

SECURITIES AND EXCHANGE COMMISSION,  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

GUARDIAN INTERNATIONAL, INC  
(formerly Everest Securities Systems Corporation,  
formerly Everest Funding Corporation, formerly Burningham Enterprises, Inc.)  
(Name of Issuer)

Class A Voting Common Stock, Par Value \$.001 Per Share  
(Title of Class of Securities)

401376 10 8

(CUSIP Number)

Rita A. Sharpe  
President  
Westar Capital, Inc.  
818 Kansas Avenue  
Topeka, Kansas 66612

(785)575-8020

(Name, Address and Telephone Number of Person Authorized to  
Receive Notices and Communications)

Copy to:

John K Rosenberg, Esq.  
818 Kansas Avenue  
Topeka, Kansas 66612  
(785)575-6535

October 21, 1997

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to  
report the acquisition which is the subject of this Schedule 13D, and is  
filing this schedule because of Rule 13d-1(b)(3) or (4), check the following  
box. [ ]

SCHEDULE 13D

CUSIP NO. 401376 10 8

(1) Names of reporting persons Westar Capital, Inc.  
S.S. or I.R.S. Identification Nos. of above persons 48-1092416

(2) Check the appropriate box if a member of a group (a) [ ]  
(see instructions) (b) [ ]

(3) SEC use only

(4) Source of Funds (see instructions) WC

(5) Check if disclosure of legal proceedings is required  
pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or place of organization State of Kansas

Number of shares beneficially owned by each reporting  
person with:

(7) Sole voting power.....	4,665,300
(8) Shared voting power .....	0
(9) Sole dispositive power .....	4,665,300
(10) Shared dispositive power .....	0
 (11) Aggregate amount beneficially owned by each reporting person	 4,665,300
 (12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)	 [ ]
 (13) Percent of class represented by amount in row (11)	 42.9%
 (14) Type of reporting person (see instructions)	 CO

Item 1. Security and Issuer.

This Statement on Schedule 13D ("Statement") relates to the Class A Voting Common Stock, par value \$.001 per share ("Common Stock"), of Guardian International, Inc. (formerly Everest Securities Systems Corporation, formerly Everest Funding Corporation, formerly Burningham Enterprises, Inc.), a Nevada corporation ("Company") The principal executive offices of the Company are at 3880 N. 28th Terrace, Hollywood, Florida 33020-1118.

Item 2. Identity and Background.

This Statement is filed on behalf of Westar Capital, Inc., a Kansas corporation ("Reporting Person"). The Reporting Person is a holding company that owns subsidiaries that deal in gathering, processing, and marketing natural gas, as well as investments in energy-related technology development and monitored security. The address of the principal business and office of the Reporting Person is 818 S. Kansas Ave., Topeka, Kansas 66601.

The Reporting Person is a wholly-owned subsidiary of Western Resources, Inc., a Kansas corporation ("WRI"). Exhibit A hereto, which is incorporated herein by reference, sets forth the name, the business address and the present principal occupation or employment (and the name, principal business and address of any corporation or other organization or employment (and the name, principal business and address of any corporation or other organization in which such employment is conducted) of the executive officers and directors of the Reporting Person and WRI. To the knowledge of the Reporting Person, each of the persons named on Exhibit A is a United States Citizens.

During the five years prior to the date hereof, neither the Reporting Person, WRI nor, to the Reporting Person's knowledge, any executive officer or director of the Reporting Person or WRI (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

Pursuant to a Stock Subscription Agreement, dated October 14, 1997 ("Stock Subscription Agreement"), between the Company and the Reporting Person, the Reporting Person (a) purchased on October 21, 1997 2,500,000 (two million five hundred thousand) shares of Common Stock (the "Common Shares") for an aggregate of \$3,750,000 (three million seven hundred fifty thousand dollars), and (b) agreed to purchase 1,875,000 (one million seven hundred fifty thousand) shares of Series A 9 3/4% Convertible Cumulative Preferred Stock Shares ("Preferred Stock") for an aggregate of \$3,750,000 (three million seven hundred fifty thousand dollars) with available cash. Each share of Preferred Stock when issued may be converted into one share of Common Stock of the Company.

The foregoing description of the Stock Subscription Agreement is a summary of certain of its provisions and reference is made to a copy of the Stock Subscription Agreement which is attached hereto as Exhibit B and incorporated herein by reference for all of its terms and conditions

Item 4. Purpose of Transaction.

The Reporting Person acquired all of the Common Stock held by it and the right to acquire the Preferred Stock in its normal course of business and in connection with an investment by the Reporting Person in the capital stock of the company as a result of negotiations between the Reporting Person and the Company. By reason of its stock ownership, the right to appoint directors to the Company, and certain rights granted to it under the Stockholders Agreement and Registration Rights Agreement, (as more fully described in Item 6), the Reporting Person may be in a position to influence whether the Company engages in certain corporate transactions including those transactions enumerated under paragraphs (a) through (j) of Item 4 of Schedule 13d.

The Reporting Person shall continually review its ownership in the Company and, based on its evaluation of market and economic conditions, applicable regulatory requirements, the Reporting Person's contractual obligations entered into in connection with such investment, the Company's business prospects and future developments, it may from time to time determine to modify its investment in the Company through any available means, including open market purchases or sales or privately negotiated transactions or actions of the type enumerated in clauses (a) through (j) of Item 4 of Schedule 13D.

Pursuant to an agreement with Protection One, Inc., WRI, the Reporting Person's parent company, has agreed to transfer all shares of the Company held by the Reporting Person to Protection One, for the higher of cost or the market value of the shares at the time of transfer, upon consummation of WRI's acquisition of Protection One.

Except as indicated in this Statement or as may result from the execution of the Stock Subscription Agreement, the Stockholders Agreement, the Registration Rights Agreement or the Certificate of Designation (each as described in Item 6), the Reporting Person currently has no specific plans or proposals that relate to or would result in any of the matters described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

Based on the Company's Quarterly Report on Form 10-QSB for its fiscal quarter ended June 30, 1997, as amended to date, the Company had a total of 6,496,804 (six million four hundred ninety-six thousand eight hundred four) shares of Common Stock outstanding as of June 30, 1997. As a result of a purchase of the Common Shares pursuant to the Stock Subscription Agreement, the right to acquire 1,875,000 (one million eight hundred seventy-five thousand) shares of Common Stock upon conversion of the Preferred Shares, and 290,300 shares of Common Stock acquired by the Reporting Person more than sixty days prior to the date hereof, the Reporting Person beneficially owns 4,665,300 (four million six hundred sixty-five thousand three hundred) shares of Common Stock, constituting 42.9% (forty-two and nine-tenths percent) of the Company's total outstanding Common Stock, as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended ("Exchange Act"), has the sole power to vote or direct the vote of 4,665,300 shares of Common Stock, and has sole power to dispose of 4,665,300 shares of Common Stock.

Except as set forth in this Statement, neither the Reporting Person, WRI nor, to the best of the Reporting Person's knowledge, any executive officer or director of the Reporting Person or WRI beneficially owns any Common Stock or has engaged in any transaction in any such shares during the sixty day period immediately preceding the date hereof.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

On October 21, 1995, the Company, the Reporting Person, Harold Ginsburg, Sheilah Ginsburg, Richard Ginsburg and Rhonda Ginsburg (the "Ginsburgs"), (the Reporting Person and the Ginsburgs collectively being the "Stockholders"), executed a Stockholders Agreement, dated as of October 21, 1997 (the "Stockholders Agreement") for the purposes, among others, of assuring continuity in the management and ownership of the Company and limiting the manner and terms by which the shares held by the Stockholders may be transferred. Under the terms of the Stockholders Agreement, the Reporting Person will limit its ownership of Common Stock to 45% of the outstanding

shares of the Common Stock on a fully diluted basis for a period of five years from the purchase of the Common Shares (October 21, 1997) unless the Reporting Person receives the Company's permission to exceed such limit.

Pursuant to the terms of the Stockholders Agreement, the Reporting Person has the following rights:

(a) Preemptive rights to purchase its pro rata share of any equity offerings of the Company on the same terms, but only if such offerings (individually or in the aggregate) would reduce the Reporting Person's percentage ownership of the Company's outstanding equity securities to less than 35%, on a fully diluted basis;

(b) Tag-along rights (on a pro rata basis) if the Ginsburgs effect a sale or other transfer of more than half of their Common Stock holdings; and

(c) A right to match any third-party cash offer for the purchase of 100% of the Common Stock or substantially all of the assets of the Company for a period of 30 days.

Pursuant to the terms of the Stockholders Agreement, without the prior approval of the Reporting Person, the Company shall not (a) so long as shares of Preferred Stock are outstanding, (i) issue securities on a parity with or senior to the Preferred Stock as to dividends and liquidation rights or (ii) authorize or make any dividends or other distributions to the holders of Common Stock, and (b) so long as the Reporting Person or its affiliates own or control at least 15% of the outstanding equity securities of the Company, issue any equity securities senior to the Common Stock of the Company. In addition, if an independent committee of the Board recommends the acceptance of a bona fide third-party cash offer for the purchase of 100% of the Common Stock or substantially all of the assets of the Company, the Reporting Person agrees to vote in favor of the offer or to purchase the Common Stock not already owned by the Reporting Person on substantially the same terms and conditions of such offer.

The terms of the Stockholders Agreement also prevent the Ginsburgs and the Reporting Person (each party designated either the "Transferring Stockholder" or the "Other Stockholder," as the case may be) from effecting a private sale of its stock except in accordance with the following protocol: For 15 days, the Transferring Stockholder will negotiate for the sale of the stock exclusively with the Company, represented by an independent committee of the Board. If the Transferring Stockholder is unable to reach satisfactory terms for the sale of the stock with the Company, the Transferring Stockholder will negotiate exclusively with the Other Stockholder for an additional 30 days to sell the stock for a price not less than 105% of the price offered by the Company. If the Transferring Stockholder and the Other Stockholder are unable to agree to terms for the sale, the Transferring Stockholder is then free for an additional 120 days to sell to any third party for a price not less than 110% of the price offered by the Other Stockholder; provided, however, that the Reporting Person may transfer its equity securities at any time to an entity in which the Reporting Person, its parent or subsidiaries own or control 50% or more of the outstanding voting securities at any time.

The Stockholders Agreement also provides that the Reporting Person may appoint 2 of 8 board members of the Company prior to, and 3 of 9 board members after, conversion of the Preferred Stock to Common Stock.

The Common Shares purchased by the Reporting Person (including Common Stock issued upon conversion of the Preferred Shares) are not registered under the Securities Act of 1933, as amended. The Company and the Reporting Person have entered into a Registration Rights Agreement dated October 21, 1997 granting the Reporting Person three demand registrations and unlimited piggy-back registration rights with respects to the Common Shares (including Common Stock issued upon conversion of the Preferred Shares).

Pursuant to the Certificate of Designation for the Preferred Stock, upon the failure of the Company to pay quarterly dividends for any four quarters (a "Default Event") and for the duration of the Default Event, the Reporting Person, as the holder of the Preferred Stock prior to conversion, in addition to any other voting rights it may have, shall be entitled to vote (voting as a class by a majority of the outstanding shares thereof) for the election to the Board of Directors of the Company of such number of members thereof as equals at any given time a majority of the number of members of the Board of Directors. Each share of Preferred Stock is convertible at any time at the option of the Reporting Person into one fully paid and nonassessable share of Common Stock. The Preferred Stock must be converted to Common Stock: (i) upon secondary public offering by the Company of at least 2,500,000 shares of Common Stock at not less than \$2.00 per share; or (ii) if, at any time after two years from the date of issuance of the Preferred Stock, the Common Stock of the Company trades above \$3.00 per share for 20 consecutive trading days.

The foregoing description of the Stockholders Agreement, Registration Rights Agreement and Certificate of Designation are a summary of certain of their provisions and reference is made to a copy of such Agreements which are attached hereto as Exhibit C, D and E respectively.

Except as described in this Statement neither the Reporting Person, WRI nor, to the best of the Reporting Person's knowledge, any executive officer or director of the Reporting Person or WRI has any contract, arrangement, understanding or relationship with one or more security holder of the Company or others, with respect to the purchase, holding, voting or disposition of Common Shares or other securities of the Company which are convertible or exercisable into Common Shares. Each of such persons reserves the right to enter into any such contract, arrangement, understanding or relations in the future.

Item 7. Material to be Filed as Exhibits.

Exhibit A: List of Officers and Directors of the Reporting Person and Western Resources, Inc.

Exhibit B: Stock Subscription Agreement, dated as of October 14, 1997, by and among the Reporting Person and the Company.

Exhibit C: Stockholders Agreement, dated as of October 21, 1997, by and among the Company, Harold Ginsburg, Sheilah Ginsburg, Richard Ginsburg and Rhonda Ginsburg, and the Reporting Person.

Exhibit D: Registration Rights Agreement, dated October 21, 1997, between the Company and the Reporting Person.

Exhibit E: Certificate of Designation for Preferred Stock.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

WESTAR CAPITAL, INC.

By: /s/ Rita A. Sharpe  
Rita A. Sharpe  
President

Dated: October 24, 1997

Executive Officers and Directors of  
Westar Capital, Inc. ("Westar") and  
Western Resources, Inc. ("WRI")

Name

Position

Address

Rita A. Sharpe  
President, Westar  
1112 Oak Tree Drive  
Lawrence, KS 66049

Marilyn K. Dalton  
Secretary and Treasurer,  
Westar  
3321 SW Jardine Court  
Topeka, Kansas 66611

John E. Hayes,  
Jr.  
Chairman of the Board,  
Chief Executive Officer,  
WRI  
1535 SW Pembroke Lane  
Topeka, Kansas 66604

David C. Wittig  
President and Director, WRI  
#5, Westboro Place  
Topeka, Kansas 66604

Steven L. Kitchen  
Executive Vice President  
and Chief Financial  
Officer, WRI  
Director, Westar  
10047 SW 101st Street  
Auburn, Kansas 66042

Carl M. Koupal  
Executive Vice President,  
Chief Administrative  
Officer, WRI  
3768 SW Clarion Park Drive  
Topeka, Kansas 66610

John K. Rosenberg  
Executive Vice President  
and General Counsel, WRI  
5450 SW Fairlawn  
Topeka, Kansas 66610

Jerry D.  
Courington

Controller, WRI  
Director, Westar  
3624 SE Arrowhead Drive  
Topeka, Kansas 66605

Frank J. Becker  
Director, WRI  
4408 Heritage Drive  
Lawrence, Kansas 66047

Gene A. Budig  
Director, WRI  
40 Mercer Street  
Princeton, New Jersey 08540

C. Q. Chandler  
Director, WRI  
1515 Foliage Court  
Wichita, Kansas 67206

Thomas R.  
Clevenger

Director, WRI  
9215 Killarney  
Wichita, Kansas 67206

John C. Dicus  
Director, WRI  
1524 Lakeside Drive  
Topeka, Kansas 66604

David H. Hughes  
Director, WRI  
2110 W. 67th Terrace  
Shawnee Mission, Kansas  
66208

Russell W. Meyer,  
Jr.  
Director, WRI  
600 Tara Court  
Wichita, Kansas 67206

John H. Robinson  
Director, WRI  
3223 W. 67th Street  
Shawnee Mission, Kansas  
66208

Louis W. Smith  
Director, WRI  
11705 Brookwood  
Leawood, Kansas 66211

## STOCK SUBSCRIPTION AGREEMENT

STOCK SUBSCRIPTION AGREEMENT dated as of October 14, 1997, between Guardian International, Inc., a Nevada corporation (the "Company"), and Westar Capital, Inc., a Kansas corporation (the "Purchaser").

The Purchaser desires to acquire from the Company, and the Company wishes to sell to the Purchaser, certain securities to be issued by the Company, on the terms and conditions set forth below.

1. AUTHORIZATION OF SECURITIES. The Company has authorized the issuance and sale to the Purchaser of 2,500,000 shares (the "Common Shares") of its Class A Voting Common Stock, par value \$.001 per share (the "Common Stock"), for an aggregate purchase price of \$3,750,000. Subject to the satisfaction of the conditions set forth in Section 5, the Company has authorized the issuance and sale to the Purchaser of 1,875,000 shares (the "Preferred Shares") of Series A 9 3/4% Convertible Cumulative Preferred Stock, par value \$.001 per share (the "Preferred Stock"), for an aggregate purchase price of \$3,750,000. The Preferred Shares will have the terms and conditions set forth in the Certificate of Amendment and the Certificate of Designations to the Articles of Incorporation of the Company attached hereto as Exhibits A-1 and A-2, (collectively, the "Articles of Amendment"). The Common Shares and the Preferred Shares may be collectively referred to as the "Shares".

## 2. CLOSINGS

2.1 COMMON SHARES CLOSING. The Company will sell to the Purchaser and, subject to the terms and conditions hereof, the Purchaser will purchase from the Company, at the closing provided for in this Section 2.1, the Common Shares at an aggregate purchase price of \$3,750,000. The closing of the sale and purchase of the Common Shares (the "Common Closing") shall take place at the offices of the Company at 3880 N. 28th Terrace, Hollywood, Florida, 33020, following the satisfaction or waiver (not violative of law) of the conditions set forth in Sections 3 and 4, on October 21, 1997 (the "Common Closing Date"), unless otherwise agreed between the Purchaser and the Company. At the Common Closing, the Company will deliver to the Purchaser one or more stock certificates (as the Purchaser may designate in advance), each dated the Common Closing Date and duly registered in the Purchaser's name (or in the name of any nominee the Purchaser designates to hold the Common Shares for its account), representing the Common Shares, against receipt of \$3,750,000 from the Purchaser by delivery of federal funds payable to the Company.

2.2 PREFERRED SHARES CLOSING. The Company will sell to the Purchaser and, subject to the terms and conditions hereof, the Purchaser will purchase from the Company, at the closing provided for in this Section 2.2, the Preferred Shares at an aggregate purchase price of

\$3,750,000. The closing of the sale and purchase of the Preferred Shares (the "Preferred Closing") shall take place at the offices of the Company at 3880 N. 28th Terrace, Hollywood, Florida, 33020 or by mail if the parties agree, following the satisfaction or waiver (not violative of law) of the conditions set forth in Section 5 and the consummation of the Common Closing, on November 30, 1997 (the "Preferred Closing Date"), unless otherwise agreed between the Purchaser and the Company. At the Preferred Closing, the Company will deliver to the Purchaser one or more stock certificates (as the Purchaser may designate), each dated the Preferred Closing Date and duly registered in the Purchaser's name (or in the name of any nominee the Purchaser designates to hold the Preferred Shares for its account), representing the Preferred Shares against receipt of \$3,750,000 from the Purchaser by delivery of federal funds payable to the Company. The Preferred Closing and the Common Closing may be hereinafter referred to as the "Closings."

3. CONDITIONS TO THE PURCHASER'S OBLIGATIONS RE: COMMON CLOSING. The Purchaser's obligation to acquire the Common Shares is subject to the fulfillment, prior to or at the Common Closing, of the following conditions:

3.1 REPRESENTATIONS AND WARRANTIES CORRECT. The representations and warranties of the Company contained in Section 6 shall be correct as of the date hereof and at and as of the time of the Common Closing.

3.2 PERFORMANCE AND COMPLIANCE. The Company shall have performed all agreements and complied with all conditions contained herein required to be performed or complied with by it prior to or at the Common Closing.

3.3 OFFICER'S CERTIFICATE. The Purchaser shall have received a certificate of the President and Chief Executive Officer of the Company, dated the Common Closing Date, certifying that the conditions specified in Sections 3.1, 3.2 and 3.8 have been fulfilled.



3.4 OPINIONS OF COUNSEL OF THE COMPANY. The Purchaser shall have received an opinion from Steel Hector & Davis LLP, counsel to the Company, dated the Common Closing Date and substantially in the form of Exhibit B, and an opinion from Lionel Sawyer & Collins, Nevada counsel to the Company, dated the Common Closing Date in such form as may be reasonably acceptable to the Purchaser.

3.5 WAIVERS AND CONSENTS. All waivers and consents required to be obtained by the Company in connection with the Common Closing shall be satisfactory in substance and form to the Purchaser, including but not limited to the consent of Heller Financial, Inc.

3.6 OTHER AGREEMENTS.

(a) The Stockholders Agreement attached hereto as Exhibit C (the "Stockholders Agreement") shall have been executed and delivered by the Company, the Ginsburgs (as defined

therein), and the Purchaser. All such action shall have been taken as may be necessary to elect a Board of Directors of the Company, effective upon the Common Closing, as provided in the Stockholders Agreement.

(b) The Registration Rights Agreement attached hereto as Exhibit D (the "Registration Rights Agreement") shall have been executed and delivered by the Company and the Purchaser.

(c) The Employment Agreements attached hereto as Exhibit E and F (the "Employment Agreements") shall have been executed and delivered by Richard Ginsburg and Darius G. Nevin and the Company.

(d) The Employment Agreement attached hereto as Exhibit G (the "Harold Ginsburg Employment Agreement") shall have been executed and delivered by Harold Ginsburg and the Company.

3.7 CORPORATE ACTION. The Company shall have delivered to the Purchaser certified copies of (a) the resolutions duly adopted by an independent committee of the, and the full, board of directors of the Company authorizing the execution, delivery and performance of this Agreement, and each of the other agreements contemplated hereby, the filing of the Articles of Amendment, the issuance and sale of the Preferred Shares and the Common Shares, the reservation for issuance upon conversion of the Preferred Shares of an aggregate of 2,273,385 shares of Common Stock and the consummation of all other transactions contemplated by this Agreement, (b) the written consents of the Company's stockholders adopting the Articles of Amendment, (c) the Articles of Incorporation and Bylaws of the Company, each as amended to date, and (d) incumbency of the Company's officers.

3.8 NO MATERIAL ADVERSE CHANGE. There shall have been no material adverse change in the business, assets, liabilities, prospects, results of operations or condition, financial or otherwise, of the Company and its subsidiaries, taken as a whole ( "Material Adverse Change").

3.9 STATUS OF PREFERRED STOCK CLOSING. All third party conditions and consents to the Preferred Stock Closing shall have been satisfied, except the passage of time with respect to the information statement delivered to stockholders of the Company in connection with the adoption of the Articles of Amendment and the filing of the Articles of Amendment with the Secretary of State of the State of Nevada.

3.10 NO PROCEEDINGS OR LITIGATION. There shall be no proceeding or action pending or threatened before any tribunal or governmental agency which seeks to restrain or effect any of the transactions contemplated herein.

4. CONDITIONS TO COMPANY'S OBLIGATIONS RE: COMMON CLOSING. The Company's obligation to sell the Common Shares is subject to the fulfillment, prior to or at the Common Closing, of the following conditions:

4.1 REPRESENTATIONS AND WARRANTIES CORRECT. The representations and warranties of the Purchaser contained in Section 7 shall be correct at and as of the time of the Common Closing.

4.2 PERFORMANCE AND COMPLIANCE. The Purchaser shall have performed all agreements and complied with all conditions contained herein required to be performed or complied with by it prior to or at the Common Closing.

4.3 OFFICER'S CERTIFICATE. The Company shall have received a certificate of the President and Chief Executive Officer of the Purchaser, dated the Common Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

4.4 OPINION OF COUNSEL OF THE COMPANY. The Company shall have received an opinion from John K. Rosenberg, counsel of the Purchaser, dated the Common Closing Date and substantially in the form of Exhibit H.

4.5 WAIVERS AND CONSENTS. All waivers and consents required to be obtained by the Purchaser in connection with the Common Closing shall be satisfactory in substance and form to the Company, including but not limited to the consent of Protection One, Inc.

4.6 OTHER AGREEMENTS.

(a) The Stockholders Agreement shall have been executed and delivered by the Company, the Ginsburgs, and the Purchaser. All such action shall have been taken as may be necessary to elect a Board of Directors of the Company, effective upon the Common Closing, as provided in the Stockholders Agreement.

(b) The Registration Rights Agreement shall have been executed and delivered by the Company and the Purchaser.

(c) The Employment Agreements shall have been executed and delivered by Richard Ginsburg and Darius G. Nevin and the Company.

(d) The Harold Ginsburg Employment Agreement shall have been executed and delivered by Harold Ginsburg and the Company.

4.7 FAIRNESS OPINION. The Company shall have received an opinion of Raymond James & Associates, Inc. stating that the transactions contemplated hereby are fair from a

financial point of view to the existing stockholders of the Company and such opinion shall not have been withdrawn or adversely modified.

5. CONDITIONS RE: PREFERRED CLOSING. The parties' obligations to consummate the purchase of the Preferred Shares are subject to the fulfillment, prior to or at the Preferred Closing, of the following conditions:

5.1 COMMON CLOSING. The consummation of the Common Closing shall have occurred prior to the Termination Date set forth in Section 11.

5.2 STOCKHOLDER APPROVAL. The Articles of Amendment shall have been approved by the stockholders of the Company to the extent required by applicable law.

5.3 ARTICLES OF AMENDMENT. The Articles of Amendment shall have been filed with the Secretary of the State of Nevada and shall be in full force and effect under the laws of such state.

6. CONDITIONS TO THE PURCHASER'S OBLIGATIONS RE: PREFERRED CLOSING. The Purchaser's obligation to acquire the Preferred Shares is subject to the fulfillment, prior to or at the Preferred Closing, of the following conditions:

6.1 REPRESENTATIONS AND WARRANTIES CORRECT. The representations and warranties of the Company contained in Section 7 shall be correct as of the date hereof and at and as of the time of the Preferred Closing.

6.2 PERFORMANCE AND COMPLIANCE. The Company shall have performed all agreements and complied with all conditions contained herein required to be performed or complied with by it prior to or at the Preferred Closing.

6.3 OFFICER'S CERTIFICATE. The Purchaser shall have received a certificate of the President and Chief Executive Officer of the Company, dated the Preferred Closing Date, certifying that the conditions specified in Sections 6.1, 6.2 and 6.6 have been fulfilled.

6.4 OPINION OF COUNSEL OF THE COMPANY. The Purchaser shall have received an opinion from Steel Hector & Davis LLP, counsel to the Company, dated the Preferred Closing Date and substantially in the form of Exhibit B, and an opinion from Lionel Sawyer & Collins, Nevada counsel to the Company, dated the Common Closing Date in such form as may be reasonably acceptable to the Purchaser.

6.5 WAIVERS AND CONSENTS. All waivers and consents required to be obtained by the Company in connection with the Preferred Closing shall be satisfactory in substance and form to the Purchaser, including but not limited to the consent of Heller Financial, Inc.

6.6 NO MATERIAL ADVERSE CHANGE. There shall have been no Material Adverse Change.

7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants that:

7.1 ORGANIZATION; GOOD STANDING; VALID AND BINDING. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has all requisite corporate power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into this Agreement, to issue and sell the Common Shares and the Preferred Shares, and to carry out the terms hereof and thereof. Each of the Company's subsidiaries is duly organized, validly existing and in good standing under the laws of its state of incorporation. Each of the Company and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing in each jurisdiction where the character of its properties owned or leased or the nature of its activities makes qualification necessary, except where failure to so qualify would not individually or in the aggregate have a Material Adverse Change. The execution, delivery and performance of this Agreement and all other agreements contemplated hereby to which the Company is a party have been duly authorized by the Company. Each of such agreements has been duly and validly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, liquidation, moratorium, receivership, conservatorship, readjustment of debts, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally.

7.2 INFORMATION FURNISHED; BUSINESS. The Company has furnished the Purchaser with true and complete copies of (a) the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1996, as amended to date, (b) any and all of the Company's Current Reports on Form 8-K which have been filed with the Securities and Exchange Commission ("SEC") since December 31, 1996, (c) the Company's Quarterly Reports on Form 10-QSB for the quarters ended March 31, 1997 and June 30, 1997, as amended to date, (collectively "SEC Documents") and (d) all other reports and documents filed by the Company with the SEC under the Exchange Act since January 1, 1997. The financial statements contained in the SEC Documents have been prepared in accordance with generally accepted accounting principles applied on a consistent basis (except as stated in the notes thereto), and present fairly (subject, in the case of unaudited statements, to normal recurring adjustments) the financial condition of the Company as of their respective dates and the results of operations and cash flows for the respective periods. Except as disclosed in the SEC Documents or as set forth on Schedule A, since January 1, 1997 there has been no Material Adverse Change. Since January 1, 1997, the Company has made all filings required to be made in compliance with the Exchange Act, and such filings, as modified by subsequent reports filed pursuant to the Exchange Act conformed in all material respects to the requirements of the Exchange Act, and the rules and regulations of the SEC thereunder, and such filings did not contain any untrue statement of a material fact and did

not omit to state any material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were made as of their respective dates of filing.

7.3 LITIGATION. Except as disclosed on Schedule A, there are no actions, proceedings or investigations nor any judgment, decree, injunction, rule, or order pending or threatened which question or affect the validity of this Agreement, the Common Shares or the Preferred Shares, or any action taken or to be taken pursuant hereto or thereto, or which might result, either in any case or in the aggregate, in any Material Adverse Change, or in any liabilities on the part of the Company which, either in any case or in the aggregate, are or might be material and which liabilities have not been disclosed in the notes to the Company's financial statements contained in the SEC Documents and adequately reserved for on the Company's balance sheet as at June 30, 1997.

7.4 COMPLIANCE WITH OTHER INSTRUMENTS. Except for consents and approvals required to be obtained as set forth on Schedule A, the execution, delivery and performance of this Agreement and the other agreements contemplated hereby, and the issuance of the Common Shares and the Preferred Shares, do not and will not result in any violation of or be in conflict with or constitute (with or without due notice or lapse of time or both) a default or result in an adverse event under any term of the Articles of Incorporation, as amended (the "Charter"), or by-laws of the Company, or of any material agreement, instrument, obligation, license, judgment, decree, order, statute, rule or governmental regulation applicable to the Company, its assets or properties or result in the imposition or creation of any lien or encumbrance upon any asset or property of the Company. The Company is not in violation of any term of its Charter or by-laws, or of any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation which is material to the business, operations, prospects, or affairs of the Company.

7.5 GOVERNMENTAL CONSENTS. Except for such consents, approvals and authorizations as are set forth on Schedule A, neither the Company, nor any of its subsidiaries is or will be required to obtain any consent, approval or authorization of, or to make any declaration or filing with, any governmental authority as a condition precedent to the valid execution and delivery of this Agreement and the other agreements contemplated hereby, and, the valid offer, issue and delivery of the Common Shares and the Preferred Shares. Schedule 6.5 correctly sets forth the names and jurisdictions of domicile of each subsidiary of the Company.

7.6 CAPITAL STOCK. Schedule A correctly describes each class of the authorized capital stock of the Company on the date hereof, including, as to each such class, the number of shares thereof authorized and the number of shares thereof issued and outstanding. All of the outstanding shares of the Company are validly issued and outstanding, fully paid and non-assessable and free of preemptive rights. The Company has no outstanding securities convertible into or exchangeable for capital stock and no outstanding options, warrants or other rights to subscribe for or purchase, or agreements for the purchase from or the issue or sale by the Company of, capital stock, other than as set forth in such Schedule A, which correctly describes

each such security, right or agreement and the number of shares subject thereto, whether or not reserved for on the books of the Company. Schedule A also sets forth all shares of capital stock reserved or required for issuance pursuant to any employee benefit, stock option or other similar plan.

7.7 DISCLOSURE. There is no fact known to the Company which materially adversely affects the business, operations, affairs, prospects, properties, assets or condition of the Company which has not been set forth in this Agreement or in Schedule A hereto. No representation or warranty contained in this Agreement, the other agreements contemplated hereby, or the Schedules hereto or thereto, or any officers certificate furnished thereunder, at the date hereof, or at the Common Stock Closing Date and the Preferred Stock Closing Date contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

7.8 ABSENCE OF CERTAIN CHANGES OR EVENTS. Except as disclosed in the SEC Documents or as set forth on Schedule A hereto, since January 1, 1997, the Company has in all material respects conducted its business in the ordinary course consistent with past practices.

7.9 ABSENCE OF UNDISCLOSED LIABILITIES. Except as set forth on Schedule A and in the SEC Documents, and liabilities incurred after January 1, 1997 in the ordinary course of business and consistent with past practices, the Company does not have any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of a nature required by GAAP to be reflected in a consolidated balance sheet (or reflected in the notes thereto).

7.10 NO DEFAULT. Except as set forth on Schedule A hereto, neither the Company nor any of its subsidiaries is in violation or breach of, or default under (and no event has occurred which with notice or the lapse of time or both would constitute a violation or breach of, or a default under) any term, condition or provision of (i) any material note, bond, mortgage, deed of trust, security interests, indenture, license, contract, agreement, plan or other instrument or obligation to which the Company or any such subsidiary is a party or by which the Company or any such subsidiary or any of their respective properties or assets may be bound or affected, (ii) any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, any subsidiary of the Company or any of their respective properties or assets or (iii) any registration, license, permit or other consent or approval of any governmental agency, except in each case for breaches, defaults or violations which would not individually or in the aggregate have a material adverse effect on the business, assets, liabilities, results of operations or condition, financial or otherwise, of the Company and its subsidiaries, taken as a whole.

8. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser represents and warrants that:

8.1 NO DISTRIBUTION. The Purchaser is acquiring the Preferred Shares and the Common Shares for its own account with the present intention of holding such securities for

purposes of investment, and it has no intention of selling such securities in a public distribution in violation of the federal securities laws or any applicable state securities laws. The Purchaser understands that the Common Shares and the Preferred Shares are "restricted securities" as defined in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), and have not been registered pursuant to the provisions of the Securities Act, in as much as the proposed purchase of the Common Shares and the Preferred Shares is taking place in a transaction not involving any public offering.

8.2 SOPHISTICATION. The Purchaser is knowledgeable, experienced and sophisticated in financial and business matters and is able to evaluate the risks and benefits of the investment in the Common Shares and the Preferred Shares.

8.3 ECONOMIC RISK. The Purchaser is able to bear the economic risk of its investment in the Common Shares and the Preferred Shares for an indefinite period of time because the Common Shares and the Preferred Shares have not been registered under the Securities Act and, therefore, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available.

8.4 ACCESS TO INFORMATION. The Purchaser has been furnished or otherwise had full access to such other information concerning the Company and its subsidiaries as it has requested and that was necessary to enable the Purchaser to evaluate the merits and risks of an investment in the Company, and after a review of this information, has had an opportunity to ask questions and receive answers concerning the financial condition and business of the Company and the terms and conditions of the securities purchased hereunder, and has had access to and has obtained such additional information concerning the Company and the securities as it deemed necessary. The Purchaser has carefully reviewed the information furnished pursuant to Section 7.2.

8.5 ACCREDITED INVESTOR. The Purchaser is an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

8.6 LEGEND. The Purchaser understands that the certificate(s) representing the Common Shares and the Preferred Shares (and any Common Stock issued upon conversion of the Preferred Shares) will bear restrictive legends thereon as follows:

"The securities represented by this certificate have been acquired directly or indirectly from the Company without being registered under the Securities Act of 1933, as amended (the "Act"), or any other applicable securities laws, and are restricted securities as that term is defined under Rule 144 promulgated under the Act. These securities may not be sold, pledged, transferred, distributed or otherwise disposed of in any manner unless they are registered under the Act and all other applicable securities laws, or unless the request for transfer is accompanied by a favorable opinion of counsel, reasonably satisfactory to the



Company, stating that the transfer will not result in a violation of the Act and all other applicable state securities law."

8.7 ADDITIONAL PURCHASER REPRESENTATIONS. The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. The execution, delivery and performance of this Agreement and all other agreements contemplated hereby to which such Purchaser is a party have been duly authorized by the Purchaser. Each of such agreements constitutes a valid and binding obligation of the Purchaser, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, liquidation, moratorium, receivership, conservatorship, readjustment of debts, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally. The Purchaser has made or obtained all material third party and governmental consents, approvals and filings to be made or obtained prior to the Closings by the Purchaser in connection with the consummation of the transactions hereunder. The execution and delivery by the Purchaser of each of the Agreement and all other agreements contemplated hereby and the fulfillment of and compliance with the respective terms thereof by the Purchaser do not and shall not (a) conflict with or result in a breach of the terms, conditions or provisions of, (b) constitute a default under, or (c) result in a violation of the organizational documents of the Purchaser or any material agreement or instrument to which Purchaser is subject.

#### 9. INDEMNIFICATION.

9.1 INDEMNIFICATION BY THE COMPANY. In addition to all other sums due hereunder or provided for in this Agreement and any other rights and remedies available to Purchaser under applicable law, the Company agrees to hold harmless and indemnify the Purchaser and all directors, officers and controlling persons of the Purchaser (within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (individually referred to as an "Indemnified Person") from and against any losses, claims, damages, costs and expenses, and liabilities (including attorneys' fees and expenses of investigation) incurred by each Indemnified Person pursuant to any action, suit, proceeding or investigation against any one or more of the Company and such Indemnified Person, and arising out of or in connection with a breach by the Company of any agreement, representation, warranty, covenant, or obligation contained in this Agreement or any other agreement contemplated hereby or delivered hereunder and any and all costs and expenses incurred by any Indemnified Person in connection with the enforcement of its rights under this Agreement and the other agreements contemplated hereby. The Company further agrees, promptly upon demand by an Indemnified Person, from time to time, to reimburse each Indemnified Person for, or pay, any loss, claim, damage, liability or expense as to which the Company has indemnified the Indemnified Person pursuant to this Agreement.

9.2 INDEMNIFICATION BY THE PURCHASER. In addition to all other sums due hereunder or provided for in this Agreement, the Purchaser agrees to hold harmless and indemnify the Company and all directors, officers and controlling persons of the Company (within the meaning

of Section 15 of the Securities Act or Section 20 of the Exchange Act) (individually referred to as an "Indemnified Person") from and against any losses, claims, damages, costs and expenses and liabilities (including attorneys' fees and expenses of investigation) incurred by each Indemnified Person pursuant to any action, suit, proceeding or investigation against any one or more of the Purchaser and such Indemnified Person, and arising out of or in connection with a breach by the Purchaser of any agreement, representation, warranty, covenant or obligation contained in this Agreement or any agreement contemplated hereby or delivered hereunder and any and all costs and expenses incurred by any Indemnified Person in connection with the enforcement of its rights under this Agreement and the agreements contemplated hereby. The Purchaser further agrees, promptly upon demand by an Indemnified Person, from time to time, to reimburse each Indemnified Person for, or pay, any loss, claim, damage, liability or expense as to which the Purchaser has indemnified the Indemnified Person pursuant to this Agreement.

9.3 PROCEDURE. Each Indemnified Person agrees to give prompt written notice to the indemnifying party after the receipt by the Indemnified Person of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which such Indemnified Person will claim indemnification or contribution pursuant to this Agreement, PROVIDED that the failure of any Indemnified Person to give notice shall not relieve the indemnifying party of its obligations except to the extent that the indemnifying party is actually prejudiced by the failure to give notice. If any such action is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses incurred by the latter in connection with the defense thereof unless (i) in the reasonable opinion of counsel for the indemnifying party a conflict of interest exists between the indemnified party and indemnifying party, (ii) the indemnified party reasonably objects to such assumption on the basis that there may be defenses available to it which are different from or in addition to the defenses available to the indemnifying party, (iii) the indemnifying party has failed to timely assume the defense of any such action or proceeding or (iv) the indemnifying party and its counsel do not actively and vigorously pursue the defense of such action. Whether or not such defense is assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. An indemnifying party who elects not to assume the defense of an action or where a potential conflict of interest or other defenses may be available, shall not be obligated to pay the fees and expenses of more than one counsel and local counsel where appropriate for all parties indemnified by such indemnifying party with respect to such action, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such action. Cost and expenses incurred by the indemnified party shall be reimbursed, from time to time, by the Company as and when bills are received or expenses are incurred.

9.4 GROSS UP. Any payment required to be made under this Section 9 shall be increased so that the net amount retained by the Indemnified Person, after deduction of any federal, state, local or foreign tax due thereon (assuming a maximum effective total statutory tax rate), shall be equal to the amount otherwise due.

10. EXCHANGE AND REPLACEMENT OF SECURITIES. Upon surrender of any Preferred Share or Common Share certificate by the Purchaser for exchange at the office of the Company, the Company, at its expense (exclusive of applicable transfer taxes or other similar taxes) will issue or cause to be issued, in exchange, a new Preferred Share or Common Share certificate in such denominations as may be requested for the same number of Preferred Shares or Common Shares, as the case may be, and registered as the Purchaser may request. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any Preferred Share or Common Share certificate, upon delivery of a written agreement of indemnity reasonably satisfactory to the Company in form or amount, or, in the case of any such mutilation upon surrender and cancellation thereof, the Company, at its expense, will issue or cause to be issued a new Preferred Share or Common Share certificate in replacement of such lost, stolen, destroyed or mutilated Preferred Share or Common Share certificate.

10.1 SURVIVAL. All agreements, representations and warranties contained herein or made in writing by or on behalf of the Company or by or on behalf of the Purchaser in connection with the transactions contemplated hereby shall survive the execution and delivery of this Agreement, all investigations made by Purchaser or on Purchaser's behalf, and the issue and delivery of the Preferred Shares and the Common Shares.

11.01 TERMINATION. This Agreement may be terminated:

(a) by the mutual written consent of the Purchaser and the Company;

(b) by either party if the Common Closing has not occurred on or before November 30, 1997, or such later date as the parties may agree upon (the "Termination Date"); provided that the party electing termination pursuant to this clause (b) is not in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement;

(c) by the Purchaser if the Preferred Stock Closing has not occurred on or before December 31, 1997, or such later date as the parties may agree upon.

(d) (i) by the Purchaser if any of the conditions in Section 3 have not been satisfied as of the Common Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Purchaser to comply with its obligations under this Agreement) and the Purchaser has not waived such condition on or before the Common Closing Date;

(ii) by the Company, if any of the conditions in Section 4 have not been satisfied as of the Common Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Company to comply with its obligations under this Agreement) and the Company has not waived such condition on or before the Common Closing Date;

(iii) by either party, if any of the conditions in Section 5 have not been satisfied as of the Preferred Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of the electing party to comply with its obligations under this Agreement) and such condition has not been waived on or before the Preferred Closing Date; or

(e) by either party if a breach of any provision of this Agreement has been committed by the other party or any representation or warranty made by the other party shall have been incorrect when made and such breach, failure or misrepresentation has not been cured within 20 days after notice thereof or waived.

11.02 EFFECT OF TERMINATION. In the event of termination of this Agreement as provided in Section 11.01, this Agreement shall forthwith become void and there shall be no liability on the part of either party hereto except (a) as set forth in Section 9, 13 and 15 and (b) that nothing herein shall relieve either party from liability for any breach of this Agreement.

12. NO BROKER. Each party hereto represents and warrants that it has incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

13. BREAK-UP FEE . In the event that this Agreement is terminated as a result of a breach of this Agreement by the Company, failure of the Company to obtain any required consents or approvals, or in connection with the Company entering into another transaction, the Company will pay Purchaser in same day funds a cash fee of \$300,000 immediately upon termination.

14. NOTICES. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if hand delivered or sent by first class registered or certified mail (return receipt requested), postage prepaid, to the respective addresses of the Company and the Purchaser set forth below, unless subsequently changed by written notice. Any notice shall be deemed to be effective when it is received.

To the Purchaser:

Westar Capital, Inc.  
818 South Kansas Avenue  
P.O. Box 889  
Topeka, Kansas 66601  
Attention: President  
Phone: 785-575-6322  
Fax: 785-575-1788

With a copy to:

John K. Rosenberg, Esq.  
818 South Kansas Avenue  
P.O. Box 889  
Topeka, Kansas 66601  
Phone: 785-575-6322  
Fax: 785-224-1788

To the Company:

Guardian International, Inc.  
3880 North 28th Terrace  
Hollywood, Florida 33020-1118  
Attention: Richard Ginsburg, President  
Phone: 954-926-5200  
Fax: 954-926-1822

With a copy to:

Harvey Goldman, Esq.  
Steel Hector & Davis LLP  
200 South Biscayne Boulevard  
41st Floor  
Miami, FL 33131-2398  
Phone: 305-577-7011  
Fax: 305-577-7001

15. COSTS AND EXPENSES. Whether or not the transactions contemplated hereby close, each party will bear its own costs and expenses for due diligence and for the preparation and negotiation of this Agreement and the agreements referenced herein. The Company agrees to pay, or cause to be paid, all documentary and similar taxes levied under the laws of the United States of America or any state or local taxing authority thereof or therein in connection with the issuance and sale of the Preferred Shares and the Common Shares and the execution and delivery

of the other agreements and documents contemplated hereby and any modification of any of such documents and will hold the Purchaser harmless without limitation as to time against any and all liabilities with respect to all such taxes.

16. RESERVED.

17. MUTUAL COVENANTS. Each of the Company and Purchaser agrees to promptly use its best efforts to secure such consents as may be necessary to effect the transactions contemplated hereunder.

18. PRESS RELEASES. Simultaneously with the execution of this Agreement, the parties hereto shall issue a press release in mutually acceptable form (the "Press Release"). The parties hereto agree to consult with each other prior to any press release regarding the transactions contemplated herein.

19. ASSIGNMENT, SUCCESSORS AND NO THIRD-PARTY RIGHTS. Neither party may assign any of its rights under this Agreement without the prior consent of the other party, except that the Purchaser may assign any of its rights under this Agreement to any "affiliate" of the Purchaser as defined in Regulation D of the Act including, but not limited to, Protection One, Inc. following the closing of the proposed transaction in which Western Resources, Inc. shall acquire not less than 50% of the outstanding equity of Protection One, Inc. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

20. SEVERABILITY. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable. In the event any provision of this Agreement shall be held invalid, the parties agree to enter into such further agreements as may be necessary in order to carry out the intent and purposes of the parties herein.

21. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Florida without regard to conflict of law principles thereunder.

22. ENTIRE AGREEMENT AND MODIFICATION. This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the

agreement between the parties with respect to its subject matter. This Agreement may be not amended except by a written agreement executed by the party to be charged with the Amendment.

23. WAIVER. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor the delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by any party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of an obligation of such party or of the right of the party giving such notice or demand to take further notice or demand as provided in this Agreement or the documents referred to in this Agreement.

24. ACQUISITION PROPOSALS. The Company will not, and will use its best efforts to cause its officers, directors, employees, representatives and agents not to, initiate, encourage or solicit, directly or indirectly, any inquiries or the making of any proposal with respect to, or, except to the extent advised in writing by outside counsel that said disclosure is required by their fiduciary duties, engage in negotiations concerning, provide any confidential information or data to, or have any discussions with, any person relating to, any acquisition, or purchase of all or any significant portion of the assets of, or any equity interest in, such party or any of its subsidiaries or any merger, consolidation or other business combination of such party or any of its subsidiaries with any other Person. The Company represents that as of the date hereof it has ceased any and all existing activities, discussions or negotiations with any parties conducted heretofore with respect to any of the foregoing. The Company agrees to notify the Purchaser immediately if any such negotiations, provision of confidential information or data or discussions are entered into or made or any such inquiries are received in respect thereof, and shall provide details with respect thereto. Notwithstanding the above, the Company may engage in such described behavior with respect to any proposal meeting the above definition of acquisition proposal pursuant to which the Company shall acquire the stock or assets of another entity for an aggregate purchase price not to exceed \$4,000,000.

25. NOTICE OF CERTAIN EVENTS. The Company and the Purchaser shall promptly notify the other of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement; and

(c) any actions, suits, claims, investigations or proceedings commenced or, to the best of its knowledge threatened against, relating to or involving or otherwise affecting any party which, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to this Agreement or which relate to the consummation of the transactions contemplated by this Agreement.

26. SECTION HEADINGS; COUNTERPARTS. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

27. DISPUTE RESOLUTION. Any dispute arising from, relating to, or in connection with the matters contained herein shall be resolved in accordance with procedures set forth in Schedule B hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalf as of the date first written above.

GUARDIAN INTERNATIONAL, INC.

By: /s/ RICHARD GINSBURG

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Richard Ginsburg,  
President and Chief Executive Officer

WESTAR CAPITAL, INC.

By: /s/ RITA A. SHARPE

-----  
Rita A. Sharpe  
President





## GUARDIAN INTERNATIONAL, INC.

## STOCKHOLDERS AGREEMENT

This Stockholders Agreement (this "Agreement"), dated as of October 21, 1997, is made by and among Guardian International, Inc., a Nevada corporation (the "Company"), Harold Ginsburg, Sheilah Ginsburg, Richard Ginsburg and Rhonda Ginsburg (the "Ginsburgs"), and Westar Capital, Inc., a Kansas corporation ("Westar"). The Ginsburgs and Westar are referred to collectively as the "Stockholders" and individually as a "Stockholder." Capitalized terms used herein and not defined in the text are defined in Section 1 hereof.

Simultaneously with the execution hereof, Westar shall subscribe to shares (the "Shares") of Common Stock and Preferred Stock pursuant to the Stock Subscription Agreement between Westar and the Company dated as of October 14, 1997 (the "Subscription Agreement").

The Company and the Stockholders desire to enter into this Agreement for the purposes, among others, of (i) establishing the composition of the Company's Board of Directors (the "Board") and certain other voting agreements, (ii) assuring continuity in the management and ownership of the Company and (iii) limiting the manner and terms by which the Stockholder Shares may be transferred. The execution and delivery of this Agreement is a condition to Westar's subscription and the Company's sale of the Shares pursuant to the Subscription Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

## 1. Definitions.

"AFFILIATE" has the meaning set forth in Section 8(e).

"BOARD" has the meaning set forth in the preamble.

"CERTIFICATE OF DESIGNATIONS," means the Certificate of Designations to the Articles of Incorporation of the Company dated as of \_\_\_\_\_, 1997 defining the rights and preferences of the Preferred Stock.

"COMMON SHARES" means the 2,500,000 shares of Common Stock subscribed by Westar pursuant to the Subscription Agreement.

"COMMON SHARES CLOSING" has the meaning set forth for such term in the Subscription Agreement.

"COMMITTEE" has the meaning set forth in Section 8(b).

"COMMON STOCK" means the Company's Class A Common Stock, par value \$.001 per share.

"COMPANY" has the meaning set forth in the preamble.

"DEFAULT" has the meaning set forth for such term in the Certificate of Designations.

"FAMILY GROUP" has the meaning set forth in Section 8(e).

"FULLY DILUTED BASIS" means, at any date as of which the number of shares is to be determined, (a) all shares of capital stock outstanding at such date, and (b) the maximum number of shares of capital stock issuable pursuant to warrants, options or other rights to purchase or acquire (whether or not such warrants, options or other rights are then exercisable), or pursuant to securities convertible into or exchangeable (whether or not such securities are then convertible or exchangeable) for, shares of capital stock outstanding on such date (including any shares issuable pursuant to any outstanding warrants).

"NON-AFFILIATE" means any entity other than one of which Westar, its parent or its subsidiaries own or control more than 20% of the voting securities or one which Westar, its parent or its subsidiaries control, are controlled by or are under common control with. For purposes of this definition and the definition of "Affiliate", "control" means the power to direct the management and policies of an entity whether through the ownership of voting securities, contract or otherwise.

"OFFER NOTICE" has the meaning set forth in Section 8(b).

"OTHER STOCKHOLDER" means the Stockholder other than the Transferring Stockholder.

"PERMITTED TRANSFEREE" has the meaning forth in Section 8(e).

"PERSON" means an individual, a partnership, a corporation, a limited

liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"PREFERRED SHARES" means the 1,875,000 shares of Preferred Stock of the Company to be sold to Westar pursuant to the terms of the Subscription Agreement.

"PREFERRED STOCK" means the Company's Series A 9 3/4% Convertible Cumulative Preferred Stock, par value \$.001 per share, having the rights and preferences set forth in the Certificate of Designations.

"PUBLIC SALE" means any sale of Stockholder Shares to the public pursuant to an offering registered under the Securities Act or to the public through a broker, dealer or market maker pursuant to the provisions of Rule 144 promulgated under the Securities Act.

"SALE NOTICE" has the meaning set forth in Section 8(c).

"SALE OF THE COMPANY" has the meaning set forth in Section 9(a).

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the rules and regulations promulgated pursuant thereto.

"STOCKHOLDER SHARES" means (i) any Common Stock or Preferred Stock held, purchased or otherwise acquired by any Stockholder, (ii) any Common Stock issued or issuable directly or indirectly upon conversion of the Preferred Stock and (iii) any Common Stock or Preferred Stock issued or issuable with respect to the securities referred to in clauses (i) or (ii) above. For purposes of this Agreement, any Person who holds Preferred Stock shall be deemed to be the holder of the Stockholder Shares issuable directly or indirectly upon conversion of the Preferred Stock in connection with the transfer thereof or otherwise and regardless of any restriction or limitation on the conversion thereof.

"STOCKHOLDERS" has the meaning set forth in the preamble.

"SUBSCRIPTION AGREEMENT" has the meaning set forth in the preamble.

"TRANSFER" has the meaning set forth in Section 8(a).

"TRANSFERRING STOCKHOLDER" has the meaning set forth in Section 8(b).

## 2. BOARD OF DIRECTORS.

### a. COMPOSITION OF THE BOARD.

i. From and after the Common Shares Closing and until the conversion of the Preferred Shares into Common Stock pursuant to the terms of the Certificate of Designations (the "Conversion"), each Stockholder shall vote all of its Stockholder Shares which are voting shares and any other voting securities of the

Company over which such Stockholder has voting control and shall take all other necessary or desirable actions within its control (whether in its capacity as a stockholder, director, member of a board committee or officer of the Company or otherwise, and including, without limitation, attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), and the Company shall take all necessary or desirable actions within its control (including, without limitation, calling special board and stockholder meetings), so that, subject to the remainder of this

Section 2:

- (1) The authorized number of directors on the Board shall be established at eight directors; and
- (2) The following individuals shall be elected to the Board:
  - (a) four representatives nominated by the Ginsburgs, who shall initially be Harold Ginsburg, Sheilah Ginsburg, Richard Ginsburg and one additional representative to be nominated by the Ginsburgs.
  - (b) two representatives nominated by Westar, and
  - (c) two representatives who shall not be officers or employees of the Company or of Westar or related by blood or marriage to or affiliated with any of the Ginsburgs (the "Independent Directors") nominated mutually by the Stockholders; and
- (3) If at any time prior to the Conversion, Westar Transfers Shares to a Non-Affiliate, Westar shall forfeit the right to nominate
  - (a) one Board seat if it Transfers 40% or more but less than 75% of the Shares, which Board seat shall thereafter become an Independent Director seat, and
  - (b) two Board seats if it Transfers 75% or more of the Shares.

ii. After the Conversion, each Stockholder shall vote all of its Stockholder Shares which are voting shares and any other voting securities of the Company over which such Stockholder has voting control and shall take all other necessary or desirable actions within its control (whether in its capacity as a stockholder, director, member of a board committee or officer of the Company or otherwise, and including, without limitation, attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), and the

Company shall take all necessary or desirable actions within its control (including, without limitation, calling special board and stockholder meetings), so that, subject to the remainder of this Section 2:

- (1) The authorized number of directors on the Board shall be established at nine directors; and
- (2) The following individuals shall be elected to the Board:

- (a) three representatives nominated by the Ginsburgs,
- (b) three representatives nominated by Westar,
- (c) three representatives who shall be Independent Directors nominated mutually by the Stockholders; and

(3) If at any time after the Conversion, Westar Transfers Shares of Common Stock (including those acquired upon Conversion) to a Non-Affiliate, Westar shall forfeit the right to nominate

- (a) one Board seat if it Transfers 25% or more but less than 45% of the Shares, which Board seat shall thereafter become an Independent Director seat,
- (b) two Board seats if it Transfers 45% or more but less than 70% of the Shares, which Board seats shall thereafter become Independent Director seats, and
- (c) three Board seats if it Transfers 70% or more of the Shares.

iii. Any committees of the Board shall be created and the composition thereof determined only upon the approval of not less than one Ginsburg nominee, one Westar nominee and one Independent Director.

iv. The removal from the Board (with or without cause) of any representative nominated hereunder shall be at the written request of the Person nominating such representative, but only upon such written request and under no other circumstances, subject to applicable law.

v. In the event that any representative nominated hereunder resigns, is removed or otherwise ceases to serve as a member of the Board during his term of office, the resulting vacancy on the Board shall be filled by a representative nominated by the Person nominating such representative as provided hereunder.

vi. No transferee of Stockholder Shares (including Common Stock issued upon Conversion), other than Permitted Transferees, shall have any right hereunder to cause any representatives to be appointed to the Board.

vii. The Company agrees to include each such designated nominee to be added to or retained on the Board pursuant to this Agreement in the slate of nominees recommended by the Board to the Company's stockholders for election as directors and shall use its best efforts to cause the election or reelection of each such nominee to the Board, including soliciting proxies in favor of the election of such persons.

b. LIMITATIONS ON BOARD COMPOSITION. Notwithstanding the provisions contained in Section 2(a),

i. in the event of a Default, Westar shall have the right to elect a majority of the Board until such time as the Default is cured; and

ii. the election of directors to the Board shall be subject at all times to applicable law.

c. BOARD EXPENSES. The Company shall pay the reasonable out-of-pocket expenses incurred by each director in connection with attending the meetings of the Board and any committee thereof, and each Board member shall otherwise be compensated as determined from time to time by the Board. The Company shall use its best efforts to obtain and to maintain directors and officers indemnity insurance coverage at a commercially reasonable price, and the Company's articles of incorporation and bylaws shall provide for indemnification and exculpation of directors to the fullest extent permitted under applicable law.

d. WRITTEN CONSENT. Each director entitled to vote at a meeting of the Board or to express consent or dissent to corporate action in writing without a meeting may authorize another director to act for him or her by proxy, but no such proxy shall be noted or acted upon after six months from its date or if such proxy is not permitted by applicable law.

3. EXECUTIVE EMPLOYMENT AGREEMENTS. In order to provide for continuity of operations and management of the Company, Westar agrees that it will, and will cause its nominees to the Board to, subject to exercise of such directors' fiduciary duties to all the stockholders of the Company, vote and take any and all action necessary or appropriate as a stockholder of the Company to cause the Company to uphold and comply with those certain Employment Agreements dated as of October \_\_, 1997 between the Company and Richard Ginsburg, between the Company and Darius G. Nevin and between the Company and Harold Ginsburg (the "Employment Agreements") pursuant to the terms thereof for the duration set forth in such Employment Agreements or its earlier termination thereof as provided therein.

4. INCENTIVE STOCK OPTION PLAN. Westar agrees to vote in favor of the establishment of a management incentive stock option plan (the "Plan") pursuant to which options not to exceed 5% of the Common Stock outstanding on the date of adoption on a Fully Diluted Basis may be issued. The Plan will contain terms customary to such incentive stock option plans, including provisions governing change of control. Options granted under the Plan will vest one-fifth each year over a five-year period.

5. FUTURE FINANCING. Westar agrees to vote in favor of a secondary public offering by the Company of up to 4,000,000 shares of Common Stock at not less than \$2.00 per share in connection with an offering of Common Stock, convertible debt or debt-with-equity securities.

6. REPRESENTATIONS AND WARRANTIES. Each Stockholder represents and warrants that (i) such Stockholder is the record owner of the number of shares of the Company's capital stock set forth opposite its name on the Schedule A attached hereto, (ii) this Agreement has been duly authorized executed and delivered by such Stockholder and constitutes the valid and binding obligation of such Stockholder, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, liquidation, moratorium receivership, conservatorship, readjustment of debts, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally, and (iii) such Stockholder has not granted and is not a party to any proxy, voting trust or other agreement which is inconsistent with, conflicts with or violates any provision of this Agreement. No holder of Stockholder Shares shall grant any proxy or become party to any voting trust or other agreement which is inconsistent with, conflicts with or violates any provision of this Agreement.

7. LIMITATION ON OWNERSHIP. For a period commencing on the Common Shares Closing and ending on the earlier of (a) the fifth anniversary thereof, (b) the occurrence of a Default, (c) a Sale of the Company, and (d) the date of a third party offer which could result in the sale of the Company to a third party, or an unsolicited tender offer or proxy contest for control of the Company by a third party, Westar agrees to limit its ownership of the Common Stock to 45% of the Common Stock of the Company outstanding at any time on a Fully Diluted Basis, unless Westar receives the prior written consent of the Company to exceed that limit.

#### 8. RESTRICTIONS ON TRANSFER OF STOCKHOLDER SHARES.

a. TRANSFER OF STOCKHOLDER SHARES. No Stockholder shall sell, transfer, assign, pledge or otherwise dispose of (whether with or without consideration and whether voluntarily or involuntarily) any interest in its Stockholder Shares (a "Transfer"), except in compliance with the provisions of this Section 8 or pursuant to a Public Sale. Each Stockholder agrees not to consummate any such Transfer (other than a Public Sale) until 45 days after the later of the delivery to the Company and the Other Stockholder of such Stockholder's Offer Notice or Sale Notice (if any) (the "Election Period").



b. FIRST OFFER RIGHT.

i. FIRST OFFER RIGHT OF THE COMPANY.

(1) At least 45 days prior to making any Transfer of any Stockholder Shares (other than a Public Sale), the transferring Stockholder (the "Transferring Stockholder") shall deliver a written notice (an "Offer Notice") to an independent committee established by the Board (a "Committee") and the Other Stockholder(s). The Offer Notice shall disclose in reasonable detail the proposed number of Stockholder Shares to be transferred, the proposed terms and conditions of the Transfer and the identity of the prospective transferee(s) (if known).

(2) The Company may, by recommendation of the Committee, elect to purchase all, but not less than all of the Stockholder Shares specified in the Offer Notice at the price and on the terms specified therein by delivering written notice of such election to the Transferring Stockholder and the Other Stockholder(s) as soon as practical but in any event within 15 days after the delivery of the Offer Notice.

ii. FIRST OFFER RIGHT OF THE OTHER STOCKHOLDER.

(1) If the Company has not elected to purchase the Stockholder Shares within such 15-day period, the Other Stockholder(s) may elect to purchase all or any portion of its pro rata share (based on the number of Stockholder Shares held by such Person on a Fully Diluted Basis) of the Stockholder Shares specified in the Offer Notice for a price not less than 105% of the price and on the terms offered by the Company by delivering written notice of such election to the Transferring Stockholder as soon as practical but in any event within 45 days after delivery of the Offer Notice; provided, however, that the Transferring Stockholder shall not be required to sell any of the Stockholder Shares specified in the Offer Notice to any Other Stockholder(s) unless all such offered Shares are elected to be and are so purchased.

(2) If the Company or the Other Stockholder(s) have elected to purchase the Stockholder Shares offered in the Offer Notice from the Transferring Stockholder, the Transfer of such shares shall be consummated as soon as practicable after the delivery of the election notice to the Transferring Stockholder, but in any event within 30 days after the expiration of the Election Period.

iii. TRANSFER TO THIRD PARTIES.

(1) If the Company and the Other Stockholder have not elected to purchase all of such Stockholder Shares being offered, the Transferring Stockholder may, within 120 days after the expiration of the Election Period and subject to the provisions of subsection (c) below, Transfer all such Stockholder Shares to one or more third parties at a price not less than 110% of the price offered by the Other Stockholder(s) and on other terms no more favorable to the transferees thereof than offered to the Company and the Other Stockholder(s) in the Offer Notice.

(2) Any Stockholder Shares not transferred within such 120-day period shall be re-offered to the Company and the Other Stockholder(s) under this Section 8(b) prior to any subsequent Transfer.

iv. The purchase price specified in any Offer Notice shall be payable solely in cash at the closing of the transaction or, if provided in the Offer Notice, in installments over time.

c. TAG-ALONG RIGHTS.

i. In the event the Ginsburgs shall Transfer more than 50% of their aggregate Stockholder Shares (other than pursuant to a Public Sale), at least 30 days prior to such Transfer, the Ginsburgs will deliver a written notice (the "Sale Notice") to the Company and to Westar, specifying in reasonable detail the identity of the prospective transferee(s) and the terms and conditions of the Transfer. Westar may elect to participate in the contemplated Transfer by delivering written notice to the Ginsburgs within 30 days after delivery of the Sale Notice.

ii. If Westar has elected to participate in such Transfer, the Ginsburgs and Westar will be entitled to sell in the contemplated Transfer, at the same price and terms, a number of Stockholder Shares equal to the product of (i) the quotient determined by dividing the percentage of the class of Stockholder Shares held by such person by the aggregate percentage of the class of Stockholder Shares owned by the Ginsburgs and Westar participating in such sale and (ii) the number of Stockholder Shares of such class to be sold in the contemplated Transfer.

For example, if the Sale Notice contemplated a sale of 100 shares of Common Stock by the Ginsburgs (assuming such 100 shares represents more than 50% of the Ginsburgs' stock holdings), and if the Ginsburgs at such time owns 30% of all shares of Common Stock and if Westar elects to participate and owns 20% of all

shares of Common Stock, the Transferring Stockholder would be entitled to sell 60 shares  $[(30\% / 50\%) \times 100 \text{ shares}]$  and the Other Stockholder would be entitled to sell 40 shares  $[(20\% / 50\%) \times 100 \text{ shares}]$ .

iii. The Ginsburgs shall use best efforts to obtain the agreement of the prospective transferee(s) to the participation of Westar in any contemplated Transfer, and the Ginsburgs shall not Transfer any of its Stockholder Shares to the prospective transferee(s) if the prospective transferee(s) declines to allow the participation of Westar as provided herein.

d. PREEMPTIVE RIGHTS.

i. If (1) the Company authorizes the issuance or sale of any equity securities (other than as a dividend on the outstanding Common Stock) to any Person and if, and only if, (2) such issuance or sale (individually or in the aggregate) would reduce Westar's equity ownership percentage of the Company to less than 35% of the outstanding Common Stock as of the date or dates of such authorization on a Fully Diluted Basis, the Company shall first offer to sell to Westar a portion of such equity securities equal to the quotient determined by dividing (a) the number of shares of Common Stock held by Westar on a Fully Diluted Basis by (b) the total number of shares of outstanding Common Stock on a Fully Diluted Basis (prior to giving effect to any anti-dilution adjustments with respect to any such options, warrants or convertible securities). Westar shall be entitled to purchase such equity securities for the same price and on the same terms as such equity securities are to be offered to such Person. The purchase price for all equity securities offered to Westar shall be payable in cash by wire transfer of immediately available funds.

ii. To exercise its purchase rights hereunder, Westar must within 30 days after receipt of written notice from the Company describing in reasonable detail the equity securities being offered, the purchase price thereof, the payment terms and Westar's percentage allotment, deliver a written notice to the Company describing its election hereunder.

iii. Upon the expiration of the offering period described above, the Company shall be entitled to sell such equity securities which Westar has not elected to purchase during the 90 days following such expiration on terms and conditions no more favorable to the purchasers thereof than those offered to Westar. Any equity securities offered or sold by the Company to any other Person after such 90-day period must be re-offered to Westar pursuant to the terms of this subsection 8(d).

e. PERMITTED TRANSFERS. The restrictions set forth in this Section 8 shall not apply with respect to any Transfer of Stockholder Shares by any Stockholder (i) in the case of the

Ginsburgs, pursuant to applicable laws of descent and distribution or among the Ginsburgs' Family Group or (ii) in the case of Westar, among its Affiliates (collectively referred to herein as "Permitted Transferees"); provided that the restrictions contained in this Section 8 shall continue to be applicable to the Stockholder Shares after any such Transfer and provided further that the transferees of such Stockholder Shares shall have agreed in writing to be bound by the provisions of this Agreement affecting the Stockholder Shares so transferred. For purposes of this Agreement, "Family Group" means an individual's spouse and descendants (whether natural or adopted) and spouses of descendants and any trust, family limited partnership or similar entity solely for the benefit of the individual and/or the individual's spouse and/or descendants and/or spouses of their descendants, and "Affiliate" or "subsidiary" of Westar means each Person as to which Westar, directly or indirectly, (i) owns or controls 50% or more of the aggregate capital stock, partnership interests or other equity interests or (ii) any Person which controls, is controlled by or is under common control with Westar. For purposes hereof "Affiliate" shall specifically include, but not be limited to, Westar's parent, Western Resources, Inc., and any of such parent's subsidiaries including, but not limited to, Protection One, Inc., following closing of the pending acquisition by Western Resources, Inc. of not less than 50% of the outstanding equity of Protection One, Inc.

#### 9. SALE OF THE COMPANY.

a. If a Committee shall approve a cash sale of all or substantially all of the Company's assets determined on a consolidated basis or a cash sale of all of the Company's outstanding capital stock to any other person or entity (collectively, a "Sale of the Company"), Westar shall either (i) vote for, consent to and raise no objections against, such Sale of the Company or (ii) purchase the shares of outstanding Common Stock it does not then own on substantially the same terms and conditions as approved by the Committee. Westar shall have thirty days from the date of notice from the Committee of approval of any such sale to agree to such purchase. If the Sale of Company is structured as a sale of stock, each Stockholder shall agree to sell all of its shares of capital stock of the Company and rights to acquire shares of capital stock of the Company on the terms and conditions approved by the Committee. Each Stockholder shall take all necessary or desirable actions in connection with the consummation of the Sale of the Company as reasonably requested by the Company.

b. The obligations of the Stockholders with respect to the Sale of the Company are subject to the satisfaction of the following conditions:

i. If any holders of a class of the Company's capital stock are given an option as to the form and amount of consideration to be received, each holder of such class of capital stock shall be given

the

same option; and

ii. Each holder of then currently exercisable rights to acquire shares of a class of the Company's capital stock shall be given an opportunity to either

(1) exercise such rights prior to the consummation of the Sale of the Company and participate in such sale as holders of such class of capital stock, or

(2) upon the consummation of the Sale of the Company, receive in exchange for such rights consideration equal to the amount determined by multiplying (a) the same amount of consideration per share of the Company's capital stock received by holders of such class of capital stock in connection with the Sale of the Company less the exercise price per share of such capital stock of such rights to acquire such class of capital stock by (b) the number of shares of such class of capital stock represented by such rights.

iii. The Stockholder shall not be required to make any unqualified representations or warranties to any Person in connection with such sale, except as to (i) good title to the stock being sold, (ii) the absence of encumbrances with respect to the Stock being sold, (iii) the valid existence and good standing of the Stockholder (if applicable), (iv) the authority for, and validity and binding effect of (as against such Stockholder), any agreement entered into by such Stockholder in connection with such sale, (v) all required material consents to such Stockholder's sale and material governmental approvals having been obtained (excluding any securities laws) and (vi) the fact that no broker's commission is payable by the such Stockholder as result of Stockholder's conduct in connection with the sale; and

c. The Stockholder shall not be required to provide any indemnities in connection with such sale except for breach of the representations and warranties contained in Section 9(b)(iii).

10. LEGEND. Each certificate evidencing Stockholder Shares or securities convertible into Stockholder Shares and each certificate issued in exchange for or upon the Transfer of any such securities (if such securities remain Stockholder Shares or remain convertible into Stockholder Shares after such Transfer) shall be stamped or otherwise imprinted with a legend in substantially the following form:

The securities represented by this certificate are subject to voting obligations, transfer restrictions and certain other provisions set forth in a Stockholders Agreement dated as of October \_\_\_\_, 1997, among the issuer of such securities (the "Company") and certain of the Company's stockholders, as amended and modified from time to time. A copy of such Stockholders Agreement shall be furnished without charge by the Company to the holder hereof upon written request to the Company at its principal executive office.

The Company shall imprint such legend on certificates evidencing Stockholder Shares and securities convertible into Stockholder Shares outstanding as of the date hereof. The legend set forth above shall be removed from the certificates evidencing any shares which cease to be Stockholder Shares in accordance with Section 11 hereof.

11. REMOVAL OF RESTRICTIONS ON TRANSFERS.

a. RESTRICTIONS. Stockholder Shares are transferable in (i) a public offering registered under the Securities Act or (ii) in a transaction pursuant to Rule 144 or any other legally available means of Transfer after the Transferring Stockholder has satisfied the conditions specified in subsection (b) below.

b. REMOVAL OF LEGEND. In connection with the Transfer of any Stockholder Shares (other than a Transfer in a public offering registered under the Securities Act), a Stockholder shall deliver written notice to the Company describing in reasonable detail the Transfer or proposed Transfer, together with an opinion of counsel which (to the Company's reasonable satisfaction) is knowledgeable in securities laws matters, to the effect that such Transfer of Stockholder Shares may be effected without registration of such Stockholder Shares under the Securities Act.

c. TRANSFERS. If the Company is not required to deliver new certificates for such Stockholder Shares without the legend described in Section 10, a Stockholder shall not Transfer any Stockholder Shares to any Person until the prospective transferee has agreed to be bound by this Agreement and to execute and deliver to the Company and the Other Stockholder a counterpart of this Agreement.

12. TRANSFERS IN VIOLATION OF AGREEMENT. Any Transfer or attempted Transfer of any Stockholder Shares in violation of any provision of this Agreement shall be void, and the Company shall not record such Transfer on its books or treat any purported transferee of such Stockholder Shares as the owner of such shares for any purpose.

13. TERMINATION. Notwithstanding anything to the contrary contained herein,

a. This Agreement shall terminate automatically and be of no further force or effect upon the fifteenth anniversary of the date hereof unless extended by the parties hereto in accordance with applicable law.

b. Sections 8 and 9 of this Agreement shall terminate and be of no further force or effect upon a Sale of the Company or the consummation of a Public Sale with respect to the Stockholder Shares sold in such Public Sale.

c. This Agreement shall terminate and be of no further force and effect upon Westar's ownership of Shares being less than 10% of the outstanding Shares on a Fully Diluted Basis.

14. NEGATIVE COVENANTS. Without the prior approval of Westar, the Company will not so long as Preferred Shares are outstanding: (a) authorize or issue any equity securities equal to or senior as to dividends or upon liquidation to the Preferred Stock; or (b) authorize or make any dividends or other distributions to the holders of Common Stock. Without the prior approval of Westar, the Company will not, so long as Westar or its Affiliates own or control at least 15% of the outstanding equity securities of the Company, issue any equity security senior to the Common Stock.

15. DIVIDEND DEDUCTION.

a. The purchase of the Shares by Westar has been entered into on the assumption that for federal income tax purposes the dividends on Westar's Preferred Shares will be eligible for the 80% dividends received deduction provided by Section 243 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code") (the "Dividends Received Deduction").

b. If (i) by reason of any change in the Code or the regulations thereunder as in effect on the date hereof or (ii) as a result of any change in the interpretation thereof by any Court, administrative body or the Internal Revenue Service and Westar shall not be eligible to claim the Dividends Received Deduction with respect to dividends on the Preferred Shares (other than partly or wholly as a result of Westar's failure to meet the current requirements of Section 243 of the Code), then (A) the Company shall pay to Westar, not later than 60 days following written notice to the Company by Westar of such ineligibility, such sums as, when taken together with the dividends paid to Westar as of the date of such notice of ineligibility with respect to the Preferred Shares, shall be required to cause Westar's effective after-tax yield with respect to such dividends to be the same as Westar's effective after-tax yield with respect to such dividends would have been had such ineligibility not occurred, (B) the Company shall pay to Westar, on each dividend payment date with respect to the Preferred Shares, commencing with the first such date following written notice of such ineligibility to the Company by Westar, such sums as, when taken together with the dividends paid to Westar on such dates with respect to the Preferred Shares, shall be required to cause Westar's effective after-tax yield with respect to such dividends to be the same as Westar's effective after-tax yield with respect to such dividends would have been had such ineligibility not occurred and (C) the sum due to Westar shall be calculated as follows: if X is the face amount of the Preferred Stock then outstanding, Y is the new Dividends Received Deduction rate expressed as a decimal (which shall not be less than 0.50), and Z is the number of days for which the calculation is being performed, then the sum due to Westar equals  $((X * .0975) * (0.80 - Y) * (0.40) * (Z / 360)) / (0.60)$ ; PROVIDED, however, that if the Company shall have received any such notice of ineligibility, then, in lieu of making any indemnity payments described in the foregoing clause (B) of this sentence, the Company, upon

written notice to Westar not later than 60 days after receipt of such notice of ineligibility, shall have the right to purchase all the Preferred Shares (subject to Westar's right to convert the Preferred Shares to Common Stock) then outstanding on the date specified in such notice (which date shall not be more than 120 days from the date of such notice) at a price equal to the greater of the average closing stock price for Common Stock for the 20 consecutive trading days immediately preceding the date of such notice and \$2.00 per share plus (i) the dividends accrued but unpaid to the date of purchase, and (ii) such sums, as when taken together with the dividends paid or accrued to the date of repurchase, as shall be required to cause Westar's effective after-tax yield with respect to such dividends to be the same as Westar's effective after-tax yield with respect to such dividends would have been had such ineligibility not occurred.

c. The indemnity payments provided for herein shall not be deemed to represent amounts payable on or with respect to the Preferred Shares or to Westar, as the holder of the Preferred Shares, and shall represent a separate obligation of the Company to Westar and its Permitted Transferees.

#### 16. MISCELLANEOUS.

a. AMENDMENT AND WAIVER. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement shall be effective against the Company or the Stockholders unless such modification, amendment or waiver is approved in writing by the Company and the Stockholders. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

b. SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or affect the validity, legality or enforceability of any provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein. In the event any provision of this Agreement shall be held invalid, the parties agree to enter into such further agreements as may be necessary in order to carry out the intent and purposes of the parties herein.

c. ENTIRE AGREEMENT. Except as otherwise expressly set forth herein, this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.



d. SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and the Stockholders (including Permitted Transferees) and any subsequent holders of Stockholder Shares and the respective successors and assigns of each of them, so long as they hold Stockholder Shares; PROVIDED, HOWEVER, that the rights of Westar set forth in Sections 8(c) and 8(d) shall not be assignable or Transferable (whether in connection with the Transfer of its Stockholder Shares or otherwise) other than to an Affiliate of Westar in connection with the Transfer of its Stockholder Shares, and any assignment of such rights other than pursuant to the terms of this section shall be null and void.

e. REMEDIES. The Company and the Stockholders shall be entitled to enforce their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that the Company or any Stockholder may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

f. NOTICES. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if hand delivered or sent by first class registered or certified mail (return receipt requested), postage prepaid, to the respective addresses of Westar and the Company set forth below, unless subsequently changed by written notice. Any notice shall be deemed to be effective when it is received.

To Westar: Westar Capital, Inc.  
818 South Kansas Avenue  
P.O. Box 889  
Topeka, Kansas 66601  
Attention: President  
Phone: 785-575-6322  
Fax: 785-575-1788

With a copy to:

John K. Rosenberg, Esq.  
818 South Kansas Avenue  
P.O. Box 889  
Topeka, Kansas 66601  
Phone: 785-575-6322  
Fax: 785-575-8136

To the Company: Guardian International, Inc.  
3880 North 28th Terrace  
Hollywood, Florida 33020-1118  
Attention: Richard Ginsburg,  
President  
Phone: 954-926-5200  
Fax: 954-926-1822

With a copy to:

Harvey Goldman, Esq.  
Steel Hector & Davis LLP  
200 South Biscayne Boulevard  
41st Floor  
Miami, FL 33131-2398  
Phone: 305-577-7011  
Fax: 305-577-7001

g. VISITATION RIGHTS. The Stockholders may, during normal business hours, at the Stockholders' expense, and upon reasonable prior notice to a member of the senior management of the Company (i) visit and inspect the properties of the Company and its subsidiaries, (ii) examine and copy their books of record and account, and (iii) discuss their affairs, finances and accounts with its officers, employees and independent public accountants, subject, in each case, to any confidentiality agreements to which the Company is a party; PROVIDED, however, that no such visit, inspection, examination or discussion shall unreasonably disrupt normal operations of the Company and PROVIDED, however, that such Stockholder will hold, and will cause its affiliates, representatives and advisors to hold, in strict confidence, all confidential documents and information (the "Information") provided by the Company, its officers, employees and independent public accountants, and will not release or disclose the Information to any other Person except to any Person who such Stockholder demonstrates has a need to know such Information, except that the Stockholder will have no obligation to protect any portion of the Information which is (i) publicly available, (ii) previously known to the receiving party without an obligation to keep it confidential or (iii) is required to be disclosed by law, rule, regulation or as a result of any legal process.

h. AMENDMENT TO ARTICLES AND BY-LAWS. The Stockholders shall not vote to amend the Articles of Incorporation of the Company, nor shall the Company amend its by-laws in any manner which conflicts with the provisions of this Agreement.

i. GOVERNING LAW. All issues and questions concerning the construction, validity, interpretation and enforceability of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Florida, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of

Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Florida.

j. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

k. PREVAILING PARTY. If a party commences an action against another party to interpret or enforce any of the terms of this Agreement or exhibits hereto or as a result of a breach by another party of any terms hereof or of the exhibits, the non-prevailing (or defaulting) party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action (including at any appellate level).

l. BUSINESS DAYS. If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or legal holiday in the states of Florida, Kansas, Nevada, or New York the time period shall automatically be extended to the business day immediately following such Saturday, Sunday or legal holiday.

m. DESCRIPTIVE HEADINGS. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

n. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GUARDIAN INTERNATIONAL, INC.

By: /s/ RICHARD GINSBURG

-----  
Richard Ginsburg, President and Chief  
Executive Officer

/s/ HAROLD GINSBURG

-----  
Harold Ginsburg

/s/ SHEILAH GINSBURG

-----  
Sheilah Ginsburg

/s/ RICHARD GINSBURG

-----  
Richard Ginsburg

/s/ RHONDA GINSBURG

-----  
Rhonda Ginsburg

WESTAR CAPITAL, INC.

By: /s/ RITA A. SHARPE

-----  
Name: Rita A. Sharpe

Title: President

SCHEDULE A

SCHEDULE OF STOCKHOLDERS

NAME	NUMBER OF SHARES AND CLASS OF CAPITAL STOCK
-----	-----
Harold Ginsburg	1,403,533 shares
Sheilah Ginsburg	903,533 shares
Richard Ginsburg	629,246 shares
Rhonda Ginsburg	629,245 shares
Westar Capital, Inc.	Common Stock: 2,790,300 shares *
	Preferred Stock: 1,875,000 shares **

\* As of the date of the Common Shares Closing.

\*\* As of the date of the Closing of the Preferred Shares.

## REGISTRATION RIGHTS AGREEMENT

Registration Rights Agreement dated October 21, 1997 between Guardian International, Inc., a Nevada corporation (the "Company"), and Westar Capital, Inc., a Kansas corporation (the "Stockholder").

## RECITALS

The Company has sold to the Stockholder 2,500,000 shares (the "Common Shares") of the Company's Class A Voting Common Stock, par value \$.001 per share (the "Common Stock") and has agreed to sell to the stockholders 1,875,000 shares (the "Preferred Shares") of Series A 9 3/4% Convertible Cumulative Preferred Stock (the "Preferred Stock"), par value \$.001 per share, which is convertible into Common Stock. In this Agreement, the Common Shares and the Common Stock issuable by the Company upon conversion of the Preferred Shares, together with any stock dividends, distributions, or splits or any shares issued or issuable in connection with any reclassification, recapitalization, merger or consolidation or reorganization ("Adjustments"), shall be collectively referred to as the "Shares."

## AGREEMENT

## 1. REGISTRATION RIGHTS.

(a) INCIDENTAL RIGHTS. If at any time or from time to time the Company proposes to file with the Securities and Exchange Commission (the "Commission") a registration statement (other than a registration statement on Form S-8 covering solely an employee benefit plan or a registration statement on Form S-3 covering solely offers pursuant to a dividend or interest reinvestment plan) for the registration under the Securities Act of 1933, as amended (the "Securities Act") of any shares of Common Stock for sale to the public by the Company or on behalf of a stockholder of the Company for cash (excluding shares of Common Stock issuable by the Company upon the exercise of employee stock options or in connection with the merger or consolidation of the Company with one or more other corporations), the Company shall give the Stockholder and Heller Financial, Inc. ("Heller") so long as Heller has Heller Registration Rights as later defined, at least 30 days' prior written notice of the filing of the proposed registration statement. The notice shall include a list of the states and foreign jurisdictions, if any, in which the Company intends to qualify such shares, the number of shares so proposed to be registered, the proposed date of filing of such registration statement, any proposed means of distribution of such shares, any proposed managing underwriter or underwriters, and a good faith estimate by the Company or managing underwriter of the maximum offering price thereof, as such price is proposed to appear on the facing page of such registration statement. On written request of the Stockholder (and Heller, if applicable) received by the Company within 15 days after the date of the Company's delivery of its notice of intention, the Company shall, subject to the conditions and in accordance with the procedures set forth in Sections

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1(c) and 1(d), and at its own expense as provided in Section 3, include in the coverage of such registration statement and qualify for sale under the blue sky or securities laws of the various states, the aggregate number of Shares proposed to be registered (the "Registrable Shares").

Notwithstanding any other provision in this Section 1(a), if in connection with an underwritten offering the managing underwriter (which shall be a nationally recognized independent investment banking firm or such firm as the parties shall mutually agree) for the Company indicates its reasonable belief in writing that the effect of including all or part of the Registrable Shares in such underwritten offering will materially and adversely affect the sale of the Registrable Shares (which statement of the managing underwriter shall also state the maximum number of shares (the "Maximum Shares"), if any, which can be sold without materially adversely affecting the sale of the Registrable Shares), then the number of Registrable Shares to be included in the offering shall be reduced to the Maximum Shares and such Maximum Shares

shall be allocated (i) first, to the Company; and (ii) second, between the Stockholder and Heller, in proportion, as nearly as practicable, as such Person's Registrable Shares bears to the aggregate number of Registrable Shares.

If the managing underwriter has not limited the number of Shares to be underwritten, the Company and other holders of the Company's securities, in addition to Heller, may include securities for its (or their) own account in such registration if (A) the managing underwriter so agrees and (B) the number of shares which would otherwise have been included in such registration and underwriting will not thereby be limited and (C) such other securities are then registrable on Form S-3.

No registration statement effected under this Section 1(a) shall release the Company of its obligations to file registration statements on behalf of Stockholder under Section 1(b).

Notwithstanding any request for inclusion in any registration statement under this Section 1(a), the Stockholder may elect to reduce or withdraw its request for inclusion of its Shares at any time prior to execution of the underwriting agreement with respect thereto by the Stockholder.

The Company shall have the right to select all underwriters, including the managing underwriter, of all public offerings of shares of Common Stock subject to the provisions of this Section 1(a). The Stockholder shall enter into (together with the Company) an underwriting agreement with the underwriter or underwriters, provided that such underwriting agreement is in a customary form and is reasonably acceptable to the Stockholder. Nothing in this Section 1(a) shall create any liability on the part of the Company to the Stockholder if the Company for any reason decides not to file such a registration statement.

(b) MANDATORY RIGHTS. Upon written request by the Stockholder, the Company shall, subject to the conditions, and in accordance with the procedures, set forth in this Section 1(b) and Sections 1 (c) and 1(d), file a registration statement, including, without limitation, by means of a shelf registration pursuant to Rule 415 under the Securities Act (a "Shelf Registration") if so requested by the Stockholder, (and use its best efforts to cause such registration statement to become effective) and use its best efforts to qualify Shares owned by the Stockholder for sale under the blue

sky or securities laws of such states as may be reasonably requested by the Stockholder. The request for registration pursuant to this Section 1(b) shall specify the number of Shares to be registered. The Stockholder shall have the right to select the underwriters and managers to administer the offering, subject to approval of the Company, which approval may not be unreasonably withheld. The Company shall enter into (together with the Stockholder) an underwriting agreement with the underwriter or underwriters, provided that such underwriting agreement is in a customary form and is reasonably acceptable to the Company and the Stockholder.

The Company shall be permitted to delay the filing of any registration statement requested pursuant to this Section 1(b) or to delay its effectiveness for a reasonable period of time (in no event to exceed 45 days) if, in the good faith and reasonable judgment of the Board of Directors of the Company, such registration would have a material adverse effect on pending financing transactions, corporate reorganizations or other material events involving the Company, or if the Company, in the good faith judgment of its Board of Directors, reasonably believes that the filing thereof at the time requested would require disclosure of material confidential information which would materially and adversely affect the business or prospects of the Company. Notwithstanding anything herein to the contrary, the Company shall not exercise its right to delay the effectiveness of a registration statement more than twice in any twelve (12) month period. Once the cause of such delay is eliminated, the Company shall promptly notify the Stockholder, and as soon as the Stockholder notifies the Company to proceed, the Company shall file a registration statement and use its best efforts to cause such sale to be registered under the Securities Act and qualified under the securities laws of such states as may be reasonably requested by the Stockholder, all as provided above.

Notwithstanding any other provision in this Section 1(b), if the managing underwriter indicates its reasonable belief in writing that the effect of including all or part of the securities requested to be registered by the Stockholder, together with the number of shares to be registered on behalf of Heller or the Company, if any, in the coverage of such registration statement will materially and adversely affect the sale of such Registrable Shares (which statement of the managing underwriter shall also state the number of Maximum Shares, if any), then the number of Registrable Shares shall be reduced to the Maximum Shares and such Maximum Shares shall be allocated (i) first, to the Stockholder and (ii) second, between the Company and Heller, in proportion, as nearly as practicable, as such Person's Registrable Shares bears to the aggregate number of Registrable Shares.

If the managing underwriter has not limited the number of Shares to be underwritten, the Company and other holders of the Company's securities, in addition to Heller, may include securities for its (or their) own account in such registration if (A) the managing underwriter so agrees and (B) the number of shares which would otherwise have been included in such registration and underwriting will not thereby be limited and (C) such other securities are then registrable on Form S-3.

The Stockholder shall be entitled to request three registrations pursuant to this Section 1(b). The Company shall be obligated to maintain the effectiveness of each such registration statement until the earlier of (A) the sale of all shares registered pursuant thereto, or (B) the date that is two years after the date on which the registration statement is declared effective. The Company shall not



be required by this Section 1(b) to effect a registration of Shares unless (A) Form S-3, or another equivalent short-form registration statement, is then available to the Company for such registration, and (B) the aggregate number of the Shares requested to be registered exceeds 500,000 Shares as adjusted for any Adjustments.

The Stockholder may withdraw a request under this Section 1(b) in circumstances where the Company is in material breach of its obligations hereunder and has not cured such breach after notice thereof and a reasonable opportunity to do so, or the withdrawal occurs in connection with a delay by the Company or inability of Stockholder to include all of its Shares requested by Stockholder to be so registered or the failure of any requested registration to become or remain effective as provided herein. Any request so withdrawn prior to such registration statement being declared effective shall not constitute a request for determining the number of requests to which Stockholder is entitled.

(c) CERTAIN REGISTRATION CONDITIONS. The Company shall not be required to effect a registration of any Shares of the Stockholder pursuant to Section 1(a) or 1(b), or file any post-effective amendment thereto:

(1) unless the Stockholder agrees (w) that it has a present intention to sell (other than in connection with a Shelf Registration) its Shares so requested (x) to sell and distribute a portion or all of its Shares in accordance with the plan or plans of distribution adopted by and through underwriters, if any, acting for the Company with respect to any request under Section 1(a), and (y) to bear a pro rata share of underwriter's discounts and commissions;

(2) if, in the case of a request for registration under the provisions of Section 1(b), in the opinion of counsel for the Company and counsel for the Stockholder, the Shares for which registration has been requested may be disposed of within a comparable time frame without registration under the Securities Act and upon such disposition all legends on certificates representing such Shares which restrict transfer under the Securities Act and applicable state securities laws may be removed from such certificates and any such restriction and legends are so removed;

(3) if, in the case of a request for registration of an underwritten offering under the provisions of Section 1(b), (x) a registration statement requested by the Stockholder with respect to an underwritten offering covering Common Stock became effective in the same calendar quarter in which such request was made, (y) the Company in good faith anticipates filing a registration statement for an offering of Common Stock for the Company's account within thirty (30) days after such demand date and has not abandoned such proposed offering; or (z) the Company has received a request for a demand registration from the holders of other registration rights pursuant to which the Company is effecting a registration of Common Stock within thirty (30) days of the date of the Stockholder's request;

(4) unless the Company has received from the Stockholder all such information the Company reasonably requests from the Stockholder concerning the Stockholder and its intended method of distribution of the Shares to enable the Company to include in the registration statement all material facts required to be disclosed therein; or

(5) if the particular Shares for which registration has been requested have been distributed to the public pursuant to an offering registered under the Securities Act, sold to the public through a broker, dealer or market maker in compliance with Rule 144 under the Securities Act (or any similar rule then in force), or repurchased by the Company or any affiliate thereof.

(d) COVENANTS AND PROCEDURES. If and whenever the Company is required hereunder to effect the registration of Shares under the Securities Act, the Company, at its expense as provided in Section 3 hereof and as expeditiously as possible, shall:

(1) In accordance with the Securities Act and all applicable rules and regulations, promptly, and in any event within forty-five (45) days of the request, prepare and file with the Commission a registration statement covering the Shares requested to be registered and use its best efforts to cause such registration statement to become and remain effective. The Company will file such post-effective amendments to such registration statement (and use its best efforts to cause them to become effective) and such supplements as are necessary so that current prospectuses are at all times available until the earlier of the completion of the distribution of all shares under the registration statement or two (2) years after the effective date of the registration statement; PROVIDED that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to counsel selected by the Stockholder, and the sales or placement agent or agents, if any, for the Shares and the managing underwriter or underwriters, if any, draft copies of all such documents proposed to be filed at least seven (7) days prior to such filing, which documents will be subject to the reasonable review of the Stockholder, the sales or placement agent or agents, if any, for the Shares and the managing underwriter or underwriters, if any, and their respective agents and representatives and (x) the Company will not include in any registration statement information concerning or relating to the Stockholder to which the Stockholder shall reasonably object in writing (unless in the reasonable opinion of outside counsel the inclusion of such information is required by applicable law or the regulations of any securities exchange to which the Company may be subject), and (y), the Company will not file any registration statement pursuant to Section 1(b) or amendment thereto or any prospectus or any supplement thereto to which the Stockholder and managing Underwriter shall reasonably object in writing;

If the offering is to be underwritten, in whole or in part, enter into a written underwriting agreement in form and substance reasonably satisfactory to the managing underwriter of the public offering, the Stockholder and the Company;

If the Shares to be covered by the registration statement are not to be sold to or through underwriters acting for the Company, the Company shall: (w) deliver to the Stockholder, the sales or placement agent or agents, if any, and the managing underwriter or underwriters, if any, ("Underwriter or Underwriters") as promptly as practicable as many copies of preliminary prospectuses as the Stockholder reasonably requests, and the Stockholder shall keep, or cause to be kept, a written record of the distribution of such preliminary prospectuses and shall refrain from delivery of such preliminary prospectuses in any manner or under any circumstances which would violate the Securities Act or the securities laws of any other jurisdiction, including the various states of the United States, (x) deliver to the Stockholder, and the Underwriters as soon as practicable after the effective date of the registration statement, and from time to time thereafter as many copies of

the prospectuses required to be delivered in connection with the sale of Shares registered under the registration statement as the Stockholder or Underwriter reasonably request, (y) in case of the happening, after the effective date of such registration statement, of any event or occurrence which is required or may be advisable, in the judgment of the Company, the Stockholder, any Underwriter and their counsel to be set forth in an amendment of or supplement to such prospectus to make any statements therein not misleading, give the Stockholder and Underwriter written notice thereof and prepare and furnish to the Stockholder, and Underwriters in such quantities as it may reasonably request, copies of such amended prospectus or of such supplement to be attached to the prospectus in order that the prospectus, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and to comply with the Securities Act, and (z) deliver to the Company and the Underwriters upon reasonable request copies of any documents incorporated into any such registration statement, prospectus, amendment or supplement.

(2) On or prior to the date on which the registration statement is declared effective, the Company shall use its best efforts to register or qualify, and cooperate with the Stockholder, the Underwriter or Underwriters, if any, and their counsel, in connection with the registration or qualification of the Shares covered by the registration statement for offer and sale under the securities or blue sky laws of each state and other jurisdiction of the United States as the Stockholder or Underwriter reasonably requests, to use its best efforts to keep each such registration or qualification effective, including through new filings, or amendments or renewals, during the period such registration statement is required to be kept effective and to do any and all other acts or things necessary or advisable to enable the disposition in all such jurisdictions of the Shares covered by the applicable registration statement; provided that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified.

(3) The Company shall use its best efforts to cause all of the Stockholder's Shares included in such registration statement to be listed, by the date of the first sale of such Common Stock pursuant to such registration statement, on each securities exchange on which the Common Stock of the Company is then listed or proposed to be listed, if any.

(4) The Company shall make generally available to the Stockholder and any underwriter participating in the offering conducted pursuant to the registration statement an earnings statement satisfying the provisions of Section 11(a) of the Securities Act no later than forty-five (45) days after the end of the 12-month period beginning with the first day of the Company's first fiscal quarter commencing after the effective date of the registration statement, which earnings statement shall cover said 12-month period, which requirement will be deemed to be satisfied if the Company timely files complete and accurate information on Forms 10-QSB, 10-KSB, and (if needed) 8-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and otherwise complies with Rule 158 under the Securities Act.

(5) The Company shall cooperate with the Stockholder and the managing Underwriter or Underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing the Shares to be sold under the registration

statement, and enable such securities to be in such denominations and registered in such names as the managing Underwriter or Underwriters, if any, or the Stockholder requests, subject to the obligation to return any certificates representing securities not sold.

(6) The Company shall use its best efforts to cause the Stockholder's Shares covered by the registration statement to be registered with or approved by such other governmental agencies or authorities within the United States as may be necessary to enable the Stockholder or the Underwriter or Underwriters, if any, to consummate the disposition of such Shares.

(7) The Company shall make available for inspection by the Stockholder and each Underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by the Stockholder or any such Underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company, as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, employees, and independent public accountants to supply all information reasonably requested by any such Inspector in connection with such registration statement, in each case to the extent necessary to enable the Stockholder and any Underwriter to conduct a "reasonable investigation" for purposes of Section 11(a) of the Securities Act.

(8) The Company shall obtain a "cold comfort" letter from the Company's independent public accountants, and an opinion of counsel for the Company, each in customary form and covering such matters of the type customarily covered by cold comfort letters and opinions of counsel in connection with public offerings of securities, as the Stockholder or Underwriters may reasonably request.

(9) If requested by the Stockholder, the Company shall promptly incorporate in a prospectus, prospectus supplement or post-effective amendment such information as the Stockholder reasonably specifies should be included therein, including, without limitation, information relating to the planned distribution of Shares, the number of Shares being sold by the Stockholder, the name and description of the Stockholder, the offering price of such Shares and any discount, commission or other compensation payable in respect of the Shares being sold, the purchase price being paid therefor to the Stockholder and information with respect to any other terms of the offering of the Shares to be sold in such offering, except to the extent that the Company is advised in a written opinion of outside counsel that the inclusion of such information is reasonably likely to violate applicable securities laws; and make all required filings of such prospectus, prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus, prospectus supplement or post-effective amendment.

(10) If requested by the Stockholder the Company shall use reasonable efforts to participate in and assist with a "road show" any other customary marketing efforts in connection with the sale of Shares pursuant to such registration statement, at such times and in such manner as the Company and the Stockholder mutually may determine.

(11) The Company shall promptly notify the Stockholder and Underwriters, after becoming aware thereof, when the registration statement or any related prospectus or any amendment or supplement has been filed, and, with respect to the registration statement or any post-effective amendment, when the same has become effective, (A) of any request by the Commission for amendments or supplements to the registration statement or the related prospectus or for additional information, (B) of the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose, (C) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation of any proceeding for such purpose or (D) of the happening of any event which makes any statement in the registration statement or any post-effective amendment thereto, prospectus or any amendment or supplement thereto, or any document incorporated therein by reference untrue in any material respect or which requires the making of any changes in the registration statement or post-effective amendment thereto or any prospectus or amendment or supplement thereto so that they will not contain any untrue statement or a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in light of the circumstances under which they were made) not misleading.

(12) In the case of a Block Trade (defined below), the Company shall: (1) obtain an opinion of counsel addressed to the Stockholder and the other party to the "block trade" covering matters that are no more extensive in scope than would be customarily covered in opinions obtained in secondary underwritten offerings by issuers with similar market capitalization and reporting and financial histories; (2) obtain a "cold comfort" letter from the independent public accountants of the Company and covering matters that are no more extensive in scope than would be customarily covered in "cold comfort" letters and updates obtained in secondary underwritten offerings by issuers with similar market capitalization and reporting and financial histories, provided that the letter described in this clause (2) shall only be required to the extent such letters are being issued in respect of non-underwritten secondary offerings under then prevailing accounting practices; and (3) deliver a certificate of a senior executive officer of the Company to cover matters no more extensive in scope than those matters customarily underwritten offerings by issuers with similar market capitalization and reporting and financial histories. "Block Trade" shall mean the disposition, in connection with a Shelf Registration, at a single time in a single transaction, including through one or more placement agents, by the Stockholder, of any or all of the Registrable Shares to one or more Institutional Investors. "Institutional Investor" shall mean any insurance company, pension fund, mutual fund, investment company, commercial bank, savings bank, savings and loan association, investment banking company, trust company or any finance or credit company, or any portfolio or investment fund managed by any of the foregoing.

(13) If any person becomes a holder of shares that were included in a Shelf Registration statement subsequent to the time that the Shelf Registration statement became effective, the Company shall add such holder to the Shelf Registration statement, on a timely basis, through a post-effective amendment or a supplement to the Prospectus, as shall be necessary in accordance with the rules of the Commission under the Securities Act to include such holder as a selling stockholder in a distribution under the Shelf Registration statement.

(e) HELLER REGISTRATION RIGHTS. The Stockholder acknowledges that Heller has certain incidental registration rights with respect to equity securities of the Company owned by it pursuant to that certain Agreement dated August 15, 1996 between Heller and the Company (the "Heller Registration Rights"). Accordingly, the Stockholder acknowledges that pursuant to the Heller Registration Rights, Heller has the right to participate in any registration effected pursuant to Section 1.

(f) COMPANY COVENANTS.

(1) The Company covenants to and with the Stockholder that to the extent it shall be required to do so under the Exchange Act, the Company shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 adopted by the Commission under the Securities Act and the rules and regulations adopted by the Commission thereunder) and shall take such further action as the Stockholder may reasonably request, all to the extent required from time to time to enable the Stockholder to sell Shares without registration under the Securities Act within the limitations of the exemption provided by Rule 144 under the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission and for the Company to qualify for use of Form S-3. Upon the request of the Stockholder, the Company shall deliver to the Stockholder a written statement as to whether it has complied with such requirements.

(2) If at any time the Company is not subject to Section 13 or 15(d) of the Exchange Act and is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company agrees, upon the request of the Stockholder seeking to transfer Shares in conformity with Rule 144A under the Securities Act, to furnish to the Stockholder or prospective purchasers of the Shares from the Stockholder the information required by Rule 144A(d)(4)(i) under the Securities Act in the manner and at the times contemplated by such Rule.

(3) The Company covenants to make available "adequate current public information" concerning the Company within the meaning of Rule 144(c) under the Securities Act.

(4) The Company represents and covenants that it will qualify for use of Form S-3 on November 1, 1998 for transactions involving secondary offerings and that it will preserve such eligibility for so long as the Company is obligated to file and maintain the effectiveness of registration statements hereunder.

(5) The Company will avoid taking any action which would cause the Common Stock to cease to be eligible for inclusion on the OTC Bulletin Board Service.

2. INDEMNIFICATION.

(a) INDEMNIFICATION BY THE COMPANY. If Shares are registered under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless the Stockholder and each underwriter of such Shares and their respective officers and directors and each other person,

if any, who controls the Stockholder or such underwriter within the meaning of the Securities Act, against any losses, claims, damages, actions (actual or threatened), liabilities, costs and expenses (including legal fees and costs of court), joint or several, to which the Stockholder or such underwriter, director, officer, or controlling person may become subject under the Securities Act or otherwise, if and to the extent that such losses, claims, damages, costs, expenses or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained, in any registration statement under which such Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse the Stockholder, each such underwriter, and each such controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage or liability; provided, however, that the Company shall not be liable to the Stockholder or its underwriters or controlling persons in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, preliminary prospectus or final prospectus or such amendment or supplement in reliance upon and in conformity with information furnished to the Company through a written instrument duly executed by the Stockholder or such underwriter specifically for use in the preparation thereof.

(b) INDEMNIFICATION BY THE STOCKHOLDER. In connection with any registration statement in which the Stockholder is participating, Stockholder shall indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 2(a)) the Company, each director of the Company, each officer of the Company who signs such registration statement and all persons who control the Company within the meaning of the Securities Act, with respect to any statement or omission from such registration statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, to the extent, but only to the extent, such statement or omission was made in reliance upon and in conformity with information furnished to the Company through a written instrument duly executed by the Stockholder specifically for use in the preparation of such registration statement, preliminary prospectus or final prospectus or such amendment or supplement thereto, and provided that the liability of the Stockholder shall be limited to the amount of proceeds received by Stockholder in the offering giving rise to the indemnification claim.

(c) INDEMNIFICATION PROCEDURES. Promptly after receipt by an indemnified party of notice of the commencement of any action involving a claim referred to in the preceding paragraphs of this Section 2, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to the indemnified party unless such indemnifying party is prejudiced by such omission. If any such action is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such

indemnified party for any legal or other expenses incurred by the latter in connection with the defense thereof unless (i) in the reasonable opinion of counsel for the indemnification party a conflict of interest exists between the indemnified party and indemnifying party, (ii) the indemnified party reasonably objects to such assumption on the basis that there may be defenses available to it which are different from or in addition to the defenses available to the indemnifying party, (iii) the indemnifying party has failed to timely assume the defense of any such action or proceeding or (iv) the indemnifying party and its counsel do not actively and vigorously pursue the defense of such action . Whether or not such defense is assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. An indemnifying party who elects not to assume the defense of an action or where a potential conflict of interest or other defenses may be available, shall not be obligated to pay the fees and expenses of more than one counsel and local counsel where appropriate for all parties indemnified by such indemnifying party with respect to such action, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such action. Cost and expenses incurred by the indemnified party shall be reimbursed, from time to time, by the Company as and when bills are received or expenses are incurred.

(d) CONTRIBUTION. If the indemnification provided for in this Section 2 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities, and expenses referred to above shall be deemed to include all legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2(d) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

3. EXPENSES. All expenses incurred by the Company and the Stockholder in connection with any registration statement covering Shares offered by the Stockholder, including, without



limitation, all registration and filing fees (including all expenses incident to filing with the National Association of Securities Dealers, Inc.), printing expenses, fees and disbursements of counsel (including the reasonable fees and disbursements of one counsel for the Stockholder) and of the independent certified public accountants, and the expense of qualifying such Shares under state blue sky laws (including reasonable fees and disbursements of counsel in connection with such qualification), messenger, telephone and delivery expenses, fees and expenses of counsel for the underwriters, costs of preparation, printing, distribution and reproduction of the registration statement, each prospectus, and each amendment and supplement thereto, the cost and charges of any transfer agent and registrar, and the premiums and other costs of insurance against liability arising out of such offering, if any, shall be borne by the Company; provided, however, that the Stockholder shall bear its pro rata share of (A) underwriter's discounts and commissions and (B) any transfer taxes related to the sale of Shares. To the extent any such expenses are incurred or paid by the Stockholder, any sales or placement agent or underwriter, if any, thereof, the Company shall reimburse such person for the full amount thereof promptly after a request therefor.

4. DISPOSITIONS DURING REGISTRATION. (a) The Stockholder shall not effect any public sale or distribution (including sales pursuant to Rule 144) of equity securities of the Company, or any securities convertible or exchangeable or exercisable for such securities, during the fifteen days prior to and the 90-day period beginning on the effective date of any underwritten demand registration or underwritten incidental registration (or such longer period as the Stockholder may agree with the underwriter). The Stockholder agrees to comply with the foregoing requirements even if its Shares are not being included in such registration.

(b) RESTRICTIONS ON PUBLIC SALE BY THE COMPANY. The Company shall not effect any public or non-public sale or distribution of any securities similar to those being registered, or any securities convertible into or exchangeable or exercisable for any such securities or similar securities, during the fifteen (15) day period prior to, and during the 90-day period beginning on, the effective date of any registration statement in which the Stockholder is participating or the commencement of a public distribution of Shares pursuant to any such registration statement (except (i) as part of such registration or pursuant to registrations on Commission Forms S-4 or S-8 or any similar or successor form, or on any form filed in connection with an exchange offer or an offering of securities solely to the existing stockholders or employees of the Company or (ii) for sales or other issuances of securities pursuant to outstanding options, warrants, rights or similar obligations).

5. TRANSFER OF RIGHTS. No registration rights and benefits set forth in this Agreement, including indemnification by the Company, shall be transferable by the Stockholder in connection with the transfer of Shares except to an "affiliate" as defined in Regulation D of the Securities Act, including but not limited to, Protection One., Inc. following acquisition by Western Resources, Inc., Westar's parent, of not less than 50% of the outstanding equity of Protection One, Inc., or to any party pursuant to a Block Trade. In case of any partial assignment to more than one affiliate or Block Trade party, the affiliates or Block Trade parties who have the rights and benefits of the "Stockholder" under this Agreement shall not, as a group, have the right to any greater number of registrations than provided herein as if no such assignment occurred.

6. TERM. The obligations of the Company to register Shares hereunder shall terminate on the fifth anniversary of the date of this Agreement with respect to the registration of Shares not otherwise demanded or effected by such date provided that at the end of such period all Shares held by the Stockholder or any of its assigns hereunder, shall be freely and publicly tradable without an effective registration statement. Section 2 shall survive the termination of this Agreement.

7. NOTICES. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if hand delivered or sent by first class registered or certified mail (return receipt requested), postage prepaid, to the respective addresses of the Company and the Stockholders set forth below, unless subsequently changed by written notice. Any notice shall be deemed to be effective when it is received.

To the Stockholder:

Westar Capital, Inc.  
818 South Kansas Avenue  
P.O. Box 889  
Topeka, Kansas 66601  
Attention: President  
Phone: 785-575-6322  
Fax: 785-224-1788

With a copy to:

John K. Rosenberg, Esq.  
818 South Kansas Avenue  
P.O. Box 889  
Topeka, Kansas 66601  
Phone: 785-575-6322  
Fax: 785-224-1788

To the Company:

Guardian International, Inc.  
3880 North 28th Terrace  
Hollywood, Florida 33020-1118  
Attention: Richard Ginsburg, President  
Phone: 954-926-5200  
Fax: 954-926-1822

With a copy to:

Harvey Goldman, Esq.  
Steel Hector & Davis LLP

200 South Biscayne Boulevard  
41st Floor  
Miami, FL 33131-2398  
Phone: 305-577-7011  
Fax: 305-577-7001

8. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF FLORIDA WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THEREUNDER.

9. AMENDMENTS. This Agreement may be amended only by an instrument in writing executed by all the parties hereto.

10. COUNTERPARTS. This Agreement may be executed in multiple original counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument.

11. SEVERABILITY. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable. In the event any provision of this Agreement shall be held invalid, the parties agree to enter into such further agreements as may be necessary in order to carry out the intent and purposes of the parties herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

GUARDIAN INTERNATIONAL, INC.

By: /s/ RICHARD GINSBURG

-----  
Richard Ginsburg  
President and Chief Executive

Officer

WESTAR CAPITAL, INC.

By: /s/ RITA A. SHARPE

-----  
Rita A. Sharpe  
President

ACKNOWLEDGED AND AGREED:

HELLER FINANCIAL, INC.

By: /s/ JOAN HEGGEN

-----  
Joan Heggen  
Vice President

Date: Oct. 21, 1997

EXHIBIT 99.E

CERTIFICATE OF THE DESIGNATIONS, VOTING POWERS, PREFERENCES AND  
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS AND  
QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF PREFERRED STOCK OF  
GUARDIAN INTERNATIONAL, INC.

The undersigned hereby certify that they are the duly elected and acting President and Secretary of Guardian International, Inc., a Nevada corporation, (the "Company"), and pursuant to Nev. Rev. Stat. Section 78.1955, DO HEREBY CERTIFY:

That, pursuant to the authority conferred upon the Board of Directors of the Company (the "Board") by Article FOURTH of the Company's Articles of Incorporation (the "Articles"), the Board by unanimous written consent dated October \_\_, 1997 adopted the following resolutions:

RESOLVED, that the amendments to Article FOURTH of the Articles to be filed with the Nevada Secretary of State on November \_\_, 1997 to (a) authorize the Company to issue 30,000,000 shares of blank-check preferred stock, par value \$.001 per share (the "Preferred Stock"), and (b) increase the number of authorized shares of Class B Nonvoting Common Stock of the Company, par value \$.001 per share, from 484,035 shares to 1,000,000 shares are hereby approved; and further

RESOLVED, that the Board hereby establishes and authorizes the issuance of a first series of the Preferred Stock and hereby fixes the number of shares to constitute the first series, the annual rate of dividends payable on such shares and the date from which dividends shall commence to accrue, the terms and conditions on which the shares may or shall be converted, as the case may be, and the voting rights and liquidation preferences of such shares, as follows:

I. DESIGNATION AND RANK.

The first series of Preferred Stock of the Company is designated "Series A 9 3/4% Convertible Cumulative Preferred Stock, par value \$.001 per share" (the "Series A Preferred Stock"), and the number of shares which shall constitute such Series shall be 1,875,000 shares. All shares of Series A Preferred Stock shall rank equally and be identical in all respects. So long as the Series A Preferred Stock is outstanding, unless consented to by the affirmative vote of 2/3 of the holders of the outstanding Series A Preferred Stock, the Company shall not issue additional securities of any kind, including shares of preferred stock of any class, (including without limitation additional shares of Series A Preferred Stock other than Dividend Preferred Shares) series or designation ranking in priority or in parity as to rights and preferences with the Series A Preferred Stock now or hereafter authorized.

II. DIVIDENDS.

The holders of the Series A Preferred Stock, in preference to the holders of Common Stock and any other class or classes of stock of the Company ranking junior in rights and preferences to the Series A Preferred Stock as to payment of dividends and other distributions, shall be entitled to receive, but only out of any funds legally available for the declaration of dividends, cumulative, preferential dividends at the annual rate of 9 3/4%, payable as follows:

(a) Series A Preferred Stock dividends (the "Dividends") shall commence to accrue on the shares of Preferred Stock and be cumulative from and after the date of issuance of such shares of Series A Preferred Stock and shall be deemed to accumulate and accrue from day to day thereafter.

(b) The Dividends shall be payable to the holders of the Series A Preferred Stock quarterly on the 1st day of January, April, July and November at the Company's option in cash or in additional shares of Series A Preferred Stock ("Dividend Preferred Shares") during the first two years after the date of issuance of such shares of Series A Preferred Stock. Thereafter, Dividends shall be paid quarterly on the 1st day of January, April, July and November in cash. Once

issued, any Dividend Preferred Shares shall rank PARI PASSU and have all of the rights and privileges associated with all other shares of the Series A Preferred Stock.

III. REDEMPTION.

The Series A Preferred Stock shall not be redeemable by the Company.

IV. VOTING RIGHTS.

The holders of Series A Preferred Stock shall be entitled to vote with the Common Stock on all matters required or permitted to be submitted to the stockholders of the Company for their approval, but not as a separate class, except to the extent required by Nevada law, and shall have such other voting rights as specifically provided under Nevada law.

V. SPECIAL VOTING RIGHTS.

(a) ELECTION OF DIRECTORS. Notwithstanding the other provisions of this Section V, upon the occurrence of a Default Event

(hereafter defined) and for the duration of the Default Period (hereafter defined) the holders of the Series A Preferred Stock, in addition to any other voting rights they may have herein or by law, shall be entitled to vote (voting as a class by a majority of the outstanding shares thereof) for the election to the Board of Directors of the smallest number of directors necessary to constitute at any given time a majority of the number of members of the Board of Directors, and should such percentage when applied to the number of the members of the Board of Directors result in a number that includes a fraction, then such number shall be increased to the next whole number. In addition, during the Default Period the holders of the Series A Preferred Stock shall be entitled to designate (voting as a class as aforesaid) the number of positions on the Board of Directors, which shall be the smallest number of directors necessary for the nominees of the holders of Series A Preferred Stock to constitute a majority of the full Board. In case the holders of the Series A Preferred Stock become entitled to exercise such special voting rights, they may call a special meeting of stockholders during the Default Period, in the manner provided herein or in the bylaws or otherwise as provided by law, for the purpose of increasing or decreasing the number of positions on the Board of Directors and electing such members to the Board of Directors. In addition, the holders of the Series A Preferred Stock shall have such special voting rights at any annual or regular meeting of stockholders (or any other special meeting not called by the holders of the Series A Preferred Stock) held during the Default Period. In lieu of the foregoing, the holders of the Series A Preferred Stock may take any of such actions by a written consent signed by the holders of at least a majority of the shares of the Series A Preferred Stock outstanding and entitled to vote thereon.

(b) REMOVAL; VACANCIES. During the Default Period, each director elected by the holders of the Series A Preferred Stock may be removed only by the vote of the holders of the majority of the outstanding shares of the Series A Preferred Stock, voting separately as a class, at a meeting of the stockholders, or of the holders of shares of the Series A Preferred Stock, called for that purpose. During the Default Period, any vacancy in the office of a director elected by the holders of the Series A Preferred Stock may be filled by a vote of the remaining directors then in office elected by the holders of the Series A Preferred Stock, or, if not so filled, by the holders of the Series A Preferred Stock at any meeting, annual or special, for the election of directors held thereafter. A special meeting of stockholders, or of the holders of shares of the Series A Preferred Stock, may be called for the purpose of filling any such vacancy. In the case of removal of any

such director, the vacancy may be filled at the same meeting at which such removal shall be voted. Holders of the Series A Preferred Stock shall be entitled to notice of each meeting of stockholders at which they shall have any right to vote or notice of which is otherwise required by law. In lieu of the foregoing, the holders of the Series A Preferred Stock may take any of such action by a written consent signed by the holders of at least a majority of the shares of the Series A Preferred Stock outstanding and entitled to vote thereon.

(c) EXPIRATION OF RIGHT. Upon termination of the Default Period, the special voting rights of the holders of the Series A Preferred Stock provided hereunder shall be immediately divested, but always subject to the re-vesting of such right in the holders of the Series A Preferred Stock upon the occurrence of any subsequent Default Event. In the event that such rights of the holders of the Series A Preferred Stock shall cease as provided above, then the directors elected to the Board of Directors by the holders of the Series A Preferred Stock under this Section V shall be automatically removed from office, and their respective positions terminated and the number of positions on the Board of Directors reduced in accordance with such termination, without further action on the part of the holders of the Series A Preferred Stock, the holders of the Common Stock or the Board of Directors.

(d) DEFAULT EVENT. For purposes hereof, a "Default Event" occurs on the date that (i) the Company has failed to pay any four quarterly Dividends when due whether consecutive or not and (ii) such Dividends remain unpaid.

(e) DEFAULT PERIOD. For purposes hereof, "Default Period" means a period commencing on the date a Default Event occurs and ending upon the payment of the next quarterly Dividend in full and such cumulative Dividends in arrears in full, such that not more than three quarterly Dividends shall be in arrears.

#### VI. LIQUIDATION.

(a) The Series A Preferred Stock shall be preferred upon liquidation over the Common Stock and any other class or classes of stock of the Company ranking junior in rights and preferences to the Series A Preferred Stock upon liquidation. Holders of shares of Series A Preferred Stock shall be entitled to be paid, after full payment is made on any stock ranking prior to the Series A Preferred Stock as to rights and preferences (but before any distribution is made to the holders of the Common Stock and such junior stock) upon the



voluntary or involuntary dissolution, liquidation or winding up of the Company (a "Liquidation").

(b) The amount payable on each share of Series A Preferred Stock in the event of Liquidation shall be \$2.00 per share.

(c) Upon Liquidation, if the net assets of the Company are insufficient to permit the payment in full of the amounts to which the holders of all outstanding shares of Series A Preferred Stock are entitled as provided above, the entire net assets of the Company remaining (after full payment is made on any stock ranking prior to the Series A Preferred Stock as to rights and preferences) shall be distributed among the holders of Series A Preferred Stock in amounts proportionate to the full preferential amounts and holders of shares of preferred stock ranking in parity with the Series A Preferred Stock as to rights and preferences to which they are respectively entitled.

(d) For the purpose of this Section VI, the voluntary sale, lease, exchange or transfer, for cash, shares of stock, securities or other consideration, of all or substantially all the Company's property or assets to, or its consolidation or merger with, one or more corporations shall not be deemed to be a Liquidation.

(e) Notwithstanding the foregoing, in the event that any holder of Series A Preferred Stock converts its Series A Preferred Stock to Common Stock pursuant to Section VII hereof, the right to preferential liquidation rights pursuant to this Section with respect to such converted Shares shall be immediately terminated.

#### VII. CONVERSION.

(a) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Preferred Stock shall be convertible at any time at the option of the holder thereof, upon surrender to the transfer agent for the Series A Preferred Stock or the Company of the certificate or certificates evidencing the shares so to be converted, into one fully paid and nonassessable share of Class A Common Stock of the Company, par value \$.001 per share ("Class A Common Stock").

(b) Subject to the provisions for adjustment hereinafter set forth, the Series A Preferred Stock must be converted to Class A Common Stock:

(i) upon a secondary public offering by the Company of at least 2,500,000 shares of Class A Common Stock at not less than \$2.00 per share; or

(ii) if, at any time after two years from the date of issuance of the Series A Preferred Stock, the Class A Common Stock trades above \$3.00 per share for 20 consecutive trading days.

(c) The number of shares of Class A Common Stock into which an issued and outstanding share of Series A Preferred Stock is convertible shall be subject to adjustment from time to time only as follows:

(i) In the event that the Company shall at any time (A) declare a dividend on the Class A Common Stock in shares of its Class A Common Stock, (B) split or subdivide the outstanding Class A Common Stock or (C) combine the outstanding Class A Common Stock into a smaller number of shares, each share of Series A Preferred Stock outstanding at the time of the record date for such dividend or of the effective date of such split, subdivision or combination shall thereafter be convertible into the aggregate number of shares of Class A Common Stock which, if such share of Series A Preferred Stock had been converted immediately prior to such time, the holder of such share would have owned or have been entitled to receive by virtue of such dividend, subdivision or combination. Such adjustment shall be made successively whenever any event listed above shall occur.

(ii) No adjustment in the number of shares of Class A Common Stock issuable upon conversion of a share of Series A Preferred Stock shall be required unless such adjustment would require an increase or decrease in the aggregate number of shares of Class A Common Stock so issuable of at least 100 shares; PROVIDED that any adjustments which by reason of this subsection VII(c)(ii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section VII(c) shall be made to the nearest cent, or to the nearest hundredth of a share, as the case may be.

(iii) In the event of any capital reorganization of the Company, or of any reclassification of the Common Stock (other than a subdivision or combination of outstanding shares of Class A Common Stock), or in case of the consolidation of the Company with or the merger of the Company with or into any other corporation or of the sale of the properties and assets of the Company as, or

substantially as, an entirety to any other corporation, each share of Series A Preferred Stock shall after such capital reorganization, reclassification of Common Stock, consolidation, merger or sale be convertible upon the terms and conditions specified in this Section VII, for the number of shares of stock or other securities or assets to which a holder of the number of shares of Class A Common Stock into which a share of Series A Preferred Stock is then convertible (at the time of such capital reorganization, reclassification of Class A Common Stock, consolidation, merger or sale) would have been entitled upon such capital reorganization, reclassification of Common Stock, consolidation, merger or sale; and in any such case, if necessary, the provisions set forth in this Section VII with respect to the rights of conversion thereafter of the Series A Preferred Stock shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or assets thereafter deliverable on the conversion of the Series A Preferred Stock. The Company shall not effect any such consolidation, merger or sale, unless prior to or simultaneously with the consummation thereof, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets or the appropriate corporation or entity shall assume by written instrument, the obligation to deliver to the holder of each share of Series A Preferred Stock the shares of stock, securities or assets to which, in accordance with the foregoing provisions, such holder may be entitled upon conversion of such Series A Preferred Stock and all other obligations of the Company under this Section VII, and effective provisions are made in the Articles or Certificate of Incorporation of such successor or transferee corporation providing for conversion privileges relating to the Series A Preferred Stock equivalent to those set forth in this Section VII.

(iv) If any question at any time arises with respect to the number of shares of Class A Common Stock into which a share of Series A Preferred Stock is convertible following any adjustment pursuant to this Section VII, such question shall be determined by agreement between the holders of a majority of the outstanding shares of Series A Preferred Stock and the Company or, in the absence of such an agreement by an independent investment banking firm or an independent appraiser (in either case the cost of which engagement will be borne by the Company) reasonably acceptable to the Company and the holders of a majority of outstanding shares of Series A Preferred Stock and such determination shall be binding upon the Company and the holders of the Series A Preferred Stock.

(v) Anything in this Section VII to the contrary notwithstanding, the Company shall be entitled to make such increases in the number of shares of Class A Common Stock issuable upon conversion of shares of Series A Preferred Stock, in addition to those adjustments required by this Section VII, as it in its sole discretion shall determine to be advisable in order that any consolidation or subdivision of the Class A Common Stock, or any issuance wholly for cash of any shares of Class A Common Stock at less than the current market price, or any issuance wholly for cash of shares of Class A Common Stock or securities which by their terms are convertible into or exchangeable for shares of Class A Common Stock, or any issuance of rights, options or warrants referred to hereinabove in this Section VII, hereinafter made by the Company to the holders of its Class A Common Stock shall not be taxable to them.

(vi) Upon any adjustment of the number of the shares of Class A Common Stock issuable upon conversion of shares of Series A Preferred Stock pursuant to this Section VII, the Company shall promptly but in any event within 20 days thereafter, cause to be given to each of the registered holders of the Series A Preferred Stock, at its address appearing on the Register for the Series A Preferred Stock by registered mail, postage prepaid, return receipt requested a certificate signed by its chairman, president or chief financial officer setting forth the number of shares of Class A Common Stock issuable upon conversion of shares of Series A Preferred Stock as so adjusted and describing in reasonable detail the facts accounting for such adjustment and the method of calculation used. Where appropriate, such certificate may be given in advance and included as a part of the notice required to be mailed under the other provisions of this resolution.

(vii) The Company will at all times have authorized, and reserve and keep available, free from preemptive rights, for the purpose of enabling it to satisfy any obligation to issue shares of Class A Common Stock upon the conversion of the Series A Preferred Stock, the number of shares of Class A Common Stock deliverable upon conversion of the Series A Preferred Stock.

(viii) The Company shall not be required to issue fractional shares of Class A Common Stock upon conversion of the Series A Preferred Stock but shall pay for any such fraction of a share an amount in cash equal to the current market price per share of Class A Common Stock of such share multiplied by such fraction.

(ix) The Company will pay all taxes attributable to the issuance of shares of Class A Common Stock upon conversion of shares of Series A Preferred Stock; PROVIDED that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue of any shares of Class A Common Stock in a name other than that of the registered holder of the Series A Preferred Stock surrendered for conversion, and the Company shall not be required to issue or deliver such certificate unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

VIII. NOTICES TO HOLDERS OF SERIES A PREFERRED STOCK.

In the event:

(a) of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the conveyance or transfer of the properties and assets of the Company substantially as an entirety, or of any capital reorganization or reclassification or change of the Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); or

(b) of Liquidation; or

(c) that the Company proposes to take any other action which would require an adjustment in the number of shares of Class A Common Stock or other securities or assets issuable upon conversion of shares of Series A Preferred Stock pursuant to Section VII;

then the Company shall cause to be given to each of the registered holders of the Series A Preferred Stock at its address appearing on the Register for the Series A Preferred Stock, at least 20 calendar days prior to the applicable record date hereinafter specified, by registered mail, postage prepaid, return receipt requested, a written notice stating (i) the date as of which the holders of record of Common Stock entitled to participate in the event contemplated by clause (c) above are to be determined, or (ii) the date on which any such consolidation, merger, conveyance, transfer or Liquidation is expected to become effective, and the date as of which it is expected that holders of record of Common Stock shall be entitled to exchange

their shares for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, conveyance, transfer or Liquidation. The failure to give the notice required by this Section VIII or any defect therein shall not affect the legality or validity of any distribution, right, warrant, consolidation, merger, conveyance, transfer or Liquidation, or the vote upon any action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be duly executed in its corporate name on this \_\_\_\_ day of October, 1997.

GUARDIAN INTERNATIONAL, INC.

By: \_\_\_\_\_

Richard Ginsburg, President

and

Chief Executive Officer

By: \_\_\_\_\_

Sheilah Ginsburg, Secretary

STATE OF FLORIDA            )  
                                  )  
COUNTY OF BROWARD        )

BEFORE ME, the undersigned authority, personally appeared RICHARD GINSBURG and SHEILAH GINSBURG, to me known to be the President and Chief Executive Officer and Secretary, respectively, of GUARDIAN INTERNATIONAL, INC., a Nevada corporation, who acknowledged before me that they have executed the foregoing Certificate in their respective capacity as officers of the said corporation for the reasons and purpose therein expressed, and that the statements contained in the said Certificate are true and correct.

Sworn to and subscribed before me at \_\_\_\_\_, Florida this \_\_day of October, 1997.