LACLEDE GROUP INC
Form DEF 14A
December 18, 2012

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ]	Preliminary Proxy Statement	[ ]	Soliciting Material Under Rule 14a-12
[ ]	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))		
[X]	Definitive Proxy Statement		
[ ]	Definitive Additional Materials		

The Laclede Group, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

[ ] Fee paid previously with preliminary materials:

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3)	Filing Party:
4)	Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AND PROXY STATEMENT

JANUARY 31, 2013

Notice of Annual Meeting of Shareholders

January 31, 2013

To the Shareholders of The Laclede Group, Inc.

The annual meeting of shareholders of The Laclede Group, Inc. will be held on Thursday, January 31, 2013, at 10:00 a.m. Central Standard Time, at the Laclede Gas Building, 720 Olive Street, Yaeger Conference Center, First Floor, St. Louis, MO 63101, for the following purposes:

1. Elect three members of the Board of Directors to serve for a three-year term.

2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accountant for the 2013 fiscal year.

3. Transact such other business as may properly come before the meeting and any adjournment or postponement.

The Laclede Group, Inc. 2012 annual report was delivered with this proxy statement. You can vote if you are a common shareholder of record on November 26, 2012.

Your vote is important. Whether or not you plan to attend the annual meeting, PLEASE VOTE.

If you hold the shares in your own name: (1) use the toll-free telephone number shown on your proxy card; (2) visit the website shown on your proxy card to vote via the Internet; or (3) mark, sign, date and promptly return the proxy card in the enclosed, pre-addressed, postage-paid envelope.

If your shares are held by a broker, bank or nominee, please follow the voting instructions it provides for your vote to count.

By Order of the Board of Directors,

Mary Caola Kullman
Secretary

December 18, 2012

Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Shareholders

TIME AND DATE 10:00 a.m., Central Standard Time, on Thursday, January 31, 2013

PLACE Laclede Gas Building
720 Olive Street
Yaeger Conference Center (1st Floor)
St. Louis, Missouri 63101

RECORD DATE November 26, 2012

VOTING Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals.

ENTRY If you decide to attend the meeting in person, you will need to register upon your arrival. See page 1 for further instructions.

Voting Matters (page 1)

Proposal	Board Vote Recommendation	Page Reference (for more detail)
Election of three directors	FOR	3
Ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2013	FOR	6

Nominees and Directors (page 3)

The following table provides summary information about each director and nominee. The nominees receiving a majority of the votes cast at the meeting will be elected as directors.

						Committees				
Name	**Age**	**Director Since**	**Occupation**	**Term**	**Independent**	**AC**	**CC**	**CGC**	**CFC**	**IRC**
Brenda D. Newberry	59	2007	Chief Executive Officer, Nesher, LLC	Nominee for term expiring January 2016	X	X	X		X	X
Suzanne Sitherwood	52	2011	Chief Executive Officer and President, The Laclede Group	Nominee for term expiring January 2016					X	X
Mary Ann Van Lokeren	65	2000	Former Chairman and CEO, Krey Distributing Co.	Nominee for term expiring January 2016	X	X		C		X

Name	Age	Director Since	Occupation	Term	Independent	Committees AC	CC	CGC	CFC	IRC
Edward L. Glotzbach	64	2005	Retired Vice Chairman, Information Services Group	Expires January 2014	X	C	X	X		
W. Stephen Maritz	54	2000	Chairman, Maritz Holdings Inc.	Expires January 2014	X			X	C	
John P. Stupp Jr.	62	2005	President, Stupp Bros., Inc.	Expires January 2014	X	X	X	X		
Arnold W. Donald	57	2003	Former President and CEO, Executive Leadership Council	Expires January 2015	X		C	X		
Anthony V. Leness	72	2006	Former Managing Director Investment Banking-Global Power & Energy Group, Merrill Lynch & Co., Inc.	Expires January 2015	X		X			C
William E. Nasser	73	2000	Chairman of the Board, The Laclede Group, Inc.	Expires January 2015	X	X				X

AC Audit Committee
CC Compensation Committee
CGC Corporate Governance Committee
CFC Capital Funds Committee
IRC Investment Review Committee
C Committee Chairman

No director attended fewer than 75% of the meetings of the Board and committees on which he or she sits.

Independent Registered Public Accountant (page 6)

We are asking shareholders to ratify the selection of Deloitte & Touche LLP as our independent registered public accountant for fiscal year 2013. The table contains summary information with respect to Deloitte & Touche s fees for services provided in fiscal year 2011 and fiscal year 2012.

	2012	2011
Audit fees	$650,000	$602,000
Audit related fees	27,000	14,532
Tax fees	26,800	47,409
All other fees	2,200	2,200
Total	$706,000	$666,141

Fiscal Year 2012 Corporate Performance (page 16)

The following table provides information on the Company s performance in the last two fiscal years on a GAAP and net economic earnings basis. Management uses the non-GAAP measures of net economic earnings and net economic earnings per share internally when evaluating the Company s performance. Net economic earnings exclude from net income the after-tax impacts of fair value accounting and timing adjustments associated with energy-related transactions. These adjustments, which primarily impact the Non-Regulated Gas

Marketing Segment, include net unrealized gains and losses on energy-related derivatives resulting from the current changes in the fair value of financial and physical transactions prior to their completion and settlement, lower of cost or market inventory adjustments, and realized gains and losses on economic hedges prior to the sale of the physical commodity. Management believes that excluding these timing differences provides a useful representation of the economic impact of only the actual settled transactions and overall results of ongoing operations. In calculating net economic earnings, management also excludes from net income the after-tax costs related to acquisition, divestiture and restructuring activities, if any,

when evaluating on-going performance. These internal non-GAAP operating metrics should not be considered as an alternative to, or more meaningful than, GAAP measures such as net income.

(Millions, except per share amounts)	Regulated Gas Distribution	Non-Regulated Gas Marketing	Other	Total	Per Share Amounts(2)
Twelve Months Ended September 30, 2012					
Net Economic Earnings (Non-GAAP)	$ 48.1	$ 12.3	$ 2.2	$ 62.6	$ 2.79
Add: Unrealized gain on energy-related derivatives (1)	0.1	0.2		0.3	0.02
Add: Realized loss on economic hedges prior to the sale of the physical commodity (1)		(0.2)		(0.2)	(0.01)
Add: Acquisition, divestiture and restructuring activities (1)			(0.1)	(0.1)	(0.01)
Net Income (GAAP)	$ 48.2	$ 12.3	$ 2.1	$ 62.6	$ 2.79
Net Economic EPS (Non-GAAP) (2)	$ 2.14	$ 0.55	$ 0.10	$ 2.79	
Diluted EPS (GAAP)	$ 2.15	$ 0.55	$ 0.09	$ 2.79	
Twelve Months Ended September 30, 2011					
Net Economic Earnings (Non-GAAP)	$ 46.9	$ 9.0	$ 6.5	$ 62.4	$ 2.79
Add: Unrealized gain on energy-related derivatives (1)		1.4		1.4	0.07
Net Income (GAAP)	$ 46.9	$ 10.4	$ 6.5	$ 63.8	$ 2.86
Net Economic EPS (Non-GAAP) (2)	$ 2.10	$ 0.40	$ 0.29	$ 2.79	
Diluted EPS (GAAP)	$ 2.10	$ 0.47	$ 0.29	$ 2.86	

(1) *Amounts presented net of income taxes which were calculated by applying federal, state, and local income tax rates applicable to ordinary income to the amounts of the pre-tax reconciling items. For the twelve months ended September 30, 2012, the total net income tax expense included in the reconciling items is negligible but is $0.9 million for the twelve months ended September 30, 2011.*

(2) *Consolidated net economic earnings per share (EPS) are calculated by replacing consolidated net income (loss) with consolidated net economic earnings (loss) in the GAAP diluted EPS calculation.*

Note: EPS amounts by segment represent contributions to The Laclede Group s consolidated EPS.

The Company s operating results for fiscal year 2012 reflected increases in year-over-year net economic earnings in both of the Company s primary business segments. Net economic earnings for the Regulated Gas Distribution Segment, which includes the utility operations of Laclede Gas Company, improved by 2.4% to $48.1 million primarily due to lower maintenance and customer service expenses and higher Infrastructure System Replacement Surcharge revenues. These factors were partially offset by the adverse effects of significantly warmer weather near the end of the heating season and higher employee benefit costs. Net economic earnings for the Non-Regulated Gas Marketing Segment (Laclede Energy Resources, Inc.)

increased 37.0% to $12.3 million primarily due to lower transportation costs resulting from the renewal of contracts. The Compensation Committee believes that the actions taken by the Company s CEO and management team throughout fiscal year 2012 significantly impacted the Company s results and positioned the Company for continued success.

On February 1, 2012, Mr. Yaeger retired from the Company as an officer and a director and Ms. Sitherwood became Chief Executive Officer as well as President on that same date. The Board appointed Mr. Nasser to serve as independent Chairman of the Board effective February 1, 2012.

Executive Compensation in Fiscal Year 2012 (page 18)

The graph below evidences the Company s commitment to the pay for performance philosophy. It compares basic net economic earnings per share to the Annual Incentive Plan (AIP) payments to the named executive officers. Basic net economic earnings per share is the key

metric used to determine funding under our AIP in 2012. The earnings in the graph are based on operations at the time of performance, except 2008 which excludes the sale and operations of SM&P Utility Resources, Inc.

Basic Net Economic EPS Compared to NEOs Annual Incentive Award

The Company also emphasizes pay for performance by placing a majority of the executives   target total direct compensation (TTDC) at risk through the annual and equity incentive plans. TTDC includes the current base salary, the 2012 target AIP opportunity, and the market value (target shares X grant date stock price) of the Equity Incentive Plan awards

made during the fiscal year 2012. Further, the largest proportion of incentive pay, which is represented by the equity incentive award, focuses on long-term performance. The graph below shows the mix of fixed and at risk pay. Additional details on long-term incentives can be found on page 23.

Fiscal 2012 TTDC Components

TABLE OF CONTENTS

INFORMATION ABOUT THE ANNUAL SHAREHOLDERS MEETING

Important Notice Regarding Availability of Proxy Materials for the Shareholders Meeting to be held on January 31, 2013. The proxy statement is available at www.thelacledegroup.com/annualmeeting.

This proxy statement is furnished to solicit proxies by the Board of Directors of The Laclede Group for use at the annual meeting of its shareholders to be held on January 31, 2013, and at any adjournment or postponement of the meeting. The meeting will be held in the Yaeger Conference Center (1st Floor)

at the Company s headquarters at 720 Olive Street, St. Louis, Missouri 63101 at 10:00 a.m. central standard time. The Company expects to mail this proxy statement with the annual report for its fiscal year 2012 on or about December 18, 2012.

Annual Meeting Admission

If you are a shareholder of record and plan to attend the annual meeting, please check in with Company representatives at the meeting. If your shares are held by someone else on your behalf, such as a bank or broker, and you plan to attend

the meeting, please bring a letter or statement from that firm that shows you were a beneficial holder on November 26, 2012. Please also bring personal identification.

Voting Matters

How You Can Vote

If your shares are registered in your own name, you may simplify voting and save the Company expense by voting by telephone or by Internet. Telephone and Internet voting information is provided on your proxy card. A control number on the proxy card is designed to verify your identity and allow you to vote your shares and confirm that your voting instructions have been properly recorded. *If you vote by telephone or Internet, you need not mail back your proxy card.*

If you choose to vote by mail, please return your proxy card, properly signed, in the postage-paid envelope provided.

If you hold your shares through a broker, bank or other financial institution, please follow its directions for providing voting instructions. The availability of telephone or Internet voting will depend on that firm s processes. Your broker will not be permitted to vote on your behalf for the first two proposals unless you instruct your

broker as to how to vote your shares. For your vote to be counted, you will need to communicate your voting decisions to your broker, bank or other financial institution. Voting your shares is important to ensure that we meet the minimum quorum requirements for the meeting. If you have any questions about the voting process, please contact the broker, bank, or other financial institution where you hold your shares.

If you participate in The Laclede Group dividend reinvestment and stock purchase plan or in the Company Stock Fund of the Laclede Gas Wage Deferral Savings Plan, Salary Deferral Savings Plan, or Missouri Natural Wage Deferral Savings Plan and you do not give voting instructions for shares owned by you through any of these plans; none of your shares held in the plans will be voted. To allow sufficient time for voting by the administrators and trustee of the plans, your voting instructions must be received by January 29, 2013.

How You May Revoke or Change Your Vote

You may revoke your proxy at any time before it is voted at the meeting by:

- sending timely written notice of revocation to the corporate secretary;
- submitting another timely proxy by telephone, Internet or paper ballot; or
- attending the annual meeting and voting in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy executed in your favor from the holder of record to be able to vote at the meeting.

Other Voting Matters

Holders of record of The Laclede Group common stock at the close of business on November 26, 2012 are entitled to receive this proxy statement and to vote at the meeting. As of that date there were 22,526,992 shares of The Laclede Group common stock outstanding. You are entitled to one vote for each share owned of record on that date.

All shares that have been properly voted and not revoked will be voted at the annual meeting in accordance with your instructions. If you sign your proxy card but do not give voting instructions, the shares represented by that proxy will be voted by those named in the proxy card in accordance with the recommendations of the Board of Directors.

If any other matters are properly presented at the annual meeting for consideration, the persons named in the enclosed proxy card will have the discretion to vote on those matters for you. As of the printing of this proxy statement, we do not know of any other matter to be raised at the annual meeting.

We hired Broadridge Investor Communications as an independent tabulator of votes to ensure confidentiality of the voting process. However, if you write comments on your proxy card, the comments will be shared with us. We have also hired IVS Associates, Inc. to serve as independent inspector of elections.

How Votes are Counted and Voting Requirements

Holders of a majority of the shares entitled to vote at the annual meeting, present in person or represented by proxy, will constitute a quorum for the meeting. If a quorum is present, the affirmative vote of holders of a majority of the shares entitled to vote that are present in person or by proxy is required for all proposals. Shares represented by proxies that are marked or voted as withhold, abstain or to deny discretionary authority will be counted to determine a quorum and those marked as withhold or deny will have the effect of voting against the proposals. Abstentions will not be counted as votes cast.

The Company may receive broker non-votes. A broker non-vote occurs when a broker submits a proxy card with respect to shares of common stock held in a representative capacity (typically referred to as being held in street name), but the broker cannot vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules governing brokers who are voting with respect to shares held in street name, brokers have no discretion to vote for the election of directors, but may exercise discretion to vote the shares on the ratification of the appointment of the independent registered public accountant. Broker non-votes will be considered present for determining whether a quorum exists but will not be considered as votes cast.

PROPOSAL 1

Election of Directors

The Board of Directors is divided into three classes. Directors Newberry, Sitherwood and Van Lokeren, whose terms will expire upon the election of directors at the meeting on January 31, 2013, have been nominated to stand for reelection for terms expiring upon the election of their successors in January 2016. Effective February 1, 2012, Mr. Yaeger retired from the Board and the Board

reduced its size from ten to nine. The persons named in the enclosed proxy card intend to vote proxies FOR the election of the three nominees. If any nominee becomes unavailable for any reason before the meeting, which is not anticipated, the proxies received for that nominee will be voted for a person to be selected by our Board of Directors.

Information About the Nominees and Directors

Nominees for Term Expiring in 2016:

Brenda D. Newberry, 59, is the Chief Executive Officer of Nesher, LLC, which provides consulting services that include advising, speaking and writing on diverse business, board service, entrepreneurial, leadership and life management topics. She was until May 2010 Chairman of the Board of The Newberry Group. From 2006 to 2009, she served as its Chairman and Chief Executive Officer. From 1996 to 2005, she served as its President and Chief Executive Officer. Ms. Newberry founded The Newberry Group in 1996 with her husband. The Newberry Group provides information technology consulting services on a global basis, specializing in cyber-security services, information systems consulting, and project management services. Since 2007, she has also served as a director of Enterprise Financial Services Corp.

As technology becomes a larger part of business, Ms. Newberry provides valuable insight into the Company s information technology strategy and related risks and exposures. Further, her experience in creating and building her own businesses assists the Company as it considers growth opportunities and her government contractor experience provides insight in conducting business in a highly regulated business. Her experience on another public company board brings governance experience and insight to the Board.

Director since 2007

Suzanne Sitherwood, 52, has served as the Company s President since September 1, 2011 and Chief Executive Officer since February 1, 2012. Previously she was, until August 2011, Senior Vice President of Southern Operations for AGL Resources, Inc. and President of Atlanta Gas Light, Chattanooga Gas and Florida City Gas.

Ms. Sitherwood has over 30 years experience in the natural gas industry. Her experience ranges from chief engineer to vice president gas operations and capacity planning to her most recent title of president of three natural gas utilities with over 1.5 million customers and $2.37 billion in revenues. She also brings to the Company her experience in working in a regulatory environment while implementing strategic growth initiatives.

Director since 2011

Mary Ann Van Lokeren, 65, retired as Chairman and Chief Executive Officer of Krey Distributing Co., an Anheuser-Busch wholesaler, in October 2006. She served in that capacity from December 1986. During the past five years, she has served and continues to serve as a director of Masco Corporation.

With her prior experience as CEO of one of the largest Anheuser-Busch wholesalers in Missouri, Ms. Van Lokeren has strong business and leadership expertise that assists the Board as it evaluates the Company s financial and operational risks, controls and strategy. She also has strong ties to the customer service area of the utility. Further, her experience on other public company boards provides insight as to the Board s role in oversight of management as well as corporate governance.

Director since 2000

The Board of Directors recommends a vote FOR election of these nominees as directors.

Directors with Term Expiring in 2014:

Edward L. Glotzbach, 64, served as Vice Chairman, Mergers and Acquisitions, of Information Services Group from November 2007 when it acquired Technology Partners International, Inc. to March 1, 2012. From December 2004 to November 2007, he served as President and CEO of Technology Partners International, Inc., an organization that assists clients with the evaluation, negotiation, implementation and management of information technology and business process sourcing initiatives. From October 2003 to December 2004, he served as Vice President and Chief Financial Officer of the firm. From 1970 to September 2003, he served in many positions with SBC Communications, with his most recent position there being Executive Vice President and Chief Information Officer for six years. Mr. Glotzbach served as a director of Perficient, Inc. from 2010 to May 2012.

Mr. Glotzbach brings to the Board business and leadership experience as an executive of a public company, regulated utility experience as a former executive of a telephone utility regulated by the Missouri Public Service Commission, financial expertise having served as a chief financial officer at other companies, and his information technology expertise given his current position as well as his prior chief information officer position at a major telephone company. His experience also provides insight to the Company as to potential exposures and risks in those areas.

Director since 2005

W. Stephen Maritz, 54, has been Chairman of the Board of Maritz Holdings Inc. since February 2001 and Chief Executive Officer since November 1998. Maritz Holdings Inc. provides performance improvement, marketing research and travel services on a global basis.

In addition to his current business and leadership experience in managing a large, international company, Mr. Maritz brings to the Board his expertise in pursuing and measuring customer satisfaction as well as engaging and motivating employees. Further, he understands the demographics of the utility subsidiary s marketplace and implications for its business.

Director since 2000

John P. Stupp Jr., 62, has been President of Stupp Bros., Inc. since March 2004 and Chief Executive Officer of Stupp Corporation since August 1995. He previously served as Executive Vice President of Stupp Bros., Inc. from April 1995 to March 2004 and its Chief Operating Officer from April 1996 to March 2004. Stupp Bros., Inc. has two operating divisions: Stupp Bridge Company, a fabricator of steel highway and railroad bridges; and Stupp Corporation, producer of custom-made HFW (high frequency weld) and spiral weld pipe for gas and oil transmission; and three subsidiaries: Hammert s Iron Works, Inc., a fabricator of structural steel; Bayou Coating LLC, coating applicators for steel line pipe; and Midwest BankCentre, a Missouri bank holding company. During the past five years, he has served and continues to serve as a director of Stupp Bros., Inc. and Atrion Corp.

As President of Stupp Bros., Inc., one of the Company s largest shareholders with a long-term investment relationship with the Company, Mr. Stupp has historic institutional knowledge of the Company and directly represents the shareholder interest. Further, his experience with the various subsidiaries of Stupp Bros., Inc., provides insight as to the pipeline and other infrastructure industries on a national basis as well as insight into the regional economy.

Director since 2005

Directors with Term Expiring in 2015:

Arnold W. Donald, 57, was President and CEO of the Executive Leadership Council, a professional network of African-American executives of major U.S. companies from November, 2010 to June, 2012. Previously, he served as President and Chief Executive Officer of Juvenile Diabetes Research Foundation International, the leading charitable funder and advocate of type 1 (juvenile) diabetes research worldwide, from January 2006 to March 2008. He served as Chairman of the Board of Merisant Company from March 2000 to November 2005 and as its CEO from March 2000 to June 2003. During the past five years, he has served and continues to serve as a director of Crown Holdings, Inc., Oil-Dri Corp. of America, and Carnival Corp., and during the past five years has also served as a director of Scotts Miracle-Gro Co. from March 2000 to January 2009.

Mr. Donald s breadth of experience in chief executive officer and board roles at various companies outside of the energy industry assist the Company in its strategic development and consideration of challenges and opportunities, particularly as it considers opportunities for growth beyond the traditional utility business. Given his role as a director of a number of other NYSE-listed companies in various industries, he also brings governance insight and experience to the Board.

Director since 2003

Anthony V. Leness, 72, was Managing Director Investment Banking Global Power & Energy Group at Merrill Lynch & Co., Inc., in New York City from 1978 to his retirement on June 30, 2006. Merrill Lynch provides wealth management, capital market, investment banking and consulting services. He served as a relationship manager

on a broad range of large and small companies, including industrial, communications, oil and gas exploration, natural gas pipeline, and, from 1990, exclusively on power and natural gas distribution companies.

Mr. Leness prior investment banking experience gives him extensive knowledge of the Company and the utility, pipeline, and oil and natural gas industries. He provides critical insight and analysis relative to the capital markets and corporate finance as well as investment strategy. Having previously provided expert testimony before Federal and State regulatory commissions, he also understands and advises relative to regulatory approaches in different markets as well as the implications of regulation to the Company and the industry.

Director since 2006

William E. Nasser, 73, was appointed as the independent Chairman of the Board effective February 1, 2012. He was, until October 2003, CEO of SouthWest NanoTechnologies, Inc., a privately held specialty chemical firm. He served as Chairman of Enchira Biotechnology Corp. from April 1998 to January 2003. He retired as Chairman of the Board, Chief Executive Officer and President of Petrolite Corporation in November 1995.

Mr. Nasser s experience on the Company s Board provides him with institutional knowledge of the Company and positions him well to serve as the Board s Chairman and to facilitate effective communications between the Board and senior management. Further, his experience outside the Company provides insight into the broader oil and gas industry, its key risks and opportunities and potential impact on the utility industry.

Director since 2000

PROPOSAL 2

Ratification of Appointment of Independent Registered Public Accountant

The Board of Directors, upon recommendation of its Audit Committee, recommends that you ratify the appointment of Deloitte & Touche LLP, independent registered public accountant, to audit the books, records and accounts of The Laclede Group and its subsidiaries for the fiscal year ending September 30, 2013. A representative of Deloitte & Touche LLP will be present at the annual meeting, will have an opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

Your Board of Directors Recommends a Vote FOR The Ratification of The Appointment of Deloitte & Touche LLP as Independent Registered Public Accountant.

GOVERNANCE

Beneficial Ownership of Laclede Group Common Stock

The table below shows as of November 1, 2012 the number of shares of our common stock beneficially owned by (i) each person known to the Company to be the beneficial owner of more than five percent of the Company s common

stock, (ii) each current director and director nominee, (iii) each named executive officer listed in the Summary Compensation Table, and (iv) all directors, nominees and executive officers as a group.

Amount and Nature of Ownership

Name	Shares Beneficially Owned (1)	Percent of Class
M. C. Darrell	29,937 (2)	*
A. W. Donald	11,350 (3)	*
E. L. Glotzbach	13,972 (3)	*
A. V. Leness	13,950	*
W. S. Maritz	12,300	*
W. E. Nasser	12,800	*
B. D. Newberry	8,950 (3)	*
S. Sitherwood	5,686 (3)	*
R. A. Skau	25,571	*
M. R. Spotanski	45,374 (2)	*
J. P. Stupp Jr.	1,165,550 (3)(4)	5%
M. A. Van Lokeren	17,730	*
M. D. Waltermire	45,727 (2)	*
D. H. Yaeger	165,364 (2)	1%
BlackRock, Inc.	1,719,056 (5)	8%
Stupp Bros., Inc.	1,155,000 (4)	5%
The Vanguard Group, Inc.	1,233,568 (6)	5%
All nominees, directors and executive officers as a group (16)	1,574,261	7%

(1) Except as otherwise indicated, each person has sole voting and investment power with respect to all of the shares listed.

(2) Includes options exercisable currently and within 60 days for the following number of shares under the Equity Incentive Plan: M. C. Darrell 0; S. Sitherwood 0; R. A. Skau 3,000; M. R. Spotanski 12,000; M. D. Waltermire 14,000; D. H. Yaeger 70,000. Includes restricted non-vested shares granted under the 2006 Equity Incentive Plan, as to which a recipient has sole voting power and no current investment power as follows: M. C. Darrell 14,500; S. Sitherwood 4,125; R. A. Skau 9,000; M. R. Spotanski 14,500; M. D. Waltermire 14,500; and D. H. Yaeger 20,166.

(3) Includes restricted, non-vested shares granted under the Restricted Stock Plan for Non-Employee Directors, as to which each recipient has sole voting power and no current investment power, as follows: A. W. Donald 11,350; E. L. Glotzbach 10,550; B. D. Newberry 8,950; and J. P. Stupp Jr. 10,550.

(4) Stupp Bros., Inc. owns 1,155,000 shares. Mr. Stupp is a director and executive officer of Stupp Bros., Inc. and has an interest in a voting trust that controls 100% of the stock of Stupp Bros., Inc., which is located at 3800 Weber Road, St. Louis, MO 63125. These shares are pledged as collateral to secure credit facilities for Stupp Bros., Inc. and are currently held by Bank of America.

(5) Information provided as of December 31, 2011 in Schedule 13G/A filed by BlackRock, Inc., whose address is 40 East 52nd Street, New York, NY 10022. The subsidiaries included in the report, none of which owns 5% or greater of the Company s shares, were as follows:

BlackRock Japan Co. Ltd.	BlackRock Asset Management Canada Limited
BlackRock Advisors, LLC	BlackRock Fund Advisors
BlackRock Institutional Trust Company, N.A.	BlackRock Asset Management Australia Limited
BlackRock Investment Management, LLC	BlackRock Asset Management Ireland Limited

(6) Information provided as of December 31, 2011 in Schedule 13G filed by The Vanguard Group, Inc., whose address is 100 Vanguard Blvd., Malvern, PA 19355. The report indicates that it has 32,771 shares with sole voting power and shared investment power and 1,201,997 shares with sole investment power and shared voting power, and 31,571 shares with shared investment power and sole voting power.

*Less than one percent.

Stock Ownership Guidelines and Holding Requirements for Non-Employee Directors and Executive Officers

To provide a direct link between director, executive and shareholder interests, the Company adopted a stock ownership policy. The table below indicates the number of shares directors and officers are expected to own under the policy.

Stock Ownership Guidelines

Director	3X annual retainer
CEO	4X base salary
Executive Vice President	3X base salary
Senior Vice Presidents	2X base salary
All Other Officers	1X base salary

Directors and executives must retain 90% of the net shares awarded to them under Company plans until they meet the new stock ownership requirements. All directors and executive officers are currently in compliance with the stock ownership policy.

Corporate Governance

Board and Committee Structure

Our Board consists of nine directors, eight of whom are independent. Under our Corporate Governance Guidelines, the Chair may also be an officer or may be an independent member of the Board, at the discretion of the Board. The Board believes it should be free to use its business judgment to determine what it believes is best for the Company in light of all the circumstances. At its meeting in January 2012 with Mr. Yaeger s retirement as Chief Executive Officer and Chairman effective February 1, 2012, the Board selected Mr. Nasser, an independent director, to serve as Chairman. Ms. Sitherwood was appointed Chief Executive Officer effective February 1, 2012. We believe that this structure will allow Ms. Sitherwood, as the new Chief Executive Officer, to focus her efforts on setting the strategy for the Company, overseeing daily operations, developing our leaders and promoting employee engagement throughout the Company. As Chairman, Mr. Nasser leads the Board in the performance of its duties by working with the Chief Executive Officer to establish agendas and

meeting content, engaging with the leadership team between meetings, and providing overall guidance as to the Board s views and perspective.

During the 2012 fiscal year, there were ten meetings of our Board of Directors. All directors attended 75% or more of the aggregate number of meetings of the Board and applicable Committee meetings, and all directors attended the last annual meeting of shareholders.

The standing committees of the Board of Directors include the Audit, Compensation, Corporate Governance, Investment Review and Capital Funds Committees.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling the Board s oversight responsibilities with respect to the quality and integrity of the financial statements, financial reporting process, and systems of internal controls. The Audit Committee also assists the Board in monitoring the independence and performance of the independent registered public accountant, the internal audit department and the operation of ethics and compliance programs.

At fiscal year end, the Committee members were Mr. Glotzbach as Committee chair and directors Nasser, Newberry, Stupp, and Van Lokeren. All Committee members were determined by the Board to be independent and financially literate in accordance with The New York Stock Exchange requirements. Mr. Glotzbach has been determined to be the financial expert for the Audit Committee. The Committee met five times in fiscal year 2012.

Compensation Committee

The Compensation Committee assists the Board in the discharge of its responsibility relative to the compensation of the Company s executives, reviews and makes recommendations to the Board relative to the Company s incentive compensation and equity-based plans, makes recommendations to the Board regarding director compensation, reviews management s risk assessment of the Company s compensation practices and programs, and assists the Board in the oversight of succession planning for executive officers. At fiscal year end, the Committee members, all of whom were determined to be independent, were directors Donald (chair), Glotzbach, Leness, Newberry, and Stupp. The Committee met six times in fiscal year 2012. There are no Compensation Committee interlocks. The Committee s retention of a compensation consultant is discussed later in the Compensation Discussion and Analysis.

Corporate Governance Committee

The Corporate Governance Committee considers and makes recommendations to the Board relative to corporate governance and its Corporate Governance Guidelines, assists the Board in identifying individuals qualified to become Board members, and approves any related party transactions. The Committee also recommends committee appointments to the full Board. At fiscal year end, the Committee members, all of whom were determined to be independent, were directors Van Lokeren (chair), Donald, Glotzbach, Maritz, and Stupp. The Committee met three times in fiscal year 2012.

Capital Funds Committee

The Capital Funds Committee oversees the Company s multi-year contributions to charitable and civic organizations. It also establishes certain criteria for the corporate giving program. At fiscal year end, the Committee members were directors Maritz (chair), Newberry, and Sitherwood. The Committee met once in fiscal year 2012.

Investment Review Committee

The Investment Review Committee oversees the investments of the defined benefit qualified pension plans. At fiscal year end, the Committee members were directors Leness (chair), Nasser, Newberry, Sitherwood, and Van Lokeren. The Committee met four times in fiscal year 2012.

Risk Oversight

Management is responsible for assessing and managing risk exposures on a day-to-day basis, and the Board is responsible for overseeing the Company s risk management. In its oversight role, the Board and its Committees ensure that the Company promotes a risk-aware culture and decision-making process. Several of the Board s Committees assist the Board in its risk oversight: the Audit Committee oversees the financial reporting and related risks, the Investment Review Committee oversees the pension plan funding risks, and the Compensation Committee oversees the compensation risks.

At the management level, the Company has a risk management committee that meets at least quarterly. This committee, with assistance from the Company s Director of Enterprise Risk Management, oversees the implementation of the enterprise risk management process and assists in identifying, prioritizing and monitoring risks. Because of the use of commodity-based derivatives by two of the Company s subsidiaries, there is also a smaller risk committee who focuses on the risks and exposures in the commodity-based derivatives markets.

Compensation Risk Assessment

During the past year, management conducted a risk assessment of its overall compensation program. This risk assessment included consideration of the mix and amount of compensation:

- In cash and equity,
- With short-term and long-term performance goals,
- With individual, business unit and corporate performance objectives, and
- Dependent on financial and non-financial performance measurement.

The assessment also considered the risk mitigation impact of stock ownership guidelines and retention requirements, the use of multiple types of metrics, the caps set on incentive compensation, the role of the Compensation Committee and its independent consultant as well as the use of the Internal Audit department to assess documentation of performance on the incentive-based metrics. Management determined and the Committee agreed that the risks relative to the Company s compensation policies and practices would not result in a material adverse effect on the Company.

Director Independence

The Board of Directors believes that a majority of the directors should be independent and determined that the following members were independent: Donald, Glotzbach, Leness, Maritz, Nasser, Newberry, Stupp, and Van Lokeren. Ms. Sitherwood, Chief Executive Officer and President, is the only non-independent member of the Board. In determining the independence of directors, the Board found that none of the directors, other than Ms. Sitherwood, has any material relationship with the Company other than as a director. In making these determinations, the Board considers all facts and circumstances as well as certain prescribed standards of independence, which are included with our Corporate Governance Guidelines in the Investor Services portion of our website (www.thelacledegroup.com). The director independence standards adopted by the Board largely reflect the New York Stock Exchange

standards; except the standards provide that the Board does not consider material Laclede Gas Company s provision of natural gas service to any director or immediate family member of the director or director-related company pursuant to Laclede Gas Company s tariffed rates.

The independent members of the Board meet in executive session at least quarterly, which sessions are led by Mr. Nasser, the current Chairman of the Board. Each quarter, the Chairman solicits from other Board members topics for discussion in those sessions. Topics include, from time to time, the performance of the Chief Executive Officer, executive succession planning, executive compensation matters, and the Company s strategy.

All of the members of the Audit, Compensation and Corporate Governance Committees are independent under our director independence standards as well as under the standards of the New York Stock Exchange.

Corporate Governance Documents

Our key corporate governance documents include:

- Corporate Governance Guidelines, including Director Independence Standards;
- Charters of each of the Audit, Compensation, and Corporate Governance Committees;
- Code of Business Conduct;
- Financial Code of Ethics;
- Related Party Transaction Policy and Procedures; and
- Policy Regarding the Approval of Independent Registered Public Accountant Provision of Audit and Non-Audit Services.

All of these documents, other than the Policy Regarding the Approval of Independent Registered Public Accountant Provision of Audit and Non-Audit Services described on page 12, are available on our website at www.thelacledegroup.com in the Investor Services section and a copy of any of these documents will be sent to any shareholder upon request.

Corporate Governance Guidelines

The Board generally conducts itself in accordance with its Corporate Governance Guidelines. The Guidelines, among other matters, provide:

- the independent directors may elect a Lead Director,
- each independent director must notify the Corporate Governance Committee Chair and the Chairman of the Board as soon as practicable of any event, situation or condition that may affect the Board s evaluation of his or her independence,
- independent directors will not be paid for consulting, the Company will not retain their firms for consulting or services without approval of the full Board nor will any personal loans or extensions of credit be made by the Company to any director other than on the same terms as loans or credit are available to customers generally,
- a director who materially changes his or her job responsibilities must submit a written offer to resign from the Board, which will then take into account the circumstances at that point in time and take such appropriate action as it deems necessary,
- directors should limit their service to a total of three boards of publicly traded companies (including our Company),
- a director shall retire from the Board at the annual meeting after reaching age 75,
- directors are responsible for attending Board and Committee meetings as well as the annual meeting of shareholders and expected to attend at a minimum 75% of such meetings,
- the Board and its Committees conduct annual assessments of their performance as well as assessments of the performance of each individual director,
- directors have complete access to management,
- the Board has the ability to retain consultants, experts, and advisors as it deems necessary, at Company expense, and
- directors are encouraged to attend educational programs.

Related Party Transaction Policy and Procedures

We have adopted the Related Party Transaction Policy and Procedures under which our Corporate Governance Committee generally pre-approves transactions involving more than $100,000 with our directors, executive officers, 5% or greater shareholders, and their immediate family members. Based on its consideration of all of the relevant facts and circumstances, the Committee will decide whether or not to approve the transaction and will approve only those transactions that it determines to be in the best interests of the Company. If the Company becomes aware of an existing transaction with a related party that has not been approved under the policy, the matter will be referred to the Committee. The Committee will evaluate all options available including ratification, revision or termination of such transaction. The policy includes certain transactions that are deemed pre-approved because they do not pose a significant risk of a conflict of interest. Such pre-approved transactions include the provision of natural gas service to any of the related parties by our utility subsidiary in accordance with its tariffed rates, transactions entered into pursuant to the competitive bid process, and those transactions at such a level as not to be material to the Company or the related party. There were no related party transactions in fiscal year 2012 requiring Committee action.

Policy Regarding the Approval of Independent Registered Public Accountant Provision of Audit and Non-Audit Services

Consistent with Securities and Exchange Commission requirements regarding accountant independence, the Audit Committee recognizes the importance of maintaining the independence, in fact and appearance, of our independent registered public accountant. To this end, the Audit Committee adopted a policy to pre-approve all audit and permissible non-audit services provided by the independent accountant. Under the policy, the Committee or its designated member must pre-approve services prior to commencement of the specified service, provided that all fees relative to compliance with Section 404 of the Sarbanes-Oxley Act may only be pre-approved by the Committee. Any pre-approvals by the designated member between meetings will be reported to the Audit Committee at its next meeting. The requests for pre-approval are submitted to the Audit Committee or its designated member, as applicable, by both the independent accountant and the Company s Chief Financial Officer with a joint statement as to whether in their view the request is consistent with the Securities and Exchange Commission s rules on accountant independence. At each Committee meeting, the Audit Committee reviews a report summarizing the services, including fees, provided by the independent accountant; a listing of pre-approved services provided since its last meeting; and a current projection presented similar to that included in this proxy statement, of the estimated annual fees to be paid to the independent accountant.

Shareholder Nominee Recommendations and Nominee Qualifications

Shareholders who wish to recommend nominees to the Corporate Governance Committee should make their submission to the Committee by the September 30 preceding the annual meeting by

submitting it to Corporate Governance Committee Chair, c/o The Laclede Group, 720 Olive Street, Room 1517, St. Louis, MO 63101. Candidates properly recommended by shareholders will be evaluated by the Committee using the same criteria as applied to other candidates. While there is no set of specific criteria or policy on diversity for nominees, the Corporate Governance Committee generally will consider the appropriate skills and characteristics needed in light of the current make-up of the Board, including an assessment of the experience, age, skills and characteristics represented on the Board. Generally, the Committee looks for persons who evidence personal characteristics of the highest personal and professional ethics, integrity and values; an inquiring and independent mind and practical wisdom and mature judgment; and expertise that is useful to the Company and complementary to the background and experience of other Board members.

Correspondence with the Board

Those who desire to communicate with the independent directors should send correspondence addressed to the Chairman of the Board, c/o The Laclede Group, 720 Olive Street, Room 1517, St. Louis, MO 63101. All appropriate correspondence is forwarded directly to the Chairman of the Board. The Company does not, however, forward spam, sales, marketing or mass mailing materials; product or service complaints or inquiries; new product or service suggestions; resumes and other forms of job inquiries; or surveys. However, any filtered information is available to any director upon request.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers to file reports of holdings and transactions in The Laclede Group shares with the Securities and Exchange Commission and the

New York Stock Exchange. Based on our records and information, in fiscal year 2012 our directors and executive officers met all applicable Securities and Exchange Commission reporting requirements.

Audit Committee Report

The Audit Committee of the Board of Directors is composed of five directors who are independent as required by and in compliance with the applicable listing standards of the New York Stock Exchange and the rules of the Securities and Exchange Commission. The names of the Committee members as of the date of this proxy statement appear at the end of this report. The Committee operates under a written charter.

The primary function of the Audit Committee is oversight. Management is responsible for the preparation, presentation and integrity of the Company s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting practices and policies; for establishing internal controls and procedures designed to provide reasonable assurance that the Company is in compliance with accounting standards and applicable laws and regulations, and for assessing the effectiveness of the Company s internal control over financial reporting.

Deloitte & Touche LLP, the Company s independent registered public accounting firm (the firm), is responsible for planning and performing an independent audit of the financial statements in accordance with the standards of the Public Company Accounting Oversight Board and to issue reports expressing an opinion, based on its audit (i) as to the conformity of the audited financial statements with generally accepted accounting principles and (ii) on the effectiveness of the Company s internal control over financial reporting. The Committee is responsible for the appointment, compensation, and oversight of the firm.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Company s 2012 Annual Report on Form 10-K with management and the firm, which included a discussion of the critical accounting policies and practices used by the Company. The Committee also discussed with the firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

Deloitte & Touche LLP has provided the Committee with the written disclosures and letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence, and has discussed with the firm its independence.

Based on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements referred to above be included in the Annual Report on Form 10-K for the year ended September 30, 2012.

Audit Committee

Edward L. Glotzbach, Chairperson
William E. Nasser
Brenda D. Newberry
John P. Stupp Jr.
Mary Ann Van Lokeren

Fees of Independent Registered Public Accountant

The following table displays the aggregate fees for professional audit services for the audit of the financial statements for the fiscal years ended September 30, 2012 and 2011 and fees billed for other services during those periods by the Company s independent registered public accounting firm, Deloitte & Touche LLP.

	2012	2011
Audit fees	$ 650,000	$ 602,000
Audit related fees (1)	27,000	14,532
Tax fees (2)	26,800	47,409
All other fees (3)	2,200	2,200
Total	$ 706,000	$ 666,141

(1) Audit related fees consisted of comfort letters, consents for registration statements, work paper reviews and Oracle training.

(2) Tax fees consisted primarily of assistance with tax planning, compliance and reporting.

(3) All other fees consisted of an annual subscription for the accounting technical library.

The Audit Committee pre-approved all of the fees disclosed for fiscal years 2011 and 2012. The Policy Regarding the Approval of Independent Registered Public Accountant Provision of Audit and Non-Audit Services is described earlier in this proxy statement.

Directors Compensation

The Compensation Committee periodically reviews director compensation relative to data provided by the Committee s independent consultant, Frederic W. Cook & Co., Inc., of the Company s comparator group and publicly traded companies

based in St. Louis, Missouri. The basic retainers and fees payable are set forth below. No retainers or fees are paid to directors who are executives or employees of the Company and its subsidiaries.

Board and Committee Fees and Retainers

Annual Board Retainer	$ 55,000
Chairman of the Board Annual Retainer	25,000
Audit Committee Chair Annual Retainer	10,000
Compensation Committee Chair Annual Retainer	10,000
Other Committee Chair Annual Retainer	6,000
Board Meeting Fee for Personal Attendance	2,000
Board Meeting Fee for Teleconference Attendance	1,000
Committee Meeting Fee for Personal Attendance	1,000
Committee Meeting Fee for Teleconference Attendance	500

The table below discloses the compensation paid or earned by all those who served as Company directors in fiscal year 2012. Not included in the table is the retirement plan for non-employee directors in which participation and benefits have been frozen since November 1, 2002. Under that plan, a non-employee director who had at least five years of service as a director

as of November 1, 2002, qualified for an annual payment after retirement in an amount equal to the Board retainer at November 1, 2002, ($18,000) with such payments being made for the longer of 10 years or life. The only current directors eligible for benefits under the plan are Nasser and Van Lokeren.

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Nonqualified Deferred Compensation Earnings (2)	Total
Donald	$ 80,000	$ 72,380	$ 1,522	$ 153,902
Glotzbach	97,000	72,380	30,468	199,848
Leness	91,000	72,380		163,380
Maritz	78,500	72,380	18,778	169,658
Nasser	108,000	66,176	56,864	231,040
Newberry	81,000	72,380	2,266	155,646
Stupp Jr.	85,000	72,380		157,380
Van Lokeren	86,000	66,176	45,184	197,360

(1) Amounts calculated are the grant date fair value of awards granted during the fiscal year using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Compensation-Stock Compensation (FASB ASC Topic 718), except that these amounts are exclusive of the estimate of forfeitures. See Note 3, Stock-Based Compensation, of the consolidated financial statements in the Company s annual report on Form 10-K for the year ended September 30, 2012 for a discussion regarding the manner in which the fair value of these awards are calculated, including assumptions used.

The table below provides more details relative to the restricted stock awards made under the Restricted Stock Plans for Non-Employee Directors:

Name	No. of Shares Awarded in Fiscal Year 2012	Aggregate No. of Shares Awarded at 2012 Fiscal Year End
Donald	1,750	11,350
Glotzbach	1,750	10,550
Leness	1,750	9,950
Maritz	1,750	12,300
Nasser	1,600	11,800
Newberry	1,750	8,950
Stupp Jr.	1,750	10,550
Van Lokeren	1,600	12,200

(2) Represents above-market earnings in fiscal year 2012 on deferrals of fees and retainers by participating directors in the Deferred Income Plans.