

**THE LACLEDE GROUP, INC.**

**COMPENSATION COMMITTEE CHARTER**

**As amended effective October 1, 2003**

**Purpose**

The purpose of the Compensation Committee is to (a) assist the Board of Directors in the discharge of its responsibility relative to the compensation of the Company's Chief Executive Officer and other senior executives, (b) review and make recommendations to the Board relative to the Company's incentive compensation and equity-based plans, (c) issue an annual report on executive compensation in accordance with applicable requirements, including rules and regulations of the Securities and Exchange Commission, for inclusion in the Company's proxy statement and (d) make recommendations to the Board regarding Director compensation.

**Membership**

The Compensation Committee shall consist of at least three members of the Board, as the Board shall from time to time determine. Each member shall be:

- (a) at a minimum "independent" as that term is defined by the listing standards of the NYSE;
- (b) a "non-employee director" as that term is defined under the Securities and Exchange Commission Rule 16b-3; and
- (c) an "outside director" as that term is defined for purposes of the Internal Revenue Code, Section 162(m).

The Board of Directors shall approve the members of the Committee on an annual basis at its first meeting following the Annual Meeting of Shareholders. Unless the Board approves a Chair, the members of the Committee shall designate a Chair by majority vote of the members of the Committee. Committee members may be removed from the Committee by the Board of Directors.

**Duties and Responsibilities**

**CEO Compensation**

The Committee shall be responsible for:

- After reviewing the CEO's recommendations for corporate goals and objectives, determining those corporate goals and objectives that are relevant for the CEO's compensation for the next year, which may then be submitted to the independent members of the Board for ratification;

- Evaluating at year end the performance of the CEO in meeting those goals and objectives with input from the independent members of the Board;
- Considering the performance of the Company and relative total shareholder return;
- Considering the value of such awards granted to other CEOs at comparable companies;
- Considering the awards to the CEO granted in prior years; and
- Based upon the evaluation and considerations outlined above, setting with the independent members of the Board the CEO's current compensation and long-term compensation awards.

Nothing in this charter should be construed as precluding discussion of CEO compensation with the Board generally, as it is not the intent to impair communication among members of the Board.

#### Executive Compensation

The Committee shall also be responsible for:

- Periodically reviewing the Company's philosophy regarding compensation and counseling with the CEO relative to different compensation approaches;
- Annually reviewing market data to assess the Company's competitive position for the components of its executive compensation by reviewing current industry compensation surveys and other relevant supplemental compensation information;
- Administering and making recommendations to the Board regarding the adoption, amendment or rescission of incentive compensation plans and equity-based plans, including:
  - approving option guidelines and general size of overall grants,
  - making grants,
  - interpreting the plans,
  - determining rules and regulations relating to the plans,
  - modifying or canceling existing grants, and
  - imposing limitations, restrictions and conditions upon any award as the Committee deems appropriate;

- Assuring that total compensation paid to the Company's senior executives is reasonable;
- Assuring that payments under the incentive plans comply with the requirements set forth in such plans;
- After reviewing recommendations made by the CEO for the compensation of the Company's officers, presenting the Committee's suggestions for such compensation to the Board for approval; and
- Annually issuing a report on executive compensation in accordance with applicable requirements, including the rules and regulations of the Securities and Exchange Commission, for inclusion in the Company's proxy statement.

#### Board Compensation

The Committee shall further be responsible for:

- Making recommendations to the Board of Directors regarding the compensation of the Board.

#### Other Committee Functions

The Committee shall:

- Report to the Board after each of the Committee's meetings; and
- Perform an annual evaluation of the Committee's performance.

#### *Meetings*

The Committee shall meet at least once a year or more frequently if circumstances dictate. A majority of the members shall constitute a quorum and a majority of the members present shall decide any question brought before the Committee. The Chair of the Committee shall establish such rules as may from time to time be necessary and proper for the conduct of the Committee's business. The Committee shall have authority to delegate a portion of its authority to such subcommittees as the Committee deems necessary.

#### *Consultants*

The Committee shall have authority, at Company expense, to retain and terminate consultants of its selection to advise it, including the authority to approve the consultants' fees and other retention terms.