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LACLEDE GROUP INC
Form 424B5
July 29, 2002

FILED PURSUANT TO RULE 424(b)(5)
REGISTRATION NO. 333-86722 and 333-86722-01

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS SUPPLEMENT IS NOT COMPLETE AND MAY BE CHANGED. THIS PRELIMINARY PROSPECTUS SUPPLEMENT IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS SUPPLEMENT DATED JULY 29, 2002

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED MAY 6, 2002)

1,800,000 TRUST PREFERRED SECURITIES

LACLEDE CAPITAL TRUST I

% TRUST ORIGINATED PREFERRED SECURITIES/SM/ ("TOPRS/SM/")
(LIQUIDATION AMOUNT \$25 PER PREFERRED SECURITY)
FULLY AND UNCONDITIONALLY GUARANTEED, TO THE EXTENT DESCRIBED HEREIN, BY

[LOGO] The Laclede Group

THE TRUST:

Laclede Capital Trust I is a Delaware business trust that will:

- . sell trust preferred securities to the public;
- . sell common securities to The Laclede Group, Inc.;
- . use the proceeds from these sales to buy an equal principal amount of % subordinated debentures due , 2032 of The Laclede Group; and
- . distribute the cash payments it receives from The Laclede Group on the subordinated debentures to the holders of the trust preferred securities and the common securities.

QUARTERLY DISTRIBUTIONS:

- . For each trust preferred security that you own, you will receive cumulative cash distributions accumulating from , 2002, at an annual rate of % of the liquidation amount of \$25 per trust preferred security, on , , and of each year, beginning , 2002.
- . The Laclede Group may defer interest payments on the subordinated debentures on one or more occasions for up to 20 consecutive quarterly periods. If The Laclede Group does defer interest payments, the trust will also defer payments of distributions on the trust preferred securities to you. However, deferred distributions will accrue interest at an annual rate of %, to the extent permitted by law.

OPTIONAL REDEMPTION:

- . The trust may redeem some or all of the trust preferred securities at times discussed herein at a redemption price equal to \$25 per trust preferred security plus accumulated distributions, if any.

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THE LACLEDE GROUP:

- . The Laclede Group will effectively guarantee, fully and unconditionally, the payment by the trust of amounts due on the trust preferred securities as discussed in this prospectus supplement and in the accompanying base prospectus.

The trust plans to list the trust preferred securities on the New York Stock Exchange under the symbol "LG PrA." If approved for listing, trading on the New York Stock Exchange is expected to commence within 30 days after the trust preferred securities are first issued.

INVESTING IN THE TRUST PREFERRED SECURITIES INVOLVES CERTAIN RISKS THAT ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE S-6 OF THIS PROSPECTUS SUPPLEMENT.

	PER	TOPRS	TOTAL
	-----	-----	-----
Public offering price (1).....	\$		\$
Underwriting commission to be paid by The Laclede Group	\$		\$
Proceeds, before expenses, to the trust.....	\$		\$

(1)Plus accumulated distributions from _____, 2002, if settlement occurs after that date

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The trust preferred securities will be ready for delivery in book-entry form only through The Depository Trust Company on or about _____, 2002.

MERRILL LYNCH & CO.

U.S. BANCORP PIPER JAFFRAY

The date of this prospectus supplement is _____, 2002.

/SM/"Trust Originated Preferred Securities" and "TOPrS" are service marks of Merrill Lynch & Co., Inc.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying base prospectus. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying base prospectus is accurate as of the date on the front cover of this prospectus supplement and the accompanying base prospectus, respectively. Our business, financial condition, results of operations and prospects may have changed since these dates.

The following information concerning us, the trust, the trust preferred securities, the guarantees and the subordinated debentures adds to, and should be read in conjunction with, the information contained in the accompanying base prospectus. In this prospectus supplement the terms "The Laclede Group," "we," "our," "ours" and "us" refer to The Laclede Group, Inc.

FORWARD-LOOKING STATEMENTS

Some of the information and discussion included in this prospectus supplement and the documents we have incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements related to future events or our

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future financial performance may use certain words, such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "seek" and similar words and expressions, that identify forward-looking statements that involve uncertainties and risks. Future developments, however, may not be in accordance with our expectations or beliefs, and the effect of future developments may not be as anticipated. There are many factors that may cause results to differ materially from those contemplated, including:

- . weather conditions;
- . legislative, regulatory and judicial mandates and decisions, particularly those applicable to our utility subsidiary, some of which may be retroactive, including those affecting:
 - . allowed rates of return;
 - . incentive regulation;
 - . industry and rate structures;
 - . purchased gas adjustment provisions;
 - . franchise renewals;
 - . environmental or safety matters;
 - . taxes; and
 - . accounting standards;
- . capital and energy commodity market conditions, including the ability to obtain funds for necessary capital expenditures and the terms and conditions imposed for obtaining sufficient gas supply for our utility subsidiary;
- . general economic, competitive, political and regulatory conditions;
- . the results of litigation;
- . our utility subsidiary's ability to collect amounts owed from its customers, as well as any conservation efforts of its customers;
- . employee workforce issues particularly at our utility subsidiary; and
- . other factors discussed in "Risk Factors."

We urge you to consider the risks, uncertainties and other factors that could affect our business as described in this prospectus supplement and the documents incorporated herein by reference. We do not, by including this statement, assume any obligation to publicly update or revise any particular forward-looking statement in light of future events.

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SUMMARY INFORMATION--Q&A

This prospectus supplement and the accompanying base prospectus should be read together. This summary highlights selected information from this prospectus supplement and the accompanying base prospectus to help you understand the trust preferred securities. You should carefully read this

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prospectus supplement and the accompanying base prospectus to understand fully the terms of the trust preferred securities, as well as the tax and other considerations that are important to you in making a decision about whether to invest in the trust preferred securities. You should pay special attention to the "Risk Factors" section beginning on page S-6 of this prospectus supplement to determine whether an investment in the trust preferred securities is appropriate for you.

For your convenience, we make reference to sections in this prospectus supplement and the accompanying base prospectus for more detailed information regarding some of the terms and concepts used throughout this prospectus supplement.

WHAT ARE THE TRUST PREFERRED SECURITIES?

Each trust preferred security represents an undivided beneficial interest in the assets of the trust. The trust is offering trust preferred securities at a public offering price of \$25 for each trust preferred security. See "Underwriting" in this prospectus supplement.

WHO IS THE TRUST?

Laclede Capital Trust I is a Delaware business trust. The trust will sell its trust preferred securities to the public and its common securities to us. The trust will use the proceeds from these sales to buy a series of % subordinated debentures due , 2032 from us with the same economic terms as the trust preferred securities.

There will be five trustees of the trust. Three of the trustees are our employees or officers, referred to as the "administrative trustees." The Bank of New York will act as the property trustee of the trust and The Bank of New York (Delaware) will act as the Delaware trustee, in each case until removed or replaced by the holder of the common securities. For the purposes of compliance with the provisions of the Trust Indenture Act of 1939, The Bank of New York will also act as indenture trustee under the guarantee.

WHO IS THE LACLEDE GROUP?

We are a holding company incorporated in the State of Missouri and all of our operations are conducted through our subsidiaries. Our principal subsidiary is Laclede Gas Company, the largest regulated natural gas distribution company in Missouri with over 630,000 customers. We also recently acquired SM&P Utility Resources, Inc., one of the largest underground facility locating and marking service companies. SM&P operates in ten states in the central United States. In addition to our ownership of Laclede Gas Company and SM&P Utility Resources, we own the unregulated entities listed under "The Laclede Group" in this prospectus supplement. For the twelve months ended June 30, 2002, we reported total revenue of approximately \$721 million and operating income of approximately \$58 million. For that period, unregulated subsidiaries provided approximately 16% of those revenues and 2% of the operating income.

At June 30, 2002, we and our subsidiaries had approximately 4,000 employees. Our executive office is located at 720 Olive Street, St. Louis, Missouri 63101, and our telephone number is (314) 342-0500.

WHEN WILL YOU RECEIVE QUARTERLY DISTRIBUTIONS ON THE TRUST PREFERRED SECURITIES?

If you purchase the trust preferred securities, you will be entitled to receive cumulative cash distributions at an annual rate of % of the liquidation amount of \$25 per trust preferred security. Distributions will accumulate from , 2002 and will be payable quarterly in arrears on , and each year, beginning , 2002.

WHEN CAN PAYMENT OF YOUR DISTRIBUTIONS BE DEFERRED?

We may, on one or more occasions, defer interest payments on the debentures for up to 20 consecutive quarterly periods unless an event of default under the debentures has occurred and is continuing. See "Description of Securities--Certain Terms of the Debentures--Option to Extend Interest Payment Period" in this prospectus supplement. A deferral of interest payments cannot extend beyond the stated maturity date of the debentures, which is , 2032.

If we defer interest payments on the debentures, the trust will also defer its distributions on the trust preferred securities to you. During this deferral period, distributions will continue to accumulate on the trust preferred securities at an annual rate of % of the liquidation amount of \$25 per trust preferred security. Also, the deferred distributions will accrue interest at an annual rate of % (to the extent permitted by law). Once we make all deferred interest payments on the debentures, with accrued interest, we may again defer interest payments on the debentures, if no event of default under the debentures has then occurred and is continuing.

During any period in which we defer interest payments on the debentures, we will not, with some exceptions, be permitted to:

- . pay a dividend or make any other payment or distribution on our capital stock;
- . redeem, purchase or make a liquidation payment on any of our capital stock; or
- . make a principal, premium or interest payment, or repurchase or redeem, any of our debt securities that rank equal with or junior to the debentures.

If we defer interest payments on the debentures, the debentures will be treated as being reissued with original issue discount, or OID, for U.S. federal income tax purposes. Consequently, you will be required to accrue interest income for U.S. federal income tax purposes before you receive cash distributions. See "Certain U.S. Federal Income Tax Consequences" and "Risk Factors--Our ability to defer distributions has tax consequences for you and may affect the trading price of the trust preferred securities" in this prospectus supplement.

WHEN CAN THE TRUST REDEEM THE TRUST PREFERRED SECURITIES?

The trust will redeem all the outstanding trust preferred securities when the debentures are paid either at maturity on , 2032, or upon early redemption.

We will repay the debentures at maturity on , 2032. We may redeem before their maturity at a redemption price equal to 100% of the principal amount being redeemed plus accrued and unpaid interest to the date of redemption:

- . all or some of the debentures on one or more occasions anytime on or after , 2007; or
- . all but not less than all of the debentures before , 2007, if

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certain changes in tax or investment company law occur or will occur within 90 days (each of which is a special event). See "Description of Securities--Certain Terms of the Trust Preferred Securities--Special Event Redemption" in this prospectus supplement.

If we redeem any debentures before their maturity, the trust will use the cash it receives on the redemption of the debentures to redeem, proportionately, trust preferred securities and common securities having a total liquidation amount equal to the total principal amount of the debentures redeemed, unless an event of default under the amended and restated declaration of trust has occurred and is continuing. In that case, the trust preferred securities will be redeemed before any common securities. An event of default with respect to the debentures or the guarantees constitutes an event of default under the declaration of trust. See "Description of

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Debt Securities--Subordinated Debt Securities" and "Description of the Guarantees--Events of Default" in the accompanying base prospectus for a description of events of default in respect of the debentures and the guarantees, respectively. The redemption price will be equal to \$25 per trust preferred security plus any accumulated distributions.

WHAT IS THE NATURE OF THE LACLEDE GROUP'S GUARANTEE OF THE TRUST PREFERRED SECURITIES?

We will fully and unconditionally guarantee the trust preferred securities through a combination of obligations:

- . to make payments on the debentures and under our subordinated debt indenture;
- . under our guarantee of the trust preferred securities; and
- . under the declaration of trust.

If we do not make a required payment on the debentures, the trust will not have sufficient funds to make the related payment on the trust preferred securities. The guarantee does not cover payments on the trust preferred securities when the trust does not have sufficient funds to make such payments. Our obligations under the debentures and under the guarantees are junior to our obligations to make payments on our senior indebtedness. See "Risk Factors--Our obligations under the debentures and the guarantees are subordinated" in this prospectus supplement and "Description of the Guarantees" in the accompanying base prospectus.

WHEN CAN THE DEBENTURES BE DISTRIBUTED TO YOU?

We, as the sponsor of the trust, have the right to dissolve the trust at any time if the dissolution and any distribution of the debentures would not be a taxable event to holders of the trust preferred securities. If we exercise this right to dissolve the trust, the trust, after satisfying its creditors, will be liquidated by distribution of the debentures to holders of the trust preferred securities and the common securities.

WHAT HAPPENS IF THE TRUST IS DISSOLVED AND THE DEBENTURES ARE NOT DISTRIBUTED?

The trust may also be dissolved in circumstances where the debentures will not be distributed to you. In those situations, after satisfying its creditors, the trust will be obligated to pay in cash the liquidation amount of

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\$25 for each trust preferred security plus accumulated and unpaid distributions to the date the payment is made. The trust will be able to make this liquidation distribution only if the debentures are paid or we redeem them.

WILL THE TRUST PREFERRED SECURITIES BE LISTED ON A STOCK EXCHANGE?

The trust plans to list the trust preferred securities on the New York Stock Exchange under the symbol "LG PrA." If approved for listing, trading of the trust preferred securities on the New York Stock Exchange is expected to commence within 30 days after the trust preferred securities are first issued. You should be aware that the listing of the trust preferred securities will not necessarily ensure that a liquid trading market will be available for the trust preferred securities.

If the trust distributes the debentures, we will use our best efforts to list them on the New York Stock Exchange or any other exchange or other organization on which the trust preferred securities are then listed.

IN WHAT FORM WILL THE TRUST PREFERRED SECURITIES BE ISSUED?

The trust preferred securities will be represented by one or more global securities that will be deposited with, or on behalf of, and registered in the name of, The Depository Trust Company, New York, New York, or its nominee. This means that you will not receive a certificate for your trust preferred securities. Instead, you will hold your interest through DTC's book-entry-only system. The trust expects that the trust preferred securities will be ready for delivery through DTC on or about , 2002.

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RISK FACTORS

Your investment in the trust preferred securities will involve risks. You should carefully consider the following discussion of risks and the other information included or incorporated by reference in this prospectus supplement and the accompanying base prospectus before deciding whether an investment in the trust preferred securities is suitable for you. The risks described below are not the only ones facing the trust and us. Additional risks not presently known to the trust and us or that we currently deem immaterial may also impair our business.

Because the trust will rely on the payments it receives on the subordinated debentures to fund all payments on the trust preferred securities and because the trust may distribute the subordinated debentures in exchange for the trust preferred securities, you are making an investment decision with regard to the subordinated debentures as well as the trust preferred securities. You should carefully review the information in this prospectus supplement and the accompanying base prospectus, including information incorporated by reference, about both of these types of securities and the guarantees.

OUR OBLIGATIONS UNDER THE DEBENTURES AND THE GUARANTEES ARE SUBORDINATED.

Our obligations under the debentures are unsecured and will rank junior in priority of payment to our senior indebtedness. This means that we may not make any payments of principal or interest on the debentures if we default on a payment on our senior indebtedness. For more information on the subordination provisions, see "Description of Securities--Certain Terms of the Debentures--Subordination" in this prospectus supplement. In the event of our bankruptcy, liquidation or dissolution, our assets would be available to pay

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obligations under the debentures only after all payments had been made on our senior indebtedness. If on June 30, 2002 we and the trust had issued and sold the trust preferred securities and the debentures and applied the estimated net proceeds as described in this prospectus supplement, on a pro forma basis we would have had no senior indebtedness. See "Capitalization" and "Use of Proceeds" in this prospectus supplement.

Our obligations under the guarantees are unsecured and will rank junior to all of our senior indebtedness in the same manner as the debentures. This means that we cannot make any payments on the guarantees if we default on a payment of any of our senior indebtedness. In the event of our bankruptcy, liquidation or dissolution, our assets would be available to pay obligations under the guarantees only after all payments had been made on our senior indebtedness.

Because we are a holding company, our right to participate in any asset distribution of any of our subsidiaries, on liquidation, reorganization or otherwise, will rank junior to the rights of all creditors of our subsidiaries (except to the extent that we may ourselves be a creditor of our subsidiaries). The rights of holders of the trust preferred securities will also be junior to those prior claims. Consequently, the debentures (and, likewise, the trust preferred securities) will be effectively subordinated to all liabilities of our subsidiaries. You should look only to our assets for payments on the debentures (and the trust preferred securities). As of June 30, 2002, Laclede Gas had outstanding first mortgage bond obligations of approximately \$285 million.

Neither the debentures nor the guarantees will limit our ability or the ability of our subsidiaries to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the debentures and the guarantees.

For more information, see "Description of Securities--Certain Terms of the Debentures--Subordination" in this prospectus supplement and "Description of the Guarantees" in the accompanying base prospectus.

THE GUARANTEES COVER PAYMENTS ONLY IF THE TRUST HAS CASH AVAILABLE.

The ability of the trust to pay distributions or the redemption price on or the liquidation amount of the trust preferred securities is solely dependent on us making the related payments on the debentures when due. If

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we default on our obligations to pay principal (including redemption payments) or interest on the debentures, the trust will not have sufficient funds to pay distributions or the redemption price on or the liquidation amount of each trust preferred security. In those circumstances, you will not be able to rely on the guarantee for payment of these amounts because the guarantee covers such payment only when the trust has sufficient funds on hand but fails to make such payment.

Instead, you may:

- . seek legal redress against us directly or seek other remedies to collect your proportionate share of payments owed; or
- . rely on the property trustee to enforce the trust's rights under the debentures.

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OUR ABILITY TO DEFER DISTRIBUTIONS HAS TAX CONSEQUENCES FOR YOU AND MAY AFFECT THE TRADING PRICE OF THE TRUST PREFERRED SECURITIES.

So long as no event of default under the debentures has occurred and is continuing, we may, on one or more occasions, defer interest payments to the trust on the debentures as described in this prospectus supplement. See "Description of Securities--Certain Terms of the Debentures--Option to Extend Interest Payment Period" in this prospectus supplement. If we defer interest payments on the debentures, the trust will defer distributions on the trust preferred securities to you during any deferral period. If we defer interest payments on the debentures, you will be required to accrue interest income, as OID, in respect of the deferred stated interest allocable to your share of the trust preferred securities for U.S. federal income tax purposes. As a result, you will be required to include that accrued OID in your gross income for U.S. federal income tax purposes prior to the receipt of any cash distributions. In addition, you will not receive cash from the trust related to that accrued OID if you dispose of your trust preferred securities before the record date for the first payment of deferred distributions at the end of a deferral period. Instead, the deferred distributions will be paid to the holder of record on the record date, regardless of who the holder of record may have been on any other date during the deferral period. Moreover, accrued OID will be added to your adjusted tax basis in the trust preferred securities but might not be reflected in the amount you realize on the sale. To the extent the amount realized on a sale is less than your adjusted tax basis, you will recognize a capital loss for U.S. federal income tax purposes. The deduction of capital losses is subject to limitations.

We have no current intention of deferring interest payments on the debentures. However, if we exercise our right to do so in the future, the trust preferred securities may trade at a price that does not fully reflect the value of accumulated but unpaid distributions on the trust preferred securities. If you sell the trust preferred securities during an interest deferral period, you may not receive the same return on investment as someone else who continues to hold the trust preferred securities. In addition, the existence of our right to defer payments of interest on the debentures may mean that the market price for the trust preferred securities (which represent an undivided beneficial interest in the debentures) may be more volatile than other securities that do not have this right.

See "Certain U.S. Federal Income Tax Consequences" in this prospectus supplement for more information regarding the tax consequences of purchasing, holding and selling trust preferred securities.

TRUST PREFERRED SECURITIES MAY BE REDEEMED BEFORE _____, 2007, IF A SPECIAL EVENT OCCURS.

Certain tax law changes have been proposed from time to time that could affect the deductibility of interest paid on the debentures. We refer to any such changes in tax law, as well as certain changes in investment company law, should they occur, as "special events." Upon the occurrence of a special event before _____, 2007, we may redeem all but not less than all of the debentures. The redemption price will equal 100% of the principal amount of the debentures plus any accrued and unpaid interest to the redemption date. The trust will use the cash it receives on any such redemption of the debentures to redeem an equivalent liquidation amount of the trust preferred securities and the common securities on a proportionate basis, unless an event of default under the

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declaration of trust has occurred and is continuing. In such a case, the trust preferred securities will be redeemed before any common securities. You may not be able to reinvest the proceeds from such a redemption at a rate that is equal to or higher than the rate of return on the trust preferred securities.

The redemption of the trust preferred securities would be a taxable event to you for U.S. federal income tax purposes.

See "Description of Securities--Certain Terms of the Trust Preferred Securities--Special Event Redemption" in this prospectus supplement for more information.

TRUST PREFERRED SECURITIES MAY BE REDEEMED ON OR AFTER _____, 2007, AT OUR OPTION.

At our option, some or all of the debentures may be redeemed at any time on or after _____, 2007, at a redemption price equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest to the redemption date. See "Description of Securities--Certain Terms of the Debentures--Redemption" in this prospectus supplement. You should assume that we will exercise our redemption option when prevailing interest rates at the time are lower than the interest rate on the debentures, in which case the redemption proceeds generally will not be able to be reinvested in a comparable security at as high a rate, or when it is otherwise in our interest to redeem the debentures. If we exercise such redemption option, the trust will use the cash it receives upon the redemption of the debentures to redeem an equivalent liquidation amount of the trust preferred securities and the common securities on a proportionate basis, unless an event of default under the declaration of trust has occurred and is continuing. In such a case, the trust preferred securities will be redeemed before any common securities.

The redemption of the trust preferred securities would be a taxable event to you for U.S. federal income tax purposes.

See "Description of Securities--Certain Terms of the Trust Preferred Securities--Redemption" in this prospectus supplement for more information.

DISTRIBUTION OF DEBENTURES MAY HAVE A POSSIBLE ADVERSE EFFECT ON TRADING PRICE.

We have the right to dissolve the trust at any time if the dissolution and any distribution of the debentures would not be taxable to holders of the trust preferred securities. If we exercise this right, the trust, after satisfying its creditors, will be liquidated by distribution of the debentures to holders of the trust preferred securities and the common securities. Under current U.S. federal income tax laws, a distribution of debentures to you on the dissolution of the trust would not be a taxable event to you. See "Certain U.S. Federal Income Tax Consequences--United States Holders--Receipt of Debentures or Cash upon Liquidation of the Trust" in this prospectus supplement for more information.

We have no current intention of causing the dissolution of the trust and the distribution of the debentures. We anticipate that we would consider exercising this right in the event that expenses associated with maintaining the trust become substantially greater than currently expected, such as if a special event occurred. We cannot predict the other circumstances under which this right would be exercised.

Although we will use our best efforts to list the debentures on the New York Stock Exchange (or any other exchange or organization on which the trust preferred securities are then listed) if they are distributed, we cannot assure you that the debentures will be approved for listing or that a liquid trading market for the debentures will be available.

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We cannot predict the market prices for the debentures that may be distributed. Accordingly, the debentures that you receive upon a distribution, or the trust preferred securities you hold pending such a distribution, may trade at a discount to the price that you paid to purchase the trust preferred securities.

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Because you may receive debentures, you should make an investment decision with regard to the debentures in addition to the trust preferred securities. You should carefully review all of the information regarding the debentures contained in this prospectus supplement and the accompanying base prospectus. See "Certain U.S. Federal Income Tax Consequences--United States Holders--Receipt of Debentures or Cash upon Liquidation of the Trust" in this prospectus supplement for more information.

HOLDERS OF TRUST PREFERRED SECURITIES WILL HAVE LIMITED VOTING RIGHTS.

You will have limited voting rights. In general, unless an event of default under the declaration of trust has occurred and is continuing, only we may elect or remove any of the trustees, and in no event may holders of the trust preferred securities remove the administrative trustees.

See "Laclede Capital Trust I" in the accompanying base prospectus and "Description of Securities--Certain Terms of the Trust Preferred Securities--Voting Rights" in this prospectus supplement for more information.

THE LACLEDE GROUP

The Laclede Gas Light Company was created in March 1857 and renamed Laclede Gas Company in 1950. On October 1, 2001, Laclede Gas reorganized into a holding company structure. This reorganization resulted in the creation of a new holding company, The Laclede Group, Inc. The Laclede Group is incorporated in the State of Missouri and conducts all of its operations through its subsidiaries.

As a result of the reorganization, we became the owner of all Laclede Gas's outstanding common stock. We are a public utility holding company as defined under the Public Utility Holding Company Act of 1935 but are exempt from registration under that Act. In addition to our ownership of Laclede Gas, we own SM&P Utility Resources, Inc., Laclede Energy Resources, Inc., Laclede Energy Services, Inc., Laclede Venture Corp., Laclede Development Company, Laclede Investment LLC, Laclede Gas Family Services, Inc. and Laclede Pipeline Company, all unregulated entities. The unregulated businesses represented approximately 16% of our total revenue for the twelve months ended June 30, 2002.

Laclede Gas is the largest local gas distribution company in the State of Missouri with over 630,000 customers. It is subject to the jurisdiction of the Missouri Public Service Commission and serves the City of St. Louis, St. Louis County, the City of St. Charles and parts of St. Charles, Franklin, Jefferson, St. Francois, Ste. Genevieve, Iron, Madison and Butler Counties, all in Missouri. Laclede Gas maintains a diversified gas supply portfolio and has significant natural gas and propane storage capacity.

On January 28, 2002, we acquired SM&P from NiSource, Inc. SM&P is one of the largest underground facility locating and marking service companies in the United States. It operates in ten central states: Texas, Oklahoma, Kansas, Missouri, Illinois, Indiana, Ohio, Michigan, Wisconsin, and Minnesota.

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For additional information about us and our subsidiaries, you should refer to the information described under "Where You Can Find More Information" in the accompanying base prospectus.

LACLEDE CAPITAL TRUST I

The trust is a statutory business trust created under Delaware law pursuant to a declaration of trust and a certificate of trust, as filed with the Secretary of State of the State of Delaware on April 5, 2002. The declaration of trust will be amended and restated in its entirety, which we refer to as the "declaration" or the "declaration of trust," substantially in the form filed with the SEC by us and incorporated by reference in the accompanying base prospectus. The declaration will be qualified as an indenture under the Trust Indenture Act of 1939. Upon issuance of the trust preferred securities, the purchasers thereof will own all the trust preferred securities. We will directly or indirectly acquire common securities in a total liquidation amount equal to at least 3% of the total

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capital of the trust and will own all the issued and outstanding common securities. The trust exists for the exclusive purposes of:

- . issuing the trust preferred securities and the common securities representing undivided beneficial interests in the assets of the trust;
- . investing the gross proceeds of the trust preferred securities and the common securities in the debentures; and
- . engaging in only those other activities necessary, appropriate, convenient or incidental thereto.

The trust has a 30-year term, but may be dissolved earlier as provided in the declaration.

Under the declaration, the number of trustees initially will be five. Three of the trustees are our employees or officers. The Bank of New York will serve as property trustee under the declaration and as indenture trustee for the purposes of the Trust Indenture Act of 1939. The Bank of New York (Delaware) will act as the Delaware trustee. The property trustee and the Delaware trustee may at any time be removed or replaced by the holder of the common securities. For purposes of compliance with the provisions of the Trust Indenture Act of 1939, The Bank of New York will also act as indenture trustee under the trust preferred securities guarantee. See "Description of the Guarantees" in the accompanying base prospectus.

The property trustee will hold title to the debentures for the benefit of the trust and the holders of the trust preferred securities and common securities. So long as the debentures are held by the trust, the property trustee will have the power to exercise all rights, powers and privileges of a holder of debentures under the indenture. In addition, the property trustee will maintain exclusive control of a segregated non-interest bearing bank account to hold all payments made in respect of the debentures for the benefit of the holders of the trust preferred securities and common securities. The property trustee will make payments of distributions and payments on liquidation, redemption and otherwise to the holders of the trust preferred securities and common securities out of funds from the property account. The Bank of New York will hold the trust preferred securities guarantee for the

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benefit of the holders of the trust preferred securities. We, as the direct or indirect holder of all the common securities, will have the right to appoint, remove or replace any trustee (subject to the limitations set forth in the declaration) and to increase or decrease the number of trustees. We will pay all fees, expenses, debts and obligations (other than with respect to the trust preferred securities and common securities) related to the trust and the offering of the trust preferred securities.

The rights of the holders of the trust preferred securities, including economic rights, rights to information and voting rights, are set forth in the declaration, the Delaware Business Trust Act, the indenture and the Trust Indenture Act of 1939. See "Description of Securities--Certain Terms of the Trust Preferred Securities" in this prospectus supplement.

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CAPITALIZATION

The following table sets forth our unaudited consolidated short-term debt and capitalization as of June 30, 2002, and as adjusted to give effect to the consummation of the offering of the trust preferred securities and the application of the estimated net proceeds of the offering. See "Use of Proceeds" in this prospectus supplement. The following data should be read in conjunction with our consolidated financial statements and related notes incorporated by reference herein as described in "Where You Can Find More Information" in the accompanying base prospectus.

	AT JUNE 30,	
	-----	-----
	ACTUAL	ADJ
	-----	-----
	IN THOUSAN	
	(UNAUDITE	
Short-term debt (including current portion of long-term debt).....	\$138,310	\$ 9
	=====	=====
Capitalization:		
Long-term debt (less sinking fund requirements)--Laclede Gas.....	\$259,524	\$25
	-----	-----
Company-obligated mandatorily redeemable preferred securities of Laclede Capital Trust I (1).....		-- \$ 4
Stockholders' equity:		
Common Stock, \$1.00 par value, 18,877,987 shares issued and outstanding.....	18,878	1
Paid-in capital.....	63,701	6
Retained earnings.....	214,087	21
Redeemable preferred stock--Laclede Gas.....	1,266	
Total stockholders' equity.....	\$297,932	\$29
	-----	-----
Total short-term debt and capitalization.....	\$695,766	\$69
	=====	=====

(1)As described in this prospectus supplement, the sole assets of the trust will be our % subordinated debentures due , 2032, with a principal amount of \$46,400,000 and upon redemption of such debentures, the trust preferred securities will be mandatorily redeemed.

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ACCOUNTING TREATMENT

The financial statements of the trust will be reflected in our consolidated financial statements, with the trust preferred securities shown as "Company-obligated mandatorily redeemable preferred securities of subsidiaries." In a footnote to our audited consolidated financial statements, there will be a statement that we wholly own the trust and that the sole assets of the trust are the debentures (indicating the principal amount, interest rate and maturity date thereof).

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USE OF PROCEEDS

The proceeds to the trust (without giving effect to expenses of the offering payable by us or any compensation payable to the underwriters) from the offering of the trust preferred securities will be approximately \$45.0 million. All the proceeds from the sale of the trust preferred securities will be invested by the trust in the debentures.

We expect to receive approximately \$43.3 million in net proceeds from the sale of the debentures, after deducting the underwriting commission and the estimated offering expenses. See "Underwriting--General" and "Underwriting--Commissions and Discounts" in this prospectus supplement. We intend to use the net proceeds from the sale of the debentures to repay the outstanding balance of our unsecured loan, which was \$42.8 million as of June 30, 2002. We obtained our loan from U.S. Bank National Association in January 2002 to fund our acquisition of SM&P. The loan matures on January 27, 2003 and bears interest at a variable rate of interest. The rate for the month of June 2002 is 2.7475%. Any remaining net proceeds from the sale of the debentures after the loan repayment will be used for general corporate purposes.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the respective periods indicated. Because the reorganization resulting in the creation of our new holding company became effective on October 1, 2001, the ratios for periods prior to that date represent the ratios of Laclede Gas and not The Laclede Group.

	TWELVE MONTHS ENDED						
	YEAR ENDED SEPTEMBER 30,			JUNE 30,			
	1997	1998	1999	2000	2001	2001	2002
Ratio of earnings to fixed charges.....	3.6	3.0	2.9	2.6	2.6	2.7	2.2

For purposes of computing the ratios of earnings to fixed charges, earnings represent income from continuing operations before extraordinary items and cumulative effect of changes in accounting principle plus applicable income taxes and fixed charges. Fixed charges include all interest expense and the proportion of rent expense deemed representative of the interest factor.

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SELECTED FINANCIAL DATA

The following table presents our selected financial data for the periods indicated and should be read together with the consolidated financial statements and related notes incorporated by reference in the accompanying base prospectus. Our balance sheet and income statement data as of and for the three years in the period ended September 30, 2001 are taken from our consolidated financial statements as of the end of and for each such year. Our balance sheet and income statement data as of and for the nine months ended June 30, 2002 and 2001 are taken from our unaudited condensed consolidated financial statements as of the end of and for each such nine-month period. The data includes all adjustments that are, in our opinion, necessary for a fair presentation and of a normal recurring nature. Operating results for the nine months ended June 30, 2002 are not necessarily indicative of the results for the year ending September 30, 2002. Effective October 1, 2001, Laclede Gas became a wholly owned subsidiary of The Laclede Group. Accordingly, information for periods ended on and before September 30, 2001 represents information for Laclede Gas and not The Laclede Group.

	YEAR ENDED SEPTEMBER 30,			NINE MONTHS ENDED JUNE 30,	
	1999	2000	2001	2001	2002
(IN THOUSANDS, EXCEPT PER SHARE DATA)					
Income Statement Data:					
Operating revenues.....	\$491,318	\$566,128	\$1,002,109	\$910,668	\$ 629,388
Operating income.....	61,219	63,343	72,325	75,969	61,759
Preferred stock dividends (Laclede Gas) ..	97	93	87	66	52
Earnings applicable to common stock.....	25,965	25,872	30,385	35,485	27,547
Earnings per share.....	1.43	1.37	1.61	1.88	1.46
Dividends per share of common stock.....	1.34	1.34	1.34	1.005	1.005
Balance Sheet Data (at period end):					
Total assets.....	837,664	931,740	975,910	966,735	1,018,015
Short-term debt (1).....	84,735	127,050	117,129	90,432	138,310
Long-term debt (2).....	204,323	234,408	284,459	284,437	259,524
Redeemable preferred stock (Laclede Gas) ..	1,923	1,763	1,588	1,435	1,266
Common equity.....	282,324	282,985	288,085	299,509	296,666

 (1) Includes long-term debt maturities due within one year and current portion of redeemable preferred stock.

(2) Excludes long-term debt maturities due within one year.

DESCRIPTION OF SECURITIES

This prospectus supplement and the accompanying base prospectus contain the material terms and conditions for these securities. However, the summaries in this prospectus supplement are not meant to be a complete description of the trust preferred securities, the debentures or the guarantees. For more information, refer to the amended and restated declaration of trust, the indenture and the guarantees, which we filed with the SEC as exhibits to the registration statement of which the accompanying base prospectus is a part. All terms used in this prospectus supplement and the accompanying base prospectus that are not defined in this prospectus supplement and the accompanying base prospectus have the meanings given to them in the declaration of trust, the

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indenture and the guarantees.

CERTAIN TERMS OF THE TRUST PREFERRED SECURITIES

DISTRIBUTIONS

The trust preferred securities represent undivided beneficial interests in the assets of the trust. The only assets of the trust will be the debentures. Distributions on the trust preferred securities are cumulative and will

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accumulate from , 2002, at the annual rate of % of the \$25 liquidation amount of each trust preferred security. Distributions will be payable quarterly in arrears on , , and of each year, beginning , 2002. Distributions not paid when due will accrue interest at the annual rate of % (to the extent permitted by law). When we refer to any payment of distributions, that accrued interest, if any, is included. The amount of distributions payable for any full quarterly period will be computed on the basis of a 360-day year of twelve 30-day months. The amount of distributions payable for any partial period will be computed on the basis of the actual number of days elapsed in that 90-day quarterly period.

If distributions are payable on a date that is not a business day (as defined below), payment will be made on the next business day (and without any interest or other payment in respect of such delay). However, if the next business day is in the next calendar year, payment of distributions will be made on the preceding business day. A "business day" means any day other than a Saturday or a Sunday or a day on which banking institutions in New York, New York, are authorized or required by law to close.

The payment of distributions out of money held by the trust, and payments upon redemption of the trust preferred securities or liquidation of the trust, are guaranteed by us on a subordinated basis as and to the extent described under "Description of the Guarantees" in the accompanying base prospectus. The guarantee does not cover payment of distributions on the trust preferred securities when the trust does not have sufficient funds to make such payments.

DEFERRAL OF DISTRIBUTIONS

So long as no event of default has occurred and is continuing under the debentures, we may, on one or more occasions, defer interest payments on the debentures to the trust for up to 20 consecutive quarterly periods. A deferral of interest payments cannot extend beyond the stated maturity date of the debentures on , 2032. If we defer interest payments on the debentures, the trust will also defer quarterly distributions on the trust preferred securities to you. During a deferral period, the amount of distributions due to you would continue to accumulate and such deferred distributions will accrue interest at the rate stated above (to the extent permitted by law).

Once we make all deferred interest payments on the debentures, with accrued interest, we may again defer interest payments on the debentures if no event of default under the debentures has then occurred and is continuing.

We have no current intention of deferring interest payments on the debentures. If we defer interest payments on the debentures, we will be subject to certain restrictions relating to the payment of dividends on or redemption of our capital stock and payments on our debt securities that rank equal with or junior to the debentures. See "Certain Terms of the Debentures--Option to

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Extend Interest Payment Period" in this prospectus supplement.

PAYMENT OF DISTRIBUTIONS

Distributions on the trust preferred securities will be payable to holders named on the securities register of the trust on the relevant record date. As long as the trust preferred securities are held in book-entry form, the record date for the payment of distributions will be one business day before the relevant payment date. If the trust preferred securities are ever issued in non-book-entry form, the record date for the payment of distributions will conform to the rules of any securities exchange on which the trust preferred securities are then listed, and, if none, shall be selected by the administrative trustees, which date will be at least one business day but less than 60 business days before the relevant payment date.

As long as the trust preferred securities are represented by a global security, payments on the trust preferred securities will be made in immediately available funds to DTC, the depository for the trust preferred

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securities. If the trust preferred securities are ever issued in non-book-entry form, payment of distributions on the trust preferred securities will be made by check mailed on or before the due date to the holders thereof on the relevant record date.

REDEMPTION

We will repay the debentures at maturity on , 2032. We may, before their maturity, redeem:

- . all or some of the debentures on one or more occasions anytime on or after , 2007; and
- . all but not less than all the debentures before , 2007, if certain changes in tax or investment company law occur or will occur within 90 days (each of which we refer to as a "special event" and is more fully described under "Certain Terms of the Trust Preferred Securities--Special Event Redemption" below in this prospectus supplement).

When we repay some or all of the debentures, either at maturity on , 2032 or upon early redemption, the trust will use the cash it receives upon the redemption of the debentures to redeem a like liquidation amount of the trust preferred securities and, unless an event of default under the declaration of trust has occurred and is continuing, the common securities. The trust preferred securities and common securities (if applicable) will be redeemed at a price equal to their liquidation amount of \$25 per security plus accumulated distributions. The redemption price for the debentures is 100% of their principal amount plus accrued and unpaid interest to the date of redemption. See "Certain Terms of the Debentures--Redemption" in this prospectus supplement.

If less than all the trust preferred securities and common securities are to be redeemed in situations where common securities may be redeemed consistent with the provisions described under "Certain Terms of the Trust Preferred Securities--Subordination of Common Securities" in this prospectus supplement, then the total liquidation amount of trust preferred securities and common securities to be redeemed will be allocated proportionately based on the liquidation amount of the trust preferred securities and the common securities.

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SPECIAL EVENT REDEMPTION

Upon the occurrence of a tax event or an investment company event, each as defined below, we may redeem all but not less than all the debentures at any time following the occurrence and during the continuance of that special event.

"Tax event" means that the administrative trustees have received an opinion of independent tax counsel experienced in such matters to the effect that there is more than an insubstantial risk that:

- . the trust is or, within 90 days of the date of such opinion, would be subject to U.S. federal income tax with respect to income accrued or received on the debentures;
- . interest payable by us on the debentures is not or, within 90 days of the date of such opinion, would not be deductible by us in whole or in part for U.S. federal income tax purposes; or
- . the trust is or, within 90 days of the date of such opinion, would be subject to more than a minimal amount of other taxes, duties, assessments or other governmental charges.

In order to constitute a "tax event," the events listed in the bullets above must be the result of an

- . amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision or taxing authority affecting taxation where such amendment or change becomes effective on or after the date the trust preferred securities are originally issued; or

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- . official or administrative pronouncement or action, or judicial decision, interpreting or applying such laws or regulations where such pronouncement, action or decision is announced or occurs on or after the date the trust preferred securities are originally issued.

"Investment company event" means that we and the administrative trustees have received an opinion of independent counsel experienced in such matters to the effect that, as a result of the occurrence of a change in law or regulation or a written change (including any announced prospective change) in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority, there is more than an insubstantial risk that the trust is or will be considered an "investment company" under the Investment Company Act of 1940 that is required to be registered under this law, which change or prospective change becomes effective or would become effective on or after the date of this prospectus supplement.

DISTRIBUTION OF DEBENTURES

We will have the right at any time to dissolve the trust if the dissolution and any distribution of debentures would not be a taxable event to holders of the trust preferred securities. See "--Liquidation Distribution upon Dissolution" below. This right is optional and wholly within our discretion. Circumstances under which we may determine to exercise such right could include the occurrence of a special event, adverse tax consequences to us or the trust that are not within the definition of a tax event because they do not result from an amendment or change described in such definition and changes in the

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accounting requirements applicable to the trust preferred securities as described under "Accounting Treatment."

If debentures are distributed to the holders of the trust preferred securities, we will use our best efforts to have the debentures listed on the New York Stock Exchange or on such other exchange as the trust preferred securities are then listed. After the date for any distribution of debentures upon dissolution of the trust:

- . the trust preferred securities and the guarantee will no longer be deemed to be outstanding;
- . DTC or its nominee, as the record holder of the trust preferred securities, will receive a registered global certificate or certificates representing the debentures to be delivered upon such distribution; and
- . any certificates representing trust preferred securities and the guarantee not held by DTC or its nominee will be deemed to represent debentures having an aggregate principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the rate of, and accrued and unpaid interest equal to accumulated and unpaid distributions on, such trust preferred securities, until such certificates are presented to us or our agent for transfer or reissuance.

REDEMPTION PROCEDURES

The trust will give you at least 30 days', but not more than 60 days', written notice before any redemption of trust preferred securities. To the extent funds are available for payment, and as long as the trust preferred securities are held in book-entry form, the property trustee will irrevocably deposit with DTC sufficient funds to pay the redemption amount for the trust preferred securities being redeemed. The trust will also give DTC irrevocable instructions and authority to pay the redemption amount in immediately available funds to the beneficial owners of the global securities representing the trust preferred securities. Distributions to be paid on or before the redemption date for any trust preferred securities called for redemption will be payable to the holders on the record dates for the related dates of distribution.

Once notice of redemption is given and funds are irrevocably deposited, distributions on the trust preferred securities will cease to accrue immediately prior to the close of business on the redemption date and all rights of the holders of the trust preferred securities called for redemption will cease, except for the right to receive the redemption amount (but without interest on such redemption amount).

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If any redemption date is not a business day, then the redemption amount will be payable on the next business day (and without any interest or other payment in respect of any such delay), except that, if that business day falls in the next calendar year, such payment will be made on the immediately preceding business day.

If payment of the redemption amount for any trust preferred securities called for redemption is improperly withheld or refused and not paid either by the property trustee or by us, as guarantor, distributions on the trust preferred securities will continue to accumulate at the applicable rate from

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the original redemption date scheduled to the actual date of payment. In this case, the actual payment date will be considered the redemption date for purposes of calculating the redemption amount.

In compliance with applicable law (including the U.S. federal securities laws), we or our subsidiaries may, at any time, purchase outstanding trust preferred securities by tender, in the open market, or by private agreement.

LIQUIDATION DISTRIBUTION UPON DISSOLUTION

Under the declaration of trust, the trust shall terminate on _____, 2033, or earlier upon:

- . our bankruptcy or the bankruptcy of the holder of the common securities;
- . the filing of a certificate of dissolution or its equivalent with respect to us or the holder of the common securities, or the revocation of our charter or the charter of the holder of the common securities and the expiration of 90 days after the date of revocation without a reinstatement thereof;
- . the entry of a decree of judicial dissolution of us, the holder of the common securities or the trust;
- . the payment to the holders of the trust preferred securities and common securities of amounts necessary for redemption thereof in accordance with their terms; or
- . the written direction of the property trustee from the holder of the common securities at any time to dissolve the trust and, after satisfaction of liabilities to creditors of the trust, to distribute the debentures to holders in exchange for the trust preferred securities and the common securities.

In the event of any dissolution of the trust (other than in connection with the redemption of the trust preferred securities or the common securities), the trust will be liquidated by the administrative trustees as expeditiously as they determine to be possible by distributing to the holders of the trust preferred securities and the common securities, after satisfaction of liabilities to creditors of the trust as provided by applicable law, debentures having a principal amount equal to the liquidation amount of the securities of the holder to whom the debentures are distributed, unless that distribution is determined by the property trustee not to be practicable, in which event the holders will be entitled to receive out of the assets of the trust legally available for distribution to holders, after satisfaction of liabilities to creditors of the trust as provided by applicable law, a liquidation distribution equal to the aggregate of the liquidation amount of \$25 per security plus accumulated and unpaid distributions thereon to the date of payment. If, upon the liquidation a liquidation distribution can be paid only in part because the trust has insufficient assets legally available to pay in full the aggregate liquidation distribution, then the amounts payable directly by the trust with respect to the securities will be paid on a pro rata basis, unless an event of default under the declaration of trust has occurred and is continuing, in which case any funds available to make that payment will be paid first to each holder of the trust preferred securities pro rata and, only after satisfaction of all amounts owed to the holders of the trust preferred securities, to each holder of common securities pro rata.

EVENTS OF DEFAULT

An event of default under the indenture constitutes an event of default

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under the declaration with respect to the trust preferred securities; provided, however, that under the declaration, the holder of the common

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securities will be deemed to have waived any declaration event of default with respect to the common securities until all declaration events of default with respect to the trust preferred securities have been cured, waived or otherwise eliminated. Until any declaration event of default with respect to the trust preferred securities has been cured, waived or otherwise eliminated, the property trustee will be deemed to be acting solely on behalf of the holders of the trust preferred securities and only the holders of the trust preferred securities will have the right to direct the property trustee with respect to certain matters under the declaration and, therefore, the indenture.

Upon the occurrence of a declaration event of default, the indenture trustee or the property trustee will have the right under the indenture to declare the principal of and interest on the debentures to be immediately due and payable.

VOTING RIGHTS

Subject to the requirement of the property trustee obtaining a tax opinion in certain circumstances set forth in the last sentence of the next paragraph, the holders of a majority in total liquidation amount of the trust preferred securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the property trustee, or direct the exercise of any trust or power conferred on the property trustee under the declaration, including the right to direct the property trustee, as holder of the debentures, to:

- . exercise the remedies available to it as holder of the debentures;
- . waive any past indenture event of default that is waivable under the indenture; or
- . exercise any right to rescind or annul a declaration that the principal of all the debentures shall be due and payable, or consent to any amendment, modification or termination of the indenture or the debentures, where that consent should be required.

However, where a consent or action under the indenture would require the consent or act of the holders of greater than a simple majority in principal amount of debentures affected thereby, the property trustee may only give such consent or take that action at the written direction of the holders of at least the proportion in liquidation amount of the trust preferred securities that the relevant super-majority represents of the total principal amount of the debentures outstanding. The property trustee shall notify all holders of the trust preferred securities of any notice of default received from the indenture trustee with respect to the debentures. Except with respect to directing the time, method and place of conducting a proceeding for a remedy, the property trustee shall not take any of the actions described in the paragraph above unless the property trustee has obtained an opinion of independent tax counsel experienced in such matters to the effect that, after taking such action into account, the trust will continue to be classified as a grantor trust for U.S. federal income tax purposes.

SUBORDINATION OF COMMON SECURITIES

Payment of distributions on, and the redemption and liquidation amount

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of, the trust preferred securities and the common securities will be made proportionately based on the total liquidation amounts of the trust preferred securities and the common securities. However, if an event of default under the declaration of trust has occurred and is continuing, no payments may be made on the common securities unless all unpaid amounts on the trust preferred securities have been provided for or paid in full.

If an event of default under the declaration of trust has occurred and is continuing, the common securities holder will be deemed to have waived any right to take any action with respect to the event of default until the event of default has been cured, waived or eliminated. Until any event of default has been cured, waived or eliminated, the property trustee will act solely on behalf of the holders of the trust preferred securities, and these holders will have the right to direct the property trustee to act on their behalf.

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BOOK-ENTRY-ONLY ISSUANCE--DTC

The trust preferred securities will be represented by one or more global securities that will be deposited with, or on behalf of, and registered in the name of, DTC or its nominee. This means that the trust will not issue certificates to you for the trust preferred securities. Each global security will be issued to DTC, which will keep a computerized record of its participants, known as direct participants, whose clients have purchased the trust preferred securities. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Each participant will then keep a record of its clients. Unless a global security is exchanged in whole or in part for a certificated security, a global security may not be transferred. However, DTC, its nominees and their successors may transfer a global security as a whole to one another.

Beneficial interests in a global security will be shown on, and transfers of the global security will be made only through, records maintained by DTC and its direct participants. DTC holds securities that its direct participants deposit with DTC. DTC also records the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for direct participants' accounts. This eliminates the need to exchange certificates.

DTC's book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies, known as indirect participants, that work through a direct participant. The rules that apply to DTC and its participants are on file with the SEC. DTC is owned by a number of its direct participants and by the New York Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers.

DTC has advised us and the trust that DTC is a limited-purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.

PURCHASES UNDER THE DTC SYSTEM

When you purchase trust preferred securities through the DTC system, the purchases must be made by or through a direct participant, who will receive credit for the trust preferred securities on DTC's records. Because you actually own the trust preferred security, you are the beneficial owner. Your

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ownership interest will be recorded only on the direct (or indirect) participants' records. DTC has no knowledge of your individual ownership of the trust preferred securities. DTC's records show only the identity of the direct participants and the amount of the trust preferred securities held by or through them. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You will receive these from your direct (or indirect) participant. As a result, the direct (or indirect) participants are responsible for keeping accurate account of the holdings of their customers.

PAYMENTS UNDER THE DTC SYSTEM

The property trustee will wire payments on the trust preferred securities to DTC's nominee. We, the trust and the property trustee will treat DTC's nominee as the owner and holder of each global security representing trust preferred securities for all purposes. Accordingly, we, the trust and the property trustee will have no direct responsibility or liability to pay amounts due on the global security to you or any other beneficial owners in the global security.

Any redemption notices will be sent by us and the property trustee directly to DTC, who will in turn inform the direct participants, who will then contact you as a beneficial owner. If less than all the trust preferred

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securities are being redeemed, DTC's practice is to choose by lot the amount of the interest of each direct participant to be redeemed. The direct participant will then use an appropriate method to allocate the redemption among its beneficial owners.

It is DTC's current practice, upon receipt of any payment of distributions or liquidation or redemption amount, to credit direct participants' accounts on the payment date based on their holdings of beneficial interests in the global securities as shown on DTC's records. In addition, it is DTC's current practice to assign any consenting or voting rights to direct participants whose accounts are credited with trust preferred securities on a record date, by using an omnibus proxy. Payments by direct participants to owners of beneficial interests in the global securities, and voting by direct participants, will be based on the customary practices between the direct participants and owners of beneficial interests, as is the case with securities held for the account of customers registered in "street name." However, payments will be the responsibility of the direct participants and not of DTC, the property trustee, us or the trust.

For additional information about DTC and its book-entry system, see "Book-Entry Securities" in the accompanying base prospectus.

EXCHANGE OF GLOBAL SECURITIES

Trust preferred securities represented by a global security will be exchangeable for certificated securities with the same terms in authorized denominations only if:

- . DTC is unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the trust within 90 days;
- . an event of default has occurred and is continuing under the indenture; or

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- . we decide to discontinue use of the system of book-entry transfer through DTC (or any successor depositary).

If the book-entry-only system is discontinued, the property trustee will keep the registration books for the trust preferred securities at its corporate office and follow the practices and procedures discussed below.

CERTIFICATED SECURITIES--REGISTRATION AND TRANSFER

If the trust issues certificated securities, they will be registered in the name of the security holder. The trust preferred securities may be transferred or exchanged, based on administrative procedures in the declaration of trust, without the payment of any service charge (other than any tax or other governmental charge) by contacting the property trustee, The Bank of New York, 101 Barclay Street, New York, New York 10286, Attention: Corporate Trust Administration.

AMENDMENT OF THE DECLARATION OF TRUST

Except as provided in the succeeding paragraphs, the declaration of trust may only be amended with the approval of the administrative trustees. If the amendment affects the rights, powers, duties, obligations or immunities of the property trustee or the Delaware trustee, the amendment also requires the approval of the property trustee or the Delaware trustee, as appropriate.

The declaration of trust may be amended without the consent of the holders of the trust preferred securities and the common securities to:

- . cure any ambiguity;

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- . correct or supplement any provision therein which may be defective or inconsistent with any other provision therein;
- . add to the covenants, restrictions or obligations of The Laclede Group; or
- . conform to any change in Rule 3a-5 of the Investment Company Act of 1940 or written change in interpretation or application of that rule by any legislative body, court, government agency or regulatory authority which amendment does not have a material adverse effect on the rights, preferences or privileges of the holders of the trust preferred securities.

The declaration of trust may not be amended, in the case of any proposed amendment, unless the property trustee shall have first received an officers' certificate from us that such amendment is permitted by, and conforms to the terms of, the declaration (including the terms of the trust preferred securities and the common securities). In the case of any proposed amendment that affects the rights, powers, duties, obligations or immunities of the property trustee or the Delaware trustee, the declaration may not be amended unless, the property trustee or the Delaware trustee, as the case may be, shall have first received an officers' certificate from us and an opinion of counsel (who may be counsel to us or the trust) that such amendment is permitted by, and conforms to the terms of, the declaration (including the terms of the trust preferred securities and the common securities).

The declaration of trust also may not be amended to the extent the result of such amendment would be to:

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- . cause the trust to fail to continue to be classified for purposes of U.S. federal income taxation as a grantor trust;
- . reduce or otherwise adversely affect the powers of the property trustee in contravention of the Trust Indenture Act of 1939; or
- . cause the trust to be deemed to be an investment company required to be registered under the Investment Company Act of 1940.

In addition, if any proposed amendment to the declaration of trust provides for, or the administrative trustees otherwise propose to effect, (1) any action that would adversely affect the rights, privileges or preferences of the trust preferred securities or the common securities, whether by way of amendment to the declaration or otherwise, or (2) the dissolution, winding-up or termination of the trust, other than as described under "--Liquidation Distribution upon Dissolution" above, then the holders of outstanding trust preferred securities and common securities as a class will be entitled to vote on such amendment or proposal (but not on any other amendment or proposal) and such amendment or proposal shall not be effective except with the approval of the holders of a majority in liquidation amount of the securities, voting together as a single class; PROVIDED, HOWEVER, if any amendment or proposal referred to in clause (1) above would adversely affect only the trust preferred securities or only the common securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of the holders of a majority in liquidation amount of such class; and PROVIDED FURTHER, that:

- . no such amendment or proposal that would reduce the principal amount or the distribution rate or change the payment dates or maturity of the trust preferred securities will be permitted without the consent of each holder of trust preferred securities;
- . the provisions of the declaration relating to the transfer of common securities and those described above in this "--Amendment of the Declaration of Trust" section may not be amended without the consent of all of the holders of the trust preferred securities and the common securities;

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- . the provisions of the declaration relating to our ownership of, and responsibilities relating to, the common securities may not be amended without the consent of the holders of a majority in liquidation amount of the common securities; or
- . the rights of the holders of the common securities to increase or decrease the number of, and appoint and remove, trustees shall not be amended without the consent of the holders of a majority in liquidation amount of the common securities.

If the consent of the property trustee, as the holder of the debentures, is required under the indenture with respect to any amendment, modification or termination of the indenture or the debentures, the property trustee will request the written direction of the holders of the trust preferred securities and the common securities with respect to that amendment, modification or termination and will vote with respect to that amendment, modification or termination as directed by holders of a majority in liquidation amount of the trust preferred securities and, if no event of default under the declaration has occurred and is continuing holders of a majority in liquidation amount of

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the common securities voting together as a single class; PROVIDED, HOWEVER, that where a consent under the indenture would require the consent of more than a simple majority, the property trustee may only give such consent at the direction of the holders of at least the proportion in liquidation amount of the securities that the relevant super majority represents of the aggregate principal amount of the debentures outstanding; PROVIDED, FURTHER, that the property trustee may not take any action in accordance with the directions of the holders described in this paragraph unless the property trustee has obtained an opinion of tax counsel to the effect that for the purposes of U.S. federal income tax the trust will not be classified as other than a grantor trust on account of such action.

MERGERS, CONSOLIDATIONS OR AMALGAMATIONS

The trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convert to, or convey, transfer or lease its properties and assets substantially as an entirety to any business trust or other business entity, except as described below. The trust may, with the consent of the administrative trustees and without the consent of the holders of the trust preferred securities, the Delaware trustee or the property trustee, consolidate, amalgamate, merge with or into, be replaced by, or convey, lease or transfer its properties and assets as an entirety or substantially as an entirety to a trust organized as such under the laws of any state, provided that:

- . the successor entity either (A) expressly assumes all of the obligations of the trust with respect to the trust preferred securities and the common securities or (B) substitutes for the trust preferred securities other successor securities having substantially the same terms as the trust preferred securities so long as such successor securities rank the same as the trust preferred securities rank in priority with respect to distributions and payments upon liquidation, redemption and otherwise;
- . we expressly appoint a trustee of such successor entity possessing the same powers and duties as the property trustee as the holder of the debentures;
- . the trust preferred securities or any successor securities are listed, or any successor securities will be listed upon notification of issuance, on any national securities exchange or other organization on which the trust preferred securities are then listed or quoted;
- . the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause the trust preferred securities (including any successor securities) to be downgraded by any nationally recognized statistical rating organization;
- . the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the material rights, preferences and privileges of the holders of the trust preferred securities (including any successor securities) in any material respect (other than with respect to any dilution of the holders' interests in the trust preferred securities as a result of such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease);

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- . the successor entity has a purpose substantially identical to that of the trust;
- . prior to the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, we have received an opinion of a nationally recognized independent counsel to the trust to the effect that (A) the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the material rights, preferences and privileges of the holders of the trust preferred securities or the common securities (including any successor securities) in any material respect, (B) following the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither the trust nor the successor entity will be required to register as an investment company under the Investment Company Act of 1940 Act and (C) following the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, the trust or any successor entity will continue to be classified as a grantor trust for U.S. federal income tax purposes; and
- . we guarantee the obligations of the successor entity under the successor securities at least to the extent provided by our guarantee related to the trust preferred securities.

Notwithstanding the foregoing, the trust shall not, except with the consent of holders of 100% in liquidation amount of the trust preferred securities or the common securities, consolidate, amalgamate, merge with or into, convert to, be replaced by or convey, transfer or lease to any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if such consolidation, amalgamation, merger, replacement, conveyance, transfer or lease would cause the trust or the successor entity to be classified as other than a grantor trust for federal income tax purposes.

REGISTRATION AND TRANSFER OF CERTIFICATES

The administrative trustees will provide for the registration of certificates representing the trust preferred securities and the common securities and of transfers of such certificates, which will be effected without charge but only upon payment (with the indemnity as the administrative trustees may require) in respect of any tax or other governmental charges that may be imposed in relation to it. Upon surrender for registration of transfer of any certificate, the administrative trustees will cause one or more new certificates to be issued in the name of the designated transferee or transferees. Every certificate surrendered for registration of transfer will be accompanied by a written instrument of transfer in form satisfactory to the administrative trustees duly executed by the holder or that holder's attorney duly authorized in writing. Each certificate surrendered for registration of transfer will be canceled by the administrative trustees. A transferee of a certificate will be entitled to the rights and subject to the obligations of a holder under the declaration of trust upon the receipt by such transferee of a certificate. By acceptance of a certificate, each transferee will be deemed to have agreed to be bound by the declaration. In the event that the trust preferred securities do not remain in book-entry only form, the property trustee will act as paying agent and may designate an additional or substitute paying agent at any time.

CERTAIN INFORMATION CONCERNING THE PROPERTY TRUSTEE

The property trustee, prior to the occurrence of an event of default under the declaration of trust with respect to the trust preferred securities, undertakes to perform only those duties as are specifically set forth in the declaration and, after default, is obligated to exercise the same degree of care and skill as a prudent individual would exercise in the conduct of his or

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her own affairs. Subject to those provisions, the property trustee is under no obligation to exercise any of the powers vested in it by the declaration at the request of any holder of trust preferred securities, unless offered reasonable indemnity by that holder against the costs, expenses and liabilities that might be incurred thereby. Except as explicitly provided in the declaration, the property trustee is liable for its own negligent actions, its failure to act or its willful misconduct.

The Bank of New York, the property trustee, will also act as trustee under each of the indenture and the guarantee.

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GOVERNING LAW PROVISIONS

The declaration of trust will be governed by, and interpreted in accordance with, the laws of the State of Delaware without regard to principles of conflict of laws.

CERTAIN TERMS OF THE DEBENTURES

The debentures will be issued as a series pursuant to a supplemental indenture or a resolution of our board of directors or a committee thereof as provided in the indenture.

SUBORDINATION

The debentures are unsecured and are junior in right of payment to all of our senior indebtedness. We may not make any payments of principal (including redemption payments) or interest on the debentures if we default on a payment on our senior indebtedness. See "Description of Debt Securities--Subordinated Debt Securities" in the accompanying base prospectus for more detailed information.

On any distribution of our assets to creditors upon any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors, marshalling of assets or liabilities or any bankruptcy, insolvency or similar proceedings, all principal, premium, if any, and interest due or to become due on all senior indebtedness must be paid in full before the holders of the debentures are entitled to receive or retain any payment.

Neither the debentures nor the guarantees will limit our ability or the ability of our subsidiaries to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the debentures and the guarantees. If at June 30, 2002, we and the trust had issued and sold the trust preferred securities and the debentures and applied the estimated net proceeds thereof as described in this prospectus supplement, on a pro forma basis we would have had no senior indebtedness. In addition, as of that date, Laclede Gas had outstanding first mortgage bond obligations of approximately \$285 million. See "Capitalization" and "Use of Proceeds" in this prospectus supplement.

INTEREST RATE AND MATURITY

The debentures will mature on _____, 2032, and will bear interest, accruing from _____, 2002, at the annual rate of _____% of their principal amount, payable quarterly in arrears on _____, _____, _____ and _____ of each year, beginning _____, 2002. Interest payments not paid when due will themselves accrue additional interest at the annual rate of _____% (to the extent permitted by law). When we refer to any payment of interest, interest includes

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such additional interest and any additional amounts referred to below. The interest payment provisions for the debentures correspond to the distribution provisions of the trust preferred securities. The debentures do not have a sinking fund. This means that we are not required to make any principal payments prior to maturity.

ADDITIONAL AMOUNTS

If the trust is required to pay any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States, or any other taxing authority, then we will be required to pay additional amounts on the debentures so that after the trust pays any taxes, the trust will be in the same position it would have been if it did not have to pay such taxes.

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REDEMPTION

We may redeem, before their maturity:

- . all or some of the debentures on one or more occasions anytime on or after _____, 2007; or
- . all but not less than all of the debentures before _____, 2007, upon the occurrence of a special event as described under "--Certain Terms of of the Trust Preferred Securities--Special Event Redemption" above.

If we decide to redeem debentures in these circumstances, the redemption price of each debenture redeemed will be equal to 100% of the principal amount of such debenture plus any accrued and unpaid interest on such debenture to the date of redemption.

DISTRIBUTION OF DEBENTURES

If the property trustee distributes the debentures to the trust preferred securities holders and common securities holders upon the dissolution and liquidation of the trust, the debentures will be distributed in denominations of \$25 principal amount and integral multiples thereof. We anticipate that the debentures would be distributed in the form of one or more global securities and DTC, or any successor depository for the trust preferred securities, would act as depository for the debentures. The depository arrangements for the debentures would be substantially similar to those in effect for the trust preferred securities.

For a description of DTC and the terms of the depository arrangements relating to payments, transfers, voting rights, redemption, other notices and other matters, see "--Certain Terms of the Trust Preferred Securities--Book-Entry-Only Issuance--DTC," "--Purchases under the DTC System" and "--Payments under the DTC System" in this prospectus supplement.

OPTION TO EXTEND INTEREST PAYMENT PERIOD

We may, on one or more occasions, defer interest payments on the debentures for up to 20 consecutive quarterly periods, if no event of default has occurred and is continuing with respect to the debentures. A deferral of interest payments cannot extend beyond the stated maturity date of the debentures. No interest will be due and payable on the debentures until the end of the deferral period unless the debentures are redeemed prior to such time.

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We may pay at any time all or any portion of the interest accrued to that point during a deferral period. At the end of the deferral period or at a redemption or maturity date, we will be obligated to pay all accrued and unpaid interest.

Once we make all interest payments on the debentures, with accrued interest, we may again defer interest payments on the debentures if no event of default under the debentures has then occurred and is continuing.

During any deferral period and subject to certain exceptions, we will not be permitted to:

- . declare or pay any dividends or distributions or redeem, purchase, acquire or make a liquidation payment with respect to any shares of our capital stock;
- . make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities issued by us that rank equal with or junior to the debentures; or
- . make any guarantee payments with respect to any guarantee by us of our debt securities if such guarantee ranks equal with or junior to the debentures.

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Because the debentures to be issued to the trust will rank equal with all other series of our subordinated debt securities that may be initially issued to certain other trusts, partnerships or other entities affiliated with us, during an interest deferral period, we will not be permitted to make payments on such other series of subordinated debt securities. Likewise, if we defer interest payments on any other of such series of subordinated debt securities, it is not expected that we will be permitted to make payments on the debentures.

The restrictions described in the bullet points above will also apply if there occurs and is continuing a default or event of default under the indenture of which we have actual knowledge and in respect of which we have not taken reasonable steps to cure or if we default on our obligations under the guarantees.

We will give the trust, the administrative trustees, the property trustee and the indenture trustee notice if we decide to defer interest payments on the debentures. As long as the debentures are held by the trust, we will give that notice at least one business day before the earlier of:

- . the record date for the next date distributions on the trust preferred securities would have been payable but for the decision to defer such interest payments; and
- . the date the trust is required to give notice to the New York Stock Exchange (or any other applicable self-regulatory organization) or to holders of the trust preferred securities on the record date or the date distributions are payable.

There is no limitation on the number of times that we may elect to begin an extension period. The administrative trustees will give notice to the property trustee and the holders of trust preferred securities if we decide to defer interest payments on the debentures.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

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GENERAL

Following is a summary of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the trust preferred securities and represents the opinion of Thompson Coburn LLP, St. Louis, Missouri, our counsel.

The following discussion is general and may not apply to your particular circumstances for any of the following (or other) reasons:

- . This summary is based on U.S. federal income tax laws in effect as of the date of this prospectus, including applicable regulations and administrative and judicial interpretations. Changes to any of these laws, regulations or interpretations after this date may affect the tax consequences described below, possibly on a retroactive basis.
- . This summary discusses only trust preferred securities you acquire at original issuance at the original offering price and hold as capital assets (within the meaning of U.S. federal income tax law). It does not discuss all of the tax consequences that may be relevant to beneficial owners who are subject to special rules, such as banks, financial institutions, real estate investment trusts, regulated investment companies, insurance companies, brokers and dealers in securities or currencies, certain securities traders, tax-exempt organizations and tax-advantaged retirement accounts. This discussion also does not discuss tax consequences that may be relevant to an owner in light of the owner's particular circumstances, such as an owner holding a trust preferred security as a position in a straddle, hedging, conversion or other integrated investment.

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- . This summary does not address:
 - (a) The tax consequences to shareholders in, or partners or beneficiaries of, a holder of trust preferred securities;
 - (b) the U.S. alternative minimum tax consequences of purchasing, owning and disposing of trust preferred securities; or
 - (c) any state, local or foreign tax consequences of purchasing, owning and disposing of trust preferred securities.

The authorities on which this summary is based are subject to various interpretations, and the opinions of Thompson Coburn LLP are not binding on the Internal Revenue Service or the courts, either of which could take a contrary position. Moreover, no rulings have been or will be sought from the Internal Revenue Service with respect to the transaction described herein. Accordingly, we cannot assure you that the Internal Revenue Service will not challenge the opinion expressed herein or that a court would not sustain such a challenge.

WE URGE YOU TO CONSULT YOUR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF THE TRUST PREFERRED SECURITIES BASED ON YOUR PARTICULAR CIRCUMSTANCES AND THE RELEVANT TAXING JURISDICTIONS.

UNITED STATES HOLDERS

IN GENERAL

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For purposes of the following discussion, a "United States Holder" means:

- . a citizen or individual resident of the United States;
- . a corporation, other entity treated as a corporation for U.S. federal income tax purposes, or partnership created or organized in or under the laws of the United States, any state or the District of Columbia;
- . an estate the income of which is includable in its gross income for U.S. federal income tax purposes without regard to its source; or
- . a trust if a court within the United States is able to exercise primary supervision over its administration and at least one United States person has the authority to control all substantial decisions of the trust.

If a partnership holds the trust preferred securities, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the trust preferred securities, you should consult your own tax advisor with respect to the purchase, owning and disposing of the trust preferred securities.

CHARACTERIZATION OF THE TRUST

Assuming full compliance with the terms of the declaration of trust (and other relevant documents), the trust will be characterized for U.S. federal income tax purposes as a grantor trust. Accordingly, for U.S. federal income tax purposes, if you, as a United States Holder, purchase a trust preferred security you will be considered the owner of an undivided interest in the debentures owned by the trust, and you will be required to include all income or gain recognized for U.S. federal income tax purposes with respect to your share of the debentures on your income tax return.

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INTEREST INCOME AND ORIGINAL ISSUE DISCOUNT

Subject to the following discussion, you will be taxed on stated interest on the debentures when such interest is paid or accrued in accordance with your method of accounting for income tax purposes.

Under the terms of the debentures, we have the ability to defer payments of interest from time to time by extending the interest payment period for a period not exceeding 20 consecutive quarterly periods, but not beyond the maturity date of the debentures. Under applicable Treasury Department regulations, if the likelihood of deferring interest payments is "remote," the debentures will not be considered issued with original issue discount, or OID.

We conclude that, as of the date of this prospectus, the likelihood of our deferring payments of interest is "remote" within the meaning of the applicable Treasury Department regulations. This conclusion is based in part on the fact that exercising that option would prevent us from declaring dividends on our common stock and would prevent us from making any payments with respect to debt securities that rank equally with or junior to the debentures. Therefore, the debentures should not be treated as issued with OID by reason of our deferral option alone. You should note, however, that no published rulings or any other published authorities of the Internal Revenue Service have addressed this issue. Accordingly, we cannot assure you that the Internal Revenue Service will not challenge this conclusion or that a court would not

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sustain such a challenge.

In the event we exercise our option to defer payments of interest, the debentures would be treated as redeemed and reissued for OID purposes. The sum of the remaining interest payments on the debentures would thereafter be treated as OID. The OID would accrue on a constant yield method, and be includable in your taxable income, on a daily accrual basis (regardless of your method of accounting for income tax purposes) over the remaining term of the debentures (including any period of interest deferral), without regard to the timing of payments under the debentures. Subsequent distributions of interest on the debentures generally would not be taxable. The amount of OID that would accrue in any period would generally equal the amount of interest that accrued on the debentures in that period at the stated interest rate. Consequently, during any period of interest deferral, you will include OID in gross income in advance of the receipt of cash, and if you dispose of a trust preferred security prior to the record date for payment of distributions on the debentures following that period, you will be subject to income tax on OID accrued through the date of disposition (and not previously included in your income), but you will not receive cash from the trust with respect to the OID.

If our exercise of our option to defer payments of interest is not treated as remote, the debentures would be treated as initially issued with OID in an amount equal to the aggregate stated interest over the term of the debentures. You would include that OID in your taxable income, over the term of the debentures, on a daily accrual basis. We believe that the likelihood that we will elect to defer interest payments is remote and, therefore, we will take the position that the debentures will not be issued with OID.

CHARACTERIZATION OF INCOME

Because the income underlying the trust preferred securities will not be characterized as dividends for income tax purposes, a corporate holder of the trust preferred securities will not be entitled to a dividends-received deduction for any income from the trust preferred securities.

MARKET DISCOUNT AND ACQUISITION PREMIUM

If you are not the initial purchaser of the trust preferred securities or if you are the initial purchaser but you do not purchase at the original offering price, you may be considered to have acquired your undivided interest in the debentures with market discount or acquisition premium (as each term is defined for U.S. federal income tax purposes). In this situation, you need to contact your own tax advisor to determine your particular tax consequences.

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RECEIPT OF DEBENTURES OR CASH UPON LIQUIDATION OF THE TRUST

The trust may distribute the debentures to you at any time in exchange for your trust preferred securities and in liquidation of the trust if such a distribution would not be a taxable event for U.S. federal income tax purposes. Upon such distribution, you would have an aggregate adjusted basis in the debentures you receive for U.S. federal income tax purposes equal to your aggregate adjusted basis in your trust preferred securities. For U.S. federal income tax purposes, your holding period in the debentures you receive in such a liquidation of the trust would include the period during which you held the trust preferred securities.

Under certain circumstances described herein (see "Description of Securities--Certain Terms of the Trust Preferred Securities--Redemption"), we

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may redeem debentures for cash and distribute the proceeds of such redemption to you in redemption of your trust preferred securities. Such a redemption would be taxable for U.S. federal income tax purposes, and you would recognize gain or loss as if you had sold the trust preferred securities for cash. See "Sales of trust preferred securities" below.

SALES OF TRUST PREFERRED SECURITIES

If you sell your trust preferred securities, you will recognize gain or loss equal to the difference between your adjusted tax basis in the trust preferred securities and the amount realized on the sale of such trust preferred securities. Your adjusted basis in the trust preferred securities generally will be the initial purchase price, increased by any OID previously included (or currently includable) in your gross income to the date of disposition, and decreased by payments received on the trust preferred securities (other than any interest received with respect to the period prior to the effective date we first exercise our option to defer payments of interest). Any such gain or loss generally will be capital gain or loss, and generally will be a long-term capital gain or loss if you have held the trust preferred securities for more than twelve months prior to the date of disposition.

The trust preferred securities may trade at a price that does not fully reflect the value of accrued but unpaid interest on the debentures. If you dispose of your trust preferred securities between record dates for payments of distributions thereon, you will generally be required to include accrued but unpaid interest (or OID, if any) on the debentures through the date of disposition in your taxable income for U.S. federal income tax purposes, but you will not receive any cash distribution relating to the accrued interest (or OID, if any). In general, you may deduct the amount of such accrued interest (or OID, if any) from the sales proceeds received in computing any gain or loss realized upon such disposition. To the extent the selling price is less than your adjusted tax basis, you will recognize a capital loss. Subject to certain limited exceptions, capital losses generally cannot be applied to offset ordinary income for U.S. federal income tax purposes.

NON-UNITED STATES HOLDERS

The following discussion applies to you if you are not a United States Holder as described above.

Payments of interest, including OID, if any, to you, as a non-United States Holder, on a trust preferred security will generally not be subject to withholding of U.S. federal income tax, provided that:

- . you did not (directly or indirectly, actually or constructively) own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- . you are not a controlled foreign corporation that is related to us through stock ownership;
- . you are not a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code; and
- . either (a) you certify to the trust or its agent (or other applicable payor), under penalties of perjury and in accordance with applicable Treasury regulations, that you are not a United States Holder and provide your name and address, or (b) a securities clearing organization, bank or other financial

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institution that holds customers' securities in the ordinary course of its trade or business (a Financial Institution), and holds the trust preferred security in such capacity, certifies to the trust or its agent (or other applicable payor), under penalties of perjury and in accordance with applicable Treasury regulations, that it requires and has received such a statement from you or another Financial Institution between it and you in the chain of ownership, and furnishes the trust or its agent or other applicable payor with a copy thereof.

It is possible that changes in the law affecting the income tax consequences of the debentures could adversely affect our ability to deduct interest payable on the debentures. Such changes could also cause the debentures to be classified as our equity, rather than our debt, for U.S. federal income tax purposes. This might cause the income derived from the debentures to be characterized as dividends, generally subject to a 30% income tax on a withholding basis, when paid to you if you are not a United States Holder, rather than as interest which, as discussed above, generally is exempt from income tax in the hands of a person who is not a United States Holder.

You will generally not be subject to withholding of income tax or income tax on any gain realized upon the sale or other disposition of a trust preferred security.

If you hold the trust preferred securities in connection with the active conduct of a U.S. trade or business, you will be subject to U.S. federal income on all income and gains recognized with respect to your proportionate share of the debentures.

INFORMATION REPORTING

In general, information reporting requirements will apply to payments of any interest or premium on, and proceeds from the sale of, the trust preferred securities within the United States to, and to the accrual of OID on trust preferred securities with respect to, a non-corporate United States Holder. In addition, information reporting requirements may apply to payments of interest or premium on, and proceeds from the sale of, the trust preferred securities within the United States to, and to the accrual of OID on trust preferred securities with respect to, a non-United States Holder unless you certify in accordance with applicable Treasury regulations as to your non-United States Holder status or otherwise establish an exemption. Taxable income on the trust preferred securities for a calendar year should be reported to United States Holders on the appropriate forms by the following January 31st.

BACKUP WITHHOLDING

Payments of any interest on, proceeds from the sale of, and the accrual of OID on, the trust preferred securities may be subject to a "backup" withholding tax at the applicable rate unless you comply with certain identification or exemption requirements. Any amounts so withheld will be allowed as a credit against your U.S. federal income tax liability, or refunded, if the required information is provided to the Internal Revenue Service.

ERISA CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan (an "ERISA Plan") subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") should consider the fiduciary standards of ERISA

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in the context of that ERISA Plan's particular circumstances before authorizing an investment in the trust preferred securities with assets of that Plan. In particular, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of Section 404(a) of ERISA and would be consistent with the documents and instruments governing a ERISA Plan.

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Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit ERISA Plans, as well as individual retirement accounts and Keogh plans that are not subject to ERISA but are subject to Section 4975 of the Internal Revenue Code (together with ERISA Plans, "Plans"), from engaging in certain transactions involving "Plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Internal Revenue Code (together "Parties in Interest") with respect to such Plan. A violation of these "prohibited transaction" rules may cause a Party in Interest to be subject to an excise tax and a Plan fiduciary to incur certain liabilities under ERISA and/or Section 4975 of the Internal Revenue Code (and, in the case of individual retirement accounts, the loss of tax-exempt status), unless exemptive relief is available under an applicable statutory or administrative exemption.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Internal Revenue Code; however, those plans may be subject to federal, state or local laws or regulations which affect their ability to invest in the trust preferred securities. Any fiduciary of such a governmental, church or foreign plan considering an investment in the trust preferred securities should determine the need for, and, if necessary, the availability of, any exemptive relief under such laws or regulations.

Under U.S. Department of Labor Regulation 29 C.F.R. (S) 2510.3-101 (the "Plan Assets Regulations") the assets of an entity in which a Plan acquired an equity interest will be deemed to be the assets of such Plan under certain circumstances. An "equity interest" is defined under the Plan Assets Regulation as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features and specifically includes a beneficial interest in a trust.

Under the Plan Assets Regulation, the assets of the trust will be considered to be the assets of the Plans investing in the trust preferred securities unless, among other exceptions not relevant here, (a) less than 25% of the value of each class of equity interests in the trust is held by Plans, which includes certain employee benefit plans not subject to ERISA or Section 4975 of the Internal Revenue Code (such as governmental, church and foreign plans) and entities whose underlying assets are "Plan assets" by reason of a Plan's investment in these entities (collectively, "Benefit Plan Investors"), or (b) the trust preferred securities are "publicly-offered securities" for purposes of the Plan Assets Regulation. We cannot assure you that the value of the trust preferred securities held by Benefit Plan Investors will be less than 25% of the total value of those trust preferred securities at the completion of the initial offering or thereafter, and no monitoring or other measures will be taken with respect to the satisfaction of the conditions of this exception. In addition, we cannot assure you that the trust preferred securities will be considered to be "publicly-offered securities" under the Plan Assets Regulation. All of the common securities will be purchased and held by us.

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If the assets of the trust are deemed to be the assets of the Plans investing in the trust, then certain transactions involving the trust could be deemed to constitute direct or indirect prohibited transactions under ERISA and Section 4975 of the Internal Revenue Code with respect to one or more of these Plans. For example, if we were a Party in Interest with respect to an investing Plan (either directly or by reason of ownership of its subsidiaries), extensions of credit between us and the trust (as represented by the debentures and the guarantees) would likely be prohibited by Section 406(a)(1)(B) of ERISA and Section 4975(c)(1)(B) of the Internal Revenue Code, unless exemptive relief were available under an applicable administrative exemption (see below). In addition, if we were considered to be a fiduciary with respect to the trust as a result of certain powers we hold (such as the powers to remove and replace the property trustee and the administrative trustees), certain operations of the trust including the optional redemption or acceleration of the debentures, could be considered to be prohibited transactions under Section 406(b) of ERISA and Section 4975(c)(1)(E) of the Internal Revenue Code. To reduce the likelihood that these and other transactions involving the trust would be characterized as prohibited transactions, each investing Plan, by purchasing trust preferred securities, will be deemed to have directed the trust to invest in the debentures and to have appointed the property trustee.

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The Department of Labor has issued five prohibited transaction class exemptions that may provide exemptive relief for direct or indirect prohibited transactions that may arise from the purchase, holding or disposition of the trust preferred securities if assets of the trust were deemed to be the assets of the Plans investing in the trust as described above. Those class exemptions are PTCE 96-23 (for certain transactions effected on behalf of a Plan by an in-house asset manager), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate pooled accounts), and PTCE 84-14 (for certain transactions effected on behalf of a Plan by an independent qualified professional asset manager).

Because we or any other person may be or become a Party in Interest with respect to an investing Plan, the trust preferred securities may not be purchased by, should not be held by and should not be disposed to, any Plan, any entity whose underlying assets include "Plan assets" by reason of a Plan's investment in such entity (a "Plan Asset Entity"), or any person investing the assets of any Plan, unless such purchaser or holder is eligible for the exemptive relief available under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption regardless of whether the assets of the trust are deemed to be the assets of the Plans investing in the trust preferred securities. Any purchaser or holder of the trust preferred securities or any interest therein will be deemed to have represented by its purchase and holding thereof that it either (a) is not a Plan or a Plan Asset Entity and is not purchasing or holding such securities on behalf of or with the assets of any Plan, or (b) is eligible for the exemptive relief available under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption with respect to such purchase or holding.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries and other persons considering purchasing the trust preferred securities on behalf of or with the assets of any Plan consult with their counsel regarding the potential consequences if the assets of the trust were deemed to be "Plan assets" and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 o