



Code of Business Conduct and Ethics

Last Modified: August 2013

Conflict Resolution Hotline: 800.461.9330 Web: www.MySafeworkplace.com

Message from the CEO...

For more than 100 years our Company has built and maintained an outstanding reputation for integrity, ethical conduct, and exemplary corporate citizenship. Our reputation has been enhanced and safeguarded by the generations of employees before us through their words and actions. But acting with integrity and maintaining high ethical conduct is about more than just our Company's reputation. It's about sustaining a place where we are proud to work and each of us knowing we have done the right thing.

In 1987, our Code of Business Conduct and Ethics was formally written and has guided us with a set of principles that reflect our Company's long established standards and values governing our ethical behavior. We are not merely following laws and regulations. We are striving to abide by the highest ethical standards in order to accomplish our vision, "Making lives better every day with reliable energy and service."

This Code applies to all of us—from front-line employees to the officers and the Board of Directors of the Company; it offers guidelines for our honest, right, and fair dealings with our fellow employees, customers, shareholders, suppliers, and competitors. Each of us must apply these guidelines to the best of our ability in our unique situation. No written document can address every situation you may encounter, and if you have questions or concerns about what is the right thing — speak up. Discuss the situation with your Supervisor, Department Head, Vice President, Director of Human Resources, Director of Internal Audit, or me. If this is uncomfortable or impractical for any reason, contact the confidential **Conflict Resolution Hotline** at [800-461-9330](tel:800-461-9330) or go on the Web at www.MySafeWorkPlace.com. Never be afraid to express your concern or question something you don't think is right.

Now it is our turn to carry the banner. What a tremendous responsibility, opportunity, and legacy to uphold. I am honored and proud to work with the men and women of Empire who have always been committed to upholding the highest professional and ethical standards. Let us work together in our commitment to integrity and ethical conduct to make those who came before us proud and set an example for those who will follow.



Brad Beecher
President and Chief Executive Officer



Contents



Responsibility, Integrity, and Standards	(4)
General	(5)
Compliance/Employee Responsibility	(5)
Employment	(5)
Illegal Drug and Alcohol Use	(6)
Health and Safety	(6)
Social and Environmental	(6)
Political Activity	(6)
Compliance with Laws and Regulations	(7)
Company Records	(7)
Company Resources	(8)
Company Information and Communication Systems	(8)
Conflict of Interest/Corporate Opportunity	(9)
Business Partners/Fair Dealing	(10)
Gifts and Entertainment	(10)
Confidential Information	(11)
Insider Information/Trading	(11)
Fraud and Theft	(12)
Doing What's Right	(12)

“I am honored and proud to work with the men and women of Empire who have always been committed to upholding the highest professional and ethical standards.” - Brad Beecher, CEO

RESPONSIBILITY

We operate in a world where corporate conduct has never been more highly scrutinized. We can be proud that The Empire District Electric Company’s reputation has remained untarnished. Over the last 100 years, our employees have built an excellent reputation with our customers, shareholders, regulators, and the communities we serve, a responsibility we must continue.

INTEGRITY

The Code of Business Conduct and Ethics was established to ensure that all employees conduct business with the highest integrity, being fair, impartial, and honest. It is the policy of our Company to encourage those involved to ask questions, seek guidance, report suspected violations, and express their concerns regarding compliance with this standard of conduct. We offer this document as a written policy to provide guidelines about the integrity we must maintain as we conduct our business.

STANDARDS

Employees must accept personal responsibility for exercising appropriate behavior and maintaining high ethical standards, as it is not possible to cover all situations with a single Code. The following guidelines are illustrative, not exhaustive, and are intended to provide overall guidance in upholding our ethical and legal responsibilities.

THE EMPIRE DISTRICT ELECTRIC COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

GENERAL

Our Code of Business Conduct and Ethics (our “Code”) applies to The Empire District Electric Company and its subsidiaries (our “Company”) and covers all employees (unless otherwise indicated, the term “employees” includes all directors, officers, employees, agents, and any persons authorized to represent our Company or any of its subsidiaries).

Our Company is dedicated to conducting business in an honest, lawful, and ethical manner. Our Code provides guidance with respect to upholding our legal and ethical responsibilities; however, it is not intended to cover every situation. **More detailed and specific direction is provided in other Company policies and procedures. We are expected to know and follow our Code as well as all other policies and procedures that apply to our work.**

COMPLIANCE / EMPLOYEE RESPONSIBILITY

Employees are expected to read, understand, and comply with this Code as well as all applicable laws and regulations. Failure to do so may result in disciplinary action or civil and/or criminal penalties. Employees are required to certify annually that they have followed our Code and know of no deviations from our Code by Company personnel, or shall give specific details of any such deviation.

Guidelines

- No waivers of the provisions of this Code of Business Conduct and Ethics may be granted to employees without the review and approval of the President and Chief Executive Officer. In addition, no waivers may be granted for Empire District Electric Company directors or executive officers without the review and approval of the Company’s Board of Directors. Waivers of this Code shall be promptly disclosed to the Company’s shareholders as required by law, the New York Stock Exchange rules, or other applicable regulation.
- Employees shall avoid acts that may be contrary to Company policy or unlawful and detrimental to the interest of employees, customers, and shareholders.
- Employees shall not participate with, or otherwise engage agents, representatives, or other non-

employees in practices that are contrary to, or intended to circumvent, the law or this Code.

- Employees are required to report any matter in which they are or may become involved which, in their opinion, violates, may violate, or even appears to violate the intent of this Code of Business Conduct and Ethics to their immediate supervisor, their department head, an executive officer, the Director of Human Resources, or the Director of Internal Audit and, if necessary, to the President, the Chairman of the Board of Directors, or the Chairman of the Audit Committee of the Board of Directors. An employee may also report a known or suspected violation anonymously through the **Conflict Resolution Hotline** at **1-800-461-9330** or on the web at www.MySafeWorkplace.com. The hotline is staffed 24 hours a day. Employees may check on the status of previously reported allegations by re-entering the website or calling the toll-free number.
- Our Company has a strict policy prohibiting retaliation against any employee who comes forward with a good faith report of alleged wrongdoing or who participates in an investigation. Individuals who retaliate will be subject to disciplinary action up to and including termination of employment or unpaid disciplinary leave.
- All reports or violations will be investigated as promptly as possible. Investigation may include Internal Audit, Human Resources, outside investigators, or legal counsel. If our Company concludes through its investigation that a violation of our Code has occurred, our Company will take timely and appropriate action. This may include imposing disciplinary action, implementing system-wide changes to deter future problems of a similar nature, or notifying the appropriate government authorities.

EMPLOYMENT

Our Company is an organization of individuals working together to achieve the goals of the enterprise. Our Company is committed to establishing and maintaining a workplace free from discrimination and harassment. Our Company is committed to openness and honesty in both internal and external affairs.

Guidelines

- Our Company offers equal employment opportunities to all qualified individuals, regardless of race, color,

THE EMPIRE DISTRICT ELECTRIC COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

religion, creed, sex, national origin, sexual orientation, age, or disability.

- Employees shall not harass anyone in the workplace on the basis of race, color, religion, creed, sex, national origin, sexual orientation, age or disability. Such conduct is a form of discrimination and violates Company policy and the law.
- Employees are expected to perform in a productive, skillful, and professional manner, conform to sound safety practices, and accept personal responsibility for their own conduct and performance.
- Employees shall not achieve any Company objective directly or indirectly through business practices that are illegal, misleading, or unethical.
- As a general principle, what we do on our own time is our own business. However, dishonest, illegal or criminal conduct could have an extremely negative effect on the company's reputation and the employee's performance. In support of this ethical posture, our Company will perform background checks of all potential new employees and, when appropriate, may perform background checks on current employees.

ILLEGAL DRUG AND ALCOHOL USE

Employees are our most valuable resource. Our Company is committed to maintaining a safe and healthy workplace free from improper use of alcohol and drugs. Our Company will not tolerate alcohol or illegal drug use that endangers the health and well-being of its employees or the public.

Guidelines

- Employees shall report to work fit for duty and ready to perform their duties safely and efficiently. Employees shall not report for work while under the influence of alcohol, illegal drugs, or controlled substances.
- Carrying, transporting, use, sale or consumption of alcohol, illegal drugs, drug paraphernalia, or controlled substances, during working hours, on Company property, or in Company vehicles is strictly prohibited.
- This restriction does not apply alcoholic beverages served at scheduled Company functions or other situations where specific approval of the President has been obtained.

HEALTH AND SAFETY

Our Company is committed to protecting the health and safety of its employees and the public and to complying with federal, state, and local health and safety laws and regulations.

Guidelines

- Employees are responsible for the prevention of accidents to themselves, co-workers, and the public. Each employee is required to comply with the safety rules set forth in our Company's safety manual.

SOCIAL AND ENVIRONMENTAL

Our Company seeks to reconcile the demands for safe, reliable, and economic delivery of service with the social, environmental, and economic goals of the communities it serves, within the limits of its financial capabilities.

Guidelines

- Our Company is committed to complying with environmental laws and regulations and working to prevent damage to the environment. Employees should give careful attention to the proper handling, treatment, and disposal of waste and emissions. Should you have questions or concerns, Safety and Environmental Department personnel are trained in dealing with such issues.

POLITICAL ACTIVITY

Our Company is committed to active involvement in the civic and governmental affairs of the communities in which it operates and encourages its employees to meet the demands for leadership roles in community and civic activities. Employees, who seek elective or appointive public offices, as well as membership on public boards or commissions, may encounter situations that have the potential for conflict of interest. Employees who serve in public bodies should disqualify themselves from any actions that represent, or may appear to represent, a conflict of interest between their role as an employee of our Company and their role in the public body.

Guidelines

- Employees who serve in appointed or elected capacities shall notify the executive officer over their area.
- Our Company provides monetary contributions and donations of equipment and materials to worthwhile

CODE OF BUSINESS CONDUCT AND ETHICS

organizations, such as educational, charitable, and community efforts that aid in the betterment of society. Any Company contribution of funds, property, or services that could in any way be construed as assisting a political party, candidate, ballot issue, or committee in a state or local election must be approved by the Vice President - Commercial Operations. Our Company will not reimburse any personal contributions or expenditures made directly or indirectly in support of any political party, candidate, or committee.

- In accordance with applicable laws and regulations, our Company established the Political Action Committee (PAC) which is funded by voluntary employee contributions, in order to aid political candidates or political parties who support positions beneficial to our Company. Participation in the PAC is strictly voluntary; employees have a right not to participate without fear of retaliation.
- Our Company recognizes the rights and duties of its employees to make their personal views known on subjects of importance. However, clear distinctions should be drawn between one's personal views and those of our Company. In any event, no employee shall take part in lobbying activity on Company time, other than at the request of our Company.

COMPLIANCE WITH LAWS AND REGULATIONS

Employees will comply with all applicable laws and regulations in carrying out work responsibilities and cooperate with governmental authorities in the proper exercise of their function. We will deal with these officials in good faith, frankly and openly, without any attempt to compromise their or our Company's responsibilities or obligations.

Guidelines

- Employees of our Company will not make or offer, directly or indirectly, any bribe, gift, loan, favor, or special service with a view to unduly influence the independent judgment of any government official or employee.

COMPANY RECORDS

All accounts established and maintained by our Company shall conform to generally accepted accounting principles, all applicable laws and regulations and internal controls. Accurate, complete, and reliable financial records are necessary to comply with reporting

requirements established by law, and are essential to effective and efficient management. All transactions will be recorded promptly and documented properly and accurately with reasonable detail on the books of our Company, and all disclosures transparent. No undisclosed or unrecorded fund or asset of our Company shall be established for any purpose.

Guidelines

- Employees are responsible for following our Company's system of Internal Controls by complying with all internal procedures and following all accounting policies and procedures.
- The preparation and maintenance of accurate and adequate records is the responsibility of each employee. This responsibility extends to all internal and external records, reports, and correspondence, whether paper or electronic. Employees are expected to sign only documents or records they believe to be accurate and truthful. It is the duty of the employee to bring to the attention of the Director of Internal Audit any actual or alleged irregularity or discrepancy in preparation of Company books and records.
- No entry will be made on the books, records, documents, or correspondence of our Company that intentionally obscures or disguises the true nature of any transaction. To do so could cause our Company's public disclosures to be inaccurate or incomplete and would be a direct violation of company disclosure controls and procedures, as well as, financial reporting and accounting regulations.
- No employee is to withhold or conceal information requested by or to furnish misleading information to the internal auditors, external auditors, officers, or directors of our Company, or any others authorized by management to receive such information. Full cooperation with internal auditors and external auditors is expected at all times.
- It is strictly prohibited for any officer or director of our Company, or any person acting under their direction, to fraudulently influence, coerce, manipulate, or mislead our Company's external auditors for the purpose of rendering the financial statements materially misleading.
- During any type of investigation, whether internal or external, employees are not to destroy or alter any documents, lie, mislead, or obstruct the collection of information. Employees are expected to answer all questions they are asked completely and truthfully.

THE EMPIRE DISTRICT ELECTRIC COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

- Books and records of our Company shall be safeguarded from accidental destruction and shall be disposed of only as specified in our Company's Record Retention Policy and Procedures.

COMPANY RESOURCES

Company personnel are entrusted with Company resources for the purpose of directly serving customers and providing necessary support services for Company operations. To protect both the interests of our investors and our customers, strict accountability of all our assets and expenses is vital. Records should accurately and fairly reflect acquisition as well as disposition of Company assets. Employees are expected to take adequate precautions to protect Company assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on our Company's profitability and, ultimately, our customers and investors.

Guidelines

- Company resources include, but are not limited to, all physical assets of our Company (such as plants, generators, vehicles, construction equipment, supplies, tools, and office equipment), cash and other Company funds, Company documents and records, employee work time, and all intellectual property (such as patents, trademarks, and trade secrets).
- Company resources, prestige, or influence are not to be used directly or indirectly for personal gain or benefit of Company personnel. They are to be used for legitimate business purposes of our Company only.
- Employees are expected to provide reasonable care for Company resources including use, maintenance, safety, and protection from theft, loss, or vandalism.
- Company resources should not be loaned, sold, given away, or otherwise disposed of, regardless of condition or value, without prior authorization of the appropriate manager and the completion of appropriate accounting procedures.

COMPANY INFORMATION AND COMMUNICATION SYSTEMS

Our Company provides employees access to the information and communication systems' resources necessary to promote the efficient and appropriate conduct of its business. Company information and communication systems' resources shall be used in an approved, ethical, and lawful manner to avoid loss or

damage to Company operations, image, or financial interests, and to comply with our Company's Information and Communication Systems Usage Policy.

Guidelines

- Employees are expected to use Company information and communication systems for appropriate business-related purposes.
- Company information and communication systems include, but are not limited to, mail, electronic mail ("e-mail"), facsimiles, copiers, computer networks (including all hardware, software, peripherals, and security systems owned, leased, or operated by the Company), on-line services, internet connections, intranets, electronic files, audio/video equipment and media, pagers, cellular and standard telephones, smartphones, telecommunications systems, voice mail, text messaging, bulletin boards, Company stationery and postage, and any other Company-owned, leased, or operated information and communication systems or equipment.
- Our Company owns all Company information and communication systems resources and all messages and files created, transmitted, or stored therein. Use of such resources constitutes consent for Company management, in its sole discretion, to access, review, monitor, inspect, audit, collect, and remove any information without the users' permission or prior notice. No employee should have any expectation of privacy as to any information transmitted through or stored on Company information and communication systems.
- Employees are expected to exercise extreme caution when communicating sensitive or confidential Company information. Outgoing business communications should be accurate, appropriate, and professional.
- E-mail messages, text messages, instant messages, telephone calls, voice mail, facsimiles, and any other type of electronic communications shall be considered the same as any other written business document or file. Company policies on harassment, discrimination, and ethical conduct extend to all forms of communication, including social media networks. Employees must be aware that all content published online is in the public domain and, therefore, readily accessible by any party. Never write or say anything in an electronic format that you would not feel comfortable reading in a formal written memorandum. All e-mails, posts, and other forms of communications

THE EMPIRE DISTRICT ELECTRIC COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

that serve no useful Company purpose should be promptly deleted.

- Written, recorded, or electronically retrieved or transmitted communications shall not deliberately contain unlawful, fraudulent, libelous, harassing, discriminatory, offensive, racist, demeaning, insulting, defaming, intimidating, pornographic, sexually suggestive, or otherwise objectionable content. Such communications could present a bad image of, or portray in false light, the Company, the recipient, or the sender. Employees who intentionally retrieve or transmit any form of communication that contains such content are subject to disciplinary action up to and including termination or unpaid disciplinary leave.
- Occasional and incidental personal use of our Company's information and communication systems and equipment is permitted as long as such use does not interfere with the employee's work or our Company's operations, and meets the conditions outlined in official Company directives. This is a revocable privilege.

CONFLICT OF INTEREST/ CORPORATE OPPORTUNITY

Employees of our Company are expected to conduct their private business and personal activities in a manner that avoids actual or apparent conflicts of interest with our Company and/or our Company's business partners. Activities that may be misunderstood or create the appearance of a conflict of interest, as well as actual conflict of interest situations, shall be avoided. A conflict of interest occurs if an outside activity or financial interest of an employee creates obligations or interests that are not compatible with Company objectives or responsibilities or when an employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when an employee or a member of his or her family receives improper personal benefits as a result of his or her position in our Company. Employees owe a duty to our Company to advance its legitimate interests (rather than their own) when the opportunity to do so arises.

Conflicts of interests include transactions between a parent company and its subsidiaries or between subsidiaries of a common parent. These conflicts of interests, also known as Related Person Transactions, are required by Accounting and Auditing Standards to be disclosed.

Guidelines

- A "conflict of interest" is a situation where a choice must be made between one's individual best interest (financial or otherwise) and the best interest of our Company. Examples include, but are not limited to, the following:
 - Placement of business with a firm supplying goods and services to our Company in which an employee or a member of his or her family has a significant financial interest. Such conflict must be cleared with an executive officer.
 - Lease or rental of any kind of facilities or equipment to our Company, or to any other company or individual dealing with our Company as a contractor or supplier, by an employee or a member of his or her family. Such conflict must be disclosed to the employee's supervisor and approved in advance in writing by an executive officer.
 - Purchase, exchange, or acquisition of any interest, directly or indirectly, in real estate, coal, gas, oil, royalties, or overriding royalty interest, in direct competition with, or anticipation of the sale or lease of the interest to our Company, is not permitted.
 - Employment in any capacity, such as director, officer, employee, representative or consultant, with any for-profit company or organization currently doing business or planning to do business with our Company. Prior approval by the President is required before an employee accepts such a position.
 - Employment by, or engagement in, any outside business, where the employee uses his or her position with our Company or knowledge of Company operations to gain an advantage over businesses competing for the provision of goods or services to our Company.
 - Employment by, or engagement in, any outside business, that interferes in any way with the employee's full performance of duties and responsibilities with our Company.
 - Personal loans by our Company to, or guarantees by our Company of the debt of, any director or executive officer. Such loans or guarantees are specifically prohibited.
 - The use of the name of our Company and/or the purchasing power of our Company to obtain

CODE OF BUSINESS CONDUCT AND ETHICS

discounts or rebates on purchases made for personal use, other than offers made to all employees, is inappropriate.

- Employees of our Company are expected to advance our Company’s interests when the opportunity to do so arises and not to (a) take for themselves opportunities discovered through the use of Company property, information, or position; (b) use Company property, information, or position for personal gain; or (c) compete with our Company.
- Employees of our Company are expected to review their activities objectively from time to time to determine whether a reasonable, disinterested observer would have any grounds to believe that responsibilities to our Company have been disregarded in favor of personal interests or activities
- Employees of our Company should communicate any potential or actual conflict of interest (however slight) to their supervisor, their department head, an executive officer, the Director of Human Resources, or the Director of Internal Audit and, if need be, to the President, the Chairman of the Board of Directors, or the Chairman of the Audit Committee of the Board of Directors so that an objective, third-party review can be made.
- No director or executive officer of our Company shall engage (or shall permit an immediate family member to engage) in a Related Person Transaction (as defined in our Company’s Policy and Procedures with respect to Related Person Transactions (the “Related Person Transaction Policy”)) unless such transaction is approved in accordance with the Related Person Transaction Policy.

BUSINESS PARTNERS/FAIR DEALING

Employees of our Company should endeavor to deal fairly with customers, suppliers, competitors, the public, and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. No payment in any form (kickbacks) shall be made directly or indirectly to an employee of our Company for the purpose of obtaining or retaining business or obtaining any other favorable action.

Guidelines

- Suppliers, vendors, contractors, and business partners are expected to be familiar with this Code.

Transactions with vendors and suppliers must be carried out on an arms-length basis. This means conditions should exist for a competitive, willing buyer/willing seller transaction. Competitive bidding should be used whenever possible. Decisions should be made on the basis of quality, price, availability, and service. All vendors and suppliers should be dealt with fairly, honestly, and openly.

- No gift or entertainment should ever be offered, given, provided, or accepted by any employee, officer, or director of our Company, or any family member of an employee, officer, or director of our Company, or any agent of our Company unless it is consistent with the rules outlined in the Gifts and Entertainment section of this document.

GIFTS AND ENTERTAINMENT

Employees of our Company are expected to be independent, objective, and impartial in the transaction of Company business. The acceptance, directly or indirectly, of extravagant entertainment (such as lavish or extended outings), gifts of value, or other offerings by an employee for his or her benefit or for the benefit of his or her relatives or friends, that create or appear to create an obligation of favorable treatment by our Company is unacceptable. The limitation on entertainment and benefits does not include matters of minimal value that are customary and proper under the circumstances in the normal course of business (such as lunches, dinners, and other social events). The purpose of both gifts and entertainment in business is to create goodwill. If they do more than that and unduly influence the recipient or make that person feel obligated to “pay back” the other company by giving it business, then they are unacceptable.

Employees unsure of the appropriate nature of any gift or proposed gift should consult their supervisor. If additional questions or concerns exist, please contact the Director of Internal Audit for assistance.

Guidelines

- Gifts permitted should be of nominal value, infrequent, in good taste, and unsolicited (examples include: hats, shirts, food baskets, candy, flowers, books, or similar items). Gifts should not be cash or cash equivalent.
- Entertainment should be irregular or infrequent, unsolicited, reasonable, and events where both the person offering and the person accepting attend (examples include: meals, charity events, holiday

THE EMPIRE DISTRICT ELECTRIC COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

gatherings, sporting events, plays, concerts, or other cultural events).

CONFIDENTIAL INFORMATION

Employees should maintain the confidentiality of information entrusted to them by our Company or its customers, except when disclosure is authorized or legally mandated. The obligation to preserve confidential or proprietary information continues even after employment ends.

Guidelines

- Confidential information is any information designated by our Company as confidential or information an employee is aware is subject to an obligation of confidentiality. Confidential or proprietary information includes, but is not limited to: financial results before release to the public; pending negotiations regarding financing or acquisition/purchase of services, supplies, equipment, or fuel; decisions, plans, or forecasts that have not been authorized for public release; employee information, such as personnel file information, medical/healthcare records, social security numbers, driver's license numbers, addresses and telephone numbers, corporate computer passwords, personal identification numbers, or any other access credentials; records containing data on customers or employees; and attorney-client communications.
- Customer account data, records, and energy usage is also considered confidential information and must be protected. Employees shall not release customers' private information to third parties except when legally required, in the course of an investigation, or when the third party is performing services on behalf of our company and, where required, has agreed to non-disclosure.
- Serious problems could be caused by the unauthorized disclosure of information pertaining to internal matters or developments, or by the unauthorized disclosure of any non-public, privileged, or proprietary information. In addition to possibly violating the law, such disclosure could, among other things, competitively disadvantage our Company or breach the confidence of a customer of our Company.
- Employees should never discuss confidential business transactions with anyone, including another Company employee, who does not have a direct association with the transaction, except as required in the performance of an employee's duties, or if required by law after consulting with an executive officer of our Company

and, if necessary, counsel to our Company. Furthermore, employees should refrain from discussing or disclosing confidential information while in any non-private setting.

- Employees who are not authorized spokespersons of our Company must refer all calls and other inquiries from the financial community, shareholders, and the media to the persons authorized to speak on behalf of our Company. Authorized spokespersons include the President and the Chief Financial Officer, as well as the Secretary-Treasurer or the Shareholder Relations Specialist (for the financial community and shareholders) and the Director of Corporate Communications or the Communications Specialist (for the media). In addition, each executive officer of our Company is authorized to talk to the media with respect to matters involving such officer's responsibilities to the extent it does not involve disclosing material non-public information.

INSIDER INFORMATION /TRADING

Company personnel with access to insider, or non-public, information are required to avoid the use of the information for personal advantage, financial gain, or for the personal or financial gain of others. Furthermore, employees may not provide insider or non-public information to anyone for any reason. Trading in shares of our Company as a result of any unpublished inside information is not only a conflict of interest, but is a violation of federal law. Any violation of these standards will be dealt with decisively.

Guidelines

- Almost any information can be considered "insider" information under existing federal and state laws until it has been disclosed to the general public and the public has had sufficient time to absorb and understand the information. Examples of insider information could include: operating results not publicly released; projections of future earnings, pending or proposed mergers, acquisitions or tender offers; changes in control of our Company; joint ventures, changes in or significant sale of assets; new products, discoveries, or developments regarding customers or suppliers; pending significant litigation; changes in management; a change in external auditors; a significant change in business conditions; information concerning sales and earnings; a significant change in capital investment plans; issuances and redemptions of securities; defaults in securities; stock splits or buybacks; and changes in dividends or dividend prospects, liquidity issues, or

THE EMPIRE DISTRICT ELECTRIC COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

any other event that could impact the value of our Company's securities.

- Employees with knowledge of material non-public information about our Company may not buy or sell Company stock. Employees can, of course, own stock in our Company, but cannot use special knowledge of our Company to profit by trading Empire stock, or from disclosure of special knowledge to any other person, including family or friends, who then trade Empire stock based on such knowledge. Such insider trading as described above is a violation of securities laws and may subject the employee and/or other person, whether or not trading on behalf of the employee, to civil or criminal penalties.
- Trading in the securities of another corporation by an employee or by an employee's relatives, friends, or some other "tippee", is prohibited if the employee has access to insider or non-public information concerning future actions of Empire that may materially affect the value of the securities of such other corporation.
- The insider trading laws are complex. Any questions concerning what action you may take should be brought to the Secretary-Treasurer, who will consult with legal counsel if necessary.

FRAUD AND THEFT

Fraud can range from minor employee theft to significant misstatement of our earnings and holdings. Material financial fraud can have an adverse effect on our reputation and our shareholders' value. Our Company has a commitment to high legal, ethical, and moral standards, and expects its employees to share in this commitment. All employees are responsible for reporting suspected instances of fraud or any type of misconduct that impacts our Company. Every case of actual, attempted, or suspected fraud will be investigated and dealt with appropriately. Our Company is committed to ensuring that opportunities for fraud are reduced to the lowest possible risk.

Guidelines

- Examples of fraud include: falsifying any report, record, or document; inaccurately recording your time or expenses; processing or submitting false or inaccurate invoices; recording false sales or operating expenses; understating or overstating known liabilities and assets; deferring or accelerating recording of

transactions in incorrect periods; altering, removing or destroying company documents except in accordance with our Records Retention Policy; using Company property for personal gain or benefit; disclosing to other persons the securities activities engaged in, or contemplated by the company; profiteering as a result of insider knowledge of securities activities; and accepting or seeking anything of material value from vendors or persons providing services/materials to the company.

DOING WHAT'S RIGHT

We create a stronger and better place to work when we come together as one Company, with one ethical culture, and one set of standards. We are responsible for our own actions, and we are responsible to each other. Ethical decision making is about choices. But ethical choices are not always obvious. When faced with a choice like this, it might be helpful to ask and answer the following questions:

- Do I have all of the facts to reach the right solutions?
- Am I being asked to do something that seems unethical or improper?
- Is the health or safety of anyone endangered by my action or inaction?
- Will my action or inaction violate any federal, state, or local law, rule, or regulation or Company policies or procedures?
- Will I sleep soundly tonight knowing that I made the right ethical decision?
- Would I feel proud if the full details of my action or inaction were disclosed to my fellow employees, friends, family and/or made public on the front page of the local newspaper?
- Would the most ethical person I know do it?
- How would I feel if I were on the receiving end of the decision?

If you are still unsure of what to do, always seek guidance before you act.

Our Code is a statement of general policy that does not rescind or replace separate policies that address specific matters. Our Company reserves the right to change, amend, or rescind this Code or any provision thereof, at any time, and at its sole discretion.

Conflict Resolution Hotline: 800.461.9330 Web: www.MySafeworkplace.com