LACLEDE GROUP NYSE-LG

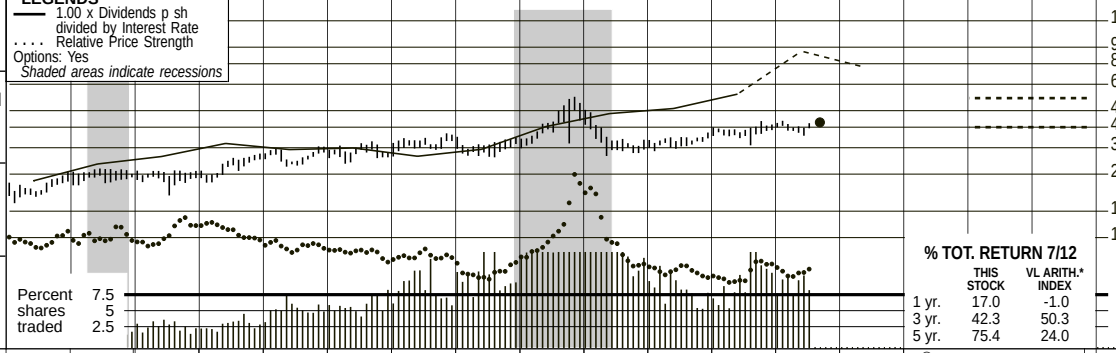
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
42.21	15.9	(Trailing: 15.7 Median: 14.0)	1.07	3.9%	VALUE LINE

TIMELINESS 3 Lowered 9/23/11
SAFETY 2 Raised 6/20/03
TECHNICAL 3 Raised 7/20/12
BETA .60 (1.00 = Market)

High:	25.5	25.0	30.0	32.5	34.3	37.5	36.0	55.8	48.3	37.8	42.8	43.3
Low:	21.3	19.0	21.8	26.0	26.9	29.1	28.8	31.9	29.3	30.8	32.9	36.5

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 1.00 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+30%)	10%
Low	40	(-5%)	3%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	2	0	0	1	0	0	0
to Sell	0	0	2	0	0	1	0	0	0

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	72	64	62
to Sell	55	58	71
Hld's(000)	10983	10812	11161

% TOT. RETURN 7/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	17.0	-1.0
3 yr.	42.3	50.3
5 yr.	75.4	24.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	93.40	100.44	85.49	77.83	71.48	*58.70*	*61.70*	Revenues per sh	*76.00*
3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.87	4.22	4.56	4.11	4.62	*4.40*	*4.60*	"Cash Flow" per sh	*5.50*
1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.31	2.64	2.92	2.43	2.86	*2.65*	*2.70*	Earnings per sh A B	*3.10*
1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	1.53	1.57	1.61	*1.65*	*1.69*	Div'ds Decl'd per sh C■	*1.81*
2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.72	2.57	2.36	2.56	3.02	*4.15*	*4.25*	Cap'l Spending per sh	*4.60*
13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	19.79	22.12	23.32	24.02	25.56	*25.95*	*26.40*	Book Value per sh D	*27.15*
17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	21.65	21.99	22.17	22.29	22.43	*23.00*	*23.50*	Common Shs Outst'g E	*25.00*
11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	14.2	14.3	13.4	13.7	13.0	*Bold figures are*		Avg Ann'l P/E Ratio	*15.5*
.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.73	.75	.86	.89	.87	.81	*Value Line*		Relative P/E Ratio	*1.05*
5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	3.9%	3.9%	4.7%	4.3%	*estimates*		Avg Ann'l Div'd Yield	*3.8%*

CAPITAL STRUCTURE as of 6/30/12
Total Debt $364.4 mill. **Due in 5 Yrs** $70.0 mill.
LT Debt $339.4 mill. **LT Interest** $20.0 mill.
(Total interest coverage: 4.7x)

Leases, Uncapitalized Annual rentals $.9 mill.
Pension Assets-9/11 $248.0 mill. **Oblig.** $384.2 mill.
Pfd Stock None
Common Stock 22,510,176 shs. **as of 7/26/12**

MARKET CAP: $950 million (Small Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
755.2	1050.3	1250.3	1597.0	1997.6	2021.6	2209.0	1895.2	1735.0	1603.3	*1350*	*1450*	Revenues ($mill) A	*1900*
22.4	34.6	36.1	40.1	50.5	49.8	57.6	64.3	54.0	63.8	*61.0*	*63.5*	Net Profit ($mill)	*77.5*
35.4%	35.0%	34.8%	34.1%	32.5%	33.4%	31.3%	33.6%	33.4%	31.4%	*33.0%*	*33.0%*	Income Tax Rate	*33.0%*
3.0%	3.3%	2.9%	2.5%	2.5%	2.5%	2.6%	3.4%	3.1%	4.0%	*4.5%*	*4.4%*	Net Profit Margin	*4.1%*
47.5%	50.4%	51.6%	48.1%	49.5%	45.3%	44.4%	42.9%	40.5%	38.9%	*36.0%*	*34.0%*	Long-Term Debt Ratio	*31.0%*
52.3%	49.4%	48.3%	51.8%	50.4%	54.6%	55.5%	57.1%	59.5%	61.1%	*64.0%*	*66.0%*	Common Equity Ratio	*69.0%*
546.6	605.0	737.4	707.9	798.9	784.5	876.1	906.3	899.9	937.7	*925*	*945*	Total Capital ($mill)	*990*
594.4	621.2	646.9	679.5	763.8	793.8	823.2	855.9	884.1	928.7	*945*	*965*	Net Plant ($mill)	*1010*
6.0%	7.4%	6.6%	7.6%	8.4%	8.5%	8.1%	8.7%	7.4%	8.1%	*7.5%*	*7.5%*	Return on Total Cap'l	*8.5%*
7.8%	11.5%	10.1%	10.9%	12.5%	11.6%	11.8%	12.4%	10.1%	11.1%	*10.0%*	*10.0%*	Return on Shr. Equity	*11.5%*
7.8%	11.6%	10.1%	10.9%	12.5%	11.6%	11.8%	12.4%	10.1%	11.1%	*10.0%*	*10.0%*	Return on Com Equity	*11.5%*
NMF	3.1%	2.7%	3.1%	5.1%	4.3%	5.2%	5.9%	3.6%	4.9%	*4.0%*	*4.0%*	Retained to Com Eq	*4.5%*
NMF	74%	73%	72%	59%	63%	56%	53%	64%	56%	*62%*	*63%*	All Div'ds to Net Prof	*58%*

CURRENT POSITION ($MILL.)	2010	2011	6/30/12
Cash Assets	86.9	43.3	21.5
Other	327.3	325.8	240.2
Current Assets	414.2	369.1	261.7
Accts Payable	95.6	96.6	81.3
Debt Due	154.6	46.0	25.0
Other	83.7	89.3	73.0
Current Liab.	333.9	231.9	179.3
Fix. Chg. Cov.	391%	463%	242%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	8.0%	.5%	*Nil*
"Cash Flow"	5.0%	7.0%	*3.0%*
Earnings	6.5%	6.0%	*2.0%*
Dividends	1.5%	2.5%	*2.5%*
Book Value	5.0%	6.5%	*4.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.)A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	674.3	659.1	309.9	251.9	1895.2
2010	491.2	635.3	324.5	284.0	1735.0
2011	444.2	543.8	344.3	271.0	1603.3
2012	410.9	358.2	186.8	*394.1*	*1350*
2013	*395*	*515*	*305*	*235*	*1450*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	1.42	1.40	.31	d.22	2.92
2010	1.03	1.26	.21	d.07	2.43
2011	1.05	1.25	.69	d.13	2.86
2012	1.12	1.32	.38	*d.17*	*2.65*
2013	*1.10*	*1.35*	*.40*	*d.15*	*2.70*

Cal-endar	QUARTERLY DIVIDENDS PAID C ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.375	.375	.375	.375	1.50
2009	.385	.385	.385	.385	1.54
2010	.395	.395	.395	.395	1.58
2011	.405	.405	.405	.405	1.62
2012	.415	.415	.415		

BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 625,000 customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Utility therms sold and transported in fiscal 2011: 1.1 bill. Revenue mix for regulated operations: residential, 64; commercial and industrial, 22%; transportation, 2%; other, 12%. Has around 1,640 employees. Officers and directors own approximately 8% of common shares (1/12 proxy). Chairman: William E. Nasser; CEO: Suzanne Sitherwood. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.thelacledegroup.com.

Laclede Group's bottom line is set to decline in 2012, mostly due to the sharp rise in pension and benefit expenses. Investors should also note that the second quarter's sharp fall from the June, 2011 period can be mainly attributed to a one-time sale made during that time. The overall per-share figure should marginally recover in 2013, however, as several growth initiatives come into effect.

The company is focused on raising capital. Its major subsidiary, Laclede Gas Co., is raising $100 million via private bond placements, while the company itself plans on raising about $25 million during the remainder of the year. Most of the proceeds are to be used for improvements in infrastructure, including the gas distribution network and information technology systems. The rest is likely to go into mid-level acquisitions, as part of Laclede's new restructuring and growth strategy (outlined below).

Reorganization efforts remain a major item on the agenda. The move comes as part of four growth initiatives (growing via acquisitions, investing in infrastructure, leveraging core strengths, and investing in new technologies), and is anticipated to propel the bottom line from 2013 onward. That said, we remain cautious, as the company is veering off a well-beaten path with two of the initiatives, growth via acquisitions and focus on research and development. A completely smooth transition might not be likely. However, given the sluggish customer growth, new ventures are much needed at this juncture. In the best-case scenario these growth initiatives should provide a moderate boost to the top and bottom lines over the 3- to 5-year period.

The dividend yield is the biggest draw at this point. Currently at 3.9%, the yield is a little above the industry average. Furthermore, the company has a history of payout hikes, though future payments are likely to be modest, given the current slowdown in earnings growth.

Patient investors should look at this equity's peers. At the current price, the stock has subpar long-term appreciation potential. That said, conservative income investors may find Laclede of interest, given the good Safety rank and high yield.

Sahana Zutshi *September 7, 2012*

(A) Fiscal year ends Sept. 30th.
(B) Based on average shares outstanding thru. '97, then diluted. Excludes nonrecurring loss: '06, 7¢. Excludes gain from discontinued operations: '08, 94¢. Next earnings report due late October. (C) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan available. (D) Incl. deferred charges. In '11: $429.9 mill., $19.17/sh.
(E) In millions.
(F) Qtly. egs. may not sum due to rounding or change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	80

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