



PROTECTION ONE REACHES AGREEMENTS TO SUBSTANTIALLY REDUCE DEBT AND STRENGTHEN BALANCE SHEET

Total Debt Reduction of \$190 Million Expected to be Achieved by March 2005

TOPEKA, Kan., November 15, 2004 – Protection One, Inc. (OTCBB: POIX) announced today that it has reached an agreement with affiliates of Quadrangle Group, the Company's lenders under its credit facility and its majority equity holders, on a debt restructuring that would reduce the Company's obligations under its credit facility by \$120 million in exchange for the equivalent of 800,000,000 shares of Protection One's common stock.

Protection One also announced today that Westar Energy, its former parent company, settled tax sharing-related obligations to Protection One for \$73.0 million by paying the Company \$45.9 million in cash and by tendering \$27.1 million in Protection One 7 $\frac{3}{8}$ % senior notes due 2005, including accrued interest.

"As a result of the agreements we've reached, Protection One will greatly strengthen its balance sheet and capital structure," said Richard Ginsburg, President and Chief Executive Officer of Protection One. "Our new balance sheet will give us a renewed ability to compete aggressively in this growing industry in which we have been a leader for many years."

David Tanner, a Managing Principal of Quadrangle Group said, "We are thrilled to have successfully agreed to an out-of-court restructuring with Protection One. These agreements enable us to continue our partnership with management, which began in February of this year through investments by Quadrangle Capital Partners and Quadrangle Debt Recovery Funds."

Michael Weinstock, co-head of Quadrangle Debt Recovery Funds, and a Managing Principal of Quadrangle Group added, "With its improved balance sheet, Protection One is well positioned to take advantage of interesting growth opportunities going forward."

The tax sharing settlement and debt restructuring include the following provisions:

- Under the tax sharing settlement agreement, Westar Energy paid Protection One approximately \$45.9 million in cash, a portion of which was used by Protection One to pay \$2.2 million of accrued interest and approximately \$14.5 million of principal on its credit facility with Quadrangle. Westar Energy also transferred to Protection One \$26.6 million principal amount of the Company's 7³/₈% senior notes due 2005, with an aggregate principal and accrued interest outstanding of approximately \$27.1 million, which Protection One will cancel. Protection One will record a tax benefit of approximately \$39.0 million as a result of the Westar Energy tax sharing settlement.
- Quadrangle has agreed to reduce the aggregate principal amount outstanding under Protection One's credit facility by \$120.0 million in exchange for the equivalent of 800,000,000 shares of Protection One's common stock. The Company also plans to implement a 1:50 reverse stock split in connection with this debt restructuring. Following the completion of this debt restructuring, Quadrangle is expected to own over 97% of the Company's outstanding common stock.
- Protection One and Quadrangle have agreed to extend the maturity date of Protection One's credit facility until August 15, 2005, subject to earlier termination if the debt restructuring is not completed and, upon completion of the debt restructuring, to increase the interest rate under the credit facility and amend certain other terms.
- Upon completion of the debt restructuring, the Company will use the proceeds from the Westar Energy tax sharing settlement and additional cash, subject to certain allowances, to further pay-down the outstanding principal and accrued interest under the credit facility, and to offer to repurchase the outstanding principal and accrued interest on the Company's 13⁵/₈% senior subordinated discount notes, pursuant to such notes' change of control provisions. Including the debt-for-equity exchange, the Company's current debt total of approximately \$547 million is expected to be reduced by approximately \$190 million by the end of the first quarter of 2005.

"We are very pleased that we have negotiated a consensual debt restructuring with Quadrangle," Ginsburg said. "During the past few years, our employees, key customers, and suppliers have stood by us. We will continue working hard to further build on the trust and confidence that many customers and associates have placed in us. We are grateful for their dedication as Protection One moves forward with a new, stronger balance sheet."

Ginsburg further noted, "The agreements we've announced today will allow us to take full advantage of the fundamental operating strengths we've built into our business during the past few years. Protection One's more than 2,300 team members and I are eager to use the company's new financial position to serve our customers even better, to earn the business of new customers and to build value in our company."

The debt restructuring is expected to be completed within 120 days and remains contingent upon numerous conditions, including the filing and clearance of an information statement on Schedule 14C with the Securities and Exchange Commission, the implementation by the Company of its long-term management incentive plan and the satisfaction or waiver of the other conditions set forth in the transaction agreements. Houlihan Lokey Howard & Zukin Capital served as financial advisor to the Company, and Kirkland & Ellis LLP served as legal counsel to the Company. Willkie Farr & Gallagher LLP and Simpson Thacher and Bartlett LLP served as legal counsel to Quadrangle.

###

Protection One, one of the leading commercial and residential security service providers in the United States, provides monitoring and related security services to more than one million residential and commercial customers in North America and is a leading security provider to the multifamily housing market through Network Multifamily. For more information about Protection One, visit www.ProtectionOne.com.

Quadrangle Group LLC manages nearly \$2.5 billion through Quadrangle Capital Partners LP, a private equity fund that specializes in the media and communications industries, and Quadrangle Debt Recovery Funds, which invest in financially troubled companies across all industry groups. Quadrangle Group was founded in March 2000 by former Managing Directors of Lazard Frères & Co. LLC. Visit www.QuadrangleGroup.com for additional information.

Forward-looking Statements: Certain matters discussed in this news release are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words or phrases such as "we believe," "we anticipate," "we expect" or words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals. Such statements address future events and conditions concerning customer retention, revenue stabilization and stabilization of our customer account base. Our actual results may differ materially from those discussed here as a result of numerous factors, including our significant debt obligations, net losses and competition. In addition, the completion of the proposed debt restructuring with affiliates of Quadrangle Group LLC is contingent upon numerous conditions, including the filing and clearance of an information statement on Schedule 14C with the Securities and Exchange Commission, the implementation of a long term management incentive plan and the satisfaction or waiver of the other conditions set forth in the transaction agreements. See our Annual Report on Form 10-K for the year ended December 31, 2003, and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004, for a further discussion of factors affecting our performance. Protection One disclaims any obligation to update any forward-looking statements as a result of developments occurring after the date of this news release.