SPIRE INC
Form 424B3
May 11, 2016
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-190388

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 11, 2016

PROSPECTUS SUPPLEMENT

(to Prospectus dated June 3, 2014)

1,850,000 Shares

Spire Inc.

Common Stock

Spire Inc. (formerly The Laclede Group, Inc.) is offering 1,850,000 shares of its common stock, par value $1.00 per share, as described in the accompanying prospectus under Description of Capital Stock Description of Common Stock. The shares trade on the New York Stock Exchange, or NYSE, under the symbol SR. On May 10, 2016, the last sale price of the shares as reported on the NYSE was $65.55 per share.

Investing in our common stock involves risks. Please read Risk Factors beginning on page S-10 of this prospectus supplement.

	Per Share	Total

Initial price to public	*$*	*$*
Underwriting discount and commissions	*$*	*$*
Proceeds, before expenses, to Spire	*$*	*$*

We have granted the underwriter a 30-day option to purchase up to an additional 277,500 shares of our common stock from us at the initial price to the public less the underwriting discount and commissions if the underwriter sells more than 1,850,000 shares of our common stock in this offering.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the shares on or about May , 2016.

Morgan Stanley

The date of this prospectus supplement is May , 2016.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriter have authorized anyone to provide you with different or additional information. We are not making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate as of any date other than the date on the front of this prospectus supplement, the date of the accompanying prospectus or the date of such free writing prospectus, as applicable.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. This document contains two parts. The first part consists of this prospectus supplement, which provides you with specific information about the shares of our common stock that we are selling in this offering and about this offering itself. The second part is the accompanying prospectus, which provides more general information, some of which does not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus or any related free writing prospectus, you should rely on the information contained in this prospectus supplement or such free writing prospectus.

Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us, our common stock and other information you should know before investing in our common stock. Before purchasing any shares of our common stock, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading Where You Can Find More Information.

The terms we, our, us, the Company and Spire refer to Spire Inc. and its subsidiaries unless the context suggests otherwise. Spire was formerly known as The Laclede Group, Inc., and its name was changed to Spire Inc. effective April 28, 2016. The term you refers to a prospective investor.

FORWARD-LOOKING STATEMENTS

Certain matters contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus, excluding historical information, include forward-looking statements. Certain words, such as may, anticipate, believe, estimate, expect, intend, plan, seek, and similar words and expressions identify forwar statements that involve uncertainties and risks. Future developments may not be in accordance with our current expectations or beliefs and the effect of future developments may not be those anticipated. Among the factors that may cause results to differ materially from those contemplated in any forward-looking statement are:

- Weather conditions and catastrophic events, particularly severe weather in the natural gas producing areas of the country;

- Volatility in gas prices, particularly sudden and sustained changes in natural gas prices, including the related impact on margin deposits associated with the use of natural gas derivative instruments;

- The impact of changes and volatility in natural gas prices on our competitive position in relation to suppliers of alternative heating sources, such as electricity;

- Changes in gas supply and pipeline availability, including decisions by natural gas producers to reduce production of or shut in producing natural gas wells, expiration of existing supply and transportation arrangements that are not replaced with contracts with similar terms and pricing, as well as other changes that impact supply for and access to the markets in which our subsidiaries transact business;

Acquisitions may not achieve their intended results, including anticipated cost savings;

Legislative, regulatory and judicial mandates and decisions, some of which may be retroactive, including those affecting:

- allowed rates of return,
- incentive regulation,
- industry structure,
- purchased gas adjustment provisions,

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- rate design structure and implementation,
- regulatory assets,
- non-regulated and affiliate transactions,
- franchise renewals,
- environmental or safety matters, including the potential impact of legislative and regulatory actions related to climate change and pipeline safety,
- taxes,
- pension and other postretirement benefit liabilities and funding obligations, or
- accounting standards;

The results of litigation;

The availability and access, in general, of funds to meet our debt obligations prior to or when they become due and to fund our operations and necessary capital expenditures, either through (i) cash on hand, (ii) operating cash flow, or (iii) access to the capital markets;

Retention of, ability to attract, ability to collect from, and conservation efforts of, customers;

Our ability to comply with all covenants in our indentures and credit facilities any violations of which, if not cured in a timely manner, could trigger a default of our obligation;

Capital and energy commodity market conditions, including the ability to obtain funds with reasonable terms for necessary capital expenditures and general operations and the terms and conditions imposed for obtaining sufficient gas supply;

Discovery of material weakness in internal controls; and

- Employee workforce issues, including but not limited to labor disputes and future wage and employee benefit costs including changes in discount rates and returns on benefit plan assets.

Readers are urged to consider the risks, uncertainties, and other factors that could affect our business as described in this prospectus supplement and the accompanying prospectus and the information incorporated by reference therein. All forward-looking statements made or incorporated by reference in this prospectus supplement and the accompanying prospectus rely upon the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. We do not, by including this statement, assume any obligation to review or revise any particular forward-looking statement in light of future events.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights certain information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. As a result, this summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should read the following summary in conjunction with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, which are described under Where You Can Find More Information in this prospectus supplement. This prospectus supplement and the accompanying prospectus contain or incorporate forward-looking statements. Forward-looking statements should be read with the cautionary statements and important factors included under Risk Factors and Forward-Looking Statements in this prospectus supplement as well as the Risk Factors section in our Annual Report on Form 10-K for the fiscal year ended September 30, 2015.

Spire Inc.

Spire Inc. (formerly The Laclede Group, Inc.), headquartered in St. Louis, Missouri, is a public utility holding company whose primary business is the safe and reliable delivery of natural gas service to more than 1.56 million residential, commercial and industrial customers across Missouri and Alabama. We have two key business segments: Gas Utility and Gas Marketing. The Gas Utility segment consists of three natural gas utilities (Utilities): Laclede Gas (serving St. Louis and eastern Missouri), Missouri Gas Energy (MGE) (serving Kansas City and western Missouri) and Alabama Gas Corporation (Alagasco) (serving central and northern Alabama, including Birmingham and Montgomery). Spire s subsidiary, Laclede Gas Company (LGC), comprises the Laclede Gas and MGE utilities. Spire s non-utility businesses include Laclede Energy Resources, Inc. (LER), which provides non-regulated natural gas services.

Our Strategy

Spire is committed to transforming its business and pursuing growth by:

- growing our Gas Utility business;
- acquiring and integrating gas utilities;
- modernizing gas supply assets; and
- investing in innovation.

Growing our Gas Utility Business

In our Gas Utility segment, we continue to focus on organic growth by growing margins, lowering costs and through prudent investments in infrastructure upgrades. In fiscal year 2015, we saw approximately 1% residential customer growth across our three utilities and increased conversion of commercial and industrial customers to natural gas. We also invested over $284.4 million in capital expenditures as compared to $168.6 million for fiscal 2014, with a particular emphasis on upgrading our distribution mains and services, as well as meeting the needs of our growing company in the areas of facilities and technology. We have good regulatory recovery mechanisms in both Missouri (the infrastructure system replacement surcharge or ISRS) and Alabama (the rate stabilization and equalization or RSE) that ensure approximately two-thirds of our fiscal year 2015 gas utility investments were recovered with minimal regulatory lag.

Gas Utility capital expenditures are expected to be approximately $310 million in fiscal year 2016, with the increasing capital expenditures primarily attributable to the addition of Alagasco in late 2014 and our commitment to prudent upgrading of our infrastructure.

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Acquiring and Integrating Gas Utilities

We utilize a well-defined, disciplined process based on appropriate returns on invested capital to identify and evaluate acquisition opportunities in the natural gas industry, particularly local distribution companies. Further, we have internal teams that assist in the evaluation of a prospective acquisition to identify:

- the potential benefits it can deliver to our customers, communities, employees and investors;
- how it supports our targeted long-term earnings per share growth target of 4% to 6% and our strong and growing dividend;
- its fit with our largely regulated business mix; and
- its impact on cash flow and capital structure.

We began execution on this strategy in fiscal 2013. Effective September 1, 2013, we acquired from Southern Union Company (now Panhandle Eastern Pipe Line, L.P.) substantially all of the assets and liabilities of MGE for a purchase price of approximately $940 million, including post-closing adjustments. We funded the acquisition through a combination of the issuance of 10.0 million shares of common stock (May 29, 2013), the issuance of $450.0 million principal amount of LGC first mortgage bonds (August 13, 2013), short-term borrowings and available cash.

Effective August 31, 2014, we completed the purchase from Energen Corporation of 100% of the outstanding common stock of Alagasco for $1,590.3 million (including assumed debt of $264.8 million). We funded the purchase price with a combination of the issuance of approximately 10.4 million shares of common stock and approximately 2.8 million equity units (June 11, 2014), the issuance of $625.0 million principal amount of our senior notes (August 19, 2014), short-term borrowings and available cash.

We are continuing our execution of this strategy through the pending acquisition of EnergySouth, Inc. described below.

Modernizing our Gas Supply Assets

Our strategy to optimize our gas transportation, storage and supply assets includes a focus on achieving a more diverse supply portfolio, improving our reliability and resiliency, and accessing lower cost shale gas for the benefit of our customers across our entire geographic footprint. In our Gas Marketing segment, we continue to invest in contractual pipeline and storage assets and experienced personnel necessary to provide wholesale and other large commercial and industrial users of natural gas located in the Midwest a competitive alternative for reliable natural gas supply. In fiscal year 2015, our Gas Marketing segment sold 221.7 billion cubic feet of gas to its customers.

We have recently announced our intent to build, own and operate Spire STL Pipeline, a 60-mile pipeline with capacity of 400 million cubic feet per day that is anticipated to cost $170 million to $200 million. This pipeline will connect the Rockies Express and Panhandle Eastern pipelines to our service area in eastern Missouri. We expect the in-service date to occur in 2019. This project achieves a more diverse supply portfolio by providing direct access to the Eastern Marcellus producing basin, improves reliability and resiliency and allows our customers access to lower-cost shale gas.

Investing in Innovation

Our strategy of investing in innovation and emerging technologies has an initial focus on opportunities in natural gas vehicle (NGV) fueling stations and other natural gas-related energy applications.

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Recent Developments

On April 24, 2016, we entered into a definitive stock purchase agreement with Sempra U.S. Gas & Power, a unit of Sempra Energy (NYSE: SRE), to acquire all of the outstanding shares of EnergySouth, Inc. (the Transaction), the parent of Mobile Gas Service Corporation (Mobile Gas) and Willmut Gas & Oil Company (Willmut Gas). Mobile Gas serves 85,000 natural gas utility customers in Alabama and Willmut Gas serves 19,000 customers in Mississippi. The consideration for the Transaction is $344 million. All non-utility businesses in EnergySouth, Inc. will be retained by Sempra Energy. After the inclusion of working capital adjustments and the assumption of $67 million in debt, the Transaction is expected to result in total cash consideration of $323 million. Closing on the Transaction is expected to occur in 2016, subject to customary closing conditions and regulatory approvals.

In connection with the Transaction, we entered into a commitment letter with Morgan Stanley & Co. LLC providing for a 364-day senior bridge term loan facility in an aggregate principal amount of up to $275 million to fund the Transaction.

Acquisition Rationale

We believe the Transaction will provide us with the following significant benefits:

- **Aligns with our growth strategy**. The Transaction is strategically aligned with our focus on growth through acquiring and organically growing gas utilities to deliver customer benefits and long-term shareholder value. It also builds on our proven process and success in integrating, financing and operating our companies.

- **Expands our southern footprint**. The addition of Mobile Gas builds upon our significant footprint and working relationships in Alabama. Willmut Gas expands our reach into Mississippi and provides further regulatory diversity, adding another state with a highly rated regulatory environment.

- **Adds to our earnings and cash flow**. The Transaction is expected to be neutral to net economic earnings per share in 2017 and accretive in 2018, and is expected to support our long-term annual earnings growth target of 4% to 6%. Further, cash flows from Mobile Gas and Willmut Gas will support investment in the business, increased shareholder value and growing dividends.

Giving effect to the Transaction, our organizational structure will be as shown below:

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Sources and Uses

The estimated sources and uses of the funds for the Transaction, assuming the Transaction had closed March 31, 2016, are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including:

- the amount of net proceeds that we receive from this offering of our common stock;
- the amount of net proceeds, if any, that we receive from the proposed debt offerings to finance the Transaction (which also depends on the net proceeds from this offering of our common stock); and
- changes in our debt balances and net working capital from March 31, 2016 to the closing.

There can be no assurance that the Transaction will be consummated under the terms contemplated or at all.

(Millions)	
Sources	
Cash	$
Short-term Debt	42.0
Assumption of Long-term Debt	67.0
Proposed Long-term Debt[(1)]	170.0
Common Stock Offered Hereby[(2)]	121.3
Total Sources	$ 400.3
Uses	
Purchase of EnergySouth, Inc. Stock	$ 344.0
Estimated Working Capital Adjustment	46.0
Fees and Expenses[(3)]	10.3
Total Uses	$ 400.3

(1) Represents estimated gross proceeds of a debt offering of $170.0 million but without deduction for discounts and other fees and expenses.

(2) Represents estimated gross proceeds of this offering, but without deduction for the underwriting discount and commissions and other fees and expenses, based upon the sale of 1,850,000 shares at $65.55 per share, the

closing price on May 10, 2016, and excluding any proceeds of the underwriter s exercise of its option to purchase additional shares of common stock.

(3) Represents fees and expenses, including underwriting discounts and commissions, commitment fees, legal, accounting and other fees and expenses associated with the completion of the Transaction and the related financing transactions.

Other Information

Our principal executive offices are located at 700 Market Street, St. Louis, Missouri 63101 and our telephone number is 314-342-0500. We maintain a website at www.spireenergy.com where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement. For additional information regarding our business, we refer you to our filings with the SEC incorporated into this prospectus supplement by reference. Please read Where You Can Find More Information.

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The Offering

Issuer	Spire Inc., a Missouri corporation
Common stock offered by us	1,850,000 shares
Underwriter s option to purchase additional shares	277,500 shares
Common stock to be outstanding after this offering	45,295,985 shares (or 45,573,485 shares if the underwriter s option to purchase additional shares is exercised in full)[(1)]
	For a complete description of our common stock, please refer to Description of Capital Stock Description of Common Stock in the accompanying prospectus.
Use of proceeds	We intend to use the net proceeds of this offering, together with cash on hand, short-term debt and net proceeds from any future offering and issuance of debt securities, to fund a portion of the consideration for the Transaction. However, the consummation of this offering is not conditioned on the closing of the Transaction. If we do not consummate the Transaction, we will retain broad discretion to use all of the net proceeds from this offering for general corporate purposes. See Use of Proceeds in this prospectus supplement.
Dividends	We have paid quarterly cash dividends on our common stock in every year since 1946. The annual dividends declared per share in 2015 and 2014 were $1.84 and $1.76, respectively. Our current annualized dividend rate is $1.96.[(2)] Future dividends, declared at the discretion of our Board of Directors, will be dependent upon future earnings, cash flows and other factors.

(1) The number of shares of our common stock to be outstanding after this offering is calculated based on 43,445,985 shares of common stock outstanding as of March 31, 2016. The number of shares of our common stock to be outstanding after this offering excludes shares issuable in connection with Spire s 2014 2.0% Series Equity Units issued in June 2014, 9,500 shares underlying options to purchase shares of our common stock and 514,370 non-vested time-based and performance-contingent stock units outstanding as of March 31, 2016. In addition, unless we indicate otherwise, the information in this prospectus supplement assumes that the underwriter will not exercise its option to purchase additional shares with respect to this offering.

(2) On April 28, 2016, our Board of Directors declared a dividend of $0.49 per share payable on July 5, 2016 to shareholders of record on June 10, 2016. Purchasers of the shares of our common stock offered by this prospectus supplement who are holders of record on such record date will be entitled to receive this dividend.

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Listing	Our common stock is listed on the NYSE under the symbol SR.
Risk factors	An investment in our common stock involves various risks. Prospective investors should carefully consider the matters described under the caption entitled Risk Factors beginning on page S-10 of this prospectus supplement, as well as the additional risk factors referred to therein and described in Item 1A of Part I of our Annual Report on Form 10-K for the year ended September 30, 2015.

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Summary Historical Financial Information

The following tables set forth, for the periods and at the dates indicated, our summary consolidated financial information. We have derived the summary consolidated income statement information for each of the three years in the period ended September 30, 2015, and the summary consolidated balance sheet information at September 30, 2015 and 2014, from our audited consolidated financial statements incorporated by reference in this prospectus supplement. We have derived the summary consolidated income information and the other financial information for the six months ended March 31, 2016 and March 31, 2015, and the summary consolidated balance sheet information at March 31, 2016 and March 31, 2015, from our unaudited consolidated financial statements incorporated by reference in this prospectus supplement. Historical results are not indicative of the results to be expected in the future. In addition, our results for the six months ended March 31, 2016 are not necessarily indicative of results expected for the full year ending September 30, 2016. This summary consolidated financial information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended September 30, 2015 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, which are incorporated by reference in this prospectus supplement.

	Years Ended September 30,			Six Months Ended March 31,	
	2015	**2014(1)**	**2013(2)**	**2016**	**2015**
(Millions)					
Income Statement Information:					
Total operating revenues	$ 1,976.4	$ 1,627.2	$ 1,017.0	$ 1,008.7	$ 1,497.0
Total operating expenses	1,703.9	1,460.8	920.5	754.0	1,252.0
Operating income	272.5	166.4	96.5	254.7	245.0
Net income	136.9	84.6	52.8	147.7	141.5
Other Financial Information:					
Depreciation and amortization	130.8	83.3	49.3	67.6	64.7
Net economic earnings(3)	138.3	100.1	65.0	148.6	143.3
EBITDA(3)	404.5	246.4	148.3	324.5	311.8

	At September 30,		At March 31,	
	2015	**2014**	**2016**	**2015**
(Millions)				
Balance Sheet Information:				
Assets				
Current assets:				
Cash and cash equivalents	$ 13.8	$ 16.1	$ 8.7	$ 46.9
Total current assets	530.1	628.0	503.8	637.2
Net utility plant	2,927.5	2,759.7	2,985.2	2,824.7
Total assets	5,290.2	5,074.0	5,319.8	5,180.7
Liabilities and capitalization				
Current liabilities:				
Notes payable	338.0	287.1	253.6	247.6
Current portion of long-term debt	80.0			80.0
Total current liabilities	853.8	785.8	618.8	853.7

Capitalization:				
Long-term debt, less current portion	1,771.5	1,851.0	1,851.6	1,736.3
Total common stock equity	1,573.6	1,508.4	1,681.4	1,611.6
Total capitalization	3,345.1	3,359.4	3,533.0	3,347.9
Total liabilities and capitalization	5,290.2	5,074.0	5,319.8	5,180.7

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(1) Fiscal year 2014 results include one month of results from Alagasco.
(2) Fiscal year 2013 results include one month of results from MGE.
(3) Net economic earnings and EBITDA are defined under Non-GAAP Financial Measures below.

Non-GAAP Financial Measures

The body of accounting principles generally accepted in the United States is commonly referred to as GAAP. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. In this prospectus supplement, we disclose EBITDA and net economic earnings, each of which is a non-GAAP financial measure.

EBITDA is earnings before interest expense, income taxes, depreciation and amortization. We believe EBITDA is an important measure of operating performance because it allows management, investors and others to evaluate and compare our core operating results, including our return on capital and operating efficiencies, from period to period by removing the impact of our capital structure (interest expense from our outstanding debt), asset base (depreciation and amortization), and tax consequences.

We also use the non-GAAP measure of net economic earnings when internally evaluating results of operations. This non-GAAP measure excludes from net income the after-tax impacts of fair value accounting and timing adjustments associated with energy-related transactions as well as acquisition, divestiture and restructuring activities. These adjustments are made in instances where the accounting treatment differs from the economic substance of the underlying transaction, including the following:

- net unrealized gains and losses on energy-related derivatives that are required by GAAP fair value accounting associated with current changes in the fair value of financial and physical transactions prior to their completion and settlement. These unrealized gains and losses result primarily from two sources:
  - changes in the fair values of physical or financial derivatives prior to the period of settlement; and
  - ineffective portions of accounting hedges, required to be recorded in earnings prior to settlement, due to differences in commodity price changes between the locations of the forecasted physical purchase or sale transactions and the locations of the underlying hedge instruments;
- lower of cost or market adjustments to the carrying value of commodity inventories resulting when the market price of the commodity falls below its original cost, to the extent that those commodities are economically hedged; and
- realized gains and losses resulting from the settlement of economic hedges prior to the sale of the physical commodity.

Additionally, management excludes acquisition, divestiture, and restructuring activities when evaluating ongoing performance.

These adjustments eliminate the impact of timing differences and the impact of current changes in the fair value of financial and physical transactions prior to their completion and settlement. Unrealized gains or losses are recorded in each period until being replaced with the actual gains or losses realized when the associated physical transactions occur. While management uses these non-GAAP measures to evaluate the results of operations of both LER and the Utilities, the net effect of these adjustments on the Utilities earnings is minimal

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because gains or losses on LGC s natural gas derivative instruments are deferred pursuant to its purchased gas adjustment clause, as authorized by the Missouri Public Service Commission, or MoPSC. Alagasco does not use derivatives to hedge its natural gas supply at this time.

Management believes that excluding the earnings volatility caused by recognizing changes in fair value prior to settlement and other timing differences associated with related purchase and sale transactions provides a useful representation of the economic effects of only the actual settled transactions and their effects on results of operations. In addition, management excludes the effect of costs related to unique acquisition, divestiture and restructuring activities when evaluating ongoing performance, and therefore excludes these costs from net economic earnings.

Non-GAAP operating metrics should not be considered as alternatives to, or more meaningful than, GAAP measures such as net income. Reconciliations of net economic earnings to the Company s most directly comparable GAAP measure, net income, are provided below.

	Years Ended September 30,			Six Months Ended March 31,	
	2015	**2014[(1)]**	**2013[(2)]**	**2016**	**2015**
(Millions)					
Net economic earnings:					
Net income (GAAP)	$ 136.9	$ 84.6	$ 52.8	$ 147.7	$ 141.5
Unrealized (gain) loss on energy related derivatives	(1.8)	(0.9)	0.5	(1.2)	(0.4)
Lower of cost or market investor adjustments	0.3	(0.7)	0.9	0.5	0.2
Realized loss (gain) on economic hedges prior to the sale of the physical commodity	1.5	(0.2)		(0.4)	0.1
Acquisition, divestiture, and restructuring activities	6.1	17.3			