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May 17, 2000

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

FILED²
MAY 17 2000

Missouri Public
Service Commission

EA-2000-164

**Re: In the Matter of the Application of The Empire District Electric Company
to Adopt a Shareholder Rights Plan**

Dear Mr. Roberts:

On behalf of The Empire District Electric Company, I deliver herewith an original and eight (8) copies of an Application to be filed with the Commission. A copy is also being hand-delivered to The Office of the Public Counsel and the Commission's General Counsel this date.

I have also enclosed three (3) extra copies of the Application, each of which I request that you stamp "Filed" and return to the person delivering same to you.

Thank you for your attention in this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

Paul A. Boudreau

PAB/aw

Enclosures

cc: The Office of Public Counsel
General Counsel's Office

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
MAY 17 2000

Missouri Public
Service Commission

In the Matter of the Application of The)
Empire District Electric Company for)
an Order authorizing it to Adopt its)
Shareholders Rights Plan by Making a)
Dividend Distribution to All Holders of)
its Common Stock of Certain Rights,)
including, among other things, the Right)
to Purchase Additional Shares of)
Preference and Common Stock of the)
Company, to issue and sell such Additional)
Shares of Stock as may be required by the)
Exercise of such Rights.)

Case No. EA-2000-764

APPLICATION

COMES NOW The Empire District Electric Company ("Empire" or the "Company"), pursuant to § 393.210 RSMo. 1994, and for its Application to the Missouri Public Service Commission ("Commission") for an order authorizing the Company to adopt a shareholder rights plan, to make a dividend distribution of certain rights to holders of its common stock and to issue shares of its preference stock, common stock, other securities, cash or assets upon the exercise or exchange of such rights, states as follows:

1. Empire is a Kansas corporation with its principal office and place of business at 602 Joplin Street, Joplin, MO 64801. Empire is qualified to conduct business and is conducting business in Kansas as well as in the States of Missouri, Arkansas and Oklahoma and is engaged, generally, in generating, purchasing, transmitting, distributing and selling electric energy in portion of said states. Empire also provides water service in Missouri. Empire's Missouri operations are subject to the jurisdiction of the Commission as provided by law.

2. All communications, notices, orders and decisions respecting this Application and proceeding should be addressed to:

Myron W. McKinney, President
The Empire District Electric Company
602 Joplin Street
Joplin, MO 64801
(417) 625-5104

Mr. Paul A. Boudreau
Brydon, Swearingen & England P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
(573) 635-7166

3. Marked **Appendix 1**, attached hereto, and made a part hereof for all purposes, is a certificate of the Missouri Secretary of State that Empire is duly authorized to do business in the State of Missouri. A certified copy of Empire's Restated Articles of Incorporation, as amended, was filed with the Commission in Case No. EF-94-39.

4. In July of 1990, Empire filed with the Commission an Application for approval of its shareholder rights agreement. That Application was docketed by the Commission as Case No. EF-91-21. By Order dated August 10, 1990, the Commission authorized Empire to enter into, execute and perform in accordance with the terms of the Rights Agreement which was the subject of the Application in that case. A copy of the Commission's Order Granting Application to Adopt a Shareholder Rights Plan in Case No. EF-91-21 is attached hereto as **Appendix 2**.

5. The Empire shareholder rights plan is due to expire on July 25, 2000. Empire has determined that it is in the best interest of its shareholders to adopt a new Rights Agreement. In that regard, the Company proposes to distribute to holders of its common shares a dividend of one right (each a "Right") to acquire preference stock, common stock, other securities, cash or assets of the Company. Terms and conditions of the rights are described in detail in a new Rights Agreement dated April 27, 2000, a copy of which Rights Agreement is marked **Appendix**

3, attached hereto, and made a part hereof for all purposes. A summary of the rights to purchase the stock of the Company is contained in Exhibit C to Appendix 3. The Rights Agreement is substantially the same as Empire's existing shareholders rights plan, modified only as necessary to comply with intervening changes in the law and circumstance.

6. The purpose of the distribution of the rights is to protect the rights and interests of the holders of the Company's common stock in the event there should be an unsolicited takeover attempt against the Company, and to deter any attempt by a holder of ten percent (10%) or more (an "Acquiring Person") of the common stock of the Company to engage in self-dealing transactions with the Company. While the rights entitle holders to acquire preference stock, common stock, other securities, cash or assets of the company, rights held by an Acquiring Person and its affiliates are voided. An entity considering acquiring the Company could face the possibility of substantial delusion if it attempts to acquire a substantial block of Empire's stock without first convincing the Company's Board of Directors, among other things, that the offer is fair to all stockholders and that the rights should be redeemed. Accordingly, the purpose of the rights is not to prevent a takeover, but to prevent any proposed takeover that is unfair to its stockholders from being consummated. It is not currently expected (or likely) that the Rights will ever be exercised, and therefore be a source of additional capital.

7. As noted above, the Commission has previously authorized Empire to adopt a shareholder rights plan in Case No. EF-91-21. Likewise, the Commission has also authorized other public utilities to adopt similar rights and plans in Case Nos. GF-86-131 (Laclede Gas Company), EF-87-56 and EF-97-114 (St. Joseph Light & Power Company) and EF-97-202 (UtiliCorp United Inc.).

8. The relief requested by this Application is by virtue of § 393.210 RSMo. 1994 which states, among other things, that “no gas corporation, electrical corporation, water corporation or sewer corporation governed by this Chapter shall declare any stock, bond or scrip dividend or divide the proceeds of the sale of any stock, bond or scrip dividend among its stockholders unless authorized by this Commission so to do.” The Commission is without jurisdiction to regulate the issuance of stock by public utilities which, like Empire, are organized and existing under or by virtue of the laws of another state. *See, Public Service Commission v. Union Pacific Railroad Company*, 271 Mo. 258, 179 S.W. 40 (1917); *Re Suburban Service Company*, 14 Mo. P.S.C. 114 (1923). The Company believes the same to be true of non-domestic public utilities that declare stock dividends.

9. Moreover, Empire believes that the referenced statutory language is not intended to apply to a rights dividend of the type above-described because it does not involve a capitalization of earnings or surplus involving a distribution of additional shares of stock to the Company shareholders. Nevertheless, a dividend distribution to all of the Company’s shareholders of the rights to acquire the preference stock, common stock, or other securities of the Company upon the occurrence of certain specified events, however remote, could, in an expanded sense, be considered a type of “stock dividend” as that term is used in § 393.210 RSMo. 1994. In view of the uncertainty surrounding the referenced language, and to ensure the validity of the proposed rights, the Company is seeking the authority requested herein.

10. Neither the declaration of the Rights nor the issuance of the securities of the Company as may be required by the exercise of such Rights is subject to the statutory fee schedule appearing in § 386.300 RSMo. 1994.

11. Marked **Appendix 4**, attached hereto, and made a part hereof for all purposes, is information regarding the Company's capital stock outstanding, bonded indebtedness and short-term indebtedness and other financial information including the balance sheet for the 12-month period ending December 31, 1999, and financial statements with adjustments showing the *pro forma* effect of the proposed issuance of the Rights.

12. Marked **Appendix 5**, attached hereto, and made a part hereof for all purposes, is a statement of the Company's capital expenditures for the acquisition of property and the construction, completion, extension and improvement of its plant and system for the five (5) year period immediately prior to the filing of this Application, as well as the amount of retirements and permanent financing for the indicated period, and a statement of the Company's net property additions.

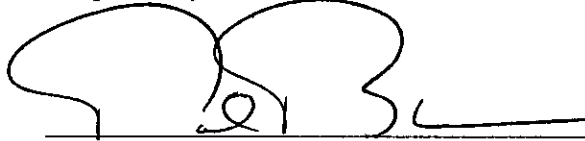
13. A certified copy of the Resolutions of Empire's Board of Directors concerning the authorization of the dividend distribution of the Rights referred to in this Application, subject to the approval of this Commission, and authorizing the filing of this Application, is marked **Appendix 6**, attached hereto, and made a part hereof for all purposes.

14. Since the timing of this transaction will involve close coordination with the New York Stock Exchange, the Rights Agent under the Rights Agreement, the Securities and Exchange Commission, and others, Empire requests the Commission promptly consider this Application, approving the same by no later than June 30, 2000, so that there is continuity during the transition from the existing shareholder rights plan to the new plan.

WHEREFORE, Empire respectfully requests the Commission to issue an order authorizing the Company:

- (1) to enter into, execute and perform in accordance with the terms of the Rights Agreement, Appendix 3 to this Application;
- (2) to make a dividend distribution to the holders of the Company's common stock of the Rights in accordance with the terms of the Rights Agreement;
- (3) to issue additional preference stock, common stock, other securities, cash or assets of the Company as may be required by the exercise or exchange of the Rights;
- (4) to do any and all other things as may be reasonably necessary in the performance of the acts specifically authorized; and
- (5) for such other orders as the Commission may deem just and proper under the circumstances.

Respectfully submitted,

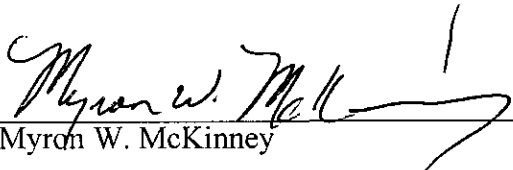


Paul A. Boudreau #33155
BRYDON, SWEARENGEN & ENGLAND P.C.
P.O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166
Facsimile: (573) 635-0427
E-Mail: Paulb@brydonlaw.com

Attorneys for The Empire District Electric Company

STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

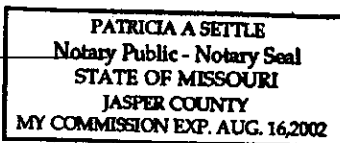
Myron W. McKinney, having been duly sworn upon his oath, states that he is President and Chief Executive Officer of The Empire District Electric Company and that the matters and things stated in the foregoing Application and exhibits thereto are true and correct to the best of his information, knowledge and belief.


Myron W. McKinney

Subscribed and sworn to before me, a notary public, on this 12th day of May,
2000.


Notary Public

My Commission expires: _____

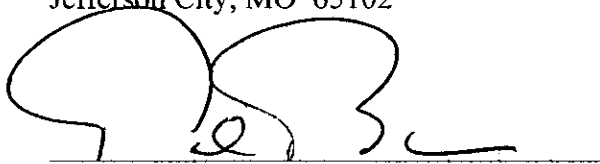


Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 17th day of May, 2000, to:

Office of the Public Counsel
Truman State Office Building
Room 250
P.O. Box 7800
Jefferson City, MO 65102-7800

Office of the General Counsel
Missouri Public Service Commission
Truman State Office Building
Room 530
P.O. Box 360
Jefferson City, MO 65102

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a series of loops and a horizontal line at the end, positioned above a horizontal line.

List of Appendices

- Appendix 1 - Certificate from the Missouri Secretary of State that Empire is duly authorized to do business in the State of Missouri
- Appendix 2 - Order Granting Application to Adopt a Shareholder Rights Plan
Case No. EF-91-21
- Appendix 3 - Rights Agreement
- Appendix 4 - Tabulation regarding Empire's financial information, balance sheet and *pro forma* effect
- Appendix 5 - Empire's capital expenditures, retirements and permanent financing
- Appendix 6 - Resolutions of the Board of Directors

No. F00001872

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

CERTIFICATE OF CORPORATE GOOD STANDING - FOREIGN CORPORATION

I, REBECCA McDOWELL COOK, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

THE EMPIRE DISTRICT ELECTRIC COMPANY

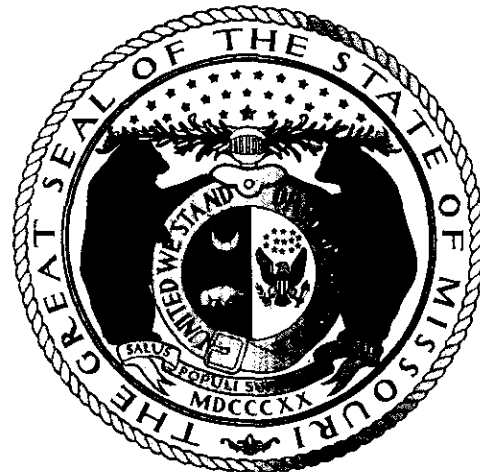
using in Missouri the name

THE EMPIRE DISTRICT ELECTRIC COMPANY

a KANSAS corporation filed its Evidence of Incorporation with this State on the 25th day of OCTOBER, 1909, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 16th day of MAY, 2000.

Rebecca McDowell Cook
 Secretary of State



STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 10th
day of August, 1990.

In the matter of the application of The Empire District)
Electric Company for an order authorizing it to make a)
dividend distribution to all holders of its common)
stock of certain rights including, among other things,) CASE NO. EF-91-21
the right to purchase additional shares of preference)
and common stock of the Company, to issue and sell such)
additional shares of stock as may be required by the)
exercise of such rights.)

ORDER GRANTING APPLICATION TO ADOPT A SHAREHOLDER RIGHTS PLAN

On July 26, 1990, The Empire District Electric Company (Empire or Company) filed an application seeking authority to adopt a shareholder rights plan, to make a dividend distribution of certain rights to the holders of its common stock and to issue shares of its preference stock, common stock, other securities, cash or assets upon exercise or exchange of such rights. On August 8, 1990, the Financial Analysis and Accounting Departments filed their recommendations. Upon consideration of the verified application, the exhibits attached thereto, and the recommendation of its Staff, the Commission is of the opinion that a hearing is unnecessary and finds and concludes as follows:

Empire is a Kansas corporation with its principal office and place of business at 602 Joplin Street, Joplin, Missouri, and is engaged generally in generating purchasing, transmitting, distributing, and selling electric energy in portions of the State of Missouri as a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, RSMo Supp. 1989.

The application states that the purpose of the authority sought is to protect the rights and interests of the shareholders of the Company's common stock in the event there should be an unsolicited takeover attempt against the Company and accordingly, the purpose of the rights issuance is not to prevent a takeover but to prevent any proposed takeover that is unfair to its stockholders.

One right is to be issued for each share of common stock outstanding. As of May 31, 1990, there were 5,844,722 shares of common stock outstanding. Each right will entitle the holder to purchase one one-hundredth share of Preference Stock at a specified price of \$75 under limited circumstances. If certain triggering events occur, the holder of a right is allowed to purchase common stock. All of the triggering events are those connected with an unsolicited or hostile takeover.

One provision of the plan becomes operative when any person or group becomes a beneficial owner of more than ten percent of the Company's common stock or when self-dealing by a controlling stockholder occurs. In that event, the rights which are not held by the beneficial owner or the controlling stockholder become rights to purchase shares of the Company's own common stock at a fifty percent discount.

The proposed plan also authorizes Empire to redeem any outstanding rights for one cent per right in the event there is a takeover attempt which the management considers beneficial to the shareholders or management.

The Commission's Staff has recommended approval of the plan since, although there is no potential benefit to the ratepayers, there is no potential detriment. Because of the unlikelihood of any detriment to the ratepayers the Commission is of the opinion that it should not interfere with the management's decision to attempt to prevent acquisition of a substantial block of its stock without first having convinced the board of directors that the offer is fair to all stockholders. The Commission is further of the opinion that by directing that all expenses in connection with the approval herein requested be charged to capital stock expense no expense connected with the proposed plan will accrue to the ratepayers.

The Commission is of the opinion that the exercise of the proposed plan shall be reasonably required for the purposes specified herein and that such purposes shall not be in whole or in part reasonably chargeable to operating expenses or to income. The Commission further concludes that since the plan contemplates a sale of stock, no fee would be required pursuant to Section 386.300, RSMo Supp. 1989.

IT IS THEREFORE ORDERED:

1. That The Empire District Electric Company be and is authorized to enter into, execute and perform in accordance with the terms of the Rights Agreement substantially in the form attached to the application in this matter as Schedule 1. Company shall also be authorized to make a dividend distribution to the holders of the Company's common stock of the Rights in accordance with the Rights Agreement; issue additional preference stock, common stock, other securities, cash or assets of the Company as may be required by the exercise or exchange of the Rights; to do any and all other things as may be reasonably necessary in the performance of all aspects specifically authorized; and shall be authorized to do any and all other things not contrary to law or the rules and regulations of the Commission incidental, necessary or appropriate to the performance herein authorized.

2. That all expenses in connection with the authority herein approved shall be charged to capital stock expenses.

3. That within thirty (30) days from the exercise of any authority herein granted The Empire District Electric Company shall furnish to the Office of Financial Analysis a report giving full details of the transaction.

4. That The Empire District Electric Company shall file a copy of the executed Rights Agreement within thirty (30) days of its execution.

5. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, nor the value for ratemaking purpose of the properties herein involved, nor as an acquiescence in the value placed upon said properties by the applicant. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions, and the resulting cost of capital, in any later proceeding.

6. That this order shall become effective on the 20th day of August, 1990.

BY THE COMMISSION

Harvey G. Hubbs

Harvey G. Hubbs
Secretary

(S E A L)

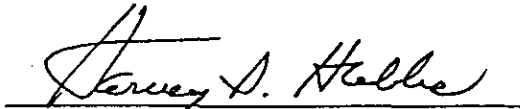
Steinmeier, Chm., Mueller and
Rauch, CC., Concur.
McClure and Letsch-Roderique,
CC., Absent.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 10th day of August, 1990.

A handwritten signature in cursive script, reading "Harvey G. Hubbs", written over a horizontal line.

Harvey G. Hubbs
Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

and

CHASEMELLON SHAREHOLDER SERVICES, L.L.C.,
Rights Agent

RIGHTS AGREEMENT

Dated as of

April 27, 2000

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RIGHTS AGREEMENT

Rights Agreement, dated as of April 27, 2000 (the "Agreement") between The Empire District Electric Company, a Kansas corporation (the "Company"), and ChaseMellon Shareholder Services, L.L.C., a New Jersey limited liability company (the "Rights Agent").

W I T N E S S E T H

WHEREAS, the Board of Directors of the Company on April 27, 2000 (the "Rights Dividend Declaration Date") authorized and declared a dividend distribution (the "Distribution") of one Right for each outstanding share of the Common Stock (as defined in Section 1(i) hereof) outstanding at the close of business on July 26, 2000 (the "Record Date") subject to regulatory clearance from the Missouri Public Service Commission on or before the Record Date and has authorized and directed the issuance of one Right (as such number may hereafter be adjusted pursuant to the provisions of Section 11(p) hereof) in respect of each share of Common Stock of the Company issued (whether originally issued or delivered from the Company's treasury stock) between the Record Date and the earlier of the Distribution Date or the Expiration Date (as such terms are hereinafter defined) (provided, however, that Rights may be issued with respect to shares of Common Stock that shall become outstanding after the Distribution Date and prior to the Expiration Date in accordance with Section 22), each Right initially representing the right to purchase, under certain circumstances, one one-hundredth of a share of Series A Participating Preference Stock (as defined in Section 1(v) hereof) of the Company having the rights, powers and preferences set forth in the Company's Restated Articles of Incorporation attached hereto as Exhibit A, upon the terms and subject to the conditions hereinafter set forth (the "Rights");

WHEREAS, the Board of Directors of the Company has authorized the transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), between UtiliCorp United Inc., a Delaware corporation ("UCU"), and the Company, dated as of May 10, 1999, pursuant to which the Company will merge with and into UCU with UCU as the surviving corporation;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates (as such term is hereinafter defined)

and Associates (as such term is hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of securities of the Company constituting a Substantial Block (as such term is hereinafter defined), but shall not include the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any Person organized, appointed or established by the Company or any Subsidiary of the Company for or pursuant to the terms of any such plan.

(b) "Act" shall have the meaning set forth in Section 9(c) hereof.

(c) "Adjustment Shares" shall have the meaning set forth in Section 11(a)(ii) hereof.

(d) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended and in effect on the date hereof (the "Exchange Act").

(e) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or Associates has, directly or indirectly, the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise, provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," (1) securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange, (2) securities issuable upon exercise of Rights at any time prior to the occurrence of a Triggering Event (as such term is hereinafter defined) or (3) securities issuable upon exercise of Rights from and after the occurrence of a Triggering Event, which Rights were acquired by such Person or any of such Person's Affiliates or Associates prior to the Distribution Date or pursuant to Section 3(a) hereof ("Original Rights") or pursuant to Section 11(i), Section 11(p) or Section 22 hereof in connection with an adjustment made with respect to Original Rights; or

(ii) which such Person or any of such Person's Affiliates or Associates has, directly or indirectly, the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and

Regulations under the Exchange Act) or has a "pecuniary interest" or an "indirect pecuniary interest" in (as determined pursuant to Rule 16a-1(a)(2) of the General Rules and Regulations under the Exchange Act), in each case, including pursuant to any agreement, arrangement or understanding, whether or not in writing, provided, however, that a Person shall not be deemed the Beneficial Owner of, or to "beneficially own," any security under this subparagraph (ii) if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations of the Exchange Act and (2) is not then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to subparagraph (ii) of this paragraph (e)) or disposing of any securities of the Company.

Notwithstanding the foregoing, nothing contained in this definition shall cause a Person ordinarily engaged in business as an underwriter of securities to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired in a bona fide firm commitment underwriting pursuant to an underwriting agreement with the Company.

(f) "Business Day" shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(g) "Certification" shall have the meaning set forth in Section 18 hereof.

(h) "close of business" on any given date shall mean 5:00 P.M., New York City time, on such date, provided, however, if such date is not a Business Day it shall mean 5:00 P.M. on the next succeeding Business Day.

(i) "Common Stock" when used with reference to the Company shall mean the Common Stock, \$1 par value, of the Company. "Common Stock" when used with reference to any Person other than the Company shall mean the capital stock with the greatest voting power of such Person or the equity securities or other equity interest having power to control or direct the management of such Person.

(j) "common stock equivalents" shall have the meaning set forth in Section 11(a)(iii) hereof.

(k) "Company" shall have the meaning set forth in the introduction hereto.

(l) "current market price" shall have the meaning set forth in Section 11(d) hereof.

(m) "Current Value" shall have the meaning set forth in Section 11(a)(iii) hereof.

(n) "Distribution Date" shall have the meaning set forth in Section 3(a).

(o) "equivalent preference stock" shall have the meaning set forth in Section 11(b) hereof.

(p) "Exchange Act" shall have the meaning set forth in the definitions of "Affiliate" and "Associate" above.

(q) "Exchange Ratio" shall have the meaning set forth in Section 24(a) hereof.

(r) "Expiration Date" shall have the meaning set forth in Section 7(a).

(s) "Final Expiration Date" shall have the meaning set forth in Section 7(a).

(t) "Original Rights" shall have the meaning set forth in the definition of "Beneficial Owner" above.

(u) "Person" shall mean any individual, firm, corporation, partnership, trust, limited liability company, association or other entity or organization.

(v) "Preference Stock" shall mean the shares of Series A Participating Preference Stock, without par value, of the Company.

(w) "Principal Party" shall have the meaning set forth in Section 13(b) hereof.

(x) "Purchase Price" shall have the meaning set forth in Section 4(a) hereof.

(y) "Redemption Price" shall have the meaning set forth in Section 23(a) hereof.

(z) "Right Certificate" shall have the meaning set forth in Section 3(a) hereof.

(aa) "Rights" shall have the meaning set forth in the recitals hereto.

(bb) "Rights Agent" shall have the meaning set forth in the introduction hereto.

(cc) "Rights Dividend Declaration Date" shall have the meaning set forth in the recitals hereto.

(dd) "Section 11(a)(ii) Event" shall mean any event described in Section 11(a)(ii).

(ee) "Section 11(a)(ii) Trigger Date" shall have the meaning set forth in Section 11(a)(iii) hereof.

(ff) "Section 13 Event" shall mean any event described in Section 13(a).

(gg) "Shares Acquisition Date" shall mean the first date of public announcement (which, for purposes of this definition, includes a report filed pursuant to Section 13(d) of the Exchange Act) by the Company or an Acquiring Person that an Acquiring Person has become such.

(hh) "Spread" shall have the meaning set forth in Section 11(a)(iii) hereof.

(ii) "Subsidiary" shall mean, with reference to any Person, any corporation (or other entity) of which an amount of voting securities (or comparable ownership interests) sufficient to elect at least a majority of the directors (or comparable individuals) of such corporation (or other entity) is beneficially owned or otherwise controlled, directly or indirectly, by such Person.

(jj) "Substantial Block" shall mean a number of shares of the Common Stock which equals or exceeds 10% of the number of shares of the Common Stock then outstanding. A Person shall not be deemed the Beneficial Owner of a Substantial Block if such Person, together with all Affiliates and Associates of such Person, (a) beneficially own less than 20% of the number of shares of Common Stock then outstanding, (b) acquired all of such shares, in the sole judgment of the Board of Directors of the Company, without the intention of effecting control of the Company, and (c) dispose of a sufficient number of such shares within ten calendar days of having acquired a Substantial Block such that they would no longer beneficially own 10% or more of the number of shares of Common Stock then outstanding.

(kk) "Substitution Period" shall have the meaning set forth in Section 11(a)(iii) hereof.

(ll) "Summary of Rights" shall have the meaning set forth in Section 3(b) hereof.

(mm) "Trading Day" shall have the meaning set forth in Section 11(d) hereof.

(nn) "Triggering Event" shall mean any Section 11(a)(ii) Event or Section 13 Event.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such Co-Rights Agents as it may deem necessary or desirable upon ten calendar days' written notice to the Rights Agent. In no event shall the Rights Agent have any duty to supervise, or in any way be liable for the acts or omissions of, such Co-Rights Agents.

Section 3. Issue of Right Certificates. (a) Until the earlier of (i) the close of business on the tenth calendar day after the Shares Acquisition Date (or, if the tenth calendar day after the Shares Acquisition Date occurs before the Record Date, the close of business on the Record Date) or (ii) the close of business on the tenth calendar day after the date of the commencement of, or first public announcement of the intent of any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any Person organized, appointed or established by the Company or any Subsidiary of the Company for or pursuant to the terms of any such plan) to commence, a tender or exchange offer if, upon consummation thereof, such Person would be an Acquiring Person (the earlier of the dates in subsections (i) and (ii) hereof being herein referred to as the "Distribution Date"), (x) the Rights will be evidenced (subject to the provisions of paragraph (b) of this Section 3) by the certificates for the Common Stock registered in the names of the holders of the Common Stock (which certificates for the Common Stock shall be deemed also to be Right Certificates) and not by separate Right Certificates, and (y) the Rights will be transferable only in connection with the transfer of the Common Stock. As soon as practicable after receipt by the Rights Agent of written notice from the Company of the Distribution Date and after the Company has provided the Rights Agent with a list of shareholders of Common Stock, the Rights Agent, at the Company's expense, will send by first-class, postage prepaid mail, to each record holder of the Common Stock as of the close of business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto (a "Right Certificate"), evidencing one Right for each share of the Common Stock so held, subject to adjustment as provided herein. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) As soon as practicable following the Record Date, the Company will send a copy of a Summary of Rights to Purchase Preference Stock, in substantially the form attached hereto as Exhibit C (the "Summary of Rights"), by first-class, postage prepaid mail, to each record holder of the Common Stock as of the close of business on the Record Date, at the address of such holder shown on the records of the Company. With respect to certificates for the Common Stock outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates for the Common Stock, and the registered holders of the Common Stock shall also be the registered holders of the associated Rights. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any of the certificates for the common Stock outstanding on the Record Date shall also constitute the transfer of the Rights associated with the Common Stock represented by such certificate.

(c) Rights shall be issued in respect of all shares of Common Stock which are issued (whether originally issued or from the Company's treasury) after the Record Date but prior to the earlier of the Distribution Date or the Expiration Date (as such term is defined in Section 7), or, in certain circumstances provided in Section 22 hereof, after the Distribution Date. Certificates representing such shares of Common Stock shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between The Empire District Electric Company and ChaseMellon Shareholder Services, L.L.C. dated as of April 27, 2000 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of The Empire District Electric Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Empire District Electric Company will mail to the holder of this certificate a copy of the Rights Agreement as in effect on the date of mailing without charge within five days after receipt of a written request therefor. Under certain circumstances set forth in the Rights Agreement, Rights may become null and void.

After the due execution of any supplement or amendment to this Agreement in accordance with the terms hereof, the reference to this Agreement in the foregoing legend shall mean the Agreement as so supplemented or amended. Until the Distribution Date, the Rights associated with the Common Stock represented by certificates containing the foregoing legend shall be evidenced by such certificates alone, and the surrender for transfer of any of such certificates shall also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. In the event that the Company purchases or acquires any shares of

Common Stock after the Record Date but prior to the Distribution Date, any Rights associated with such Common Stock shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the shares of Common Stock which are no longer outstanding. The failure to print the foregoing legend on any such Common Stock certificate or any other defect therein shall not affect in any manner whatsoever the application or interpretation of the provisions of this Agreement or the rights of any holder of the Rights.

Section 4. Form of Right Certificates. (a) The Right Certificates (and the forms of election to purchase shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement and which do not affect the rights, duties or responsibilities of the Rights Agent, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. The Right Certificates shall be in machine-printable format and in a form reasonably satisfactory to the Rights Agent. Subject to the provisions of Section 11 and Section 22 hereof, the Right Certificates, whenever distributed, shall be dated as of the Record Date, shall show the date of countersignature, and on their face shall entitle the holders thereof to purchase such number of shares of Preference Stock (or following a Triggering Event, Common Stock, other securities, cash or other assets, as the case may be) as shall be set forth therein at the price per one one-hundredth of a share of Preference Stock set forth therein (the "Purchase Price"), but the number of such shares and the Purchase Price shall be subject to adjustment as provided herein.

(b) Notwithstanding any other provision of this Agreement, any Right Certificate issued pursuant to Section 3 or Section 22 hereof that represents Rights beneficially owned by (i) an Acquiring Person or any Associate or Affiliate thereof, (ii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after the Acquiring Person became such, or (iii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom such Acquiring Person has any continuing agreement, arrangement or understanding (whether or not in writing) regarding the transferred Rights or (B) a transfer which the Board of Directors of the Company has determined is part of an agreement, arrangement or understanding which has as a primary purpose or effect avoidance of Section 7(e) hereof, any Right Certificate issued at any time to any nominee of such Acquiring Person, Associate or Affiliate, and, provided that the Company shall have notified the Rights Agent that this Section 4(b) applies, any Right Certificate issued pursuant to Section 6

or Section 11 upon transfer, exchange, replacement or adjustment of any other Right Certificate referred to in this sentence, shall contain (to the extent feasible following the written instruction of the Company to the Rights Agent) the following legend:

The Rights represented by this Right Certificate are or were beneficially owned by a Person who was or became an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement). Accordingly, this Right Certificate and the Rights represented hereby may become null and void in the circumstances specified in Section 7(e) of the Rights Agreement.

Section 5. Countersignature and Registration. The Right Certificates shall be executed on behalf of the Company by one of its authorized officers in the manner provided in the By-Laws of the Company for Common Stock certificates. The Right Certificates shall be countersigned by an authorized signatory of the Rights Agent either manually or by facsimile signature and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent, issued and delivered with the same force and effect as though the Person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any Person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Rights Agreement any such Person was not such an officer.

In case any authorized signatory of the Rights Agent who shall have countersigned any of the Right Certificates shall cease to be such signatory before delivery by the Company, such Right Certificates, nevertheless, may be issued and delivered by the Company with the same force and effect as though the Person who countersigned such Right Certificates had not ceased to be such signatory; and any Right Certificate may be countersigned on behalf of the Rights Agent by any Person who, at the actual date of the countersignature of such Right Certificate, shall be a proper signatory of the Rights Agent to countersign such Right Certificate, although at the date of the execution of this Rights Agreement any such Person was not such a signatory.

Following the Distribution Date and receipt by the Rights Agent of all relevant information, the Rights Agent will keep or cause to be kept, at its office designated for such purpose, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates, and the date of

each of the Right Certificates and the date of countersignature of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates. Subject to the provisions of Section 4(b), Section 7(e) and Section 14 hereof, at any time after the close of business on the Distribution Date, and at or prior to the close of business on the Expiration Date, any Right Certificate or Certificates may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of shares of Preference Stock (or following a Triggering Event, Common Stock, other securities, cash or other assets, as the case may be) as the Right Certificate or Right Certificates surrendered then entitled such holder (or former holder in the case of a transfer) to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the office of the Rights Agent designated for such purpose, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate until the registered holder shall have properly completed and signed the certificate contained in the form of assignment on the reverse side of such Right Certificate and shall have provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company or the Rights Agent shall reasonably request. Thereupon the Rights Agent shall, subject to Section 4(b), Section 7(e), Section 14 and Section 20(k) hereof, countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment from a Right Certificate holder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates. The Rights Agent shall have no duty or obligation under this Section 6 unless and until it is satisfied that all such taxes and/or governmental charges have been paid in full.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security satisfactory to them, along with a signature guarantee and such other further documentation as the Rights Agent may reasonably request and reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights. (a) Subject to Section 7(e) hereof, the registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the designated office of the Rights Agent, together with payment of the aggregate Purchase Price for the total number of one one-hundredths of shares of Preference Stock (or shares of Common Stock, other securities, cash or other assets, as the case may be) as to which the Rights are then exercisable, at or prior to the earliest of (i) the close of business on July 25, 2010 (the "Final Expiration Date"), (ii) the time at which the Rights are exchanged as provided in Section 24, or (iii) the time at which the Rights are redeemed as provided in Section 23 (such earliest date being herein referred to as the "Expiration Date").

(b) The Purchase Price for each one one-hundredth of a share of Preference Stock pursuant to the exercise of a Right shall initially be \$75.00, shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof and shall be payable in accordance with paragraph (c) below.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase and the certificate duly executed and completed accompanied by payment of the Purchase Price for the number of one one-hundredths of shares of Preference Stock (or shares of Common Stock, other securities, cash or other assets, as the case may be) to be purchased and an amount equal to any applicable tax or governmental charge, the Rights Agent shall thereupon, subject to Section 20(k), promptly (i) requisition from any transfer agent of Preference Stock certificates for the number of one one-hundredths of shares of Preference Stock to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, (ii) if the Company shall have elected to deposit the total number of shares of Preference Stock issuable upon exercise of the Rights hereunder with a depositary agent, requisition from the depositary agent depositary receipts representing such number of shares of Preference Stock as are to be purchased (in which case certificates for the shares of Preference Stock represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company hereby directs the depositary agent to comply with such request, (iii) when necessary to comply with this Agreement, requisition from any transfer agent of the Common Stock of the Company certificates for the total number of shares of Common Stock to be paid in accordance with Section 11(a)(ii) and 11(a)(iii), (iv) when necessary to comply with this Agreement, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14, (v) promptly after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (vi) when necessary to comply

wit this Agreement, after receipt promptly deliver such cash to or upon the order of the registered holder of such Right Certificate. The Rights Agent shall have no duty or obligation under the previous sentence of this Section 7(c) unless and until it is satisfied that all such taxes and/or governmental charges have been paid. The payment of the then Purchase Price may be made by certified bank check or bank draft or money order payable to the order of the Company or the Rights Agent. In the event that the Company is obligated to issue securities, distribute property or pay cash pursuant to Section 11(a)(iii) hereof, the Company will make all arrangements necessary so that cash, property or securities are available for issuance, distribution or payment by the Rights Agent, if and when necessary to comply with this Agreement.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 6 and Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, any Rights that are or were at any time on or after the earlier of the Distribution Date or the Shares Acquisition Date beneficially owned by (i) an Acquiring Person or any Associate or Affiliate of an Acquiring Person, (ii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after the Acquiring Person became such, or (iii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom the Acquiring Person has any continuing agreement, arrangement or understanding (whether or not in writing) regarding the transferred Rights or (B) a transfer which the Board of Directors of the Company has determined is a part of an agreement, arrangement or understanding which has as a primary purpose or effect the avoidance of this Section 7(e), shall become null and void upon the occurrence of a Triggering Event and no holder of such Rights shall have any right with respect to such Rights under any provision of this Agreement or otherwise from and after the occurrence of a Triggering Event. The Company shall notify the Rights Agent when this Section 7(e) applies and shall use all reasonable efforts to insure that the provisions of this Section 7(e) and Section 4(b) hereof are complied with, but neither the Company nor the Rights Agent shall have any liability to any holder of Right Certificates or other Person as a result of the Company's failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder upon the occurrence of any purported exercise as set forth in this Section 7

unless such registered holder shall have (i) properly completed and signed the certificate contained in the form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise, and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company or the Rights Agent shall reasonably request.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form, or, if surrendered to the Rights Agent, shall be cancelled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Right Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Shares of Capital Stock. (a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Preference Stock (and following the occurrence of a Triggering Event, out of its authorized and unissued shares of Common Stock and/or other securities) or out of its authorized and issued shares of Preference Stock (and, following the occurrence of a Triggering Event, out of its authorized and issued Common Stock and/or other securities) held in its treasury, the number of shares of Preference Stock (and, following the occurrence of a Triggering Event, Common Stock and/or other securities) that will be sufficient to permit the exercise in full of all outstanding Rights (it being understood that any of the foregoing shares or securities may also be reserved for other purposes) or will take such other steps as are appropriate to assure that the number of such shares or securities (or their equivalents) sufficient to permit the exercise in full of all outstanding Rights will be available upon such exercise.

(b) So long as the shares of Preference Stock (and, following the occurrence of a Triggering Event, Common Stock and/or other securities) issuable upon the exercise of Rights may be listed on any national securities exchange, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable (but only to the extent that the Company's Board of Directors determines that it is reasonably likely that the Rights will be exercised), all shares reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

(c) The Company shall use its best efforts (X) (i) to file, as soon as practicable following the first occurrence of a Section 11(a)(ii) Event, or as soon as required by law, as the case may be, a registration statement under the Securities Act of 1933, as amended (the "Act"), with respect to the securities purchasable upon exercise of the Rights on an appropriate form, (ii) to cause such registration statement to become effective as soon as practicable after such filing, and (iii) to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities, and (B) the Expiration Date and (Y) (i) to file appropriate applications with any state or federal regulatory bodies having jurisdiction over the issuance of the securities (or assets) purchasable upon exercise of the Rights in order to obtain any approvals or orders of such bodies as may be legally required, (ii) to cause such approvals to be obtained or orders to be issued as soon as practicable after such filing and (iii) to cause such approvals or orders to remain effective until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities (or assets), and (B) the Expiration Date. The Company will also take such action as may be appropriate under the blue sky laws of the various states. The Company may temporarily suspend, (X) for a period of time not to exceed ninety (90) days after the date set forth in clause (X) (i) of the first sentence of this Section 9(c), the exercisability of the Rights in order to prepare and file such registration statement and permit it to become effective and (Y) for a period of time not in excess of 180 days after such date (or for such longer period as is required by any applicable law, rule or regulation of any appropriate regulatory bodies), the exercisability of the Rights in order to obtain any such required regulatory body approvals or orders. Upon any such suspension, the Company shall issue a public announcement and shall give simultaneous written notice to the Rights Agent stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement and prompt notice to the Rights Agent at such time as the suspension is no longer in effect. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualifications in such jurisdiction shall have been obtained.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of the Preference Stock (and following the occurrence of a Triggering Event, Common Stock and/or other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable.

(e) The Company further covenants and agrees that it will pay when due and payable any and all taxes and governmental charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any shares of the Preference Stock (or Common Stock and/or other securities, as the case may be) upon the exercise of Rights. The Company shall not, however, be required (a) to pay any tax or governmental charge which

may be payable in respect of any transfer involved in the transfer or delivery of Right Certificates or the issuance or delivery of certificates for the Preference Stock (or Common Stock and/or other securities, as the case may be) in a name other than that of the registered holder of the Right Certificate evidencing Rights surrendered for exercise or (b) to issue or deliver any certificates for shares of the Preference Stock (or Common Stock and/or other securities, as the case may be) upon the exercise of any Rights until any such tax or governmental charge shall have been paid (any such tax or governmental charge being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax or governmental charge is due.

Section 10. Preference Stock Record Date. Each Person in whose name any certificate for any number of shares of Preference Stock (or Common Stock and/or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of such whole and/or fractional shares of Preference Stock (or Common Stock and/or other securities, as the case may be) represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable taxes and governmental charges) was made and shall show the date of countersignature; provided, however, that if the date of such surrender and payment is a date upon which the Preference Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preference Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a stockholder of the Company with respect to shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number of shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a)(i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preference Stock payable in shares of the Preference Stock, (B) subdivide the outstanding Preference Stock, (C) combine the outstanding Preference Stock into a smaller number of shares or (D) issue any shares of its capital stock in a reclassification of the Preference Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section

11(a) and Section 7(e) hereof, the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of Preference Stock or capital stock, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive upon payment of the Purchase Price then in effect the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preference Stock (or Common Stock and/or other securities) transfer books of the Company were open, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii), the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii).

(ii) Subject to Section 24 of this Agreement, in the event

(A) any Acquiring Person or any Associate or Affiliate of any Acquiring Person, at any time after the date of this Agreement, directly or indirectly, (1) merges into the Company or otherwise combines with the Company and the Company is the continuing or surviving corporation of such merger or combination and the Common Stock of the Company remains outstanding and unchanged, (2) sells, purchases, leases, exchanges, mortgages, pledges, transfers or otherwise disposes (in one transaction or a series of transactions), to, from or with the Company or any of its Subsidiaries, assets on terms and conditions less favorable to the Company than the Company would be able to obtain through arm's-length negotiation with an unaffiliated third party, other than pursuant to a transaction set forth in Section 13(a) hereof, (3) receives any compensation from the Company or any of its Subsidiaries other than compensation for full-time employment as a regular employee at rates in accordance with the Company's (or its Subsidiaries') past practices, or (4) receives a direct or indirect benefit (except proportionately as a shareholder and except if resulting from a requirement of law or government regulation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantage provided by the Company or any of its Subsidiaries, or

(B) any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company, or any Person organized, appointed or established by the Company or any Subsidiary of the Company for or pursuant to the terms of any such plan), alone or together with its Affiliates and Associates, becomes at any time

after the Rights Dividend Declaration Date, the Beneficial Owner of 10% or more of the shares of Common Stock then outstanding unless the event causing the threshold to be crossed is (1) a transaction set forth in Section 13(a) hereof, or (2) an acquisition of shares of Common Stock pursuant to an offer for all outstanding shares of Common Stock at a price and upon such terms and conditions as a majority of the Board of Directors of the Company determines to be (a) at a price which is fair to stockholders (other than the Person or any Affiliate or Associate thereof on whose behalf the offer is being made) taking into account all factors which such members of the Board deem relevant including, without limitation, prices which could reasonably be achieved if the Company or its assets were sold on an orderly basis designed to realize maximum value and (b) otherwise in the best interests of the Company and its stockholders (other than the Person or any Affiliate or Associate thereof on whose behalf the offer is being made), or

(C) during such time as there is an Acquiring Person, (1) there is any failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding preferred stock or preference stock of the Company (except to the extent such declaration or payment would be prohibited under the laws of the Company's jurisdiction of incorporation or as approved by the holders of a majority of the then outstanding shares of Common Stock beneficially owned by Persons other than the Acquiring Person or its Affiliates or Associates), (2) there is any reduction in the annual rate of dividends paid on the Common Stock (except to reflect any subdivision of the Common Stock or as required under the laws of the Company's jurisdiction of incorporation or as approved by the holders of a majority of the then outstanding shares of Common Stock beneficially owned by Persons other than the Acquiring Person or its Affiliates or Associates), (3) there is a failure to increase the annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock (except to the extent such increase in the rate of dividends would be prohibited under the laws of the Company's jurisdiction of incorporation or as approved by the holders of a majority of the then outstanding shares of Common Stock beneficially owned by Persons other than the Acquiring Person or its Affiliates or Associates), or (4) there is any reclassification of securities (including any reverse stock split), or recapitalization of the Company, or any merger or consolidation of the Company with any of its Subsidiaries or any other transaction or series of transactions (whether or not with or into or otherwise involving an Acquiring Person) which has the effect,

directly or indirectly, of increasing by more than 1% the proportionate share of the outstanding shares of any class of equity or convertible securities of the Company or any of its Subsidiaries which is directly or indirectly owned by any Acquiring Person or any Associate or Affiliate of any Acquiring Person

then, within five (5) days after the date of the occurrence of an event described in Section 11(a)(ii)(B) hereof and promptly following the occurrence of any event described in Section 11(a)(ii)(A) or (C) hereof, proper provision shall be made so that each holder of a Right, except as provided in Section 7(e) hereof, shall thereafter have a right to receive, upon exercise thereof at the then current Purchase Price for the number of one one-hundredths of a share of Preference Stock for which such Right is then exercisable in accordance with the terms of this Agreement, in lieu of shares of Preference Stock, such number of shares of the Common Stock of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the then number of one one-hundredths of a share of Preference Stock for which a Right is then exercisable and dividing that product by (y) 50% of the current market price per share of the Common Stock of the Company (determined pursuant to Section 11(d)) on the date of the occurrence of any one of the events listed above in this subparagraph (ii) (such number of shares are hereinafter referred to as the "Adjustment Shares") provided, that the Purchase Price and the number of Adjustment Shares shall be further adjusted as provided in this Agreement to reflect any events occurring after the date of such first occurrence.

(iii) In the event that the number of shares of Common Stock which are authorized by the Company's Restated Articles of Incorporation, as amended, but not outstanding or reserved for issuance for purposes other than upon exercise of the Rights and which may otherwise be legally Issued at such time for such purpose are not sufficient to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company shall (A) determine the excess of (1) the value of the Adjustment Shares issuable upon the exercise of a Right (the "Current Value") over (2) the Purchase Price (such excess, the "Spread"), and (B) with respect to each Right, make adequate provision to substitute for the Adjustment Shares, upon exercise of the Rights and payment of the applicable Purchase Price, (1) cash, (2) a reduction in the Purchase Price, (3) Common Stock or other equity securities of the Company (including, without limitation, shares, or units of shares, of preferred stock or preference stock which the Board of Directors of the Company have deemed to have the same value as shares of Common Stock (such shares of preferred stock or preference stock, "common stock equivalents")), (4) debt securities of the Company, (5) other assets, or (6) any combination of the foregoing, having an aggregate value equal to the Current Value, where such aggregate value has been determined by the Board of Directors of

the Company based upon the advice of a nationally recognized investment banking firm selected by the Board of Directors of the Company; provided, however, if the Company shall not have made adequate provision to deliver value pursuant to clause (B) above within thirty (30) days following the later of (x) the first occurrence of a Section 11(a)(ii) Event and (y) the date on which the Company's rights of redemption pursuant to Section 23(a) expires (the later of (x) and (y) being referred to herein as the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, upon the surrender for exercise of a Right and without requiring payment of the Purchase Price, shares of Common Stock (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If the Board of Directors of the Company shall determine in good faith that it is likely that sufficient additional shares of Common Stock could be authorized for issuance upon exercise in full of the Rights, the thirty (30) day period set forth above may be extended to the extent necessary, but not more than ninety (90) days after the Section 11(a)(ii) Trigger Date, in order that the Company may seek shareholder approval for the authorization of such additional shares (such period, as it may be extended, the "Substitution Period"). To the extent that the Company determines that some action need be taken pursuant to the first and/or second sentences of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 7(e) hereof, that such action shall apply uniformly to all outstanding Rights, and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such first sentence and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement and shall give simultaneous written notice to the Rights Agent stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect (with prompt notice thereof to the Rights Agent). For purposes of this Section 11(a)(iii), the value of the Common Stock shall be the current market price (as determined pursuant to Section 11(d) hereof) per share of the Common Stock on the Section 11(a)(ii) Trigger Date and the value of any "common stock equivalent" shall be deemed to have the same value as the Common Stock on such date. The Company shall give the Rights Agent notice of the selection of any "common stock equivalent" under this Section 11(a)(iii).

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preference Stock entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preference Stock (or securities having substantially the same rights, privileges and preferences as the shares of Preference Stock ("equivalent preference stock") or convertible into the Preference Stock or equivalent preference stock) at a price per share of the

Preference Stock or equivalent preference stock (or having a conversion price per share, if a security convertible into the Preference Stock or equivalent preference stock) less than the current market price (as defined in Section 11(d) per share of the Preference Stock or equivalent preference stock, as the case may be) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be the number of shares of Preference Stock outstanding on such record date plus the number of shares of Preference Stock or equivalent preference stock which the aggregate offering price of the total number of shares of Preference Stock or equivalent preference stock so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and of which the denominator shall be the number of shares of Preference Stock outstanding on such record date plus the number of additional shares of Preference Stock and/or equivalent preference stock to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent. Shares of Preference Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of Preference Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular periodic cash dividend at a rate not in excess of 125% of the rate of the last cash dividend theretofore paid or a dividend payable in Preference Stock) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be the current market price per share of Preference Stock (as defined in Section 11(d)) on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one share

of Preference Stock and of which the denominator shall be such current market price per share of Preference Stock. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d)(i) For the purpose of any computation hereunder, other than computations made pursuant to Section 11(a)(iii), the "current market price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to, but not including, such date and for purposes of computations made pursuant to Section 11(a)(iii) hereof, the "current market price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the ten (10) consecutive Trading Days immediately following, but not including, such date; provided, however, that in the event that the current market price per share of Common Stock is determined during the period following the announcement by the issuer of such Common Stock of (A) a dividend or distribution on such Common Stock payable in shares of such Common Stock or securities convertible into shares of such Common Stock (other than the Rights) or (B) any subdivision, combination or reclassification of such Common Stock, and prior to the expiration of the requisite 30 Trading Day or 10 Trading Day period, as set forth above after the ex-dividend date for such dividend or distribution or the record date for such subdivision, combination or reclassification, then, and in each such case, the current market price shall be appropriately adjusted to take into account ex-dividend trading. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the shares of the Common Stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of the Common Stock are listed or admitted to trading or, if the shares of the Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use, or, if on any such date the shares of the Common Stock are not quoted by such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors of the Com-

pany. If on any such date no market maker is making a market in the Common Stock, the fair value of such shares on such date shall be as determined in good faith by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading is open for the transaction of business or, if the shares of the Common Stock are not listed or admitted to trading on any national securities exchange, a Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in the State of New York are not authorized or obligated by law or executive order to close. If the Common Stock is not publicly held or not so listed or traded, "current market price" per share shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(ii) For the purpose of any computation hereunder, the "current market price" per share of Preference Stock shall be determined in the same manner as set forth above for the Common Stock in clause (i) of this Section 11(d) (other than the last sentence thereof). If the current market price per share of Preference Stock cannot be determined in the manner provided above or if the Preference Stock is not publicly held or listed or traded in a manner described in clause (i) of this Section 11(d), the "current market price" per share of Preference Stock shall be conclusively deemed to be an amount equal to 100 (as such number may be appropriately adjusted for such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock occurring after the date of this Agreement) multiplied by the current market price per share of the Common Stock. If neither the Common Stock nor the Preference Stock is publicly held or so listed or traded, "current market price" per share of the Preference Stock shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes. For all purposes of this Agreement, the "current market price" of one one-hundredths of a share of Preference Stock shall be equal to the "current market price" of one share of Preference Stock divided by 100.

(e) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a share of Common Stock or one-millionth of a share of Preference Stock, as the case may be.

Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment or (ii) the Expiration Date.

(f) If as a result of an adjustment made pursuant to section 11(a) or Section 13(a), the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock other than shares of Preference Stock, thereafter the number of such other shares so receivable upon exercise of any Right and the Purchase Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 11(a) through (o), inclusive, and the provisions of Sections 7, 9, 10, 13 and 14 with respect to the Preference Stock shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-hundredths of a share of Preference Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of shares (calculated to the nearest one-millionth) obtained by (i) multiplying (x) the number of shares covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of shares of Preference Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of shares of Preference Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after the adjustment of the Purchase Price. The Company shall make a public announcement and shall give simultaneous written notice to the Rights Agent of its elec-

tion to adjust the number of Rights, indicating the record date for the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of Right Certificates on such record date Right Certificates evidencing, subject to Section 14, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of shares of Preference Stock issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price per share and the number of shares which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-hundredth of the then stated value, if any, of a share of Preference Stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable such number of one one-hundredths of a share of such Preference Stock at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer (and shall promptly notify the Rights Agent of any such election) until the occurrence of such event the issuance to the holder of any Right exercised after such record date the shares of Preference Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the shares of Preference Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due

bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that the Board of Directors of the Company shall determine to be advisable in order that any consolidation or subdivision of shares of Preference Stock, issuance wholly for cash of any of shares of Preference Stock at less than the current market price, issuance wholly for cash of the Preference Stock or securities which by their terms are convertible into or exchangeable for Preference Stock, stock dividends or issuance of rights, options or warrants referred to hereinabove in this Section 11, hereafter made by the Company to holders of its Preference Stock shall not be taxable to such stockholders.

(n) The Company covenants and agrees that, after the Distribution Date, it will not, except as permitted by Sections 23, 24 and 27 hereof, take (nor will it permit any of its Subsidiaries to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(o) The Company covenants and agrees that it shall not, at any time after the Distribution Date, (i) consolidate with any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)), (ii) merge with or into any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)), or (iii) sell or transfer (or permit any of its Subsidiaries to sell or transfer), in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons (other than the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section 11(n)) if (x) at the time of or immediately after such consolidation, merger or sale there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights or (y) prior to, simultaneously with or immediately after such consolidation, merger or sale, the stockholders of the Person who constitutes, or would constitute, the "Principal Party" for purposes of Section 13(a) hereof shall have received a distribution of Rights previously owned by such Person or any of its Affiliates and Associates.

(p) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time after the Rights Dividend Declaration Date and prior to the Distribution Date (i) declare and pay a dividend on the outstanding shares

of Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, the number of Rights associated with each share of Common Stock then outstanding, or issued or delivered thereafter but prior to the Distribution Date, shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Stock following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Stock immediately prior to such event by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of shares of Common Stock outstanding immediately following the occurrence of such event.

(q) Notwithstanding anything in this Agreement to the contrary, prior to the Distribution Date, the Company may, in lieu of making any adjustment to the Purchase Price, adjust the number of shares of Preference Stock eligible for purchase on exercise of each Right or the number of Rights outstanding, which adjustment would otherwise be required by Section 11(a)(i), 11(b), 11(c), 11(h) or 11(i), make such other equitable adjustment or adjustments thereto as the Board of Directors of the Company (whose determination shall be conclusive) deems appropriate in the circumstances and not inconsistent with the objectives of the Board of Directors of the Company in adopting this Agreement and such Sections.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares.

Whenever an adjustment is made as provided in Section 11 or 13, the Company shall (a) promptly prepare a certificate setting forth such adjustment, and a brief, reasonably detailed, statement of the facts and computations accounting for such adjustment and the adjusted Purchase Price, (b) promptly file with the Rights Agent and with each transfer agent for the Preference Stock and the Common Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 26. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained. The Rights Agent shall have no duty with respect to and shall not be deemed to have knowledge of any such adjustment unless and until it shall have received such a certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning

Power. (a) In the event that, following the Shares Acquisition Date, directly or indirectly, (x) the Company shall consolidate with, or merge with and into, any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)) and the Company shall not be the continuing or surviving corporation of such consolidation or merger, (y) any Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)) shall consolidate, merge with and into the Company and the Company shall be

the continuing or surviving corporation of such consolidation or merger and, in connection with such consolidation or merger, all or part of the Common Stock shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (z) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its subsidiaries (taken as a whole) to any other Person or Persons (other than the Company or any of its Subsidiaries in one or more transactions each of which complies with Section 11(n) hereof), then, and in each such case (except as may be contemplated by Section 13(d) hereof) proper provision shall be made so that (i) each holder of a Right (except as provided in Section 7(e)) shall thereafter have the right to receive, upon the exercise thereof at the then-current Purchase Price in accordance with the terms of this Agreement, such number of validly issued, fully paid, non-assessable and freely tradable shares of Common Stock of the Principal Party (as hereinafter defined), not subject to any liens, encumbrances, rights of call or first refusal, or other adverse claims as shall be equal to the result obtained by (1) multiplying the then current Purchase Price by the then number of one one-hundredths of a share of Preference Stock for which a Right is exercisable immediately prior to the first occurrence of a Section 13 Event (or, if a Section 11(a)(ii) Event has occurred prior to the first occurrence of a Section 13 Event, multiplying the number of such one one-hundredths of a share for which a Right was exercisable immediately prior to the first occurrence of a Section 11(a)(ii) Event by the Purchase Price in Effect immediately prior to such first occurrence), and dividing that product (which, following the first occurrence of a Section 13 Event, shall be referred to as the "Purchase Price" for each Right and for all purposes of this Agreement) by (2) 50% of the current market price per share of the Common Stock of such Principal Party (determined in the manner described in Section 11(d)) on the date of consummation of such consolidation, merger, sale or transfer; (ii) the Principal Party shall thereafter be liable for, and shall assume, by virtue of such Section 13 Event, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 shall thereafter apply to such Principal Party and (iv) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Stock in accordance with Section 9) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of its Common Stock thereafter deliverable upon the exercise of the Rights and (v) the provisions of Section 11(a)(ii) hereof shall be of no effect following the first occurrence of any Section 13 Event.

(b) "Principal Party" shall mean

(i) in the case of any transaction described in (x) or (y) of the first sentence of Section 13(a), the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted in such merger or consolidation, and if no securities are so issued, the Person that is the other party to the merger or consolidation; and

(ii) in the case of any transaction described in (z) of the first sentence in this Section 13, the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions;

provided, however, that in any such case, (x) if the Common Stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary of another corporation the Common Stock of which is and has been so registered, "Principal Party" shall refer to such other corporation; (y) in case such Person is a Subsidiary, directly or indirectly, of more than one corporation, the Common Stocks of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such corporations is the issuer of the Common Stock having the greatest market value.

(c) The Company shall not consummate any Section 13 Event unless all regulatory approvals for the consummation of such Section 13 Event and the exercise of the Rights in accordance with the terms of this Agreement have been obtained and the Principal Party shall have a sufficient number of authorized shares of its Common Stock which are neither outstanding nor reserved for issuance to permit the exercise in full of the Rights in accordance with this Section 13 and unless prior thereto the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing for the terms set forth in paragraphs (a) and (b) of this Section 13 and further providing that, as soon as practicable after the date of any consolidation, merger or sale of assets mentioned in paragraph (a) of this Section 13, the Principal Party will

(i) prepare and file a registration statement under the Act with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, will use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and will use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the Expiration Date; and

(ii) deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply in all respects with the requirements for registration on Form 10 under the Exchange Act.

The provisions of this Section 13 shall similarly apply to successive Section 13 Events. In the event that a Section 13 Event shall occur at any time after the occurrence of a Section 11(a)(ii) Event, the Rights which have not theretofore been exercised shall thereafter become exercisable in the manner described in Section 13(a).

(d) Notwithstanding anything in this Agreement to the contrary, Section 13 shall not be applicable to a transaction described in subparagraphs (x) and (y) of Section 13(a) if (i) such transaction is consummated with a Person or Persons who acquired shares of Common Stock pursuant to a tender offer or exchange offer for all outstanding shares of Common Stock, which complies with the provisions of Section 11(a)(ii)(B)(2) hereof (or a wholly-owned Subsidiary of any such Person or Persons), (ii) the price per share of Common Stock offered in such transaction is not less than the price per share of Common Stock paid to all holders of Common Stock whose shares were purchased pursuant to such tender offer or exchange offer, and (iii) the form of consideration being offered to the remaining holders of Common Stock pursuant to such transaction is the same as the form of consideration paid pursuant to such offer. Upon consummation of any such transaction contemplated by this Section 13(d), all Rights hereunder shall expire.

Section 14. Fractional Rights and Fractional Shares. (a) The Company shall not be required to issue fractions of Rights, except prior to the Distribution Date as provided in Section 11(p) hereof, or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such

organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of shares of Preference Stock (other than fractions which are integral multiples of one one-hundredth of a share of Preference Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares (other than fractions which are integral multiples of one one-hundredth of a share of Preference Stock). In lieu of fractional shares that are not integral multiples of one one-hundredth of a share of Preference Stock, the Company may pay to the registered holders of Right Certificates at the time the Rights evidenced thereby are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one one-hundredth of a share of Preference Stock. For purposes of this Section 14(b), the current market value of one one-hundredth of a share of Preference Stock shall be one one-hundredth of the closing price of a share of Preference Stock (as determined pursuant to Section 11(d)(ii)) for the Trading Day immediately prior to the date of such exercise.

(c) Following the occurrence of a Triggering Event the Company shall not be required to issue fractions of shares of Common Stock upon exercise of the Rights or to distribute certificates which evidence fractional shares of Common Stock. In lieu of fractional shares of Common Stock, the Company may pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one (1) share of Common Stock. For purposes of this Section 14(c), the current market value of one share of Common Stock shall be the closing price of one share of Common Stock (as determined pursuant to Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(d) The holder of a Right by the acceptance of the Rights expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right, except as otherwise permitted by this Section 14.

(e) The Rights Agent shall have no duty or obligation with respect to this Section 14 unless and until it has received specific instructions (and sufficient cash, if required) from the Company with respect to its duties and obligations under such Section.

Section 15. Rights of Action. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock); and any registered holder of any

Right Certificate (or, prior to the Distribution Date, of the Common Stock), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Stock), may, in his or her own behalf and for his or her own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his or her right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations hereunder and injunctive relief against actual or threatened violations of the obligations hereunder of any Person subject to this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Stock;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer and with the appropriate forms and certificates fully executed, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request;

(c) subject to Section 6(a), Section 7(e) and Section 7(f) hereof, the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent, subject to the last sentence of Section 7(e) hereof, shall be required to be affected by any notice to the contrary;

(d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree, judgment or ruling (whether interlocutory or final) issued by a court of compe-

tent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; provided, however, the Company must use its best efforts to have any such order, decree, judgment or ruling lifted or otherwise overturned as soon as possible.

Section 17. Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the number of shares of Preference Stock or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the preparation, delivery, administration, execution and amendment of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent (as finally determined by a court of competent jurisdiction) (including the reasonable fees and expenses of counsel), for any action taken, suffered or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including, without limitation, the costs and expenses of defending against any claim of liability in the premises. The indemnity provided herein shall survive the termination of this Agreement and the termination and the expiration of the Rights.

The Rights Agent shall be protected and shall incur no liability for, or in respect of, any action taken, suffered or omitted by it in connection with the acceptance and administration of this Agreement in reliance upon any Right Certificate or certificate for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, instruction, adjustment notice certificate, statement, or other paper or document believed by it to be genuine

(upon any of which the Rights Agent is authorized to rely) and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

In addition to the foregoing, the Rights Agent shall be protected and shall incur no liability for, or in respect of, any action taken, suffered or omitted by it in connection with the acceptance and administration of this Agreement in reliance upon (i) the proper execution of the certification concerning beneficial ownership (upon which the Rights Agent is authorized to rely) appended to the Form of Assignment and the Form of Election to Purchase included as part of Exhibit B hereto (the "Certification"), unless the Rights Agent shall have actual knowledge that, as executed, the Certification is untrue or (ii) the non-execution or failure to complete the Certification including, without limitation, any refusal to honor any otherwise permissible assignment or election by reason of such non-execution or failure.

The Rights Agent is not deemed to have knowledge, a duty, or notice unless the Company has given it actual notice.

Section 19. Merger or Consolidation or Change of Name of Rights Agent.

Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the shareholder services business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Person would be eligible for appointment as a successor Rights Agent under the provisions of Section 21. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes only the duties and obligations imposed by the express terms of this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with the legal counsel (who may be legal counsel for the Company), and the advice or opinion of such counsel shall be full and complete authorization and protection to the Rights Agent, and the Rights Agent shall incur no liability for or in respect of any action taken, suffered or omitted by it in good faith and in accordance with such advice or opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking, omitting or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization and protection to the Rights Agent, and the Rights Agent shall incur no liability for or in respect of any action taken, omitted or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own negligence, bad faith or willful misconduct (as finally determined by a court of competent jurisdiction), and the issuance or non-issuance of a Right Certificate or Preference Stock or other security issued in lieu of Preference Stock in accordance with instructions given to the Rights Agent by the Company pursuant to Section 20(k) hereof or in accordance with the terms hereof shall not constitute negligence, bad faith or willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Rights Agent be liable for special, punitive, indirect, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if the Rights Agent has been advised of the possibility of such loss or damage.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not have any liability for, or be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof

(except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any adjustment required under the provisions of Sections 11 or 13 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Preference Stock or Common Stock to be issued pursuant to this Agreement or any Right Certificate or as to whether any shares of Preference Stock or Common Stock will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept the advice or instructions with respect to the performance of its duties hereunder and certificates delivered pursuant to any provision hereof from any one of the Chairman of the Board, the President, any Vice President, the Secretary or the Treasurer of the Company, and is authorized to apply to such officers for advice or instructions in connection with its duties, and such advice or instructions shall be full authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of any action taken, omitted or suffered to be taken by it in good faith in accordance with the advice or instructions of any such officer (the Rights Agent may conclusively rely on the most recent advice or instructions given by any such officer). An application by the Rights Agent for advice or instructions may set forth in writing any action proposed to be taken, suffered or omitted by the Rights Agent with respect to its duties and obligations under this Agreement and the date on and/or after which such action shall be taken, and the Rights Agent shall not be liable for any action taken, suffered or omitted in accordance with a proposal included in any such application on or after the date specified therein (which date shall not be less than one Business Day after the Company receives such application) without the consent of the Company unless prior to taking, suffering or omitting such action, the Rights Agent has received written instructions in response to application specifying the actions to be taken, suffered or omitted.

(h) The Rights Agent and any shareholder, affiliate, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either by itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company or any other Person resulting from any such act, default, neglect or misconduct, absent negligence, bad faith or willful misconduct on the part of the Rights Agent in the selection thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it reasonably believes that repayment of such funds or adequate indemnification against such risk or liability is not assured it.

(k) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has either not been properly completed or indicates an affirmative response to clause 1 and/or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting the Company. The Company shall give the Rights Agent prompt written instructions as to the action to be taken regarding the Rights Certificates involved. The Rights Agent shall not be liable for acting in accordance with such instructions.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon thirty (30) days' notice in writing mailed to the Company and to each transfer agent of the Preference Stock and the Common Stock by registered or certified mail, and, at the Company's expense, to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon thirty (30) days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Preference Stock and the Common Stock by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a succes-

sor to the Rights Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the Company shall become the temporary Rights Agent and the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a Person organized and doing business under the laws of the United States or of the State of New York (or of any other state of the United States so long as such Person is authorized to do business in the State of New York), in good standing and subject to supervision or examination by federal or state authority or which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$25 million. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Preferred Stock and the Common Stock, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of shares of Common Stock following the Distribution Date and prior to the redemption or expiration of the Rights, the Company (a) shall, with respect to shares of Common Stock so issued or sold pursuant to the exercise of stock options or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities hereinafter issued by the Company, and (b) may, in any other case, if deemed necessary or appropriate by the Board of Directors of the Company, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (i) no such Right Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued, and

(ii) no such Right Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 23. Redemption and Termination. (a) The Board of Directors of the Company may, at its option, at any time prior to the earlier of (x) the close of business on the tenth calendar day following the Shares Acquisition Date (or if the Shares Acquisition Date shall have occurred prior to the Record Date, the close of business on the tenth day following the Record Date), or (y) the Final Expiration Date, redeem all but not less than all of the then outstanding Rights at a redemption price of \$.01 per Right as appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"), and the Company may, at its option, pay the Redemption Price either in shares of its Common Stock (valued at their current market price as defined in Section 11(d)(i) on the date of the redemption), other securities, cash or other assets. Notwithstanding anything contained in this Agreement to the contrary, the Rights shall not be exercisable after the first occurrence of a Section 11(a)(ii) Event until such time as the Company's right of redemption hereunder has expired. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish.

(b) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price for each Right held. Within 10 days after the action of the Board of Directors of the Company ordering the redemption of the Rights, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to the Rights Agent and to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the Transfer Agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23, and other than in connection with the repurchase of Common Stock prior to the Distribution Date.

Section 24. Exchange.

(a) The Board of Directors of the Company may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become null and void pursuant to the provisions of Section 7(e) hereof) for shares of Common Stock at an exchange ratio of one

share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio").

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to Section 24(a) and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of the holders of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. Promptly after the action of the Board of Directors of the Company ordering an exchange of the Rights, the Company shall promptly give notice of any such exchange to the Rights Agent and the holders of the then outstanding Rights by mailing such notice to all such holders at each holder's last address as it appears upon the registry books of the Rights Agent; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become null and void pursuant to the provisions of Section 7(e) hereof) held by each holder of Rights.

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute shares of Preference Stock (or equivalent preference stock, as such term is defined in Section 11(b) hereof) for shares of Common Stock exchangeable for the Rights, at the initial rate of one one-hundredth of a share of Preference Stock (or equivalent preference stock) for each share of Common Stock, as appropriately adjusted to reflect adjustments in the dividend rights of the Preference Stock pursuant to the terms thereof.

(d) In the event that there shall not be sufficient shares of Common Stock or Preference Stock issued, but not outstanding, or authorized but unissued, to permit any exchange of Rights as contemplated in accordance with this Section 24 or that any regulatory actions or approvals are required in connection therewith, the Company shall take all such action as may be necessary to authorize additional Common Stock or Preference Stock for issuance upon exchange of the Rights.

(e) The Company shall not be required to issue fractional shares of Common Stock or to distribute certificates which evidence fractional shares of Common Stock pursuant to this Section 24. In lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares of Common Stock would otherwise be issuable an amount in cash equal to the same fraction

of the current market value of a whole share of Common Stock. For the purposes of this Section 24(e), the current market value of a whole share of Common Stock shall be the closing price of a share of Common Stock (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

The Rights Agent shall have no duty or obligation with respect to this Section 24(e) unless and until it has received specific instructions (and sufficient cash, if required) from the Company with respect to its duties and obligations under such Section.

(f) In any exchange pursuant to this Section 24, the Company, at its option, may substitute for any share of Common Stock exchangeable for a Right (i) common stock equivalents (ii) cash, (iii) debt securities of the Company, (iv) other assets, or (v) any combination of the foregoing, having an aggregate value which the Board of Directors of the Company shall have determined in good faith to be equal to the current market price of one share of Common Stock (determined pursuant to Section 11(d) hereof) on the Trading Day immediately preceding the date of exchange pursuant to this Section 24.

Section 25. Notice of Certain Events. In case the Company shall propose at any time following the Distribution Date (a) to pay any dividend payable in stock of any class to the holders of Preference Stock or to make any other distribution to the holders of Preference Stock (other than a regular periodic cash dividend at a rate not in excess of 125% of the rate of the last cash dividend theretofore paid), or (b) to offer to the holders of Preference Stock rights or warrants to subscribe for or to purchase any additional shares of Preference Stock or shares of stock of any class or any other securities, rights or options, or (c) to effect any reclassification of Preference Stock (other than a reclassification involving only the subdivision of outstanding Preference Stock), or (d) to effect any consolidation or merger into or with any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n) hereof), or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons (other than the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section 11(n) hereof), or (e) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to the Rights Agent and to each holder of a Right, in accordance with Section 26, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, distribution of rights or Rights, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Preference Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (a) or (b) above at least twenty (20) days prior to the record date for determining hold-

ers of the Preference Stock for purposes of such action, and in the case of any such other action, at least twenty (20) days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Preference Stock, whichever shall be the earlier.

In case a Section 11(a)(ii) Event shall occur, then, in any such case, the Company shall as soon as practicable thereafter give to the Rights Agent and to each holder of a Right, to the extent feasible and in accordance with Section 26, a notice of the occurrence of such event, which shall specify the event and the consequences of the event to holders of Rights under Section 11(a)(ii) and all references in the preceding paragraph to Preference Stock shall be deemed to thereafter refer to Common Stock and/or other securities, as the case may be.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

The Empire District Electric Company
602 Joplin Street
Joplin, Missouri 64801
Attention: Corporate Secretary

Subject to the provisions of Section 21, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

ChaseMellon Shareholder Services, L.L.C.
85 Challenger Road
Ridgefield Park, New Jersey 07660-2108
Attention: General Counsel

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments. Prior to the earlier of the Distribution Date or the Shares Acquisition Date and subject to the penultimate sentence of this

Section 27, the Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates or Common Stock. From and after the earlier of the Distribution Date or the Shares Acquisition Date, and subject to the penultimate sentence of this Section 27, the Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order (i) to cure any ambiguity, (ii) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or (iii) to shorten or lengthen any time period hereunder, or (iv) to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Right Certificates (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person); provided, however, that this Agreement shall not be supplemented or amended to lengthen in any way, (A) a time period relating to when the Rights may be redeemed at such time as the Rights are not then redeemable, or (B) any other time period unless such lengthening is for the purpose of protecting, enhancing or clarifying the rights of, and/or benefits to, the holders of Rights (other than any Acquiring Person and its Affiliates and Associates) and such lengthening occurs pursuant to clause (iii) of this sentence. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment unless the Rights Agent shall have determined in good faith that such supplement or amendment would adversely affect the Rights Agent's interests under this Agreement. Notwithstanding anything in this Agreement to the contrary, no supplement or amendment shall be made which changes the Redemption Price, the Final Expiration Date, the Purchase Price or the number of shares of Preferred Stock for which a Right is then exercisable. Prior to the earlier of the Shares Acquisition Date or the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of Common Stock.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Determinations and Actions by the Board of Directors, etc. For all purposes of this Agreement, any calculation of the number of shares of Common Stock outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding shares of Common Stock of which any Person is the Beneficial Owner, shall be made in accordance with the provisions of Rule 13d-3(d)(1)(i) of the General Rules and Regulations under the Exchange Act. The Board of Directors of the Company shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board of Directors of the Company or the Company, or as may be necessary or advisable in the administration of this Agreement, including, without

limitation, the right and power to (i) interpret the provisions of this Agreement, and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or not redeem the Rights or to amend the Agreement). All such actions, calculations, interpretations and determinations (including, for the purpose of clause (ii) below, all omissions with respect to the foregoing) which are done or made by the Board of Directors of the Company in good faith, shall (i) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Right Certificates and all other Persons, and (ii) not subject the Board of Directors of the Company to any liability to the holders of the Right Certificates. The Rights Agent is entitled to assume that the Board of Directors of the Company acted in good faith in making such actions, calculations, interpretations and determinations.

Section 30. Benefits of This Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, registered holders of the Common Stock).

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided, however, that notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board of Directors of the Company determines in its good faith judgment that severing the invalid language from this Agreement would adversely affect the purpose or effect of this Agreement, the right of redemption set forth in Section 23 hereof shall be reinstated (and the Company shall promptly notify the Rights Agent of such reinstatement) and shall not expire until the close of business on the tenth day following the date of such determination by the Board of Directors.

Section 32. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Kansas and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State except that the rights, duties and obligations of the Rights Agent under this Agreement shall be governed by the laws of the State of New York.

Section 33. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 34. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 35. UCU Merger. Notwithstanding any provision herein to the contrary, neither UCU nor any of its Affiliates or Associates shall be considered an Acquiring Person under this Agreement and no Shares Acquisition Date or Distribution Date has occurred or will occur, in any such case as a result of the approval, execution or delivery of the Merger Agreement or the consummation of the transactions contemplated thereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[SEAL]

THE EMPIRE DISTRICT ELECTRIC COMPANY

Attest:

By: _____
Name: Janet S. Watson
Title: Secretary-Treasurer

By: _____
Name: Robert B. Fancher
Title: Vice President-Finance

[SEAL]

Attest:

CHASEMELLON SHAREHOLDER SERVICES,
L.L.C.

By: _____
Name:
Title:

By: _____
Name:
Title:

Received: 5/15/00 5:03;
05/15/00 MON 16:53 FAX 417 625 5173
MAY-12-00 14:17 From:CAHILL GORDON # 14

417 625 5173 -> BRYDON, SWEARENGEN & ENGLAND PC; Page 2
EMPIRE DISTRICT EL 002
212-269-5420--14 T-976 P.02/02 Job-804

-44-

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[SEAL]

THE EMPIRE DISTRICT ELECTRIC COMPANY

Attest:

By: Janet S. Watson
Name: Janet S. Watson
Title: Secretary-Treasurer

By: Robert B. Fancher
Name: Robert B. Fancher
Title: Vice President-Finance

[SEAL]

Attest:

CHASEMELLON SHAREHOLDER SERVICES,
L.L.C.

By: Deborah Bass
Name: Deborah Bass.
Title: Relationship
Manager.

By: Robert Kavanagh
Name: Robert Kavanagh.
Title: Vice President.

[Form of Right Certificate]

Certificate No. R-

_____ Rights

NOT EXERCISABLE AFTER JULY 25, 2010 OR EARLIER IF NOTICE OF REDEMPTION IS GIVEN. THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, AT \$.01 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) AND ANY SUBSEQUENT HOLDER MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHT CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS OR BECAME AN ACQUIRING PERSON OR AN ASSOCIATE OR AFFILIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT). ACCORDINGLY, THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECOME NULL AND VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 7(e) OF THE RIGHTS AGREEMENT.]¹

THE EMPIRE DISTRICT ELECTRIC COMPANY

Right Certificate

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of April 27, 2000 (the "Rights Agreement") between The Empire District Electric Company, a Kansas corporation (the "Company"), and ChaseMellon Shareholder Services, L.L.C., a New Jersey limited liability company (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M. (New York City time) on July 25, 2010 at the designated office of the Rights Agent, or its successors as Rights Agent, in New York, New York, one one-hundredth of a fully paid nonassessable share of the Series A Participating Preference Stock, without par value (the "Preference

¹ The portion of the legend in brackets shall be inserted only if applicable.

Stock"), of the Company, at a purchase price of \$75.00 per one one-hundredth of a share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase and related certificate duly executed, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request. The number of Rights evidenced by this Right Certificate (and the number of shares which may be purchased upon exercise thereof) set forth above, and the Purchase Price per share set forth above, are the number and Purchase Price as of April 27, 2000, based on the Preference Stock of the Company as constituted at such date.

Upon the occurrence of a Triggering Event (as such term is defined in the Rights Agreement), if the Rights evidenced by this Right Certificate are beneficially owned by (i) an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined in the Rights Agreement), (ii) a transferee of any such Acquiring Person, Associate or Affiliate, or (iii) under certain circumstances specified in the Rights Agreement, a transferee of a person who after such transfer, became an Acquiring Person, or an Affiliate or Associate of an Acquiring Person, such Rights shall become null and void and no holder hereof shall have any right with respect to such Rights from and after the occurrence of such Triggering Event.

Notwithstanding anything herein to the contrary, neither UCU (as defined below) nor any of its Affiliates or Associates is an "Acquiring Person" and no "Shares Acquisition Date" or "Distribution Date" has occurred or shall occur as a result of the approval, execution or delivery of the Agreement and Plan of Merger, between UtiliCorp United Inc., a Delaware corporation ("UCU"), and the Company, dated as of May 10, 1999, or the consummation of the transactions contemplated thereunder.

As provided in the Rights Agreement, the Purchase Price and the number and kind of shares of Preference Stock (or, in certain circumstances, common stock and/or other securities) which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events, including Triggering Events (as such term is defined in the Rights Agreement).

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the above-mentioned office of the Rights Agent, and at the executive offices of the Company.

This Right Certificate, with or without other Right Certificates, upon surrender at the designated office of the Rights Agent, along with a signature guarantee and such other

and further documentation as the Rights Agent may reasonably request, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of one one-hundredths of a share of Preference Stock as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request, another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be (i) redeemed by the Company at a redemption price of \$.01 per Right or (ii) exchanged by the Company in whole or in part for shares of common stock or Preference Stock.

No fractional shares of Preference Stock will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-hundredth of a share of Preference Stock), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preference Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or, to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

CERTIFICATE

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____, 20[].

[SEAL]

ATTEST:

THE EMPIRE DISTRICT ELECTRIC
COMPANY

By: _____
Name:
Title:

By: _____
Name:
Title:

Countersigned:

CHASEMELLON SHAREHOLDER SERVICES, L.L.C.,
as Rights Agent

By: _____
Authorized Signature

Date:

[Form of Reverse Side of Right Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificates.)

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, _____

Signature

Signature Guaranteed: _____

(Signatures must be guaranteed by a commercial bank or trust company or by a member of the New York Stock Exchange.)

CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Right Certificate [] is [] is not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it [] did [] did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____, _____

Signature

Signature Guaranteed: _____

(Signatures must be guaranteed by a commercial bank or trust company or by a member of the New York Stock Exchange.)

NOTICE

The signature to the foregoing Assignment and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise
Rights evidenced by the Right Certificate.)

To The Empire District Electric Company:

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the shares of the Preference Stock issuable upon the exercise of such Rights (or such other securities of the Company or of any other Person which may be issuable upon the exercise of the Rights) and requests that certificates for such shares be issued in the name of:

Please insert social security or
other taxpayer identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security or
other taxpayer identifying number

(Please print name and address)

Dated: _____, _____

Signature

Signature Guaranteed: _____

(Signatures must be guaranteed by a commercial bank or trust company or by a member of the New York Stock Exchange.)

CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate [] are [] are not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it [] did [] did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____, _____

Signature

NOTICE

The signature to the foregoing Election to Purchase and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

Summary of Rights To Purchase Preference Stock

On April 27, 2000 the Board of Directors of The Empire District Electric Company declared a dividend distribution of one Right for each outstanding share of Common Stock, \$1 par value (the "Common Stock"), of the Company. The distribution was payable on July 26, 2000 (the "Record Date") to the stockholders of record on the Record Date. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series A Participating Preference Stock (the "Preference Stock"), at a price of \$75.00 per one one-hundredth share (the "Purchase Price"), subject to adjustment. The description and terms of the Rights are set forth in the Rights Agreement between the Company and the Rights Agent.

Until the earlier to occur of (i) ten calendar days following the date (the "Shares Acquisition Date" (which date shall not be deemed to have occurred solely by reason of the approval, execution or delivery of the Agreement and Plan of Merger (the "Merger Agreement"), dated as of May 10, 1999, between the Company and UtiliCorp United Inc., a Delaware corporation ("UCU") or the consummation of the transactions contemplated thereby)) of public announcement that a person or group of affiliated or associated persons (an "Acquiring Person" (which term shall not include UCU or any of its respective "Affiliates" and "Associates" which may otherwise become Acquiring Persons solely by reason of the approval, execution or delivery of the Merger Agreement or the consummation of the transactions contemplated thereby)) acquired, or obtained the right to acquire, beneficial ownership of 10% or more of the outstanding shares of the Common Stock (a "Substantial Block") or (ii) ten calendar days following the commencement or announcement of an intention to make a tender offer or exchange offer if, upon consummation thereof, such person would be an Acquiring Person (the earlier of such dates being called the "Distribution Date" (which date shall not be deemed to have occurred solely by reason of the approval, execution or delivery of the Merger Agreement or the consummation of the transactions contemplated thereby)), the Rights will be evidenced with respect to any of the Company's Common Stock certificates outstanding as of the Record Date, by such Common Stock certificates. A Person shall not be deemed the beneficial owner of a Substantial Block if such person, together with all affiliates and associates of such person, (a) beneficially own less than 20% of the outstanding shares of Common Stock, (b) acquired all of such shares without the intention of effecting control of the Company, and (c) dispose of enough shares within ten calendar days of having acquired a Substantial Block such that they would no longer beneficially own 10% or more of the outstanding shares of Common Stock. The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Company's Common Stock. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Stock certificates issued after the Record Date upon transfer or new issuance of the Com-

pany's Common Stock will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any of the Company's Common Stock certificates outstanding as of the Record Date will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Company's Common Stock as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire at the close of business on July 25, 2010 unless earlier redeemed or exchanged by the Company as described below.

In the event that (i) the Company is the surviving corporation in a merger with an Acquiring Person and its Common Stock is not changed or exchanged, (ii) a Person becomes the beneficial owner of more than 10% of the then outstanding shares of Common Stock (except pursuant to an offer for all outstanding shares of Common Stock which the Board of Directors of the Company determines to be fair to and otherwise in the best interests of the Company and its shareholders), (iii) an Acquiring Person engages in one or more "self-dealing" transactions as set forth in the Rights Agreement, or (iv) during such time as there is an Acquiring Person, an event occurs which results in such Acquiring Person's ownership interest being increased by more than 1% (e.g., a reverse stock split), at any time following the Distribution Date, each holder of a Right will thereafter have the right to receive, upon exercise, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the Right. Notwithstanding any of the foregoing, following the occurrence of any of the events set forth in this paragraph, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person will be null and void.

In the event that, at any time following the Shares Acquisition Date, (i) the Company is acquired in a merger or other business combination transaction (other than a merger described in the immediately preceding paragraph or a merger which follows an offer described in the immediately preceding paragraph), or (ii) 50% or more of the Company's assets or earning power is sold or transferred, each holder of a Right (except Rights which previously have been annulled and voided as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the Exercise Price of the Right. The events set forth in this paragraph and in the preceding paragraph are referred to as the "Triggering Events."

The Purchase Price payable, and the number of shares of Preference Stock (or Common Stock, cash, property or other securities, as the case may be) issuable upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of

a stock dividend on, or a subdivision, combination or reclassification of the Preference Stock, (ii) upon the grant to holders of the Preference Stock of certain rights or warrants to subscribe for shares of the Preference Stock or convertible securities at less than the current market price of the Preference Stock or (iii) upon the distribution to holders of the Preference Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends out of earnings or retained earnings or dividends payable in the Preference Stock) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustments in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional shares will be issued (other than fractional shares which are integral multiples of one one-hundredth of a share of Preference Stock) and, in lieu thereof, an adjustment in cash will be made based on the market price of the Preference Stock on the last trading date prior to the date of exercise.

At any time after there is an Acquiring Person, and prior to the acquisition by such Acquiring Person of 50% or more of the outstanding Common Stock, the Board of Directors may exchange the Rights (other than Rights owned by the Acquiring Person which shall have become null and void), in whole or in part, at an exchange ratio of one share of Common Stock (or a fraction of a share of Preference Stock having the same market value) per Right (subject to adjustment).

At any time prior to 5:00 P.M. New York City time on the tenth calendar day following the Shares Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights, the Company shall make announcement thereof, and upon such action, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

The Preference Stock will rank junior to all series of the Company's cumulative preferred stock with respect to payment of dividends and as to distribution of assets in liquidation. Each share of Preference Stock will have a quarterly dividend rate per share equal to the greater of \$1.00 or 100 times the per share amount of any dividend (other than a dividend payable in shares of Common Stock or a subdivision of the Common Stock) declared from time to time on the Common Stock, subject to certain adjustments. The Preference Stock will not be redeemable. In the event of liquidation, the holders of the Preference Stock will be entitled to receive a preferred liquidation payment per share of \$7,500 (plus accrued and unpaid dividends) or, if greater, an amount equal to 100 times the payment to be made per share of

Common Stock, subject to certain adjustments. Generally, each share of Preference Stock will vote together with the Common Stock and any series of cumulative preferred or preference stock entitled to vote in such manner and will be entitled to 100 votes, subject to certain adjustments. In the event of any merger, consolidation, combination or other transaction in which shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or other property, each share of Preference Stock will be entitled to receive 100 times the aggregate amount of stock, securities, cash and/or other property, into which or for which each share of Common Stock is changed or exchanged, subject to certain adjustments. The foregoing dividend, voting and liquidation rights of the Preference Stock are protected against dilution in the event that additional shares of Common Stock are issued pursuant to a stock split or stock dividend or distribution. Because of the nature of the Preference Stock's dividend, voting, liquidation and other rights, the value of the one one-hundredth of a share of Preference Stock purchasable with each Right is intended to approximate the value of one share of Common Stock.

Other than those provisions relating to the principal economic terms of the Rights and the time period within which to redeem the Rights, any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board of Directors of the Company in order to cure any ambiguity, defect or inconsistency, to make changes which do not adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person), or, with certain limitations, to shorten or lengthen any time period under the Rights Agreement.

So long as the Rights are attached to the Common Stock, the Company will issue one Right with each new share of Common Stock so that all such shares will have attached Rights. 500,000 shares of Preference Stock have been reserved for issuance upon exercise of the Rights.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person who attempts to acquire the Company without conditioning his offer on a substantial number of Rights being acquired. The Rights will not affect a transaction approved by the Company prior to the existence of an Acquiring Person, because the Rights can be redeemed before the consummation of such transaction.

THE EMPIRE DISTRICT ELECTRIC COMPANY
Description of Authorized, Issued
and Outstanding Bonds
December 31, 1999

APPENDIX 4

First Mortgage Bonds	
<u>Authorized Amount:</u>	\$1,000,000,000
<u>6.50% Series, Due April 1, 2010</u>	
Amount Authenticated	\$50,000,000
Amount Issued and Outstanding	50,000,000
Interest Payable Semiannually on April 1 and October 1, at Rate of 6.50% per Annum.	
<u>7-1/2% Series, Due July 1, 2002</u>	
Amount Authenticated	\$37,500,000
Amount Issued and Outstanding	37,500,000
Interest Payable Semiannually on January 1 and July 1, at Rate of 7-1/2% per Annum.	
<u>8-1/8% Series, Due November 1, 2009</u>	
Amount Authenticated	\$20,000,000
Amount Issued and Outstanding	20,000,000
Interest Payable Semiannually on May 1 and November 1, at Rate of 8-1/8% per Annum.	
<u>5.3% Pollution Control Series, Due November 1, 2013</u>	
Amount Authenticated	\$8,000,000
Amount Issued and Outstanding	8,000,000
Interest Payable Semiannually on May 1 and November 1, at Rate of 5.3% per Annum.	
<u>5.2% Pollution Control Series, Due November 1, 2013</u>	
Amount Authenticated	\$5,200,000
Amount Issued and Outstanding	5,200,000
Interest Payable Semiannually on May 1 and November 1, at Rate of 5.2% per Annum.	
<u>9-3/4% Series, Due December 1, 2020</u>	
Amount Authenticated	\$15,000,000
Amount Issued and Outstanding	\$2,250,000
Interest Payable Semiannually on June 1 and December 1, at Rate of 9-3/4% per Annum.	
<u>7% Series, Due October 1, 2023</u>	
Amount Authenticated	\$45,000,000
Amount Issued and Outstanding	\$45,000,000
Interest Payable Semiannually on April 1 and October 1, at Rate of 7% per Annum.	
<u>7-1/4% Series, Due June 1, 2028</u>	
Amount Authenticated	\$14,500,000
Amount Issued and Outstanding	\$13,726,000
Interest Payable Semiannually on June 1 and December 1, at Rate of 7-1/2% per Annum.	

7.60% Series, Due April 1, 2005

Amount Authenticated	\$10,000,000
Amount Issued and Outstanding	\$10,000,000

Interest Payable Semiannually on April 1 and
October 1, at Rate of 7.60% per Annum.

7-3/4% Series, Due June 1, 2025

Amount Authenticated	\$30,000,000
Amount Issued and Outstanding	\$30,000,000

Interest Payable Semiannually on June 1 and
December 1, at Rate of 7-3/4% per Annum.

7.20% Series, Due December 1, 2016

Amount Authenticated	\$25,000,000
Amount Issued and Outstanding	\$25,000,000

Interest Payable Semiannually on June 1 and
December 1, at Rate of 7.20% per Annum.

Secured by an Indenture of Mortgage and Deed of Trust, dated as of September 1, 1944, as heretofore amended and supplemented by Twenty Supplemental Indentures ("Indenture") made by the Company to Harris Trust and Savings Bank and Mercantile Bank of Joplin, as Trustees, on all property, real, personal and mixed, tangible and intangible, owned by the Company or hereafter acquired by it, except certain property excepted from the lien and operation of the Indenture.

THE EMPIRE DISTRICT ELECTRIC COMPANY
Stock Authorized and Outstanding
Through December 31, 1999

	A Number of Shares Authorized	B Outstanding	C Par Value Per Share	D Dividend Rate	E Paid Per Share	F Amount of Dividend
<u>5% Cumulative Preferred Stock (7):</u>						
1. 1990	400,000	390,180	10	0.50	0.50	195,090
2. 1991	400,000	390,180	10	0.50	0.50	195,090
3. 1992	400,000	390,180	10	0.50	0.50	195,090
4. 1993	400,000	390,180	10	0.50	0.50	195,090
5. 1994	400,000	390,180	10	0.50	0.50	195,090
6. 1995	400,000	390,180	10	0.50	0.50	195,090
7. 1996	400,000	390,180	10	0.50	0.50	195,090
8. 1997	400,000	390,180	10	0.50	0.50	195,090
9. 1998	400,000	390,180	10	0.50	0.50	195,090
10. 1999	400,000	0	10	0.50	0.50	0
<u>4-3/4% Cumulative Preferred Stock (7):</u>						
11. 1990	400,000	400,000	10	0.475	0.47500	190,000
12. 1991	400,000	400,000	10	0.475	0.47500	190,000
13. 1992	400,000	400,000	10	0.475	0.47500	190,000
14. 1993	400,000	400,000	10	0.475	0.47500	190,000
15. 1994	400,000	400,000	10	0.475	0.47500	190,000
16. 1995	400,000	400,000	10	0.475	0.47500	190,000
17. 1996	400,000	400,000	10	0.475	0.47500	190,000
18. 1997	400,000	400,000	10	0.475	0.47500	190,000
19. 1998	400,000	400,000	10	0.475	0.47500	190,000
20. 1999	400,000	0	10	0.475	0.47500	0
<u>8-1/8% Cumulative Preferred Stock (6) (7):</u>						
21. 1994	2,500,000	2,500,000	10	0.8125	0.8125	2,031,250
22. 1995	2,500,000	2,500,000	10	0.8125	0.8125	2,031,250
23. 1996	2,500,000	2,500,000	10	0.8125	0.8125	2,031,250
24. 1997	2,500,000	2,500,000	10	0.8125	0.8125	2,031,250
25. 1998	2,500,000	2,500,000	10	0.8125	0.8125	2,031,250
26. 1999	2,500,000	0	10	0.8125	0.8125	0
<u>Undesignated Cumulative Preferred Stock:</u>						
27. 1990	4,080,000	0				
28. 1991	4,180,000	0				
29. 1992	4,200,000	0				
30. 1993	4,200,000	0				
31. 1994	1,700,000	0				
32. 1995	1,700,000	0				
33. 1996	1,700,000	0				
34. 1997	1,700,000	0				
35. 1998	1,700,000	0				
36. 1999	1,700,000	0				
<u>9% Cumulative Preferred Stock (1):</u>						
37. 1990	1,000,000	120,000	10	0.90	0.90000	108,000
38. 1991	1,000,000	20,000	10	0.90	3.15000	63,000
39. 1992	1,000,000	20,000	10	0.90	0.45000	9,000
40. 1993	1,000,000	0	10	0.90	0.00000	0
41. 1994	1,000,000	0	10	0.90	0.00000	0
42. 1995	1,000,000	0	10	0.90	0.00000	0
43. 1996	1,000,000	0	10	0.90	0.00000	0
44. 1997	1,000,000	0	10	0.90	0.00000	0
45. 1998	1,000,000	0	10	0.90	0.00000	0
46. 1999	1,000,000	0	10	0.90	0.00000	0

Undesignated Preference Stock:

47. 1991	2,000,000	0
48. 1992	2,000,000	0
49. 1993	2,000,000	0
50. 1994	2,000,000	0
51. 1995	2,000,000	0
52. 1996	2,000,000	0
53. 1997	2,000,000	0
54. 1998	2,000,000	0
55. 1999	2,000,000	0

Series A Participating Preference Stock (2):

56. 1993	500,000	0
57. 1994	500,000	0
58. 1995	500,000	0
59. 1996	500,000	0
60. 1997	500,000	0
61. 1998	500,000	0
62. 1999	500,000	0

Common Stock (3):

63. 1990	15,000,000	5,816,621	1	1.740	10,120,921
64. 1990	15,000,000	6,333,906	1	0.605	3,832,013
65. 1991	100,000,000	(4) 6,374,353	1	1.815	11,569,451
66. 1991	100,000,000	(5) 12,986,408	1	0.3125	4,058,253
67. 1992	100,000,000	13,055,238	1	0.9375	12,239,286
68. 1992	100,000,000	13,284,980	1	0.32	4,251,194
69. 1993	100,000,000	13,571,186	1	1.28	17,166,884
70. 1994	100,000,000	13,941,531	1	1.28	17,572,108
71. 1995	100,000,000	15,215,933	1	1.28	18,934,244
72. 1996	100,000,000	16,436,559	1	1.28	20,522,897
73. 1997	100,000,000	16,776,654	1	1.28	21,244,296
74. 1998	100,000,000	17,108,799	1	1.28	21,676,976
75. 1999	100,000,000	17,369,855	1	1.28	22,063,772

(1) All outstanding shares (400,000 shares) were redeemed on June 1, 1986.

(2) Changed authorized number of shares to 500,000 in 1991 from 150,000 in 1990.

(3) 385,000 shares of Common Stock were sold on December 18, 1990; 900,000 shares of Common Stock were sold on April 27, 1995; 880,000 shares of Common Stock were sold on April 9, 1996.

(4) Changed Authorized number of shares to 100,000,000 in 1991 from 15,000,000 in 1990.

(5) Adjusted for two-for-one stock split.

(6) 2,500,000 shares of 8-1/8% Cumulative Preferred Stock with mandatory redemption provisions were issued on May 25, 1994.

(7) All outstanding shares were redeemed on August 2, 1999.

**THE EMPIRE DISTRICT ELECTRIC COMPANY
BALANCE SHEETS**

ASSETS AND OTHER DEBITS

	A	B	C
	Actual	December 31, 1999 Adjustments	Adjusted Total
UTILITY PLANT:			
1. Electric Plant in Service	\$863,306,024		\$863,306,024
2. Water Plant in Service	7,023,246		7,023,246
3. Construction Work in Progress - Electric	41,081,844		41,081,844
4. Construction Work in Progress - Water	<u>3,938</u>		<u>3,938</u>
5. Total Utility Plant	911,415,052		911,415,052
Less Accumulated Provision for Depreciation:			
6. Electric	301,364,399		301,364,399
7. Water	<u>1,945,380</u>		<u>1,945,380</u>
8. Net Utility Plant	608,105,273		608,105,273
OTHER PROPERTY AND INVESTMENTS:			
Nonutility Property (Less Accumulated Provision			
9. for Depreciation \$641,739)	7,942,371		7,942,371
10. Other Investments			
11. Total Other Property and Investments	7,942,371		7,942,371
CURRENT AND ACCRUED ASSETS:			
12. Cash	2,478,856		2,478,856
13. Investments at Cost	18,300,000		18,300,000
Notes and Accounts Receivables (Less Accumulated			
14. Provision for Uncollectible Accounts)	24,104,697		24,104,697
15. Accrued Unbilled Revenues	6,660,318		6,660,318
Materials and Supplies:			
16. Electric	15,978,790		15,978,790
17. Other			
18. Prepaid Insurance	740,320		740,320
19. Prepaid Other	<u>199,536</u>		<u>199,536</u>
20. Total Current and Accrued Assets	68,462,517		68,462,517
DEFERRED DEBITS:			
21. Unamortized Debt Expense	4,175,240		4,175,240
22. Other Regulatory Assets	37,075,852		37,075,852
23. Other Deferred Charges	5,458,466		5,458,466
24. Total Deferred Debits	<u>46,709,558</u>		<u>46,709,558</u>
25. Total Assets and Other Debits	<u>\$731,219,719</u>		<u>\$731,219,719</u>

**THE EMPIRE DISTRICT ELECTRIC COMPANY
BALANCE SHEETS**

LIABILITIES AND OTHER CREDITS

	A	B	C
	Actual	December 31, 1999 Adjustments	Adjusted Total
PROPRIETARY CAPITAL:			
1. Common Stock Issued	\$17,369,855		\$17,369,855
2. Preferred Stock Issued			
3. Premium on Capital Stock	163,173,405		163,173,405
4. Installments Received on Capital Stock (Common)	736,326		736,326
5. Retained Earnings	<u>52,908,432</u>		<u>52,908,432</u>
6. Total Proprietary Capital	234,188,018		234,188,018
LONG-TERM DEBT:			
7. Bonds and Notes	346,566,000		346,566,000
8. Other Long-Term Debt			
9. Unamortized Discount on Long-Term Debt	<u>(715,831)</u>		<u>(715,831)</u>
10. Total Long-Term Debt	345,850,169		345,850,169
CURRENT AND ACCRUED LIABILITIES:			
11. Notes Payable and Commercial Paper			
12. Accounts Payable	25,232,221		25,232,221
13. Customer Deposits	3,686,691		3,686,691
14. Taxes Accrued	(189,165)		(189,165)
15. Interest Accrued	5,026,356		5,026,356
16. Dividends Declared			
17. Current Maturities - Mortgage Bonds			
18. Miscellaneous Current and Accrued Liabilities			
19. Total Current and Accrued Liabilities	33,756,103		33,756,103
DEFERRED CREDITS:			
20. Regulator Liabilities	15,295,992		15,295,992
21. Unamortized Investment Tax Credits	7,811,000		7,811,000
22. Postretirement Benefits Other Than Pensions	4,592,721		4,592,721
23. Other Regulatory Liabilities	10,812,171		10,812,171
24. Accumulated Deferred Income Taxes	<u>78,913,545</u>		<u>78,913,545</u>
25. Total Deferred Credits	117,425,429		117,425,429
26. Total Stockholder's Equity and Liabilities	<u>\$731,219,719</u>		<u>\$731,219,719</u>

THE EMPIRE DISTRICT ELECTRIC COMPANY
STATEMENT OF INCOME

	A	B Twelve Months Ended December 31, 1999	C
UTILITY OPERATING INCOME	Actual	Adjustments	Adjusted Total
Electric Utility:			
1. Operating Revenues	\$241,065,202		\$241,065,202
Operating Expenses:			
2. Operation	127,294,432		127,294,432
3. Maintenance	16,014,943		16,014,943
4. Depreciation	26,241,968		26,241,968
5. Taxes Other Than Income Taxes	13,380,174		13,380,174
6. Income Taxes - Federal	10,748,020		10,748,020
7. Income Taxes - State	1,326,960		1,326,960
8. Provision for Deferred Income Taxes	8,241,465		8,241,465
9. Income Taxes Deferred in Prior Years - Credit	(3,942,433)		(3,942,433)
10. Investment Tax Credit Adjustments (Net)	(577,650)		(577,650)
11. (Gain) Loss on Disposition of Allowance	(118,717)		(118,717)
12. Total Electric Operating Expenses	198,609,162		198,609,162
13. Net Electric Operating Income	42,456,040		42,456,040
Water Utility:			
14. Operating Revenues	1,096,338		1,096,338
Operating Expenses:			
15. Operation	259,211		259,211
16. Maintenance	330,325		330,325
17. Depreciation	124,727		124,727
18. Taxes Other Than Income Taxes	77,608		77,608
19. Income Taxes - Federal	12,980		12,980
20. Income Taxes - State	2,040		2,040
21. Provision for Deferred Income Taxes	53,397		53,397
22. Investment Tax Credit Adjustments (Net)	(2,350)		(2,350)
23. Total Water Operating Expenses	857,938		857,938
24. Net Water Operating Income	238,400		238,400
25. Total Utility Net Operating Income	42,694,440		42,694,440
OTHER INCOME AND DEDUCTIONS:			
26. Allowance for Equity Funds Used During Const.	56,845		56,845
27. Interest Income	503,355		503,355
28. Other - Net	(780,835)		(780,835)
	(220,635)		(220,635)
INCOME BEFORE INTEREST CHARGES	42,473,805		42,473,805
INTEREST CHARGES:			
29. Interest on Long-Term Debt	19,402,734		19,402,734
30. Notes Payable			
31. Commercial Paper	1,673,077		1,673,077
32. Allowance for Borrowed Funds Used During Construction	(1,135,776)		(1,135,776)
33. Other	363,632		363,632
	20,303,667		20,303,667
34. NET INCOME	<u>\$22,170,138</u>		<u>\$22,170,138</u>
RETAINED EARNINGS	(6,054,115)		
Unappropriated Retained Earnings (at beginning			
35. of period)	55,706,779		55,706,779
Less Dividends Declared:			
36. Preferred Stock - 5%	124,642		124,642
37. Preferred Stock - 4-3/4%	126,094		126,094
38. Preferred Stock - 8-1/8%	1,349,474		1,349,474
39. Common Stock	23,663,982		23,663,982
40. Unappropriated Retained Earnings (at end of period)	<u>\$52,612,725</u>		<u>\$52,612,725</u>

Net Plant and Property Additions at December 31, 1999
Available as a basis for the issuance of Additional Mortgage
Bonds or Withdrawal of Cash from the Principal Trustee Pursuant
to the Provisions of the Indenture Dated September 1, 1944

	A	B	C	D
	Bal. Br'd't Forward 9/15/44 to 12/31/93	January 1, 1994 through Adjusted Property Additions	December 31, 1999 Adjusted Net Property Retirements	Adjusted Net Property Additions
1. Steam	\$151,305,837.56	\$29,098,517.20	\$9,134,936.36	\$171,269,418.40
2. Hydro	(\$383,155.11)	866,707.41	66,726.41	\$416,825.89
3. Internal Combustion	(\$236,205.72)	0.00	0.00	(\$236,205.72)
4. Other Production	\$36,999,333.24	89,730,216.95	2,307,864.32	\$124,421,685.87
5. Transmission	\$91,623,633.63	35,436,403.22	1,764,336.91	\$125,295,699.94
6. Distribution	\$238,753,778.15	139,655,974.41	7,603,283.22	\$370,806,469.34
7. General	\$25,146,839.62	7,087,961.42	2,377,923.09	\$29,856,877.95
8. Electric Plant in Service	\$543,210,061.37	\$301,875,780.61	\$23,255,070.31	\$821,830,771.67
9. Construction Work in Progress	\$9,590,162.49	32,748,017.21	0.00	\$42,338,179.70
10. Total Electric Plant	\$552,800,223.86	\$334,623,797.82	\$23,255,070.31	\$864,168,951.37
11. Nonutility Property Total Electric Plant and	(\$214,684.01)	0.00	0.00	(\$214,684.01)
12. Nonutility Property	\$552,585,539.85	\$334,623,797.82	\$23,255,070.31	\$863,954,267.36
Less Amounts Utilized:				
13. To Fund \$2,000,000 of 2-7/8% First Mortgage Bonds			\$3,333,333.33	
14. To Fund \$4,000,000 of 3-1/2% First Mortgage Bonds			6,666,666.67	
15. To Fund \$3,000,000 of 3% First Mortgage Bonds			5,000,000.00	
16. To Fund \$3,000,000 of 3-1/4% First Mortgage Bonds			5,000,000.00	
17. To Fund \$3,000,000 of 4-7/8% First Mortgage Bonds			5,000,000.00	
18. To Fund \$12,000,000 of 6-1/2% First Mortgage Bonds			20,000,000.00	
19. To Fund \$11,000,000 of 7-3/8% First Mortgage Bonds			4,906,666.67	
20. To Fund \$6,000,000 of 9-1/2% First Mortgage Bonds			10,000,000.00	
21. To Fund \$5,500,000 of 6-7/8% First Mortgage Bonds			9,166,666.67	
22. To Fund \$15,000,000 of 8.70% First Mortgage Bonds			25,000,000.00	
23. To Fund \$15,000,000 of 9-1/8% First Mortgage Bonds			25,000,000.00	
24. To Fund \$8,000,000 of 6.80% First Mortgage Bonds			13,333,333.34	
25. To Fund \$16,000,000 of 10-3/4% First Mortgage Bonds			26,666,666.67	
26. To Fund \$25,000,000 of 9-3/4% First Mortgage Bonds			41,666,666.67	
27. To Fund \$30,000,000 of 9% First Mortgage Bonds			50,000,000.00	
28. To Fund \$15,000,000 of 9-3/4% First Mortgage Bonds			25,000,000.00	
29. To Fund \$37,500,000 of 7-1/2% First Mortgage Bonds			62,500,000.00	
30. To Fund \$23,000,000 of 5.70% First Mortgage Bonds			38,333,333.34	
31. To Fund \$14,500,000 of 7-1/4% First Mortgage Bonds			24,166,666.67	
32. To Fund \$45,000,000 of 7% First Mortgage Bonds			75,000,000.00	
33. To Fund \$30,000,000 of 7-3/4% First Mortgage Bonds			50,000,000.00	
34. To Fund \$25,000,000 of 7.20% First Mortgage Bonds			41,666,666.67	
35. To Fund \$50,000,000 of 6-1/2% First Mortgage Bonds			83,333,333.33	
To Satisfy Sinking Fund on Bonds All Series, Indenture, 1954 through December 31, 1993, inclusive			22,816,666.67	
To Satisfy Annual Standard of Expenditure Requirement of Indenture, 1943 through December 31, 1993, inclusive			113,874,702.56	
CREDIT FOR PRIOR BOND RETIREMENTS				
38. Retirements prior to 1992			(26,684,195.97)	
39. Retirement of 9-1/2% series in 1992			(6,000,000.00)	
40. Retirement of 8.70% series in 1992			(15,000,000.00)	
41. Retirement of 9-1/8% series in 1992			(15,000,000.00)	
42. Retirement of 6-1/2% series in 1993			(12,000,000.00)	
43. Retirement of 7-3/8% series in 1993			(11,000,000.00)	
44. Retirement of 5.70% series in 1998			(23,000,000.00)	678,747,173.29
Balance of Net Property Additions Available for the issuance of Additional First Mortgage Bonds or withdrawal of Cash from the Principal Trustee				
41.				\$185,207,094.07
42. Credit for Bond Retirements under Section 3.07 of Indenture				\$36,917,419.00
43. Total Available for Issuance of First Mortgage Bonds Under Sec. 3.07				\$222,124,513.07

THE EMPIRE DISTRICT ELECTRIC COMPANY - SINKING FUND COMPUTATIONS - JANUARY 1988 & Fw'd
ENGINEERS CERTIFICATE

						CREDIT	EXCESS CREDIT
	Cr. from Aug. bond redeem	36,000,000.00					104,744,193.02
	Std. of Expend.	3,826,170.24	0.00	198,802.29	6,907,450.07		65,464,110.90
	Cr. from Aug. bond redeem	36,000,000.00					101,464,110.90
3/27/93	7th, 7-3/8% SF	1,820,836.45	7,800.00	15,947.20	183,333.33		67,093,466.82
	Cr. from Aug. bond redeem	36,000,000.00					103,093,466.82
5/28/93	NET PROP. ADDNS.	9,651,168.36	0.00	184,377.24	0.00		76,560,257.94
	Std. of Expend.				7,508,500.00		69,051,757.94
	Cr. from Aug. bond redeem	36,000,000.00	0.00				112,560,257.94
	(19th Suppl.)				38,333,333.34		74,226,924.60
**SEE NOTE	Cr. from May bond redeem	23,000,000.00	0.00	-	-		97,226,924.60
	(20th Suppl.)		0.00		24,166,866.67		73,060,257.93
7/8/93	Partial Deed	0.00	10,350.00	-	-		73,070,607.93
	Shelf Registration	3,008,633.83	0.00	28,589.05	-		76,050,652.71
9/25/93	Withdrawal Fund	6,952,010.71		477,519.58	-		82,525,143.84
	SUBT. Sch. A-5/1 to 7/31	9,960,644.54	(18,150.00)	506,108.63	-		82,506,993.84
10/15/93	(21st Suppl.)	2,594,030.80		25,131.53	75,000,000.00		10,075,893.11
11/03/93	NET PROP. ADDNS.	3,319,634.82	0.00	29,448.12	0.00		13,366,079.81
11/03/93	NET PROP. ADDNS.	2,803,115.31	0.00	60,342.37	0.00		16,108,852.75
	Std. of Expend. @ 10/31/93				7,681,761.00		8,427,091.75
11/16/93	Partial Deed	0.00	1,100.00	-	-		16,109,952.75
1/25/94	Std. of Expend. @ 12/31/93	11,233,009.17	0.00	1,503,495.36	0.00		25,839,466.56
2/21/94	Shelf Registration-\$75mm	4,269,535.49		30,611.41	0.00		30,078,390.64
4/08/94	Withdrawal Fund	5,001,928.19		54,899.86	-		35,025,418.97
	SUBT. Sch. A-9/1 to 3/31/94	32,108,352.19	(1,100.00)	1,802,505.94	-		40,381,739.36
10/21/94	NET PROP. ADDNS.	37,491,360.78	0.00	412,119.22	0.00		77,460,980.92
01/25/95	NET PROP. ADDNS.	17,563,291.97	0.00	1,174,756.34	0.00		93,849,516.55
02/10/95	Partial Deed	0.00	5,000.00	-	-		93,854,516.55
03/23/95	NET PROP. ADDNS.	6,031,559.20	(5,000.00)	19,038.09	0.00		99,862,037.66
06/01/95	NET PROP. ADDNS.	11,019,194.26	0.00	1,404,207.22	0.00		109,477,024.70
06/01/95	(27th Suppl.)				50,000,000.00		59,477,024.70
10/17/96	NET PROP. ADDNS.	77,107,841.22	0.00	5,574,265.54	0.00		131,010,800.38
11/01/96	(28th Suppl.)				41,666,666.67		89,343,933.71
08/21/97	NET PROP. ADDNS.	47,081,970.96	0.00	3,625,877.43	0.00		132,800,027.24
02/17/98	NET PROP. ADDNS.	13,971,230.83		1,793,620.25			144,977,637.82
04/13/98	NET PROP. ADDNS.	8,467,508.16		190,357.40			153,254,788.58
05/01/98	(29th Suppl.)				83,333,333.33		69,921,455.25
05/01/98	credit from May bond redeem	23,000,000.00					92,921,455.25
09/28/98	NET PROP. ADDNS.	14,107,212.19		1,127,345.49			105,901,321.95
01/20/99	NET PROP. ADDNS.	22,693,816.47		2,018,631.86			126,576,506.56
06/10/99	NET PROP. ADDNS.	8,721,242.00					135,297,748.56
09/10/99	NET PROP. ADDNS.	26,404,570.93					161,702,319.49
02/29/00	NET PROP. ADDNS.	29,210,405.96		5,705,631.38			185,207,094.07

**SEE NOTE Cr. from Oct 93 bond redempt.
** Includes three (3) bond issues: 8th Suppl., \$8,000,000; 10th & 11th Suppl., \$15,000,000 each.
" Two (2) " : 6th Suppl., \$12,000,000; 7th Suppl., \$11,000,000.
" Two (2) " : \$25,000,000 @ 9-3/4%; \$12,750,000 @ 9-3/4%.

NOTE: THIS BALANCE IS NOT CARRIED FWD, BUT COUNTED AS A CREDIT FOR NEXT BOND \$

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NOTE: THIS BALANCE IS NOT CARRIED FWD, BUT COUNTED AS A CREDIT FOR NEXT BOND \$

O.K. TO ADD BACK PRIOR BOND REDEMPTION OF \$36,000,000.
THIS BALANCE IS BROUGHT FORWARD

NOTE: THIS BALANCE IS NOT CARRIED FWD, BUT COUNTED AS A CREDIT FOR NEXT BOND \$
MEMO ENTRY ONLY
(Partial Deed of Release dated 11/17/93)

Certified Copy of Resolutions
Passed by the Board of Directors
of
The Empire District Electric Company
on
April 27, 2000

I, J. S. Watson, Secretary-Treasurer of The Empire District Electric Company, a corporation organized and existing under and by virtue of the laws of the State of Kansas (hereinafter called the "Company"), DO HEREBY CERTIFY that the following is a true and correct copy of resolutions adopted by the Board of Directors of the Company at a meeting duly called and held on the 27th day of April, 2000; that at said meeting a majority of the Directors, constituting a quorum for the transaction of business, was present and voted in favor of said resolutions; and that said resolutions have not been amended or modified, rescinded or revoked but remain in full force and effect:

WHEREAS, the Board of Directors of the Company deems it desirable and in the best interests of the Company and its shareholders that steps be taken to preserve for the Company's stockholders the long-term value of the Company in the event of a coercive takeover; and

WHEREAS, rights issued pursuant to a Rights Agreement, dated as of July 26, 1990, as amended, by and between the Company and ChaseMellon Shareholder Services, L.L.C., successor to Manufacturers Hanover Trust Company, as rights agent, will expire on July 25, 2000; and

WHEREAS, the Board of Directors believes that a dividend to the Company's stockholders of substantially similar rights to purchase shares of its Series A Participating Preference Stock, upon the terms and subject to the conditions hereinafter provided, will contribute to the preservation of the Company's long-term value for its shareholders.

NOW, THEREFORE, BE IT

RESOLVED, that the Board of Directors of the Company hereby declares, subject to clearance by the Public Service Commission of the State of Missouri, that a dividend of one Right (as defined below) for each share of the Common Stock, \$1.00 par value, of the Company (the "Common Stock"), be paid on July 26, 2000 (the "Record Date") to holders of record of the Common Stock issued and outstanding on the Record Date (together with the additional Rights described in the

next succeeding resolution, the "Rights"), each Right representing the right of the holder thereof to purchase one one-hundredth of a share of the Company's Series A Participating Preference Stock, without par value (or in certain circumstances, Common Stock, other securities, cash or other assets), upon the terms and subject to conditions set forth in the form of Rights Agreement presented to this meeting, a copy of which is ordered to be filed with the records of this meeting, which agreement is hereby approved (the "Rights Agreement"); and be it

FURTHER RESOLVED, that as long as the Rights are attached to the Common Stock as provided in the Rights Agreement, one Right (as such number may be adjusted pursuant to the provisions of the Rights Agreement) shall be deemed to be delivered with each original issue or treasury share of Common Stock issued or transferred by the Company subsequent to the Record Date; and be it

FURTHER RESOLVED, that the exercise price of the Rights shall be \$75.00 per Right, the redemption price therefor shall be \$0.01 per Right, and, if the Company has not redeemed the Rights prior to such time, the Rights shall no longer be exercisable after July 25, 2010, all as more fully set forth in the Rights Agreement; and be it

FURTHER RESOLVED, that the President or any Vice President of the Company be, and each of them hereby is, authorized in the name and on behalf of the Company to execute the Rights Agreement (with or without attestation), with such modifications thereof as the officer or officers executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the same by any such officer to the Rights Agent thereunder; and be it

FURTHER RESOLVED, that certificates evidencing the Rights shall be substantially in the form set forth in the Rights Agreement with such modifications therein as shall be approved by the President or any Vice President of the Company (the "Right Certificates") and shall be issued and delivered to the holders of Common Stock as contemplated by the terms of the Rights Agreement; and be it

FURTHER RESOLVED, that the Right Certificates and the certificates evidencing shares of Series A Participating Preference Stock (the "Preference Stock Certificates") shall be signed by the President or any Vice President, and the Secretary or any Assistant Secretary of this Company and at such officer's election may be under this Company's seal (which may be in the form of a facsimile of the seal of the Company); provided that each such signature of the President, any Vice President, the Secretary or an Assistant Secretary may, but need not, be a facsimile signature imprinted or otherwise reproduced on the Right Certificates or the Preference Stock Certificates, and that this Company adopts for such purpose the facsimile signature of any present or future President, Vice President, Secretary or Assistant Secretary of this Company, notwithstanding the fact that at the time the Right Certificates or the Preference Stock Certificates shall be authenticated and delivered or disposed of such person shall have ceased to be such officer; and be it

FURTHER RESOLVED, that the officers of this Company be, and they hereby are, authorized to execute on behalf of this Company and, at their election

under this Company's seal (which may be in the form of a facsimile of the seal of the Company), new or duplicate Right Certificates and Preference Stock Certificates issued to replace lost, stolen, mutilated, or destroyed Right Certificates and Preference Stock Certificates, such Right Certificates as may be required for exchange, substitution or transfer as provided in the Rights Agreement in the manner and form to be required in, or contemplated by, the Rights Agreement, and such Preference Stock Certificates as may be required for exchange, substitution or transfer; and be it

FURTHER RESOLVED, that the Right Certificates shall be manually countersigned by the Rights Agent and books for the registration and transfer of the Right Certificates shall be maintained in New York, New York by the Rights Agent; and be it

FURTHER RESOLVED, that the transfer agent and registrar of the shares of Series A Participating Preference Stock of the Company, acting from time to time, is hereby authorized and directed to issue, countersign and register certificates for up to an aggregate of the full number of shares of Series A Participating Preference Stock issuable upon exercise of the Rights, upon requisition thereof by the Rights Agent, acting from time to time, without further authority from the Company; and be it

FURTHER RESOLVED, that 500,000 shares of Series A Participating Preference Stock be, and they hereby are, initially reserved for issuance upon exercise of the Rights, such number to be subject to adjustment from time to time in accordance with the Rights Agreement; and be it

FURTHER RESOLVED, that fractional shares of Series A Participating Preference Stock (other than fractions which are integral multiples of one one-hundredth of a share) may not be issued upon exercise of the Rights; and in lieu thereof cash shall be paid in accordance with the Rights Agreement; and be it

FURTHER RESOLVED, that when the Company (i) receives for the issuance of a share of Series A Participating Preference Stock pursuant to the Rights Agreement the consideration for which such share is to be issued pursuant to the Rights Agreement, and (ii) issues a share of Series A Participating Preference Stock as provided in the Rights Agreement, such share will be fully paid and non-assessable and the issuance of such share shall not be subject to any preemptive or similar rights; and be it

FURTHER RESOLVED, that the officers of the Company be, and they hereby are, authorized and directed to effect such changes to the accounts of the Company as are appropriate in connection with the distribution and/or exercise of the Rights; and be it

FURTHER RESOLVED, that ChaseMellon Shareholder Services, L.L.C. (or such other entity selected by the President or any Vice President of the Company) is hereby appointed Rights Agent under the Rights Agreement for the Rights, and ChaseMellon Shareholder Services, L.L.C. (or such other entity selected by the President or any Vice President of the Company) is hereby appointed as Transfer Agent and Registrar with respect to the Series A Participating Preference Stock issuable upon

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an exercise of the Rights, and that upon presentation to it of Right Certificates for exercise in accordance with the Rights Agreement, ChaseMellon Shareholder Services, L.L.C. is authorized, as Transfer Agent and Registrar for the Series A Participating Preference Stock, to issue originally, countersign, register and to deliver the shares of Series A Participating Preference Stock issuable upon such exercise; and be it

FURTHER RESOLVED, that if ChaseMellon Shareholder Services, L.L.C. (or such other entity selected by certain of the officers of the Company as provided above) shall require certain resolutions to be adopted by the Board of Directors to evidence the authority conferred upon it by these resolutions, the Secretary, and if required, any Vice President, or any other appropriate officer of the Company, are instructed to prepare and certify the appropriate form of resolutions so required, and such resolutions shall thereupon be deemed incorporated and adopted by reference, to the same extent as if presented in full to this meeting and adopted hereby; and be it

FURTHER RESOLVED, that the Preference Stock Certificates shall be countersigned by the Transfer Agent either manually or by facsimile signatures and books for the registration and transfer of the Preference Stock Certificates shall be maintained in New York, New York by the Transfer Agent; and be it

FURTHER RESOLVED, that the officers of the Company are authorized to execute and to file any applications such officers may deem necessary or desirable with the Arkansas Public Service Commission, the State Corporation Commission of the State of Kansas, the Public Service Commission of the State of Missouri and the Corporation Commission of the State of Oklahoma for requisite authority to issue the Rights and the shares of Series A Participating Preference Stock (or, under certain circumstances provided for in the Rights Agreement, Common Stock or other securities of the Company) issuable upon exercise of the Rights; and to execute and file any amendment or amendments to the applications and any other exhibits and documents as are deemed necessary or desirable to obtain any requisite order of such commissions; and be it

FURTHER RESOLVED, that the officers of the Company be, and they hereby are, authorized and directed in its name and on its behalf to file a registration statement on Form 8-A (the "Form 8-A") in respect of the Rights under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and said officers are authorized and empowered to file such amendments or supplements to the Form 8-A as they in their discretion deem necessary or desirable in order to effect the registration of the Rights; and be it

FURTHER RESOLVED, that the President or any Vice President of this Company be, and each of them hereby is, authorized and directed, for and in the name and on behalf of this Company, to execute personally or by attorney-in-fact and to cause to be filed with the Securities and Exchange Commission a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), for the registration of the shares of Series A Participating Preference Stock (or, under certain circumstances provided for in the Rights Agreement, Common Stock or other securities of the Company) issuable upon exercise of the Rights at such time as they deem such registration to be necessary and appropriate, and thereafter to execute personally or by

attorney-in-fact and to cause to be filed any amended registration statement or registration statements and amended prospectus or prospectuses, or amendments or supplements to any of the foregoing, and to cause said registration statement and any amendments thereto to become effective in accordance with the Securities Act and the General Rules and Regulations of the Securities and Exchange; and be it

FURTHER RESOLVED, that the President of the Company is hereby appointed as agent for service of this Company with respect to said registration statement with all the powers and functions specified in the General Rules and Regulations of the Securities and Exchange Commission under the Securities Act; and be it

FURTHER RESOLVED, that the officers of this Company be, and each of them hereby is, authorized and empowered in the name and on behalf of this Company, to take all such actions (including, without limitation, the preparation and filing of one or more registration statements, or of amendments to existing registration statements, relating to Common Stock to be issued pursuant to the exercise of dividend reinvestment, stock purchase, employee stock options, other employee benefit plans or otherwise) and to execute all such documents as they may deem necessary or appropriate in connection with the issuance of the Rights and the shares of Series A Participating Preference Stock (or, under certain circumstances provided for in the Rights Agreement, Common Stock or other securities of the Company) issuable upon exercise of the Rights for compliance with the Securities Act and the Exchange Act; and be it

FURTHER RESOLVED, that the officers of the Company be, and each of them hereby is, authorized and empowered, for and in the name and on behalf of the Company, to execute and file such application or applications, and amendments and supplements thereto, pay any and all applicable listing fees, and take such other actions as may be necessary to list the Rights and shares of Series A Participating Preference Stock issuable upon exercise of the Rights on the New York Stock Exchange and on any other stock exchanges deemed appropriate by the appropriate officers of the Company, and that the President, any Vice President or the Secretary of the Company, or such other person as any of them shall designate in writing, be, and each of them hereby is, authorized to appear before the Securities and Exchange Commission and the New York Stock Exchange, and any such other stock exchange, and to execute such agreements and other instruments as may be necessary to conform with the requirements of the Securities and Exchange Commission, the New York Stock Exchange or any such other stock exchange; and be it

FURTHER RESOLVED, that any officer of the Company be, and each hereby is, authorized and directed to take, for and in the name and on behalf of the Company, any and all action which he or she may deem necessary or advisable in order to effect the registration or qualification of the Rights or the Series A Participating Preference Stock (or other securities of the Company) for distribution, offer or sale, to obtain a license or permit in connection therewith or to secure an exemption from registration therefor under the securities laws of any State in the United States of America and in connection therewith to execute and file all requisite applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of

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process, other instruments necessary or appropriate under such laws, and the execution by any officer of any such instrument or document or the doing of any act by any officer in connection with the foregoing matters shall conclusively establish his or her authority therefor from the Company and the approval and ratification by the company of the instruments and documents so executed and the actions so taken; and be it

FURTHER RESOLVED, that this Board of Directors hereby adopts the form of any resolutions required by any state authority to be filed in connection with any applications, consents to service, issuer's covenants or other documents if (1) in the opinion of the officer or officers of the Company executing the same, the adoption of such resolutions is necessary or desirable, and (2) the Secretary or an Assistant Secretary of the Company evidences such adoption by inserting in the minutes of this meeting copies of such resolutions, which will there upon be deemed to be adopted by this Board of Directors with the same force and effect as if presented at this meeting; and be it

FURTHER RESOLVED, that the officers of the Company be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Company, to execute and deliver any and all certificates, agreements and other documents, take or cause to be taken any and all other action and do any and all things which they may deem necessary or advisable in order to effectuate the purposes of each and all of the foregoing resolutions; and be it

FURTHER RESOLVED, that any and all actions heretofore taken by any director, officer, employee or representative of the Company that are within the authority conferred by, and were in furtherance of any or all of the purposes of, the foregoing resolutions are hereby approved, ratified, confirmed and adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company on this 27th day of April, 2000.


Secretary-Treasurer

