

WESTERN RESOURCES, INC.
HUMAN RESOURCES COMMITTEE

April 16, 2002
6:30 p.m.

A meeting of the Human Resources Committee (the "Committee") of the Board of Directors of Western Resources, Inc. (the "Company") was held at the Topeka County Club in Topeka, Kansas on April 16, 2002.

All members of the Committee were present. Mr. Frank J. Becker, Chairman of the Committee, acted as Chairman of the meeting. Also present was Mr. David C. Wittig, Chairman of the Board, President and Chief Executive Officer of the Company. Mr. Wittig acted as Secretary of the meeting.

The Chairman requested additions or corrections to the minutes of the February 19, 2002 and April 9, 2002 Committee meetings. There being no corrections or additions, the minutes were unanimously approved.

Mr. Wittig reviewed information distributed to the members of the Committee concerning matters proposed for consideration.

Following discussion, and upon motion duly made and seconded, the following resolutions were unanimously approved:

RESOLVED, that the Committee hereby establishes pay grades for the officers of the Company as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

* * *

RESOLVED, that the Committee hereby establishes stock ownership targets for the officers of the Company as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

* * *

RESOLVED, that the Committee hereby establishes maximum amounts for stock purchase loans to be made to the officers of the Company pursuant to the Company's stock purchase loan program as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

* * *

RESOLVED, that the Committee hereby approves grants of restricted share units to officers and employees of the Company as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

* * *

RESOLVED, that the Committee hereby approves the purchase of the interest of Shane A. Mathis in the Company's Executive Salary Continuation Plan for such price and on such terms as the President and Chief Executive Officer of the Company shall determine in his discretion; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

* * *

RESOLVED, that the Committee hereby approves an exchange offer to be made by the Company to officers and employees of the Company who have been granted restricted share units on the terms and conditions presented to the meeting; and further

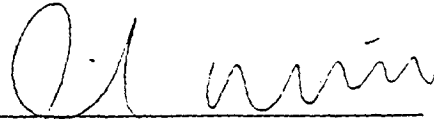
RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

* * *

RESOLVED, RESOLVED, that the officers of the Company be, and hereby are, authorized to fund a Rabbi Trust as contemplated by Section 7.4 of the Company's Executive Salary Continuation Plan (the "Plan") for the purpose of facilitating the payment of benefits to existing participants in the Plan; and further

RESOLVED, that the officers of the Company be, and hereby are, authorized to take such actions as they may deem necessary or appropriate to carry out the foregoing resolutions.

There being no further business to come before the meeting, it was adjourned.

A handwritten signature in cursive script, appearing to read "D. Wittig", written over a horizontal line.

David C. Wittig

Note: This letter also sent to Gene Sundig, Jack Gross

cc: Charlie Chandler, R.A. Edwards, John Wetzel



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

April 15, 2002

Mr. Frank J. Becker

REDACTED

Dear Frank:

This letter is to communicate several compensation-related items we need to discuss prior to the April 17, 2002 Western Board meeting. I have sent a copy of this presentation to the Board as a courtesy.

2002 Compensation Review. Resources Connection is available to make a telephonic presentation at our meeting. A copy of their presentation is in Tab 1. They can update us on current compensation trends. NO CHANGES ARE RECOMMENDED FOR BASE COMPENSATION FOR ANY OFFICER.

Pay Grades. We currently have 42 pay grades for non-union employees. We would like to reduce that to 27. Of particular relevance is that we wish to go from ten officer pay grades to seven. This will not change base compensation for anyone. It will have a slight change in incentive compensation, as short-term incentive compensation is calculated off of the greater of 90% of pay grade or actual salary. This change has no affect on my incentive compensation. Tab 2 contains the details.

Earnings Targets. At our last Board meeting, we modified our 2002 operating earnings per share from \$0.87 to \$1.27. Tab 3 contains the budget data from our February meeting. Our accounting firm will provide a letter at the end of the year verifying our calculation.

Targeted Stock Ownership/Employee Loans. We established targeted stock ownership levels for officers through Grade C. Doing so has had the desired effect; employees are focused on the stock and what they can do to enhance value (witness the buy-in to overhead reductions). Our suggestion is raise the ownership threshold, but include stock owned in our affiliated companies (ONEOK, Protection One, Guardian and Onsite). Tab 4 outlines our recommended changes. Employee loans currently total \$1,973,000. As part of increasing the ownership guidelines, we would recommend we increase the stock loans to the threshold ownership for each individual.

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WS029422

RSU Grants. Tab 5 outlines our recommendation for RSU grants for non-officers. Officer grants are included in Tab 1.

SERP Plan/Unfunded Liabilities The SERP plan has five participants: Wittig, Lake, Wages, Mathis and Hunt. In 2001, we began funding this liability. The funding is based upon an annual actuarial analysis performed by Towers Perrin. As a point of information, Tab 6 contains last year's resolution authorizing the initial funding of the SERP. We intend to add \$1.7 million to the balance in 2002. This previously received both committee and Board approval.

Separately, Shane Mathis' current liability is \$1.7-\$3.7 million. Our suggestion is that we offer Shane \$250,000 to terminate his SERP participation. Tab 7 contains an analysis of the present value of his SERP. The remaining participants in the plan are far enough along with vesting such that it would be uneconomic to attempt to buy them out of WR's liability.

Board Fees. A separate presentation covering Board compensation appears in Tab 8. Our recommendation is to leave compensation unchanged and to offer the directors their choice of securities for the RSU and stock for compensation grants.

RSU's. WR currently has 1,617,662 RSU's that were issued from 1998 to 2001. Simply stated, management believes we can exchange the existing RSU's for WR shares (or Guardian) thereby reducing the number of WR shares outstanding on a fully diluted basis. An exchange would reduce the utility cash flow associated with paying the dividends on those shares by over \$500,000 per year.

We recommend we offer to exchange for the existing 1998-2001 grants. Tab 9 describes the process and rationale associated with this decision.

Resolutions. The resolutions for the items outlined in this letter appear in Tab 10.

If you have any questions, please give me a call.

Sincerely,

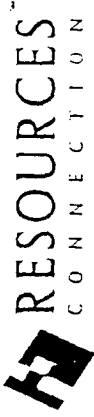


DCW/naf
enclosure

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WESTERN RESOURCES, Inc.

Final Report
Executive Compensation

April 8, 2002

This report was prepared by:

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Human Capital Consulting

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Note: This report is incomplete as a matter of record without
the accompanying oral comments.

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*I. Executive
Summary*

Executive Summary

- Western Resources, Inc. (“WR” or “the Company”) engaged Resources Connection (“Resources”) as an ordinary course of business to conduct the 2002 review of its executive compensation program
- In light of WR’s recent management restructuring, Resources analyzed the market competitiveness as well as provided recommendations for:
 1. the two executive committee (“EC”) positions charged with managing (or participating in the management of) WR, Protection One, Protection One Europe, ONEOK and Guardian; and
 2. the top ten non-executive committee (“Non-EC”) positions charged with managing the utility business

Executive Summary

In summary, Resources' recommendations are as follows:

- Base Salary
 - » Maintain current salary levels for both the EC and Non-EC executives
- Annual Incentives
 - » No changes to the structure of the program or the targeted award levels
- Long-Term Incentives
 - » Award the following aggregate number of RSU's to be individually awarded at the COB's discretion:
 - 783,400 RSU's in Protection One stock or an equivalent value in Guardian stock to the EC executives
 - 79,100 RSU's in WR, Protection One, or Guardian stock to the Non-EC executives

II. Objectives

Objectives

- The objectives of this study were to determine market competitive executive compensation levels and make recommendations for the structure of WR's executive compensation package going forward
- Recommendations have been made to ensure the Company maintains its ability to retain and compete for top talent with its counterparts
- Specifically, Resources was asked to review the market competitiveness for the following positions:

Executive Committee
COB, Pres. & CEO
EVP, Chief Strategic Officer

Non-Executive Committee
SVP, Generation & Marketing
SVP, Commodity Strategy
SVP, CFO
SVP, Customer Operations
VP, Information Technology
VP, Public Affairs
VP, Controller & Int'l. Gen.
VP, Business Services
VP, Corporate Secretary
VP, Financial Services
VP, Customer Care
VP, Regulatory

*III. Compensation
Philosophy*

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 with the 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

*IV. Data
Sources*

Data Sources

- In light of the fact that Resources was engaged to assess EC and Non-EC executives, data was extracted for two different peer groups:
 1. sixteen peer companies for the two EC positions
 2. sixteen peer companies for the ten Non-EC positions
- The EC peer group consists of conglomerate companies with operations in electricity, natural gas and home security monitoring with average revenues of \$6.0 billion
- The Non-EC peer group consists of utility companies with average revenues of \$2.1 billion
- Of the 20 peer companies utilized in the 2001 analysis, 9 were used in the EC peer group and 5 were used in the Non-EC peer group
- A listing of both EC and Non-EC peer companies are highlighted on the following two pages

Data Sources

EC Peer Group

Allegheny Energy, Inc.	Northeast Utilities System
Ameren Corporation *	OGE Energy Corp.
CMS Energy Corporation *	Pinnacle West Capital
Consolidated Edison Corporation	Pittson Company *
Constellation Energy Group *	PPL Corporation *
Dominion Resources *	Progress Energy, Inc.
Exelon Corporation	Sempra Energy *
First Energy Corporation	Wisconsin Energy Corporation *

* Peer Company was utilized in the 2001 analysis.

Data Sources

Non-EC Peer Group

Alliant Energy Corporation*	Energy East Corporation *
Black Hill Corporation	NGR Energy, Inc.
Calpine Corporation	NSTAR *
Cleco Corporation	PNM Resources
Conectiv *	RGS Energy Group, Inc.
Covanta Energy	Sierra Pacific Resources
DPL, Inc.	Teco Energy, Inc. *
DQE, Inc.	WPS Resources Corporation

* Peer Company was utilized in the 2001 analysis.

Data Sources

- Resources ranked the top five executives within both peer groups by base salary level with the COB/CEO always ranked #1 and then matched according to the following positions:

EC positions

COB, Pres. & CEO

EVP, Chief Strategy Officer

WR Peer Company Rank

Executive #1

Executive #2

Non-EC positions

SVP, Generation & Marketing

SVP, Commodity Strategy

SVP, CFO

SVP, Customer Operations

Utility Peer Company Rank

Executive #2

Executive #3

Executive #4

Executive #5

Data Sources

- Resources procured published survey data for the remaining Non-EC positions utilizing companies in the utility industry with revenues of \$1.8 billion
- Published survey data was utilized for the following Non-EC positions:
 - » SVP, Customer Operations » VP, Corporate Secretary
 - » VP, Information Technology » VP, Financial Services
 - » VP, Public Affairs » VP, Customer Care
 - » VP, Controller & Int'l Gen. » VP, Regulatory
 - » VP, Business Services
- The following published surveys were utilized:
 - » Mercer's 2001 Finance, Accounting, and Legal Compensation Survey
 - » Watson Wyatt 2001/2002 ECS Top Management Report
- Utilizing WorldatWork's 2001/2002 Total Salary Increase Budget Survey all data was updated to May 1, 2002 using a projected executive salary increase of 4.1%

**V. Base Salary
Analysis**

Base Salary Analysis

Salary Ranges

- Using generally accepted compensation planning principles, we determined a 70% salary range around the market midpoint
- The established ranges define a reasonable range of compensation

Ratio to Market

- The ratio of current to market compares an individual's current rate of pay to the market midpoint
 - » a ratio greater than 1.00 indicates an above market rate
 - » a ratio less than 1.00 indicates a below market rate

- The table on the following page illustrates current base salary levels in comparison to the market:

Base Salary Analysis

Executive	Title	Current Salary	Minimum	Midpoint	Maximum	Ratio to Market
David Wittig	COB, Pres. & CEO	\$ 594,880	\$ 630,330	\$ 850,945	\$ 1,071,561	0.70
Doug Lake	EVP, Chief Strategic Officer	\$ 367,360	\$ 372,060	\$ 502,280	\$ 632,501	0.73
Average						
Doug Sterbenz	SVP, Generation & Marketing	\$ 323,100	\$ 249,871	\$ 337,326	\$ 424,781	0.96
Shane Mathis	SVP, Commodity Strategy	\$ 252,000	\$ 195,255	\$ 263,595	\$ 331,934	0.96
Paul Geist	SVP, CFO	\$ 230,400	\$ 183,479	\$ 247,696	\$ 311,914	0.93
Richard Dixon	SVP, Customer Operations	\$ 164,300	\$ 150,806	\$ 203,588	\$ 256,371	0.81
Anita Hunt	VP, Information Technology	\$ 164,300	\$ 127,031	\$ 171,492	\$ 215,953	0.96
Doug Lawrence	VP, Public Affairs	\$ 135,000	\$ 106,107	\$ 143,244	\$ 180,381	0.94
Leroy Wages	VP, Controller & Intl. Gen.	\$				
Bruce Akin	VP, Business Services	\$				
Larry Irick	VP, Corporate Secretary	\$				
Peggy Loyd	VP, Financial Services	\$				
Caroline Williams	VP, Customer Care	\$				
Kelly Harrison	VP, Regulatory	\$				
Average						
0.91						

REDACTED

0.91

1. Base salary levels for Wittig & Lake reflect 20% pay decreases

Base Salary Analysis

- Resources understands that both Wittig and Lake elected to take a voluntary 20% reduction in base salary
- As a result, both EC executives are below market
- In light of the recent management restructuring, Resources understands the Non-EC executives are new to their respective positions and received pay increases in November 2001
- As a result of the Non-EC executives being new to their positions, overall Non-EC executives are compensated slightly below market (0.91) with Bruce Akin, VP Business Services, significantly below market
- Resources recommends the Company maintain current salary levels and consider making increases in one year

*VI. Annual Incentive
Analysis*

Annual Incentive Analysis

- Annual incentives are typically utilized to motivate and reward employees for the achievement of annual corporate, departmental, and/or individual goals and objectives
- The annual incentive opportunity should reflect WR's position in the business cycle and industry, thereby embodying the risk/reward relationship
- Utilizing data collected from peer company proxy statements combined with published survey data, Resources determined market competitive targeted annual incentive award levels
- Targeted award levels will only be obtained if targeted performance levels are met
- The table on the following page highlights targeted total cash opportunities (base salary plus targeted annual incentives) in comparison to the market

Annual Incentive Analysis

Executive	Title	Targeted Salary	Targeted Bonus	Targeted Total Compensation	Targeted Bonus %	Targeted Total Compensation %	Targeted Bonus % of Total Compensation
David Wiling	COB, Pres. & CEO	\$ 594,880	\$ 875,000	\$ 1,300,630	90%	\$ 708,750	0.81
Doug Lake	EVP, Chief Strategic Officer	\$ 367,360	\$ 585,000	\$ 841,210	90%	\$ 473,850	0.91
Average							0.84
Doug Stenzen	SVP, Generation & Marketing	\$ 323,100	\$ 390,000	\$ 603,900	80%	\$ 280,800	0.99
Shane Mathis	SVP, Commodity Strategy	\$ 252,000	\$ 280,000	\$ 428,400	70%	\$ 176,400	0.96
Paul Geist	SVP, CFO	\$ 230,400	\$ 280,000	\$ 406,800	70%	\$ 176,400	0.97
Richard Dixon	SVP, Customer Operations	\$ 164,300	\$ 215,000	\$ 299,750	70%	\$ 135,450	0.89
Anita Hunt	VP, Information Technology	\$ 164,300	\$ 170,000	\$ 246,450	50%	\$ 82,150	0.96
Doug Lawrence	VP, Public Affairs						
Leroy Wages	VP, Controller & Intl. Gen.						
Bruce Akin	VP, Business Services						
Larry Inick	VP, Corporate Secretary						
Peggy Loyd	VP, Financial Services						
Caroline Williams	VP, Customer Care						
Kelly Hamison	VP, Regulatory						
Average							0.93

REDACTED

1. The targeted a.i. \$ award is equal to the targeted a.i. percentage times the greater of current base salary or 90% of job grade value.

Annual Incentive Analysis

- Overall EC executives' total cash levels remain below market (0.84) due to already below market base salaries
- Non-EC executives' total cash levels remain slightly below market (0.93) due to slightly below market base salaries
- However, in light of the fact that both EC and Non-EC executives' targeted annual incentive award opportunities are based upon the greater of the executive's current base salary or 90% of job grade value, the overall ratio of current to market midpoint is more closely aligned to market midpoint than the base salary ratio of current to market midpoint
- All executives targeted total cash opportunities fall within a range of reasonableness
- Resources recommends maintaining the current market targeted annual incentive award opportunities

*VII. Long-Term Incentive
Analysis*

Long-Term Incentive Analysis

- Long-term incentives are designed to motivate and reward employees for the achievement of long-term corporate goals and to balance annual goals with strategic planning
- Long-term incentive plans offer capital accumulation potential for employees, align employee interests with those of shareholders, and reward long-term performance improvements
- The award opportunity should reflect the effort that will be required of employees to achieve the strategic goals of the organization and maintain competitiveness within the industry
- Equity based incentives are integral components of long-term executive compensation programs and have steadily grown in popularity over the last two decades
- This is primarily due to their ability to reward employees for their contributions toward increasing shareholder value

Long-Term Incentive Analysis

- In January 2002, EC executives were granted Restricted Stock Units ("RSU") in Guardian stock
- The RSU's were awarded subject to a 15% annual return
- Additionally, EC executives were award 125,000 stock options in Protection One stock
- In January 2002, Non-EC executives were granted RSU's in WR stock and Guardian stock
- The Company provided Resources with each executive's 2002 RSU grant value
- Similar to previous analyses, published survey data as well as our experience in the design of long-term incentive plans were used to determine competitive long-term incentive levels
- The following chart details the current long-term incentive opportunity in comparison to market

Long-Term Incentive Analysis

Executive Name	Title	2002 Restricted Stock Value	2002 Option Value	2002 Restricted Stock Value	2002 Option Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
David Wittig	COB, Pres. & CEO	\$ 2,793,369	\$ 71,223	\$ 2,864,592	\$ 71,223	\$ 850,945	450%	\$ 3,829,254	0.75			
Doug Lake	EVP, Chief Strategic Officer	\$ 1,655,871	\$ 71,223	\$ 1,727,094	\$ 71,223	\$ 502,280	325%	\$ 1,632,411	1.06			
Average											0.84	
Doug Sterbenz	SVP, Generation & Marketing	\$ 126,149	\$ -	\$ 126,149	\$ -	\$ 337,326	200%	\$ 674,652	0.19			
Shane Mathis	SVP, Commodity Strategy	\$ 125,970	\$ -	\$ 125,970	\$ -	\$ 263,595	175%	\$ 461,291	0.27			
Paul Geist	SVP, CFO	\$ 125,970	\$ -	\$ 125,970	\$ -	\$ 247,696	175%	\$ 433,468	0.29			
Richard Dixon	SVP, Customer Operations	\$ 89,796	\$ -	\$ 89,796	\$ -	\$ 203,588	150%	\$ 305,383	0.29			
Anita Hunt	VP, Information Technology	\$ 72,086	\$ -	\$ 72,086	\$ -	\$ 171,492	125%	\$ 214,365	0.34			
Doug Lawrence	VP, Public Affairs	\$ -	\$ -	\$ -	\$ -							
Leroy Wages	VP, Controller & Intnl. Gen.	\$ -	\$ -	\$ -	\$ -							
Bruce Akin	VP, Business Services	\$ -	\$ -	\$ -	\$ -							
Larry Inick	VP, Corporate Secretary	\$ -	\$ -	\$ -	\$ -							
Peggy Loyd	VP, Financial Services	\$ -	\$ -	\$ -	\$ -							
Caroline Williams	VP, Customer Care	\$ -	\$ -	\$ -	\$ -							
Kelly Hamison	VP, Regulatory	\$ -	\$ -	\$ -	\$ -							
Average											0.30	

REDACTED

1. 2002 RSU Values provided to Resources by WR
 2. 2002 Option value reflects the NPV of 125,000 Protection One stock options granted at \$2.07 FMV, 5% appreciation, 5.75% discount rate, 7 year ave. term

Long-Term Incentive Analysis

- Overall, the long-term incentive value provided to EC executives is slightly below market (0.84)
- The Non-EC executives are significantly below market (0.30) due to the fact that all Non-EC executives are new to their respective position
- Resources recommends providing an additional grant of RSU's to align EC and Non-EC executives with the external market as well as WR's compensation philosophy to emphasize long-term incentives and equity programs for senior management and encourage employee stock ownership
- Resources' recommendations for additional RSU awards to EC executives are highlighted on p.34
- The chart on the following page details the current value of Non-EC executive's 2002 awards compared to Resources' recommended long-term incentive gain objective
- In addition, we have calculated the number of restricted stock required to reach the recommended targeted long-term incentive gain objective less the value of the January 2002 grant

Long-Term Incentive Analysis

Assumptions
 Current Stock Price: \$ 17.15
 Annual Dividend: \$ 1.20
 7 Year NPV Dividend Value: ¹ \$ 7.67
 RSU value: \$ 24.82

Executive Name	Title	Market Midpoint	LTI Goal Objective Dollar Amount	Value of Jan. 2002 LTI Award	LTI Goal Objective less 2002 Award Value	Value of 2002 Award
David Wittig	COB, Pres. & CFO	\$ 850,945	\$ 3,829,254	\$ 2,864,592	\$ *	\$ *
Doug Lake	EVP, Chief Strategic Officer	\$ 502,280	\$ 1,632,411	\$ 1,727,094	\$ *	\$ *
Doug Stiebenz	SVP, Generation & Marketing	\$ 337,326	\$ 674,652	\$ 126,149	\$ 548,503	\$ 22,100
Shane Mathis	SVP, Commodity Strategy	\$ 263,595	\$ 461,291	\$ 125,970	\$ 335,321	\$ 13,500
Paul Geist	SVP, CFO	\$ 247,696	\$ 433,468	\$ 125,970	\$ 307,498	\$ 12,400
Richard Dixon	SVP, Customer Operations	\$ 203,588	\$ 305,383	\$ 89,796	\$ 215,587	\$ 8,700
Anita Hunt	VP, Information Technology	\$ 171,492	\$ 214,365	\$ 72,086	\$ 142,279	\$ 5,700
Doug Lawrence	VP, Public Affairs	\$	\$	\$	\$	\$
Leroy Wages	VP, Controller & Intl. Gen.	\$	\$	\$	\$	\$
Bruce Akin	VP, Business Services	\$	\$	\$	\$	\$
Larry Inick	VP, Corporate Secretary	\$	\$	\$	\$	\$
Peggy Loyd	VP, Financial Services	\$	\$	\$	\$	\$
Caroline Williams	VP, Customer Care ²	\$	\$	\$	\$	\$
Kelly Hamison	VP, Regulatory	\$	\$	\$	\$	\$
Total						79,100

REDACTED

1. Assumptions are based upon \$1.20 annual dividend over 7 year average holding period.
 2. RSU recommendations are based upon salary level
 * Recommendations for Wittig & Lake are detailed on p. 34

*VIII. Total Direct
Compensation Analysis*

Total Direct Compensation Analysis

■ The following chart details 2002 current total direct compensation levels (base salary plus targeted annual incentive plus long-term incentive value) as compared to the market

Employee Name	Title	Current Total Direct Compensation	Market	Targeted Annual Incentive	Long-Term Incentive	Total Direct Compensation	Ratio of Current Total Direct Compensation to Market
David Witting	COB, Pres. & CEO	\$ 4,168,222		\$ 765,851	\$ 3,829,254	\$ 5,446,051	0.77
Doug Lake	VP, Chief Strategic Officer	\$ 2,568,304		\$ 426,938	\$ 1,632,411	\$ 2,561,630	1.00
Average							
Doug Sterbenz	SVP, Generation & Marketing	\$ 730,049		\$ 269,861	\$ 674,652	\$ 1,281,838	0.57
Shane Mathis	SVP, Commodity Strategy	\$ 554,370		\$ 184,516	\$ 461,291	\$ 909,402	0.61
Paul Geist	SVP, CFO	\$ 532,770		\$ 173,387	\$ 433,468	\$ 854,552	0.62
Richard Dixon	SVP, Customer Operations	\$ 389,546		\$ 132,333	\$ 305,383	\$ 641,304	0.61
Anita Hunt	VP, Information Technology	\$ 318,536		\$ 85,746	\$ 214,365	\$ 471,604	0.68
Doug Lawrence	VP, Public Affairs						
Leroy Wages	VP, Controller & Intnl. Gen.						
Bruce Akin	VP, Business Services						
Larry Irick	VP, Corporate Secretary						
Peggy Loyd	VP, Financial Services						
Caroline Williams	VP, Customer Care						
Kelly Harrison	VP, Regulatory						
Average							

REDACTED

Total Direct Compensation Analysis

- Overall, EC and Non-EC executives' current total direct compensation levels are below market levels, due in large part to below market salary levels for EC executives and significantly below market long-term incentive awards for Non-EC executives
- Resources understands that EC executives have provided a significant amount of time and value to the restructuring of Protection One
- Specifically, the EVP, Chief Strategic Officer has provided above market contributions and value to Protection One
- In light of EC executives' efforts and contributions to Protection One, Resources recommends awarding the following:
 - » provide the COB RSU's in Protection One equal to the difference between the current total direct compensation and market midpoint total direct compensation
 - » provide the EVP, Chief Strategic Officer RSU's in Protection One equal to the difference between the current total direct compensation and 125% of market midpoint total direct compensation

Total Direct Compensation Analysis

- The following table highlights Resources recommendations for the number of Protection One RSU's to award the EC executives

Assumptions
 Fair Market Value: \$2.16
 Annual Appreciation: 5%
 Avg. Term - Years: 7
 Discount Rate: 5.75%
 NPV of P1 RSU: 2.06

Executive Name	Title	Current Total Direct Compensation	Market Total Direct Compensation	Difference between Current and Market	Number of P1 RSU's to award	Resources Recommendations for P1 RSU's
David Wittig	COB, Pres. & CEO	\$ 4,168,222	\$ 5,446,051	\$ 1,277,829	621,800	475,000
Doug Lake	EVP, Chief Strategic Officer	\$ 2,568,304	\$ 3,202,038	\$ 633,734	308,400	308,400
Total					930,200	783,400

- FMV reflects 20% discount from the current FMV of \$2.70 in light of trading restrictions placed upon Protection One stock options held by WR.
- Reflects 125% of market midpoint for the EVP, Chief Strategic Officer

Total Direct Compensation Analysis

- The following chart illustrates the recommended total direct compensation levels for WR's executive officers as compared to the market

Executive Name	Title	Market		Recommended		Ratio of Recommended to Market
		Salary	Incentive	Long-Term Incentive	Total Direct Compensation	
David Wittig	COB, Pres. & CEO	\$594,880	\$ 708,750	\$ 3,840,727	\$ 5,144,357	0.94
Doug Lake	EVP, Chief Strategic Officer	\$367,360	\$ 473,850	\$ 2,360,862	\$ 3,202,072	1.25
Average						
Doug Sterbenz	SVP, Generation & Marketing	\$323,100	\$ 280,800	\$ 674,652	\$ 1,278,552	1.00
Shane Mathis	SVP, Commodity Strategy	\$252,000	\$ 176,400	\$ 461,291	\$ 889,691	0.98
Paul Ceist	SVP, CFO	\$230,400	\$ 176,400	\$ 433,468	\$ 840,268	0.98
Richard Dixon	SVP, Customer Operations	\$164,300	\$ 135,450	\$ 305,383	\$ 605,133	0.94
Anita Hunt	VP, Information Technology	\$164,300	\$ 82,150	\$ 214,365	\$ 460,815	0.98
Doug Lawrence	VP, Public Affairs					
Leroy Wages	VP, Controller & Intnl. Gen.					
Bruce Akin	VP, Business Services					
Larry Irick	VP, Corporate Secretary					
Peggy Loyd	VP, Financial Services					
Caroline Williams	VP, Customer Care					
Kelly Harrison	VP, Regulatory					
Average						

REDACTED

1. Recommended LTI values for Wittig and Lake reflect Jan. 2002 RSU grant in Guardian shares, and value of 2002 Protection One stock option grant, and value of COB's recommended RSU grant in P1.

Total Direct Compensation Analysis

Resources recommends the following:

- Base salary – maintain current salary levels and consider making increases in one year
- Annual Incentives – maintain current targeted award levels
- Long-term Incentives – award the following:
 - » 783,400 RSU's in Protection One stock or an equivalent value in Guardian stock to the EC executives
 - Vest 33.3% incrementally over a three year period without performance hurdles
 - » 79,100 RSU's which may awarded in WR, Protection One, or Guardian stock to the Non-EC executives
 - Vest 33.3% incrementally over a three year period without performance hurdles
- Going forward, WR has charged Resources with identifying alternatives for providing the same aggregate payments to EC executives through WR subsidiaries (i.e Protection One, Guardian)

2001 Pay Grades

<u>Grades</u>	<u>Job Value</u>	<u>Spread</u>	<u>STI Target</u>
1	\$875,000	25%	90%
2	\$700,000	25%	90%
3	\$560,000	25%	90%
4	\$448,000	25%	80%
5	\$359,000	25%	80%
6	\$286,000	25%	70%
7	\$231,000	25%	70%
8	\$186,000	24%	50%
9	\$150,000	24%	35%
10	\$130,000	15%	35%

Current Salaries and Pay Grades

	<u>Grades</u>	<u>Current Salaries</u>	<u>% Job Value</u>	<u>STI Target</u>
Wittig	1	\$594,830	68.0%	90%
Lake	3	\$367,360	65.6%	90%
Sterbenz	5	\$323,100	90.0%	80%
Matnis	6	\$252,000	87.5%	70%
Geist	6	\$230,400	80.0%	70%
Dixon	8	\$164,300	88.3%	50%
Hunt	8	\$164,300	88.3%	50%
Lawrence				
Wages				
Akin				
Irick				
Loyd				
Williams				
Harrison				

REDACTED

2002 Pay Grades

<u>Grades</u>	<u>Job Value</u>	<u>Spread</u>	<u>STI Target</u>
1	\$875,000	50%	90%
2	\$585,000	50%	90%
3	\$390,000	39%	80%
4	\$280,000	30%	70%
5	\$215,000	25%	70%
6	\$170,000	21%	50%
7	\$140,000	17%	35%

Proposed Changes

	<u>Grade</u>	<u>Proposed Grade</u>	<u>% of Job Value</u>	<u>STI Target</u>	<u>% Change</u>
Wittig, David C	1	1	68.0%	\$708,750	0.0%
Lake, Douglas T.	3	2	62.3%	\$473,850	5.1%
Sterpenz, Douglas R.	5	3	82.3%	\$280,800	3.6%
Geist, Paul R.	5	4	82.3%	\$176,400	(2.8)%
Mathis, Shane A.	6	4	90.0%	\$176,400	(2.8)%
Dixon, Richard A.	9	5	75.4%	\$135,450	61.3%
Hunt, Anita J.	6	6	96.6%	\$82,150	1.9%
Akin, Bruce A.					
Irick, Larry D.					
Lawrence, Douglass R.					
Loyd, Peggy S.					
Wages, Leroy P.					
Williams, Caroline A.					
Harrison, Kelly A.					

REDACTED

Note: Bonuses are paid on 90% of job value, but not less than actual salary. No changes will be made to salaries.

2002 Consolidated Budget

(\$000, except per share amounts)

	2002 Budget	2002 Budget Revised
Revenue	\$ 2,141,889	\$ 2,141,069
Cost of Sales	830,061	\$830,061
Gross Profit	1,311,828	1,311,828
Operating Costs	1,074,921	1,024,491
Operating Income	\$ 236,907	\$ 287,337
Other Income (Expense)	52,387	52,387
Interest	243,725	243,725
Taxes	(12,339)	5,314
Net Income before Extraordinary and One-Time Items	\$ 57,905	\$ 90,685
Operating EPS	\$ 0.81	\$ 1.27
Extraordinary item/Accounting change	(748,193)	(748,193)
Severance - Voluntary		(24,398)
Net Income	\$ (690,285)	\$ (681,906)
Earnings Per Share	\$ (9.61)	\$ (9.40)
Average Shares Outstanding (000)	71,969	71,969

Confidential

Western Resources



Independent Public Accountants' Report on
Applying Agreed-Upon Procedures

Mr. Paul Geist
Senior Vice President, Chief Financial Officer and Treasurer
Western Resources, Inc.
313 South Kansas Avenue
Topeka, Kansas 66612

We have performed the procedures enumerated below, which were agreed to by management and the Human Resources Committee of the Board of Directors, solely to assist the Human Resources Committee in evaluating whether Western Resources (the Company) management's calculations of Westar Energy's 2002 EBIT and Western Resources consolidated operating earnings per share, as used in the 2002 Short-term Incentive Plan are accurate and properly reflect the definitions of Westar Energy 2002 EBIT and Western Resources Operating Earnings Per Share as approved by the Human Resources Committee.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report does not constitute a legal determination as to Western Resources' compliance with specified requirements of the 2002 Short-term Incentive Plan.

For purposes of this report, management and the Human Resources Committee have defined "Westar Energy EBIT, as adjusted" as Westar Energy earnings before interest and income taxes for 2002 plus severance costs associated with the Company's voluntary separation program.

For purposes of this report, management and the Human Resources Committee have defined "Operating - Earnings Per Share, as adjusted" as consolidated operating earnings per share plus the sum of the following amounts (1) severance costs associated with the Company's voluntary separation program, and (2) the customer account and goodwill impairment charges recorded in 2002. Consolidated operating earnings per share also excludes any loss incurred upon the sale or distribution of Westar Industries securities.

In connection with the Short-term Incentive Plan, obtained a copy of the 2002 consolidated budget and 2002 Westar Energy budget submitted and approved by the Board of Directors and performed the following:

- a) Read the budget to ensure that the definition of Westar Energy EBIT, as adjusted, in the budget was consistent with the 2002 Short-term Incentive Plan.
- b) Read the budget to ensure that the definition of consolidated Operating Earnings Per Share, as adjusted, in the budget was consistent with the 2002 Short-term Incentive Plan.
- c) Compared the calculations of Westar Energy EBIT, as adjusted, and Operating Earnings Per Share, as adjusted, in the 2002 Short-term Incentive Plan to ensure the calculation was consistent with the budget.

We expect to perform the agreed upon procedures outlined in Attachment A following completion of our audit of Western Resources' 2002 consolidated financial statements and issue an additional agreed upon procedures letter.

We were not engaged to perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management, and the parties listed in the first paragraph, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes.

Arthur Andersen LLP

Kansas City, Missouri,
April 16, 2002

Attachment A

- 1) Agreed the amount of Westar Energy earnings before interest and income taxes for the year ended 2002 to the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2002.
- 2) Agreed the amount of consolidated operating earnings per share for the year ended 2002 to information included in the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2002.
- 3) With respect to the Company's voluntary severance program costs:
 - a. Agreed the amount of severance costs associated with the Company's voluntary separation program to those amounts recorded in the Company's 2002 audited consolidated financial statements and supporting records.
 - b. Noted that severance costs were added back to Westar Energy earnings before interest and income taxes in the calculation of Westar Energy EBIT, as adjusted.
 - c. Noted that severance costs were added back to consolidated operating earnings per share in the calculation of Operating Earnings Per Share, as adjusted.
- 4) With respect to the customer account and goodwill impairment charges, agreed the amount to the 2002 audited consolidated financial statements and notes thereto. Noted these charges were added back to the Company's consolidated operating earnings per share in the calculation of Operating Earnings Per Share, as adjusted.
- 5) With respect to any loss incurred upon the sale or distribution of Westar Industries securities, agreed the amount to the 2002 audited consolidated financial statements and notes thereto. Noted this amount was excluded from consolidated operating earnings per share in the calculation of Operating Earnings Per Share, as adjusted.
- 6) We reviewed the calculation of 2002 Westar Energy EBIT, as adjusted, and Operating Earnings Per Share, as adjusted, for mathematical accuracy as follows:
 - a) Recalculated all calculations noting agreement of all amounts.
 - b) Footed the calculation, noting agreement of all amounts.

4

Ownership Targets

Ownership targets are as a multiple of pay grade

Rank	2001 Ownership Target ^(a)	2002 Ownership Target ^(b)	Targets Invested (millions)
CEO	3x	5x	\$4,375
EVP	3x	5x	\$2,925
SVP	2x	3x	\$0.510-1,170
VP	1x	2x	\$0.270-0,560
A	0.5x	1x	\$0.123
B	0.5x	-	-
C	0.5x	-	-

^(a) Phased in 2002-2004

^(b) Phased in 2003-2005

Note: New hires receive a one-year grace period before three-year phase in begins

Employee Loans

Wittig	\$0
Lake	\$1,000,000
Sterbenz	\$0
Mathis	\$300,000
Geist	\$300,000
Dixon	\$0
Hunt	\$0
Akin	
Lawrence	
Loyd	
Irick	
Wages	
Williams	
Harrison	

REDACTED

5

2002 Recommended
Non-Officer Grants

Grade	Count	RSUs per	Total RSUs
A	13	1,300	16,900
B	16	1,000	16,000
C	23	630	14,490
D	97	300	29,100
DD	73	250	18,250
E	99	165	16,335
F	71	130	9,230
G	72	100	7,200
H	77	80	6,160
I	35	65	2,275
M	11	50	550
N	16	50	800
O	36	50	1,800
P	20	50	1,000
Q	8	50	400
R	36	50	1,800
S	32	50	1,600
T	22	50	1,100
U	11	50	550
V	5	50	250
Total	773		145,790

EXECUTIVE SALARY CONTINUATION PLAN FUNDING

RESOLVED, that the officers of the Company be, and hereby are, authorized to fund a Rabbi Trust as contemplated by Section 7.4 of the Company's Executive Salary Continuation Plan (the "Plan") for the purpose of facilitating the payment of benefits to existing participants in the Plan; and further

RESOLVED, that the officers of the Company be, and hereby are, authorized to take such actions as they may deem necessary or appropriate to carry out the foregoing resolutions.

Michael D. McGilligan
Principal

101 South Main
St. Louis, MO 63105-3411
314-719-6860
Fax: 314-719-6860
E-mail: mcgillm@towers.com

Towers Perrin

PERSONAL AND CONFIDENTIAL

March 27, 2002

Mr. Douglas T. Lake
Executive Vice President
and Chief Strategic Officer
Western Resources Inc.
Post Office Box 889
Topeka, Kansas 66601-0889

Dear Doug:

SERP LIABILITY ANALYSIS — REVISED PAY

We have performed an updated SERP liability analysis for the Salary Continuation Plan. The update reflects 2002 targeted base pay amounts provided in your March 26 fax.

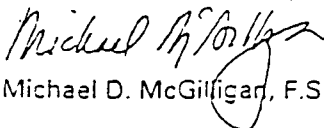
The enclosed Exhibit 1 provides present values of benefits as of January 1, 2002 for each participant under various scenarios. The top portion of the exhibit shows the present value of benefits assuming retirement at several ages, including the age at which the benefit is most valuable. The calculation detail by individual is shown in the Appendix. The bottom portion of Exhibit 1 gives the present value of benefits assuming a change of control occurs in the next four years. The plan provides that in a change of control, participants are immediately vested and entitled to commence age 65 benefits immediately.

We have assumed that salaries will increase 5% per year. Present values are calculated using a 6% discount rate and the 1994 GAM mortality table. For purposes of the qualified plan offset, the \$200,000 pay cap is expected to increase 3.5% per year, and the Social Security wage base assumption is 4.0% per year.

Exhibit 2 provides documentation of the SERP plan provisions used in our analysis.

Please let me know if you have any questions.

Sincerely,



Michael D. McGilligan, F.S.A.

MDM:dkb
03150:C-2002:P-1.902

Enclosures

cc: Ms. Andrea L. Hart — Towers Perrin
Mr. C. Kenneth Vogl — Towers Perrin

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Western Resources
Rabbi Trust Analysis for SERP Benefits

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Assumptions:		Valuation Date	01/01/2002	Salary Scale	5.00%
		Discount Rate	6.00%	Benefit / Comp Limits	3.50%
		Mortality	1994 GAM	Wage Base Increase	4.00%

Liabilities Assuming Retirement									
Name	1/1/2002 Age Nearest	2002 Base Pay	Ronus %	Most Valuable Age	Present value of benefits (1/1/2002) based on retirement at				
					01/01/2002	Most Valuable Age	Age 60	Age 65	Age 65
Wittig, David	46	787,500	90%	60	\$300,000	\$8,640,000	\$8,640,000	\$0,070,000	\$0,070,000
Lake, Douglas	52	526,500	90%	64	0	5,760,000	3,570,000	5,670,000	800,000
Hunt, Jo	39	164,300	50%	60	170,000	840,000	840,000	800,000	800,000
Wages, Lee	53								
Mathis, Shane	31	252,000	70%	60	0	1,700,000	1,700,000	1,610,000	1,610,000
Total		1,862,900			\$800,000	\$17,340,000	\$15,150,000	\$16,490,000	\$16,490,000
Estimated Value of Associated Expenses 0%									
Total Cost					\$860,000	\$18,730,000	\$16,360,000	\$17,010,000	\$17,010,000

Liabilities Assuming Change in Control									
Name	1/1/2002 Age Nearest	2002 Base Pay	Ronus %	Most Valuable Age	Present value of benefits (1/1/2002) based on change in control at				
					01/01/2003	01/01/2004	01/01/2005	01/01/2006	01/01/2006
Wittig, David	46	787,500	90%	60	\$12,380,000	\$12,140,000	\$11,890,000	\$11,630,000	\$11,630,000
Lake, Douglas	52	526,500	90%	64	7,860,000	7,570,000	7,380,000	7,200,000	7,200,000
Hunt, Jo	39	164,300	50%	60	2,000,000	1,950,000	1,910,000	1,860,000	1,860,000
Wages, Lee	53								
Mathis, Shane	31	252,000	70%	60	3,730,000	3,670,000	3,610,000	3,550,000	3,550,000
Total		1,862,900			\$26,020,000	\$26,110,000	\$25,500,000	\$24,890,000	\$24,890,000

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Summary

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Western Resources
 Rabbi Trust Analysis for SERP Benefits
 Documentation

Final average pay for SERP is a one year average for Wirtig and Lake and a three year average for others

Gross SERP Regular Benefits have been determined based on the benefit percentages, early commencement factors and vesting percentages as outlined below.

Age	Benefit Percentage	Early Commencement Factor	Service	Vesting Percentage
50	50.00%	50%	1	0%
51	51.20%	55%	2	0%
52	52.40%	60%	3	0%
53	53.60%	65%	4	0%
54	54.80%	70%	5	0%
55	56.00%	75%	6	10%
56	56.57%	80%	7	20%
57	57.14%	85%	8	30%
58	57.71%	90%	9	40%
59	58.28%	95%	10	50%
60	58.85%	100%	11	60%
61	59.42%	100%	12	70%
62	60.00%	100%	13	80%
63	60.56%	100%	14	90%
64	61.13%	100%	15	100%
65	61.70%	100%		

The qualified plan offset is the estimated qualified plan benefit payable at age 50 or later under the qualified plan assuming the benefit is taken as a 100% joint and survivor annuity

The Net SERP Regular Benefit is the difference between the Gross SERP benefit and the qualified plan offset. The present value assumes this benefit begins at the later of age 50 or the calculation age, and is payable for life with guaranteed payments for 15 years.

The SERP Change in Control Value is determined by assuming the employee is entitled to receive 61.7% of final average earnings regardless of age, beginning at the change in control date offset by the estimated qualified plan benefit beginning at the later of age 50 or age at change in control date

Western Resources
Rabbi Trust Analysts for SERP Benefits

Name: Wittig, David
 Birth Date: 07/29/1955
 Hire Date: 05/01/1995
 2002 Pay: 787,500
 S11 Bonus Target %: 90%

Sex: M
 Adj. Hire Date: 05/01/1995
 Valuation Date: 01/01/2002
 Salary Scale: 5.00%
 Discount Rate: 6.00%

Benefit / Comp Limits
 Wage Base Increase: 3.50%
 4.00%

Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Year	Age	Svc	Pay + Bonus	Final Ave Pay (One year)	Limited Final 5 Avg Pay	Benefit Factor	Vesting %	ERF %	Vested Benefit Amount	Accrued Benefit Amount	100% JRS Factor	Vesting %	ERF %	Benefit Offset Amount	Salary Cont Benefit Ann (SCBA)	Present Value at 1/1/2002 of SCBA
01/01/2002	48	6	1,496,250	1,425,000	200,000	0.5000	10%	50%	35,825	20,989	0.9257	100%	44%	8,549	27,076	296,133
01/01/2003	47	7	1,571,063	1,496,250	200,000	0.5000	20%	50%	74,813	24,434	0.9257	100%	44%	9,951	64,860	711,332
01/01/2004	46	8	1,649,616	1,571,063	201,000	0.5000	30%	50%	117,830	28,015	0.9257	100%	44%	11,411	106,410	1,166,331
01/01/2005	45	9	1,732,096	1,649,616	203,000	0.5000	40%	50%	164,962	31,792	0.9257	100%	44%	12,950	152,012	1,673,836
01/01/2006	50	10	1,818,701	1,732,096	207,000	0.5000	50%	50%	216,512	36,006	0.9257	100%	44%	14,567	201,845	2,227,742
01/01/2007	51	11	1,909,636	1,818,701	212,000	0.5120	60%	55%	272,268	40,576	0.9221	100%	49%	16,334	268,954	2,977,413
01/01/2008	52	12	2,005,118	1,909,636	219,000	0.5240	70%	60%	327,273	45,774	0.9184	100%	54%	17,702	397,571	3,823,433
01/01/2009	53	13	2,105,374	2,005,118	227,000	0.5360	80%	65%	376,859	51,471	0.9147	100%	59%	19,086	531,086	4,765,324
01/01/2010	54	14	2,210,643	2,105,374	235,000	0.5480	90%	70%	420,273	57,471	0.9108	100%	64%	20,490	680,358	5,807,872
01/01/2011	55	15	2,321,175	2,210,643	243,000	0.5600	100%	75%	458,470	63,764	0.9068	100%	69%	21,908	840,572	6,934,434
01/01/2012	56	16	2,437,234	2,321,175	252,000	0.5657	100%	80%	491,740	70,654	0.9027	100%	74%	23,340	1,003,272	7,948,845
01/01/2013	57	17	2,559,095	2,437,234	261,000	0.5714	100%	85%	520,168	77,878	0.8985	100%	79%	24,787	1,176,463	8,951,201
01/01/2014	58	18	2,687,050	2,559,095	270,000	0.5771	100%	90%	543,740	85,443	0.8944	100%	84%	26,247	1,355,004	9,992,092
01/01/2015	59	19	2,821,403	2,687,050	280,000	0.5828	100%	95%	562,195	93,348	0.8904	100%	89%	27,717	1,538,544	10,972,071
01/01/2016	60	20	2,962,473	2,821,403	290,000	0.5885	100%	100%	576,195	101,267	0.8863	100%	94%	29,196	1,726,246	11,900,868
01/01/2017	61	21	3,110,596	2,962,473	300,000	0.5942	100%	100%	585,301	109,267	0.8823	100%	99%	30,684	1,918,693	12,792,036
01/01/2018	62	22	3,266,126	3,110,596	311,000	0.6000	100%	100%	589,358	117,348	0.8783	100%	100%	32,182	2,115,246	13,647,000
01/01/2019	63	23	3,429,432	3,266,126	322,000	0.6056	100%	100%	588,358	125,499	0.8743	100%	100%	33,690	2,316,693	14,475,000
01/01/2020	64	24	3,600,004	3,429,432	333,000	0.6113	100%	100%	582,412	133,759	0.8703	100%	100%	35,207	2,521,900	15,285,000
01/01/2021	65	25	3,780,949	3,600,004	345,000	0.6170	100%	100%	571,558	142,169	0.8663	100%	100%	36,733	2,731,900	16,077,036

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Wittig - Reg

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Western Resources
Rabbi Trust Analysis for SERP Benefits

Name: Hunt, Jo
 Birth Date: 07/13/1962
 Hire Date: 01/07/1985
 2002 Pay: 164,300
 STI Bonus Target %: 50%

Sex: F
 Adj Hire Date: 09/01/1989
 Valuation Date: 01/01/2002
 Salary Scale: 5.00%
 Discount Rate: 6.00%

Benefit / Comp Limits: 3.50%
 Wage Base Increase: 4.00%

F: 1 Unit

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Year	Age	Svc	Pay + Bonus	Final Ave Pay (3 years)	Limited Final 5 Ave Pay	Benefit Factor	Initial Benefit (BOY)	ERF %	Vested Benefit Amount	Accrued Benefit Amount	Factor	Vesting %	ERF %	Benefit Offset Amount	Salary Cont Benefit Amt at 1/1/2002 of (\$CBA)
01/01/2002	39	12	246,450	223,715	200,000	0.5000	39,150	50%	41,672	0.9257	100%	100%	44%	16,974	22,176
01/01/2003	40	13	258,773	234,901	200,000	0.5000	46,980	50%	45,013	0.9257	100%	100%	44%	18,315	28,645
01/01/2004	41	14	271,711	246,646	201,000	0.5000	55,495	50%	48,591	0.9257	100%	100%	44%	19,792	35,703
01/01/2005	42	15	285,297	258,978	203,000	0.5000	64,744	50%	52,478	0.9257	100%	100%	44%	21,376	43,369
01/01/2006	43	16	299,562	271,971	207,000	0.5000	74,961	50%	57,021	0.9257	100%	100%	44%	23,226	51,756
01/01/2007	44	17	314,540	285,323	212,000	0.5000	86,184	50%	62,026	0.9257	100%	100%	44%	25,265	60,888
01/01/2008	45	18	330,267	299,799	219,000	0.5000	98,632	50%	67,878	0.9257	100%	100%	44%	27,616	70,559
01/01/2009	46	19	346,760	314,789	227,000	0.5000	113,136	50%	74,345	0.9257	100%	100%	44%	30,282	80,926
01/01/2010	47	20	364,119	330,329	235,000	0.5000	129,102	50%	81,093	0.9257	100%	100%	44%	33,011	92,781
01/01/2011	48	21	382,375	347,055	243,000	0.5000	146,704	50%	89,434	0.9257	100%	100%	44%	35,207	105,601
01/01/2012	49	22	401,441	364,408	252,000	0.5000	166,184	50%	98,456	0.9257	100%	100%	44%	37,616	119,630
01/01/2013	50	23	421,513	382,628	261,000	0.5000	187,642	50%	108,778	0.9257	100%	100%	44%	40,104	134,891
01/01/2014	51	24	442,589	401,760	270,000	0.5120	210,102	55%	119,730	0.9221	100%	100%	49%	42,843	151,553
01/01/2015	52	25	464,718	421,848	280,000	0.5240	233,054	60%	131,463	0.9184	100%	100%	54%	45,792	169,205
01/01/2016	53	26	487,954	442,940	290,000	0.5480	255,470	65%	144,778	0.9147	100%	100%	59%	48,911	187,920
01/01/2017	54	27	512,352	465,087	300,000	0.5600	280,103	70%	159,424	0.9108	100%	100%	64%	52,211	207,974
01/01/2018	55	28	537,969	488,341	311,000	0.5600	314,494	75%	175,624	0.9068	100%	100%	69%	55,717	229,322
01/01/2019	56	29	564,868	512,758	322,000	0.5657	341,494	80%	193,214	0.9027	100%	100%	74%	59,426	252,670
01/01/2020	57	30	593,111	538,396	333,000	0.5714	371,494	85%	213,214	0.8985	100%	100%	79%	63,376	277,897
01/01/2021	58	31	622,767	565,316	345,000	0.5771	403,624	90%	234,624	0.8940	100%	100%	84%	67,528	304,672
01/01/2022	59	32	653,905	593,582	357,000	0.5828	437,624	95%	257,214	0.8893	100%	100%	89%	71,911	333,110
01/01/2023	60	33	686,600	623,261	369,000	0.5885	473,424	100%	281,624	0.8844	100%	100%	94%	76,543	362,897
01/01/2024	61	34	720,911	654,424	382,000	0.6000	510,102	100%	307,026	0.8791	100%	100%	97%	81,426	394,110
01/01/2025	62	35	756,977	687,145	396,000	0.6000	548,214	100%	334,426	0.8740	100%	100%	100%	86,592	426,897
01/01/2026	63	36	794,876	721,503	410,000	0.6056	587,102	100%	363,624	0.8684	100%	100%	100%	91,911	461,210
01/01/2027	64	37	834,567	757,578	425,000	0.6113	627,102	100%	394,624	0.8627	100%	100%	100%	97,426	497,110
01/01/2028	65	38	876,296	795,457	440,000	0.6170	671,494	100%	427,214	0.8568	100%	100%	100%	103,111	534,110

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PRIVATE PERSONAL
INFORMATION

Western Resources
Rabbi Trust Analysis for SERP Benefits

Name: Mathus, Shane
 Birth Date: 09/24/1970
 Title Date: 02/04/1997
 2002 Pay: 252,000
 STI Bonus Target %: 70%

Sex: M
 Adm Hire Date: 03/01/1997
 Valuation Date: 01/01/2002
 Salary Scale: 5.00%
 Discount Rate: 6.00%

Benefit / Comp Limits: 3.50%
 Wage Base Increase: 4.00%

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Year	Age	Svc	Pay + Bonus	Final Ave Pay (3 years)	Limited Final 5 Avg Pay	Total Benefit (10Y)		Vested Benefit		Accrued Benefit		Qualified Benefit (BOY)		Benefit Offset Amount	Benefit Amt at 1/1/2002 of (SCIA)	Present Value of SCIA
						Vesting %	Unit %	Amount	Amount	Amount	Factor	Vesting %	FR %			
01/01/2002	31	4	478,400	348,880	200,000	0.5000	0%	50%	0	13,842	0.9257	0%	0	0	0	
01/01/2003	32	5	449,820	408,374	200,000	0.5000	0%	50%	0	17,236	0.9257	100%	7,021	0	0	
01/01/2004	33	6	472,311	428,740	201,000	0.5000	10%	50%	10,719	20,713	0.9257	100%	4,317	2,282	10,277	
01/01/2005	34	7	495,927	450,177	203,000	0.5000	20%	50%	22,509	24,337	0.9257	100%	9,913	12,596	56,784	
01/01/2006	35	8	520,723	472,006	207,000	0.5000	30%	50%	35,451	28,307	0.9257	100%	11,530	23,921	107,937	
01/01/2007	36	9	546,759	496,320	212,000	0.5000	40%	50%	49,632	32,576	0.9257	100%	13,269	36,363	164,209	
01/01/2008	37	10	574,097	521,136	219,000	0.5000	50%	50%	65,142	37,382	0.9257	100%	15,227	48,915	225,604	
01/01/2009	38	11	602,802	547,193	227,000	0.5000	60%	50%	82,978	42,639	0.9257	100%	17,368	64,711	292,730	
01/01/2010	39	12	632,942	574,553	235,000	0.5000	70%	50%	100,547	48,166	0.9257	100%	19,819	80,928	366,430	
01/01/2011	40	13	664,549	603,280	243,000	0.5000	80%	50%	120,656	53,976	0.9257	100%	21,986	98,670	447,276	
01/01/2012	41	14	697,818	633,444	252,000	0.5000	90%	50%	142,525	60,372	0.9257	100%	24,571	117,954	535,205	
01/01/2013	42	15	732,709	665,116	261,000	0.5000	100%	50%	166,279	66,977	0.9257	100%	27,281	138,998	631,417	
01/01/2014	43	16	769,345	698,372	270,000	0.5000	100%	50%	174,593	73,955	0.9257	100%	30,124	144,489	657,895	
01/01/2015	44	17	807,812	733,291	280,000	0.5000	100%	50%	183,323	81,565	0.9257	100%	33,273	150,039	681,626	
01/01/2016	45	18	848,203	769,955	290,000	0.5000	100%	50%	192,489	89,525	0.9257	100%	36,666	156,023	711,641	
01/01/2017	46	19	890,613	808,453	300,000	0.5000	100%	50%	212,219	106,000	0.9257	100%	41,539	168,600	741,519	
01/01/2018	47	20	935,143	848,876	311,000	0.5000	100%	50%	222,830	114,003	0.9257	100%	46,459	176,361	771,805	
01/01/2019	48	21	981,901	891,320	322,000	0.5000	100%	50%	233,871	121,514	0.9257	100%	49,495	184,476	801,592	
01/01/2020	49	22	1,030,996	935,886	333,000	0.5000	100%	50%	245,070	129,602	0.9257	100%	52,790	192,880	831,272	
01/01/2021	50	23	1,082,545	982,680	345,000	0.5000	100%	50%	250,559	137,956	0.9257	100%	56,334	200,225	861,272	
01/01/2022	51	24	1,136,673	1,031,814	357,000	0.5170	100%	55%	245,070	146,580	0.9257	100%	59,918	207,925	891,137	
01/01/2023	52	25	1,193,506	1,083,405	369,000	0.5240	100%	60%	340,822	155,928	0.9147	100%	64,148	212,183	921,075	
01/01/2024	53	26	1,253,182	1,137,575	382,000	0.5360	100%	65%	396,331	165,928	0.9147	100%	68,709	216,404	951,008	
01/01/2025	54	27	1,315,841	1,194,454	396,000	0.5460	100%	70%	458,192	168,041	0.9108	100%	73,698	220,225	981,272	
01/01/2026	55	28	1,381,633	1,254,176	410,000	0.5600	100%	75%	526,754	176,470	0.9066	100%	79,046	223,611	1,011,519	
01/01/2027	56	29	1,450,714	1,316,885	425,000	0.5657	100%	80%	595,970	187,734	0.9027	100%	84,748	226,550	1,041,959	
01/01/2028	57	30	1,523,250	1,382,729	440,000	0.5714	100%	85%	671,578	199,348	0.8985	100%	90,805	229,083	1,072,519	
01/01/2029	58	31	1,599,413	1,451,866	455,000	0.5771	100%	90%	754,005	211,322	0.8940	100%	97,244	231,266	1,103,137	
01/01/2030	59	32	1,679,383	1,524,459	471,000	0.5828	100%	95%	844,032	224,179	0.8893	100%	104,061	233,088	1,133,769	
01/01/2031	60	33	1,763,352	1,600,682	487,000	0.5885	100%	100%	942,000	237,430	0.8844	100%	111,268	234,550	1,164,319	
01/01/2032	61	34	1,851,520	1,680,716	504,000	0.5942	100%	100%	998,682	251,630	0.8793	100%	118,877	235,709	1,194,879	
01/01/2033	62	35	1,944,096	1,764,752	522,000	0.6000	100%	100%	1,058,851	266,814	0.8740	100%	126,884	236,550	1,224,439	
01/01/2034	63	36	2,041,301	1,852,990	541,000	0.6058	100%	100%	1,122,170	282,914	0.8684	100%	135,244	237,083	1,253,999	
01/01/2035	64	37	2,143,366	1,945,639	560,000	0.6113	100%	100%	1,189,369	299,767	0.8627	100%	143,961	237,330	1,283,559	
01/01/2036	65	38	2,250,534	2,042,921	580,000	0.6170	100%	100%	1,260,482	298,869	0.8568	100%	153,119	237,330	1,313,119	
01/01/2036	65	38	2,250,534	2,042,921	580,000	0.6170	100%	100%	1,260,482	298,869	0.8568	100%	153,119	237,330	1,313,119	

Mathus - Reg

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Mathis SERP

Facts

Shane Mathis is 31 years old.

He has worked at WR for six years.

He is 0% vested in his SERP benefit. (He will vest 10% per year after six years of employment, until he is fully vested.)

Benefits

If Shane's compensation remained flat, he could retire at age 62 and receive \$264,000 per year for life (15-years certain).

If Shane's compensation grew at 3% per year until he reached age 62, he would receive \$650,000 per year for life (15-years certain).

All officers that participated in the SERP program that have been asked to leave have been paid their SERP benefit as if they were age 62.

Present Value Liability

Towers, Perrin estimates that the present value of Shane's liability as of January 1, 2003 is between \$1.700 - 3.730 million.

Recommendation

If Shane worked to age 62 our liability would grow to \$5.410 million.

I would propose we offer Shane \$250,000 to terminate his SERP with a cap of \$325,000.

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WESTERN RESOURCES, INC.

Preliminary Report
Board of Director Compensation

April 8, 2002

This report was prepared by:

Brent M. Longnecker, Executive Vice President
Tammy Hemphill, Practice Leader
Chris Crawford, Senior Consultant

Human Capital Consulting

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Note: This report is incomplete as a matter of record without the accompanying oral comments.

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- I. Objectives and Approach
- II. Data Sources
- III. Board of Director Analysis
- IV. Recent Trends in Director Compensation
- V. Recommendations

*I. Objectives and
Approach*

Objectives and Approach

- The objectives of this study were to determine market competitive board of director compensation levels and make recommendations for the structure of Western Resources (“WR” or “the Company”) director compensation package going forward.
- Our approach in conducting this engagement was to:
 - » Review annual retainers, meeting fees, and stock compensation levels provided to directors in the marketplace as reported in peer company proxy statements
 - » Draw conclusions and make recommendations based on the market findings
 - » Prepare a formal report detailing our findings and recommendations

II. Data Sources

Data Sources

- Market data was collected utilizing peer company proxy statements. Peer company data is reflective of sixteen conglomerate companies with operations in electricity, natural gas and home security monitoring with average revenues of \$6.1 billion. The sixteen peer companies are those which are utilized in the executive compensation review for the EC executives. The following is a list of the peer companies and their revenue size.

Company Name	Revenue Size (Billions)
Allegheny Energy, Inc.	\$4.011
Ameren Corporation	\$4.505
CNS Energy Corporation	\$8.998
Consolidated Edison, Inc.	\$9.431
Constellation Energy Grp.	\$3.878
Dominion Resources	\$9.260
Exelon Corporation	\$7.400
FirstEnergy Corp.	\$7.020
Northeast Utilities	\$6.873
Pinnacle West Capital	\$3.690
Pittston Company	\$3.624
PPL Corporation	\$5.725
Progress Energy, Inc.	\$8.461
Sempra Energy, Inc.	\$7.143
Wisconsin Energy Corp.	\$3.354
OGE Energy Corp.	\$3.298
Average Peer Co.	\$6.185

**III. Board of Director
Analysis**

Number of Meetings

- The number of board and committee meetings varies among organizations. The number of committees and the frequency of meetings are driven by the needs of the organization.
- The table on the following page highlights the average number of board meetings as well as the average number of committees and the average number of committee meetings.

Number of Meetings

Company Name	# of Board Meetings	# of Committee Meetings	Number of Committees	Average # of Comm. Meetings
Allegheny Energy, Inc.	ND	31	6	5
Ameren Corporation	7	16	5	3
CNS Energy Corporation	9	12	6	2
Consolidated Edison, Inc.	13	34	8	4
Constellation Energy Grp.	11	15	7	2
Dominion Resources	7	10	4	3
Exelon Corporation	13	36	7	5
FirstEnergy Corp.	14	19	5	4
Northeast Utilities	19	57	7	8
Pinnacle West Capital	13	7	2	4
Pittston Company	7	21	6	4
PPL Corporation	10	23	5	5
Progress Energy, Inc.	13	22	6	4
Sempra Energy, Inc.	21	22	5	4
Wisconsin Energy Corp.	6	15	6	3
OGE Energy Corp.	5	8	3	3
Peer Co. Minimum	5	7	2	2
Peer Co. Average	11	22	6	4
Peer Co. Maximum	21	57	8	8
WR	11	13	4	5

Meeting Fees

- The following table highlights the annual retainer and committee fees for each of the peer companies

Company Name	Annual Retainer	Board Meeting Fees	Telephone Meeting Fees	Committee Chairperson Retainer	Committee Meeting Fees
Allegheny Energy, Inc.	\$22,000	\$1,000	ND	\$4,000	\$1,000
Ameren Corporation	\$20,000	\$1,000	ND	ND	\$1,000
CNS Energy Corporation	\$30,000	\$1,500	ND	\$1,000	\$750
Consolidated Edison, Inc.	\$40,000	\$1,200	ND	\$4,000	\$1,000
Constellation Energy Grp.	\$26,000	\$1,250	ND	\$3,500	\$1,250
Dominion Resources	\$20,000	\$1,200	ND	ND	\$1,200
Exelon Corporation	\$25,000	\$1,500	ND	\$3,000	\$1,500
FirstEnergy Corp.	\$25,000	\$1,000	ND	\$3,000	\$1,000
Northcast Utilities	\$20,000	\$1,000	\$675	\$3,500	\$1,000
Pinnacle West Capital	\$24,000	\$900	ND	ND	\$700
Pittston Company	\$28,500	\$1,200	ND	\$3,300	\$1,200
PPL Corporation	\$24,000	\$1,500	\$200	ND	\$1,500
Progress Energy, Inc.	\$20,000	\$1,500	ND	\$3,000	\$1,000
Sempra Energy, Inc.	\$35,000	\$1,000	ND	ND	\$1,000
Wisconsin Energy Corp.	\$24,000	\$1,500	ND	\$5,000	\$1,500
OGE Energy Corp.	\$24,000	\$1,000	ND	ND	\$1,000
Peer Co. Minimum	\$20,000	\$900	\$200	\$1,000	\$700
Peer Co. Average	\$25,469	\$1,203	\$438	\$3,330	\$1,100
Peer Co. Maximum	\$40,000	\$1,500	\$675	\$5,000	\$1,500
WR	\$20,000	\$1,200	\$500	\$4,000	\$1,000

ND represents no data available

Compensation

- The individual compensation components provided to directors were extracted from the peer company proxy statements and are reported in the table on the following page. For purposes of this analysis, telephone meeting fees, committee retainers, and committee chairperson retainers were not included in the calculation of total compensation. The following definitions denote the items included in each of the columns and the calculations used, if any, in reporting the data.
 - » Annual Retainer – the annual cash amount paid for board service.
 - » Board Meeting Fee – board meeting fee times the number of board meetings held.
 - » Committee Meeting Fees – committee meeting fee times the average number of committee meetings held.
 - » Total Stock Compensation – combined value of annualized stock option mega-grants, annual stock option grants, annualized restricted stock mega-grants, and annual restricted stock grants. The value of a stock option was determined using the Black-Scholes option-pricing methodology. The value of restricted shares were determined based on the fair market value of the award on the date of grant.
 - » Total Compensation – the sum of the following: annual retainers for board service, board meeting fee times the number of board meetings held in the most recent fiscal year, committee meeting fee times the average number of committee meetings held, and the stock compensation value.

Compensation

Company Name	Annual Retainer ¹	Total Annual Board Meeting Fees ¹	Total Annual Committee Meeting Fees ¹	Total Annual Stock Comp. Fees ¹	Total Annual Compensation ¹
Allegheny Energy, Inc.	\$22,000	\$13,475	\$4,360	\$67,733	\$107,558
Ameren Corporation	\$20,000	\$7,000	\$3,200	\$17,380	\$47,580
CNS Energy Corporation	\$30,000	\$13,475	\$2,200	\$22,375	\$68,050
Consolidated Edison, Inc.	\$40,000	\$13,475	\$3,955	\$15,992	\$73,422
Constellation Energy Grp.	\$26,000	\$13,750	\$2,679		\$42,429
Dominion Resources	\$20,000	\$8,400	\$3,000	\$150,000	\$181,480
Exelon Corporation	\$25,000	\$19,500	\$7,714	\$50,000	\$102,214
FirstEnergy Corp.	\$25,000	\$14,000	\$3,800	\$35,000	\$77,800
Northeast Utilities	\$20,000	\$11,200	\$3,955	\$36,788	\$71,942
Pinnacle West Capital	\$24,000	\$11,700	\$2,450	\$43,218	\$81,368
Pittston Company	\$28,500	\$13,440	\$4,745	\$53,964	\$100,650
PPL Corporation	\$24,000	\$16,800	\$5,932	\$43,000	\$89,732
Progress Energy, Inc.	\$20,000	\$10,500	\$3,667	\$30,834	\$74,001
Sempra Energy, Inc.	\$35,000	\$21,000	\$4,400	\$21,500	\$81,900
Wisconsin Energy Corp.	\$24,000	\$9,000	\$3,750	\$23,700	\$60,450
OGE Energy Corp.	\$24,000	\$5,000	\$2,667	\$15,500	\$47,167
Peer Co. Minimum	\$20,000	\$5,000	\$2,200	\$15,500	\$42,429
Peer Co. Average	\$25,469	\$13,170	\$3,904	\$41,804	\$81,734
Peer Co. Maximum	\$40,000	\$21,000	\$7,714	\$150,080	\$181,480
WR	\$20,000	\$13,200	\$5,000	\$37,500	\$75,700

¹ Resources assumed the peer company average for board meeting and/or committee meeting fees in the event data was not reported

² Assumes a grant date of mid-fiscal year if no grant date was specified

Trends in Director Compensation

- In light of recent market events as well as a renewed focus on corporate governance, trends in director compensation have focused on:
 - » the balance of equity pay and sustaining “independence”
 - » deferred compensation
 - » discretionary stock grants
 - » elimination of pension plans
 - » an increased utilization of restricted stock as opposed to stock options

Recommendations

- The current director total compensation package is slightly above the competitive market average. However, each component of the director compensation package is both reasonable and competitive.
- Resources recommends the following:
 - » Maintain the current annual cash retainer at \$20,000
 - » Continue to pay board meeting fees of \$1,200 and committee meeting fees of \$1,000
 - » Continue to pay Committee Chairpersons annual retainers of \$4,000
 - » Utilize restricted stock to deliver the equity portion of the compensation package in order to minimize market volatility as well as capture the value of dividend payments
 - » Allow all cash retainers and fees to be voluntarily deferred into company stock

Grant History

<u>Date</u>	<u>#</u>	<u>Expensed through (millions) 6/30/02</u>	<u>Unexpensed as of (millions)^(a) 6/30/02</u>
1998	136,500	\$ 4.137	\$ 0
1999	152,000	\$ 3.892	\$ 0.441
2000	587,887	\$ 8.457	\$ 2.562
2001	<u>576,170</u>	<u>\$ 0</u>	<u>\$15.344</u>
TOTAL	1,452,557	\$16.486	\$18.347

(a) Does not include 2000 option for RSU exchange or 23,695 RSU's granted in 2002.

Per Share Exchange Calculation ^(a)

<u>Year</u>	<u>Value</u> ^(b)	<u>Market</u>	<u>Ratio</u>
1998	\$38.63	\$17.20	44.5%
1999	\$31.05	\$17.20	55.4%
2000	\$18.74	\$17.20	91.8%
2001	\$26.63	\$17.20	64.6%

- (a) Guardian is converted at original value (at each grant date), not the ratio amount. \$7.4 million of Guardian preferred is redeemable (assuming Guardian has the available funds) in 2004, \$4.8 million is convertible at \$3.00 per share (Guardian is trading at \$1.05) and pays no cash dividend, and \$5.3 million pays 7%, but is non-redeemable.
- (b) Values are approximate value of grant, except 2000 and 2001, which are total cost (average grant price was approximately \$15.50 for 2000 and \$24.00 for 2001.)

Avoided Costs of Exchange

<u>Date</u>	<u>Total Cost</u>	<u>Exchanged</u>	<u>Avoided Costs ^(a)</u>
1998	\$ 4.137	\$ 1.045	\$ 3.092
1999	\$ 4.333	\$ 1.448	\$ 2.885
2000	\$ 11.024	\$ 9.283	\$ 1.741
2001	<u>\$ 15.344</u>	<u>\$ 6.402</u>	<u>\$ 8.942</u>
	\$ 34.838	\$16.178	\$ 18.660

- (a) Because accounting rules have changed since the option exchange in 2000, the difference between cost at grant date and the exchange date will not be booked as income. WR does avoid issuing as many shares and paying dividends on the underlying RSU's.

Exchange Provision

Retirees

All in WR stock at following ratios:

1998 - 44.5%

1999 - 55.4%

2000 - 91.8%

2001 - 64.6%

Exchange would require all RSU's to be exchanged.

Employees/Directors

Same WR ratio exchange, except shares may be exchanged for value (at grant date) of Guardian preferred stock. In the case of Guardian preferred, shares can only be exchanged to "qualified investors" (as defined by the SEC). GIS is limited to \$12.6 million in total value exchange.

Management would not recommend converting the 2000 grants. The avoided cost is small and employees who leave forfeit their shares.

LONG-TERM INCENTIVE AWARDS

RESOLVED, that the Committee hereby approves grants of restricted share units to officers and employees of the Company as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

EXECUTIVE SALARY CONTINUATION PLAN

RESOLVED, that the Committee hereby approves the purchase of the interest of Shane A. Mathis in the Company's Executive Salary Continuation Plan for such price and on such terms as the President and Chief Executive Officer of the Company shall determine in his discretion; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

NEW OFFICER PAY GRADES

RESOLVED, that the Committee hereby establishes pay grades for the officers of the Company as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

OFFICER STOCK OWNERSHIP TARGETS

RESOLVED, that the Committee hereby establishes stock ownership targets for the officers of the Company as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

STOCK PURCHASE LOAN LIMITS

RESOLVED, that the Committee hereby establishes maximum amounts for stock purchase loans made to the officers of the Company pursuant to the Company's stock purchase loan program as presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.

RESTRICTED SHARE UNIT EXCHANGE OFFER

RESOLVED, that the Committee hereby approves an exchange offer to be made by the Company to officers and employees of the Company who have been granted restricted share units on the terms and conditions presented to the meeting; and further

RESOLVED, that the officers of the Company are hereby authorized to take such action as they may deem necessary or appropriate to carry out the foregoing resolution.