

*Wester
Recover
General*

Mark, Jonathan I.

From: Macris, Michael
Sent: Friday, January 26, 2001 1:50 PM
To: Mark, Jonathan I.; Wolf, Gary W.; Friedman, Bart
Subject: RE: TWO ISSUES FOR DAVID W.

Doug's 9/19/00 Employment Agreement creates an obligation not to leave voluntarily (other than for "Good Reason") after an agreement is signed that would upon consummation constitute a "Change in Control" until the Change in Control occurs or the agreement is terminated or abandoned. No express penalty is provided for breaching this provision. A voluntary termination of employment without "Good Reason" before a "Change in Control" ("Voluntary Termination") will not constitute a "Qualifying Termination" entitling Doug to the special severance benefits. Upon a Voluntary Termination, Doug would only be entitled to his base salary to termination of employment, any bonus which had become payable, accrued vacation pay and accumulated sick leave. Upon Voluntary Termination, stock options that had become exercisable prior to Voluntary Termination could be exercised for 90 days; options that had not become exercisable would be forfeited. Upon Voluntary Termination, unvested Restricted Share Units would be forfeited. Upon Voluntary Termination, benefits under the qualified pension plan and Executive Salary Continuation Plan would be forfeited (because Doug has less than 5 years of service). Upon Voluntary Termination, Doug would be entitled to receive his account balance under the Company's 401(k) plan. It appears that he would be able to exercise his right to sell to the Company his interest in the death benefit under the split dollar life insurance policy notwithstanding a Voluntary Termination.

A termination of employment for "Good Reason" would be a "Qualifying Termination" under the Employment Agreement, entitling Doug to the full list of special severance benefits (e.g., 2.99 times salary and bonus, continued insurance coverage for 3 years, pro rata bonus for year of termination, full age 65 benefit under Executive Salary Continuation Plan based on special salary and bonus components, outplacement services, full vesting in stock options and Restricted Share Units, etc.) I do not know whether anything has occurred that could be grounds for a "Good Reason" termination. "Good Reason" essentially involves material adverse changes in duties and responsibilities or certain reductions in benefits. Mike

From: Friedman, Bart
Sent: Friday, January 26, 2001 12:02 PM
To: Mark, Jonathan I.; Wolf, Gary W.; Macris, Michael
Subject: TWO ISSUES FOR DAVID W.

David would like to know

1) what can Doug take do under his contract. Can he quit? What are his rights?

2) Can we switch the classes of Jane S. and Gene B so Jane leaves by attrition at this years board meeting - how can we paper it - exchange of letters between Jane and Gene B - a voluntary decision on Jane's part to be treated as the Class of....?

Bart Friedman
Cahill Gordon & Reindel

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Mark, Jonathan I.

From: Mark, Jonathan I.
Sent: Friday, January 26, 2001 1:54 PM
To: Wolf, Gary W.
Subject: FW: TWO ISSUES FOR DAVID W.

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From: Mark, Jonathan I.
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To: Friedman, Bart
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Re directors switching classes:

The following could be done on a consensual basis consistent with WR's By-Laws: 1. GB resigns as Class II Director (term expires in 2001), creating a vacancy on the Board.

2. JS, presently a Class III Director (term expires in 2002), is appointed as a Class II Director filling the vacancy created by GB's resignation.

3. The Board appoints someone to fill the still remaining vacancy in the Class III seat left by JS. This could be GB, or anyone else the Board desired, although GB's appointment would look somewhat mysterious because, among other things, he would have extended his term for a year without standing for election in 2001 under circumstances where (arguably) JS could have simply resigned.

Note: Under Kansas corporation law, unless the Articles of Incorporation otherwise provide, directors serving on a classified board such as WR's can be removed by the shareholders by majority vote only for cause. KS Section 17-6301(k)(1). WR's Articles of Incorporation do not otherwise provide.

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