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LACLEDE GROUP INC
Form DEF 14A
December 22, 2003

SCHEDULE 14A

(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant /X/

Filed by a Party other than the Registrant / /

Check the appropriate box:

- | | |
|---|---|
| / / Preliminary Proxy Statement | / / Confidential, for Use of the Commission |
| /X/ Definitive Proxy Statement | Only (as permitted by Rule 14a-6(e) (2)) |
| / / Definitive Additional Materials | |
| / / Soliciting Material Pursuant to Rule 14a-12 | |

THE LACLEDE GROUP, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- /X/ No fee required.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[THE LACLEDE GROUP Logo]

Notice of
ANNUAL MEETING
OF SHAREHOLDERS
and
PROXY STATEMENT

JANUARY 29, 2004

[THE LACLEDE GROUP Logo]

720 OLIVE STREET
ST. LOUIS, MISSOURI 63101

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME 10:00 a.m. on Thursday, January 29, 2004

PLACE Marriott Pavilion Hotel

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One Broadway
St. Louis, Missouri

ITEMS OF BUSINESS

1. TO ELECT THREE MEMBERS OF THE BOARD OF DIRECTORS for three-year terms.
2. TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP as our independent auditors for the 2004 fiscal year.
3. TO 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, 2003.

ANNUAL REPORT Our 2003 annual report was mailed together 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,

December 22, 2003

MARY CAOLA KULLMAN
Secretary

TABLE OF CONTENTS

ITEM	PAGE
----	----
Information about the Annual Shareholders Meeting.....	1
Annual Meeting Admission.....	1
Voting Matters.....	1
Section 16(a) Beneficial Ownership Reporting Compliance.....	2
Corporate Governance.....	2
Proposal 1--Election of Directors.....	3
The Board of Directors and Committees of the Board.....	5
Audit Committee Report.....	6
Fees of Independent Auditor.....	7
Policy Regarding the Approval of Independent Auditor Provision of Audit and Non-Audit Services.....	7
Compensation of Directors.....	7

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Beneficial Ownership of Laclede Group Common Stock.....9
Summary Compensation Table.....10
Option Grants in Fiscal 2003.....11
Total Options Exercised in Fiscal 2003 and Year-End Value.....11
Long-Term Incentive Plans--Awards in Last Fiscal Year.....11
Pension Plan.....12
Other Plans.....13
Compensation Committee Report Regarding Executive Compensation.....14
Performance Graph.....16
Proposal 2--Ratification of Appointment of Independent Public
Accountants.....17
Other Matters.....17
Appendix A--Audit Committee Charter.....A-1

PROXY STATEMENT

OF

THE LACLEDE GROUP, INC.

720 OLIVE STREET
ST. LOUIS, MO 63101

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 29, 2004 and at any adjournment or postponement thereof. The meeting will be held at the Marriott Pavilion Hotel, One Broadway, St. Louis, Missouri at 10:00 a.m. The Company expects to mail this and the annual report for 2003 on or about December 22, 2003.

Effective October 1, 2001, The Laclede Group became the parent company of Laclede Gas Company. Accordingly, to the extent information in this proxy statement relates to the fiscal years ended September 30, 2001 and earlier, that information is reported for Laclede Gas Company and not The Laclede Group.

ANNUAL MEETING ADMISSION

If you are a shareholder of record, you may attend the annual meeting by checking in with The Laclede Group representatives at the desk outside the meeting room. If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the meeting, you must

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show personal identification and proof of ownership of The Laclede Group common stock, such as a bank or brokerage account statement, at the desk.

VOTING MATTERS

WHO CAN VOTE

Holders of record of The Laclede Group common stock at the close of business on December 1, 2003 are entitled to receive this proxy statement and to vote at the meeting. As of November 1, 2003 there were 19,114,923 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

Your vote is very important. There are three convenient voting methods:

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. on January 28, 2004.

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. on January 28, 2004.

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.

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, your proxy card will include the shares registered in your own name as well as those shares held for you in such plan. If you do not give voting instructions for shares owned by you through the plan, none of your shares in the plan 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

1

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 26, 2004.

If you hold your shares through a broker, bank or other holder of record, please follow their directions for providing voting instructions.

HOW YOU MAY REVOKE OR CHANGE YOUR VOTE

You can revoke your proxy at any time before it is voted at the

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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.

HOW VOTES ARE COUNTED

Each share of common stock represents one vote. As provided in The Laclede Group bylaws, 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.

- * The three director nominees receiving the greatest number of votes will be elected;
- * The affirmative vote of holders of a majority of shares participating in the voting is required for ratification of the appointment of independent public accountants. Abstentions and "broker non-votes" will not be counted as participating in the voting, and will therefore have no effect.

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 2003 our directors and executive officers met all applicable Securities and Exchange Commission reporting requirements.

CORPORATE GOVERNANCE

We continue to monitor developments in the corporate governance area and review our processes, procedures and policies in light of any developments. During the past year, the focus has been upon the Sarbanes-Oxley Act of 2002, Securities and Exchange Commission rules and New York Stock Exchange listing standards.

The Board consists of nine directors, seven of whom the Board determined to be independent. In determining the independence of

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directors, the Board used its Corporate Governance Guidelines that reflect the New York Stock Exchange standards of independence for board members, except the Board chose to

2

retain the five-year "cooling-off periods" for all relationships, which is longer than the New York Stock Exchange three-year cooling-off period. The Corporate Governance Committee chair leads the executive sessions of the Board, which are held at least quarterly. Subject to the dollar limits in the New York Stock Exchange independence standards, 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 Board has Corporate Governance Guidelines and each of the Corporate Governance, Compensation and Audit Committees has a charter. Recently, the Board approved amendments to its Corporate Governance Guidelines, Compensation Committee Charter and Audit Committee Charter to meet the corporate governance standards of the New York Stock Exchange. All of these documents, as well as the charters of the Corporate Governance Committee, Code of Business Conduct, Financial Code of Ethics and other related documents are available in the investor services section of our website, www.thelacledegroup.com under "corporate governance." As required, the Audit Committee Charter is also attached to this proxy as Appendix A. All of the members of the Corporate Governance Committee, Compensation Committee and Audit Committee are independent and the chair of the Audit Committee meets the audit committee financial expert requirements.

Shareholders who desire to communicate with the outside directors should send correspondence addressed to Corporate Governance Committee Chair, c/o The Laclede Group, Inc., 720 Olive Street, Room 1517, St. Louis, MO 63101. All appropriate shareholder correspondence is forwarded directly to the Corporate Governance Committee Chair. The Company does not, however, forward sales or marketing materials or correspondence not clearly identified as shareholder correspondence.

PROPOSAL 1 ELECTION OF DIRECTORS

The Board of Directors is divided into three classes, consisting of three directors each. Three directors will be elected at the annual meeting to serve for a three-year term expiring at our annual meeting in the year 2007. Dr. Givens, Mrs. Van Lokeren and Mr. Yaeger, the directors whose terms will expire on January 29, 2004, will stand for reelection. The persons named in the enclosed proxy card intend to vote proxies FOR the election of the three nominees listed below for terms expiring in 2007. 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 NEW TERM EXPIRING IN 2007:

DR. HENRY GIVENS, JR., 70, has been president of Harris-Stowe State

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College for the last 24 years. He is advisory director of the regional U.S. Bank National Association.

The Laclede Group director since: 2000
Laclede Gas director: 1992 - 2001

MARY ANN VAN LOKEREN, 56, 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., Masco Corporation and D&K Healthcare Resources, Inc.

The Laclede Group director since: 2000
Laclede Gas director: 1992 - 2001

3

DOUGLAS H. YAEGER, 54, has been Chairman of the Board, President and Chief Executive Officer of The Laclede Group since October 26, 2000. He has been Laclede Gas' Chairman of the Board since January 28, 1999, Chief Executive Officer since January 1, 1999 and President since December 1, 1997. He is a director of First Banks, Inc.

The Laclede Group director since: 2000
Laclede Gas director since: 1998

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE
ELECTION OF THESE NOMINEES AS DIRECTORS.

DIRECTORS WITH TERM EXPIRING IN 2005:

ROBERT C. JAUDES, 69, retired as Laclede Gas' Chief Executive Officer on January 1, 1999 and as Chairman of the Board on January 28, 1999. He served as Laclede Gas' Chairman of the Board and Chief Executive Officer from January 1994 until his retirement. Mr. Jaudes was an employee of Laclede Gas from 1955 to December 31, 1998.

The Laclede Group director since: 2000
Laclede Gas director: 1983 - 2001

W. STEPHEN MARITZ, 45, 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.

The Laclede Group director since: 2000
Laclede Gas director: 1999 - 2001

ROBERT P. STUPP, 73, is and since December 31, 1990 has been the President and Chief Executive Officer of Stupp Bros., Inc. Stupp Bros. has (1) two operating divisions: Stupp Bridge Company of Bowling Green, Kentucky, fabricator of steel highway and railroad bridges; and Stupp Corporation of Baton Rouge, Louisiana, producer of custom-made electrical resistance welded pipe for oil and gas transmission; and (2) three subsidiaries: Hammerts Iron Works, Inc. of St. Louis, Missouri, fabricator of structural steel; Bayou Coating L.L.C. of Baton Rouge, Louisiana, provider of applicators for steel line pipe; and Midwest Bank

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Centre of St. Louis, Missouri, a Missouri bank and member of the FDIC and Federal Reserve systems. Mr. Stupp currently serves, and has served since 1960, as a senior executive officer of one or more of those entities. He is a director of Stupp Bros., Inc.

The Laclede Group director since: 2000
Laclede Gas director: 1990 - 2001

DIRECTORS WITH TERM EXPIRING IN 2006:

ARNOLD W. DONALD, 48, is 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 has been Chairman of the Board since Merisant's formation in March 2000 and served as its 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 Cork & Seal Company, Inc., Oil-Dri Corporation of America, Belden, Inc., Carnival Corporation and The Scotts Company.

The Laclede Group director since: 2003

4

C. RAY HOLMAN, 61, is retired Chairman of the Board of Mallinckrodt Inc., provider of medical products. He was Chairman from October 1994 to December 2002, CEO to October 2000 and President from December 1992 to December 1995 of Mallinckrodt, Inc. He is a director of RehabCare Group.

The Laclede Group director since: 2000
Laclede Gas director: 1994 - 2001

WILLIAM E. NASSER, 64, was CEO of SouthWest NanoTechnologies, Inc., a privately held specialty chemical firm manufacturing single wall carbon nanotubes for a broad array of specialty products until November 2003. He served as Chairman of Enchira Biotechnology Corp. from April 1998 to January 2003. He was President and Chief Executive Officer of Enchira from April 1998 to June 1999. He retired as Chairman of the Board, Chief Executive Officer and President of Petrolite Corporation in November 1995. He had served in that capacity since February 1992.

The Laclede Group director since: 2000
Laclede Gas director: 1994 - 2001

THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

The standing committees of the Board of Directors as of September 30, 2003, included the Audit Committee, the Compensation Committee and the Corporate Governance Committee. The Company uses its Corporate Governance Committee, along with its other responsibilities, to identify and recommend to the Board director nominees with qualifications set forth in the Corporate Governance Guidelines after considering the independence, knowledge, experience and capabilities represented on the Board. The Company normally does not pay any third party a fee to assist in this process.

During the 2003 fiscal year, there were six meetings of our Board of Directors. All directors attended 75% or more of the aggregate number of

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meetings of the Board and applicable Committee meetings. It is the Company's policy to strongly encourage our Board members to attend the annual meeting of shareholders. At the last annual meeting, all then current directors were in attendance.

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. The Audit Committee is composed of independent directors, as defined by New York Stock Exchange listing standards, and operates under a written charter adopted by the Board of Directors. The members of the Committee at fiscal year end were Dr. Henry Givens, Jr., C. Ray Holman (chairman and audit committee financial expert), W. Stephen Maritz and Mary Ann Van Lokeren. The Committee met seven times in fiscal year 2003. The charter for the Audit Committee is attached to this proxy statement as Appendix A.

The Compensation Committee assists the Board in the discharge of its responsibility relative to the compensation of the Company's Chief Executive Officer and other senior 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. The Committee members at fiscal year end were Arnold W. Donald, C. Ray Holman, William E. Nasser and Robert P. Stupp (chairman). The Committee met two times in fiscal year 2003. Each current Committee member is independent.

The Corporate Governance Committee considers and makes recommendations to the Board relative to corporate governance and the Board's corporate governance principles, as well as assists the Board in identifying individuals qualified to become Board members, and recommends to the Board director nominees. The Committee will consider nominees to the Board recommended by shareholders. To be considered by the Committee, shareholders should make their submission to the Committee by the September 30 preceding the annual meeting. The submission should include the proposed candidate's name, age, business address, residence address, principal occupation or employment for the previous five years, and

class or series and number of shares of the Company's capital stock owned beneficially or of record. In considering a potential nominee for the Board, shareholder(s) should note that under the Board's Corporate Governance Guidelines a majority of the Board should be independent, as defined in the Guidelines. Further, the candidates should evidence personal characteristics of the highest personal and professional ethics, integrity and values; an inquiring and independent mind and practical wisdom and mature judgment; broad training and experience at the policy-making level in business, government, education or community organizations; expertise that is useful to the Company and complementary to the background and experience of other Board members; willingness to devote required amount of time to carrying out the duties and responsibilities of Board membership; commitment to serve on Board over a period of several years to develop knowledge about the Company, its strategy and its principal operations; willingness to represent the best

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interests of all constituencies and objectively appraise management performance and involvement in activities or interests that do not create a conflict with the director's responsibilities to the Company. The submissions should be addressed to Corporate Governance Committee Chair, c/o The Laclede Group, 720 Olive Street, St. Louis, MO 63101. The Committee members at fiscal year end were C. Ray Holman, W. Stephen Maritz, William E. Nasser (chairman) and Robert P. Stupp. Since its formation as the Corporate Governance Committee, the Committee met once in fiscal year 2003. Each current Committee member is independent as defined in our guidelines and as defined by the New York Stock Exchange's listing standards.

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 as well as internal controls and procedures designed to provide reasonable assurance that the Company is in compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and performing an independent audit of the financial statements in accordance with generally accepted accounting 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 2003 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), as amended.

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.

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, 2003.

Audit Committee
C. Ray Holman, Chairman
Henry Givens, Jr.
W. Stephen Maritz
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, 2003 and 2002 and fees billed for other services during those periods by the Company's principal accounting firm,

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Deloitte & Touche LLP. Certain amounts for 2002 have been reclassified to conform to the 2003 presentation.

	2003	2002
	-----	-----
Audit fees(1).....	\$232,000	\$210,000
Audit related fees(2).....	59,000	112,600
Tax fees(3).....	31,500	6,700
All other fees(4).....	84,300	40,900
	-----	-----
Total.....	\$406,800	\$370,200
	=====	=====