# Laclede Energy Resources Provides Earnings Growth in 2006 for The Laclede Group

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ST. LOUIS, Oct. 27 /PRNewswire-FirstCall/ -- The Laclede Group, Inc., (NYSE: LG) today released earnings results for its fiscal year ended September 30, 2006.

Reported results for 2006 represent the fourth consecutive fiscal year of earnings growth for The Laclede Group, which was formed in October 2001. Consolidated earnings were $49.0 million, an increase of $8.9 million, or approximately 22% over earnings reported for fiscal 2005. Earnings per share were $2.31 for fiscal 2006 as compared to $1.90 last year.

Laclede Group's higher earnings as compared with last year are primarily attributable to significantly better results at Laclede Energy Resources, Inc. (LER), a wholly-owned subsidiary that offers non-regulated natural gas commodity services to customers within and outside of the St. Louis area. LER posted a $12.7 million earnings increase over last year as a result of higher margins attributable to increased price volatility and hurricane-related regional supply/demand imbalances, as well as higher wholesale sales volumes.

Earnings reported by Laclede Group's core subsidiary, Laclede Gas Company, Missouri's largest natural gas distribution utility, were $28.8 million, down $1.7 million compared to last year. The gas company's results declined primarily due to higher operating and depreciation expenses and lower system sales volumes. These factors were partially offset by the net benefit of rate changes implemented at the utility October 1, 2005.

Earnings from SM&P Utility Resources, Inc., Laclede Group's non-regulated underground facility locating and marking business, declined $2.6 million compared to last year. The reduction in earnings resulted primarily from higher than anticipated growth related expenses, including those associated with the startup of new business in existing markets, and the net effect of resolution of the previously reported collective action lawsuit and related matters.

For further details concerning The Laclede Group's fiscal 2006 results, see the accompanying unaudited Statements of Consolidated Income.

Note: This news release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended.

The Company's future operating results may be affected by various uncertainties and risk factors, many of which are beyond the Company's control, including weather conditions, governmental and regulatory policy and action, the competitive environment and economic factors. For a more complete description of these uncertainties and risk factors, see the Company's Form 10-Q for the year ended June 30, 2006, filed with the Securities and Exchange Commission.

UNAUDITED
STATEMENTS OF CONSOLIDATED INCOME

THE LACLEDE GROUP, INC.

(Thousands, Except Per Share Amounts)

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| OPERATING REVENUES | | | | |
| Regulated | | | | |
| Gas distribution | $91,637 | $89,575 | $1,141,011 | $978,195 |
| Non-Regulated | | | | |
| Services | 46,089 | 44,568 | 162,523 | 141,478 |
| Gas marketing | 130,135 | 131,765 | 689,572 | 469,559 |
| Other | 1,133 | 757 | 4,445 | 7,800 |
| Total operating revenues | 268,994 | 266,665 | 1,997,551 | 1,597,032 |
| OPERATING EXPENSES | | | | |
| Regulated | | | | |
| Natural and propane gas | 47,989 | 46,284 | 821,721 | 676,931 |
| Other operation expenses | 26,282 | 31,868 | 128,180 | 125,364 |
| Maintenance | 5,463 | 5,172 | 21,198 | 19,226 |
| Depreciation and amortization | 8,368 | 6,117 | 30,904 | 23,036 |
| Taxes, other than income taxes | 8,127 | 7,361 | 71,038 | 62,859 |
| Total regulated operating expenses | 96,229 | 96,802 | 1,073,041 | 907,416 |
| Non-Regulated | | | | |
| Services | 41,070 | 38,266 | 155,133 | 129,636 |
| Gas marketing | 126,446 | 131,403 | 662,391 | 462,348 |
| Other | 603 | 800 | 3,711 | 7,803 |
| Total operating expenses | 264,348 | 267,271 | 1,894,276 | 1,507,203 |
| Operating Income (Loss) | 4,646 | (606) | 103,275 | 89,829 |
| Other Income and (Income Deductions) - Net | 1,659 | (696) | 5,508 | 1,606 |
| Interest Charges: | | | | |
| Interest on long-term debt | 5,626 | 5,642 | 22,329 | 22,835 |
| Interest on long-term debt to unconsolidated affiliate trust | 893 | 893 | 3,573 | 3,573 |
| Other interest charges | 2,524 | 970 | 10,277 | 4,141 |
| Total interest charges | 9,043 | 7,505 | 36,179 | 30,549 |

| | | | | |
|---|---|---|---|---|
| Income (Loss) Before Income Taxes | (2,738) | (8,807) | 72,604 | 60,886 |
| Income Tax Expense (Benefit) | (1,913) | (3,731) | 23,567 | 20,761 |
| Net Income (Loss) | (825) | (5,076) | 49,037 | 40,125 |
| Dividends on Redeemable Preferred Stock - Laclede Gas | 11 | 12 | 48 | 55 |
| Net Income (Loss) Applicable to Common Stock | $(836) | $(5,088) | $48,989 | $40,070 |
| | | | | |
| Average Number of Common Shares Outstanding | 21,298 | 21,139 | 21,247 | 21,080 |
| Basic Earnings (Loss) Per Share of Common Stock | $(0.04) | $(0.24) | $2.31 | $1.90 |
| Diluted Earnings (Loss) Per Share of Common Stock | $(0.04) | $(0.24) | $2.30 | $1.90 |

SOURCE The Laclede Group, Inc.