

WESTERN RESOURCES, INC.
SHORT-TERM INCENTIVE PLAN

AS EFFECTIVE JANUARY 1, 1997

February 24, 1997

WS043441

**WESTERN RESOURCES, INC.
SHORT-TERM INCENTIVE PLAN**

The purpose of the Western Resources, Inc. Short-Term Incentive Plan (Plan) is to motivate key executives, directors, managers, and select exempt employees to achieve the highest level of performance to further the achievement of Western Resources' (WR's) goals, objectives, and strategies. This Plan is designed to reward exceptional performance using financial incentives to supplement base compensation. Also, the Plan will enhance the ability of WR to attract new executive talent when needed. Finally, the Plan is intended to benefit WR in the pursuit of its goals and objectives by stimulating and motivating the Executive Council (EC), the Officers and select exempt employees, which will in turn enhance productivity and promote the retention of experienced and qualified executive talent in a cost effective and efficient manner.

1. Definitions. As used herein the following words and phrases shall have the following respective meanings unless the context clearly indicates otherwise:

(a) Award: A grant of a percentage of the total incentive award made to a Participant under the terms of the Plan.

(b) Award Criteria: The criteria described in Section 4, consisting of financial, individual, and discretionary criteria, the satisfaction of which shall determine the Participant's percentage entitlement to an Incentive Award.

(c) Beneficiary: The person or persons designated by a Participant pursuant to Section 7 to receive any payment which under the terms and conditions of the Plan may be made on behalf of the Participant on or after the Participant's death.

(d) Board of Directors: The Board of Directors of the Company.

(e) Company: Western Resources, Inc. a Kansas corporation, and its successors and assigns.

(f) Discretionary Criteria: Criteria based solely on the Participant's Supervisor's discretion.

(g) Financial Criteria: Annual financial criteria which is established for the Incentive Period by the Board of Directors or the Committee.

(h) Incentive Award: That percentage of a Participant's base compensation which the Board of Directors shall, from time to time, determine to be available to a Participant under the Plan. As an example, an EC member is targeted to earn up to 55% of their base compensation as an Award if the financial criteria is achieved. The Incentive Award may apply to a class of employees or to individual employees, at the discretion of the Board of Directors or the Committee.

(i) Individual Criteria: Criteria which is based on financial or nonfinancial criteria or both, as determined by the Participant and the Participant's Supervisor.

(j) Individual Agreement: An agreement developed during the strategic and financial planning process at the beginning of each WR fiscal year, which outlines a Participant's participation in the Plan. Goals and objectives critical to the successful implementation of the WR Strategic Plan are the basis for developing the detail components of each Agreement.

(k) Participant: An employee with whom an Individual Agreement has been made, but which has not been paid, canceled, or otherwise terminated or satisfied under the terms of the Plan.

(l) Plan: The Plan herein set forth, and as from time to time amended.

(m) Select Exempt Employees: WR executive employees in pay grades 30 and above.

(n) Participant's Supervisor: The officer, director or manager to whom the Participant directly reports. The Chief Executive Officer's ("CEO") Supervisor shall mean the Board of Directors. An EC member's supervisor is the CEO. An Officer's supervisor is the member of the EC to whom that member reports. A Select Exempt Employee's Supervisor shall be the member of the EC or the Officer to whom that Exempt Employee reports.

(o) Committee: The committee which may be established by the Board of Directors pursuant to Section 2 to administer the Plan.

2. Administration. The Board of Directors, or if one shall be appointed by the Board of Directors, a committee of at least three directors, a majority of whom are not eligible to be Participants (the "Committee"), shall be responsible for establishing the overall Plan, administering the Plan, determining whether actual individual compensation awards will be paid, and approving the amount of the actual individual compensation awards.

The individual EC members, Officers, or named exempt employees are responsible for the preparation of all forms and reports for reporting regarding their respective Plan accomplishments.

The members of the Board of Directors and all agents, officers, fiduciaries, and employees of the Company shall not be liable for any act, omission, interpretation, construction, or determination made in good faith in connection with their responsibilities with respect to the Plan; and the Company hereby agrees to indemnify the members of the Board of Directors and all agents, officers, fiduciaries, and employees of the Company in respect to any claim, loss, damage, or expense (including counsel fees) arising from any such act, omission, interpretation, construction, or determination to the full extent permitted by law.

The day-to-day administration of the Plan with regard to specific classes of employees shall be carried out as follows:

(a) CEO and President (Pay Grade 1-2): The Board, or the Committee if one is appointed, is responsible for the day-to-day supervision of the Plan, including

designation of the CEO's personal goals, determination of the achievement of such goals, determination of the award size relating to the CEO's goals, and the determination of the amount of the discretionary award. The CEO is responsible for the day to day supervision of the Plan as it relates to the President. This includes the designation of the President's personal goals, determination of the achievement of such goals, determination of the award size relating to goals, and the determination of the amount of the discretionary award.

(b) EC Members (Pay Grade 3-7): The CEO or President is responsible for the day-to-day supervision of the Plan, as it relates to EC members. This includes the designation of the EC member's personal goals, determination of the achievement of such goals, determination of the award size relating to the goals, and the determination of the amount of the discretionary award.

(c) Officers (Pay Grade 8): The appropriate EC member is responsible for the day-to-day supervision of the Plan, as it relates to the Officer. This includes the designation of personal goals, determination of the achievement of such goals, determination of the award size relating to the goals, and the determination of the amount of the discretionary award.

(d) Officers (Pay Grade 9-11): The Participant's Supervisor is responsible for the day-to-day supervision of the Plan, as it relates to the Officer. This includes the designation of personal goals, determination of the achievement of such goals, determination of the award size relating to the goals, and the determination of the amount of the discretionary award.

(e) Select Exempt Employees (Pay Grade 30-33): The Participant's Supervisor is responsible for the day-to-day supervision of the Plan, as it relates to a select exempt employee. This includes the designation of personal goals, determination of the achievement of such goals, determination of the award size relating to the goals, and the determination of the amount of the discretionary award.

3. Eligibility to Participate. Only employees who are members of WR's Executive Council, Officers of WR, and WR exempt employees in pay grades 30 and above shall automatically be eligible to participate in the Plan. The Board of Directors, or the Committee if one shall be appointed, shall determine, from time to time, whether the benefits of the Plan should be extended to other individuals or groups of employees of the Company.

4. Award Criteria. This Plan utilizes three sets of criteria to determine an individual's incentive: Company performance on financial criteria, achievement level on individual objectives, and discretionary judgment on managerial effectiveness. The weight of these criteria varies in relation to the individual's organizational level.

(a) Financial Criteria - This criteria is tied to Company financial performance. Its purpose is to foster a team orientation and to directly tie a participant's incentive to the profitability of the Company, and to increases in shareholder value. The weight of this criteria varies from 50% to 30% based on the rationale that the higher the organizational level of the participant, the greater the degree of influence on

Company-wide measures of profitability. Performance on this criteria is based upon two equally weighted components, EPS and Stock Price Appreciation.

- The EPS component is based upon actual EPS compared with budget. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the budgeted EPS is achieved.
- The Stock Appreciation component is based upon appreciation in WR stock as compared with the S&P Electrics/\$1.5 to \$3.0 Billion Comparator Group. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the appreciation is equal to the appreciation of the Comparator Group.

(b) Individual Criteria - This criteria measures performance on individual objectives that are established in relation to the Company's strategic plan. They are intended to help balance longer-term strategic needs with short-term financial results, reinforce key elements of the Company's strategy for improvements in both financial and operating performance, and to link incentive payments more closely to individual contribution. Where the financial incentive promotes a team orientation, individual criteria are tailored to fit the more narrow scope of influence and accountability of individual positions. The weight of this criteria varies from 30% to 50%, again based on organizational level. The lower the level of organizational responsibility the greater the impact of individual performance in assessing the participant's contribution.

(c) Discretionary Criteria - This criteria is a judgmental rating of a participant's managerial effectiveness. It is intended to recognize the importance of intangible qualities of corporate performance. The ratings are based on an assessment of qualitative issues such as:

- providing strategic direction
- providing leadership
- proactively managing change
- organizing, developing, and utilizing the management team
- creating an appropriate organizational environment
- providing effective external representation
- monitoring and evaluating performance and taking corrective actions.

This criteria is weighted at 20% for all organizational levels.

The specific criteria for individual participation is described in the attached Addendum.

5. Payment of Awards.

(a) Generally. The incentive compensation award, if adopted for the year, is payable annually. The payment shall be made in February following the Plan year for which the award was approved.

(b) Termination of Employment. A Participant who ceases to be continually employed by the Company (other than as a result of a Company-approved leave of absence or the Participant's death, disability, or retirement under the Company pension plan's early or normal retirement provisions) shall forfeit all rights to an annual incentive award for the year not yet ended.

(c) Payment in the Event of Death, Disability, or Retirement. If a participant dies, becomes disabled, or retires under the Company pension plan's early or normal retirement provisions, his or her actual incentive compensation award for the year, determined in accordance with the provisions of the Plan, shall be reduced to reflect only participation prior to termination. This reduction is based on the number of months the individual was an active Participant in the Plan in the year of termination. In the event of the Participant's death while the Plan is in effect, payments of any amounts due under such Plan shall be made to the Participant's designated beneficiary or to the Participant's estate.

6. Withholding for Taxes. The Company will provide for the withholding of any taxes required by any governmental authority with respect to any payment that is to be made under the Plan. The amount withheld shall be paid over by the Company to such governmental authority for the account of the Participant entitled to the payment.

7. Designation of Beneficiary. A Participant shall designate a Beneficiary or Beneficiaries on the Beneficiary Designation form in the appendix (which may be designated contingently and which may be an entity other than a natural person) to receive any amounts which under the terms of the Plan may become payable on or after the Participant's death. Any such designation may, unless the Participant has waived such right, from time to time and at any time, be changed or canceled by the Participant without the consent of a Beneficiary. Any such designation must be in writing and filed with the Board of Directors or Committee. If a Participant designates more than one Beneficiary, any payments under the Plan to such Beneficiaries shall be made in equal shares unless the Participant has designated otherwise, in which case the payments shall be made in the shares designated by the Participant. If a Participant does not designate a beneficiary or there is no proper designation of a Beneficiary or no person designated as a Beneficiary shall survive the Participant by 30 days, the Participant's Beneficiary shall be his or her estate.

8. No Rights to Corporate Assets. Nothing contained herein shall be construed as giving a Participant, his or her Beneficiary, or any other person any equity or other interest of any kind in any assets of the Company or creating a trust of any kind or a fiduciary relationship of any kind between the Company and any such person. As to any claim for any unpaid amounts under the Plan, a Participant, his or her Beneficiary, and any other person having a claim for payments shall be unsecured creditors.

9. Non-Assignability. Except as provided in Section 7, neither a Participant nor a Participant's Beneficiary shall have the power or right to transfer, assign, anticipate, mortgage, or otherwise encumber his or her interest in the Plan; nor shall such interest be subject to seizure for the payment of a Participant's or Beneficiary's debts, judgments, alimony, or separate maintenance or be transferable by operation of law in the event of a Participant's or Beneficiary's bankruptcy or insolvency.

The Company's obligations under the Plan are not assignable or transferable except to a Company which acquires all or substantially all of the assets of the Company or to any corporation into which the Corporation may be merged or consolidated.

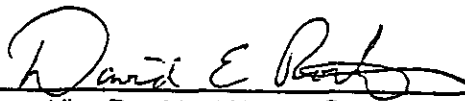
10. Amendment and Termination. The Board of Directors may from time to time and at any time alter, amend, suspend, discontinue, or terminate the Plan. Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Participant's interest in the Plan. Neither any Participant nor any other person shall have any claim against the Company as a result of any such action. Notwithstanding the foregoing, the Company may not modify (or terminate) the Plan to the extent doing so would adversely affect the rights of Participants to an Incentive Award at the time of the modification.

11. No Right of Employment. Nothing contained in the Plan shall be construed as conferring upon a Participant the right to continue in the employ of the Company.

12. Governing Law. All rights and obligations under the Plan shall be governed by, and the Plan shall be construed in accordance with the laws of the State of Kansas.

13. Titles and Headings. Titles and headings to sections herein are for purposes of reference only and shall in no way limit, define, or otherwise affect the meaning or interpretation of any provisions of the Plan.

14. Effective Date. The Plan shall become effective January 1, 1997.


Vice President Human Resources

BENEFICIARY DESIGNATION

Pursuant to Section 7 of the Western Resources' Short-Term Incentive Plan, the Participant hereby designates as Primary Beneficiary under this Plan:

and, Participant hereby designates as Secondary Beneficiary under this Plan:

The term "Beneficiary" as used herein shall mean the Primary Beneficiary if such Primary Beneficiary shall survive Participant by at least 30 days, and shall mean the Secondary Beneficiary if Primary Beneficiary does not survive Participant by at least 30 days, and shall mean the Estate of the Participant, if neither Primary nor Secondary Beneficiary survives the Participant by at least 30 days. Participant shall have the right to change Participant's designation of Primary and/or Secondary Beneficiary from time to time in such manner as shall be required by the Board of Directors or the Committee, it being agreed that no change in beneficiary shall be effective until acknowledged in writing by the Company.

IN WITNESS WHEREOF, Participant has executed this designation this _____ day of _____, 19____.

PARTICIPANT:

(signature)

(type or print name)

WS043448

ADDENDUM

**Chief Executive Officer and President
(Pay Grade 1-2)**

WS043449

**Award Criteria
Western Resources
Short Term Incentive Plan
CEO and President (Pay Grade 1-2)**

The target Incentive Award for the CEO and President (Pay Grade 1-2) is 60% of the Participant's base compensation. All opportunity to achieve an Incentive Award above the target incentive Award is derived from the Financial Criteria.

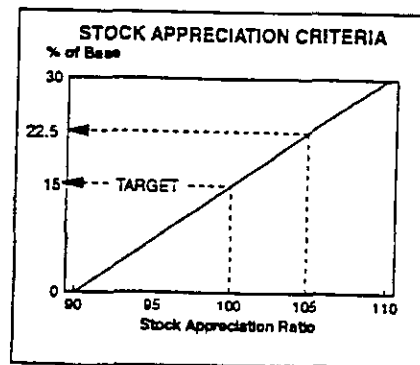
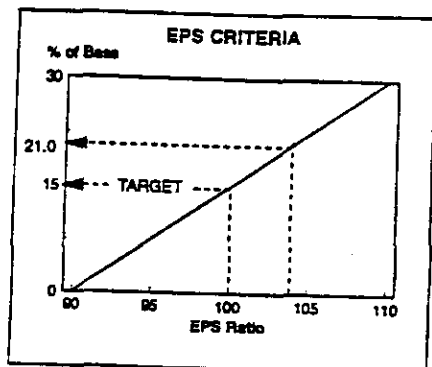
The Award Criteria for the CEO and President are detailed in the table below:

Component (weight)	Incentive Awards as a Percent of Base Pay	EXAMPLE	
	Target	Performance Assessment	Payout Percentage
Financial (50%) EPS Stock Appr.	15.0%	104% of Budget	21.0%
	15.0%	105% of Comp. Group	22.5%
Individual (30%)	18.0%	30 of 30 points	18.0%
Discretionary (20%)	12.0%	20 of 20 points	12.0%
TOTAL	60.0%		73.5%

The EPS component is based upon actual EPS compared with budget. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the budgeted EPS is achieved.

The Stock Appreciation component is based upon appreciation in WR stock as compared with the S&P Electrics/\$1.5 to \$3.0 Billion Comparitor Group. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the appreciation is equal to the appreciation of the Comparitor Group.

Base Compensation is defined as the annualized salary or hourly rate of pay paid to an employee, excluding shift differentials, overtime, bonuses, commissions, or any pay element other than the base rate.



ADDENDUM

**Executive Council
(Pay Grade 3-7)**

WS043451

**Award Criteria
Western Resources
Short Term Incentive Plan
EXECUTIVE COUNCIL (Pay Grade 3-7)**

The target Incentive Award for the individual Executive Council Member is 55% of the Participant's base compensation. All opportunity to achieve an Incentive Award above the target Incentive Award is derived from the Financial Criteria.

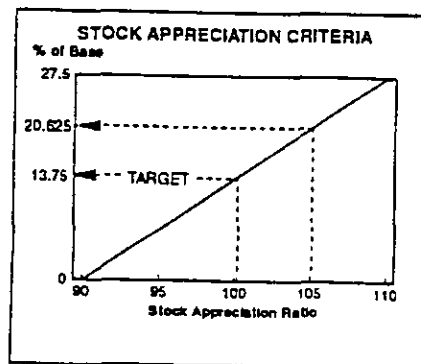
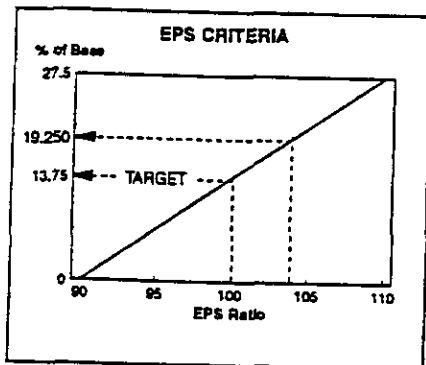
The Award Criteria for the Executive Council Members are detailed in the table below:

Component (weight)	Incentive Awards as a Percent of Base Pay		EXAMPLE	
	Target		Performance Assessment	Payout Percentage
Financial (50%) EPS Stock Appr.	13.75%		104% of Budget	19.250%
	13.75%		105% of Comp. Group	20.625%
Individual (30%)	16.50%		30 of 30 points	16.500%
Discretionary (20%)	11.00%		20 of 20 points	11.000%
TOTAL	55.0%			67.375%

The EPS component is based upon actual EPS compared with budget. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the budgeted EPS is achieved.

The Stock Appreciation component is based upon appreciation in WR stock as compared with the S&P Electrics/\$1.5 to \$3.0 Billion Comparitor Group. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the appreciation is equal to the appreciation of the Comparitor Group.

Base Compensation is defined as the annualized salary or hourly rate of pay paid to an employee, excluding shift differentials, overtime, bonuses, commissions, or any pay element other than the base rate.



ADDENDUM

**Officers
(Pay Grade 8)**

WS043453

**Award Criteria
Western Resources
Short Term Incentive Plan
Officers (Pay Grade 8)**

The target Incentive Award for the individual Officers (Pay Grade 8) is 40% of the Participant's base compensation. All opportunity to achieve an Incentive Award above the target Incentive Award is derived from the Financial Criteria.

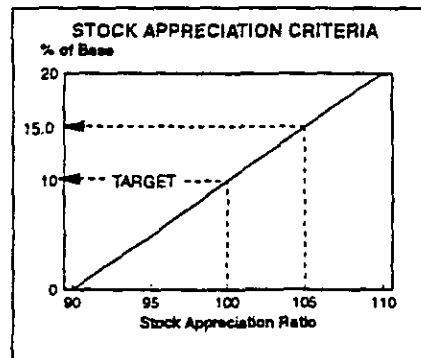
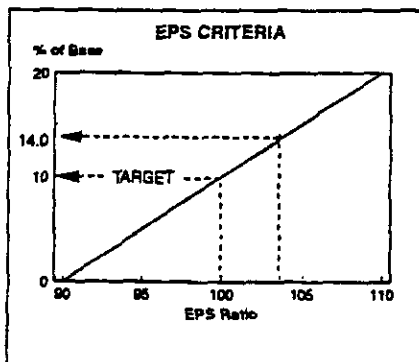
The Award Criteria for Officers (Pay Grade 8) are detailed in the table below:

Component (weight)	Incentive Awards as a Percent of Base Pay		EXAMPLE	
	Target		Performance Assessment	Payout Percentage
Financial (50%) EPS Stock Appr.	10.0%		104% of Budget	14.0%
	10.0%		105% of Comp. Group	15.0%
Individual (30%)	12.0%		30 of 30 points	12.0%
Discretionary (20%)	8.0%		20 of 20 points	8.0%
TOTAL	40.0%			49.0%

The EPS component is based upon actual EPS compared with budget. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the budgeted EPS is achieved.

The Stock Appreciation component is based upon appreciation in WR stock as compared with the S&P Electrics/\$1.5 to \$3.0 Billion Comparitor Group. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the appreciation is equal to the appreciation of the Comparitor Group.

Base Compensation is defined as the annualized salary or hourly rate of pay paid to an employee, excluding shift differentials, overtime, bonuses, commissions, or any pay element other than the base rate.



ADDENDUM

**Officers
(Pay Grade 9-11)**

WS043455

**Award Criteria
Western Resources
Short Term Incentive Plan
Officers (Pay Grade 9-11)**

The target Incentive Award for the Officers (Pay Grade 9-11) is 30% of the Participant's base compensation. All opportunity to achieve an Incentive Award above the target Incentive award is derived from the Financial Criteria.

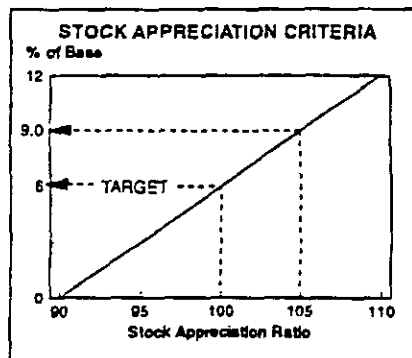
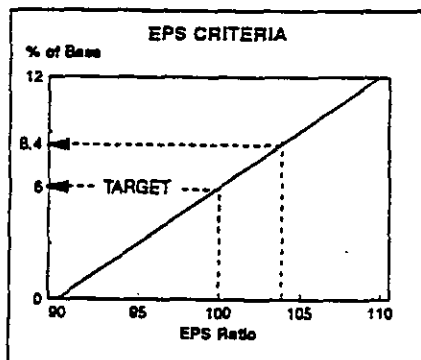
The Award Criteria for Officers (Pay Grade 9-11) are detailed in the table below:

Component (weight)	Incentive Awards as a Percent of Base Pay		EXAMPLE	
	Target	Performance Assessment	Payout Percentage	
Financial (40%) EPS Stock Appr.	6.0%	104% of Budget	8.4%	
	6.0%	105% of Comp. Group	9.0%	
Individual (40%)	12.0%	30 of 30 points	12.0%	
Discretionary (20%)	6.0%	20 of 20 points	6.0%	
TOTAL	30.0%		35.4%	

The EPS component is based upon actual EPS compared with budget. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the budgeted EPS is achieved.

The Stock Appreciation component is based upon appreciation in WR stock as compared with the S&P Electrics/\$1.5 to \$3.0 Billion Comparitor Group. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the appreciation is equal to the appreciation of the Comparitor Group.

Base Compensation is defined as the annualized salary or hourly rate of pay paid to an employee, excluding shift differentials, overtime, bonuses, commissions, or any pay element other than the base rate.



ADDENDUM

**Select Exempt Employees
(Pay Grade 30-33)**

WS043457

**Award Criteria
Western Resources
Short Term Incentive Plan
SELECT EXEMPT EMPLOYEES (Pay Grade 30-33)**

The target Incentive Award for the Select Exempt Employee is 15% of the Participant's base compensation. All opportunity to achieve an Incentive Award above the target Incentive award is derived from the Financial Criteria.

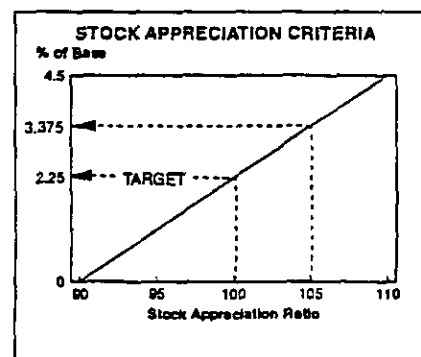
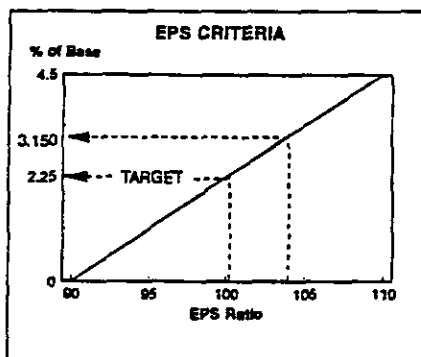
The Award Criteria for the Select Exempt Employees are detailed in the table below:

Component (weight)	Incentive Awards as a Percent of Base Pay	EXAMPLE	
	Target	Performance Assessment	Payout Percentage
Financial (30%)			
EPS	2.25%	104% of Budget	3.150%
Stock Appr.	2.25%	105% of Comp. Group	3.375%
Individual (50%)	7.50%	30 of 30 points	7.500%
Discretionary (20%)	3.00%	20 of 20 points	3.000%
TOTAL	15.00%		17.025%

The EPS component is based upon actual EPS compared with budget. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the budgeted EPS is achieved.

The Stock Appreciation component is based upon appreciation in WR stock as compared with the S&P Electrics/\$1.5 to \$3.0 Billion Comparitor Group. There is no payout if the ratio is equal to or less than 90%, with the targeted incentive being paid out if the appreciation is equal to the appreciation of the Comparitor Group.

Base Compensation is defined as the annualized salary or hourly rate of pay paid to an employee, excluding shift differentials, overtime, bonuses, commissions, or any pay element other than the base rate.



S&P Electrics/\$1.5 to \$3.0 Billion Comparitor Group

1. Allegheny Power System
2. American Electric Power Co.
3. Baltimore Gas & Electric
4. Boston Edison
5. Carolina Power & Light Company
6. Centerior Energy
7. Central & South West
8. CINergy Corp.
9. CMS Energy
10. Columbia Gas
11. Consolidated Edison of NY
12. Detroit Edison
13. Dominion Resources, Inc
14. DPL, Inc.
15. DQE
16. Duke Power
17. ENSERCH Corp.
18. Entergy
19. FLA Progress
20. FPL Group
21. General Public Utilities
22. Houston Industries
23. Illinova Corp.
24. Long Island Light & Power
25. MCN Corp.
26. New England Electric
27. New York State Electric & Gas
28. Niagra Mohawk
29. NICOR, Inc.
30. NIPSCO
31. NorAm Energy
32. Northern States Power
33. Ohio Edison
34. Oklahoma Gas & Electric
35. PacifiCorp
36. Pacific Enterprises
37. Pacific Gas & Electric
38. PECO Energy
39. Pinnacle West
40. Potomac Electric
41. Public Service Enterprise Group
42. Public Service of Colorado
43. San Diego Gas & Electric
44. SCANA Corp.
45. SCE Corp.
46. Sonat, Inc.
47. Southern Company
48. TECO Energy
49. Texas Utilities
50. Unicom
51. Union Electric
52. UtiliCorp United
53. Valero Energy
54. Williams Companies
55. Wisconsin Energy