



DISPATCH



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A newsletter for the Empire District Family

Empire Announces Agreement and Plan of Merger: Algonquin Leadership Meets Empire Staff

Only two days after the announcement by Algonquin Power & Utilities Corporation (APUC) and Empire that the two had entered into an agreement and plan of merger, Brad Beecher, Empire CEO, introduced Empire employees to Ian Robertson, the CEO of Algonquin. The two spent the morning meeting with Empire staff to answer questions.

In three standing-room-only meetings, Ian explained Algonquin's history, vision, emphasis on safety and growth strategy.

"Our values are the underpinning of our company culture and provide helpful guidance in the decisions we make each and every day," Ian explained. "We have narrowed these values to three key areas: quality, efficiency and care – with safety as the key to admission."

During the presentation, Ian reported that it is Algonquin's goal to continue to engage and invest locally. Their plan is to continue the "local utility feel" through a notable presence in our communities including local service centers, employees and decision making.

"We have more similarities than differences," Ian remarked, referring to Empire's size, values and tradition of local service. "There are much larger companies that could have acquired Empire. For those companies Empire would have been a rounding error on the balance sheet. That's not true with us. This is big for us – and we are all in on this deal."

Liberty Utilities is Algonquin's United States-based subsidiary. After the close of the transaction, Liberty Utilities will be organized into three regional operating groups:

Liberty Utilities – West will serve approximately 189,000 customers in Arizona, California and Montana.

Liberty Utilities – Central will serve approximately 342,000 customers in Arkansas, Illinois, Iowa, Kansas, Missouri, Oklahoma and Texas. (This includes Empire's service area).

Liberty Utilities – East will serve approximately 247,000 customers in Georgia, Massachusetts and New Hampshire.

Generation

Clean, renewable power generation currently makes up about 50 percent of Algonquin's business. This includes 1185 megawatts of capacity or \$2.3 billion in non-regulated assets in Canada and U.S.

Transmission

Algonquin also has investments in regulated natural gas pipelines and electrical transmission assets across North America.

Following the close of the transaction, Algonquin will have a portfolio comprised of power generation infrastructure totaling approximately 2,195 megawatts of net generating capacity, additional secured generation capacity of 86 megawatts through contracted Power Purchase Agreements (PPAs), utility assets serving nearly 800,000 customers in the United States and 44 operating power generation assets.

Through the Liberty Utilities subsidiary, Algonquin is currently serving about 120,000 customers in the Midwest, including Missouri, Arkansas, Illinois, Iowa and Texas. Together with Empire, those operations will become Liberty Utilities – Central. Empire's existing corporate headquarters will become the regional headquarters for the Central region and be led by Empire's existing management team.

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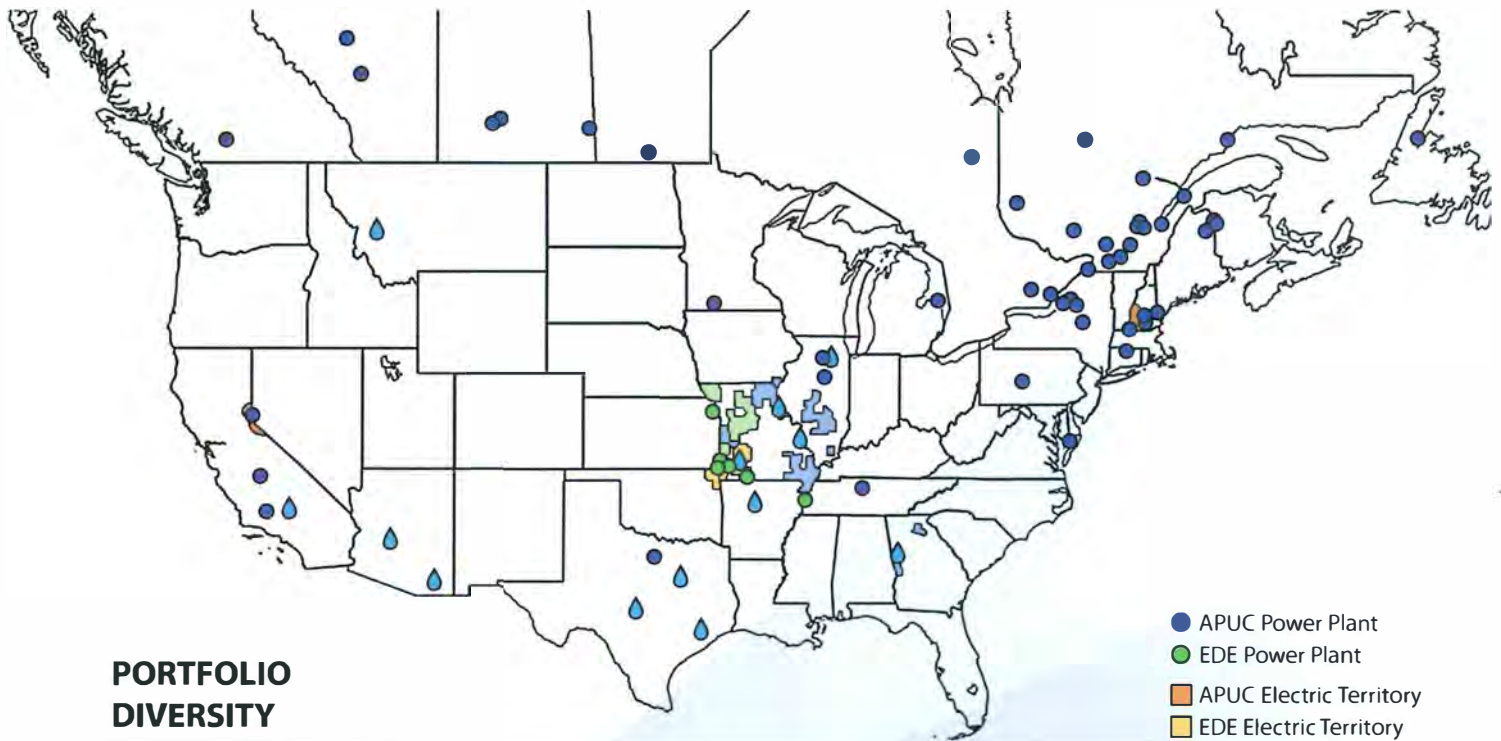
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According to Brad Beecher, "I'm very pleased we have found a partner that not only provides added scale, geographic diversity and opportunities for Empire, but also is committed to our customers, employees and communities. The coming year will be an exciting one as we seek the shareholder and regulatory approvals needed and work with stakeholders to communicate the merits of the merger."

So, what to expect next? It is business as usual. "We will continue to provide our customers with safe, reliable service and a positive customer experience," adds Brad.

The transaction closing will take place after all regulatory approvals are granted, which typically takes nine to 18 months.

Additional publications, including the Employee Information Guide and Employee Meeting presentations are available on the ePortal. If you have a question not already covered in the publications that you would like to be considered for future updates, please send it, along with your name and contact information, to the Corporate Communications department.



PORTFOLIO DIVERSITY

Additional Information and Where to Find It

The proposed transaction will be submitted to shareholders of Empire for their consideration. In connection with the transaction, Empire will file a proxy statement and other materials with the U.S. Securities and Exchange Commission (the "SEC"). This communication is not a substitute for the proxy statement or any other document that Empire may send to its shareholders in connection with the proposed transaction. **EMPIRE SHAREHOLDERS ARE ADVISED TO READ THE PROXY STATEMENT FOR THE PROPOSED TRANSACTION WHEN IT IS FILED, AND ANY AMENDMENT OR SUPPLEMENT THERETO THAT MAY BE FILED, WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT EMPIRE AND THE TRANSACTION.**

All such documents, when filed, are available free of charge at the SEC's website at www.sec.gov, at Empire's website at www.empiredistrict.com or by sending a written request to Corporate Secretary, The Empire District Electric Company, 602 S. Joplin Avenue, Joplin, Missouri 64801.

Participants in the Solicitation

Empire and its directors and executive officers are deemed to be participants in any solicitation of Empire shareholders in connection with the proposed transaction. Information about Empire's directors and executive officers is available in Empire's definitive proxy statement, filed on March 18, 2015, in connection with its 2015 annual meeting of shareholders, and in Empire's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Merger Information Guide

Why Did Empire Evaluate Strategic Alternatives / Agree to a Merger?

Our Board of Directors has a fiduciary responsibility to our shareholders. They are always looking to maximize value for our shareholders (which includes many of you, in addition to our retirees and community members). We sought to proactively search out solutions to many market forces, from a position of strength. Our combination with Liberty and Algonquin will allow us not only to address industry trends (such as lower customer growth and changing environmental regulations), but also to more effectively capitalize on the growth and development opportunities they provide.

How is this Transaction Positive?

The transaction is good for both organizations. It adds scale for both companies thus providing opportunities to pursue efficiencies, leverage best practices, and enhance service offerings. In addition, the expertise of Empire's employees in regulated utility operations is a benefit that Algonquin recognizes along with our strong reputation for delivering excellent service. And Algonquin, through its unregulated generation group, brings significant expertise in developing and operating renewable power throughout North America. Together, these strengths will allow our employees and customers to benefit from growth opportunities in both renewable and regulated businesses.

What Does This Mean for Employees?

Employment

- Empire staff is maintained to operate our current and possibly expanded business
- Opportunities for new or expanded roles for employees across a wider North American footprint
- Retain years of credited service
- Policies and agreements will be honored, including:
 - Union Contract
 - Vacation, sick leave, holidays, etc

Wages, Healthcare & Other Benefits

- Wages and benefits remain no less favorable for two years after the transaction closes
 - Following that two-year period, for the next three years, wages and benefits will be no less favorable in the aggregate than those for similarly situated employees across the combined organization
- Benefit plans may not be amended in any material way for three years after closing

Post-retirement Benefits

- **It is important to note:** Pension benefits earned to date are protected by Federal law
- Post-retirement benefits will not be amended in a materially adverse manner for at least three years after close
- After three year period, post-retirement benefits will be no worse than those similarly situated across the combined organization

401k

- Empire stock in 401k plans will be converted to cash at time of close (\$34/share) and employees will determine new investment elections.

- Employees will continue to receive a matching contribution, in some form, after close.

Employee Stock Purchase Plan

- Scheduled purchases will be issued as scheduled in May 2016



What Does This Mean for Shareholders?

Shareholders will receive \$34 for each share of stock they hold at closing, representing a premium of approximately 50 percent of the unaffected stock price of \$22.65 on December 10, 2015.

What Does This Mean for Customers?

Our customers will continue to receive the excellent service they have come to expect from experienced Empire employees. As a result of the transaction there will be an opportunity to benefit from shared costs, broader diversification and economies of scale as part of a larger organization. Also, they will see Empire continue its current level of involvement and charitable support for our local communities.

What are the Next Steps?

The transaction requires approval in all of Empire's regulatory jurisdictions – Missouri, Kansas, Oklahoma, Arkansas and also from the Federal Energy Regulatory Commission. Various other federal clearances are also required.

Shareholder approval is also required. A preliminary proxy statement describing the transaction in greater detail and recommending shareholders vote in favor of the transaction will be filed with the SEC within approximately 60 days.

Once all approvals are in place, a closing date will be established and the Empire District shares will be purchased at \$34 per share on that date.

When will the Transition Take Place?

Regulatory filings will occur over the next couple of months and typically take 9 - 18 months to reach conclusion. If the approvals just described are not granted, the transaction will be terminated and Empire will continue to operate as it does today. Regardless of the outcome, we will continue providing service to our customers.

How will We Stay Informed?

It is our goal to keep employees as informed as possible. However, as we move through this process, it is important to remember, we must strictly adhere to SEC regulations for the disclosure of certain information related to the proposed merger. All communication documents, including this information guide, must be filed with the SEC. As we, and you, communicate with others we must stick to the factual information that has been published and filed with the SEC, such as the news release, the employee meeting presentation and this information guide.

We will conduct periodic employee meetings to provide updates and answer questions. We will also provide information through our normal communication channels including the ePortal and Dispatch. Please watch these channels for updates and always know that your leadership team has an open door to help provide you with available information.