

The Empire District Electric Company

ANNUAL REPORT 1998



Power, Precision, Flexibility, Efficiency...

Profile: An independent, investor-owned utility providing electrical and other value-added services to over 143,000 residential, commercial, and industrial customers. Serves a 10,000 square-mile service area in Missouri, Kansas, Oklahoma, and Arkansas. Founded in 1909. Listed on the New York Stock Exchange since 1946. Has paid dividends continuously since 1944.

Our Mission: (1) To be the regional supplier of choice for energy and energy-related products (2) To know our customers and to exceed their expectations (3) To provide increasing value to our shareholders (4) To create a safe, challenging, and satisfying work environment (5) To develop a corporate culture which will enable success in a competitive marketplace (6) To ensure financial strength to respond to an increasingly deregulated environment

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No 1.

ANTS CAN CARRY UP TO 50 TIMES THEIR OWN WEIGHT. BUT BEYOND INDIVIDUAL STRENGTH, THEY ARE KNOWN FOR THEIR PRODUCTIVITY...

THE ABILITY TO WORK AS A TEAM.





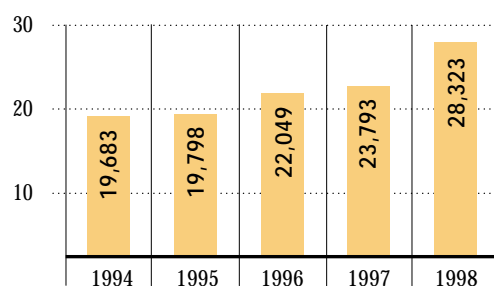
> Team. work. <

"Big things often come in small packages."

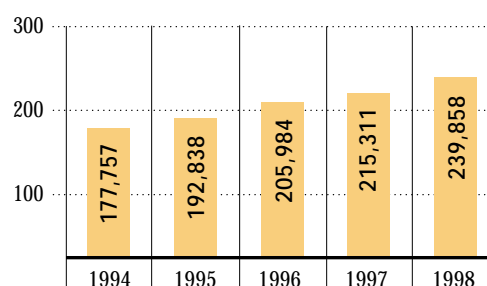
Power, efficiency, precision, and flexibility often come in small packages. As A STRONG PLAYER IN A FIELD OF GIANTS, The Empire District Electric Company is known for providing these qualities to our customers and shareholders. During 1998, every individual and employee team at Empire went ^{above} and b e y o n d their regular duties to prepare for a new era of customer services, plan for a new generation facility, and pursue innovative solutions for the needs of a new century.

1998 Financial Highlights

December 31,	1998	1997	Change
Operating Revenues	\$ 239,858,000	\$ 215,311,000	11.40%
Operating Income	\$ 47,372,000	\$ 40,962,000	15.65%
Net Income	\$ 28,323,000	\$ 23,793,000	19.04%
Basic and Diluted Earnings Per Average Common Share	\$ 1.53	\$ 1.29	18.60%
Dividends Paid	\$ 1.28	\$ 1.28	0.00%
Return on Common Equity	11.30%	9.76%	15.78%
Book Value Per Share of Common Stock	\$ 13.40	\$ 13.03	2.84%
Common Shares Outstanding	17,108,799	16,776,654	1.98%
Weighted Average Common Shares Outstanding	16,932,704	16,599,269	2.01%
Number of Common Shareholders of Record (Year end)	9,173	9,672	-5.16%
Total Construction Expenditures	\$ 50,899,000	\$ 55,071,000	-7.58%
Gross Utility Plant	\$ 831,496,000	\$ 797,839,000	4.22%
On-System Sales (Thousand kwh)	4,153,667	3,919,079	5.99%
Electric Customers (Year end)	144,546	142,000	1.79%
Total System Capability (Net kw)	1,108,000	1,088,000	1.84%
System Peak Demand (Net kw)	916,000	876,000	4.57%
Degree Days, Heating	3,548	4,074	-12.91%
Degree Days, Cooling	1,991	1,340	48.58%
Number of Employees (Year end)	626	626	0.00%



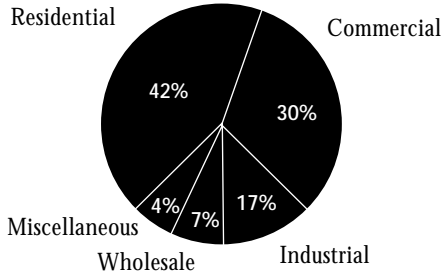
NET INCOME
(Dollars in Thousands)



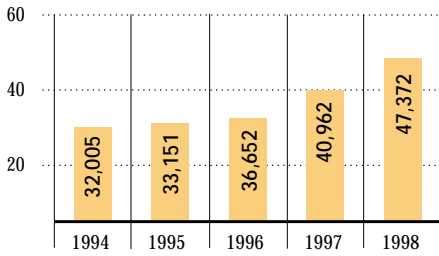
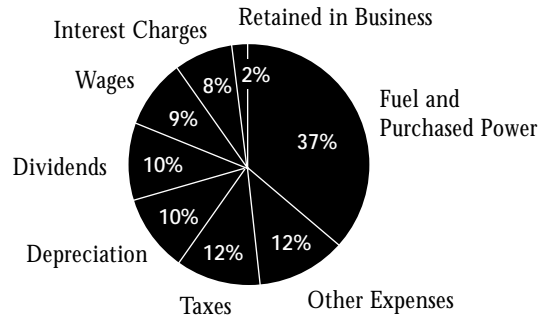
TOTAL OPERATING REVENUES
(Dollars in Thousands)

Charted Data

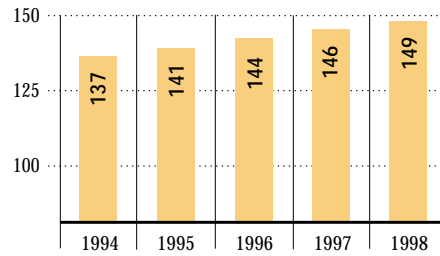
1998 SOURCES OF TOTAL REVENUE



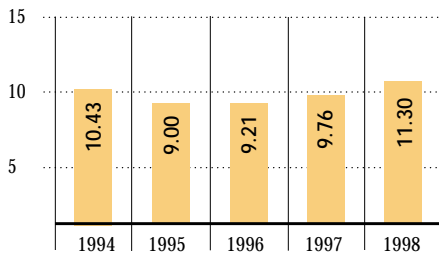
1998 ALLOCATION OF REVENUE



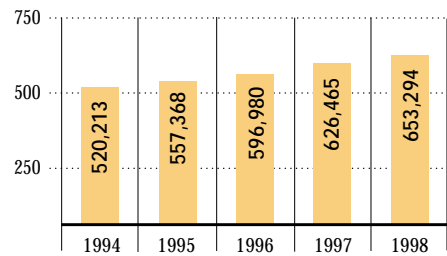
OPERATING INCOME
(Dollars in Thousands)



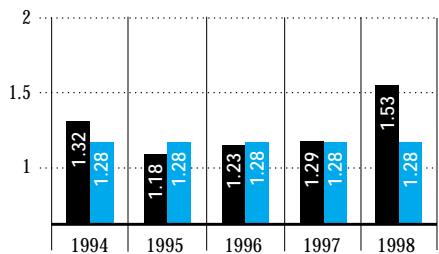
UTILITY CUSTOMERS
(Thousands)



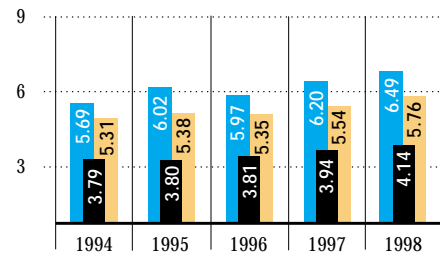
RETURN ON COMMON EQUITY
(Percent)



TOTAL ASSETS
(Dollars in Thousands)



EARNINGS AND DIVIDENDS PAID PER COMMON SHARE
(Dollars)



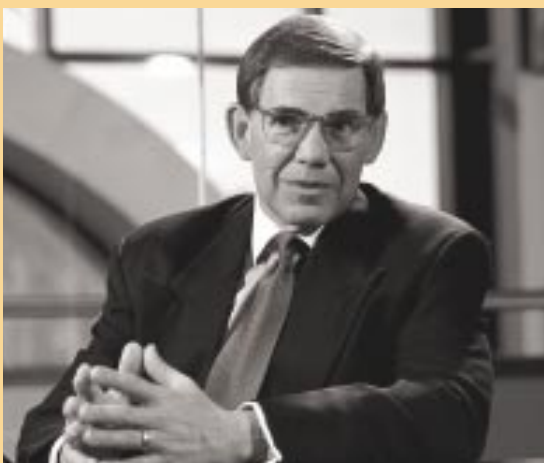
AVERAGE RATES
(Cents per Kilowatt-hour)

■ Dividends
■ EPS

■ Commercial
■ Residential
■ Industrial

To our Shareholder

"1998 was a year of major achievements in preparing for the power supply and information needs of a new century."



MYRON W. MCKINNEY
President and Chief Executive Officer



Fellow Shareholders: I am pleased to report that 1998 was a year of significantly improved financial performance for the Company. As you will learn in the pages of this report, 1998 was a year of major achievements in preparing for the power supply and information needs of a new century.

While our service area and staff size are relatively small compared to many other investor-owned utilities, we have developed a world-class corporate culture which encourages change and flexibility. Our peers in the industry have taken notice and recognize Empire's technical expertise and innovation.

Financial performance. Our earnings are up 24 cents (18.60%) over last year, at \$1.53 per share. Two other key financial highlights of the year include an 11.40% improvement in Operating Revenues and a 19.04% increase in Net Income, compared to 1997.

Above-average temperatures through much of the summer helped to establish a new all-time system peak and contributed to improved results for the year. Also, 1998 represents a full year's effect of the Missouri rate increases, which became effective during the third quarter of 1997. These increases were important in offsetting increased generating equipment maintenance, as well as fuel and purchased power costs. In February 1998, we filed an application to increase rates for our Arkansas customers by \$618,497 (10.00%), and in July received an order from the Arkansas Public Service Commission authorizing an increase of \$358,848 (6.60%).

Even with these increases, our rates remain very competitive: approximately 30% below the national average for residential, 28% below for commercial, and 18% below for industrial customers.

The thriving economy within our service area also contributed to our strong 1998 performance. Our kilowatt-hour sales increased 5.2% over 1997 sales, and customer growth was 1.8%, compared with the national average of 0.8%.

For 1998, we paid an annual dividend of \$1.28 which, when coupled with a stock price appreciation of \$5.13 per share and dividend reinvestment, provides a total return of 33.47%. This return places us in the top ten utilities in Edison Electric Institute's Index of Investor-Owned Electrics.

In summary, it was a very good year to be an Empire shareholder.

Plans for new generation announced. On October 2, 1998, after a thorough evaluation of our customers' projected electrical needs for the year 2001 and beyond, we announced plans to add 350 megawatts of generation at our State Line Power Plant. This addition will utilize our existing Unit II along with another combustion turbine unit to supply heat to a new steam turbine. This state-of-the-industry combined cycle technology will provide a nominal 500 megawatts of competitively priced energy. The primary objective in undertaking this project is to make us more self-sufficient in our power generation, and to supply our customers with an economic and reliable supply of electrical energy.

We have elected to take a joint owner for this addition. In January we entered into a Memorandum of Understanding with Western Resources, Inc. of Topeka, Kansas, to share in the ownership of the combined cycle unit. We anticipate retaining 60% ownership and being responsible for the construction and operation of the facility. Our share of the project as completed would provide us with approximately 150 megawatts of additional capacity. Further details regarding the addition are contained later in this report.

Complementary customer services. We are no longer just an electrical utility. Empire District is a purveyor of Services You Count On — new technologies, new comforts and conveniences, as well as protection and peace of mind. While we remain committed to our core business of electric power service, we have recently introduced several new service offerings. Our strategy in offering these complementary services is to broaden our involvement, strengthen our relationships, build loyalty among our existing customers, and regionally expand our customer base.

It is our mission to be the regional supplier of choice for energy and energy-related products. We intend to achieve excellence in the services we provide and expand our service offerings to prospective customers we can profitably serve. Specifically, these products are electric energy, monitored security systems, specialty lighting, electric system surge protection, fiber optic cable leasing services, and natural gas sales to qualified industrial customers. As other products become viable, we will add them to our portfolio.

Software solutions to meet the millennium. Centurion, a state-of-the-art Customer Information System ("CIS"), and its deserving development team at Empire, gained recognition in several national publications throughout the year. Centurion features technical benefits both equal to and better than commercially available CIS systems selling for millions of dollars. It is being developed in-house at a fraction of the cost.

Also, installation of a comprehensive new PeopleSoft financial software package addresses the needs of the Company for the foreseeable future. In addition to financial integration, the new software incorporates human resources functions. These systems provide the flexibility we will need to manage our information needs well into the next century.

Year 2000 readiness. We continue to identify, evaluate, and implement changes to all information technology ("IT") and non-IT systems in order to achieve Year 2000 readiness. Implementation of our new financial software package from PeopleSoft and our new Centurion CIS is expected to be complete by mid-1999. Both software systems are Year 2000 ready.

Additionally, our Year 2000 Readiness Plan includes awareness and communications, a special readiness task force, as well as development of documentation, remediation, and testing procedures. We are currently testing and remediating equipment and systems and obtaining certificates of compliance from vendors and other third parties with whom we do business. Year 2000 readiness is a top priority at Empire.

Electric utility restructuring update. On the state and national levels, there was little forward motion on restructuring in 1998, with little interest on the part of the voter/ratepayer constituency. Many states that actually implemented competitive measures during and prior to 1998 have experienced lower than anticipated participation.

With little support to move the issue in the 1999 legislative sessions, it does not appear that restructuring is likely to begin in Missouri or Kansas before 2002. Oklahoma has chosen July 1, 2002, as a target date, and legislation has been introduced in Arkansas with a target date of 2002. We are actively engaged in these efforts and will continue to protect our interests in the legislative arena.

Forward into 1999 and the new century. Our 1998 performance is a strong indicator of our preparedness for the challenging business environment of the future. In addition to our primary responsibility of supplying reliable, low-cost electric energy to our customers today, we have devised flexible, economical, and innovative solutions to our power supply and information management needs of the next century. The next few years will provide major challenges as our industry transitions to competition. I am confident we will successfully meet these challenges and reward your confidence in our Company.



MYRON W. MCKINNEY
President and Chief Executive Officer

March 16, 1999



In summary, it was a very good

year to be an Empire shareholder.





No 2.

THIS WATCH CONTAINS HUNDREDS OF INGENUOUSLY DESIGNED PARTS,
ALL MOVING IN HARMONY AND PRECISION, TO KEEP TIME FLAWLESSLY
—24 HOURS A DAY, 365 DAYS A YEAR.



> Precision <

"We are able to respond strategically and efficiently to the fast changing utility environment."

Services You Count On – 24 hours a day.

As one of the smaller investor-owned utilities in the nation, The Empire District Electric Company moved with extraordinary precision and agility during 1998. With accurate input from talented individuals and work groups throughout our organization, we were able to respond strategically and efficiently to the fast changing utility environment. Look at the steps we've taken to meet the needs of 2000 and beyond.

Future energy supply. Changes in the industry. Over the last two years, the industry has experienced significant increases in the price of purchased power, even in the traditionally low-cost Midwest. In addition to a detailed internal assessment by our Planning and Energy Supply departments, we contracted with industry consultants, Black & Veatch, to study future energy needs for the Midwestern region. With limited new generation facilities currently under construction or announced, their study and ours concluded that there will be a need for additional generation in the Midwest by the year 2001.

Our decision to build new generation capacity. After comparing the Company's projected electricity needs with the increasingly volatile purchased power market, we determined that our best option was to add 350 megawatts of generation at our State Line Plant. In August, the Company purchased an option on a combustion turbine to be delivered in July 2000 with an anticipated in-service date of June 1, 2001. On October 2, we announced our Generation Plan. The new 150-megawatt combustion turbine will be used along with our existing 152-megawatt Unit II combustion turbine to supply heat to a new 200-megawatt steam turbine. This will provide a nominal 500 megawatts of state-of-the-art combined cycle energy. This environmentally friendly, proven technology captures waste exhaust heat from the gas combustion turbines to be utilized for additional steam generation. Whether operated in a regulated or a restructured market, the plant will be a cost-competitive provider of power for the Company's own use or for sale on the wholesale market.

In January we entered a Memorandum of Understanding with Western Resources, Inc. of Topeka, Kansas, to share in the ownership of the combined cycle unit. We anticipate retaining 60% ownership and being responsible for the construction and operation of the facility. We would also be entitled to 60% of the addition's capacity. Because we would contribute our existing 152-megawatt Unit II combustion turbine to the project, our share of the project as completed would provide us with approximately 150 megawatts of additional capacity.



LOW-COST GENERATION FROM OUR OZARK BEACH FACILITY HELPS EMPIRE MAINTAIN SOME OF THE LOWEST RATES IN THE NATION.



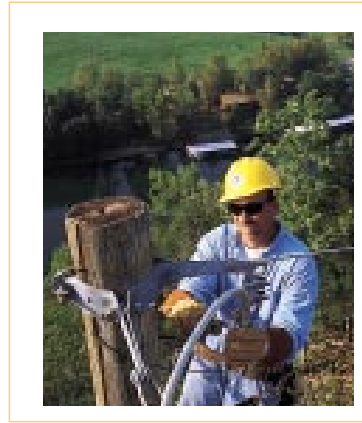
A GROWING LOCAL ECONOMY AND A DIVERSE INDUSTRIAL BASE HELP KEEP DEMAND FOR OUR SERVICES STRONG AND STABLE.

Financial strength for the future. On April 28, 1998, the Company issued \$50 million of First Mortgage Bonds, 6.5% Series due 2010, in an underwritten offering. Net proceeds were added to the Company's general funds to repay \$23 million of the Company's First Mortgage Bonds due May 1, 1998, and to repay short-term debt, including debt incurred for construction. As we begin construction of our State Line expansion, we plan to issue both equity and long-term debt.

Operational highlights during 1998. On January 25, 1998, a ground fault in the generator at our Asbury Plant caused an unplanned outage. Since a spring maintenance outage had already been planned, the team at Asbury took decisive action and was able to complete the planned maintenance work simultaneously with the repair work. This proved to be a benefit later when the plant was available to provide power during an early spring heat wave.

As we run our combustion turbines on a more regular basis to reduce dependence on high-cost purchased power, these units require considerable ongoing maintenance. For instance, we had to undertake major turbine maintenance at the Energy Center during the fourth quarter of 1998. Even with higher maintenance expenditures, we increasingly discover situations where we are able to produce power at a lower cost than we can purchase it in the competitive market.

A thriving local economy. Empire's 10,000 square mile service territory has a diverse and expanding economy. This is due in part to our continuous efforts in economic development, helping communities recruit desirable new employers. In 1998, our overall customer growth rate was 1.8%, compared with the national average of 0.8%, and our unemployment rate was lower than the national average. Diverse industries within our service area include chemicals, food processing, manufacturing, building materials, transportation, machine products, furniture, warehousing, and paper goods. This diversity has promoted above-average growth during strong economic times, and helps insulate the Company when slowdowns occur in individual sectors of the economy.



AS WE ADDED NEW SERVICES IN 1998,
OUR EMPLOYEES DEMONSTRATED EAGER-
NESS AND ABILITY TO IMPLEMENT THEM.

Unlike many utilities that depend on one or a few industrial customers for a high percentage of their load, our largest retail customer accounts for less than 1% of our total revenues.

New services that add value. While the majority of our revenues come from electrical power supply, we have strategically expanded our focus to include companion services that not only benefit our customers, but provide potential value to our shareholders as well. These services are important because they differentiate us from future competitors and deepen our relationships with existing customers. In many cases, they are services of an unregulated nature, enabling us to approach new customers outside of our regulated service area who may eventually want to become power customers in a restructured marketplace.

These services include: E-Watch 24-hour monitored security for homes and businesses, E-Luminate specialty lighting products and services, and whole-house surge protection. Additional services offered exclusively to the business community include fiber optic leasing and natural gas marketing to qualified industrial customers. Strategically, for every service added, we had the expertise in place to implement them. Therefore, new services have been added with limited increases in staffing.

While continuing to provide low-cost, efficient power day-in and day-out, our employees consistently reached past their regular duties during 1998 to help position the Company for a strong and promising future in a competitive marketplace.



MINIATURE COMPUTER CHIPS POSSESS BREATHTAKING POWER TO PROCESS INFORMATION, AT SPEEDS BEYOND OUR ABILITY TO COMPREHEND.

Computers do only what we tell them to do. Their power to perform is phenomenal, when programmed with ingenuity and purpose. Since the mid-1990s, uniquely talented individuals and teams throughout the Company have been instrumental in preparing and programming all information systems for a smooth transition to the new century on January 1, 2000. It's an ongoing effort, which is going well.

New financial software. In preparation for a restructured marketplace, adaptable financial software is critical. In late 1997, after a careful review of available alternatives, the Company committed to the purchase and implementation of integrated financial and human resources software from PeopleSoft, Inc., a leading vendor in its field. Financial modules include: general ledger, budgets, purchasing, inventory, accounts payable, asset management, and projects tracking. Human resources modules include: human resources records, payroll, benefits administration, and time and labor.

For cost effectiveness, we specified a non-customized PeopleSoft package, requiring us to change some of the ways things have been done in the past. Unlike many larger utilities, this kind of flexibility and openness to change has been ingrained as part of Empire's corporate culture. As their co-workers help pick up normal department workloads, a special project team is working to configure the software to meet the Company's needs, with final deployment expected to be complete by mid-1999.

Creating an industry breakthrough in customer information. According to an article in *UTILITIES* magazine, "Some of the boldest steps in preparing utility IT for competition and the year 2000 may have been taken by one of the smaller investor-owned utilities..." The article refers to the Company's internal development of an entirely original Customer Information System ("CIS") using Java-based programming software. Similar recognition was received in *Information Week* and *InfoWorld*. To provide both regulated and non-regulated services to customers in a competitive marketplace and across state lines, flexibility in billing format is a pre-requisite. The Java programming even makes the information available to business and residential customers across the Internet.

Commercially available systems either used outdated programming technology or literally cost millions of dollars. With no acceptable solution, we created a small, highly innovative team of both system developers and customer service end users, to develop our own CIS. In 1997, the system, named Centurion, and its development team were internationally recognized at the Comdex Internet Application Awards in Germany. Empire was the only US company to be so recognized, and the only company in the world to receive two awards at Comdex. And, in 1998, Centurion was honored for innovation by *Public Utilities Fortnightly*.

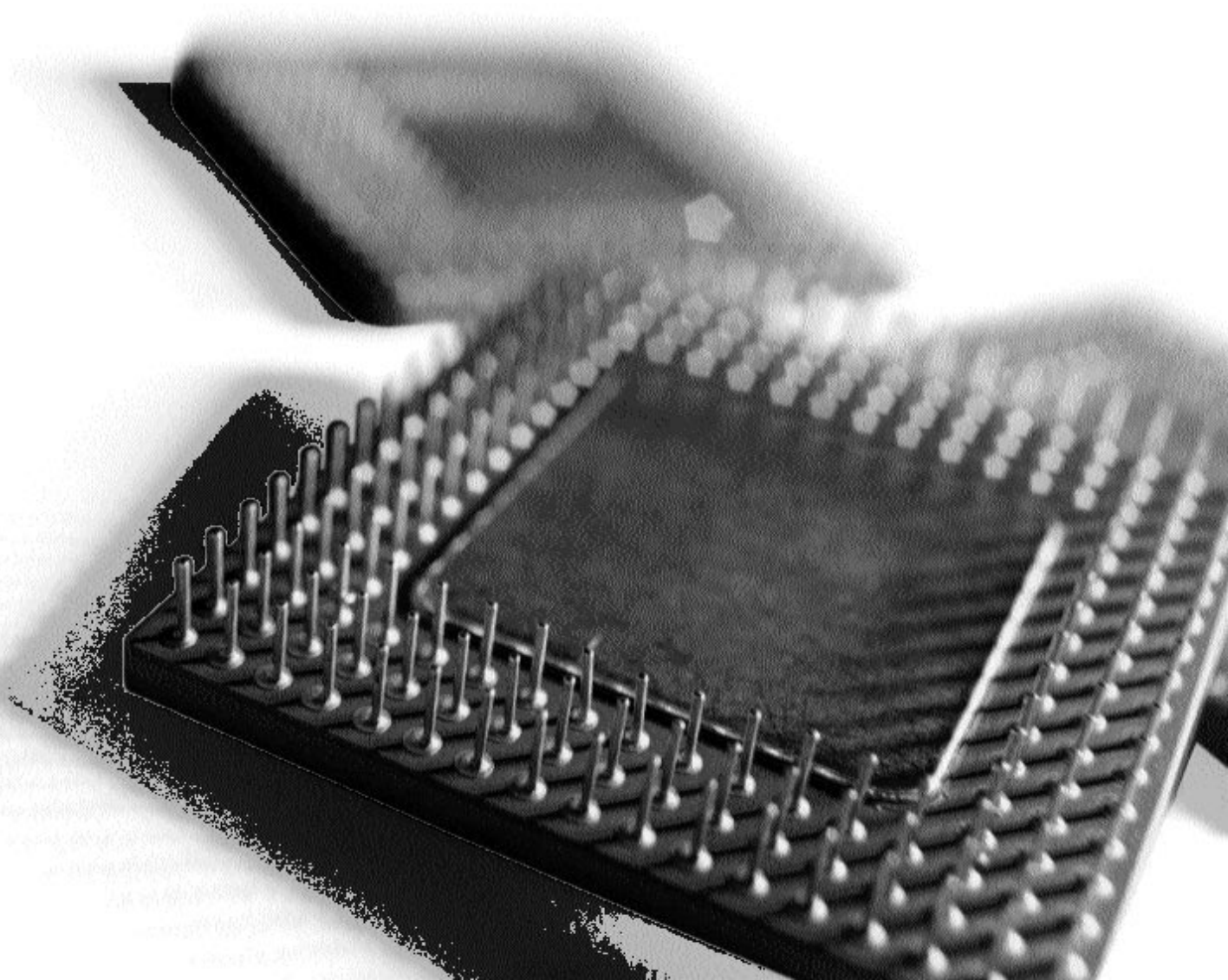
Year 2000 readiness. Our plan to attain Year 2000 readiness is proceeding on-time and on-target with a third party monitoring our progress. For more information, see our President's comments in his letter to shareholders. Or for a detailed look at the logistics which have been implemented, see Management's Discussion and Analysis, page 26.

As evidenced by both national and international recognition, the Company has demonstrated itself to be world-class in capability and attitude. Working together, our employees have made some dramatic advances in technology — proof once again that good and surprising things often come in small packages.

> Power <

"We are preparing for a smooth transition to the new century...
It's an ongoing effort, which is going well."

New means and methods to greet the new century.





Nº 4.

ONE TOOL. EFFICIENT USE OF SPACE AND MATERIALS. UNLIMITED ABILITIES—WHEN IMAGINATION AND INGENUITY ARE APPLIED.



Empire people, working both independently, and in closely-knit work groups, are our most important asset. Early on, in anticipation of industry restructuring, the Company undertook a concerted effort to build a strong and efficient organization. Today, more than ever, our team members are adaptable to change, and they welcome new and better ways of doing things.

Common sense. Creativity. Change. These are qualities that we value, and we see them demonstrated daily by our employees. Our business becomes more technical each year. The marketplace is changing more rapidly than ever. Industry restructuring will bring new challenges and new requirements, and we will need to implement these requirements on a different timetable in each of the states where we do business. In every area at Empire, change is a given, and it is embraced.

An attitude of differentiation. Our employees understand that we do not consider ourselves a commodity supplier of electrical power alone. Customer service must be stellar. New services must be explored and considered, while we continue to do our primary job: providing services our customers count on, 24 hours a day. In recent months, as new services have been introduced, we have asked existing personnel to step in and bring these products to market. And their attitude has been to accept the challenge and provide expertise even beyond what was asked. Both the management team and the support teams we depend on to provide information and infrastructure feel ready to meet the new century and the changes it will bring.

An emphasis on motivation and training. While remaining a low-cost supplier of electrical power and other services, and one of the nation's smaller investor-owned utilities, we don't skimp on training. We believe in it. It's what keeps us knowledgeable, motivated, and in touch with the state of our industry. It's what makes industry breakthroughs (like our internally developed Centurion software) possible. It keeps us where we like to be — on our toes and at the forefront of our respective disciplines, whether customer service or power line construction and safety. It's what makes others in our industry take notice. We like that.

Creativity and teamwork at Empire. Teamwork is the only way for us to achieve more than we could as individuals. Doing things differently, and better than we've ever done them before. It's an ongoing story, and it always will be. Dramatic achievements were made during 1998, and the outlook for the future is every bit as bright.



> Efficiency <

"Our team members are adaptable to change, and they welcome new and better ways of doing things."

A multi-skilled work force who gets the job done.

Directors

Virgil E. Brill

Vice President - Energy Supply
The Empire District Electric Company
Joplin, Missouri
(Age 57, Director since 1989)

Melvin F. (Nick) Chubb, Jr.

Retired Senior Vice President
Eagle-Picher Industries Inc.
Cincinnati, Ohio
(Age 65, Director since 1991)

R. Dwain Hammons

Chairman and Chief Executive Officer
Hammons Products Company
Stockton, Missouri
(Age 65, Director since 1983)

Ross C. Hartley

President
The Hartley Agency
Baxter Springs, Kansas
-also-
Vice President
International Information Consortium
Topeka, Kansas
(Age 51, Director since 1988)

Jack R. Herschend

Chairman of the Board and Co-Owner
Silver Dollar City, Inc.
Branson, Missouri
(Age 66, Director since 1994)

Francis E. Jeffries

Retired Chairman
Phoenix Duff & Phelps Corporation
Chicago, Illinois
(Age 68, Director since 1984)

Robert L. Lamb

Retired President
The Empire District Electric Company
(Age 66, Director since 1978)

Roy E. Mayes

Retired Chairman and Chief Executive Officer
Carmar Group Inc.
Carthage, Missouri
(Age 64, Director since 1991)

Myron W. McKinney

President and Chief Executive Officer
The Empire District Electric Company
Joplin, Missouri
(Age 54, Director since 1991)

Mary McCleary Posner

President and Principal
Posner McCleary Inc.
Columbia, Missouri
(Age 58, Director since 1991)

Officers

Myron W. McKinney

President and Chief Executive Officer
and Director
(Age 54, 31 years of service)

Virgil E. Brill

Vice President - Energy Supply
and Director
(Age 57, 36 years of service)

Robert B. Fancher

Vice President - Finance
(Age 58, 26 years of service)

William L. Gipson

Vice President - Commercial Operations
(Age 42, 18 years of service)

Clifford A. (Tony) Stark

Vice President - General Services
(Age 54, 18 years of service)

David W. Gibson

Director of Financial Services and
Assistant Secretary
(Age 52, 19 years of service)

Gregory A. Knapp

Controller and Assistant Treasurer
(Age 47, 20 years of service)

Janet S. Watson

Secretary - Treasurer
(Age 46, 4 years of service)

Committees of the Board

Audit Committee

Posner, Chairman; Chubb; Hartley; Jeffries

Compensation Committee

Jeffries, Chairman; Herschend; Lamb; Mayes; Posner

Executive Committee

McKinney, Chairman; Brill; Hammons; Hartley; Lamb; Mayes

Nominating Committee

Mayes, Chairman; Chubb; Hammons; Herschend

Retirement Committee

Hammons, Chairman; Brill; Hartley; Lamb

Service Map



Directors



VIRGIL E. BRILL



MELVIN F. (NICK)
CHUBB, JR.



R. DWAIN
HAMMONS



ROSS C. HARTLEY



JACK R.
HERSCHEID



FRANCIS E.
JEFFRIES



ROBERT L. LAMB



ROY E. MAYES



MYRON W.
MCKINNEY



MARY MCCLEARY
POSNER

Officers



MYRON W.
MCKINNEY



VIRGIL E. BRILL



ROBERT B.
FANCHER



WILLIAM L. GIPSON



CLIFFORD A.
(TONY) STARK



DAVID W. GIBSON



GREGORY A.
KNAPP



JANET S. WATSON

Financial Section

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Corporate Data

Annual Meeting

The annual meeting of shareholders will be held Thursday, April 22, 1999, at 10:30 a.m., at the Holiday Inn, 3615 South Range Line (intersection of Highway 71 and Interstate 44), Joplin, Missouri.

Company Headquarters

The Empire District Electric Company
602 Joplin Street
P.O. Box 127
Joplin, Missouri 64802-0127
Telephone: (417) 625-5100

Auditors

PricewaterhouseCoopers LLP
St. Louis, Missouri

Registrar, Transfer Agent and Dividend Agent

Common and Preferred Stock
ChaseMellon Shareholder Services, LLC
85 Challenger Road
Ridgefield Park, NJ 07660
(888) 261-6784
For hearing impaired (800) 231-5469
Foreign Shareholder Questions: (201) 329-8660
www.chasemellon.com

Stock Trading

Empire stock is listed on the New York Stock Exchange under the following ticker symbols:

		Common Stock
EDE		
EDEPrA	4 3/4%	Cumulative Preferred Stock
EDEPrB	5%	Cumulative Preferred Stock
EDEPrC	8 1/8%	Cumulative Preferred Stock

Common Stock Prices and Dividends

1998			Dividend
Quarter	High	Low	Paid
First	22 1/2	18 3/8	\$0.32
Second	22 1/2	20	\$0.32
Third	23 3/8	19 5/16	\$0.32
Fourth	26 1/8	20 7/8	\$0.32
1997			Dividend
Quarter	High	Low	Paid
First	19 1/4	17 3/4	\$0.32
Second	18 3/8	16	\$0.32
Third	18 1/4	16 1/4	\$0.32
Fourth	19 15/16	17 5/16	\$0.32

Credit Rating

	Duff & Phelps	Moody's	Standard & Poor's
First Mortgage Bonds	A+	A2	A-
PCRB-AMBAC	AAA	Aaa	AAA
Preferred Stock	A	a3	BBB
Commercial Paper	D-1	P-1	A-2

Dividend Reinvestment and Stock Purchase Plan

Any holder of Empire Common or Preferred Stock is eligible to enroll in the Company's Dividend Reinvestment and Stock Purchase Plan. Under the Plan, participants may presently acquire, at a 5 percent discount, newly issued common shares with reinvested dividends. Participants may also purchase, at market value, newly issued common shares with optional cash payments of \$50 - \$3,000 per quarter. A prospectus describing the Plan and enrollment forms are available upon written request from the Plan Administrator:

ChaseMellon Shareholder Services, LLC
85 Challenger Road
Ridgefield Park, NJ 07660
(888) 261-6784
For hearing impaired (800) 231-5469
Foreign Shareholder Questions: (201) 329-8660
www.chasemellon.com

Financial Report - Form 10-K

Copies of this report and the Form 10-K, including financial statements as filed with the Securities and Exchange Commission, are available without charge upon written request to Janet S. Watson, Secretary - Treasurer, The Empire District Electric Company, P.O. Box 127, Joplin, Missouri 64802-0127. This report is not intended to induce any securities' sale or purchase.

Inquiries

Investor, shareholder and financial information is available from:

The Empire District Electric Company
Janet S. Watson, Secretary - Treasurer
P.O. Box 127
Joplin, Missouri 64802-0127
or telephone (417) 625-5100

Internet

We invite you to learn more about our Company by connecting with us at:

www.empiredistrict.com



SERVICES YOU COUNT ON

www.empiredistrict.com

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