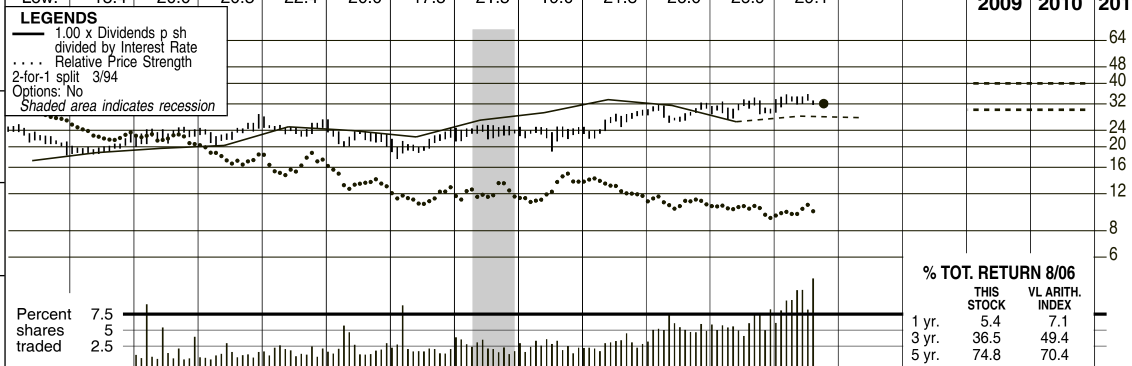
LACLEDE GROUP NYSE-LG

RECENT PRICE 32.13 | P/E RATIO 15.5 (Trailing: 14.8 / Median: 15.0) | RELATIVE P/E RATIO 0.91 | DIV'D YLD 4.5% | VALUE LINE

TIMELINESS 4 Raised 9/8/06
SAFETY 2 Raised 6/20/03
TECHNICAL 3 Lowered 9/15/06
BETA .85 (1.00 = Market)

	High:	Low:
1996	23.1	18.4
1997	24.9	20.0
1998	28.6	20.3
1999	27.9	22.4
2000	27.0	20.0
2001	24.8	17.5
2002	25.5	21.3
2003	25.0	19.0
2004	30.0	21.8
2005	32.5	26.0
2006	34.3	26.9
2007	35.7	29.1

Target Price Range 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+25%)	*10%*
Low	30	(-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	0	0	1	0	0	1	0
to Sell	0	0	0	0	1	0	0	1	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	50	67	60
to Sell	37	30	47
Hld's(000)	8521	9470	10115

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	5.4	7.1
3 yr.	36.5	49.4
5 yr.	74.8	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
30.21	28.10	26.83	32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	*93.50*	*98.60*	Revenues per sh	*116.65*
2.13	2.37	2.32	2.81	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	*3.70*	*3.85*	"Cash Flow" per sh	*4.70*
1.08	1.28	1.17	1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	*2.15*	*2.15*	Earnings per sh A B	*2.50*
1.18	1.20	1.20	1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	*1.40*	*1.43*	Div'ds Decl'd per sh C■	*1.50*
1.87	2.46	2.87	2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	*3.15*	*3.40*	Cap'l Spending per sh	*4.40*
11.75	11.83	11.79	12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	*19.70*	*20.65*	Book Value per sh D	*26.00*
15.59	15.59	15.59	15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	*21.50*	*21.50*	Common Shs Outst'g E	*24.00*
14.6	12.5	15.8	13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
1.08	.80	.96	.80	1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	*Value Line*		Relative P/E Ratio	*.95*
7.5%	7.5%	6.5%	5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	*estimates*		Avg Ann'l Div'd Yield	*4.3%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $518.8 mill. **Due in 5 Yrs** $175.0 mill.
LT Debt $395.4 mill. **LT Interest** $25.0 mill.
(Total interest coverage: 3.0x)

Leases, Uncapitalized Annual rentals $1.7 mill.
Pension Assets-9/05 $272.8 mill. **Oblig.** $327.2 mill.
Pfd Stock $.8 mill. **Pfd Div'd** $.05 mill.
Common Stock 21,357,009 shs. **as of 7/28/06**

MARKET CAP: $675 million (Small Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
544.8	602.8	547.2	491.6	566.1	1002.1	755.2	1050.3	1250.3	1597.0	*2010*	*2120*	Revenues ($mill) A	*2800*
32.8	32.5	27.9	26.9	26.0	30.5	22.4	34.6	36.1	40.1	*46.0*	*46.0*	Net Profit ($mill)	*60.0*
35.9%	36.1%	35.6%	35.5%	35.2%	32.7%	35.4%	35.0%	34.8%	34.1%	*34.0%*	*34.0%*	Income Tax Rate	*35.0%*
6.0%	5.4%	5.1%	5.5%	4.6%	3.0%	3.0%	3.3%	2.9%	2.5%	*2.3%*	*2.2%*	Net Profit Margin	*2.1%*
42.5%	38.0%	40.9%	41.8%	45.2%	49.5%	47.5%	50.4%	51.6%	48.1%	*49.0%*	*49.0%*	Long-Term Debt Ratio	*48.0%*
57.1%	61.6%	58.6%	57.8%	54.5%	50.2%	52.3%	49.4%	48.3%	51.8%	*51.0%*	*51.0%*	Common Equity Ratio	*52.0%*
422.2	406.8	438.0	488.6	519.2	574.1	546.6	605.0	737.4	707.9	*830*	*870*	Total Capital ($mill)	*1200*
452.2	467.6	490.6	519.4	575.4	602.5	594.4	621.2	646.9	679.5	*775*	*815*	Net Plant ($mill)	*1050*
9.4%	9.7%	8.1%	7.1%	6.7%	6.9%	6.0%	7.4%	6.6%	7.7%	*7.0%*	*7.0%*	Return on Total Cap'l	*6.5%*
13.5%	12.9%	10.8%	9.5%	9.1%	10.5%	7.8%	11.5%	10.1%	10.9%	*11.0%*	*10.5%*	Return on Shr. Equity	*9.5%*
13.6%	12.9%	10.8%	9.5%	9.1%	10.5%	7.8%	11.6%	10.1%	10.9%	*11.0%*	*10.5%*	Return on Com Equity	*9.5%*
4.5%	3.9%	1.8%	1.0%	.2%	1.8%	NMF	3.1%	2.7%	3.1%	*4.0%*	*3.5%*	Retained to Com Eq	*4.0%*
67%	70%	83%	89%	98%	83%	113%	74%	73%	72%	*65%*	*67%*	All Div'ds to Net Prof	*60%*

CURRENT POSITION ($MILL.)

	2004	2005	6/30/06
Cash Assets	13.9	6.0	31.9
Other	323.7	418.1	319.1
Current Assets	337.6	424.1	351.0
Accts Payable	68.4	138.4	118.2
Debt Due	96.5	110.7	123.4
Other	97.7	116.5	181.1
Current Liab.	262.6	365.6	304.5
Fix. Chg. Cov.	279%	293%	290%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	7.5%	17.0%	*10.5%*
"Cash Flow"	1.0%	1.5%	*8.0%*
Earnings	2.5%	4.5%	*5.0%*
Dividends	1.0%	.5%	*2.0%*
Book Value	3.0%	2.5%	*7.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.)A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	280.1	422.2	186.6	161.4	1050.3
2004	332.6	475.0	245.1	197.6	1250.3
2005	442.5	576.5	311.3	266.7	1597.0
2006	689.2	708.8	330.5	*281.5*	*2010*
2007	*635*	*655*	*440*	*390*	*2120*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.80	1.14	.11	d.21	1.82
2004	.87	1.12	.19	d.28	1.82
2005	.79	1.06	.29	d.24	1.90
2006	1.23	1.05	.13	*d.26*	*2.15*
2007	*1.15*	*1.05*	*.25*	*d.30*	*2.15*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.335	.335	.335	.335	1.34
2003	.335	.335	.335	.335	1.34
2004	.335	.34	.34	.34	1.36
2005	.34	.345	.345	.345	1.38
2006	.345	.355	.355	.355	

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 8 other counties. Has more than 630,000 customers. Purchased SM&P for $43 million (1/02). Therms sold and transported in fiscal 2005: 1.12 mill. Revenue mix for regulated operations: residential, 60%; commercial and industrial, 23%; transportation, 2%; other, 15%. Has around 3,815 employees. Officers and directors own approximately 6.0% of common shares (1/06 Proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yaeger. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.lacledegas.com.

Laclede Group is on track to register healthy results in fiscal 2006 (ends September 30th). Laclede Energy Resources, the non-utility gas marketing segment, is still benefiting from supply/demand imbalances resulting from last year's Gulf Coast hurricanes, plus a surge in volumes (reflecting higher interstate pipeline wholesale transactions). Furthermore, SM&P Utility Resources, the unregulated unit specializing in locating and marking services for underground facilities, is being aided by new business signups in existing markets. And we note that this subsidiary recently bought Reliant Services, which provides similar services. Given that both businesses have customers in the same geographic areas, synergies ought to generate decent cost savings going forward.

But the core natural gas unit has underperformed of late. This can be attributed partly to higher operation and maintenance expenses, as well as an increased provision for uncollectible accounts. A decline in volumes within the service territory has further eroded earnings. On the bright side, there have been benefits from a general rate hike effective since last October, and income from entities located outside the system has been rising.

On a consolidated basis, share net ought to grow about 13%, to $2.15, in fiscal 2006. Laclede's bottom line may flatten out next year because of the difficult comparison.

We believe that unexciting results are in store for the company over the 2009-2011 timeframe. The market in which the natural gas division operates has sluggish customer growth because it is in a mature stage. Moreover, it appears that major acquisitions are not likely to take place anytime soon. Consequently, annual share-net gains may only be in the mid-single-digit range, with some volatility, over the 3- to 5-year horizon.

The stock's good yield aside, total-return potential is not appealing. That is because these shares are already trading within our 2009-2011 Target Price Range, and we are assuming that future dividend increases will be moderate. Also, the Timeliness rank is 4 (Below Average).

Frederick L. Harris, III September 15, 2006

(A) Fiscal year ends Sept. 30th.
(B) Based on average shares outstanding thru. '97, then diluted. Excludes nonrecurring loss: Q2 '06, 7¢. Next earnings report due late Oct.
(C) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan available.
(D) Incl. deferred charges. In '05: $203.8 mill., $9.63/sh.
(E) In millions. Adjusted for stock split.
(F) Qtly. egs. may not sum due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	55
Earnings Predictability	65