



Sarbanes Oxley- Company Update

Senate Utilities Committee

January 27, 2004

Sarbanes-Oxley Act

- ➡ **Passed by Congress July 2002**
- ➡ **Major development in corporate reform**
- ➡ **Significant and rapid changes for all participants in the marketplace**
- ➡ **Desired outcome: improve financial reporting and restore investor confidence**

Key Focus Areas

- **Corporate responsibility for financial reports**
- **Enhanced financial disclosures & revised reporting requirements**
- **Code of ethics**
- **Increased audit committee responsibilities**
- **Whistleblower**
- **Auditor independence**
- **Public accounting firm oversight and reforms**

Corporate Governance - Westar

Board of Directors

- Non-executive chairman of the board
- All directors other than CEO are independent
- Executive sessions of independent directors held regularly
- Only independent directors serve on the audit, finance, compensation, and nominating/corporate governance committees
- All committees of the board have current charters
- Website access to corporate governance guidelines, code of ethics, committee charters (www.wr.com)

Corporate Governance - Westar

Audit Committee

- Meet independence standards
- Designated “financial expert”
- Corporate compliance/internal audit officer reports directly to audit committee
- Appoint, compensate, retain, and oversee independent auditor
- Pre-approval of all audit and non-audit services
- Increased oversight of financial reporting process
- Responsible for whistleblower complaints

Corporate Governance - Westar

Financial Reporting

- Financial reporting & disclosure requirements
- Disclosure committee established
- Disclosure controls reviewed quarterly
- Management's assessment of internal controls in 2004
- CEO/CFO certifications

Corporate Governance - Westar

Company

- **Mission, vision, value statement**
- **Revised code of ethics and training for all employees**

Debt Reduction Progress

Status	Expected Timing	Debt Reduction Plan Component	Expected Debt Reduction (mm)	Actual Results
<input checked="" type="checkbox"/>	Completed	Sale of ONEOK Stock - Tranche 1	\$244	\$244
<input checked="" type="checkbox"/>	Completed	Obtain relief from legal order to restructure		
<input checked="" type="checkbox"/>	Completed	Obtain relief for Protection One interim support		
<input checked="" type="checkbox"/>	Completed/Ongoing	Common Dividend Reduction	55*	On track
<input checked="" type="checkbox"/>	Completed	Sale of Protection One Europe	50-100	114
<input checked="" type="checkbox"/>	Completed	Obtain KCC approval of Debt Reduction Plan		
<input checked="" type="checkbox"/>	Completed	Sale of ONEOK Stock - Tranche 2	180-290**	244
<input checked="" type="checkbox"/>	Completed	Sale of Utility Assets to Midwest Energy	N/A	24
<input checked="" type="checkbox"/>	Completed	Sale of ONEOK Stock - Final Tranche	230-300	262
<input checked="" type="checkbox"/>	Late '03 - Early '04	Sale of Protection One	500 - 650	
<input type="checkbox"/>	2003-04/Ongoing	Cash Flow From Operations	150 - 200	On track
<input type="checkbox"/>	2004	Possible Equity Issuance	75 - 250	

*Savings expected through 2004

** Expected debt reduction amounts adjusted from original projection of three equal transactions

Note: All debt reduction figures are net of expected tax expense or benefit