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LACLEDE GROUP INC
Form DEF 14A
December 19, 2011

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:

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

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Notice of

**ANNUAL MEETING
OF SHAREHOLDERS**

and

PROXY STATEMENT

January 26, 2012

720 Olive Street
St. Louis, MO 63101

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Time 10:00 a.m. central standard time on Thursday, January 26, 2012

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 and one member to serve for a one-year term.
2. Approve The Laclede Group 2006 Equity Incentive Plan as amended.
3. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accountant for the 2012 fiscal year.
4. 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, 2011.

Annual Report Our 2011 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 19, 2011

JANUARY 2012 PROXY STATEMENT SUMMARY

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

Annual Meeting of Shareholders

- Time and Date
10:00 a.m., January 26, 2012
- Place
Renaissance St. Louis Grand Hotel
800 Washington Avenue
St. Louis, Missouri 63101
December 1, 2011
- Record Date
Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.
- Voting
If you decide to attend the meeting in person, upon your arrival you will need to register. See page 1 for further instructions.
- Entry

Meeting Agenda

- Election of 4 directors
- Approval of our 2006 Equity Incentive Plan as amended
- Ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2012

Voting Matters

Proposal	Board Vote Recommendation	Page Reference (for more detail)
Election of four directors	FOR	3
Approval of our 2006 Equity Incentive Plan as amended	FOR	7
Ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2012	FOR	13

Directors and Nominees

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

Name	Director				Committees					
	Age	Since	Occupation	Term	Independent	AC	CC	CGC	CFC	IRC
Arnold W. Donald	56	2003	President and CEO, Executive Leadership Council	Nominee for term expiring January 2015	X		C	X		
Anthony V. Leness	71	2006	Former Managing Director Investment Banking-Global Power & Energy Group, Merrill Lynch & Co., Inc.	Nominee for term expiring January 2015	X	X	X			C
William E. Nasser	72	2000	Former CEO of SouthWest Nano Technologies, Inc.	Nominee for term expiring January 2015	X	X		X		X
Suzanne Sitherwood	51	2011	President of The Laclede Group	Nominee for term expiring January 2013						
Brenda D. Newberry	58	2007	Former Chairman of The Newberry Group	Expires January 2013	X		X		X	X
Mary Ann Van Lokeren	64	2000	Former Chairman and CEO of Krey Distributing Co.	Expires January 2013	X	X		C		
Douglas H. Yaeger	62	2000	Chairman and CEO of The Laclede Group	Expires January 2013					X	X
Edward L. Glotzbach	63	2005	Vice Chairman, Information Services Group	Expires January 2014	X	C	X			X
W. Stephen Maritz	53	2000	Chairman, Maritz Holdings, Inc.	Expires January 2014	X			X	C	
John P. Stupp, Jr.	61	2005	President, Stupp Bros., Inc.	Expires January 2014	X	X	X	X		

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

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

Approval of 2006 Equity Incentive Plan as amended

We are asking our shareholders to approve our 2006 Equity Incentive Plan as amended (the Plan) to allow:

- Director participation in the Plan,

- Pro rata vesting during the minimum three-year vesting period, and
 - Up to 5% of the shares available under the Plan to be issued not subject to the minimum vesting requirement.
-

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If approved, the amended Plan would be effective February 1, 2012, the directors would become participants in the Plan, and no further awards would be made under the Restricted Stock Plan for Non-Employee Directors on and after that same date. This Plan was most recently approved by our shareholders at the last annual meeting.

Independent Registered Public Accountant

Although shareholder ratification is not required by law, we are asking shareholders to ratify the selection of Deloitte & Touche LLP as our independent registered public accountant for fiscal year 2012. Set forth below is summary information with respect to Deloitte & Touche's fees for services provided in fiscal year 2010 and fiscal year 2011.

	2011	2010
Audit fees	\$ 602,000	\$ 609,565
Audit related fees	14,532	47,707
Tax fees	47,409	25,900
All other fees	2,200	2,000
Total	\$ 666,141	\$ 685,172

Fiscal Year 2011 Corporate Performance

The following table provides information on the Company's performance during fiscal year 2011 on a GAAP and net economic earnings basis. The Laclede Group's non-regulated subsidiary LER and, to a lesser extent, Laclede Gas Company, its utility subsidiary, account for certain transactions through fair value measurements. As a result, management also uses the non-GAAP net economic earnings measure internally when evaluating the Company's performance. Net economic earnings exclude from net income the after-tax impacts of net unrealized gains and losses on energy-related derivatives resulting from the current changes in the fair value of financial and physical transactions prior to their completion and settlement. Management believes that excluding these timing differences provides a useful representation of the economic impact of only the actual settled transactions and their effects on results of operations. These internal non-GAAP operating metrics should not be considered as an alternative to, or more meaningful than, GAAP measures such as net income.

	Net Economic		Net Income (Loss) (GAAP)	Net Economic EPS (2) (Non-GAAP)	Diluted EPS (GAAP)
	Earnings (Losses) (Non-GAAP)	Add: Unrealized Gain (Loss) (1)			
(Millions, except per share amounts)					
Twelve Months Ended September 30, 2011					
Laclede Gas Company	\$ 53.8	\$ -	\$ 53.8	\$ 2.41	\$ 2.41
Laclede Energy Resources, Inc.	9.0	1.4	10.4	0.40	0.47
Other	(0.4)	-	(0.4)	(0.02)	(0.02)
Total	\$ 62.4	\$ 1.4	\$ 63.8	\$ 2.79	\$ 2.86
Per Share Amounts (2)	\$ 2.79	\$ 0.07	\$ 2.86		
Twelve Months Ended September 30, 2010					
Laclede Gas Company	\$ 39.8	\$ (0.1)	\$ 39.7	\$ 1.79	\$ 1.78
Laclede Energy Resources, Inc.	15.7	(2.0)	13.7	0.71	0.61
Other	0.6	-	0.6	0.02	0.04
Total	\$ 56.1	\$(2.1)	\$ 54.0	\$ 2.52	\$ 2.43
Per Share Amounts (2)	\$ 2.52	\$(0.09)	\$ 2.43		

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- (1) Amounts presented net of income taxes. Income taxes are calculated by applying federal, state, and local income tax rates applicable to ordinary income to the amounts of unrealized gain (loss) on energy-related derivative contracts. For the twelve months ended September 30, 2011 and 2010, the amounts of income tax expense (benefit) included in the consolidated reconciling items above are \$0.9 million and \$(1.3) million, respectively.
- (2) Consolidated net economic earnings per share (EPS) are calculated by replacing consolidated net income with consolidated net economic earnings in the GAAP diluted EPS calculation.

Note: EPS amounts by company represent contributions to Laclede Group's consolidated EPS.

Laclede Gas drove the improved results of fiscal year 2011 over fiscal year 2010, reflecting the impact of the general rate increase that went into effect September 1, 2010 as well as higher earnings from non-regulated sales of propane inventories that were no longer required to serve utility customers. Laclede Energy Resources also contributed to the Company's earnings but its results were below the prior year due to reduced margins and lower natural gas sales volumes, driven mainly by narrow regional price differentials.

During the past year, Mr. Yaeger announced his intent to retire from the Company and its Board effective February 1, 2012. The Board selected Ms. Sitherwood to succeed him and she began service as the Company's President on September 1, 2011. Further, the Board increased its size from nine to ten and appointed her to the Board effective September 1, 2011.

Last summer, the Company and Laclede Gas entered into new revolving loan agreements. Existing arrangements due to expire later in the year were terminated early to coincide with the execution of the new agreements. Both new agreements have 5-year terms with three 1-year extension options. The Company's credit facility provides for a credit commitment of \$50 million, with an added \$25 million accordion feature that provides for the facility to increase with lender approval. This agreement replaces facilities totaling \$50 million that were due to expire on September 30, 2011. The loan agreement for Laclede Gas Company provides \$300 million in credit, with an additional accordion feature of \$100 million. This agreement replaces a \$320 million facility that was due to expire on December 31, 2011. Wells Fargo Bank, N.A. is the administrative agent and co-lead arranger, U.S. Bank, N.A. is the syndication agent and co-lead arranger, and JPMorgan Chase Bank, N.A. is the documentation agent. Other lenders in the agreement include Comerica Bank, Fifth Third Bank, Commerce Bank, and UMB Bank, N.A.

Executive Compensation in Fiscal Year 2011

The graph below evidences the Company's commitment to pay for performance. It compares basic net economic earnings per share to the Annual Incentive Plan (AIP) payments to the named executive officers (NEOs), excluding Ms. Sitherwood, under the AIP. Basic net economic earnings per share is the key metric used in 2011 to determine funding under our AIP. The earnings in the graph are based on operations at the time of performance, except 2008 which excludes the sale and operations of SM&P Utility Resources, Inc.

Basic Net Economic EPS Compared to NEOs Annual Incentive Award

The Company also emphasizes pay for performance by placing a majority of the executives' target total direct compensation (TTDC) at risk through the annual and equity incentive plans. TTDC includes the current base salary, the 2011 target AIP opportunity, and the market value (target shares X grant date stock price) of the Equity Incentive Plan awards made during the fiscal year 2011. Further, the largest proportion of incentive pay, which is represented by the equity incentive award, focuses on long-term performance. The graph below shows the mix of fixed and at risk pay. Additional details on long-term incentives can be found on page 30.

Fiscal 2011 TTDC Component

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