

LACLEDE GAS COMPANY
720 OLIVE STREET
ST. LOUIS, MISSOURI 63101

AREA CODE 314
342-0532

MICHAEL C. PENDERGAST
ASSISTANT VICE PRESIDENT
ASSOCIATE GENERAL COUNSEL

November 30, 2000

VIA FEDERAL EXPRESS

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, MO 65102-0360

FILED²
DEC 1 2000
Missouri Public
Service Commission

Re: Case No. GM-²⁰⁰¹~~2000~~-342
Corporate Restructuring

Dear Mr. Roberts:

On behalf of Laclede Gas Company, I have enclosed for filing the original and eight copies of a Verified Application in the above case. Please see that this filing is brought to the attention of the appropriate Commission personnel.

Please file-stamp the additional copy of this Application and return the same in the pre-addressed stamped envelope provided.

Thank you for your consideration in this matter.

Sincerely,



Michael C. Pendergast

MCP:kz
Enclosure

cc: Office of the Public Counsel

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI**

In the Matter of the Application of Laclede)
Gas Company for an Order Authorizing)
Its Plan to Restructure Itself Into a Holding)
Company, Regulated Utility Company, and)
Unregulated Subsidiaries.)

2001-
GM-2001-342

FILED
DEC 1 2000
Missouri Public
Service Commission

VERIFIED APPLICATION

COMES NOW Laclede Gas Company ("Laclede" or "Company"), pursuant to Sections 393.190, 393.200, 393.210 and 393.250 RSMo,¹ and 4 CSR 240-2.060(1), (8), (11) and (12), and respectfully requests, on behalf of itself and its subsidiaries, an order from the Missouri Public Service Commission ("Commission") granting Laclede authorization, to the extent necessary, to restructure itself, merge, and form subsidiary companies (the "Proposed Restructuring"), as more fully described herein.

INTRODUCTION

1. Laclede is a public utility incorporated under the laws of the State of Missouri, with its principal office located at 720 Olive Street, St. Louis, Missouri 63101. A Certificate of Good Standing evidencing Laclede's corporate status in Missouri is attached hereto, and made a part hereof, as Exhibit 1. Laclede is engaged in the business of distributing and transporting natural gas (and to a limited extent distributing liquefied petroleum gas) to customers in the City of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, Ste. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri, as a gas corporation subject to the jurisdiction of the Commission.

¹ All statutory references are to Revised Statutes of Missouri 1994, unless otherwise noted.

2. All communications, correspondence and pleadings in regard to this Application should be addressed to:

Douglas H. Yaeger
Chairman, President & Chief Executive Officer
Laclede Gas Company
720 Olive Street, Room 1507
St. Louis, MO 63101
Telephone (314) 342-0510
Facsimile (314) 421-1979
E-Mail dyaeger@lacledegas.com

Michael C. Pendergast, #31763
Assistant Vice President & Associate General Counsel
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
Telephone (314) 342-0532
Facsimile (314) 421-1979
E-mail mpendergast@lacledegas.com

William J. Niehoff, #36448
Mathis, Marifian, Richter and Grandy
720 West Main Street, Suite 100
Belleville, IL 62220
Telephone (618) 234-9800
Facsimile (618) 234-9786
E-mail wniehoff@mrmrg.com

3. Laclede has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court that involve customer service or rates.

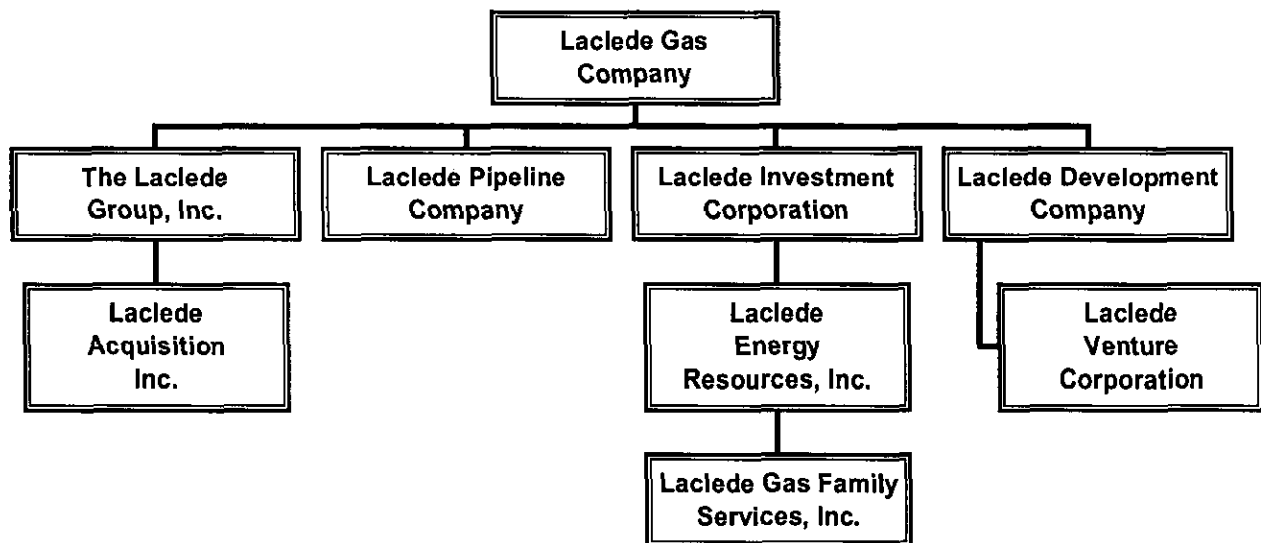
4. Laclede is current on its annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

5. Because there will be no transfers of Company-owned utility assets in connection with the Proposed Restructuring, there will not be any impact on the tax revenues of any political subdivision where utility structures, facilities or equipment is located.

SUMMARY OF RESTRUCTURING PLAN

6. Under its present corporate structure, Laclede Gas Company is the parent corporation of a number of unregulated subsidiaries, including Laclede Development Company, which has its own subsidiary Laclede Venture Corp.; Laclede Investment Corporation, which has two subsidiaries, Laclede Energy Resources, Inc. and Laclede Gas Family Services, Inc.; and Laclede Pipeline Company. Laclede has also created two other subsidiaries, The Laclede Group, Inc., and its subsidiary, Laclede Acquisition Inc., to facilitate the Proposed Restructuring. Thus, Laclede's present corporate structure is as follows:

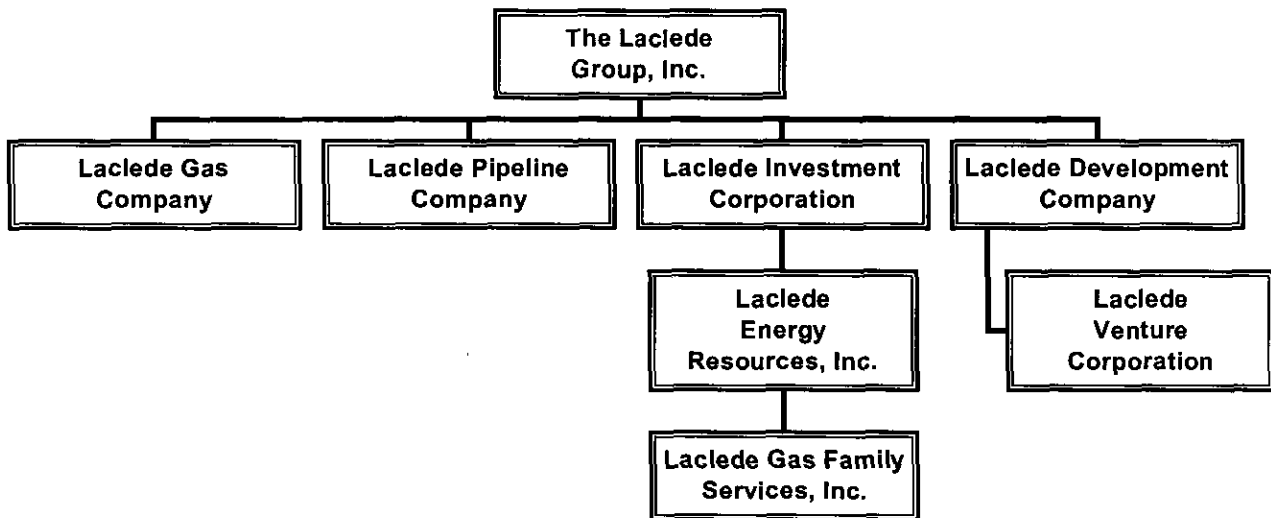
Present Corporate Structure



7. Following the Proposed Restructuring, The Laclede Group, Inc. would become the parent holding company. Laclede Gas Company and the remaining unregulated subsidiaries would, in turn, become separate and independent subsidiaries of The Laclede Group, Inc. This Proposed Restructuring would be accomplished pursuant to a procedure commonly known as a "Reverse Triangular Merger." Under that procedure, Laclede Acquisition Inc. would be merged

into Laclede Gas Company. Upon completion of the merger, Laclede Acquisition Inc. would no longer exist. The Laclede Group, Inc. would then hold all of the common stock of Laclede Gas Company as well as the other subsidiaries. Upon completion of the Proposed Restructuring, the Company would be structured as follows:

Proposed Corporate Structure



8. Even after forming a holding company, the profile of Laclede Gas Company's regulated distribution business will remain essentially the same. It will continue to construct, operate and maintain its natural gas distribution system, enhance the efficiency of its operations, and compete against alternative forms of energy and providers.

9. The Laclede Group, Inc.'s unregulated subsidiaries will continue to engage in unregulated business segments and, like other unregulated firms, will obtain debt and equity financing outside of the normal regulatory process. Following the Proposed Restructuring, the unregulated subsidiaries will engage only in businesses that are not regulated by the Commission.

10. A copy of the agreement and plan of merger and reorganization, as required by Commission Rule 4 CSR 240-2.060(8)(1)(A), is attached hereto, and made a part hereof, as Exhibit 2.

11. A certified copy of the resolutions by Laclede's Board of Directors authorizing the proposed restructuring and the transactions necessary to effectuate it, as required by Commission Rule 4 CSR 240-2.060(8)(1)(B), is attached hereto, and made a part hereof, as Exhibit 3.

12. The proforma balance sheets and income statements of Laclede Gas Company Consolidated before the Proposed Restructuring and Laclede Gas Company after the Proposed Restructuring, as required by Commission Rule 4 CSR 240-2.060(8)(1)(C), is attached hereto, and made a part hereof, as Exhibit 4.

REASONS FOR PROPOSED RESTRUCTURING

13. The primary purpose of the Proposed Restructuring is to establish an optimal corporate structure that will permit Laclede to more effectively pursue both its regulated utility obligations as well as the unregulated business opportunities afforded by increased competition in the energy industry and other developments.

14. By creating a corporate structure that more clearly provides for separation of traditional utility functions from unregulated business activities going forward, the Proposed Restructuring will reinforce the financial strength of the regulated utility by ensuring that the business risk of the unregulated operations of The Laclede Group, Inc. and its subsidiaries will not be transferred to Laclede Gas Company's utility operations. Indeed, as part of the Proposed Restructuring, Laclede Gas Company will obtain additional legal protection from the liabilities of the unregulated subsidiaries of The Laclede Group, Inc. and, similarly, each of The Laclede

Group, Inc.'s unregulated subsidiaries will obtain additional legal protection from the liabilities of each other unregulated subsidiary and from the liabilities of Laclede Gas Company. A structure which provides future separation between regulated and unregulated activities will also serve to allay further any concern by the Commission that the assets and operations of the regulated distribution company not be used to subsidize the operations of any unregulated businesses. At the same time, customers of the regulated utility will continue to receive the same reliable, high quality service that they have enjoyed in the past.

15. Such separation will also benefit The Laclede Group, Inc.'s unregulated subsidiaries by providing them with additional financial and operational flexibility to pursue unregulated business opportunities, to develop new products and services and to meet new competitors in the energy related fields on equal regulatory terms. The new structure will allow the use of financing techniques that are more suited to the particular requirements, characteristics and risks of The Laclede Group, Inc.'s unregulated businesses, separate from the creditworthiness of Laclede Gas Company.

STANDARD OF REVIEW

16. The Commission should enter its Order approving the Proposed Restructuring if it finds that so doing will not be detrimental to the public interest. State ex.rel. City of St. Louis v. Public Service Commission, 73 S.W.2d 393, 400 (Mo. banc 1934); State ex.rel. Martigney Creek Sewer Company, 537 S.W.2d 388, 399 (Mo. banc 1970). This Application and attached Exhibits clearly demonstrate that this standard is satisfied.

THE PROPOSED RESTRUCTURING WILL NOT BE DETRIMENTAL TO THE PUBLIC INTEREST

17. The Proposed Restructuring will not be detrimental to the public interest for the following reasons:

18. First, very little, if any, aspect of the way that customers receive natural gas service from Laclede will change. After the Proposed Restructuring, Laclede Gas Company will remain intact as a regulated public utility subject to oversight by the Commission, just as it is today. Accordingly, the Commission will continue to exercise its broad powers to review and approve charges paid by customers of Laclede.

19. Second, the Proposed Restructuring does not involve any transfer of utility-owned assets or any significant transfer of utility employees to the new holding company or to any subsidiary or affiliate. The fulfillment of the principal reason for the Proposed Restructuring, to provide a structure for separation of non-utility operations from utility operations going forward, will in no way diminish the jurisdiction of the Commission. Current law recognizes that a regulated company is authorized to engage in non-utility operations so long as these are “substantially kept separate” from utility operations. (Section 393.140(12) RSMo. 1994). The Proposed Restructuring will create an additional organizational separation between non-utility and utility operations and thus provide more assurance that the “substantially kept separate” requirements of Section 393.140 continue to be satisfied.

20. Third, ratepayers will be protected from any harm associated with affiliate transactions between Laclede Gas Company and the holding company or other non-utility subsidiaries. Laclede has developed and will continue to use accounting procedures in connection with the Proposed Restructuring that will ensure a proper allocation of costs or pricing of transactions between regulated and unregulated operations, as determined in conformity with all applicable current or future laws or regulations.

21. Fourth, Laclede also commits that, pursuant to applicable current or future laws or regulations, it will provide access to the books and records of its affiliates as necessary to determine whether any charges to, or payments from, Laclede Gas Company are reasonable.

22. Fifth, there will be no dilution of talent or diversion of management attention from the provision of regulated services. As previously noted, Laclede Gas Company will remain by far the largest of the subsidiary companies and will employ or otherwise engage all personnel necessary to safely and effectively provide utility services. Thus, continued high quality and cost effective service to regulated customers will remain the principal business of Laclede Gas Company and its parent company.

REQUEST FOR RELIEF

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission issue its Order granting:

- a) Laclede authorization to complete the Proposed Restructuring and to form a holding company as described herein and in the attached Exhibits;
- b) Laclede authorization to transfer the stock of Laclede Gas Company to The Laclede Group, Inc. and merge these companies as more fully described in this Application and Exhibits;
- c) The Laclede Group, Inc. authorization to hold more than 10% of the common stock of the Laclede Gas Company; all other approvals necessary to implement the Proposed Restructuring described herein; and,

d) such other and further relief as may be deemed necessary and appropriate to accomplish the purposes of this Application and to consummate the Proposed Restructuring as described herein.

Respectfully Submitted,



Michael C. Pendergast, #31963
Assistant Vice President & Associate General
Counsel
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
Telephone: (314) 342-0532
Facsimile: (314) 421-1979
E-mail: mpendergast@lacledegas.com

And


William J. Niehoff, #36448
Mathis, Marifian, Richter and Grandy
720 West Main Street, Suite 100
Belleville, Illinois 62220
Telephone: (618) 234-9800
Facsimile: (618) 234-9786
E-mail: wniehoff@mmrg.com

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

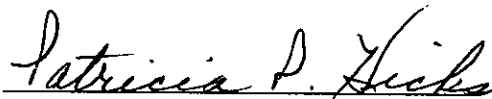
State of Missouri)
) SS.
City of St. Louis)

VERIFICATION

I, Gerald T. McNeive, Jr., Senior Vice President-Finance & General Counsel for Laclede Gas Company, being first duly sworn verify that I am familiar with the foregoing Verified Application filed on behalf of Laclede; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.


Gerald T. McNeive, Jr.

Subscribed and sworn to before me this 30th day of November, 2000.



My Commission expires:

06/27/02

PATRICIA P. HICKS
Notary Public — Notary Seal
STATE OF MISSOURI
City of St. Louis
My Commission Expires: June 27, 2002

CERTIFICATE OF SERVICE

Michael C. Pendergast, Assistant Vice President and Associate General Counsel for Laclede Gas Company, hereby certifies that the foregoing Verified Application has been duly served upon the General Counsel of the Staff of the Public Service Commission, Office of the Public Counsel and all parties of record to this proceeding by placing a copy thereof in the United States mail, postage prepaid, or by hand delivery, on this 30th day of November, 2000.

Michael C. Pendergast

Exhibit No. 1

No. 00042501

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

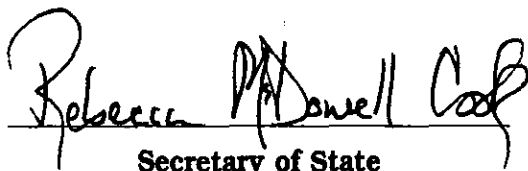
CERTIFICATE OF CORPORATE GOOD STANDING

I, REBECCA McDOWELL COOK, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

LACLEDE GAS COMPANY

was incorporated under the laws of this State on the 9th day of APRIL, 1924, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 27th day of NOVEMBER, 2000.


Secretary of State



No. 00489114

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

CERTIFICATE OF CORPORATE GOOD STANDING

I, REBECCA McDOWELL COOK, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

THE LACLEDE GROUP, INC.

was incorporated under the laws of this State on the 18th day of OCTOBER, 2000, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 27th day of NOVEMBER, 2000.


Secretary of State



No. 00489119

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

CERTIFICATE OF CORPORATE GOOD STANDING

I, REBECCA McDOWELL COOK, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

LACLEDE ACQUISITION INC.

was incorporated under the laws of this State on the 18th day of OCTOBER, 2000, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 27th day of NOVEMBER, 2000.

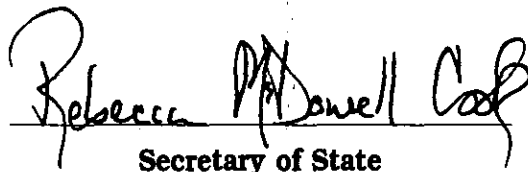

Secretary of State



Exhibit No. 2

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

THIS AGREEMENT AND PLAN OF MERGER AND REORGANIZATION, dated as of October 26, 2000 (the "Agreement"), by and among **LACLEDE GAS COMPANY**, a corporation incorporated under the laws of the State of Missouri ("Laclede"), **THE LACLEDE GROUP, INC.**, a Missouri corporation and a wholly-owned subsidiary of Laclede Gas Company ("Holdings"), and **LACLEDE ACQUISITION INC.**, a Missouri corporation and a wholly-owned subsidiary of Holdings ("Acquisition"),

WITNESSETH

WHEREAS, the Board of Directors of each of Laclede, Holdings and Acquisition deems it advisable to merge Acquisition with and into Laclede in accordance with the laws of the State of Missouri and this Agreement for the purpose of establishing Holdings as the parent corporation of Laclede as a result of which the holders of common stock, \$1.00 par value per share, of Laclede (the "Laclede Common Stock") would hold, in lieu thereof, common stock of Holdings, \$1.00 par value per share (the "Holdings Common Stock"); and

WHEREAS, the Board of Directors of Laclede, Holdings and Acquisition have determined to recommend that their respective shareholders approve this Agreement, the merger of Acquisition with and into Laclede (the "Merger") and the other matters set forth herein;

NOW, THEREFORE, in consideration of the premises and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

ARTICLE 1

THE MERGER

1.1 **MERGER.** Acquisition shall be merged with and into Laclede, with Laclede being the corporation surviving the Merger.

1.2 **ARTICLES OF MERGER.** Subject to and in accordance with the provisions of this Agreement, Articles of Merger of Laclede shall be filed with the Missouri Secretary of State's Office, all as provided by applicable law.

1.3 **EFFECTIVE TIME.** The Merger shall become effective at the time and date of the issuance of a Certificate of Merger by the Missouri Secretary of State's Office unless otherwise specified in the Articles of Merger (the "Effective Time"). At the Effective Time, the separate existence of Acquisition shall cease, and Acquisition shall be merged with and into Laclede, which shall continue its corporate existence as the surviving corporation. Laclede shall succeed, without other transfer, to all of the rights and property of Acquisition and shall be subject to all of the debts and liabilities of Acquisition in the same manner as if Laclede had itself incurred them. All rights of

creditors and all liens upon the property of each of Laclede and Acquisition shall be preserved unimpaired.

ARTICLE 2

TERMS OF CONVERSION AND EXCHANGE OF SHARES

2.1 **LACLEDE COMMON STOCK.** At the Effective Time, all shares of Laclede Common Stock issued and outstanding immediately prior to the Merger shall be automatically changed and converted into shares of Holdings Common Stock, in the ratio of one share of Holdings Common Stock for each share of Laclede Common Stock, and the Holdings Common Stock shall thereupon be issued and outstanding and shall be fully-paid and non-assessable; provided, however, that this conversion shall not affect shares of holders, if any, who perfect their rights as dissenting shareholders under the laws of the State of Missouri with respect to these shares. No fractional shares of Holdings Common Stock shall be issued as part of the conversion described above, but the fractional interests of participants in Laclede Common Stock held by Laclede's Dividend Reinvestment and Stock Purchase Plan, Salary Deferral Savings Plan, Wage Deferral Savings Plan and Missouri Natural Division of Laclede Dual Savings Plan shall represent like fractional interests of such participants in Holdings Common Stock.

2.2 **ACQUISITION COMMON STOCK.** The shares of Acquisition Common Stock issued and outstanding immediately prior to the Merger shall be automatically changed and converted into all of the issued and outstanding shares of Laclede Common Stock, which shall thereupon be issued and fully-paid and non-assessable, with the effect that the number of issued and outstanding shares of Laclede Common Stock shall be the same as the number of issued and outstanding shares of Acquisition Common Stock immediately prior to the Effective Time.

2.3 **HOLDINGS COMMON STOCK.** Immediately prior to the Effective Time, each share of Holdings Common Stock issued and outstanding immediately prior to the Merger shall be canceled.

2.4 **LACLEDE PREFERRED STOCK.** The shares of Laclede preferred stock series B and series C issued and outstanding at the Effective Time of the Merger shall continue to be issued and outstanding shares of Laclede preferred stock series B and series C entitled to the same respective dividend and other relative rights, preferences, limitations and restrictions as are presently provided.

ARTICLE 3

ARTICLES OF INCORPORATION AND BYLAWS

3.1. **LACLEDE ARTICLES AND BYLAWS.** From and after the Effective Time, and until thereafter amended in accordance with applicable law, the Articles of Incorporation and Bylaws of Laclede as in effect immediately prior to the Merger shall be and continue to be the Articles of Incorporation and Bylaws of Laclede.

3.2 HOLDINGS ARTICLES AND BYLAWS. From and after the Effective Time, and until thereafter amended in accordance with applicable law, the Articles of Incorporation and Bylaws of Holdings, as in effect immediately prior to the Merger, shall be and continue unchanged to be the Articles of Incorporation and Bylaws of Holdings.

ARTICLE 4

DIRECTORS AND OFFICERS

4.1 LACLEDE DIRECTORS AND OFFICERS. The persons who are directors and officers of Laclede immediately prior to the Merger shall continue as directors and officers, respectively, of Laclede and shall, until further action of Holdings and/or Laclede, continue to hold office as provided in the Articles of Incorporation and Bylaws of Laclede.

4.2 HOLDINGS DIRECTORS AND OFFICERS. The persons who are directors and officers of Holdings immediately prior to the Merger shall continue as directors and officers, respectively, of Holdings and shall continue to hold office, subject to change pursuant to action taken as provided in the Articles of Incorporation and Bylaws of Holdings.

ARTICLE 5

STOCK CERTIFICATES

5.1 RIGHTS OF HOLDERS OF CERTIFICATES. Following the Effective Time, certificates representing shares of Laclede Common Stock outstanding at the Effective Time (herein sometimes referred to as "Laclede Certificates") shall represent the same number of shares of Holdings Common Stock and shall evidence the right of the registered holder thereof to receive, and may be exchanged for, certificates for the shares of Holdings Common Stock into which shares of Laclede Common Stock were converted in accordance with Section 2.1. At the Effective Time, Holdings shall issue and deliver, or cause to be issued and delivered, to the transfer agent for Holdings (the "Transfer Agent") certificates representing whole shares of Holdings Common Stock into which outstanding shares of Laclede Common Stock have been converted as provided above. As promptly as practicable following the Effective Time, Holdings shall send or cause to be sent to each former shareholder of record of Laclede immediately prior to the Effective Time written instructions and transmittal materials (a "Transmittal Letter") for use in surrendering Laclede Certificates to the Transfer Agent. Upon the proper surrender and delivery to the Transfer Agent (in accordance with Holdings' instructions, and accompanied by a properly completed Transmittal Letter) by a former shareholder of Laclede of the shareholder's Laclede Certificate(s), and in exchange therefor, the Transfer Agent shall, as soon as practicable, issue, register and deliver to the stockholder a certificate evidencing the shares of Holdings Common Stock as contemplated in Section 2.1 above.

5.2 OUTSTANDING CERTIFICATES. Each outstanding certificate that, prior to the Effective Time, represented Laclede Common Stock shall be deemed for all

corporate purposes at and after the Effective Time to represent the same number of shares of Holdings Common Stock and the right to receive certificates therefor.

5.3 STOCK TRANSFER BOOKS. The stock transfer books for Laclede Common Stock shall be deemed to be closed at the Effective Time, and no transfer of shares of Laclede Common Stock outstanding prior to the Effective Time shall thereafter be made on such books. As of the Effective Time, Holdings shall establish a stock register reflecting ownership of Holdings Common Stock by former holders of record of Laclede Common Stock and a stock transfer book to record transfers of Holdings Common Stock.

5.4 POST-MERGER RIGHTS OF HOLDERS. Following the Effective Time, the holders of certificates for Laclede Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to stock of Laclede and their sole rights shall be with respect to the Holdings Common Stock into which their shares of Laclede Common Stock shall have been converted by the Merger, subject to the rights of any dissenting shareholders who perfect dissenters' rights under Section 351.455 of the General and Business Corporation Law of Missouri.

5.5 UNSURRENDERED CERTIFICATES. Subject to Section 5.6 below, no Holdings Common Stock certificate shall be delivered to any former shareholder of Laclede unless and until the shareholder shall have properly surrendered to the Transfer Agent the Laclede Certificate(s) formerly representing his or her shares of Laclede Common Stock, together with a properly completed Transmittal Letter in the form as shall be provided to the shareholder by Holdings for that purpose. However, subject to prior escheatment under applicable law, upon the proper surrender of the Laclede Certificate(s), the Transfer Agent shall issue, register and deliver a certificate evidencing the shares of Holdings Common Stock, as described in Sections 2.1 and 5.1, above.

5.6. LOST, ETC., CERTIFICATES. Any shareholder of Laclede whose certificate for shares of Laclede Common Stock has been lost, destroyed, stolen or otherwise is missing shall be entitled to receive a certificate representing the shares of Holdings Common Stock to which he or she is entitled in accordance with and upon compliance with conditions imposed by the Transfer Agent or Holdings (including, without limitation, a requirement that the shareholder provide a lost instruments indemnity or surety bond in form, in substance and amount satisfactory to the Transfer Agent and Holdings).

ARTICLE 6

LACLEDE STOCK PLANS

Laclede and Holdings shall take all actions required to provide that, from and after the Effective Time, all director, officer, employee, customer, shareholder and other plans of Laclede or its affiliates, to the extent they directly or indirectly utilize Laclede Common Stock, shall utilize Holdings Common Stock instead of Laclede Common Stock.

ARTICLE 7

CONDITIONS OF THE MERGER

Completion of the Merger is subject to the satisfaction of the following conditions:

7.1 **SHAREHOLDER APPROVAL.** The principal terms of this Agreement shall have been approved by the holders of common stock of the parties hereto as is required by the General and Business Corporation Law of Missouri.

7.2 **HOLDINGS COMMON STOCK LISTED.** All conditions for the listing on the New York Stock Exchange as of the Effective Time of the Holdings Common Stock to be issued and to be reserved for issuance pursuant to the Merger shall have been satisfied.

7.3 **REGULATORY APPROVALS.** All necessary orders, consents, authorization, approvals or waivers from the Missouri Public Service Commission, the Missouri Secretary of State and all other regulatory bodies, boards or agencies, or from other third parties, shall have been received, remain in full force and effect, and shall not include, in the sole judgment of the Board of Directors of Laclede, unacceptable conditions.

7.4 **FILINGS.** All documents that are required to be filed pursuant to the General and Business Corporation Law of Missouri shall have been duly executed and filed with the appropriate agency.

7.5 **TAX OPINION.** Laclede shall have received an acceptable opinion of Winthrop, Stimson, Putnam & Roberts confirming the federal income tax status of the Merger and reorganization contemplated by this Agreement.

ARTICLE 8

AMENDMENT AND TERMINATION

8.1 **AMENDMENT.** The parties to this Agreement, by consent of their respective boards of directors, may amend, modify or supplement this Agreement in such manner as they may agree in writing at any time before or after approval of this Agreement by the pre-Merger shareholders of Laclede (as provided in Section 7.1 above); provided, however, that no such amendment, modification or supplement shall, if agreed to after such approval by the pre-Merger shareholders of Laclede, change any of the principal terms of this Agreement in a manner that would, in the sole judgment of the board of directors of Laclede, materially and adversely affect the rights of the shareholders of Laclede.

8.2 **TERMINATION.** This Agreement may be terminated and the transactions provided for by this Agreement may be abandoned at any time, whether before or after approval of this Agreement by the pre-Merger shareholders of Laclede, by

action of the board of directors of Laclede if such board of directors determines, in its sole judgment, for any reason that the completion of the transactions provided for herein would for any reason be inadvisable or not in the best interests of Laclede or its shareholders.

ARTICLE 9

MISCELLANEOUS


9.1 **APPROPRIATE ACTIONS.** Prior to and after the Effective Time, Holdings, Laclede and Acquisition, respectively, shall take all actions as may be necessary or appropriate to effectuate the Merger. In this connection, Holdings shall issue and deliver the shares of Holdings Common Stock into which outstanding shares of Laclede Common Stock will be converted on the basis and to the extent provided in Article 2 of this Agreement, and shall take such other actions as are necessary to fulfill Holdings' obligations hereunder, including, without limitation, those specified in Article 6 of this Agreement. If at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement and to vest Laclede with full title to all properties, assets, privileges, rights, immunities and franchises of either of Laclede and Acquisition, Laclede and its officers and directors and the individuals who were the officers and directors of Acquisition as of the Effective Time shall take all such further action.

9.2 **COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original hereof.

9.3 **MISSOURI LAW.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, Laclede, Holdings and Acquisition have each caused this Agreement to be executed by an authorized officer.

LACLEDE GAS COMPANY

By: 
Chairman of the Board, President and Chief
Executive Officer

THE LACLEDE GROUP, INC.

By: 
Chairman of the Board, President and Chief
Executive Officer

LACLEDE ACQUISITION INC.

By:

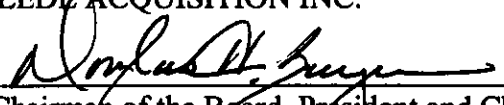
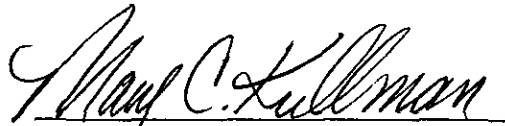

Chairman of the Board, President and Chief
Executive Officer

Exhibit No. 3

I, Mary C. Kullman, Secretary of Laclede Gas Company, a Missouri corporation, do hereby certify that the attached is a true and correct copy of resolutions adopted by the Board of Directors of said Company at the duly called and held regular meeting of said Board on September 28, 2000, and that said resolutions are in full force and effect.

IN WITNESS WHEREOF, I have set my hand and the seal of Laclede Gas Company this 28th day of November, 2000.


Secretary

RESOLUTIONS REGARDING COMPANY STRUCTURE

WHEREAS, this Board believes the holding company structure provides a means for positioning this Corporation to capitalize on emerging business opportunities to the benefit of both customers and shareholders; and

WHEREAS, this Board desires and recommends that this Corporation take such actions as needed to present to this Corporation's shareholders for their approval at the next annual shareholders' meeting the proposal to adopt a holding company structure.

NOW, THEREFORE, BE IT RESOLVED THAT this Corporation is authorized to do all acts and things and to take any and all actions as the officers of this Corporation deem necessary or appropriate to form a holding company for this Corporation, including, but not limited to, the incorporation of additional subsidiary corporations to be used in such process, the preparation and execution of a merger agreement and/or plan of reorganization, the drafting of a registration and proxy statement on Form S-4 and the preparation and filing of any necessary or appropriate documents with the Missouri Public Service Commission and any other government agency; provided, however, that the registration and proxy statement on Form S-4 shall be presented to this Board for its approval prior to filing.

BE IT FURTHER RESOLVED THAT any officer of this Corporation is hereby individually authorized to perform such other acts and to execute such documents, on behalf of this Corporation, as may be necessary or appropriate to effectuate the intention of the above resolution.

Exhibit No. 4

INCOME STATEMENT
LACLEDE GAS COMPANY
Twelve Months Ended June 30, 2000

Actual (Laclede Gas Company Consolidated before restructuring) and
Pro Forma (Laclede Gas Company after restructuring)

| | (Thousands of Dollars) | |
|--|------------------------|------------------|
| | <u>ACTUAL</u> | <u>PRO FORMA</u> |
| Operating Revenues | | |
| Utility operating revenues | \$ 511,196 | \$ 509,287 |
| Non-utility operating revenues | 29,633 | 3,053 |
| Total Operating Revenues | <u>540,829</u> | <u>512,340</u> |
| Operating Expenses: | | |
| Utility operating expenses | | |
| Natural and propane gas | 277,617 | 277,070 |
| Other operation expenses | 84,872 | 84,749 |
| Maintenance | 18,849 | 18,743 |
| Depreciation and amortization | 23,811 | 23,730 |
| Taxes, other than income taxes | 41,606 | 41,595 |
| Total utility operating expenses | <u>446,755</u> | <u>445,887</u> |
| Non-utility operating expenses | <u>28,847</u> | <u>2,884</u> |
| Total Operating Expenses | <u>475,602</u> | <u>448,771</u> |
| Operating Income | 65,227 | 63,569 |
| Other Income and Income Deductions - Net | <u>(2,284)</u> | <u>(2,051)</u> |
| Income Before Interest and Income Taxes | <u>62,943</u> | <u>61,518</u> |
| Interest Charges: | | |
| Interest on long-term debt | 15,137 | 15,137 |
| Other interest charges | 7,574 | 7,778 |
| Total interest charges | <u>22,711</u> | <u>22,915</u> |
| Income Before Income Taxes | 40,232 | 38,603 |
| Income Tax Expense | <u>14,853</u> | <u>14,185</u> |
| Net Income | 25,379 | 24,418 |
| Dividends on Preferred Stock | 94 | 94 |
| Earnings Applicable to Common Stock | <u>\$ 25,285</u> | <u>\$ 24,324</u> |

BALANCE SHEET
LACLEDE GAS COMPANY
As of June 30, 2000

Actual (Laclede Gas Company Consolidated before restructuring) and
Pro Forma (Laclede Gas Company after restructuring)

| <u>ASSETS</u> | (Thousands of Dollars) | |
|--|------------------------|-------------------|
| | <u>ACTUAL</u> | <u>PRO FORMA</u> |
| Utility Plant | \$ 908,637 | \$ 903,259 |
| Less: Accumulated depreciation and amortization | 369,129 | 366,901 |
| Net utility plant | <u>539,508</u> | <u>536,358</u> |
| Other Property and Investments | <u>26,044</u> | <u>21,858</u> |
| Current Assets: | | |
| Cash and cash equivalents | 4,198 | 1,610 |
| Accounts receivable - net | 52,545 | 51,052 |
| Materials, supplies, and merchandise | 6,061 | 6,023 |
| Natural gas stored underground for current use | 39,292 | 39,278 |
| Propane gas for current use | 12,201 | 12,201 |
| Prepayments and other | 4,020 | 4,003 |
| Delayed customer billings | 2,930 | 2,930 |
| Deferred income taxes | 6,745 | 6,745 |
| Total current assets | <u>127,992</u> | <u>123,842</u> |
| Deferred Charges: | | |
| Prepaid pension cost | 93,932 | 93,932 |
| Regulatory assets | 60,079 | 60,079 |
| Other | 2,224 | 2,224 |
| Total deferred charges | <u>156,235</u> | <u>156,235</u> |
| Total | <u>\$ 849,779</u> | <u>\$ 838,293</u> |

BALANCE SHEET
LACLEDE GAS COMPANY
As of June 30, 2000

Actual (Laclede Gas Company Consolidated before restructuring) and
Pro Forma (Laclede Gas Company after restructuring)

| | (Thousands of Dollars) | |
|--|--------------------------|--------------------------|
| <u>CAPITALIZATION AND LIABILITIES</u> | <u>ACTUAL</u> | <u>PRO FORMA</u> |
| Capitalization: | | |
| Common stock | \$ 20,744 | \$ 82,565 |
| Paid-in capital | 85,838 | - |
| Retained earnings | 210,162 | 191,815 |
| Accumulated other comprehensive income | (77) | (77) |
| Treasury stock | (24,017) | - |
| Total common stock equity | <u>292,650</u> | <u>274,303</u> |
| Redeemable preferred stock | 1,763 | 1,763 |
| Long-term debt | <u>204,387</u> | <u>204,387</u> |
| Total capitalization | <u>498,800</u> | <u>480,453</u> |
| Current Liabilities: | | |
| Notes payable | 96,000 | 96,000 |
| Accounts payable | 36,536 | 38,074 |
| Notes payable - associated companies | - | 6,112 |
| Refunds due customers | 167 | 167 |
| Current portion of preferred stock | 53 | 53 |
| Taxes accrued | 15,015 | 14,760 |
| Unamortized purchased gas adjustments | 2,415 | 2,415 |
| Other | <u>20,679</u> | <u>20,630</u> |
| Total current liabilities | <u>170,865</u> | <u>178,211</u> |
| Deferred Credits and Other Liabilities: | | |
| Deferred income taxes | 132,340 | 131,913 |
| Unamortized investment tax credits | 6,326 | 6,326 |
| Pension and postretirement benefit costs | 22,239 | 22,239 |
| Regulatory liabilities | 366 | 366 |
| Other | <u>18,843</u> | <u>18,785</u> |
| Total deferred credits and other liabilities | <u>180,114</u> | <u>179,629</u> |
| Total | <u><u>\$ 849,779</u></u> | <u><u>\$ 838,293</u></u> |

LACLEDE GAS COMPANY
Financial Statements

Pro Forma Journal Entries Relating to Pro Forma Balance Sheet at June 30, 2000

| | (Thousands of Dollars) | |
|--|------------------------|-----------|
| | <u>DR</u> | <u>CR</u> |
| (1) Retained Earnings | 6,522 | |
| Investment in Subsidiaries | | 6,522 |
| To record the elimination of Laclede Gas Company's investment in subsidiaries | | |