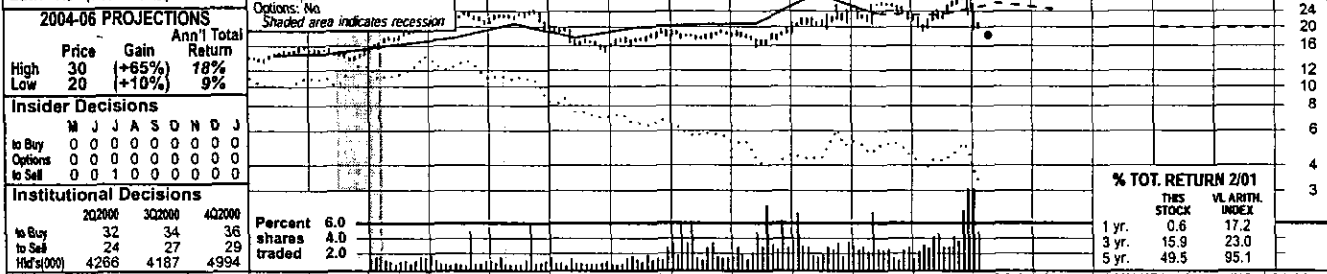


Reporter KF

# EMPIRE DISTRICT NYSE:EDF

<b>RECENT PRICE</b>	18.24	<b>P/E RATIO</b>	17.4 (Trailing: 13.3, Median: 14.0)	<b>RELATIVE P/E RATIO</b>	0.81	<b>DIV'D YLD</b>	7.0%	<b>VALUE LINE</b>	
<b>TIMELINESS</b>	5 Lowered 2/23/01	<b>SAFETY</b>	2 Raised 10/10/97	<b>TECHNICAL</b>	5 Lowered 3/16/01	<b>BETA</b>	45 (1.00 = Market)	<b>2004-06 PROJECTIONS</b>	



1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	© VALUE LINE PUB., INC.	04-06
12.04	12.26	13.59	13.62	11.52	11.18	11.58	11.31	12.41	12.75	12.67	12.53	12.83	14.02	13.94	14.86	13.25	14.65	Revenues per sh	16.30
2.32	2.42	2.51	2.61	2.63	2.36	2.68	2.55	2.49	2.62	2.52	2.67	2.67	2.97	3.22	2.97	2.50	3.00	"Cash Flow" per sh	3.50
1.38	1.43	1.48	1.53	1.47	1.28	1.43	1.26	1.16	1.32	1.18	1.23	1.29	1.53	1.46	1.37	1.10	1.55	Earnings per sh <sup>A</sup>	1.85
.90	.96	1.02	1.08	1.13	1.18	1.22	1.26	1.28	1.28	1.28	1.28	1.28	1.53	1.28	1.28	1.28	1.28	Div'd Decl'd per sh <sup>B</sup>	1.32
1.82	2.46	2.82	3.05	3.51	3.69	1.79	2.36	3.27	5.14	3.34	3.79	3.38	3.03	4.14	7.53	2.95	1.80	Cap'l Spending per sh	2.80
9.14	9.67	10.22	10.75	11.17	11.75	12.08	12.29	12.37	12.47	12.69	12.96	13.06	13.43	13.48	13.73	14.80	15.10	Book Value per sh <sup>C</sup>	16.05
10.55	10.81	11.05	11.29	11.58	12.67	12.99	13.29	13.57	13.94	15.22	16.44	16.78	17.11	17.37	17.50	21.50	21.50	Common Shs Outst'g <sup>D</sup>	21.50
7.7	10.5	10.1	9.7	9.9	11.6	12.8	18.0	19.6	13.3	14.9	14.8	13.9	14.0	16.8	17.9	17.9	Bold figures are Value Line estimates	Avg Ann'l P/E Ratio	13.0
.63	.71	.68	.81	.75	.86	.82	1.09	1.16	.87	1.00	.93	.80	.73	.96	1.18	1.18		Relative P/E Ratio	.85
8.5%	6.4%	6.8%	7.2%	7.7%	7.9%	6.7%	5.6%	5.6%	7.3%	7.3%	7.0%	7.1%	7.1%	5.2%	5.2%	5.2%		Avg Ann'l Div'd Yield	5.0%

<b>CAPITAL STRUCTURE as of 12/31/00</b>	150.4	150.3	168.4	177.8	192.8	206.0	215.3	239.9	242.2	260.0	285	315	Revenues (\$mill)	350
Total Debt \$395.1 mill. Due in 5 Yrs \$47.5 mill.	18.8	16.9	15.9	19.7	19.8	22.0	23.8	28.3	27.9	24.0	23.5	33.0	Net Profit (\$mill)	40.0
LT Debt \$325.6 mill. LT Interest \$24.7 mill.	33.0%	33.1%	32.4%	35.2%	34.5%	34.9%	50.8%	36.4%	36.2%	36.0%	36.0%	36.0%	Income Tax Rate	36.0%
(LT interest earned: 2.5x)	1.4%	.7%	1.4%	8.7%	11.3%	6.4%	--	--	6.1%	24.5%	6.0%	3.0%	AFUDC % to Net Profit	4.0%

<b>Pension Liability None</b>	46.3%	45.6%	48.5%	47.2%	46.3%	47.2%	43.8%	48.4%	59.6%	57.5%	50.0%	50.0%	Long-Term Debt Ratio	50.0%
<b>Pfd Stock \$50 mill. Pfd Div'd \$4.3 mill.</b>	51.1%	51.9%	49.2%	44.4%	45.9%	45.8%	48.9%	45.2%	40.4%	42.5%	40.0%	42.0%	Common Equity Ratio	42.0%
Incl. 2 mill. 8.25% Trust Pfd Securities	307.2	314.8	341.0	391.7	420.7	465.5	448.3	508.5	580.0	565.8	645	650	Total Capital (\$mill)	695
Common Stock 17,608,466 shs. as of 3/1/01	353.4	367.4	393.6	445.8	475.7	515.2	547.0	572.2	616.0	720.3	780	810	Net Plant (\$mill)	825
<b>MARKET CAP: \$325 million (Small Cap)</b>	8.2%	7.4%	6.6%	6.7%	6.5%	6.3%	7.2%	7.3%	6.5%	6.6%	7.0%	7.0%	Return on Total Cap'l	8.0%
<b>ELECTRIC OPERATING STATISTICS</b>	11.4%	9.9%	9.1%	9.5%	8.8%	9.0%	9.4%	10.8%	11.9%	10.0%	7.5%	10.0%	Return on Shr. Equity	11.5%
% Change Retail Sales (KWH)	11.7%	10.1%	9.3%	10.4%	9.0%	9.2%	9.8%	11.3%	11.2%	10.0%	9.0%	12.0%	Return on Com Equity E	13.5%
1998 1999 2000	1.7%	.0%	NMF	.4%	NMF	NMF	.1%	1.8%	1.8%	.7%	NMF	2.0%	Retained to Com Eq	4.0%
% Change Industrial Use (MWH)	86%	100%	110%	96%	108%	104%	99%	85%	85%	93%	NMF	95%	All Div'ds to Net Prof	80%
Avg. Industrial Rev/KWH (\$)	11.4	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2		
Capacity at Peak (MW)	1108	1133	1165											
Peak Load, Summer (MW)	916	979	993											
Annual Load Factor (%)	55.7	52.2	55.1											
% Change Customers (yr-end)	+1.8	+1.9												

**BUSINESS:** The Empire District Electric Company supplies electricity (99.6% of 2000 operating revenue) to about 145,000 customers in a 10,000 square mile area in Missouri (88% of 1999 retail electric revs.), Kansas (6%), Oklahoma (3%), and Arkansas (3%). Supplies water service (4% of operating revenue). Electric operating rev. breakdown, '00: residential, 42%; comm'l, 30%; indust, 16%; other, 12%. Service area is mainly rural. Fuel sources, 2000: coal, 82.5%; nat. gas, 16.3%; oil, 1.2%. Fuel & purchased power costs: 44% of revenue; labor costs: 13%. 2000 depreciation rate: 3.2%. Has 603 employees, 7,060 shareholders. CEO and Pres.: Myron W. McKinney, Inc.: Kansas. Addr.: 602 Joplin St., Joplin, MO 64802. Tele.: 417-625-5100. Internet: www.empiredistrict.com.

**Empire District Electric's prospects for 2001 are not bright.** Natural gas, which the company uses to fuel about 15% of its generating power, has more than doubled in price this last year. And, the expenditure for purchased power increased by about 50%. Added to escalating costs is the company's spending on a major power plant addition. In February, Empire filed with the Missouri Public Service Commission (PSC) for a \$16.8 million interim rate increase for the period March through September, 2001. The PSC denied the request stating that interim increases apply only to emergency or near-emergency situations. Empire estimates that without the rate increase, it will lose about \$20 million during the seven month period.

**The company expects to receive a rate increase in the autumn.** Empire filed a request with the PSC in November for a 19.3% increase to cover construction costs of the new State Line Plant near Galena, Kansas, and higher natural gas costs. The rate request proposes to raise an additional \$41 million. We expect that the PSC will approve some level of increase. In the meantime, the company is going ahead to externally finance \$80 million of construction costs and to improve its balance sheet. Early this year, Empire issued \$50 million trust preferred securities. And, it plans to issue additional common equity this spring to raise its common equity ratio.

**The additional capacity from the State Line Power Plant will start in June and should improve the company's longer-term prospects.** The 350 megawatt (MW) addition is being jointly constructed, owned, and operated with Westar Generating, Inc., a subsidiary of Western Resources. Empire is contributing \$108 million and will receive an additional 150 MW of generating capacity. This should reduce purchased power needs by over 40%. However, the plant will use natural gas to generate electricity and Empire will face higher fuel costs.

**The stock is untimely, and the coming year will likely see earnings decline.** However, the company is setting an improved trajectory for future growth. And, it remains an attractive acquisition candidate, despite its failed merger attempt with Utilicorp last year.

Terese S. Fabian April 6, 2001

<b>(A)</b> Excl. acc't. gain: '90, 28¢. Excl. nonrecurring losses: '99, 33¢; '00, 2¢. Next exp. report due late April. <b>(B)</b> Next div'd mtg. about Apr. 20th. Goes ex div'd about Apr. 20th. Div'd pymnt. dates: 15th of Mar., June, Sep., Dec.	depr. Rate allow. on com. in '95 (MO, KS, OK, AR): 11.25%; Earned on com., '99: 12.0%. Reg. Climate: MO, Avg.	<b>Company's Financial Strength</b> B++
<b>(C)</b> Incl. deferr. chrgs. in '99: \$46.7 mill., \$2.70/sh. <b>(D)</b> In mills., adj. for stock split. <b>(E)</b> Rate base: MO, KS, OK, AR orig. cost less		<b>Stock's Price Stability</b> 95
		<b>Price Growth Persistence</b> 70
		<b>Earnings Predictability</b> 25

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Company's Financial Strength B++  
Stock's Price Stability 95  
Price Growth Persistence 20  
Earnings Predictability 75

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