

LACLEDE GROUP INC
Form DEF 14A
December 18, 2012

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]

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]

Check the appropriate box:

- Preliminary Proxy Statement Soliciting Material Under Rule 14a-12
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- Definitive Proxy Statement
- Definitive Additional Materials

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

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

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AND PROXY STATEMENT**

JANUARY 31, 2013

Notice of Annual Meeting of Shareholders

January 31, 2013

To the Shareholders of The Laclede Group, Inc.

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

1. Elect three members of the Board of Directors to serve for a three-year term.
2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accountant for the 2013 fiscal year.
3. Transact such other business as may properly come before the meeting and any adjournment or postponement.

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

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

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

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

By Order of the Board of Directors,

Mary Caola Kullman
Secretary

December 18, 2012

Proxy Statement Summary

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

Annual Meeting of Shareholders

TIME AND DATE	10:00 a.m., Central Standard Time, on Thursday, January 31, 2013
PLACE	Laclede Gas Building 720 Olive Street Yaeger Conference Center (1 st Floor) St. Louis, Missouri 63101
RECORD DATE	November 26, 2012
VOTING	Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals.
ENTRY	If you decide to attend the meeting in person, you will need to register upon your arrival. See page 1 for further instructions.

Voting Matters (page 1)

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

Nominees and Directors (page 3)

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

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

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

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

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

Independent Registered Public Accountant (page 6)

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

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

Fiscal Year 2012 Corporate Performance (page 16)

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

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Marketing Segment, include net unrealized gains and losses on energy-related derivatives resulting from the current changes in the fair value of financial and physical transactions prior to their completion and settlement, lower of cost or market inventory adjustments, and realized gains and losses on economic hedges prior to the sale of the physical commodity. Management believes that excluding these timing differences provides a useful representation of the economic impact of only the actual settled transactions and overall results of

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ongoing operations. In calculating net economic earnings, management also excludes from net income the after-tax costs related to acquisition, divestiture and restructuring activities, if any,

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

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

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

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

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

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

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

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

Executive Compensation in Fiscal Year 2012 (page 18)

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

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

Basic Net Economic EPS Compared to NEOs Annual Incentive Award

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

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

Fiscal 2012 TTDC Components

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