



*The Laclede Group*

2003 Annual Report



## > *The Laclede Group*

The Laclede Group, Inc. is an exempt public utility holding company committed to providing reliable natural gas service through its regulated core utility operations while developing a presence in non-regulated activities that provide opportunities for sustainable growth. Its primary subsidiary—Laclede Gas Company—is the largest natural gas distribution utility in Missouri, serving more than 630,000 residential, commercial, and industrial customers in St. Louis and surrounding counties of eastern Missouri. Its primary non-regulated activities include SM&P Utility Resources, Inc., a major underground facilities locating and marking service business, headquartered in Carmel, Indiana, and Laclede Energy Resources, Inc., a natural gas marketer located in St. Louis, Missouri.

## > *NYSE Symbol: LG*

### Common Stock

- **19,082,402 shares outstanding as of 9/30/03**
- **Cash dividends paid since 1946**
- **Dividends currently \$1.34 per share annually**
- **Dividends typically payable first business day of January, April, July and October**
- **Included in Standard & Poor's SmallCap 600 Index**

### Fiscal Year End

**September 30**

### Analysts

**A.G. Edwards & Sons**

*Daniel M. Fidell*

**Berenson and Company**

*Edward J. Tirello, Jr.*

**Edward Jones**

*Paul Franzen*

**Royalist Research**

*Donato Eassey*

**Stifel, Nicolaus & Company, Inc.**

*Selman Akyol*

### Founded

**In 1857 as The Laclede Gas Light Company, became Laclede Gas Company in 1950 and The Laclede Group became parent company in 2001**

## > Highlights

	2003	2002
<b>Earnings and Dividends</b>		
Net Income Applicable to Common Stock	\$ 34,585,000	\$ 22,316,000
Basic Earnings Per Share of Common Stock	\$1.82	\$1.18
Diluted Earnings Per Share of Common Stock	\$1.82	\$1.18
Dividends Per Share of Common Stock	\$1.34	\$1.34
<b>Operating Revenues</b>		
Regulated Gas Distribution	\$ 774,772,000	\$ 592,097,000
Non-Regulated Services	100,168,000	94,116,000
Non-Regulated Gas Marketing	163,861,000	64,798,000
Non-Regulated Other	11,529,000	4,228,000
Total Operating Revenues	\$ 1,050,330,000	\$ 755,239,000
<b>Utility Sales and Customers</b>		
Therms Sold and Transported	1,126,338,000	1,060,454,000
Customers, End of Period	631,000	629,000
<b>Shareholders</b>		
Common Shareholders, End of Period	7,099	7,458
<b>Employees, End of Period</b>		
Laclede Gas Company	1,944	1,948
SM&P Utility Resources, Inc.	1,174	2,005

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Form 10-K

Shareholder Information **Inside Back Cover**

## > *To Our Shareholders and Employees*

We are moving your Company along a continuum, making a good Company better and striving to make it the best it can be. I am pleased to report that we made significant progress in fiscal 2003.

*Progress* in our efforts to stabilize and improve the core utility business.

*Progress* in extending the use of our natural gas-related strengths into non-regulated activities.

*Progress* in terms of improved earnings.

In short, we had a solid year that will help us continue to better serve our shareholders, our customers, and our community.

As the economy strengthens and recalibrates, one frequently hears the phrase “getting back to the basics” particularly as it relates to the utility industry. At The Laclede Group, we never left the basics, choosing instead to concentrate on improving and building upon them. As we defined our strategic direction more than three years ago, it centered on our fundamental strengths—“the basics”—to stabilize and improve our core gas distribution business while adding a growth component compatible with those strengths.

Our earnings in fiscal year 2003—\$1.82 per share compared with \$1.18 per share a year ago—reflect

### > *Douglas H. Yaeger*

CHAIRMAN OF THE BOARD, PRESIDENT  
AND CHIEF EXECUTIVE OFFICER



improvements in our natural gas distribution business, which includes our off-system and capacity release programs, as well as the continuing effort to expand our revenue stream beyond the boundaries of our traditional distribution area. In that regard, Laclede Energy Resources (LER), our non-regulated, gas marketing entity, has grown to the point where we now are reporting its results as a separate business segment. I would point out the new LER logo shown inside this report.

The majority of The Laclede Group's earnings came from Laclede Gas, the largest natural gas distribution utility in Missouri, as temperatures in fiscal 2003, although near normal, were 21% colder than in fiscal 2002. Further, the Laclede Gas off-system sales and capacity release programs had an extraordinarily successful year.

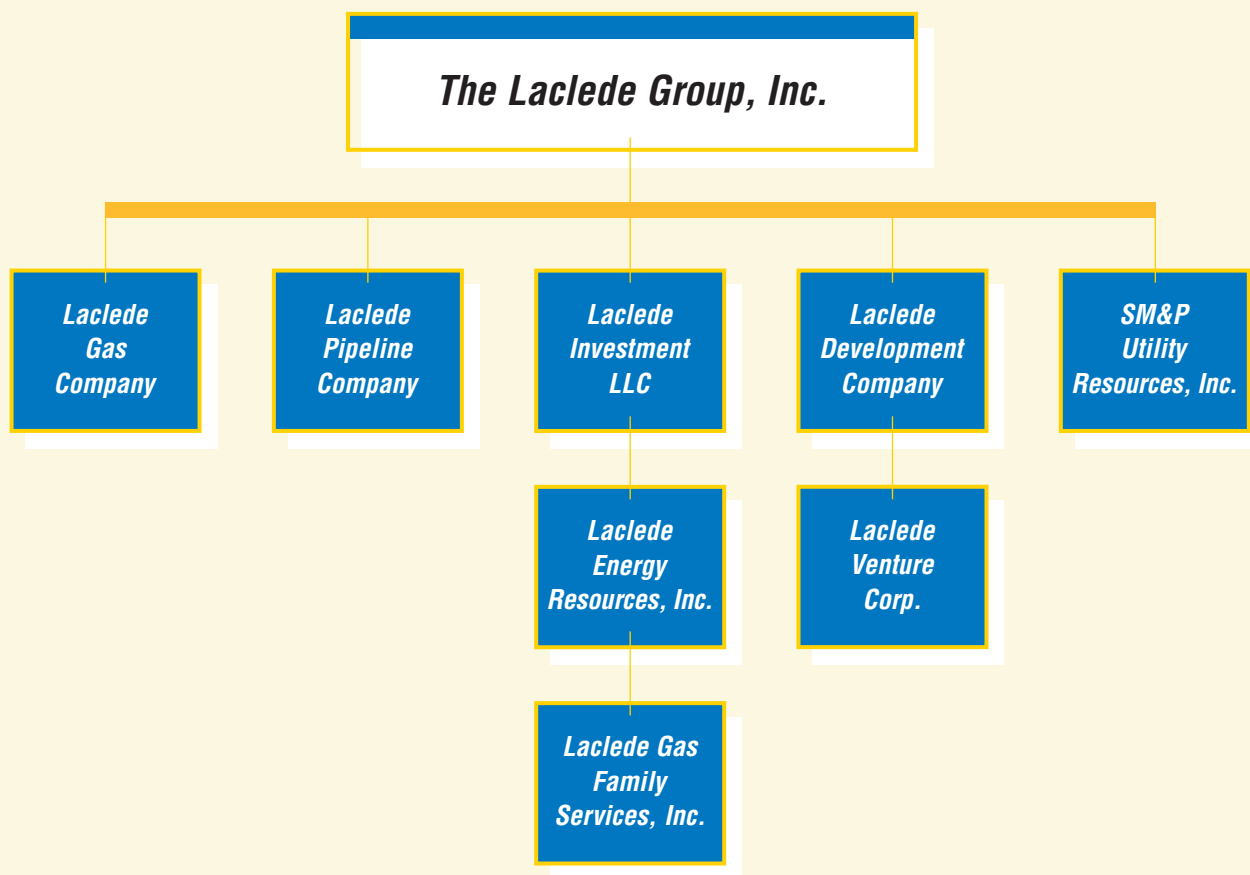
For the first time, Laclede Gas operated under a rate structure specifically designed to minimize the

**“As we defined our strategic direction more than three years ago, it centered on our fundamental strengths—“the basics”—to stabilize and improve our core gas distribution business while adding a growth component compatible with those strengths.”**



## ***Making a Good Company Better***

The Laclede Group, which became operational October 1, 2001, provides our enterprise with a more flexible platform on which to operate and grow our lines of business. As a holding company, it is the parent organization of our regulated core utility component—Laclede Gas Company—and of a non-regulated component we are developing to achieve sustainable growth in a measured and manageable manner. Our largest non-regulated activities are encompassed in two wholly owned subsidiaries, Laclede Energy Resources, a gas marketing and management service, and SM&P Utility Resources, one of the nation's major underground facilities locating and marking service businesses.



## > ***To Our Shareholders and Employees*** *(continued)*

impact of weather volatility on its revenue flow during the heating season. Implemented as part of the November 2002 general rate case, this innovative rate design remains crucial to lessening the impact of weather on Laclede Gas customers during colder than normal winters while stabilizing the utility's core earnings flow for the future. While these benefits were minimized in fiscal 2003 as a result of experiencing a near-normal winter, this rate design will better ensure the ability of Laclede Gas to recover the cost of the long-term investments in its distribution infrastructure necessary to provide customers with safe, reliable natural gas service.

We expanded our efforts to moderate the impact of higher natural gas prices on our utility customers in what has become an increasingly complex supply market, while remaining consistent with our mission to provide safe, reliable natural gas service. Our risk management program utilizes a variety of financial instruments as a "hedge" against price volatility in the unregulated wholesale gas market. These financial instruments provide price protection for approximately 70% of our normal annual natural gas purchases.

Results were mixed in our two primary non-regulated business segments. First, Laclede Energy

Resources, our non-regulated gas marketing entity, showed good growth and improved results this year. However, results from our non-regulated services segment, provided through SM&P Utility Resources, one of the nation's major underground facilities locating and marking service businesses, were down significantly due to a reduction in business from two major customers who, in an effort to address work force management issues, took a majority of their facility locating and marking needs in-house. In response, we aggressively managed this setback and emerged with an improved plan for renewed growth. The necessary adjustments in the required levels of personnel, facilities and equipment were made, and SM&P began measured expansion into new markets, regaining business, adding new customers and services, and better positioning itself for long-term growth.

We continue to challenge our employees to improve individual and corporate performance. With an ongoing emphasis on our business planning process, we provide greater empowerment and accountability at all levels of management. It is through this effort that we are able to tap the expertise of our managers and implement

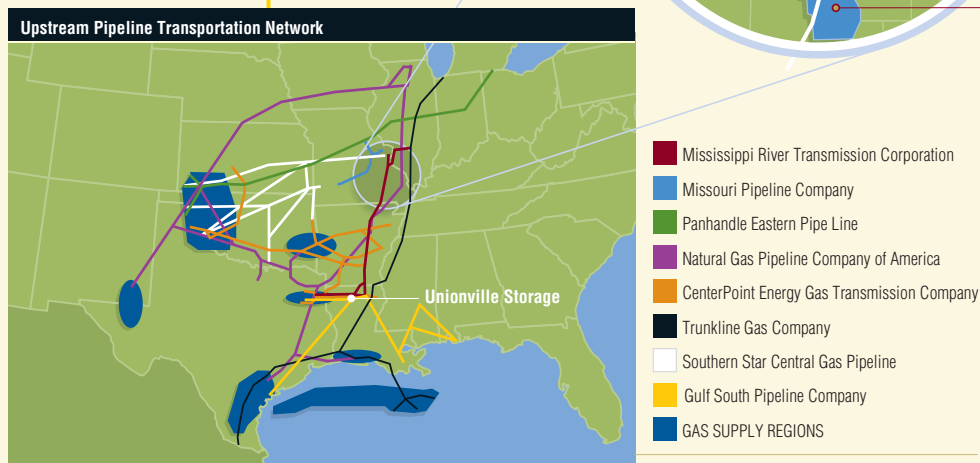
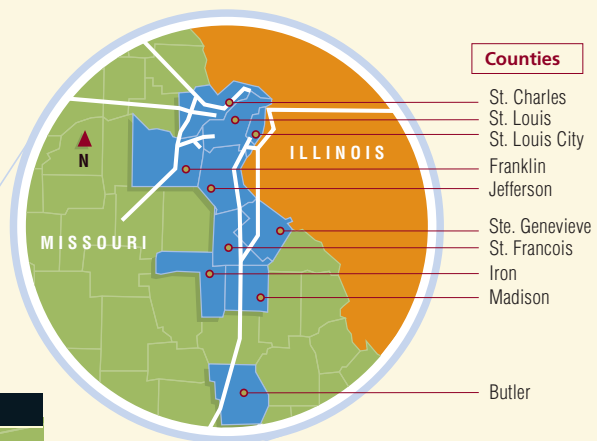
**"We expanded our efforts to moderate the impact of higher natural gas prices on our utility customers in what has become an increasingly complex supply market, while remaining consistent with our mission to provide safe, reliable natural gas service."**



## *Providing Safe, Reliable Natural Gas Energy*

Laclede Gas Company is the largest natural gas distribution utility in Missouri, serving more than 630,000 residential, commercial and industrial customers in St. Louis and surrounding counties of eastern Missouri. Formed in 1857, Laclede Gas has provided the energy to light city streets, cook our customers' meals, heat their homes and water, and even fuel some of the cars and buses in which they now ride. As an adjunct to our distribution service, we also operate underground natural gas storage fields to supplement our pipeline supplies.

### *> Service Area*



## > ***To Our Shareholders and Employees*** *(continued)*

changes for better customer service and improved financial results.

We also assumed a more active role at the state and local levels in developing a more effective environment in which we, as a business and as a utility, will be operating. Laclede Gas is a charter member in the Missouri Energy Development Association (MEDA), a group that seeks to educate policy-makers on measures that will better enable investor-owned utilities to provide the critical infrastructure and services necessary for Missouri businesses to continue operating and for their customers to continue receiving the level of service they deserve. MEDA was instrumental in promoting legislation, which was enacted into law this past year, designed to allow gas utilities, such as Laclede Gas, to adjust rates due to safety-related and public improvement projects on a more timely basis. Previously, Missouri's gas utilities did not have the ability to recover these mandated costs until a rate case was filed and put into effect.

We continue to take very seriously the need to earn the trust you have placed in us to manage your Company. Corporate governance is a critical component of that trust, and inside this Annual Report, we have detailed our policies in that regard.

Further, we continue to address the requirements of the Sarbanes-Oxley Act of 2002. Section 404 of the Act requires that, beginning next year, reports filed with the Securities and Exchange Commission include an assessment of the adequacy of the internal controls over our financial reporting. Compliance with the rules requires management to formally document and test internal controls, assess their effectiveness, and provide our documentation and findings to the external auditors for independent testing and attestation as to the adequacy of those controls.

We have chosen to use this effort as an opportunity to review our existing controls and procedures and to make improvements to move toward becoming the best we can be. To that end, with the assistance of an experienced outside consultant, we have formed a team to guide our implementation of Section 404 requirements, completed the necessary training of employees who are responsible for internal controls that relate to financial processes, and are implementing a system for monitoring and compliance.

Last year, we reported on our proposal to address the needs of our low-income customers who often are burdened by large past-due balances. Our "Catch-

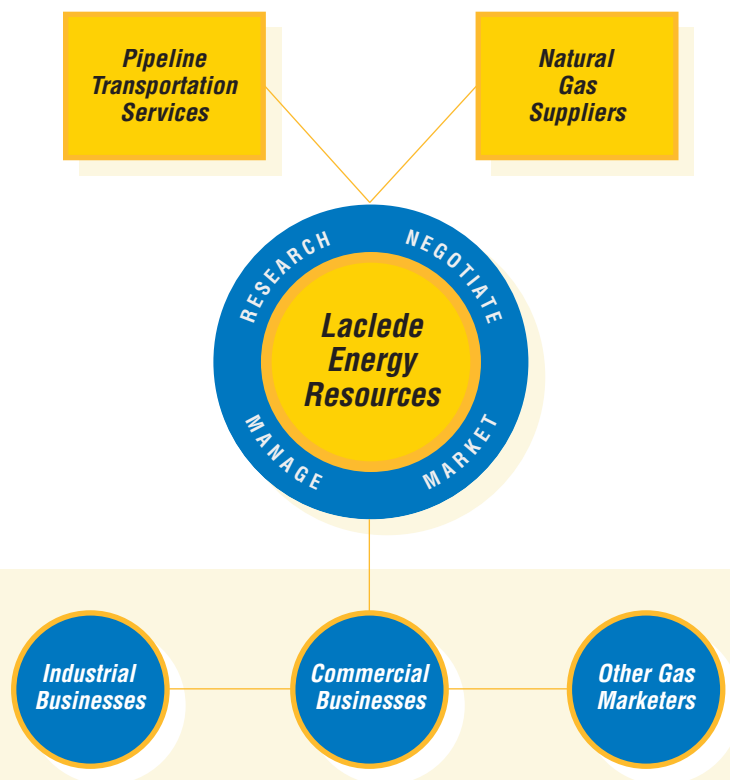
**"We continue to take very seriously the need to earn the trust you have placed in us to manage your Company. Corporate governance is a critical component of that trust."**





## ***Buying Gas For Non-Utility Customers***

Laclede Energy Resources, a wholly owned subsidiary of The Laclede Group, provides both on-system transportation customers and customers outside of Laclede's traditional service area with another choice of unregulated natural gas suppliers. We continue efforts to grow Laclede Energy Resources' sales to industrial and commercial businesses, natural gas utilities and other wholesale customers. Laclede Energy Resources offers its customers a variety of flexible pricing alternatives. It also provides various energy management services.



## > ***To Our Shareholders and Employees*** *(continued)*

Up/Keep-Up” Program addressed the issue in a unique and, in our opinion, effective manner. However, the Missouri Public Service Commission, by a 3 to 2 vote, rejected our proposal, even after we had made significant modifications to the program. We still hope that a creative solution to this issue, built upon the fundamental principles of “Catch-Up/Keep-Up,” can be found as we continue to work with regulators on issues that impact our customers.

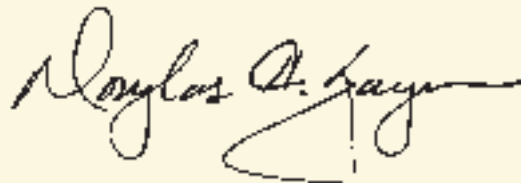
I am pleased to report that investor confidence in our performance has been reflected in our stock price, which has strengthened over the year. Moreover, we paid cash dividends during 2003 for the 58th consecutive year. With the federal government’s elimination of a majority of the double taxation on dividends and our consistent dividend payout, we believe shareholder value has been enhanced.

I would be remiss if I did not recognize the many significant contributions to our Company and our community made by Mr. John Moten, Jr., who retired April 1, 2003, from the position of Senior Vice President–Operations and Marketing of Laclede Gas after more than 40 years of service. His broad knowledge and experience served us well in representing

Laclede on multiple corporate, operational and community-related issues before state and federal authorities. I will miss John Moten’s wisdom and counsel, as will many of our middle managers whom John mentored.

On a final note, Mr. Paul B. Hunker, Jr. retired December 1, 2003. Mr. Hunker, who joined Laclede Gas in 1981, had been Assistant Vice President–Associate General Counsel since January 1997. Paul provided leadership in our claims and safety-related efforts, and his contributions will continue.

On behalf of the Board of Directors,



Douglas H. Yaeger  
Chairman of the Board, President  
and Chief Executive Officer  
December 2003

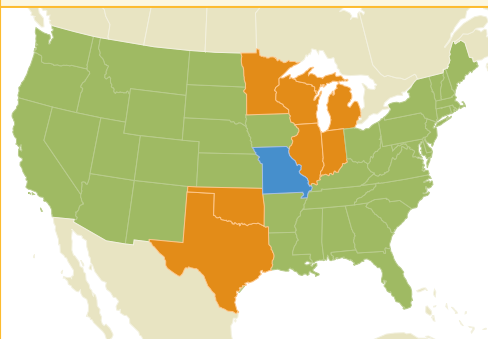
**“With the federal government’s elimination of a majority of the double taxation on dividends and our consistent dividend payout, we believe shareholder value has been enhanced.”**

## Locating and Marking Underground Facilities

SM&P Utility Resources, one of the nation's major underground facilities locating and marking service businesses, became a wholly owned, non-regulated subsidiary of The Laclede Group on January 28, 2002. The revenues that flow from SM&P, which is headquartered in Carmel, Indiana, not only diversify The Laclede Group's revenues, but are counter-seasonal to those of our core natural gas utility. SM&P is the right fit and scope to create a growth component for The Laclede Group, having a complementary geographic footprint and representing an industry with which we are familiar.

### > Underground Facility Locating Codes

<b>RED</b>	ELECTRIC POWER LINES, CABLES, CONDUIT AND LIGHTING CABLES	<b>BLUE</b>	WATER, IRRIGATION OR SLURRY LINES
<b>YELLOW</b>	GAS, OIL, STEAM, PETROLEUM OR GASEOUS MATERIALS	<b>GREEN</b>	STORM DRAIN LINES/SEWER
<b>ORANGE</b>	COMMUNICATIONS, ALARM OR SIGNAL LINES, CABLES OR CONDUIT INCLUDING CABLE TV	<b>PINK</b>	SURVEY MARKINGS
		<b>WHITE</b>	PROPOSED EXCAVATION
		<b>PURPLE</b>	RECLAIMED WATER



SM&P Footprint

## > ***Fiscal 2003 In Review***

### **Financial Results**

Fiscal 2003 earnings were \$1.82 per share; a significant improvement over the \$1.18 per share earned in fiscal 2002.

The majority of The Laclede Group's earnings come from the sale of natural gas by its core regulated subsidiary, Laclede Gas Company, the largest natural gas distribution utility in Missouri. During fiscal 2003, natural gas sales returned to near-normal levels as the heating season was just 1% colder than normal. By contrast, however, fiscal 2003 temperatures were 21% colder than in fiscal 2002 when gas sales declined during the fifth warmest heating season on record.

As part of a rate case settlement, effective November 9, 2002, the utility initiated an innovative weather mitigation rate design that lessens the impact of weather volatility on Laclede Gas customers during cold winters and will help stabilize the utility's revenue flow for the future.

Also contributing to improved utility earnings this fiscal year were the impacts of rate changes offsetting the higher costs of operating and maintaining its distribution system, benefits stemming from the utility's management of its annual gas supply costs, and increased revenues from capacity release and off-system sales.

Laclede Energy Resources, Inc., The Laclede Group's non-utility gas marketing subsidiary, also produced improved results due to increased sales this year compared with last year.

The Laclede Group's non-regulated services operating segment reported decreased results this year due to two primary factors. First, two large

customers announced plans to take their facilities locating and marking work in-house rather than have it performed by SM&P Utility Resources, our non-utility subsidiary that specializes in such work. SM&P has successfully managed to retain a portion of that work and has made the necessary adjustments in the required levels of personnel, facilities and equipment. Second, SM&P's results were negatively impacted by one-time start-up costs as it continued measured expansion into new markets and adding new customers. We have passed the expansion phase and are now established in these markets.

In fiscal 2003, therms sold and transported to on-system utility customers were 1,034.6 million, an increase of 113.4 million therms from last year. Off-system sales were 91.7 million therms, a decrease of 47.6 million therms from last year. Overall, Laclede Gas delivered 1,126.3 million therms of natural gas in fiscal 2003 compared with 1,060.5 million therms in fiscal 2002.

For a detailed discussion of our financial performance, see Management's Discussion and Analysis and financial statements in the 10-K, which is published in the back of this Annual Report.

### **Dividends**

The Laclede Group and its predecessor, Laclede Gas Company, have paid cash dividends on a continuous basis since 1946.

On November 20, 2003, the Board of Directors of The Laclede Group, Inc. approved a quarterly dividend of \$.33½ per share on common stock payable January 2, 2004, to shareholders of record on



December 11, 2003. This quarterly rate, if continued for a full year, would result in a total annual dividend of \$1.34.

The Laclede Group also provides a dividend reinvestment plan for its common shareholders, many of who have increased their investment in the Company by taking advantage of this opportunity. The inside back cover of this Annual Report provides more information about this plan.

## Corporate Governance

The Laclede Group recognizes that the long-term success of the Group depends upon various factors, including the maintenance of an ethical business environment that focuses not only on adherence to the letter and the spirit of regulatory and legal mandates, but also imposes consistently high standards for the business conduct of the Group and its directors, officers, employees and representatives. That is why The Laclede Group companies have long shared, and conducted their affairs in accordance with, values that are rooted in compliance with applicable law and the highest ethical standards of honesty, integrity, transparency, and fairness.

**Board Independence:** Our Board of Directors is composed of nine directors, seven of whom are independent, as defined by New York Stock Exchange standards, and have no material relationship with The

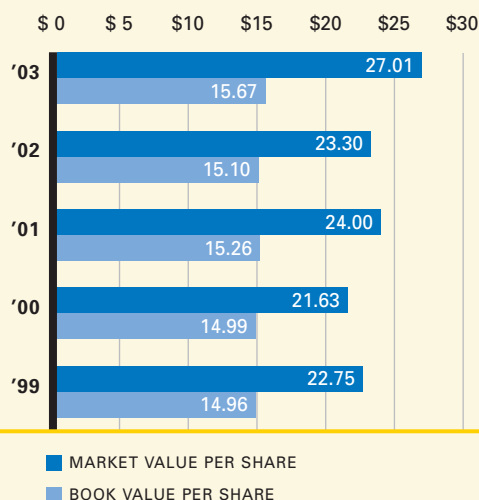
Laclede Group. The Company will continue to have a majority of its Board of Directors remain independent. Our non-employee directors meet quarterly in executive session. These private sessions are presided over by the chair of the Corporate Governance Committee. The Board has adopted corporate governance guidelines, which are posted on our website at [www.thelacledegroupp.com](http://www.thelacledegroupp.com).

**Committee Independence:** The Audit, Compensation and Corporate Governance committees are each comprised solely of independent directors. Each of these committees has a charter that it periodically reviews, as legislative and regulatory developments and business circumstances warrant, to reflect evolving best practices. Further, the Chair of the Board's Audit Committee qualifies as an "audit committee financial expert" under the Securities and Exchange Commission's regulations and as having financial expertise as defined under the New York Stock Exchange requirements. All of the Audit Committee members are "financially literate" as required by the New York Stock Exchange.

**Disclosures:** We have established a Disclosure Committee comprised of executives and senior managers who are actively involved in the disclosure process. The Disclosure Committee meets with the Chief Executive Officer and Chief Financial Officer to review each periodic report, including at fiscal year

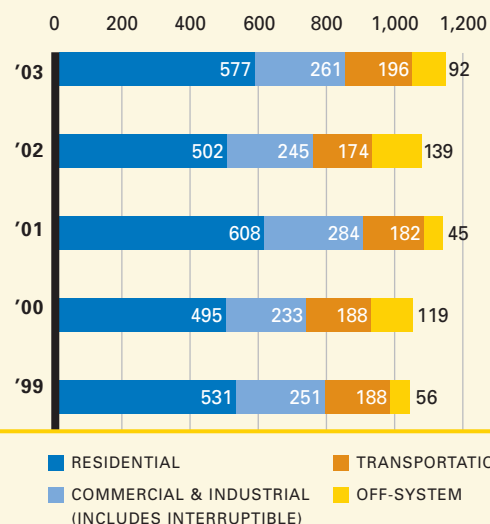
### Market and Book Value Per Share

AT SEPTEMBER 30



### Therms Sold and Transported

IN MILLIONS



## Fiscal 2003 In Review

end, as well as to review and discuss ongoing operations on a monthly basis. The Laclede Group also has a Policy of Financial and Public Reporting that outlines the disclosure and certification process relative to various matters.

**Code of Conduct:** In 1995, we adopted a Code of Business Conduct, which is periodically reviewed and amended as warranted to reflect evolving best practices. The Code applies to all employees and directors. The Audit Committee has formulated, adopted and is putting into place procedures to receive, retain and treat complaints received by the Company regarding accounting, internal controls or audit matters and to allow for the confidential, anonymous submission by our employees of concerns regarding accounting or auditing matters. The Group also has a Financial Code of Ethics specifically applicable to the Chief Executive Officer, Chief Financial Officer, Vice President–Finance, Controller, and principal accounting officer(s) serving in a finance, accounting, treasury or tax role. Both codes are available on our website.

**Conflict of Interest Policy:** In 1976, we adopted a conflict of interest policy that applies to all employees and directors. It, too, is periodically reviewed as legislative and regulatory developments and business circumstances warrant to reflect evolving best

practices. We require annual disclosures regarding any conflicts of interest from all of our directors and key employees.

### Policy Regarding Purchases and Sales of Securities and Prevention of Selective Disclosure:

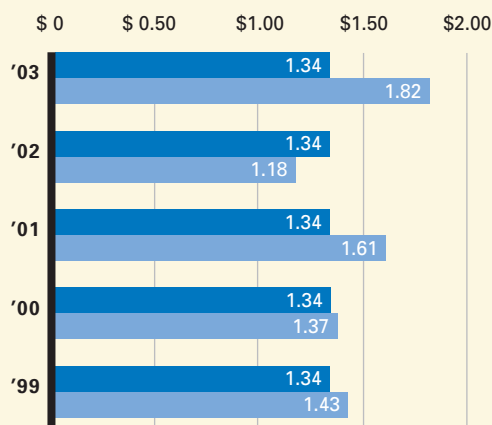
In 1990, we adopted a policy regarding the purchase and sale of securities designed to prevent insider trading. Like the other policies, it is reviewed and updated from time to time as warranted. The policy applies to all employees and directors and, like the conflict of interest policy, requires annual certifications of compliance from all of our directors and key employees.

## Regulatory Matters

On April 3, 2003, the Cole County Circuit Court affirmed the Missouri Public Service Commission's September 2001 ruling to terminate a Gas Supply Incentive Plan that had operated for five years. Although this Incentive Plan had been a mutually beneficial arrangement between Laclede Gas and its customers, we determined not to seek further judicial review.

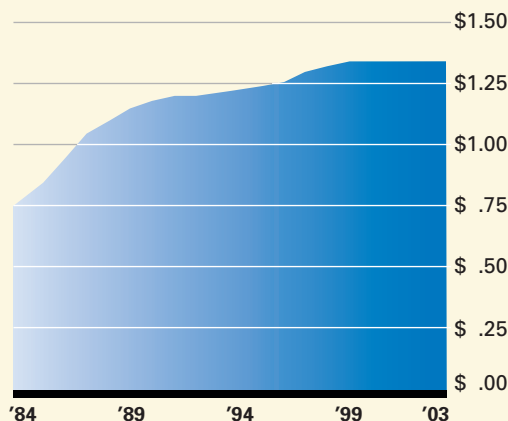
However, in the settlement of the most recent Laclede Gas rate case, which went into effect in November 2002, the Commission approved a different program, one in which Laclede Gas could achieve,

**Dividends and Earnings Per Share**  
BY FISCAL YEAR



■ DIVIDENDS PER SHARE  
■ EARNINGS PER SHARE

**Dividends Per Share**  
BY FISCAL YEAR  
CONTINUOUS SINCE 1946



## > *Cash Dividends since 1946*

### *Fiscal 2003 In Review*

under specific conditions, income related to the management of its gas supply commodity costs. Due largely to our gas supply risk management activities, we realized approximately \$35 million in savings under this program during fiscal 2003, of which approximately \$3.5 million was retained by the Company with the remaining \$31.5 million being used to lower customer bills.

On April 29, 2003, the Commission decided by a 3 to 2 vote to disallow our retention of approximately \$4.9 million in pre-tax gains achieved by Laclede Gas in its incentive-based Price Stabilization Program, and directed us to flow through that amount to customers. On June 19, 2003, Laclede Gas appealed the Commission's decision to the Cole County Circuit Court. On October 10, 2003 the Court granted the Company's request for a stay of the Commission's April 29th order, and on November 5, 2003, the Court vacated the Commission's order on the grounds that its decision was unlawful and not supported by competent and substantial evidence on the record.

In July 2002, Laclede Gas filed a proposed "Catch-Up/Keep-Up" Program with the Commission that would have permitted the Company to use a portion of the savings from its negotiated pipeline discounts to provide a significant level of funding to assist qualified customers who have fallen behind in their payments to manage their energy bills in a manner that, over time, would eliminate past-due balances. On January 16, 2003, the Commission, by a 3 to 2 vote, issued an order rejecting the proposed plan.

On July 10, 2003, the governor signed a bill into Missouri law that, among other things, allows natural

gas utilities to adjust their rates up to twice a year to recover the depreciation, property taxes, and rate of return on facility-related expenditures that are made to comply with state and federal safety requirements or to relocate facilities in connection with public improvement projects. Laclede Gas played an active role in the passage of this legislation. The Commission rules to implement such legislation are not yet in place, but this legislation is extremely important because, prior to its enactment, Missouri utilities were unable to recover such costs until a subsequent rate case. Now, the timing of the recovery of these costs will be more closely linked with their expenditure.

### **Utility Gas Supply**

During the past year, our utility's gas supply portfolio has undergone a complete transformation. Few of the large mid-market supply aggregators that had, until recently, played a significant supply role nationally and in the portfolio of Laclede Gas still exist, or they exist in a much smaller role. Laclede Gas replaced them with large equity owners of natural gas and smaller natural gas suppliers that, until recently, had used the large supply aggregators as intermediaries. Although there remain fewer options today, Laclede Gas anticipates that most, if not all, of the supplier relationships newly established or expanded during the previous winter season will continue for years to come. In addition, our firm transportation access to a diverse number of strategic locations will continue to facilitate the process of structuring our gas supply portfolio.

## > *Customer-focused approach*

### ***Fiscal 2003 In Review***

Laclede Gas Company's fundamental gas supply strategy remains unchanged, to meet the two-fold objective of: 1) ensuring that the gas supplies we acquire are dependable and will be delivered when needed and, 2) insofar as is compatible with that dependability, purchasing gas that is economically priced. In structuring our utility's natural gas supply portfolio, we continue to focus on natural gas assets that are strategically positioned to meet the gas company's primary objectives. We utilize both Mid-Continent and Gulf Coast gas sources to provide a level of supply diversity that facilitates the optimization of pricing differentials as well as protecting against the potential of regional supply disruptions.

In fiscal 2003, Laclede Gas purchased natural gas from 18 different suppliers to meet its gas sales and storage injection requirements. Natural gas purchased by Laclede Gas for delivery to our utility service area through the Mississippi River Transmission Corporation (MRT) system totaled 72.2 billion cubic feet (Bcf). Our utility also holds firm transportation on several interstate pipeline systems that access our gas supplies upstream of MRT. An additional 10.4 Bcf of gas was purchased on the Southern Star Central Gas Pipeline system (formerly Williams Gas Pipeline Central) and 8.0 Bcf of gas was purchased on the Panhandle Eastern Pipe Line Company system. Some of our commercial and industrial customers continue to purchase their own gas supplies and, this year, delivered to us approximately 19.6 Bcf for transportation to them through our distribution system.

The fiscal 2003 peak day sendout of natural gas to our utility customers occurred on January 23,

when the average temperature was four degrees Fahrenheit. On that day, our customers consumed 10.3 million therms of natural gas. About three-fourths of this peak day demand was met with natural gas transported to St. Louis through the MRT, Panhandle, and Southern Star transportation systems, and the remaining fourth was met from the utility's on-system storage and peak shaving resources.

### **Utility Marketing**

Our utility marketing efforts are focused on optimizing the utilization of our distribution system and increasing the revenue generated by those facilities. Our success in this regard begins with providing our residential, commercial and industrial customers with vital information on the advantages of natural gas energy. Then, by providing prompt and experienced customer service, we perpetuate our overwhelming share of the markets where natural gas simply makes the most sense. During fiscal 2003, we assisted with 166 commercial and residential new business projects that, upon completion, should utilize more than 7.1 million therms annually.

**The residential market,** at about 590,000 customers, is by far our largest customer group. For existing customers, in addition to providing sales and appliance service, we provide financing of high-efficiency heating and cooling systems through our EnergyWise dealer program. This year we partnered with 143 local HVAC contractors to finance approximately \$1 million in new equipment. Our residential marketing group also is active in the Home Builders Association of Greater St. Louis and participates in



area chambers of commerce and other groups such as Healthy House and the National Home Builders Convention to build relationships and stay close to key decision-makers in this vital market segment.

As a result of our efforts, we continue to see nearly all of the new single-family market within our service area using natural gas heating and water heating. This year, area builders requested approximately 4% more new customer connections than in the previous year.

**In the attached and multifamily markets** we are focusing on innovative approaches using natural gas equipment and materials such as sidewall-vented appliances, non-vented appliances, and CSST (Corrugated Stainless Steel Tubing) to help generate more gas load in multifamily buildings. This year we were successful in increasing new multifamily connections by more than 200 units over last year's levels.

This year, more than half of all new service connections occurred in St. Charles County, the fastest growing county in Missouri. Building lots, however, are becoming less plentiful, pushing the market further west. Additional franchise agreements expanding our distribution system to meet this growth are being sought as they are economically justified.

We also are very pleased to actively participate in the continuing development in the City of St. Louis, the heart of our service territory. Working with private and public development agencies, we are serving projects such as St. Vincent Place, Buder Place, and

numerous loft projects in the trendy Washington Avenue downtown district.

**Our overall commercial and industrial market,** consisting of approximately 40,000 customers, continues to grow. Our focus on and service to the food service industry ensures that we retain this valuable market segment. In addition, we have been successful in pursuing opportunities in new commercial construction. Construction of retail shopping centers remains strong. Developments such as St. Louis Mills mall and Park 370 in north St. Louis County and Gravois Bluffs in southwest St. Louis County continue to spur the retail community. Redevelopment of existing retail establishments using natural gas, such as Cross Keys Mall in Florissant and Gravois Plaza in the City of St. Louis, help to revitalize existing neighborhoods and maintain our presence in this traditional market sector.

**Our large commercial and industrial markets** are increasingly driven by environmental concerns where the clean burning properties of natural gas are a distinct advantage.

At Tyco Healthcare Mallinckrodt's St. Louis Plant, a natural gas-fired thermal oxidizer was installed in order to meet new U.S. EPA-mandated air pollutant emission standards for pharmaceutical manufacturing facilities across the United States. This installation increases annual gas usage by the equivalent of approximately 2,000 homes. At Fred Weber, Inc., a large St. Louis-based construction

*> Safe, reliable utility service*

## > *Measured Growth*

### ***Fiscal 2003 In Review***

services firm, the economics and convenience encouraged the conversion to natural gas of the aggregate dryer at its New Baumgartner Road asphalt production facility. The usage for this plant is estimated at 700,000 therms per year, the equivalent of about 625 homes.

**We continue exploring new technologies** that utilize natural gas in ways other than traditional space and water heating. We have developed expertise in gas cooling, dehumidification and natural gas fueled vehicles. Each of these markets has its own growth potential driven by regulation and economics. Although these markets are a small piece of our business now, their potential makes them worthy of our continued attention.

Laclede Gas has aggressively pursued the gas dehumidification market. In fiscal 2003, several ice rinks were designed using desiccant dehumidification equipment, including a new practice facility for the St. Louis Blues National Hockey League team. A desiccant unit removes water vapor from the ambient air by first trapping moisture in a material that has a water-absorbing characteristic, then using heat from the gas burner to transfer that moisture to the outside. Ice rink owners choose the desiccant units for their superior humidity control, which helps to create ideal ice conditions.

Concern over our country's continued dependence on imported oil as well as the low emissions advantage of natural gas make it an attractive alternative vehicle fuel. A number of local fleets, including that of Laclede Gas, are utilizing natural gas for a portion of their vehicles.

This year, the City of St. Louis Airport Authority opened its new "Super Park" Long-Term Parking Facility. The Grand Opening featured the unveiling of a new state-of-the-art Compressed Natural Gas (CNG) Fueling Station. The new fueling facility serves a shuttle fleet of 29 Ford E-Series natural gas-powered shuttle vans, displacing more than 200,000 gallons of diesel fuel annually. Lambert—St. Louis International Airport has established a successful "clean-air parking shuttle program," promoting improvements in our region's air quality by lowering emissions where it counts most—such as at the congested regions of the airport.

### **Non-Regulated Gas Marketing**

The Laclede Group's non-regulated subsidiary, Laclede Energy Resources, Inc. (LER), is a non-regulated marketer of natural gas. LER manages many of its customers' natural gas needs and markets natural gas to both large retail and wholesale customers in the midwestern United States. The vast majority of LER's retail customers are large commercial and industrial customers located in the St. Louis metropolitan area. In addition, LER serves a number of large retail customers in Iowa, Illinois, Arkansas and Louisiana. LER offers its customers a variety of flexible pricing alternatives. LER generated significantly better results in fiscal 2003 than in fiscal 2002 due largely to a significant increase in sales volumes resulting from a more concerted wholesale marketing effort and increased margins achieved in a favorable market. LER intends to continue to target both large retail and wholesale customers in the midwest-



## ***Strategic Imperatives***

### ***Reduce Regulatory Rate Case Dependence***

Develop regulatory mechanisms that permit appropriate recovery of operating costs and a fair return to shareholders. Control or reduce operating costs through innovation and improved processes. Decrease the need to file for frequent rate increases.

### ***Expand Unregulated Activities***

Pursue higher growth business opportunities in related fields that complement the core utility business.

### ***Institute New Operating Practices to Achieve Productivity Improvements***

Evaluate work requirements and redesign workflow and practices to achieve improved productivity and efficiency.

### ***Enhance Management Accountability, Measures and Rewards Process***

Design performance measurement systems and enhance policies that reinforce department and individual empowerment and accountabilities, align specific performance expectations and allocate appropriate rewards based on achievement.

### ***Achieve Business Enterprise Improvements***

Develop and improve company-wide policies, practices, systems and procedures to be more cost-effective, efficient and competitive. Provide strategic platforms from which employees and departments can better manage and perform their duties and responsibilities.

### ***Achieve Operating Improvements***

Design and implement more tactical initiatives related to specific functions in the areas of process improvement, technological advances, employee development/training and the utilization of comparative operating metrics.



## > ***Solid Balance Sheet***

### ***Fiscal 2003 In Review***

ern United States and identify those products and services that address the needs of its customers, while providing stronger margins for the benefit of The Laclede Group's shareholders.

### **Non-Regulated Services**

The Laclede Group's activities in this non-regulated arena are conducted through the second of our two primary non-regulated subsidiaries, SM&P Utility Resources, Inc. (SM&P), an Indiana-based firm The Group acquired in January 2002, that specializes in providing underground facilities locating and marking services. SM&P was accretive to earnings in fiscal 2002, and its revenues remain attractively counter-seasonal to those of Laclede Gas. However, its fiscal 2003 results were depressed by the need to deal with the previously reported notifications by two large customers that, due to actions these customers had taken to address workforce management issues, they did not intend to continue to outsource certain functions, which included services provided by SM&P. However, SM&P has managed to maintain a portion of that business, while making reductions in the required levels of personnel, facilities and equipment. Additionally, the firm has been very active in its pursuit of new markets and new customers where that growth makes sense as part of SM&P's efforts to stabilize the business in a way that would enable reinvigorated growth. One of the more effective ways it is doing so is by assessing the performance of every employee and using those assessments to build an information database of talented alumni that has become the firm's manpower source in growth

markets, saving millions of dollars in potential training and other costs that normally would be incurred under start-up conditions.

SM&P made a significant investment in technology in fiscal 2002, purchasing new servers and data storage capacity to support development of a new tool that now provides management with better data more quickly so that potential issues may be promptly addressed. In fiscal 2003, in spite of the customer loss, we forged ahead with our development plan that includes better connecting with customers and supplementing our locating and marking business with other products and services, and have made measurable improvements as we lay a foundation for future growth.

The locating and marking industry is highly competitive, but presents The Group with great opportunity. We are convinced that bringing a high-value, highly reliable service to market on time, every time will yield value for all stakeholders—shareholders, employees, communities and customers.

### **Capital Investment and Financing**

Capital expenditures in fiscal 2003 were \$51.1 million, compared with \$53.0 million in fiscal 2002. Laclede Gas Company invested approximately \$36.5 million in the installation of mains and services, and \$13.4 million for meters, trucks, construction equipment, and other general plant and property. SM&P Utility Resources invested approximately \$1.2 million in equipment.

Laclede Gas Company's short-term borrowing requirements typically peak during the colder months,



principally because we must pay for natural gas in advance of receiving payment from our customers for the consumption of that gas. In fiscal 2003, The Laclede Group's consolidated short-term borrowing requirements peaked at \$220.7 million and were met by sales of commercial paper supported by lines of credit with banks.

On December 16, 2002, The Laclede Group issued \$45 million of 7.70% trust preferred securities through a subsidiary trust. The proceeds of this issuance were primarily used to repay a short-term loan that had funded the acquisition of SM&P Utility Resources in January 2002.

On May 1, 2003, one of Laclede Gas Company's first mortgage bond issues, in the amount of \$25 million, matured. On an interim basis, this maturity has been funded through the sale of commercial paper.

## **Management**

At the Annual Meeting of Shareholders on January 30, 2003, Mr. Arnold W. Donald, Mr. C. Ray Holman, and Mr. William E. Nasser were elected to three-year terms on the Board of Directors of The Laclede Group, Inc. Mr. Donald's election filled a vacancy created by the retirement of Mr. Andrew B. Craig III, who retired from the Board on January 30th pursuant to our director retirement policy.

On January 30, 2003, four executives were elected to new officer positions at Laclede Gas Company. Mr. Mark D. Waltermire, 45, was elected Vice President—Operations and Marketing Planning; he previously was Assistant Vice President—Planning. Mr. Steven F. Mathews, 45, was elected Vice President—Gas Supply; he previously was Assistant Vice President—Gas Supply. Mr. Benjamin O. McReynolds, Jr., 48, was elected Assistant Vice President—Marketing and Customer Service; he previously was Director of Customer Service and Community Relations. Mr. Edward Sutton, Jr., 39, was elected Assistant Vice President—Information Systems; he previously was Director of Information Systems.

On April 1, 2003, Mr. John Moten, Jr. retired from the position of Senior Vice President—Operations and Marketing after more than 40 years of service to Laclede Gas Company. Mr. Moten provided significant, valuable contributions to the conduct of the Company's business and will be missed. Mr. Moten's duties were assumed on April 1 by Mr. Waltermire.

On December 1, 2003, Mr. Paul B. Hunker, Jr. retired from the position of Assistant Vice President—Associate General Counsel, after more than 20 years of service to Laclede Gas. Mr. Hunker has unique expertise, and his contributions will continue.

**> *Managing for Results***

## Consolidated Financial Data (Thousands, Except Per Share Amounts)

Fiscal Years Ended September 30

### Summary of Operations

	2003	2002	2001
Operating Revenues:			
Regulated			
Gas distribution	\$ 774,772	\$ 592,097	\$ 923,242
Non-Regulated			
Services	100,168	94,116	—
Gas marketing	163,861	64,798	69,455
Other	11,529	4,228	9,412
Total operating revenues	1,050,330	755,239	1,002,109
Operating Expenses:			
Regulated			
Natural and propane gas	483,742	340,045	640,006
Other operation expenses	118,550	106,027	101,915
Maintenance	18,759	17,813	19,262
Depreciation and amortization	22,229	24,215	26,193
Taxes, other than income taxes	56,102	48,342	65,062
Total regulated operating expenses	699,382	536,442	852,438
Non-Regulated			
Services	101,586	90,771	—
Gas marketing	159,105	64,042	68,338
Other	10,615	4,222	9,008
Total operating expenses	970,688	695,477	929,784
Operating Income	79,642	59,762	72,325
Allowance for Funds Used During Construction	(107)	(149)	749
Other Income and Income Deductions – Net	650	827	668
Income Before Interest and Income Taxes	80,185	60,440	73,742
Interest Charges:			
Interest on long-term debt	20,169	20,820	18,372
Preferred dividends and subsidiary trust distributions	2,743	—	—
Other interest charges	3,974	4,989	10,067
Total interest charges	26,886	25,809	28,439
Income Before Income Taxes	53,299	34,631	45,303
Income Tax Expense	18,652	12,247	14,831
Net Income	34,647	22,384	30,472
Dividends on Redeemable Preferred Stock – Laclede Gas	62	68	87
Net Income Applicable to Common Stock	\$ 34,585	\$ 22,316	\$ 30,385
Basic Earnings Per Share of Common Stock	\$1.82	\$1.18	\$1.61
Diluted Earnings Per Share of Common Stock	\$1.82	\$1.18	\$1.61
Dividends Declared – Common Stock	\$ 25,492	\$ 25,311	\$ 25,296
Dividends Declared Per Share of Common Stock	\$1.34	\$1.34	\$1.34
Utility Plant			
Gross Plant – End of Period	\$ 1,030,665	\$ 988,747	\$ 949,775
Net Plant – End of Period	621,247	594,376	569,640
Construction Expenditures	49,926	48,765	46,952
Property Retirements	8,007	9,769	13,141
Goodwill	28,124	27,455	—
Other Property and Investments	44,598	46,986	32,893
Total Assets	\$ 1,201,398	\$ 1,090,990	\$ 975,910
Capitalization – End of Period			
Common Stock and Paid-In Capital	\$ 87,542	\$ 83,588	\$ 106,590
Retained Earnings	211,610	202,517	205,512
Accumulated Other Comprehensive Income (Loss)	(80)	(339)	—
Treasury Stock	—	—	(24,017)
Common stock equity	299,072	285,766	288,085
Redeemable Preferred Stock – Laclede Gas	1,258	1,266	1,588
Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust	45,000	—	—
Long-Term Debt	259,625	259,545	284,459
Total capitalization	\$ 604,955	\$ 546,577	\$ 574,132
Shares of Common Stock Outstanding – End of Period	19,082	18,921	18,878
Book Value Per Share	\$15.67	\$15.10	\$15.26

2000	1999	1998	1997	1996	1995	1994	1993
\$ 529,250	\$ 473,031	\$ 547,229	\$ 602,832	\$ 556,456	\$ 431,917	\$ 523,866	\$ 503,948
—	—	—	—	—	—	—	—
31,331	14,118	9,899	5,496	30,190	99	102	134
5,547	4,169	4,715	7,402	6,532	3,392	4,309	2,837
566,128	491,318	561,843	615,730	593,178	435,408	528,277	506,919
294,717	246,294	311,759	353,809	316,477	221,423	308,515	291,057
86,970	83,661	86,128	90,713	84,843	80,573	84,907	81,026
18,556	19,517	18,665	18,205	18,127	17,508	18,351	16,693
24,672	21,470	25,304	25,884	25,009	23,676	19,332	18,704
42,788	41,660	43,773	46,534	44,987	40,529	42,626	41,061
467,703	412,602	485,629	535,145	489,443	383,709	473,731	448,541
—	—	—	—	—	—	—	—
30,831	14,033	9,751	5,302	28,612	34	45	65
4,251	3,464	3,143	6,339	5,325	2,205	3,640	2,166
502,785	430,099	498,523	546,786	523,380	385,948	477,416	450,772
63,343	61,219	63,320	68,944	69,798	49,460	50,861	56,147
397	739	609	367	17	247	203	186
338	(942)	674	597	(647)	(150)	185	1,112
64,078	61,016	64,603	69,908	69,168	49,557	51,249	57,445
15,164	13,966	14,797	14,169	13,939	12,544	12,626	14,415
—	—	—	—	—	—	—	—
8,844	6,627	6,473	4,919	4,008	5,983	3,768	1,798
24,008	20,593	21,270	19,088	17,947	18,527	16,394	16,213
40,070	40,423	43,333	50,820	51,221	31,030	34,855	41,232
14,105	14,361	15,441	18,354	18,397	10,129	12,638	16,065
25,965	26,062	27,892	32,466	32,824	20,901	22,217	25,167
93	97	97	97	97	97	97	97
\$ 25,872	\$ 25,965	\$ 27,795	\$ 32,369	\$ 32,727	\$ 20,804	\$ 22,120	\$ 25,070
\$1.37	\$1.43	\$1.58	\$1.84	\$1.87	\$1.27	\$1.42	\$1.61
\$1.37	\$1.43	\$1.58	\$1.84	\$1.87	\$1.27	\$1.42	\$1.61
\$ 25,297	\$ 24,459	\$ 23,229	\$ 22,825	\$ 22,079	\$ 20,538	\$ 19,054	\$ 18,938
\$1.34	\$1.34	\$1.32	\$1.30	\$1.26	\$1.24	\$1.22	\$1.21½
\$ 915,998	\$ 872,527	\$ 833,685	\$ 792,661	\$ 780,001	\$ 745,629	\$ 709,563	\$ 677,613
545,715	517,635	490,585	467,573	452,165	434,336	411,677	390,826
51,635	48,698	47,254	42,842	41,267	45,847	39,193	40,880
6,663	8,190	6,205	6,241	6,506	9,199	6,757	6,135
—	—	—	—	—	—	—	—
29,664	27,866	33,834	29,724	24,265	22,744	22,956	22,668
\$ 931,740	\$ 837,664	\$ 777,291	\$ 726,568	\$ 695,204	\$ 642,534	\$ 613,799	\$ 520,784
\$ 106,579	\$ 106,570	\$ 82,460	\$ 80,628	\$ 80,628	\$ 77,686	\$ 45,638	\$ 43,702
200,423	199,848	198,342	193,776	184,232	173,584	173,318	170,252
—	(77)	—	—	—	—	—	—
(24,017)	(24,017)	(24,017)	(24,017)	(24,017)	(24,017)	(24,017)	(24,017)
282,985	282,324	256,785	250,387	240,843	227,253	194,939	189,937
1,763	1,923	1,960	1,960	1,960	1,960	1,960	1,960
—	—	—	—	—	—	—	—
234,408	204,323	179,238	154,413	179,346	154,279	154,211	165,745
\$ 519,156	\$ 488,570	\$ 437,983	\$ 406,760	\$ 422,149	\$ 383,492	\$ 351,110	\$ 357,642
18,878	18,878	17,628	17,558	17,558	17,420	15,670	15,586
\$14.99	\$14.96	\$14.57	\$14.26	\$13.72	\$13.05	\$12.44	\$12.19

## Utility Statistics

Fiscal Years Ended September 30

### Gas Distribution Operating Revenues (Thousands of Dollars):

	2003	2002	2001	2000
Residential .....	\$ 502,071	\$ 387,594	\$ 619,090	\$ 346,159
Commercial and Industrial .....	188,688	142,259	250,741	123,578
Interruptible .....	2,744	1,769	3,063	1,922
Transportation .....	15,503	12,867	14,350	13,722
Off-System and Other Incentive .....	60,609	43,443	30,218	40,163
Exploration and Development .....	—	—	—	—
Provisions for Refunds and Other .....	5,157	4,165	5,780	3,706
Total utility operating revenues .....	\$ 774,772	\$ 592,097	\$ 923,242	\$ 529,250

### Therms Sold and Transported (Thousands):

Residential .....	577,190	502,160	607,835	495,494
Commercial and Industrial .....	256,525	240,532	280,435	228,311
Interruptible .....	4,987	4,103	3,895	4,428
Transportation .....	195,884	174,354	181,454	187,866
System therms sold and transported .....	1,034,586	921,149	1,073,619	916,099
Off-System .....	91,752	139,305	45,041	119,053
Total therms sold and transported .....	1,126,338	1,060,454	1,118,660	1,035,152

### Customers – End of Period:

Residential .....	590,785	588,630	584,269	586,783
Commercial and Industrial .....	40,166	39,842	39,264	39,419
Interruptible .....	16	14	15	14
Transportation .....	154	152	152	154
Total customers .....	631,121	628,638	623,700	626,370

### Average Use and Revenue (Based on Average Monthly Use):

Use Per Customer – Therms:				
Residential, without heat .....	327	307	348	316
Residential, with heat .....	970	849	1,028	843
Revenue Per Customer:				
Residential, without heat .....	\$ 390.92	\$ 334.56	\$ 455.16	\$ 316.63
Residential, with heat .....	842.72	654.68	1,044.98	587.51

### Gas Statistics (Millions of Therms):

Produced .....	10.3	.1	10.3	.2
Natural Gas Purchased and Received for Transportation .....	1,059.5	949.5	1,116.0	939.1
Withdrawn from Storage .....	234.6	233.0	237.8	231.7
Total system receipts .....	1,304.4	1,182.6	1,364.1	1,171.0
Less:				
Used by Company .....	.9	.6	1.1	.7
Delivered to Storage .....	242.7	238.3	253.6	234.0
Unaccounted For .....	26.2	22.6	35.8	20.2
System therms sold and transported .....	1,034.6	921.1	1,073.6	916.1
Peak Day System Sendout .....	10.3	8.6	9.8	8.4
Mean Temperature (F) on Peak Day .....	4°	18°	8°	21°
Estimated System Sendout on Zero Day .....	10.9	10.8	10.9	11.1
Degree Days .....	4,803	3,959	5,102	3,933



1999	1998	1997	1996	1995	1994	1993
\$ 324,115	\$ 365,768	\$ 395,250	\$ 376,818	\$ 302,770	\$ 363,058	\$ 348,494
112,890	132,504	152,222	145,466	109,270	142,042	136,462
1,808	2,254	2,098	2,035	1,655	1,966	2,455
14,132	12,734	13,042	15,375	13,211	14,898	11,437
16,216	29,852	34,288	11,640	—	—	—
—	—	1,273	856	1,447	1,600	1,488
3,870	4,117	4,659	4,266	3,564	302	3,612
\$ 473,031	\$ 547,229	\$ 602,832	\$ 556,456	\$ 431,917	\$ 523,866	\$ 503,948

530,919	560,732	606,327	642,367	541,781	610,858	619,055
245,138	259,205	296,222	309,477	256,905	289,168	293,211
5,643	5,838	5,718	5,766	5,692	5,760	6,803
188,580	190,811	176,622	186,400	173,735	164,318	161,041
970,280	1,016,586	1,084,889	1,144,010	978,113	1,070,104	1,080,110
55,655	104,763	126,149	33,101	—	—	—
1,025,935	1,121,349	1,211,038	1,177,111	978,113	1,070,104	1,080,110

582,719	577,224	572,794	569,818	566,421	559,225	555,467
39,041	38,519	37,985	37,735	37,409	36,684	36,514
13	15	16	16	16	14	13
155	149	142	130	129	124	115
621,928	615,907	610,937	607,699	603,975	596,047	592,109

329	332	356	372	323	353	354
910	969	1,055	1,124	957	1,090	1,112
\$ 294.35	\$ 313.79	\$ 328.10	\$ 312.04	\$ 271.46	\$ 289.85	\$ 281.67
554.53	630.64	685.82	657.59	533.45	646.37	624.93

2.6	.3	7.5	7.9	.3	3.9	.3
1,003.0	1,048.6	1,098.2	1,184.8	1,012.9	1,295.8	1,105.4
240.1	221.2	272.8	284.5	250.8	59.0	41.3
1,245.7	1,270.1	1,378.5	1,477.2	1,264.0	1,358.7	1,147.0

.9	.9	1.2	1.3	1.0	.9	.9
250.0	234.3	267.6	300.9	258.1	256.9	40.0
24.5	18.3	24.8	31.0	26.8	30.8	26.0
970.3	1,016.6	1,084.9	1,144.0	978.1	1,070.1	1,080.1

10.5	8.8	10.8	11.7	9.4	11.1	9.0
3°	14°	0°	-3°	12°	-1°	11°
11.3	11.4	11.4	11.2	11.2	11.1	11.1
4,140	4,404	4,953	4,880	4,005	4,694	4,838

## Board of Directors

### Arnold W. Donald

Chairman of the Board,  
Merisant Company  
Chicago, IL  
*Manufacturer of tabletop  
sweetener products*

### Dr. Henry Givens, Jr.

President,  
Harris-Stowe State College  
St. Louis  
*Education*

### C. Ray Holman

Retired Chairman of the Board  
and Chief Executive Officer,  
Mallinckrodt Group, Inc.  
St. Louis  
*Health care and specialty  
products and other services*

### Robert C. Jaudes

Retired, Chairman of the Board  
Laclede Gas Company

### W. Stephen Maritz

Chairman of the Board and  
Chief Executive Officer,  
Maritz, Inc.  
St. Louis  
*Performance improvement,  
marketing research and  
travel services*

### William E. Nasser

Retired, Chairman of the Board,  
President and Chief Executive Officer  
Petrolite Corporation  
St. Louis  
*Manufacturer of specialty chemicals,  
primarily for the oil industry*

### Robert P. Stupp

President and  
Chief Executive Officer,  
Stupp Bros., Inc.  
St. Louis  
*Fabricators of iron and steel*

### Mary Ann Van Lokeren

Chairman of the Board and  
Chief Executive Officer,  
Krey Distributing Co.  
St. Louis  
*Wholesaler of beverage products*

### Douglas H. Yaeger

Chairman of the Board, President  
and Chief Executive Officer,  
The Laclede Group, Inc. and  
Laclede Gas Company

## Officers

### THE LACLEDE GROUP

#### Douglas H. Yaeger

Chairman of the Board,  
President and  
Chief Executive Officer

#### Barry C. Cooper

Chief Financial Officer

#### Ronald L. Krutzman

Treasurer and Assistant  
Secretary

#### Mary Caola Kullman

Secretary

### LACLEDE ENERGY RESOURCES

#### Douglas H. Yaeger

President

#### Kenneth J. Neises

Vice President

#### Barry C. Cooper

Vice President

#### Ronald L. Krutzman

Treasurer and Assistant  
Secretary

#### Mary Caola Kullman

Secretary

### LACLEDE GAS COMPANY

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Chairman of the Board,  
President and  
Chief Executive Officer

#### Kenneth J. Neises

Executive Vice President  
Energy and Administrative  
Services

#### Robert E. Shively

Senior Vice President  
Business and Services  
Development

#### Barry C. Cooper

Chief Financial Officer

#### Craig R. Hoeferlin

Vice President  
Operations

#### Steven F. Mathews

Vice President  
Gas Supply

#### Peter J. Palumbo, Jr.

Vice President  
Industrial Relations

#### Michael C. Pendergast

Vice President  
Associate General Counsel

#### Michael R. Spotanski

Vice President  
Finance

#### Mark D. Waltermire

Vice President  
Operations and Marketing

#### James A. Fallert

Controller

#### Ronald L. Krutzman

Treasurer and Assistant  
Secretary

#### Mary Caola Kullman

Secretary and Associate  
General Counsel

#### Benjamin O. McReynolds, Jr.

Assistant Vice President  
Marketing and Customer  
Service

#### R. Lawrence Sherwin

Assistant Vice President  
Regulatory Administration

#### Richard A. Skau

Assistant Vice President  
Human Resources

#### Edward Sutton, Jr.

Assistant Vice President  
Information Systems

#### Lynn D. Rawlings

Assistant Treasurer

### SM&P UTILITY RESOURCES

#### Douglas H. Yaeger

Chief Executive Officer

#### Robert E. Shively

President

#### Tim C. Glasson

Senior Vice President  
Operations

#### Gwen Kibbe

Vice President  
Quality Management and  
Operations Compliance

#### Timothy M. Seelig

Vice President  
Sales and Marketing

#### Anthony Sincere

Vice President  
Business Development

#### Mary Caola Kullman

Secretary

#### James A. Muhl

Treasurer and Assistant  
Secretary

#### Ronald L. Krutzman

Assistant Treasurer

## Shareholder Information

### Annual Meeting

The annual meeting of shareholders of The Laclede Group will be held at Marriott's Pavilion Hotel, One Broadway, St. Louis, Missouri, 10 a.m. Thursday, January 29, 2004. In connection with this meeting, proxies will be solicited by the management of the Company. A notice of the meeting, together with a proxy statement and a form of proxy, will be mailed on or about December 22, 2003 to shareholders of record December 1, 2003.

### Transfer Agent and Registrar

The transfer agent and registrar for The Laclede Group's common stock and Laclede Gas Company's preferred stock, series B and C, is:

UMB Bank National Association  
Securities Transfer Division  
P.O. Box 410064  
Kansas City, Missouri 64141-0064  
1-800-884-4225

\$1 Par Common Stock listed  
on New York Stock Exchange

### Executive Offices

720 Olive Street  
St. Louis, Missouri 63101  
Telephone: (314) 342-0500

### Dividend Reinvestment and Stock Purchase Plan

The Company's Dividend Reinvestment and Stock Purchase Plan provides common shareholders the opportunity to purchase additional common stock by automatically reinvesting dividends and by making additional cash payments. Shareholders who are interested in obtaining more information, including an enrollment card, may write or call:

UMB Bank National Association  
Securities Transfer Division  
P.O. Box 410064  
Kansas City, Missouri 64141-0064  
1-800-884-4225

### Public Information and SEC Filings

Please visit us at our website, [www.thelacledegroup.com](http://www.thelacledegroup.com), for our latest news and earnings.

We make available all of our filings that are made electronically with the SEC, including Forms 10-K, 10-Q and 8-K. Also available as exhibit 99.1 to our 10-Ks and 10-Qs are Laclede Gas Company's separate financial statements. To access these filings, go the company's website and click on "Investor Services," then click on "SEC Filings."

Otherwise, you can obtain public information, including SEC filings and annual reports, by writing:

The Laclede Group, Inc.  
Corporate Secretary's Office  
720 Olive Street  
St. Louis, MO 63101

## Common Stock Market and Dividend Information

NYSE: LG

FISCAL 2003	PRICE RANGE		DIVIDENDS DECLARED
	(high)	(low)	
1st Quarter	24.84	21.79	\$.33 <sup>1</sup> / <sub>2</sub>
2nd Quarter	24.90	21.85	\$.33 <sup>1</sup> / <sub>2</sub>
3rd Quarter	27.75	23.10	\$.33 <sup>1</sup> / <sub>2</sub>
4th Quarter	28.70	24.85	\$.33 <sup>1</sup> / <sub>2</sub>

FISCAL 2002	PRICE RANGE		DIVIDENDS DECLARED
	(high)	(low)	
1st Quarter	25.30	22.60	\$.33 <sup>1</sup> / <sub>2</sub>
2nd Quarter	24.90	22.00	\$.33 <sup>1</sup> / <sub>2</sub>
3rd Quarter	24.88	22.00	\$.33 <sup>1</sup> / <sub>2</sub>
4th Quarter	25.00	19.00	\$.33 <sup>1</sup> / <sub>2</sub>





720 Olive Street St. Louis Missouri 63101

[www.thelacledgroup.com](http://www.thelacledgroup.com)