

9/11 Gene Budig called - REDACTED

He has been through document.



CARL M. KOUPAL, JR.
Executive Vice President and
Chief Administrative Officer

September 8, 2000

Dr. Gene A. Budig

REDACTED

Mr. John C. Dicus

REDACTED

Gentlemen:

As you will recall, the Human Resources Committee has had several conversations concerning the revisions to the change of control agreement and employment agreements for officers.

At the last meeting on this subject, which was a telephonic meeting on July 19, 2000, the Committee approved the final outline for the revisions to the agreements. One of the items which was discussed at the May 17, 2000 meeting and in the telephonic meeting of July 19 was the concept of an employee who is currently employed at Western Resources, but after a split of the company may become an employee of Westar Capital. This was also a subject that Frank Becker brought up in the May 17 meeting, as well as in a subsequent meeting with David Wittig and me.

We have furnished to Frank the final agreements on this subject and as he has reviewed them, the issue of employment at Westar Capital once again came up. There were some questions about the fairness of the approach to the future

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Westar Capital company since it did commit a future board of directors of Westar Capital to keeping salaries at similar levels in order to retain employees. At the same time, there was a question about the fairness of the approach to the employees since even though the employee would receive the severance payment, it would not be paid until after a three-year "handcuff" period. After extensive discussion on this matter with Frank he suggested we eliminate that entire provision in the agreement and have the issue addressed at the time of the split of the company.

Since this is a change that has been made since the Committee last discussed this, Frank wanted to make you aware of this issue and to make sure that the other members of the Committee were comfortable with this approach. I am enclosing a copy of this paragraph of the agreement for your review

If you have any questions about this, please feel free to call Frank or me. If you desire, we can have a telephonic meeting of the Committee to discuss this in more detail.

Sincerely,



CMK/naf
Enclosure
cc: Mr. Frank J. Becker

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8. Employment with Westar Capital. (a) In the event that Executive is offered employment with Westar Capital, Inc., a wholly owned subsidiary of the Company, upon the same terms and conditions and occupying the same position as Executive holds with the Company, in connection with a sale, merger or reorganization of the Company which would constitute a Change in Control and in which Westar Capital becomes an independent 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 Westar Capital and shall be entitled to the benefits described in this Agreement payable by reason of such Qualifying Termination except that the amounts payable to Executive under Section 6(a)(ii), (v) and (x) hereof shall be deposited with a Trustee acceptable to Executive and shall be paid to Executive, together with interest at the greater of the interest rate paid by the Company on deferred compensation and the Prime Rate from the date of the Qualifying Termination until paid (which interest shall be estimated at the date of Qualifying Termination assuming payment on the third anniversary and deposited with the Trustee described below), on the

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earlier of the third anniversary of Executive's Qualifying Termination or the date that Executive's employment with Westar Capital is terminated (i) by the Company, (ii) by Executive for Good Reason, (iii) as a result of Executive's death or disability, or (iv) Executive's retirement with the consent of Westar Capital. The amounts deposited with the Trustee pursuant to this Section 8(a) together with the amounts deposited pursuant to Section 8(b) shall be held under a trust agreement pursuant to which: (i) the Trustee will be required to pay to Executive the benefits described in this Section 8(a) and the Gross-Up Payments described in Section 8(b) (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 that the trust assets are sufficient to pay the benefits described in this Section 8(a) and the Gross-Up Payments described in Section 8(b), (iii) no amounts held in the trust may be returned to the Company or used for any purpose other than the payment of the benefits described in this Section 8(a), the payment of the Gross-Up Payments described in Section 8(b), or the payment of the fees of the Trustee and other expenses of the trust until such time as there has been full payment of benefits described in this Section 8(a) or the forfeiture of such benefits pursuant to the next sentence and the full payment of the Gross-Up Payments described in Section 8(b), (iv) creditors of the Company and its subsidiaries and affiliates will in no event have any right to or interest in any portion of the trust assets, (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. Except as provided herein, should Executive voluntarily terminate without Good Reason (other than by death, disability or retirement with consent) Executive's employment with Westar Capital prior to such third anniversary, Executive shall forfeit all such amounts which as of the date of termination of employment with Westar Capital are not vested except such amounts as are necessary to reimburse Executive on a grossed up basis for any taxes paid or payable on such forfeited amounts. To the extent the amounts to be deposited with the Trustee are not readily determined at the date of the Qualifying Termination, such amounts shall be estimated by the Accounting Firm, and shall be trued up to the actual amounts (including interest at the Prime Rate on such actual amounts from the date of the Qualifying Termination until the date of payment)

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when payable to Executive.

With respect to Section 6(a)(v) the amount to be initially deposited with the Trustee shall be estimated at \$50,000, and Relocation Expenses under 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 Qualifying Termination, plus 17% of such amount.

(b) In the event the conditions set forth in Section 8(a) are satisfied and the implementation of Section 8(a) may result in any Gross-Up Payment not becoming payable until on or after Executive has become entitled to the benefits described in Section 8(a), the Company shall also deposit with the Trustee described in Section 8(a) any Gross-Up Payments estimated by the Accounting Firm to be payable pursuant to Section 7 on or after Executive's becoming entitled to the benefits described in Section 8(a) based on the assumption that Executive will become entitled to such benefits on the third anniversary of Executive's Qualifying Termination. At such time as Executive becomes entitled to the benefits described in Section 8(a), the Trustee shall pay the Gross-Up Payments to which Executive shall then be entitled as determined pursuant to Section 7 to the extent the trust assets are sufficient, and if the trust assets are not sufficient, the Company shall make up the shortfall. Nothing in this Section 8(b) shall be construed as delaying the time when the Company shall be required to make Gross-Up Payments pursuant to Section 7; rather, this Section 8(b) is intended to provide a mechanism for the Company to pre-fund its obligation to pay Gross-Up Payments to the extent payment of any such Gross-Up Payments may be delayed following the commencement of Executive's employment with Westar Capital, Inc. by reason of the delay in the payment of benefits pursuant to Section 8(a).

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