

WESTAR INDUSTRIES, INC.

February 27, 2001

Western Resources, Inc.
Attn: General Counsel
818 South Kansas Avenue
Topeka, KS 66612

Re: Purchase of Common Stock

Ladies/Gentlemen:

This letter serves as a Purchase Notice under Section 2.02 of the Asset Allocation and Separation Agreement between Western Resources, Inc. and Westar Industries, Inc. dated as of November 8, 2000 (the "Allocation Agreement"). All capitalized terms used herein without definition have the meaning given to them in the Allocation Agreement.

This confirms that Westar Industries is converting \$350 million of the Intercompany Receivable into shares of Western Resources Common Stock. The Purchase Price is \$24.3575 and the Purchase Date is February 28, 2001. The closing of the purchase will occur on or prior to March 6, 2001. At closing certificates for the purchased shares should be delivered to the undersigned.

To the extent the Merger Agreement is modified to permit the purchase of a new class of Western Resources securities in lieu of Western Resources Common Stock, this Purchase Notice shall be deemed a notice for the purchase of Western Resources Common Stock representing up to 9.9% of the outstanding Western Resources Common Stock after issuance of such shares, and for the conversion of the balance of the amount of the Intercompany Receivable being converted into such other new class of Western Resources securities, based in each case on the Purchase Price specified herein.

Following regulatory approval of the issuance of shares of such new class of securities, Westar Industries will exchange shares of Western Resources Common Stock in excess of 9.9% of the outstanding shares for shares of such new class of Western Resources securities.

Sincerely,

Westar Industries, Inc.

By: 
Paul R. Geist, President

cc: William S. Lamb
Public Service Company of New Mexico
Timothy Michael Toy

818 South Kansas Avenue / Topeka, Kansas 66612

Telephone: (785) 576 6607



Larry D. Irick
Corporate Secretary

February 27, 2001

VIA FEDERAL EXPRESS

Mr. Max H. Maerki
Senior Vice President & Chief Financial Officer
Public Service Company of New Mexico
Alvarado Square, MS 2706
Albuquerque, NM 87158

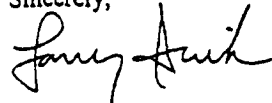
Re: Westar Conversion

Dear Max:

Westar Industries is converting the Western Resources intercompany receivable into shares of Western Resources common stock. A copy of the notice required by the Asset Allocation and Separation Agreement is enclosed.

Bill Lamb or Ben Clark plan to call Tim Toy on Wednesday to discuss this matter.

Sincerely,



Larry D. Irick

LDI/pb
Enclosure

cc: William S. Lamb
Public Service Company of New Mexico
Timothy Michael Toy
Benjamin G. Clark

Western Resources, Inc.
Notes Payable to Westar Industries, Inc.

Balance 9/30/00	<u>\$239,014,000.00</u>
Net amount repaid for October 2000	(3,568,058.23)
Interest for October	1,702,422.72
Balance 10/31/00	<u>\$237,148,364.49</u>
Net amount Advanced in November 2000	79,286,786.71
Interest for November	1,948,041.61
Balance 11/30/00	<u>\$318,383,192.81</u>
Net amount Advanced in December 2000	58,019,457.32
Aircraft 12/31/00	883,577.00
Tower 12/31/00	150,000.00
Interest for December	2,495,770.98
Balance 12/31/00	<u>\$379,931,998.11</u>
Net amount Advanced in January 2001	4,123,213.27
Interest for January	2,755,858.11
Balance 01/31/01	<u>\$386,811,069.49</u>
Net amount advanced in February 2001	10,015,684.67
Aircraft usage for January	100,096.00
Interest for February	2,406,592.74
Amount converted to common Stock close of business 2/26/2001	(350,000,000.00)
Balance 02/28/01	<u>\$49,333,442.90</u>

**Western Resources, Inc.
Intercompany Payable to Westar Industries
In Accordance with Section 7.23 of PNM/WR Agreement**

	<u>Balance</u>
January 31, 2001 Balance	<u>\$386,811,069</u>
Net February Activity (detail attached)	<u>(337,477,627)</u>
February 28, 2001 Balance	<u>\$49,333,443</u>

**Western Resources, Inc.
Adjustments to Intercompany Payable to Westar Industries
In Accordance with Section 7.23 of PNM/WR Agreement**

Payments	Cash Paid To WR	Use of Cash Received	Option Selected By Westar pursuant to Sec. 3.2 (a)(i)
February 2001:			
Westar Industries Payments to Western Resources:			
Cash from sale of nonregulated investments	809,887	RD	I
Cash from income on nonregulated investments	4,027,764	RD	I
Cash from POI loan repayment	5,000,000	RD	I
Cash from ONEOK Dividends	671,545	RD	I
Other payments	123,259	RD	I
Interest Charges	2,406,593		I
Intercompany note conversion to WR common stock	(350,000,000)		C
Western Resources Payments to Westar Industries	(516,674)		I
 Net Change in intercompany note balance - Jan. 2001	 <u>(337,477,627)</u>		

Use of Cash Legend:

RD- Repayment of debt and/or payment of operating expenses

Option selected under Sec. 3.2 (a)(i):

- I - Increase (decrease) intercompany payable to Westar Industries
- C - Issue WR common stock to Westar Industries
- P - Issue WR convertible preference stock to Westar Industries
- W - Issue WI common stock to Westar Industries