

Laclede to Acquire Parent Company of Mobile Gas and Willmut Gas

ST. LOUIS, April 26, 2016 /PRNewswire/ -- The Laclede Group, Inc. (NYSE: LG) ("Company" or "Laclede") today announced an agreement with Sempra U.S. Gas & Power, a unit of Sempra Energy (NYSE: SRE), to acquire the parent company of Mobile Gas, serving 85,000 natural gas utility customers in Alabama, and Willmut Gas, with 19,000 customers in Mississippi.

Laclede is acquiring 100 percent of the outstanding equity of EnergySouth, Inc., the parent of Mobile Gas and Willmut Gas, for \$344 million. All non-utility businesses in EnergySouth will be retained by Sempra. After the inclusion of working capital adjustments and the assumption of \$67 million in debt, the transaction is expected to result in total cash proceeds of \$323 million. Closing on the transaction is expected to occur in 2016.

"Welcoming Mobile and Willmut supports our strategy to provide customer benefits and deliver long-term earnings growth and shareholder value," said Suzanne Sitherwood, president and chief executive officer. "These additions allow us to build on our significant presence in Alabama, where we are the largest natural gas distribution company in the state, and expands our geographic reach into Mississippi."

STRATEGIC RATIONALE

- **Aligns with our growth strategy.** This transaction is strategically aligned with our focus on growth through acquiring and organically growing gas utilities to deliver customer benefits and long-term shareholder value. It also builds on our proven process and success in integrating, financing and operating our companies.
- **Expands our southern footprint.** The addition of Mobile Gas builds upon our significant footprint and working relationships in Alabama. Willmut Gas expands our reach into Mississippi and provides further regulatory diversity, adding another state with a highly rated regulatory environment.
- **Adds to our earnings and cash flow.** The transaction is expected to be neutral to net economic earnings per share in 2017 and accretive in 2018, and is expected to support our long-term annual earnings growth target of four percent to six percent. Further, cash flows from Mobile Gas and Willmut Gas will support investment in the business, increased shareholder value and growing dividends.

TRANSACTION DETAILS

The purchase consideration will include assumption of \$67 million of existing debt at the two utilities. We expect the financing to include a balanced mix of common stock and new long-term debt, cash on hand and available credit facilities. This transaction is expected to close in 2016, subject to customary closing conditions and regulatory approvals. Moelis & Company LLC acted as exclusive financial advisor. Morgan Stanley will act as the lead for equity and debt offerings. Akin Gump Strauss Hauer & Feld LLP acted as legal counsel.

CONFERENCE CALL AND WEBCAST

To access our conference call and webcast today, please dial the number below 5-10 minutes prior to the start.

Date and Time:

Today – Tuesday, April 26

9 a.m. CDT (10 a.m. EDT)

Phone Numbers:

U.S./Canada: 1-866-652-5200

The call will also be webcast in a listen-only format for the media and general public. The webcast can be accessed at www.TheLacledeGroup.com under the Investor Relations tab. A replay of the call will be available beginning at 11 a.m. CDT (12 p.m. EDT) today and continuing until May 26, by dialing 1-877-344-7529 (U.S.), 1-855-669-9658 (Canada), or 1-412-317-0088 (International). The Replay Access Code is 10085349. A webcast replay will also be available starting later today and will be accessible on our website.

ABOUT THE COMPANY

The Laclede Group, Inc. (NYSE: LG), will become Spire Inc. on April 28, 2016 subject to shareholder approval. The company, headquartered in St. Louis, Missouri, is a public utility holding company whose primary business is the safe and reliable delivery of natural gas service to more than 1.56 million residential, commercial and industrial customers across Missouri and Alabama. Its Gas Utility segment consists of three natural gas utilities: Laclede Gas Company (serving St. Louis and eastern Missouri), Missouri Gas Energy (serving Kansas City and western Missouri) and Alabama Gas Corporation (serving central and northern Alabama, including Birmingham and Montgomery). Laclede's non-utility businesses include Laclede Energy Resources, Inc., providing non-regulated natural gas services, and Spire which provides compressed natural gas (CNG) fueling solutions for transportation fleets. Laclede is committed to transforming its business and pursuing growth by 1) growing its Gas Utility business through prudent infrastructure upgrade investment and organic growth initiatives; 2) acquiring and integrating gas utilities; 3) modernizing its gas supply assets, and 4) investing in innovation and emerging markets.

For more information about Laclede and its subsidiaries, visit www.TheLacledeGroup.com.

CAUTIONARY STATEMENTS ON FORWARD-LOOKING INFORMATION

This press release may include certain statements concerning expectations for the future, including statements regarding the anticipated benefits and other aspects of the transaction described above, that are forward-looking statements as defined by federal law. Such forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that are difficult to predict and many of which are beyond the control of the management team of Laclede. Among those are the risks that the transaction described above may not be consummated, that the anticipated benefits from the transaction may not be fully realized, and that dividends are at the discretion of the board of directors, are not guaranteed and may be restricted by certain debt covenants. An extensive list of factors that can affect future results are discussed in the reports filed with the Securities and Exchange Commission by Laclede. Laclede does not undertake any obligation to update or revise any forward-looking statement to reflect new information or events.

NON-GAAP MEASURES

Net economic earnings (NEE) and NEE per share are non-GAAP measures used by management when evaluating the Company's performance. NEE excludes from net income the after-tax impacts of fair value accounting and timing adjustments associated with energy-related transactions, as well as the after-tax impacts related to acquisition, divestiture and restructuring activities, including one-time costs related to integration. A full explanation of the adjustments and a reconciliation of net income to net economic earnings are contained in the Company's SEC filings.

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/laclede-to-acquire-parent-company-of-mobile-gas-and-willmut-gas-300257227.html>

SOURCE The Laclede Group, Inc.