final 5 year's average base pay with 20 years of service.
Savings Plan	Elig. after 1 mo.	401(k) Plan allows 14% up to \$10,000 pre-tax and 4% after tax; Company matches first 6% of base pay contributed at 50% after 1 year of service.

BENEFITS, cont'd.

COMMENTS

Executive Salary Continuation Plan	Yes	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.	
Deferred Compensation	Yes	Maximum deferral 100% of Base Salary; 100% of cash incentive compensation. (Long term Incentive comp. shares not eligible for deferral).	
Vacation	Yes	4 weeks	
Holidays	Yes	10 days total; 9 Fixed, 1 Floating	
Sick Leave	Yes	7 days per year until 12 accumulated, then accrue 14 days per year; 180 days maximum.	
Short Term Disability	Yes	Supplemental to Sick Leave for up to 180 days.	
Long Term Disability	Yes	Provides 60% Base Salary up to \$5,000 per month less Social Security; payable to age 65.	
Car Allowance	Yes	Monthly car allowance of \$571, grossed up for anticipated taxes (\$935 includes taxes).	
Financial Planning	Yes	Up to \$10,000 annually for financial planning and tax related expenses, and up to \$10,000 for associated legal fees and tax preparation expenses;	

BENEFITS, cont'd.

COMMENTS

DTL-000591

Change of Control Agreement	Yes	The Western Resources Change of 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. In your case, the applicable severance multiple will be 2.99.
Club Membership	Yes	Company paid membership to Topeka Country Club. Company will reimburse for monthly dues/capital expenses.
Relocation	Yes	Company will pay for cost of moving household goods and one auto. Company will pay up to 90 days storage. You will receive a cash payment in the amount of 15% of the appraised value of your Bronxville residence (even if you choose to keep such residence).
Matching Gift	Yes	The Company's matching gift program provides matching contributions to qualified entities on a 2 for 1 basis of up to \$5,000 per year (maximum match of \$10,000 per year).