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FAX TRANSMISSION COVER SHEET

Western Resources, Inc.

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DATE: April 18, 2002

FAX SENT BY: Doug Lake

Telephone: REDACTED

<u>To</u>	<u>Company</u>	<u>Fax#</u>
Mike Macris	Cahill Gordon & Reindel	REDACTED

COMMENTS:

RE: Exchange Offer

Mike,

Attached is the material we will discuss at our meeting tomorrow. See you at 10:30.

Doug Lake

Number of Pages sent (including cover sheet) 5

Received 04-18-02 10:01am

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To-Cahill Gordon & Reind Page 001

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## Grant History

<u>Date</u>	<u>#</u>	<u>Expensed through (millions) 6/30/02</u>	<u>Unexpensed as of (millions)<sup>(a)</sup> 6/30/02</u>
1998	136,500	\$ 4.137	\$ 0
1999	152,000	\$ 3.892	\$ 0.441
2000	587,887	\$ 8.457	\$ 2.552
2001	<u>576,170</u>	<u>\$ 0</u>	<u>\$15.344</u>
<b>TOTAL</b>	<b>1,452,557</b>	<b>\$16.486</b>	<b>\$18.347</b>

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

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Per Share Exchange Calculation <sup>(a)</sup>

<u>Year</u>	<u>Value</u> <sup>(b)</sup>	<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.)

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To-Cahill Gordon &amp; Reind Page 003

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## Avoided Costs of Exchange

<u>Date</u>	<u>Total Cost</u>	<u>Exchanged</u>	<u>Avoided Costs</u> <sup>(a)</sup>
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	\$18.178	\$ 16.660

- (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.

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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.

5

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