

LACLEDE GROUP INC  
Form DEF 14A  
December 19, 2005

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**UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION**  
Washington, D.C. 20549  
**SCHEDULE 14A**

OMB APPROVAL  
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**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   **o**

Check the appropriate box:

- o** Preliminary Proxy Statement
- o** **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x** Definitive Proxy Statement
- o** Definitive Additional Materials
- o** Soliciting Material Pursuant to Rule §240.14a-12

**The Laclede Group, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- x** No fee required.
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*Notice of*

## **ANNUAL MEETING**

# OF SHAREHOLDERS

*and*

# PROXY STATEMENT

**January 26, 2006**

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**720 Olive Street  
St. Louis, MO 63101**

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

<b>Time</b>	10:00 a.m. central standard time on Thursday, January 26, 2006
<b>Place</b>	The St. Louis Pavilion Hotel One Broadway St. Louis, Missouri
<b>Items of Business</b>	<ol style="list-style-type: none"><li>1. To elect two members of the Board of Directors for three-year terms.</li><li>2. To amend the Company's Articles of Incorporation to reduce the minimum size of the Board from nine to seven.</li><li>3. To approve The Laclede Group Annual Incentive Plan.</li><li>4. To approve The Laclede Group 2006 Equity Incentive Plan.</li><li>5. To ratify the appointment of Deloitte &amp; Touche LLP as our independent auditors for the 2006 fiscal year.</li><li>6. To transact such other business as may properly come before the meeting and any adjournment or postponement.</li></ol>
<b>Record Date</b>	You can vote if you are a common shareholder of record on December 1, 2005.
<b>Annual Report</b>	Our 2005 annual report was mailed with this proxy statement.

**Your vote is important. Whether or not you plan to attend the annual meeting, PLEASE VOTE IN ONE OF THREE WAYS: (1) use the toll free telephone number shown on your proxy card; (2) visit the web-site 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, it is important that you give them your voting instructions.**

By the order of the Board of Directors,

MARY CAOLA KULLMAN  
*Secretary*

December 21, 2005

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**PROXY STATEMENT  
INFORMATION ABOUT THE ANNUAL SHAREHOLDERS MEETING**

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 26, 2006, and at any adjournment or postponement thereof. The meeting will be held at the St. Louis Pavilion Hotel, One Broadway, St. Louis, Missouri at 10:00 a.m. central standard time. The Company expects to mail this proxy statement with the annual report for 2005 on or about December 21, 2005.

### **Annual Meeting Admission**

If you are a shareholder of record and plan to attend the annual meeting, please check the box on your proxy card. If your shares are held by someone else, 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, 2005. Please also bring personal identification.

### **Voting Matters**

Your vote is very important.

Holders of record of The Laclede Group common stock at the close of business on December 1, 2005 are entitled to receive this proxy statement and to vote at the meeting. As of December 1, 2005 there were 21,252,488 shares of The Laclede Group common stock outstanding. You are entitled to one vote for each share owned of record on that date.

#### ***How you can vote***

There are three convenient voting methods for shareholders of record:

*Voting by telephone.* You can vote your shares by telephone by calling the toll free telephone number on your proxy card. Telephone voting is available 24 hours a day. If you vote by telephone, you should not return your proxy card. Telephone voting facilities for shareholders of record will close at 11:59 p.m. eastern standard time on January 25, 2006.

*Voting by Internet.* You can also vote via the Internet. The web-site for Internet voting is on your proxy card, and voting is available 24 hours a day. If you vote via the Internet, you should not return your proxy card. Internet voting facilities for shareholders of record will close at 11:59 p.m. eastern standard time on January 25, 2006.

*Voting by mail.* If you choose to vote by mail, mark your proxy card, date and sign it, and return it in the pre-addressed, postage-paid envelope provided.

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If you hold your shares through a broker, bank or other holder of record, please follow its directions for providing voting instructions. The availability of telephone or Internet voting will depend on that firm's processes.

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 MoNat 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. If you participate in the Company Stock Fund of the Employees Profit Sharing and Salary Deferral Plan of SM&P Utility Resources, Inc. and you do not specify your voting instructions, the trustee of the plan trust will vote your shares in the same proportion as the shares for which voting instructions have been received. To allow sufficient time for voting by the administrators and trustee of the plans, your voting instructions must be received by January 23, 2006.

#### ***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***

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 as

recommended by 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 date this proxy statement was printed, we do not know of any other matter to be raised at the annual meeting.

We hired IVS Associates, Inc. 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.

***How votes are counted and voting requirements***

Each share of common stock represents one vote. As provided in The Laclede Group's bylaws, 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 a majority of the shares entitled to vote that are present in person or by proxy is required to elect directors (Proposal 1), approve The Laclede Group Annual Incentive Plan (Proposal 3), The Laclede Group 2006 Equity Incentive Plan (Proposal 4), and ratify the independent auditors (Proposal 5). The affirmative vote of two-thirds of the outstanding shares is required to approve the amendment to the articles of incorporation to reduce the minimum size of the board of directors (Proposal 2). Shares represented by proxies that are marked or voted:

withhold with respect to the election of directors,

abstain on the other four proposals (approval of The Laclede Group Annual Incentive Plan, approval of The Laclede Group Equity 2006 Incentive Plan, approval of the amendment to the articles of incorporation and ratification of the appointment of the independent auditors),  
or

to deny discretionary authority

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will be counted to determine a quorum but will have the effect of voting against the nominee(s), the proposal or discretionary authority. If a broker indicates that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered present.

If you hold your shares through a broker, your shares may be voted even if you do not vote or attend the annual meeting on some of the proposals. Under the rules of The New York Stock Exchange, member brokers who do not receive instructions from beneficial owners *will* be allowed to vote on the election of directors, the proposal to amend the articles of incorporation, the proposal to approve the annual incentive plan and the ratification of appointment of our independent auditors; but *will not* be allowed to vote on the proposal to approve The Laclede Group 2006 Equity Incentive Plan.

**Delivery of Proxy Materials and Annual Report**

Only one proxy statement, proxy card and annual report for 2005 are being delivered by the Company to multiple shareholders sharing an address, unless the Company receives contrary instructions. The Company will deliver, promptly upon written or oral request, a separate copy of this proxy statement and accompanying materials to shareholders at a shared address to which a single copy was delivered.

A shareholder who wishes to receive a separate copy of this proxy statement, proxy card or the annual report for 2005, now or in the future, or shareholders sharing an address who are receiving multiple copies of proxy materials and wish to receive a single copy of such materials, should submit a request to Investor Services at 314-342-0873, or Investor Services, The Laclede Group, Inc., 720 Olive Street, St. Louis, Missouri 63101.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 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 2005 our directors and executive officers met all applicable Securities and Exchange Commission reporting

requirements.

## Corporate Governance

### *Board and Committee Structure*

During the 2005 fiscal year, there were seven 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 but one director attended the last annual meeting of shareholders.

On November 4, 2005, Mr. C. Ray Holman, a director of the Company, passed away suddenly in an accident. Mr. Holman served as an independent Board member for over ten years. At the time of his death, he served as chairman of the Audit Committee, as well as a member of the Compensation, Corporate Governance and Investment Review Committees. The Board wishes to recognize the insight and wisdom he contributed in his many years of service to this Company.

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

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 auditors, the internal audit department and the operation of ethics programs. At fiscal year end, the Committee members were Mr. Holman as Committee chairman and audit committee financial expert, Messrs. Givens, Maritz, Glotzbach, and Stupp, as well as Ms. Van Lokeren. After

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Mr. Holman's death, Mr. Glotzbach assumed the chairman role for the Committee. All Committee members were determined by the Board to be independent and financially literate in accordance with The New York Stock Exchange requirements. The Committee met five times in fiscal year 2005. A copy of the Audit Committee's Charter is attached as Appendix 2.

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, and makes recommendations to the Board regarding director compensation. At fiscal year end, the Committee members, all of whom were determined to be independent, were Messrs. Donald (chairman), Givens, Glotzbach, Holman and Nasser. The Committee met four times in fiscal year 2005. There are no Compensation Committee interlocks.

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 assists the Board in the oversight of succession planning for executive officers. 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 Messrs. Nasser (chairman), Glotzbach, Holman, and Maritz. The Committee met three times in fiscal year 2005.

The Capital Funds Committee oversees the Company's significant 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 Messrs. Nasser (chairman), Givens, and Maritz, and Ms. Van Lokeren. The Committee met once in fiscal year 2005.

The Investment Review Committee oversees the investments of the Company's defined benefit qualified pension plans. At fiscal year end, the Committee members were Ms. Van Lokeren (chair), and Messrs. Holman, Stupp, and Yaeger. The Committee met four times in fiscal year 2005.

### *Director Independence*

The Board of Directors believes that a majority of the directors should be independent and determined that during fiscal year 2005 eight of its members were independent: Messrs. Donald, Givens, Glotzbach, Holman, Maritz, Nasser, Stupp and Ms. Van Lokeren. Mr. Yaeger, the Chairman, President and Chief Executive Officer, 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 Mr. Yaeger, 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

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independence, which are attached as Appendix 1 to this proxy statement. The director independence standards adopted by the Board largely reflect The New York Stock Exchange standards except the Board chose to use five-year cooling off periods, which is longer than The New York Stock Exchange's three-year period; further 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 the Corporate Governance Committee chair. Each quarter, he seeks items to discuss in those sessions from other Board members. Topics include from time to time the performance of the Chief Executive Officer and executive succession planning.

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. Mr. Glotzbach has been determined to be the audit committee financial expert for the Audit Committee and further, Messrs. Givens, Maritz, Stupp and Ms. Van Lokeren, who serve on the Audit Committee, meet the audit committee financial expert requirements.

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### *Corporate Governance Documents*

Our Board's Corporate Governance Guidelines and the charters of each of the Audit, Compensation and Corporate Governance Committees are available on the Company's web-site. Also available on the web-site are the Company's Code of Business Conduct, Financial Code of Ethics and other related documents. Our website is at [www.thelacledegroup.com](http://www.thelacledegroup.com). A copy of any of these documents will be sent to any shareholder upon request.

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

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,

a director is not eligible for election after reaching age 71,

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 those directors whose terms expire at the next annual meeting,

directors shall have complete access to management,

the ability of the Board to retain consultants, experts, and advisors as it deems necessary, at Company expense, and

encouragement to attend educational programs at Company expense.

### *Correspondence with the Board*



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Those who desire to communicate with the independent directors should send correspondence addressed to the Corporate Governance Committee Chair, c/o The Laclede Group, Inc., 720 Olive Street, Room 1517, St. Louis, MO 63101. All appropriate correspondence is forwarded directly to the Corporate Governance Committee Chair. 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.

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, 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 specific criteria 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, diversity, age and skills represented on the Board. With the vacancy created by Mr. Holman's death, the Board has approved reducing the size of the Board to eight upon shareholder approval of Proposal 2. In the event the Proposal is not approved, the board size would remain at nine and the Committee and the Board would consider the appropriate skills and

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characteristics in a qualified candidate. 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. The Company does not typically hire or pay any third party to assist in this process.

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### PROPOSAL 1 ELECTION OF DIRECTORS

The Board of Directors is divided into three classes. Messrs. Donald and Nasser, two directors whose terms will expire upon the election on January 26, 2006, will stand for reelection for terms expiring in 2009. The persons named in the enclosed proxy card intend to vote proxies FOR the election of the two nominees listed below for terms expiring in 2009. If either 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 new term expiring in 2009:*

**Arnold W. Donald**, 50, was, until December 2005, Chairman of the Board of Merisant Company, a global corporation that manufactures and markets a variety of tabletop sweetener products with sales in over 100 countries. He was Chairman of the Board from March 2000 to November 2005 and CEO from March 2000 to June 2003. From January 1998 to March 2000 he was Senior Vice President of Monsanto Company in St. Louis, Missouri and was responsible for Monsanto's growth, globalization and technology initiatives. He is a director of Crown Holdings, Inc., Oil-Dri Corporation of America, Russell Corporation, Carnival Corporation and The Scotts Company.

Director of Laclede Group since:	2003
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**William E. Nasser**, 66, 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.

Director of Laclede Group since:	2000
Director of Laclede Gas:	1994 2001

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

*Directors with term expiring in 2007:*

**Dr. Henry Givens, Jr.**, 72, has been President of Harris-Stowe State University for the last 26 years. He is a director of Peabody Energy Corporation and serves on the advisory board of U. S. Bank N.A. (St. Louis).

Director of Laclede Group since:	2000
Director of Laclede Gas:	1992 2001

**Mary Ann Van Lokeren**, 58, has been Chairman and Chief Executive Officer of Krey Distributing Co., an Anheuser-Busch wholesaler, since December 1986. She is a director of Commerce Bancshares, Inc. and Masco Corporation.

Director of Laclede Group since:	2000
Director of Laclede Gas:	1992 2001

**Douglas H. Yaeger**, 56, 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. He is a director of First Banks, Inc. and Chair of its Audit Committee.

Director of Laclede Group since:	2000
Director of Laclede Gas since:	1998

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*Directors with term expiring in 2008:*

**Edward L. Glotzbach**, 56, is President and Managing Partner at Technology Partners International, Inc., an organization that assists clients with the evaluation, negotiation, implementation and management of IT 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. He is a director of Visual Networks, Inc.

Director of Laclede Group since:	2005
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**W. Stephen Maritz**, 47, has been Chairman of the Board of Maritz Inc. since February 2001 and Chief Executive Officer since November 1998. Maritz Inc. provides performance improvement, marketing research and travel services on a global basis. Previously, he served as Vice Chairman from July 1994 to February 2001 and President from April 1997 to February 2001.

Director of Laclede Group since:	2000
Director of Laclede Gas:	1999 2001

**John P. Stupp, Jr.**, 55, has been President of Stupp Bros., Inc. since March of 2004 and Chief Executive Officer of Stupp Corporation since August of 1995. He previously served as Executive Vice President from April 1995 March 2004 and Chief Operating Officer from April 1996 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 ERW (electric resistance welded) 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 Bank Centre, a

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Missouri bank holding company. He serves as a director of Stupp Bros., Inc. and Atrion Corporation.

Director of Laclede Group since: 2005

### Audit Committee Report

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. The independent auditors are responsible for planning and performing an independent audit of the financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The audit committee is responsible for overseeing the conduct of these activities by Company management and the independent auditors.

In this context, the audit committee has reviewed and discussed the audited financial statements for fiscal year 2005 with management and the independent auditors, Deloitte & Touche LLP. The committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees) and by the rules of the Public Company Accounting Oversight Board.

Deloitte & Touche LLP has provided the committee with the written disclosures and letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the committee discussed with the independent auditors that firm's independence.

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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, 2005.

#### *Audit Committee*

Edward L. Glotzbach, Chairman  
Dr. Henry Givens, Jr.  
W. Stephen Maritz  
John P. Stupp, Jr.  
Mary Ann Van Lokeren

### Fees of Independent Auditor

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, 2005 and 2004 and fees billed for other services during those periods by the Company's principal accounting firm, Deloitte & Touche LLP.

	2005	2004
Audit fees (1)	\$507,250	\$245,000
Audit related fees (2)	74,900	84,000
Tax fees (3)	7,760	32,220
All other fees (4)	0	20,000
Total	\$589,910	\$381,220

- (1) Audit fees consisted of audit work performed in the preparation of financial statements as well as work generally only the independent auditors can reasonably be expected to provide, such as statutory audits. In fiscal year 2005, \$250,000 of the audit fees related to the independent auditor's attestation relative to management's assessment of the internal control over financial reporting under Section 404.

- (2) Audit related fees consisted primarily of audits of employee benefit plans.
- (3) Tax fees consisted primarily of assistance with tax compliance and reporting.
- (4) All other fees in fiscal year 2004 consisted of Section 404 review.

Since the adoption of the pre-approval policy described below, the Audit Committee has pre-approved all of the fees disclosed for fiscal years 2004 and 2005.

**Policy Regarding the Approval of Independent Auditor Provision of Audit and Non-Audit Services**

Consistent with Securities and Exchange Commission requirements regarding auditor independence, the Audit Committee recognizes the importance of maintaining the independence, in fact and appearance, of our independent auditors. To this end, the Audit Committee adopted a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor. 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. The decision of the designated member 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 auditor 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 auditor independence. At each Committee meeting, the Audit Committee reviews a report summarizing the services, including fees, provided by the independent auditor; 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 auditors.

**Directors Compensation**

***Retainer and Fees***

The table below indicates compensation paid to current non-employee directors during fiscal year 2005:

	Annual Retainer (1)	Board Meeting Fees (2)	Committee Chair Retainer(s) (3)	Committee Meeting Fees (4)	Award Under Restricted Stock Plan For Directors
A. W. Donald	\$20,000	\$10,000	\$2,500	\$ 3,500	450
H. Givens, Jr.	20,000	14,000	0	6,000	300 (5)
E. L. Glotzbach	20,000	10,000	0	4,000	800
C. R. Holman	20,000	12,000	4,500	15,000	300 (5)
W. S. Maritz	20,000	13,000	0	6,500	450
W. E. Nasser	20,000	13,000	5,000	7,500	300 (5)
J. P. Stupp, Jr.	20,000	10,000	0	3,000	800
M. A. Van Lokeren	20,000	12,000	2,500	10,000	300 (5)

- (1) The retainers and fees may be deferred under the deferred income plan described later in this proxy statement.
- (2) Board meeting fees are \$2,000 for each meeting, except the meeting fee for participation by phone is \$1,000 per meeting.

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- (3) The annual Committee chair retainer in 2005 was \$2,500, for each committee, except the annual Audit Committee chair retainer in 2005 was \$4,500. In 2006, these will increase to \$5,000 and \$7,500, respectively.
- (4) Committee meeting fees are \$1,000 for each meeting, except the meeting fee for participation by phone is \$500 per meeting.
- (5) Dr. Givens and Ms. Van Lokeren's shares are wholly vested and one-half of Mr. Nasser's award is vested. All of Mr. Holman's shares vested on his death. The Plan is described in more detail on this page of this proxy statement. All other awards are nonvested.

Mr. Yaeger does not receive any retainer, fees or other compensation for his service as a director.

The Company's Restricted Stock Plan for Non-employee Directors, approved by shareholders in January 2003, provides an initial award of 800 restricted shares to each new non-employee director. Annually thereafter, each non-employee director who is not a participant in the retirement plan for non-employee directors receives an additional grant of 450 shares, which the Board recently increased to 600 shares effective January 2006, for service rendered during the year preceding the annual meeting, while each non-employee director who is a participant in the retirement plan for non-employee directors receives an annual grant of 300 shares, which the Board recently increased to 450 shares, on the annual meeting date for the prior year's service. The Plan trustee purchases shares for grants on the open market and holds them in trust for the account of the participants until they are vested. Forfeited shares are held by the trustee and available for future grants. Participants receive cash dividends on the Company's common stock and may vote the shares awarded even while the shares are restricted, but the restricted shares may not be sold, pledged or otherwise transferred, except in accordance with the terms of the Plan. Shares vest depending on the participant's age entering the plan and years of service as a director. Mr. Nasser will become fully vested in his non-vested shares on the annual meeting date due to having reached twelve (12) years of service on the Board.

While the Retirement Plan for Non-employee Directors was frozen as to any new directors in 2002, Messrs. Nasser and Givens, and Ms. Van Lokeren are participants. Messrs. Donald, Glotzbach, Maritz, and Stupp do not participate in the Plan. The Plan pays an annual retirement amount equal to \$18,000 for the longer of ten (10) years or the participant's life.

Recently, the Board adopted stock ownership guidelines for itself as well as executive officers of the Company. Under these standards, directors are expected to own shares with a market value equal to two times the annual retainer and are expected to retain shares awarded under the Restricted Stock Plan for Non-employee Directors for at least three years after the restrictions lapse. The directors have five years to meet the ownership guidelines.

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### Beneficial Ownership of Laclede Group Common Stock

The table below shows as of October 1, 2005 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 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
B. C. Cooper	8,127 (2)	*
A. W. Donald	1,600 (3)	*
H. Givens, Jr.	3,500	*
E. L. Glotzbach	800 (3)	*
C. Ray Holman	4,100 (3)	*
W. S. Maritz	2,550 (3)	*
W. E. Nasser	4,100 (3)	*
K. J. Neises	9,584 (2)(4)	*

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Name	Shares Beneficially Owned (1)	Percent of Class
M. C. Darrell	1,500 (2)	*
R. E. Shively	15,297 (2)	*
J. P. Stupp, Jr.	1,155,800 (6)	5.4%
M. A. Van Lokeren	4,500	*
D. H. Yaeger	38,599 (2)	*
Barclays Global Investors, N.A./Barclays Global Fund Advisors	1,148,456 (5)	5.4%
Stupp Bros., Inc	1,155,000 (6)	5.4%
All directors and executive officers (19) as a group	1,290,090	6%

- (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: B. C. Cooper 6,250; K. J. Neises 7,500; M. C. Darrell 1,500; R. E. Shively 14,375; D. H. Yaeger 30,000.
- (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 1,600; E. L. Glotzbach 800; C. Ray Holman 3,100; W. S. Maritz 2,550; W. E. Nasser 1,550; and J. P. Stupp, Jr. 800. Upon his death, Mr. Holman's shares became fully vested.
- (4) Includes 1,500 shares granted under the Equity Incentive Plan that were not yet vested at October 1, 2005, but which vested on November 1, 2005.
- (5) Information provided as of December 31, 2004 in Schedule 13G filed by these shareholders. The address is 45 Fremont Street, San Francisco, CA 94105.
- (6) Stupp Bros., Inc. owns these 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.
- \* Less than one percent.

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**Summary Compensation Table**

The table that follows presents information about compensation for the chief executive officer and four other most highly compensated executive officers, as defined by the Securities and Exchange Commission, of the Company and its subsidiaries for the last three fiscal years.

Name and Principal Position (1)	Year	Annual Compensation					Long-Term Compensation		
		Awards			Restricted Stock Awards (4)(5)	Securities Underlying Options (5)	Payouts LTIP Payouts (6)	All Other Compensation (7)	
		Salary	Bonus (2)	Other Annual Compensation (3)					

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		<u>Long-Term Compensation</u>						
D. H. Yaeger	2005	\$498,333	\$305,000	\$ 0	\$ 0	40,000	\$101,014	\$14,825
<i>Chairman of the Board,</i>	2004	477,308	226,300	0	0	40,000	99,545	11,975
<i>President and CEO</i>	2003	457,150	159,300	0	0	40,000	98,443	11,987
K. J. Neises	2005	\$298,200	\$162,700	\$ 0	\$ 0	15,000	\$ 47,781	\$37,767
<i>Executive Vice President</i>	2004	286,133	110,900	0	43,275	15,000	47,086	35,419
<i>Energy &amp; Administrative Services</i>	2003	271,967	72,300	0	0	15,000	46,565	33,709
R. E. Shively	2005	\$254,733	\$141,200	\$ 0	\$ 0	12,500	\$ 10,313	\$10,905
<i>Senior Vice President</i>	2004	250,500	75,000	0	0	15,000	10,163	1,587
<i>Business &amp; Services Development</i>	2003	246,333	39,900	0	0	15,000	10,050	1,301
B. C. Cooper	2005	\$230,400	\$ 93,200	\$ 0	\$ 0	12,500	\$ 0	\$10,254
<i>Chief Financial Officer</i>	2004	222,933	65,000	0	0	12,500	0	9,691
	2003	216,433	26,400	0	0	10,000	0	1,781
M. C. Darrell	2005	\$183,933	\$ 47,400	\$39,990	\$ 0	6,000	\$ 0	\$62,600
<i>General Counsel</i>	2004	75,000	12,000	1,696	0	0	0	2,199

- (1) Mr. Darrell first joined the Company in May 2004.
- (2) Fiscal years 2005 and 2004 include bonuses earned in that year but payable in the subsequent fiscal year. Fiscal year 2003 was a transition period wherein three executive officers received a cash bonus awarded in January 2003 based upon their accomplishments in fiscal year 2002 prior to the implementation of the new management bonus plan, and one awarded in October 2003 under the new management bonus plan, based on fiscal year 2003 results.
- (3) For Mr. Darrell, this column includes a gross-up payment in fiscal 2005 for taxes on his living and relocation expenses and a gross-up payment in fiscal 2004 for taxes on his medical, dental and vision insurance expenses. The named executive officers received certain perquisites, including personal use of Company vehicles, club dues, and group term life insurance, which did not exceed the SEC disclosure threshold.
- (4) The dollar value in this column is based on the closing market price of the Company's common stock on the date the restricted stock was awarded, which was \$28.85 on November 5, 2003. The value of the 1,500 restricted shares at September 30, 2005, using the closing market price on that date, was \$48,735. These shares became fully vested on November 1, 2005. Dividends were payable on these restricted shares.
- (5) The Equity Incentive Plan contains provisions for the accelerated lapsing of restrictions on restricted stock and accelerated exercisability of options in the event of termination of the participant's employment within two years following a change in control, which includes the purchase or other acquisition of beneficial ownership of 30% or more of the Company's then outstanding shares of common stock, or a majority of the Board elected by actual or threatened election contest, or shareholder approval of reorganization, merger or consolidation following which the Company's shareholders do not own more than 50% of the surviving entity's voting power in the election of directors; liquidation or dissolution of the Company or sale of all or substantially all of the Company's assets.
- (6) The amounts in this column reflect dividend equivalents paid under the incentive compensation plan to the named executive officer during the three most recent fiscal years. For a more detailed discussion of the plan, see the Long-Term Incentive Plan discussion beginning on page 14.

(7) This column includes:

		Above Market Interest Original Deferred Income Plan	Above Market Interest Current Deferred Income Plan	401(k) Company Match
Yaeger	2005	\$ 0	\$ 6,627	\$8,196
	2004	0	3,899	8,074
	2003	0	4,000	7,866
Neises	2005	\$ 8,082	\$ 21,454	\$8,229
	2004	8,233	19,120	7,828
	2003	7,774	17,986	8,064
Shively	2005	\$ 0	\$ 1,803	\$9,100
	2004	0	1,585	0
	2003	0	1,180	0
Cooper	2005	\$ 0	\$ 2,038	\$8,214
	2004	0	1,682	8,007
	2003	0	987	673
Darrell	2005	\$ 0	\$ 199	\$3,143
	2004	0	22	0

This column also includes supplemental insurance premiums of \$2 each in fiscal years 2005 and 2004 and \$121 each in 2003. For Mr. Darrell, this column also includes \$59,256 for relocation costs and personal living expenses in fiscal 2005 and \$2,175 for health, vision, and dental COBRA expenses in fiscal 2004.

#### Option Grants in Fiscal 2005

This table shows all options to purchase our stock granted to each of our named executive officers in 2005 and the present value at the date of grant calculated using the binomial option pricing model. These options were granted under the Equity Incentive Plan approved by shareholders at the annual meeting in January 2003.

#### Individual Grants

Name	Number of Securities Underlying Options Granted (1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price	Expiration Date	Grant Date Present Value (2)
D. H. Yaeger	40,000	17%	\$ 30.95	11/4/2014	\$ 269,200
K. J. Neises	15,000	6%	\$ 30.95	11/4/2014	\$ 100,950
R. E. Shively	12,500	5%	\$ 30.95	11/4/2014	\$ 84,125
B. C. Cooper	12,500	5%	\$ 30.95	11/4/2014	\$ 84,125



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Individual Grants

M. C. Darrell	6,000	3%	\$ 30.95	11/4/2014	\$ 40,380
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- (1) Options vest in four equal annual installments, beginning on November 4, 2005.
- (2) Calculated using binomial option pricing model with assumed 25% volatility, 4.1% risk-free rate, 4.4% dividend yield and 96 month expected life of options.

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Total Options Exercised in Fiscal 2005 and Year-End Value

This table provides information for options exercised by each of the named executive officers in fiscal 2005 and the value (stock price less exercise price) of the remaining options held by those executives at year-end, using the average (\$32.70) of the high and low trading price of our common stock on September 30, 2005.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options Held at 9/30/05		Value of Unexercised In-the-Money Options at 9/30/05	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
D. H. Yaeger	10,000	\$ 102,350	10,000	90,000	\$ 38,500	\$ 374,100
K. J. Neises	7,500	37,050	0	33,750	\$ 0	\$ 140,287
R. E. Shively	3,750	32,600	7,500	31,250	\$ 49,800	\$ 135,912
B. C. Cooper	5,625	42,660				