


L. Trick

TO: Officers
FROM: David Wittig 
DATE: November 21, 2001
SUBJECT:
CC:



INTERNAL
CORRESPONDENCE

The Western Resources board will approve the grant of RSU's (and equivalents) at its December board meeting. Traditionally, we have given out a partial payment of RSU's in January and another grant in April/May coinciding with our annual compensation review. This year (in order to minimize the dilution of WR shares), the Company will give out WR shares and shares in Guardian International. The shares (both WR and Guardian), will vest once the WR stock trades at a 15% premium for 20 trading days (that would be \$20.125 assuming last Friday's close). The following is a description of the securities.

WR common shares - dividends are paid on the underlying common.

Guardian series D preferred - there are 11,369 shares outstanding with a par value of \$1,000. The shares are on WR's books at \$482.20. The shares are convertible into 333 shares of Guardian common stock at \$3 per share (Guardian is currently trading at \$0.75 per share). The preferred pays a 6% dividend in-kind (you receive no cash). The shares are not subject to redemption by Guardian, however, if the company is sold, the preferred would receive par. The Ginsburg family (who controls the company), has, from time-to-time, discussed selling the company, although there are currently no plans to do so.

Of the two investments, Guardian has the most upside, but you receive no cash for holding it and it carries the greatest risk.

You have a choice if you wish to receive WR, Guardian, or some combination. I need to know by December 4 what percentage of each you would like (I don't care). If I do not hear from you on or before the 30th, I will assume you want 100% WR stock.