

LACLEDE GROUP INC
Form DEF 14A
December 17, 2010

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

Filed by a Party other than the Registrant

Check the appropriate box:

- | | |
|--|---|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Soliciting Material Under Rule |
| <input type="checkbox"/> Confidential, For Use of the
Commission Only (as permitted
by Rule 14a-6(e)(2)) | 14a-12 |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | |
| <input type="checkbox"/> 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):

- 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:

Edgar Filing: LACLEDE GROUP INC - Form DEF 14A

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Notice of
**ANNUAL MEETING
OF SHAREHOLDERS**
and
PROXY STATEMENT

January 27, 2011

Edgar Filing: LACLEDE GROUP INC - Form DEF 14A

720 Olive Street
St. Louis, MO 63101

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Time 10:00 a.m. central standard time on Thursday, January 27, 2011

Place Renaissance St. Louis Grand Hotel
800 Washington Avenue
St. Louis, Missouri 63101

Items of Business

1. Elect three members of the Board of Directors to serve for a three-year term.
2. Re-approve The Laclede Group Annual Incentive Plan.
3. Re-approve The Laclede Group 2006 Equity Incentive Plan as amended.
4. Provide advisory approval of compensation of executives.
5. Provide advisory vote on the interval at which we will seek shareholder advisory approval of compensation of executives.
6. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accountant for the 2011 fiscal year.
7. Transact such other business as may properly come before the meeting and any adjournment or postponement.

Record Date You can vote if you are a common shareholder of record on December 1, 2010.

Annual Report Our 2010 annual report was delivered with this proxy statement.

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 the order of the Board of Directors,

Mary Caola Kullman
Secretary

December 17, 2010

TABLE OF CONTENTS

Item	Page
Information about the Annual Shareholders Meeting	1
Annual Meeting Admission	1
Voting Matters	1
Proposal 1 — Election of Directors	3
Proposal 2 — Re-Approval of The Laclede Group Annual Incentive Plan	6
Proposal 3 — Re-Approval of The Laclede Group 2006 Equity Incentive Plan	
As amended	8
Proposal 4 — Advisory Approval of Compensation of Executives	14
Proposal 5 — Advisory Vote on the Interval at Which We Will Seek	
Shareholder Advisory Approval of the Compensation of Executives	15
Proposal 6 — Ratification of Appointment of Independent	
Registered Public Accountant	16
Beneficial Ownership of Laclede Group Common Stock	16
Stock Ownership Guidelines	17
Corporate Governance	17
Section 16(a) Beneficial Ownership Reporting Compliance	21
Audit Committee Report	22
Fees of Independent Registered Public Accountant	22
Directors' Compensation	23
Equity Compensation Plans	24
Compensation Discussion and Analysis	25
Compensation Committee Report	35
Executive Compensation	36
Other Matters	49
Appendix 1	A-1
Appendix 2	A-7

PROXY STATEMENT
INFORMATION ABOUT THE ANNUAL SHAREHOLDERS MEETING

Important Notice Regarding Availability of Proxy Materials for the Shareholders Meeting to be held on January 27, 2011. 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 27, 2011, and at any adjournment or postponement of the meeting. The meeting will be held at the Renaissance St. Louis Grand Hotel, 800 Washington Avenue, 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 2010 on or about December 17, 2010.

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 December 1, 2010. 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 five 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.

Edgar Filing: LACLEDE GROUP INC - Form DEF 14A

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 24, 2011.

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 December 1, 2010 are entitled to receive this proxy statement and to vote at the meeting. As of that date there were 22,381,306 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 but will have the effect of voting against the proposals. With regard to Proposal 5, advisory approval of the interval at which we will seek shareholder advisory approval of the executive compensation program, if none of the alternatives receives a majority vote, the alternative that receives the most votes will be deemed approved by shareholders.

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 the shares on the first five proposals, but may exercise discretion to vote the shares on the ratification of the appointment of the independent registered public accountants. 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 Glotzbach, Maritz, and Stupp, whose terms will expire upon the election of directors at the meeting on January 27, 2011, have been nominated to stand for reelection for terms expiring in 2014. 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 2014:

Edward L. Glotzbach, 62, became Vice Chairman, Mergers and Acquisitions, of Information Services Group in November 2007 when it acquired Technology Partners International, Inc. 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. In 2005 he served as a director of Visual Networks, Inc.

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, 52, 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., 60, 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 from April 1995 to March 2004 and 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 Corporation.

Edgar Filing: LACLEDE GROUP INC - Form DEF 14A

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

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

Directors with term expiring in 2012:

Arnold W. Donald, 55, is President and CEO of the Executive Leadership Council, a professional network of African-American executives of major U. S. companies. 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 Corporation of America, and Carnival Corporation, and during the past five years has also served as a director of Russell Corporation in 2005 and The Scotts Company from 2005 to 2008.

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, 70, 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; and he provides critical insight and analysis relative to the capital markets and corporate finance as well as the 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, 71, 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 lead director and to facilitate effective communications between the Board and senior management. Further, his experience outside the Company and as a certified engineer provides insight into the broader oil and gas industry, its key risks and opportunities and potential impact on the utility industry.

Director since 2000

Edgar Filing: LACLEDE GROUP INC - Form DEF 14A

Directors with term expiring in 2013:

Brenda D. Newberry, 57, 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 business 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

MaryAnn Van Lokeren, 63, 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 and in 2005 served as a director of Commerce Bancshares, Inc.

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

Douglas H. Yaeger, 61, has been Chairman of the Board, President and Chief Executive Officer of The Laclede Group since its inception in October 2000. He has been Laclede Gas' Chairman of the Board since January 1999, Chief Executive Officer since January 1999 and President since December 1997. During the past five years, he has served and continues to serve as a director of First Banks, Inc.

Mr. Yaeger brings a rich background to the Company from his many different roles in the pipeline, marketing and utility industries, as well as through his participation and leadership roles in industry organizations, such as the Southern Gas Association and the American Gas Association, and community organizations, such as the United Way of Greater St. Louis and the St. Louis Regional Chamber & Growth Association.

Director since 2000

PROPOSAL 2

RE-APPROVAL OF
THE LACLEDE GROUP ANNUAL INCENTIVE PLAN

Shareholders approved the Annual Incentive Plan (“Plan”) at the annual meeting in January 2006. Under the Plan, the Compensation Committee grants performance awards based on pre-established performance goals to employees selected by the Compensation Committee.

To qualify for deductibility under Section 162(m) of the Internal Revenue Code of 1986, as amended (“Code”), the Plan, including the performance goals set forth in the Plan, must be approved by the shareholders every five years. The Company is seeking shareholder approval of the Plan, a copy of which is attached as Appendix 1, this year to continue the tax deductibility of benefits under the Plan. The Board recommends that shareholders approve the Plan.

Purpose

The purpose of the Plan is to motivate the Company’s executives and senior managers to contribute to the continued growth, development and financial success of the Company and to remain with and devote their best efforts to the business of the Company.

Administration

The Compensation Committee of the Board (“Committee”) administers the Plan. The Committee has broad authority to administer and interpret the Plan and its provisions as it deems appropriate, subject to the express provisions of the Plan. All of the Committee’s decisions, determinations, and interpretations with respect to the Plan are final and binding. The Plan allows for adjustments to eliminate the effects of changes for restructuring, extraordinary items, discontinued operations, other non-recurring changes and the cumulative effects of accounting changes, each as defined by GAAP, any action by a regulatory agency or other extraordinary or non-recurring items that occur during a performance period, in each case, to preserve the economic intent of any performance award.

Eligibility

Executives and other employees as selected by the Committee are eligible to participate in the Plan. Currently, 119 employees participate in the Plan.

Performance Objectives

Under the Plan, the Committee may grant annual cash incentive awards based on the attainment of specified performance objectives. Performance objectives are the levels of performance required to be attained with respect to specified performance goals. Performance goals may be expressed in terms of any of the following business criteria: revenue; earnings before interest, taxes, depreciation and amortization (“EBITDA”); earnings before interest and taxes (“EBIT”); dividend growth; funds from operations; funds from operations per share; operating income (loss); pre- or after- tax income (loss); cash available for distribution; cash available for distribution per share; cash and/or cash equivalents available for operations; net earnings (loss); earnings (loss) per share; return on equity; return on assets; return on capital; share price performance; total shareholder return; economic value added; economic profit; credit ratings or credit worthiness; improvements in the Company’s attainment of expense levels; objective, third party measures of customer satisfaction; measures of operating stability and reliability; operating goals related to customer satisfaction improvement; safety; implementation or completion of critical projects, including, without limitation, implementation of strategic plan(s), improvement in investor relations, marketing and manufacturing of key products, improvement in cash-flow (before or after tax), development of critical projects or product development, progress relating to research and development, or other performance-based criteria as determined by the Committee. For any performance award that is intended to be

“qualified performance-based compensation” under Section 162(m) of the Code, the term “performance goal” shall only include those goals that are “objective performance goals” within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder, and any such award shall only be paid solely on account of attainment of one or more such objective performance goals.

A performance goal may be measured over a performance period on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. The Committee will determine the performance goals and objectives by no later than the earlier of the date that is 90 days after the commencement of the performance period or the day prior to the date on which 25% of the performance period has elapsed. The performance period is the fiscal year, or such other shorter period designated by the Committee, during which performance will be measured in order to determine a participant’s entitlement to receive payment of an award. Each award has a maximum amount that may be earned. The Plan provides that the maximum payment to a participant in any year is \$2,000,000.

Termination of Employment

If a participant ceases to be an employee due to death, disability, retirement or termination without cause, the participant shall be eligible to receive an award as the Committee shall determine, prorated for the period of time, rounded to the nearest fullest month, that such employee was a participant in the Plan. A participant who during the performance period but before certification of award for such performance period by the Committee, ceases to be an employee due to termination for cause shall forfeit all rights to an award for such performance period.

Recoupment

The Board intends to adopt a recoupment policy upon further guidance from rulemaking of the Securities and Exchange Commission to ensure the policy complies with all requirements. The Plan includes a provision that awards may be subject to repayment under such policy.

Amendment and Termination

The Committee may amend, revise, suspend or discontinue the Plan in whole or in part. The Plan has a term of ten years that will expire in January 2016.

Fiscal 2011 Target Awards

In November 2010, the Committee established performance and target awards under the Plan for 119 participants for fiscal 2011. The actual amounts to be paid under those awards are dependent on the Company’s future performance and are therefore not presently determinable. However, the awards earned by the five named executive officers under the Plan for the last three fiscal years are in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. For fiscal 2010, all participants as a group earned \$2,060,950 in awards and all executive officers as a group earned \$1,356,250.

The affirmative vote of holders of a majority of the shares entitled to vote that are present at the meeting in person or by proxy will be required to approve this Proposal.

Your Board of Directors Recommends a Vote “FOR”
Re-Approval of The Laclede Group Annual Incentive Plan

PROPOSAL 3

RE-APPROVAL OF
THE LACLEDE GROUP 2006 EQUITY INCENTIVE PLAN
AS AMENDED

Background

Shareholders approved The Laclede Group 2006 Equity Incentive Plan ("Equity Plan") at the annual meeting of shareholders in January 2006. The Equity Plan also requires shareholder approval this year to retain deductibility under Section 162(m) of the Code for benefits paid under the Equity Plan. In addition, the Board has approved amendments to the Plan that include:

- clarifying that the Equity Plan's prohibition on repricing includes prohibiting the surrender of an award under the Equity Plan in exchange for cash or another award;
- consistent with our current practice in our award agreements, prohibiting the payment of dividends or dividend equivalents on awards that vest based on performance goals before the underlying awards vest;
- consistent with our current practice in our award agreements, requiring a termination event after a change in control to accelerate vesting on nonvested awards;
- eliminating the restriction on the number of shares that may be issued in the form of performance awards, restricted stock and restricted stock units;
- providing that shares surrendered or withheld for payment of taxes or exercise of an award will again become available for issuance under the Equity Plan; and
- providing that awards under the Equity Plan may be subject to recoupment.

As of September 30, 2010, out of a total of 1,250,000 shares reserved for issuance under the Equity Plan, 751,050 remained available for grant; and out of a total of 500,000 shares reserved for issuance under the Equity Plan in the form of performance awards, restricted stock and restricted stock units, 95,800 remained available for grant. By eliminating the restriction on the number of shares that may be issued in the form of performance awards, restricted stock and restricted stock units, we believe we will have a sufficient number of shares available for the remaining five years of the Equity Plan. As of September 30, 2010, the following types of grants have been made and are outstanding:

74,750 nonqualified stock options; and
345,950 performance awards, restricted stock and restricted stock units.

Immediately following the fiscal year 2011 annual grants on December 1, 2010, out of the total of the 1,250,000 shares reserved for issuance, 655,275 will remain available for grant; and out of a total of the 500,000 shares reserved for issuance in the form of performance awards, restricted stock and restricted stock units, 25 will remain available for grant. If the Equity Plan, as proposed to be amended, is re-approved; performance awards, restricted stock and restricted stock units will no longer be subject to the 500,000 share limit but remain subject to the overall limit on all awards under the Equity Plan.

Purpose

The purpose of the Equity Plan is to encourage officers and employees of the Company and its subsidiaries to contribute to the Company's success and to align their interests with shareholders. The Equity Plan, a full copy of which is included as Appendix 2 to this proxy statement, will expire in 2016, and is being submitted to shareholders for approval this year to meet the requirements for deductibility of executive compensation under Section 162(m) of the Code.

Some of the key provisions of the Equity Plan are:

- The Committee, which is comprised wholly of independent directors, is the plan administrator.
- The Equity Plan provides for restricted stock, restricted stock units, qualified and non-qualified stock options, stock appreciation rights and performance shares payable in stock or cash or a combination or both.
- The maximum number of shares reserved for issuance under the Equity Plan is 1,250,000.
- The minimum vesting period is three years for each type of award.
- The maximum number of shares available for issuance under the Equity Plan may only be replenished with those shares relative to awards that have expired, been forfeited or been canceled or shares withheld for taxes or exercise of an award.
- The Equity Plan does not allow repricing without shareholder approval nor awards at discounts from fair market value.

Shares and Plan Benefits

If shareholders approve the Equity Plan as amended, a total of 655,275 shares will be available for future grants. Since approval of the Equity Plan in 2006, equity grants have predominantly been in the form of performance awards – more specifically performance contingent restricted stock and performance contingent restricted stock units. These types of awards closely align the compensation of the executive officers with shareholder interests as vesting is contingent on meeting or exceeding certain performance metrics. Further, these awards also provide that even if the performance metrics are achieved, the amounts earned are subject to reduction if our total shareholder return is below the median of our peers, as identified in our Compensation Discussion and Analysis below in this proxy statement.

While future awards under the Equity Plan are not presently determinable, the grants made to the five named executive officers during the most recent fiscal year are set forth in the Grants of Plan-Based Awards Table. In the last fiscal year, the following awards were made and are outstanding under the Equity Plan:

	All participants	All executive officers
Nonqualified stock options	-	-
Time vested restricted stock	28,400	17,250
Performance awards	94,050	94,050
Restricted stock units	-	-

Eligibility

Officers and employees of the Company and its subsidiaries, as determined by the Committee, are eligible to be selected for awards under the Equity Plan. Currently 76 participants are in the Equity Plan.

Administration

The Committee is the administrator of the Equity Plan. The Committee selects the participants and determines the types, terms and conditions of awards. It also has the authority to interpret the Equity Plan, establish, amend, and rescind any rules and regulations relating to the plan and make all other determinations necessary or advisable for the administration of the Equity Plan.

Term of Equity Plan

The Equity Plan expires in 2016, but awards outstanding at that time continue in accordance with their terms and will not be affected by the expiration or termination of the Equity Plan.

Stock Options

The Committee may award stock options under the Equity Plan and determine the individuals to whom options will be granted, the number of shares to be covered by each option, the term of each option, the times at which each option may be exercised and whether an option is an incentive stock option. No option may be granted with an exercise price less than the fair market value of a share of stock on the grant date. Options may not be repriced or exchanged for cash or for replacement options with a lower exercise price without shareholder approval. The terms of each option will be set forth in the individual option agreement. Options will vest in equal annual installments over a period of not less than three years. No option may be exercisable after the expiration of ten years from the date the option is granted; however, incentive stock options granted to an employee who owns more than 10% of the total combined voting power of all classes of shares of the Company may not have a term of over five years from the grant date.

Restricted Stock

The Committee may award restricted stock in such amounts, subject to such restrictions, and on such terms as it may determine. Restricted stock is subject to restrictions on transferability during the period the stock is subject to restrictions. The restricted period may be defined in terms of the passage of time or in any other manner the Committee deems appropriate, including based on the achievement of performance goals. While restricted stock may not vest earlier than three years from the grant date, after that three-year period, the Committee may alter or waive any term or condition that is not mandatory under the Equity Plan. Holders of restricted stock awards that do not have performance goals for vesting will have dividend and voting rights relative to such shares. The Committee may also award restricted stock units having a value equal to an identical number of shares of stock. Payment of restricted stock units may be made in stock, cash or a combination based upon the fair market value of the stock on the day the restricted period expires, as determined by the Committee.

Stock Appreciation Rights (SARs)

The Committee may award SARs either alone or with underlying stock options. If granted in connection with an option, the SAR will cover the same number of shares of stock as are covered by the option (or such lesser number of shares as the Committee may determine) and will be subject to the same terms and conditions as the related option. SARs will vest in equal annual installments over a period of not less than three years. The Committee may limit in any manner the amount payable with respect to any SAR. SARs entitle the holder upon exercise to receive an amount equal to the excess of the fair market value of the shares covered by the SAR over the exercise price, payable in the form of cash, shares or combination, as determined by the Committee.

Performance Awards

Performance awards may be granted in the form of actual shares of stock or stock units having a value equal to an identical number of shares of stock. The Committee shall determine whether performance shares granted in the form of stock units will be paid in cash, stock, or a combination of cash and stock. The Equity Plan also allows the award of performance-based cash bonuses. For all performance awards, the Committee will determine the applicable performance objectives and performance period.

The Committee shall establish the performance objectives, which means the level or levels of performance required to be attained with respect to specified performance goals in order that a participant shall become entitled to specified rights in connection with a performance award. The Committee may provide for adjustments to eliminate the effects of changes for restructuring, extraordinary items, discontinued operations, other non-recurring changes and the cumulative effects of accounting changes, each as defined by GAAP, any action by a regulatory agency or other extraordinary or non-recurring items that occur during a performance period, in each case, to preserve the economic intent of any performance award.

Performance goals means or may be expressed in terms of any of the following business criteria: revenue; earnings before interest, taxes, depreciation and amortization (“EBITDA”); earnings before interest and taxes (“EBIT”); funds from operations; funds from operations per share; operating income (loss); pre or after tax income (loss); cash available for distribution; cash available for distribution per share; cash and/or cash equivalents

available for operations; net earnings (loss); earnings (loss) per share; return on equity; return on assets; return on capital; share price performance; total shareholder return; economic value added; economic profit; credit ratings; improvements in the Company's attainment of expense levels; objective third-party measures of customer satisfaction; objective measures of operating stability and reliability; operating goals related to customer satisfaction improvement; implementing or completion of critical projects, including, without limitation, implementation of strategic plan(s), improvement in investor relations, marketing and manufacturing of key products, improvement in cash-flow (before or after tax), development of critical projects or product development, progress relating to research and development, or other business criteria as determined by the Committee.

A performance goal may be measured over a performance period on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. The performance objectives shall be established by the Committee prior to, or reasonably promptly following the inception of, a performance period, but, to the extent required by Section 162(m) of the Code, by no later than the earlier of the date that is 90 days after the commencement of the performance period or the day prior to the date on which 25% of the performance period has elapsed.

More than one performance objective may be incorporated in a performance goal, in which case achievement with respect to each performance objective may be assessed individually or in combination with each other. The level or levels of performance specified with respect to a performance objective may be established in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more comparable companies or an index covering multiple companies, or otherwise as the Committee may determine. Performance objectives shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code. Performance objectives may differ for performance awards granted to any one participant or to different participants. A performance award to a participant who is a covered employee shall (unless the Committee determines otherwise) provide that in the event of the participant's termination of continuous service prior to the end of the performance period for any reason, such performance award will be payable only (i) if the applicable performance objectives are achieved and (ii) to the extent, if any, as the Committee shall determine. The Committee may, in its discretion, reduce or eliminate the amount of payment with respect to a performance award to a covered employee, despite achievements of specified performance objectives; but no such adjustment may be made that would adversely impact a participant following a change of control. The Committee may include or exclude specified items of an unusual or non-recurring nature.

Following the completion of each performance period, the Committee shall certify in writing, in accordance with the requirements of Section 162(m) of the Code, whether the performance objectives and other material terms of the performance award have been achieved or met. Unless the Committee determines otherwise, performance awards shall not be settled until the Committee has made the certification specified in the Equity Plan.

The maximum number of shares of stock that may be subject to a performance award granted to a covered employee in a performance award is 50,000 shares of stock during a fiscal year (or, to the extent a performance award is paid in cash, rather than stock, the maximum dollar amount of the award is the equivalent cash value, based on the fair market value of the stock on the last day of the performance period). If a performance award is a cash bonus, the maximum of cash bonuses payable in any one fiscal year to a participant is \$2,000,000.

Acceleration and Adjustments

Upon the effective date of a change of control if:

- outstanding Awards are not terminated; and
- the Awards are assumed or substituted for by the successor company or, if the Company is the ultimate parent corporation, are continued; and
- a Participant's employment with such successor company (or the Company) or a subsidiary terminates within 24 months following such change in control (or such other period set forth in the Award agreement, including prior thereto if applicable) and under the circumstances specified in the Award agreement

then all outstanding Options and Stock Appreciation Rights immediately become vested and exercisable to the full extent of the original grant and all restrictions or performance conditions, if any, on any other Awards automatically lapse. If on the effective date the outstanding Awards are not terminated and are not assumed, substituted, or continued as described above; then all Options and Stock Appreciation Rights, granted immediately become vested and exercisable to the full extent of the original grant and all restrictions or performance conditions, if any, on any other Awards automatically lapse. The Committee may include such further provisions and limitations in any agreement documenting such Awards as it may deem equitable and in the best interests of the Company.

A change in control is defined in the Equity Plan as (i) the acquisition of 20% or more of the Company's common stock or voting power excluding certain acquisitions by or from the Company and its affiliates, (ii) a change in the composition of a majority of the Company's Board of Directors without the approval of the incumbent directors as defined in the Equity Plan, (iii) consummation of a reorganization, merger or consolidation, unless the Company's shareholders possess more than 50% of the surviving entity's then outstanding common stock or the surviving entity's combined voting power entitled to vote generally in the election of directors, (iv) liquidation or dissolution of the Company, or (v) the sale of all or substantially all of the Company's assets.

Upon the occurrence of certain events that the Committee determines affects the stock such that an adjustment is determined to be appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made with respect to an award, the Committee may adjust: (i) the number and kind of shares of stock (or other securities or property) with respect to which awards may be granted or awarded; (ii) the number and kind of shares of stock subject to outstanding awards; and (iii) the grant or exercise price with respect to any award. Any adjustment made to an incentive stock option shall be made in accordance with Section 424(a) of the Code. Alternatively, if following such an event the outstanding awards will not be assumed or otherwise continued following the event, the Committee may terminate any outstanding award without a participant's consent and (a) provide for either (i) the purchase of any award for an amount of cash equal to the amount that could have been attained upon the exercise of the award or realization of the participant's rights had the award been currently exercisable or payable or fully vested or (ii) the replacement of such award with other rights or property selected by the Committee in its sole discretion and/or (b) provide that the award shall be exercisable (whether or not vested) as to all shares for at least ten (10) days prior to the event.

The Committee may also determine to accelerate the vesting or exercisability of an award due to the death, disability, retirement, or other termination of employment or service other than termination for cause. Cause is defined in the Equity Plan as (i) willful and continued failure by the participant to perform substantially the duties of employment assigned by the Company (other than any failure due to physical or mental illness) after a demand for substantial performance delivered by the Company that specifically identifies the manner in which it is believed that the participant has not substantially performed such duties, or (ii) willful engagement by the participant in misconduct that is materially injurious to the Company or any of its subsidiaries.

Recoupment

As previously noted, the Company intends to adopt a recoupment policy once guidance through rulemaking is issued by the Securities and Exchange Commission. The Plan includes a provision that awards may be subject to such a policy.

Federal Income Tax Considerations

The following is a summary of the material federal tax consequences of receiving options under the Equity Plan and is based upon an analysis of the present provisions of the Code and the regulations promulgated thereunder, all of which are subject to change. A participant may also be subject to state and local taxes, the consequences of which are not discussed herein, in the jurisdiction in which he or she works and/or resides. This summary is for general information and is not tax advice.

Incentive Stock Options

Recipients of incentive stock options generally do not recognize taxable income, and the Company is not entitled to a deduction, on the grant or exercise of incentive stock options. If a recipient holds the shares acquired for at least one year from the exercise date and does not dispose of the shares for at least two years from the grant date, the recipient's gain or loss upon a subsequent sale will be long-term capital gain or loss equal to the difference between the amount realized on the sale and the recipient's basis in the shares acquired. The Company will not be entitled to a deduction. If a recipient disposes of the shares acquired without satisfying the required minimum holding period, such "disqualifying disposition" will give rise to ordinary income equal to the excess of the fair market value of the shares acquired on the exercise date (or, if less, the amount realized upon disqualifying disposition) over the recipient's basis in the shares acquired. The Company will ordinarily be entitled to a deduction equal to the amount of the ordinary income resulting from a disqualifying disposition. A recipient does recognize income for alternative minimum tax ("AMT") purposes upon the exercise of incentive stock options in an amount equal to the excess of the fair market value of the shares acquired over the exercise price of the stock options; that amount is also included in the recipient's AMT basis in the shares acquired. Upon disposition of the stock acquired that satisfies the required minimum holding period requirement, AMT gain or loss is equal to the excess of the amount realized less the recipient's AMT basis. Income from a disqualifying disposition generally is not income for AMT purposes.

Nonqualified Stock Options

A recipient generally does not recognize taxable income on the grant of nonqualified stock options, but does recognize ordinary income on the exercise date. The amount of income is the amount by which the fair market value of the shares received on the date of exercise exceeds the option price. The Company will ordinarily be entitled to a deduction on the exercise date equal to the ordinary income recognized by the recipient from the exercise of the nonqualified stock options.

Section 162(m)

Section 162(m) of the Code places a \$1,000,000 annual limit on the compensation deductible by the Company paid to certain executives. The limit, however, does not apply to "qualified performance-based compensation." The Company believes that awards of stock options, SARs and certain other performance-based compensation awards under the Equity Plan will qualify for the performance-based limits.

Section 280G of the Code

Under certain circumstances, the accelerated vesting or exercise of options or the accelerated lapse of restrictions with respect to other awards in connection with a change of control might be deemed an "excess parachute payment" for purposes of the golden parachute tax provisions of Section 280G of the Code. To the extent it is so considered, the grantee may be subject to a 20% excise tax and our Company may be denied a federal income tax deduction. To the extent there is an "excess parachute payment," the Company will not provide a gross-up payment to the participant. Instead, due to provisions in the management continuity protection plan, the payment under the Equity Plan will be reduced to the amount necessary to avoid triggering such an adverse tax consequence.

The affirmative vote of holders of a majority of the shares entitled to vote that are present in person or by proxy will be required to approve this Proposal.

Your Board of Directors Recommends a Vote "FOR"
Re-Approval of
The Laclede Group
2006 Equity Incentive Plan
As Amended

PROPOSAL 4

ADVISORY APPROVAL OF
COMPENSATION OF EXECUTIVES

In accordance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), this year we are also requesting your approval of the Company’s compensation of executives as disclosed in this proxy statement. Although the vote on this proposal is advisory and nonbinding, the Compensation Committee and Board will review the results of the vote and consider the collective views of our shareholders in future determinations concerning our executive compensation program. The Company has not previously requested approval of the Company’s compensation of executives.

You have the opportunity to vote for, against or abstain from voting on the following resolution relative to compensation of executives:

Resolved, that the shareholders approve the compensation of the Company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis and accompanying compensation tables and related material disclosed in this proxy statement).

As noted in the Compensation Discussion and Analysis, the Company’s philosophy is to pay for performance by making compensation decisions based on what promotes our corporate strategy, creates shareholder value and remains equitable for the Company, its employees and its shareholders. We urge you to read the Compensation Discussion and Analysis section of this proxy statement, which discusses in more detail our compensation policies and procedures.

The Company believes that its compensation practices are generally conservative, reflecting pay for performance. The Company seeks to balance short-term and longer-term compensation opportunities to ensure that the Company meets short-term objectives while continuing to produce value for its shareholders over the long-term. It also promotes a compensation program designed to attract, motivate and retain key executives.

The Company’s commitment to pay for performance is evident when comparing basic net economic earnings per share, which is the principal metric used in awards under our Annual Incentive Plan (AIP) and described in further detail in the Compensation Discussion and Analysis, to the payments made to each named executive officer under the AIP for performance in 2010. This is shown in the graph on page 27 of this proxy statement. The AIP is described further on page 6.

Pay for performance is also emphasized by placing a majority of the executive’s target total direct compensation at risk. Further, the larger piece of incentive compensation, which is represented by the equity incentive award, focuses on long-term performance. This is demonstrated in the graph on page 27 of this proxy statement. Additional details on long-term incentives can be found on page 33.

The Committee continually reviews its practices in executive compensation. Since the last annual meeting, it approved the following program revisions:

- Adopted a Management Continuity Protection Plan for those first becoming officers on and after January 1, 2011 to require either termination of the participant by the Company without cause or the participant’s termination of his or her employment with the Company for good reason after a change in control for benefits to be payable.
- Further, the period of time in which such benefits may be triggered was reduced from as long as 54 months to 24 months for all new participants.
- Increased stock ownership guidelines for executives and non-employee directors and added a retention requirement for all executives on their stock awards until their stock ownership requirements are met. The changes in stock ownership requirements are as follows:
 - Directors – increased from 2x annual board retainer to 3x.
 - CEO – increased from 2x base salary to 4x.

- Executive and Senior Vice Presidents – increased from 1x base salary to 2x.
- Vice Presidents and Assistant Vice Presidents – 1x base salary.
- Beginning with the performance stock awards made in November 2009, dividends are no longer paid on nonvested awards. Rather, dividend equivalents accrue during the performance period and will only be paid to the participant if the performance stock awards vest and then only in proportion to the amount of shares earned, up to the target number of shares.
- The Incentive plans submitted for approval in this proxy statement include language relative to potential recoupment requirements.
- Consistent with our current practice in our award agreements, the equity incentive plan as proposed to be amended requires a termination event following a change in control to accelerate nonvested equity awards.

The Company believes that its conservative approach to executive compensation is also reflected by the following provisions/features:

- Limits set on incentive compensation, which cap all potential incentive awards at 150% of target;
- The Company does not enter into employment agreements or provide excise tax gross-up protections; and
- The supplemental pension plans are traditional plans that cover the compensation not included in the qualified pension plan due solely to tax limitations, and do not otherwise factor in additional compensation or additional years of service.

Further, the Company intends to adopt a recoupment policy after final guidance from the Securities and Exchange Commission so as to assure that the policy meets the requirements of the Dodd-Frank Act.

Your Board of Directors Recommends a Vote “FOR”
The Resolution Providing Advisory Approval of the Company’s
Compensation of Executives

PROPOSAL 5

ADVISORY VOTE ON THE INTERVAL AT WHICH WE WILL SEEK SHAREHOLDER ADVISORY APPROVAL OF THE COMPENSATION OF EXECUTIVES

In addition to requesting the shareholder advisory approval of the executive compensation program, the Dodd-Frank Act also requires that once every six years we seek shareholder approval of how often the Company will seek advisory approval of executive compensation. The Dodd-Frank Act requires that we present every one, two or three years, or abstain as alternatives for shareholders.

In determining the interval to recommend to shareholders, the Company considered that the ultimate goal of corporate performance is to increase long-term shareholder value. This is reflected by the fact that over 50% of the total direct compensation to each of the named executive officers is at risk and tied to incentive performance. Further, at this meeting we are also seeking shareholder approval of our key incentive compensation plans representing a large portion of executive compensation. Finally, the elements of executive compensation do not typically change in a significant manner from year to year. As a result, the Board determined to recommend to shareholders an advisory vote on executive compensation every three years, a “triennial” vote.