CLECO CORP
Form DEF 14A
March 16, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

Cleco Corporation

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Proxy Statement

and

Notice of

Annual Meeting

of Shareholders

to be held on

April 27, 2012

March 16, 2012

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CLECO CORPORATION

2030 DONAHUE FERRY ROAD

PINEVILLE, LOUISIANA 71360-5226

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME	9:00 a.m., Central time, on Friday, April 27, 2012
PLACE	Country Inn & Suites by Carlson 2727 Monroe Highway Pineville Convention Center, Ft. Randolph Room Pineville, Louisiana 71360
ITEMS OF BUSINESS	(1) To elect three directors, each of whom will serve a three-year term expiring in 2015, or until their successors are elected and qualified. (2) To consider and act on a proposal to ratify the Audit Committee s appointment of the firm of PricewaterhouseCoopers LLP as Cleco Corporation s independent registered public accounting firm for the fiscal year ending December 31, 2012. (3) To consider and act on an advisory vote to approve the compensation of Cleco Corporation s named executive officers as described in the accompanying proxy statement. (4) To consider and act on a shareholder proposal to require Cleco Corporation to issue a sustainability report that includes a comprehensive discussion of Cleco Corporation s sustainability risks and opportunities, including an analysis of material water-related risks. (5) To transact any other business that may properly come before the annual meeting or any adjournments or postponements thereof.
RECORD DATE	You can vote if you were a shareholder of record as of the close of business on March 1, 2012.
ANNUAL REPORT	Our 2011 Annual Report and Form 10-K for the fiscal year ended December 31, 2011, neither of which is a part of the proxy soliciting material, are enclosed.
PROXY VOTING	It is important that your shares be represented and voted at the annual meeting. Please mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope, or vote through the Internet as described in the enclosed proxy card. Any proxy may be revoked at any time prior to its exercise at the annual meeting.

Julia E. Callis
Associate General Counsel & Corporate Secretary

March 16, 2012

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CLECO CORPORATION

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 27, 2012

PROXY STATEMENT

Cleco Corporation is furnishing you this proxy statement because you are a holder of Cleco common stock. The Cleco board of directors is soliciting proxies for use at the Cleco annual meeting of shareholders and at any adjournments or postponements of the annual meeting. The annual meeting will be held at 9:00 a.m., Central time, on Friday, April 27, 2012, at the Country Inn & Suites by Carlson, 2727 Monroe Highway, Pineville Convention Center, Ft. Randolph Room, Pineville, Louisiana 71360 (please see the map included as Appendix A). The voting stock of Cleco consists of shares of common stock, with each share of common stock entitling its owner to one vote. At the annual meeting, holders of record of Cleco common stock at the close of business on March 1, 2012 will be entitled to vote upon proposals relating to:

- the election of three directors, each of whom will serve until the annual meeting in 2015, or until their successors are elected and qualified;
- the ratification of the Audit Committee s appointment of the firm of PricewaterhouseCoopers LLP as Cleco Corporation s independent registered public accounting firm for the fiscal year ending December 31, 2012;
- a non-binding advisory vote to approve the compensation of Cleco Corporation s named executive officers as described in the Compensation Discussion and Analysis and Executive Officers Compensation sections of this proxy statement;
- a proposal to require Cleco Corporation to issue a sustainability report that includes a comprehensive discussion of Cleco Corporation s sustainability risks and opportunities, including an analysis of material water-related risks; and
- the consideration of any other business that may properly come before the meeting.

The board of directors recommends that you vote FOR the election of the three nominees for director, FOR the ratification of the Audit Committee s appointment of PricewaterhouseCoopers LLP as Cleco Corporation s independent registered public accounting firm, FOR the approval of the compensation of Cleco Corporation s named executive officers and AGAINST the proposal to require Cleco Corporation to issue a sustainability report.

This proxy statement and the accompanying proxy card are being mailed first on or about March 16, 2012 to record shareholders of Cleco as of the close of business on March 1, 2012.

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INTRODUCTION

General

This is the proxy statement of Cleco Corporation. Unless the context clearly indicates otherwise or unless otherwise noted, all references in this proxy statement to Cleco or the Company mean Cleco Corporation.

Proxy Solicitation

The enclosed proxy is solicited on behalf of the Cleco board of directors to be voted at the annual meeting. The management of Cleco will solicit proxies by mail, telephone, facsimile, the Internet or overnight delivery. Proxies also may be solicited in advertisements and in person by Cleco officers and employees. Cleco has hired Morrow & Co., LLC, 470 West Ave, Stamford, CT 06902, to assist in the solicitation of proxies. Morrow s fee is approximately $9,000 plus expenses. Other than Morrow, no specially engaged solicitors will be retained to solicit proxies. Cleco is responsible for the payment of all expenses of the solicitation, including the cost of preparing and mailing this proxy statement and the reimbursement of brokerage firms and other nominees for their reasonable expenses in forwarding proxy material to beneficial owners of Cleco common stock.

All duly executed proxies will be voted in accordance with their instructions. If no instructions are in an executed proxy, the shares

represented by such proxy will be voted at the annual meeting or any adjournments or postponements thereof **FOR** the election of the three nominees for director, **FOR** the ratification of the Audit Committee s appointment of PricewaterhouseCoopers LLP as Cleco s independent registered public accounting firm for the fiscal year ending December 31, 2012, **FOR** the approval of the compensation of Cleco s named executive officers, **AGAINST** the proposal to require Cleco to prepare a sustainability report and in the discretion of the persons named in the proxy on any other business that may properly come before the annual meeting. Management is not aware of any other matters that are likely to be brought before the annual meeting.

Cleco s principal executive offices are located at 2030 Donahue Ferry Road, Pineville, Louisiana 71360-5226, and Cleco s telephone number is (318) 484-7400. Cleco s homepage on the Internet is located at *www.cleco.com*.

Record Date and Voting Rights

Holders of record of outstanding common stock as of the close of business on March 1, 2012 are entitled to receive notice of and to vote at the annual meeting. As of March 1, 2012, there were 60,823,673 shares of Cleco common stock outstanding. As of March 1, 2012, all officers and directors of Cleco, as a group, beneficially owned 2.2% of the outstanding shares of Cleco common stock.

This proxy provides you with the opportunity to specify your approval or disapproval of, or abstention with respect to, the following proposals:

Proposal 1 the election of three directors to serve until the 2015 annual meeting of shareholders, or until their successors are elected and qualified;

Proposal 2 the ratification of the Audit Committee s appointment of PricewaterhouseCoopers LLP as Cleco s independent registered public accounting firm for the fiscal year ending December 31, 2012;

Proposal 3 the consideration of a non-binding advisory vote to approve the compensation of Cleco s named executive officers as described in the Compensation Discussion and Analysis and Executive Officers Compensation sections of this proxy statement; and

Proposal 4 the consideration of a shareholder proposal to require Cleco to issue a sustainability report that includes a comprehensive discussion of Cleco s sustainability risks and opportunities, including an analysis of material water-related risks.

Generally (except in the case of the election of directors, as discussed below), under Louisiana law and Cleco s Amended and Restated Articles of Incorporation and Bylaws, an abstention by a shareholder who is either present in person at the annual meeting or represented by proxy is

counted as a vote against the matter subject to the abstention. Under Louisiana law and Cleco s Bylaws, a quorum is based upon the number of outstanding shares of voting stock, including shares relating to abstentions. Shares registered in the names of brokers or other street name nominees for which proxies are voted on some but not all matters will be considered to be present at the meeting for quorum purposes, but will be considered to be voted only as to those matters actually voted and will not be considered as voting for any purpose as to the matters to which no vote is indicated (commonly referred to as broker non-votes). The New York Stock Exchange (NYSE) precludes brokers from exercising voting discretion on certain proposals, including the election of directors, executive compensation proposals and other non-routine proposals. The only routine proposal that will be voted on at the 2012 annual meeting, and for which brokers may exercise discretion, is Proposal 2.

Election of directors is by plurality of the voting stock, with each holder of Cleco common stock being able to cast as many votes as equal the number of such holder s shares of common stock multiplied by the number of directors to be elected. Each holder of Cleco common stock may cumulate all or any part of these votes for one or more of the nominees. Abstentions and broker non-votes are treated as votes not cast and will have no effect on the election of directors. The affirmative vote of the majority of the shares present and entitled to vote on the matter is required for adoption of the proposal to ratify the appointment of PricewaterhouseCoopers LLP as Cleco s independent registered public accounting firm, for approval of the compensation of Cleco s named executive officers and for approval of the shareholder proposal to require Cleco to provide a sustainability report; accordingly, abstentions applicable to shares represented at the meeting will have the same effect as votes against these proposals, and broker non-votes will have no effect on the outcome of these proposals.

One of the matters that will be presented to a vote of shareholders at the 2012 annual meeting is advisory in nature and will not be binding on Cleco or Cleco s board of directors: approval of the compensation of Cleco s named executive officers as described in the Compensation Discussion and Analysis and Executive Officers Compensation sections of this proxy statement. Shareholders also may choose to abstain from voting on this matter; however, an abstention will have the same effect as a vote against the proposal.

The proxy enclosed for record holders of voting stock is for the number of shares registered in your name with Cleco, together with any additional full shares held in your name in Cleco s Dividend Reinvestment Plan.

If you are an employee of Cleco and participate in the Cleco Savings and Investment Plan (401(k) Savings Plan), you may vote the number of

shares of Cleco common stock equivalent to your interest in the Cleco common stock fund of the 401(k) Savings Plan as of the close of business on March 1, 2012, the record date for the annual meeting. Additionally, if you are an employee of Cleco and participate in the Cleco Employee Stock Purchase Plan (Stock Purchase Plan), you may vote the number of shares of Cleco common stock purchased with your payroll deductions as of the record date. In any case, complete and return the proxy card being mailed with this proxy statement, or follow the directions on the proxy card to vote through the Internet. The trustee under the 401(k) Savings Plan and/or the custodian under the Stock Purchase Plan will vote the shares allocated to your account(s) according to your instructions. If you do not send instructions within the time required, the share equivalents credited to your account(s) will not be voted.

Please call Cleco s Office of Shareholder Assistance at 1-800-253-2652 with any questions relating to the proposals to be considered at the annual meeting.

Execution and Revocation of Your Proxy

Shares represented by proxies properly signed and returned will be voted at the annual meeting in accordance with the shareholder s specifications. If a proxy is signed but no voting specification is made, then the shares represented by the proxy will be voted **FOR** the election of the three nominees for director, **FOR** the ratification of the Audit Committee s appointment of PricewaterhouseCoopers LLP as Cleco s independent registered public accounting firm for the fiscal year ending December 31, 2012, **FOR** the approval of the compensation of Cleco s named executive officers, **AGAINST** the shareholder proposal to require Cleco

to issue a sustainability report and in the discretion of the persons named in the proxy on any other business that may properly come before the annual meeting.

A shareholder who gives a proxy may revoke it at any time before the proxy is voted at the annual meeting. To revoke a proxy, a written instrument signed in the same manner as the proxy must be delivered to the corporate secretary of Cleco at or before the annual meeting. Also, a shareholder who attends the annual meeting in person may vote by ballot at the meeting, thereby cancelling his or her proxy.

Internet Availability of Proxy Materials

Important Notice Regarding the Availability of Proxy Materials for Cleco s Shareholder Meeting to be held on April 27, 2012. This proxy statement, the related proxy cards, the 2011 Annual Report and the 2011 Form 10-K are available on Cleco s web site. To access the documents, please go to *www.cleco.com*; Investor Relations Proxy Statements and *www.cleco.com*; Investor Relations Annual Reports.

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

Cleco s Bylaws provide for the division of Cleco s board of directors into three classes, Class I, Class II and Class III, with each class consisting, as nearly as possible, of one-third of the number of directors constituting the whole board. Cleco s board of directors currently has a total of 10 directors: three are in Class I (including Brigadier General Sherian G. Cadoria, who will retire effective as of the date of the 2012 annual meeting of shareholders, as discussed below), four are in Class II and three are in Class III. The term of each directorship is three years. The terms of the three classes are staggered in a manner so that only one class is elected by the shareholders annually. The three Class III director positions are proposed for election this year to serve as members of Cleco s board of directors until the annual meeting of shareholders in 2015, or until their successors are elected and qualified.

The persons named in the accompanying proxy may act with discretionary authority to cumulate the votes attributable to shares of Cleco common stock represented by the proxy and to vote for other nominees upon the unavailability of a named nominee, although management is not aware of any circumstance likely to render any of the named nominees unavailable for election. Unless a shareholder specifies otherwise, the persons named in the accompanying proxy intend to vote in favor of the nominees listed below. The three persons who receive the most votes cast will be elected as directors.

All of the nominees listed below currently serve as directors of Cleco. Directors who are members of Classes I and II, who are continuing as directors at this time and whose terms of office expire in 2013 and 2014, respectively, are named below following the information concerning the three nominees for election as Class III directors. Brigadier General

Sherian G. Cadoria, who has served as a director since 1993, will retire from the board of directors effective as of the date of the 2012 annual meeting of shareholders, since she has reached the retirement age for outside directors specified in Cleco s Bylaws.

The Nominating/Governance Committee is following the steps discussed beginning on page 13 under Director Nomination Process to determine whether to add a director to the board following General Cadoria s retirement. In 2010, the Nominating/Governance Committee reached a consensus that a board composed of 9 to 10 directors functions well for Cleco. During 2012, the Nominating/Governance Committee will continue to assess the size of Cleco s board of directors in light of the retirement of Brigadier General Cadoria, as well as upcoming retirements. The Nominating/Governance Committee may determine to engage an executive search firm to assist in the recruitment of new board members, and the Nominating/Governance Committee will work to identify attributes of potential new board members to determine those attributes that will be most useful in the work of the board. Depending upon the outcome of the work of the Nominating/Governance Committee, the board may determine to appoint one or more board members as recommended by the Nominating/Governance Committee. At the time of the mailing of this proxy statement, the work of the Nominating/Governance Committee is not complete and no candidates other than those listed below are being nominated for consideration at the 2012 annual meeting of shareholders.

Cleco s board of directors unanimously has approved the nomination of the three nominees for Class III director and recommends that you vote **FOR** the election of the three nominees for Class III director.

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

About the Nominated and Continuing Directors

Our board of directors is responsible for overseeing the business and affairs of Cleco. As shareholders, you elect the board as your representatives. Our goal is to assemble a board that encourages a culture that promotes candid communication and rigorous decision-making with robust participation by directors in board discussions and that is sufficiently independent-minded and challenging of management. When reviewing the results of the annual board evaluation and assessing directors for the board, the Nominating/Governance Committee looks at the overall mix of the nominees and continuing directors balance of skills and experience, as well as qualities such as leadership in their occupations, accomplishments, diversity, integrity and a commitment to devote the time and attention needed to discharge their duties to the Company (see Independence and Organization of the Board of Directors and Director Nomination Process below for more information on the process for identifying and evaluating nominees for director).

Below is information concerning the three nominees for election as Class III directors at the annual meeting, as well as the continuing Class I and Class II directors, including the business experience and any public company directorships held by each during the past five years, areas of expertise and any specified legal proceedings involving each during the past ten years.

Class III Directors (nominees to be elected at the 2012 annual meeting; terms of office expire in 2015)

J. Patrick Garrett, who is retired, was employed by Windsor Food Company Ltd., a privately held company engaged in the food processing business, where he served as president and chief executive officer (CEO) from 1995 until 1999. Mr. Garrett, who is 68 years old, has been a director of Cleco since 1981. Mr. Garrett is chairman of the board of directors and chairman of the Executive and Nominating/Governance Committees. Mr. Garrett also presides over executive sessions of non-management directors.

Mr. Garrett received his law degree from Columbia University School of Law in 1968. He practiced law with the firm of Baker Botts L.L.P. for over 25 years, specializing in corporate law. Mr. Garrett had a special interest in corporate governance as a member of the Corporate Laws committee which has responsibility for promulgation of and revisions to the Model Business Corporation Act, and he served as chairman of the State Bar of Texas committee which recommends legislative revisions to Texas business organization statutes. Mr. Garrett s business experience as president and CEO of Windsor Food Company together with his experience in corporate legal and governance matters positions him well as a skilled advisor and Cleco s chairman of the board.

Elton R. King, who is retired, was employed as president and CEO of Visual Networks, Inc., a company engaged in providing application performance and network management solutions, from June 2001 until August 2002 and also served as a member of its board of directors during that time. Mr. King retired from BellSouth Telecommunications, Inc. (BellSouth) in 1999, where he had been employed for more than five years, serving most recently as the president of its network and carrier services group. Mr. King, who is 65 years old, has been a director of Cleco since 1999 and is a member of the Finance and Nominating/Governance Committees. He also served as a director of Hibernia Corporation and Hibernia National Bank until November 2005.

Mr. King joined BellSouth in 1968 after graduating from Mississippi State University with a degree in electrical engineering. He worked his way up through the organization to the leadership of the 35,000-employee network and carrier services group. During his 31-year career with BellSouth, Mr. King served in various leadership positions in company operations in Alabama, Louisiana and Mississippi. While serving as BellSouth s Louisiana state president, Mr. King played a major role in the economic development of the New Orleans area. He led the effort to create the MetroVision Economic Development Partnership, which promotes economic growth in nine southeastern Louisiana parishes. Mr. King s business acumen and drive for innovation and growth make him a valuable member of Cleco s board of directors.

Shelley Stewart, Jr. has served as senior vice president, operational excellence & chief procurement officer of Tyco International Limited (Tyco), a publicly held company headquartered in Princeton, New Jersey, since 2003. He also served as vice president of Tyco s supply chain management from 2003 until 2006. Prior to joining Tyco, Mr. Stewart was senior vice president of supply chain for Invensys PLC, a global technology group, from 2001 until 2003. Mr. Stewart is 58 years old and became a director of Cleco in April 2010. He is a member of the Audit and Nominating/Governance Committees.

Mr. Stewart received his master s degree in business administration from the University of New Haven in 1990. Throughout his career, Mr. Stewart has held numerous positions of increasing responsibility, including senior-level supply chain and operational duties with leading industrial companies. Mr. Stewart has a special interest in strategic sourcing and lean operational excellence as the chairman of the board of directors of the Institute for Supply Management, the world s largest supply management association. Mr. Stewart s global experience in developing and managing highly effective, cross-functional teams, as well as his extensive supply chain and operational experience, position him well to serve on the board of directors and as a member of the Audit and Nominating/Governance Committees.

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

Class I Directors (terms of office expire in 2013)

Logan W. Kruger served as the president, CEO and a director of Century Aluminum Company (Century), a publicly held company owning primary aluminum capacity in the United States and Iceland from December 2005 until November 2011. Prior to that time, Mr. Kruger was employed by Inco Limited, a publicly held company engaged in the mining, processing and marketing of nickel and nickel-related products, where he served as executive vice president of technical services from September 2003 until September 2005 and as president, Inco Asia Pacific from September 2005 until November 2005. Mr. Kruger is 61 years old and became a director of Cleco in 2008. He is a member of the Audit and Compensation Committees.

Mr. Kruger has spent over 30 years in the commodities business, including his early career with Anglo American s gold, uranium and coal companies. He served in various positions of increasing responsibility over mining operations and technical services, which contributed to his deep understanding of the energy business. With his years of managerial experience, Mr. Kruger brings to the board of directors demonstrated management ability at senior levels and a strong operations-oriented perspective. In his role as CEO at Century, he gained valuable experience evaluating the results of a public corporation, which contributes to his service as a member of Cleco s Audit Committee.

Mr. Kruger left Century in November of 2011 and initiated a lawsuit against Century in the Superior Court of California, Monterey County, on November 14, 2011. That proceeding is currently stayed pending arbitration between the parties. Mr. Kruger s complaint alleges that Century forced him out of his position without cause after he refused to vote for a Century stock repurchase program proposed by Glencore International Plc, the majority shareholder of Century, based on legal concerns.

Bruce A. Williamson has served as president and CEO of Cleco Corporation since July 2011. Prior to joining Cleco, Mr. Williamson was chairman, president and CEO of Dynegy, Inc. from 2004 until 2011, and was president and CEO from 2002 to 2004. Mr. Williamson, who is 52 years old, joined the board of directors in July 2011 and is a member of the Executive Committee.

Mr. Williamson serves as a member of the board of directors for Questar Corporation and is on the University of Houston Dean s Advisory Board. Mr. Williamson earned his master s degree in business administration from the University of Houston in 1995. He has held numerous positions of increasing responsibility in finance and corporate development. Mr. Williamson s 30+ years of broad energy industry and financial experience position him well to serve as a member of the board of directors and as the Company s president and CEO.

Class II Directors (terms of office expire in 2014)

William L. Marks, who is retired, was CEO and chairman of the board of directors of Whitney Holding Corporation (Whitney), a bank holding company engaged in commercial, retail and international banking services, as well as brokerage, investment, trust and mortgage services, and Whitney National Bank for more than five years before retiring in March 2008. Mr. Marks, who is 69 years old, has been a director of Cleco since 2001 and is chairman of the Finance Committee and a member of the Compensation and Executive Committees. He also has served as a director of Adtran, Inc., a global provider of networking and communications equipment, since 1993.

Mr. Marks spent over 40 years in the banking business where he held various positions of increasing responsibility, including his position as CEO and chairman of the board of directors of Whitney. Mr. Marks oversaw the implementation of Whitney s compliance with the Sarbanes-Oxley Act of 2002. The depth and breadth of his exposure to complex financial issues during his career make him a skilled advisor as chairman of Cleco s Finance Committee.

Robert T. Ratcliff, Sr. has been chairman and CEO of Ratcliff Construction Company, LLC, a company primarily engaged in the design and construction of industrial, commercial and governmental facilities, for more than five years. Mr. Ratcliff is the chairman of Ratcliff Construction, LP and Ratcliff Development, LLC, two companies that are engaged in the design, construction and development of industrial, commercial and governmental facilities. Mr. Ratcliff, who is 69 years old, has been a director of Cleco since 1993 and is a member of the Audit and Finance Committees. He also served as a director of Hibernia Corporation and Hibernia National Bank from 1993 until November 2005.

Mr. Ratcliff received his degree in business administration from Tulane University (New Orleans, LA) in 1964. He has served in various roles as a national bank director for over 10 years. Mr. Ratcliff s business experience ranges from operational to financial in his position as chairman and CEO of The Ratcliff Companies. With his understanding of what makes businesses work effectively and efficiently, Mr. Ratcliff provides valuable insight to our board of directors, especially through his service on Cleco s Audit and Finance Committees.

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

Peter M. Scott III, who is retired, was employed by Progress Energy, Inc., a publicly held utility company headquartered in Raleigh, North Carolina, where he served as executive vice president and chief financial officer (CFO) from 2000 to 2003 and 2005 to 2008. He also served as president and CEO of Progress Energy Service Company, LLC from 2004 until September 2008. Mr. Scott is 62 years old and became a director of Cleco in 2009. He is chairman of the Audit Committee and a member of the Compensation and Executive Committees.

Mr. Scott received his master s degree in business administration from the University of North Carolina at Chapel Hill in 1977. During his career with Progress Energy, Mr. Scott s focus was on finance, accounting, risk management, human resources and corporate governance. He also has served on the audit and finance committees of Nuclear Electric Insurance Limited, and he currently serves as both chairman of the audit committee and vice chairman of the Board of Governors at Research Triangle Institute International. He is also a member of the board of directors of Duke Realty Corporation, where he serves on the audit and finance committees. Mr. Scott serves on the Board of Visitors of the Kenan-Flagler School of Business at the University of North Carolina at Chapel Hill. Mr. Scott s financial, audit and corporate governance experience enables him to provide critical insight as the chairman of Cleco s Audit Committee.

William H. Walker, Jr., who is retired, was the president and a director of Howard Weil, Inc., an investment banking firm, for more than five years before retiring in 2005. Mr. Walker, who is 66 years old, has been a director of Cleco since 1996 and is chairman of the Compensation Committee and a member of the Executive, Finance and Nominating/Governance Committees.

Mr. Walker is a 1967 graduate of Mississippi State University. He has a variety of experience, including a background in sales and systems engineering with International Business Machines Corporation, as well as service in the United States Army, where he was an officer in the Adjutant General s Corps and a teacher at the Army War College. Mr. Walker began his career in the securities business in New York in 1972. He has since been involved in many aspects of the securities business, including sales, trading, research and investment banking with respect to both debt- and equity-related instruments. Mr. Walker joined Howard Weil in 1976 and was named president in 1990. This experience enables Mr. Walker to be a valuable contributor to the board of directors, especially in his role as chairman of the Compensation Committee and as a member of the Finance and Nominating/Governance Committees.

PROPOSAL NUMBER 1   ELECTION OF THREE CLASS III DIRECTORS

Independence and Organization of the Board of Directors

Cleco s board of directors has delegated some of its authority to six committees. These are the Executive Committee, the Audit Committee, the Compensation Committee, the Finance Committee, the Nominating/Governance Committee and the Qualified Legal Compliance Committee. The members of those committees are identified, as appropriate, under Class I Directors, Class II Directors and Class III Directors above. In accordance with current listing standards of the NYSE, Cleco s board of directors has adopted categorical standards to assist it in making determinations of director independence that are required by the NYSE. These categorical standards are posted on Cleco s web site at *www.cleco.com*; Investor Relations Governance Guidelines Independence. A copy of the standards is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The board of directors has determined that all of its directors, except Mr. Williamson, who is the president and CEO of Cleco, meet the categorical standards and are independent within the meaning of the current listing standards of the NYSE.

The Executive Committee exercises all powers of the board of directors, as defined and limited by Cleco s Bylaws, between meetings of the full board whenever it is not desirable or practical to conduct a meeting of the full board. The Executive Committee operates under a written charter adopted by the board of directors, a copy of which is posted on Cleco s web site at *www.cleco.com*; Investor Relations Board Committees. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. In 2011, the Executive Committee held six meetings, including one formal telephone meeting.

The Audit Committee selects Cleco s independent registered public accounting firm, reviews the scope of audits, reviews and recommends to Cleco s board of directors financial reporting and accounting practices, and reviews Cleco s procedures for internal auditing and the adequacy of its system of internal accounting controls. On a quarterly basis, the Audit Committee reviews activity reported through Cleco s Ethics Helpline, which provides a means for employees to anonymously seek guidance or report allegations of misconduct. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 and operates under a written charter, a copy of which is posted on Cleco s web site at *www.cleco.com*; Investor Relations Board Committees. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. During 2011, the Audit Committee held seven meetings, three of which were formal telephone meetings.

The Compensation Committee approves, or in some cases recommends to Cleco s board of directors, remuneration arrangements and compensation plans involving Cleco s officers and employees and administers the annual incentive compensation program and the granting of stock options, restricted stock and other awards to eligible employees under Cleco s Long-Term Incentive Compensation Plan (LTIP), which may reference either individually or collectively (1) the 2010 Long-Term Incentive Compensation Plan (2010 LTIP) which became effective January 1, 2010; and/or (2) the 2000 Long-Term Incentive Compensation Plan which expired December 31, 2009. The

Compensation Committee operates under a written charter, a copy of which is posted on Cleco s web site at *www.cleco.com*; Investor Relations Board Committees. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. In 2011, the Compensation Committee held seven meetings, three of which were formal telephone meetings.

The Finance Committee reviews and recommends to the board of directors actions related to Cleco s dividend and investment policies, corporate financing plans and major financial undertakings. The Finance Committee operates under a written charter adopted by the board of directors, a copy of which is posted on Cleco s web site at *www.cleco.com*; Investor Relations Board Committees. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. During 2011, the Finance Committee held five meetings.

The Nominating/Governance Committee considers and makes recommendations to the board of directors with respect to the size and composition of the board, potential candidates for membership on the board, compensation of directors, the effectiveness, structure and operation of the board, nominees for officers of Cleco and its affiliates, and changes to Cleco s Corporate Governance Guidelines. The Nominating/Governance Committee operates under a written charter adopted by the board of directors, a copy of which is posted on Cleco s web site at *www.cleco.com*; Investor Relations Board Committees. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. In 2011, the Nominating/Governance Committee held four meetings.

The Qualified Legal Compliance Committee receives, considers and takes action with respect to any report made or referred to the Qualified Legal Compliance Committee by an attorney, of evidence of a material violation of federal or state securities law, a material breach of fiduciary duty arising under federal or state law or similar material violation of any federal or state law, in each case by Cleco or by any officer, director, employee or agent of Cleco. Each board member who serves as a member of the Nominating/Governance Committee also serves as a member of the Qualified Legal Compliance Committee. If at any time the Nominating/Governance Committee does not include a member of the Audit Committee, the then-current chairman of the Audit Committee also shall be a member of the Qualified Legal Compliance Committee. The Qualified Legal Compliance Committee operates under a written charter, a copy of which is posted on Cleco s web site at *www.cleco.com*; Investor Relations Board Committees. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. During 2011, the Qualified Legal Compliance Committee held no meetings.

Cleco s board of directors held five regular meetings and six special meetings, three of which were formal telephone meetings, during 2011. Generally, in months when a formal meeting is not held, members of Cleco s board of directors are provided with written reports regarding the operations of Cleco, may hold informal telephone conference meetings if business needs dictate, and also are consulted informally from time to time with respect to pending business. When necessary, special meetings, including formal telephone meetings, are called as official board meetings

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to deal with specific action items. Cleco s Corporate Governance Guidelines provide that executive sessions of non-management directors will be scheduled at the conclusion of all official in-person meetings of the board and its committees, although non-management directors may meet in executive session at any time. During 2011, all directors attended at

least 96% of the total number of formal meetings of Cleco s board of directors and of the committees of Cleco s board of directors on which such directors served. Directors also are expected to attend each annual meeting of shareholders. The 2011 annual meeting of shareholders was attended by all directors serving at that time.

Cleco s Board Leadership Structure

In July 2003, the board of directors voted to separate the CEO and board chairperson positions in response to the Nominating/Governance Committee s assessment of good corporate governance measures. The Nominating/Governance Committee determined that the primary objectives of having a non-management chairperson would be to have the chairperson serve as an advisor to the CEO and to provide increased informal communication between management and the board of directors. Upon recommendation from the Nominating/Governance Committee and approval by the board of directors, Cleco s Corporate Governance Guidelines were amended to allow for the election of a non-management chairperson. Mr. Garrett has served as the non-management chairman of Cleco s board of directors since October 1, 2003.

The board of directors believes that separation of the CEO and board chairperson positions enhances communication between management and the board of directors and improves the overall effectiveness of the board. The board of directors also believes that separation of the positions provides a stronger corporate governance structure. In his role as

chairman of the Nominating/Governance Committee, Mr. Garrett is responsible for providing leadership for all issues of corporate governance which should come to the attention of the board of directors. He serves as an advisor to the CEO and to other senior executives when requested by the CEO. In collaboration with the CEO, Mr. Garrett works to establish agendas for each board meeting and reviews pre-meeting materials provided to the board of directors and its committees. Mr. Garrett participates in on-site visits to the Company each year and facilitates and encourages constructive and useful communication between management and the board of directors. Mr. Garrett works with management to ensure that the board of directors is provided with full information on the Company and its businesses and the environment in which they operate. He also provides leadership to the board of directors regarding those matters which should come before Cleco s annual meeting of shareholders.

Cleco s Corporate Governance Guidelines state that the CEO of the Company will fulfill the duties of the board chairperson, if there is no elected non-management chairperson.

Cleco s Corporate Governance Guidelines

Cleco s Corporate Governance Guidelines were adopted by the board of directors in January 2002. These guidelines are intended to complement Cleco s Amended and Restated Articles of Incorporation and Bylaws and address, among other things, the mission, the structure and the operation of the board of directors. The guidelines may change from time to time as the board of directors may determine such change to be in the best

interest of Cleco and its shareholders. The Corporate Governance Guidelines were last revised in July 2011 and are posted on Cleco s web site at *www.cleco.com*; Investor Relations Governance Guidelines. The Corporate Governance Guidelines are also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000.

Cleco s Code of Business Conduct & Ethics

Cleco has adopted a Code of Conduct that applies to its principal executive officer, principal financial officer, principal accounting officer and treasurer. Cleco also has adopted Ethics & Business Standards applicable to all employees and the board of directors. In addition, the board of directors has adopted Conflicts of Interest and Related Policies to prohibit certain conduct and to reflect the expectation of the board of directors that its members engage in and promote honest and ethical conduct in carrying out their duties and responsibilities, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships and corporate opportunities. Under the Conflicts of Interest and Related Policies, which were last revised in April 2007, Cleco considers transactions that are reportable under the Securities and Exchange Commission s (SEC) rules for

transactions with related parties to be conflicts of interest and prohibits them. Any request, waiver, interpretation or other administration of the policy shall be referred to the Nominating/Governance Committee. Any recommendations by the Nominating/Governance Committee to implement a waiver shall be referred to the full board of directors for a final determination. The Code of Conduct, Ethics & Business Standards, and Conflicts of Interest and Related Policies are posted on Cleco s web site at *www.cleco.com*; Investor Relations Codes of Conduct. Each of these documents is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000.

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The Board of Director s Role in Risk Oversight

Risk can take many different forms, such as operating risk, financial risk, regulatory risk, environmental risk and reputational risk. See Cleco Corporation s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (2011 Form 10-K), Item 1A, Risk Factors and Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Cleco Power Significant Factors Affecting Cleco Power and Midstream Significant Factors Affecting Midstream, for additional information on the different forms of risk relevant to the Company.

The board of directors has ultimate responsibility for the Company s risk oversight process, which is designed to support the achievement of organizational objectives and set forth strategic initiatives to improve Cleco s long-term performance and enhance shareholder value. The Audit Committee and the Finance Committee have been delegated primary responsibility for general business risks by the board of directors. The Compensation Committee has been delegated primary responsibility for compensation risk management. These committees are responsible for evaluating the risks outlined in their respective charters and for reporting their findings, any required actions and recommendations to the full board of directors on a quarterly basis or more frequently, as necessary. The committee charters are posted on Cleco s web site at *www.cleco.com*; Investor Relations Board Committees. Copies of the charters are also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. Relevant excerpts from the charters are as follows:

Audit Committee Discuss policies with respect to risk assessment and risk management as those policies relate to financial reporting and fraud, and receive reports from management, the internal auditors or the independent auditors on suspected fraudulent activities.

Finance Committee Review corporate risk exposure and risk management policies and practice, including a review of compliance with all debt covenants and regulatory orders pertaining to financing.

Compensation Committee Monitor the executive officer compensation and benefit programs to determine if they are . . . creating proper incentives in light of the Company s risk factors.

In January 2010, management reported to the board of directors that it had reviewed the processes and information that support the Audit and Finance Committees ability to meet their oversight responsibilities and believes that such processes and information are comprehensive and adequate. The following is a summary of the procedures that form the basis of that assessment.

Audit Committee

The Audit Committee directly receives various written and verbal reports from members of management, the Company s internal auditors and the Company s independent registered public accounting firm. Members of management who make regular reports to the Audit Committee are the CFO, the Chief Accounting Officer, the General Manager of Internal Audit (GMIA) and the General Counsel.

The CFO reports on risks surrounding significant tax issues, taxing authority audits and reserves for tax positions.

The Chief Accounting Officer regularly reports on risks surrounding significant accounting issues such as deficiencies in internal controls over financial reporting, implementation of new accounting standards and key issues in the quarterly and annual financial statements and reports filed with the SEC.

The GMIA prepares an annual risk-based audit plan which is reviewed and approved by the Audit Committee. Revisions to the plan also are approved by the Audit Committee as needed. The GMIA provides quarterly reports to the Audit Committee on the status of completion of the audit plan and issues reports to the Audit Committee on significant risks identified in each audit, along with the steps planned by management to mitigate those risks. The GMIA also reports quarterly regarding significant ethics complaints.

The General Counsel reports quarterly on risks and issues surrounding material legal matters and significant regulatory compliance issues.

The Company s independent registered public accounting firm, PricewaterhouseCoopers LLP, annually outlines plans for its risk-based audit of Cleco s financial statements. PricewaterhouseCoopers LLP also provides quarterly updates on the progress of its audit, along with any significant risks it has identified.

Management, the Company s internal auditors and the Company s independent registered public accounting firm have access to the Audit Committee through its chairman at any time as deemed necessary to report significant risks or issues identified between the regular quarterly face-to-face meetings with the Audit Committee. The Audit Committee provides guidance to management, as it deems appropriate, on methods for mitigating significant risks and requests feedback from management on the status and effectiveness of mitigation efforts.

Finance Committee

The Finance Committee receives written and verbal reports from members of management regarding the commercial and financial risks of the business. Specifically, the board of directors receives regular written reports on the following topics in conjunction with each quarterly meeting:

Financial Results Detailed financial reports on a consolidated basis and for each of the Company s key segments. Reports are accompanied by a variance analysis for performance compared against both the operating budget and prior year results.

Treasury Activities Summary of financing activities that have been completed and projected for the coming year.

Covenant Compliance Status of compliance with debt covenants and regulatory financing orders.

Capital Projects Status updates regarding individual projects that require a cumulative capital investment greater than $10 million.

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Commodity Risk Management Review of risk management activities, including value-at-risk calculations, hedging positions, activities of the Company s fuel adjustment clause and updates on the Company s counterparties and the general credit environment.

Retirement Plans Report on the investment plan performance, any changes in the asset allocation or fund managers and plan funding status.

Investor Relations Review of investor relations activities, including stock performance, analyst reports and other market activities.

Cleco Power LLC (Cleco Power) and Cleco Midstream Resources LLC Business and Commercial Activities Management of these operating business subsidiaries of the Company provides an update on key activities, noting risks identified and mitigating actions.

On an annual basis and generally at its December meeting, the Finance Committee reviews and approves the operating plan for the upcoming year. Review and approval of the capital expenditure plan are conducted

at the October meeting. The board of directors is presented with the key assumptions supporting the operating and capital plan along with key financial metrics at both the October and December meetings. In addition, management prepares a five-year financial plan and reviews it with the Finance Committee at least annually, including the review completed with the full board of directors at the Company s annual strategy meeting. Also, on an annual basis, the Finance Committee is provided an update on the Company s insurance program and the outlook for the insurance market.

Compensation Committee

The reports, analyses and decisions made by the Compensation Committee with regard to executive compensation and compensation risk assessment can be found in our CD&A beginning on page 17 of this proxy statement. As outlined in the CD&A, the Company believes it has a balanced approach to compensation design and risk that is consistent with the long-term interests of Cleco and its shareholders.

Director Nomination Process

Cleco s Corporate Governance Guidelines set forth Cleco s method of selecting director nominees and provide for annual evaluations of the board and the board committees as a whole. In connection with these evaluations, which were completed for the first time in 2004, Cleco s board of directors identified, and the Nominating/Governance Committee compiled, attributes of the board s incumbent members believed to contribute to the work of the board and its committees, including leadership, accomplishments, skills, diversity, integrity and commitment to board duties. The Nominating/Governance Committee does not have a formal policy with respect to diversity, but its charter defines diversity to include gender, race, national origin, education, professional experience and differences in viewpoint and skills. The board of directors and the Nominating/Governance Committee believe that it is essential that board members represent diverse viewpoints to function most effectively.

The Nominating/Governance Committee is responsible for developing and continuing to update the list of attributes, subject to approval by the full board of directors, for use in identifying, evaluating and selecting qualified candidates to serve on the board of directors. The Nominating/Governance Committee, in accordance with Cleco s Corporate Governance Guidelines, seeks to create a board of directors that is strong in its collective knowledge and has a diversity of skills and experience. Out of over 30 board member skill sets listed in the annual evaluation completed for 2011, the following were rated by a majority of the board of directors as very important in considering future members of the board of directors: (1) planning skills and a good business background; (2) practical, mature and sound business judgment; (3) high moral and ethical standards; (4) high performance standards; and (5) a skeptical/inquiring mind with a willingness to ask tough questions.

When a position on the board of directors becomes vacant, or if the number of members on the board of directors is being increased, the Nominating/Governance Committee will review the attributes of the incumbent board members and determine the attributes that, if possessed

by the new board member, would likely result in the most significant contribution to the board of directors. The Nominating/Governance Committee also will consider the skills and experience of those directors approaching retirement to ensure Cleco maintains a diverse, strong and effective board of directors. The Nominating/Governance Committee may recommend hiring a search firm to assist in identifying qualified candidates with the desired attributes. In connection with recent searches for new directors, the Nominating/Governance Committee and the board of directors updated the list of desired qualifications for candidates to include (1) experience as a CEO of a public company; (2) experience with electric utilities, energy companies, regulated industries and/or capital intensive industries; (3) experience with major strategic initiatives; (4) diversity, including race or gender; and (5) financial/audit committee experience. Persons recommended to the Nominating/Governance Committee for consideration as nominees for a vacant or new board position will then be evaluated with respect to the attributes determined by the Nominating/Governance Committee to be optimal for the vacant or new position. Following the evaluation, which may involve interviews or other procedures the Nominating/Governance Committee deems appropriate, the Nominating/Governance Committee will make a recommendation to the board of directors regarding a candidate either to be nominated at the next annual meeting of shareholders or elected by the board between such meetings. The last four directors elected were identified by a search firm which helped to match their experiences and backgrounds with the list of attributes and qualifications compiled by the Nominating/Governance Committee. Each of Messrs. Westbrook, Kruger, Scott and Stewart were elected through this process by the board of directors.

Recommendations for potential nominees may come from any source, including members of the board of directors, shareholders, self-recommendations, members of the communities Cleco serves or search firms. All persons recommended for a vacant or new board position will be given equal consideration regardless of the source of the

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recommendation. Cleco s Nominating/Governance Committee did not receive from any shareholder any nominees for election as director at the 2012 annual meeting of shareholders.

Any person wishing to make a recommendation for a person to be considered by the Nominating/Governance Committee pursuant to the process described above as a potential nominee to the board of directors should direct the recommendation to the chairman of the Nominating/

Governance Committee in care of Cleco s corporate secretary. However, Cleco is not obligated to nominate any nominee that is recommended to the Nominating/Governance Committee following these processes. Separately, Cleco s Bylaws contain certain provisions concerning nomination of a director by a shareholder, which are described below under the caption Proposals by Shareholders beginning on page 54.

Communications with the Board of Directors

The Corporate Governance Guidelines provide for communications with the board of directors by shareholders and other interested persons. In order for shareholders, employees and other interested persons to make their concerns known to the board, Cleco has established a procedure for communications with the board through the non-management chairman of the board. The procedure is intended to provide a method for confidential communication, while at the same time protecting the privacy of the members of the board. Any shareholder or other interested person wishing to communicate with the board of directors, or the non-management members of the board, may do so by addressing such communication as follows:

Chairman of the Board of Directors

c/o Corporate Secretary

Cleco Corporation

P. O. Box 5000

Pineville, LA 71361-5000

Upon receipt, Cleco s corporate secretary will forward the communication, unopened, directly to the non-management chairman of the board. The chairman of the board will, upon review of the communication, make a determination as to whether it should be brought to the attention of the other non-management members and/or the management member of the board of directors and whether any response should be made to the person sending the communication, unless the communication was made anonymously.

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Security Ownership of Directors and Management

The following table describes the Cleco common stock beneficially owned by Cleco directors and nominees, the executive officers named in the Summary Compensation Table below, and the directors and executive officers as a group. Shares of stock are beneficially owned by a person if the person directly or indirectly has or shares the power to vote or dispose of the shares, regardless of whether the person has any economic interest in the shares. A person also beneficially owns shares as to which the person has the right to acquire beneficial ownership within

60 days, as in the case of the stock options set forth under the Options Exercisable Within 60 Days column in the following table.

All information in the table is as of February 1, 2012, and is based upon information supplied by the directors and officers. Unless otherwise indicated in the footnotes and subject to community property laws where applicable, each of the shareholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned.

	Amount and Nature of Beneficial Ownership of Common Stock			
	Direct (1)	**Options Exercisable Within 60 Days (2)**	**Other (3)**	**Percent of Class**
Directors and Nominees				
Sherian G. Cadoria	4,033	-	21,978 (4)	*
J. Patrick Garrett	50,732	-	56,195 (4)	*
Elton R. King	47,625	-	-	*
Logan W. Kruger	8,308	-	-	*
William L. Marks	45,531	-	-	*
Robert T. Ratcliff, Sr.	34,361	10,000	20,372 (4)	*
Peter M. Scott III	7,764	-	1,800	*
Shelley Stewart, Jr.	3,615	-	-	*
William H. Walker, Jr.	73,434	10,000	41,252 (4)	*
Named Executive Officers				
Bruce A. Williamson(5)	125,272	-	-	*
Darren J. Olagues	42,213	-	-	*
George W. Bausewine	77,240	-	-	*
Wade A. Hoefling	35,066	-	-	*
William G. Fontenot	50,204	-	4,266	*
Former Executive Officer				
Michael H. Madison(6)	185,530	69,000	-	*
All directors, nominees and executive officers as a group (25 persons, including those listed above)	1,078,111	89,000	145,863	2.2%

* *Less than 1% of the outstanding stock of the class.*

(1) Direct represents shares as to which each named individual has sole voting or dispositive power, including shares of Cleco common stock allocated under the 401(k) Savings Plan and shares of common stock granted as restricted stock awards under Cleco s LTIP. Shares of common stock under the 401(k) Savings Plan were held by the persons in the table above as follows: Mr. Williamson, 198; Mr. Olagues, 4,780; Mr. Bausewine, 9,541; Mr. Hoefling, 315; Mr. Fontenot, 10,633; and Mr. Madison, 11,618. The other executive officers included in the amount shown for all directors, nominees and executive officers as a group held 46,996 shares of common stock under the 401(k) Savings Plan. Shares of common stock awarded under the LTIP that were

restricted as of February 1, 2012 were held by the persons in the table above as follows: Mr. Williamson, 76,964; Mr. Olagues, 21,638; Mr. Bausewine, 21,453; Mr. Hoefling, 19,129; Mr. Fontenot, 15,237; Mr. Madison, 64,500; and the other executive officers included in the amount shown for all directors, nominees and executive officers as a group, 95,738.

(2) Options Exercisable Within 60 Days reflects the number of shares of Cleco common stock that could be purchased by exercise of options at February 1, 2012 or within 60 days thereafter under Cleco s LTIP.

(3) Other represents the number of shares of Cleco common stock as to which the named individuals share voting and dispositive power with another person and shares of phantom stock related to shares of restricted stock granted under Cleco s LTIP.

(4) Represents shares of phantom stock related to shares of restricted stock granted under Cleco s LTIP. General Cadoria, Mr. Garrett, Mr. Ratcliff and Mr. Walker have elected to defer receipt of these shares of restricted stock granted to them under the LTIP. Each share of phantom stock is the economic equivalent of one share of Cleco common stock.

(5) Mr. Williamson is also a director of Cleco.

(6) Effective July 5, 2011, Mr. Madison ceased to be the president & CEO of Cleco.

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SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth, as of December 31, 2011, each person known to Cleco to be the beneficial owner of more than 5% of the outstanding shares of any class of Cleco s voting securities.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	BlackRock, Inc. (BlackRock) 40 East 52nd Street New York, NY 10022	6,669,381 (1)	10.99%
Common Stock	The Vanguard Group, Inc. 100 Vanguard Blvd. Malvem, PA 19355	3,480,512	5.73%

(1) *As of December 31, 2011, based solely on a Schedule 13G filed with the SEC. BlackRock is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G). For purposes of the reporting requirements of the Securities Exchange Act of 1934, BlackRock Fund Advisors, a subsidiary of BlackRock, beneficially owns 5% or greater of the outstanding shares of Cleco common stock.*

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Cleco s executive officers and directors, and persons who beneficially own more than 10% of a registered class of Cleco s equity securities, to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of Cleco s equity securities. To

Cleco s knowledge, based solely on review of the copies of such reports furnished to Cleco, for the fiscal year ended December 31, 2011, all Section 16(a) filing requirements applicable to its executive officers, directors and greater-than-10% shareholders were satisfied.

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Executive Summary

Cleco s executive compensation and benefits philosophy is to provide market-based programs that pay or award our executive officers at levels approximating the competitive market. We believe in paying above the market for superior performance and below the market for underperformance unless extraordinary circumstances compel us otherwise. Our overall executive compensation design philosophy reflects our Compensation Committee s desire to align management s actions with the interests of our shareholders. Our executive benefits philosophy is to offer plans and programs that allow us to consistently attract and retain executive talent.

2011 Results and Our Compensation Philosophy

Cleco had a successful 2011. We met or exceeded all of our financial goals and completed or made significant progress toward completion of several strategic initiatives. Highlights for 2011 include:

A total shareholder return (TSR) of 28% for the year ended December 31, 2011, and 86% for the three-year period ended December 31, 2011.
A 12% increase in operational earnings per share (EPS) over 2010.

A 25% increase in the quarterly dividend to shareholders from $0.25 to $0.3125.

The sale of Unit 2 of Acadia Power Station to Entergy Louisiana, LLC.

Extinguishment of $150 million of debt at the holding company, Cleco Corporation.

Completion of construction of a blackstart generating unit at our Teche power station.

Significant progress on several key initiatives including a major transmission construction project and our advanced metering infrastructure project.

Acceptance of the electric utility industry s most prestigious award the Edison Electric Institute s (EEI s) Edison Award for the Company s innovative approach to diversifying its generation fuel mix with the deployment of its new Madison Unit 3 power plant.

As a direct result of our success in 2011, performance on most of our incentive measures well exceeded our targets. Performance related to each of these measures is explained further in this CD&A on pages 22 through 23. Due to strong annual EPS and three-year TSR performance (the primary performance metrics in our annual and long-term incentive plans), actual incentive compensation for our ongoing named executive officers 2011 cash bonus and long-term incentive award for the 2009 to 2011 performance cycle exceeded each plan s target by 65% and

71.4%, respectively. Our Compensation Committee, in reviewing and approving the 2011 award levels, concluded that this attained compensation level was consistent with our performance results shown above, as well as with progress made on our major strategic initiatives. Overall, we believe the Company s executive compensation program is working as intended, remains consistent with practices within our Comparator Group, as defined on page 20 under Market Data and Comparator Group and is aligned with shareholder outcomes.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation and Benefit Actions Taken during 2011

Our Compensation Committee reviewed and approved the following items during 2011:

To aid in the attraction of Mr. Williamson, a highly qualified executive with significant prior CEO experience, to be Cleco s next CEO, the Committee approved an employment agreement for Mr. Williamson (effective July 5, 2011), which included:

- the components of his compensation, including base salary, annual cash bonus, equity incentives, supplemental executive retirement plan (the SERP), change in control events and payments, perquisites and other benefits, discussed below beginning on page 30;

- a sign-on grant of 26,110 shares of the Company s common stock to provide immediate alignment with shareholders, the restrictions on which will lapse on June 30, 2014, if Mr. Williamson remains employed by the Company through such date;

- participation in the Company s relocation program consistent with other executive officers and key employees; and

- no change in control excise tax gross-up payments with respect to Internal Revenue Code (IRC) Sections 280G and 4999;

To recognize Mr. Madison s long and successful service with the Company and to retain access to his services throughout the leadership transition in 2011, the Committee approved a retirement agreement with Mr. Madison effective July 5, 2011, which included:

- the acceleration of an aggregate of 25,000 shares of previously awarded restricted common stock; and

- the payment of compensation and benefits until January 1, 2012;

Revised the Company s 2010 LTIP and strengthened the equity component by eliminating common stock equivalent units (CEUs), which historically were paid in cash;

Approved a new design feature for the Company s Annual Incentive Plan (AIP) by adding a Quality Performance Factor that allows our Compensation Committee discretion (up to 10% of the target award) to evaluate how operational results were attained (see discussion below beginning on page 22 for a further explanation of this feature); and

Implemented a process to phase out existing executive employment agreements in connection with adoption of the Cleco Corporation Executive Severance Plan and approved related amendments to the SERP, the LTIP and the Deferred Compensation Plan with respect to change in control and business transaction benefits, including the elimination of excise tax gross-up provisions.

Our 2011 Compensation Objectives

To align our compensation practices with our philosophy of providing competitive market-based programs that allow for pay opportunities above the market for superior performance and below the market for underperformance, we seek to provide our executive officers with total compensation opportunities that:

1. are competitive with those of comparable electric utilities and energy service companies where we compete for talent;
2. deliver a majority of compensation that is contingent on performance;
3. ensure there is a direct link between compensation and our financial and operational performance; and
4. align our officers long-term compensation opportunities with shareholder outcomes.

Pay for Performance

We define performance-based pay as pay that is dependent upon our performance against pre-established measures and/or our performance compared to the performance of companies in our Proxy Peer Group, as defined under Market Data and Comparator Group on page 20. The pie charts below demonstrate our commitment to the delivery of a pay for performance compensation program, as the only fixed element of compensation is base salary. Our annual and long-term incentive plans are fully performance-based. Time-based restricted stock is occasionally awarded in special circumstances to address retention concerns or to attract external new hires.

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Pay Elements

Our Committee targets total compensation (made up of the elements described below) to be competitive with the median of our Comparator Group as defined on page 20, but individual positioning may vary above

or below median depending on each executive s experience, performance, and internal value to the Company. For 2011, we believe that we accomplished our philosophy through the following compensation and benefit components:

2011 Pay Element	Description
Base Salary	Fixed pay element Delivered in cash
Annual Cash Bonus	Performance-based annual incentive plan that pays out in cash EPS is primary measure for our named executive officers Additional metrics include safety and customer service Quality Performance Factor allows for payout to be adjusted up or down by 10% of the target award based on quality of earnings or other performance
Long-Term Incentives	Annual equity grant is delivered in the form of performance shares Payout is contingent on total shareholder return relative to a group of peers Time-based restricted stock is occasionally awarded in special circumstances to address retention concerns or to attract external new hires
Benefits	Broad based benefits such as group medical, dental, vision and prescription drug coverage; basic life insurance; supplemental life insurance; dependent life insurance; accidental death and dismemberment insurance; a defined benefit pension plan (for those employees hired prior to August 1, 2007); and a 401(k) Savings Plan with a company match for those employees hired before August 1, 2007, as well as a 401(k) Savings Plan with an enhanced benefit for those employees hired after August 1, 2007; same as those provided to all employees
Executive Benefits	Supplemental Executive Retirement Plan Nonqualified deferred compensation plan
Perquisites	Limited to executive physicals, spousal/companion travel and relocation assistance

The Executive Compensation Process

Our Compensation Committee

Our Compensation Committee met seven times during 2011, including three formal telephone meetings. Our Compensation Committee s meetings in January, July and October are devoted to issues analysis, market analysis and performance tracking of our compensation and benefit programs. Our CEO and Senior Vice President, Corporate Services & Internal Audit attend our Compensation Committee s meetings on behalf of management.

Our Compensation Committee s responsibilities, which are more fully described in our Compensation Committee s charter, include:

establishing and overseeing the Company s executive compensation and benefit programs;

determining if the Company s executive compensation and benefit programs are achieving their intended purpose and are properly administered and creating proper incentives in light of the Company s risk factors;

analyzing the executive compensation and benefits practices of peer companies and annually reporting to the board of directors or recommending for approval by the board of directors the overall design of the Company s executive compensation and benefit programs;

annually evaluating the performance of the CEO and recommending to the board of directors adjustments in the CEO s compensation and benefits;

annually reporting and recommending to the board of directors pay adjustments for the non-CEO executive officers (including new hires), which includes base pay and incentive plan targets;

serving as the committee established (1) to administer the annual and long-term incentive plans, as well as the SERP; and (2) to make recommendations to the board of directors for approval of equity grants, actual plan award levels and plan participation; and

reviewing the Committee s charter and revising as necessary.

The Compensation Consultant

Our Compensation Committee engaged Frederic W. Cook & Co., Inc. (Cook & Co.) to consult on matters concerning executive officer compensation and benefits. All executive compensation adjustments and award calculations for 2011 were reviewed by Cook & Co. on behalf of our Compensation Committee. Cook & Co. acted at the direction of our Compensation Committee and was independent of management. Our Compensation Committee determined Cook & Co. s ongoing engagement activities, and Cook & Co. endeavored to keep our Compensation Committee informed of executive officer compensation trends and regulatory/compliance developments throughout 2011. Cook & Co. was responsible for providing market data and analysis of 2011 compensation and benefits for our executive officers.

The Role of Executive Officers

Our CEO annually reviews the performance of our named executive officers (other than himself) and makes recommendations to our Compensation Committee regarding base salary adjustments, cash

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bonuses and long-term incentive awards. Our CEO participates in meetings of our Compensation Committee to discuss executive compensation, including measures and performance targets, but is subsequently excused to allow the independent members of our Compensation Committee to meet in executive session. For 2011, the measures and performance targets also were reviewed by Cook & Co. prior to adoption by our Compensation Committee.

Our Compensation Committee also has delegated limited authority to our CEO to extend employment offers to executive officers at the level of vice president or lower. The CEO may make such offers without prior approval of the board of directors provided no compensation component falls outside our Compensation Committee s approved policy limits as described on pages 21 through 25. Our Compensation Committee still approves any grant of Cleco common stock or other equity award made pursuant to this delegation of authority prior to issuance of the grant. No employment offers were made under this delegation of authority during 2011.

Shareholder Advisory Vote

We provide an annual shareholder advisory vote on the compensation of Cleco s named executive officers as described in this proxy statement. In 2011, shareholders strongly supported (94% of voting stock represented at the 2011 annual meeting voted for) our say-on-pay proposal. This say-on-pay vote is not binding on Cleco, our Compensation Committee or our board of directors; however, our board of directors and our Compensation Committee review the voting results and consider them, along with any specific insight gained from the shareholders of Cleco and other information relating to the shareholder vote on this proposal, when making decisions regarding executive compensation. For more information, see PROPOSAL NUMBER 3 ADVISORY VOTE TO APPROVE THE COMPENSATION OF CLECO S NAMED EXECUTIVE OFFICERS beginning on page 51.

Evaluation and Design of Our Compensation and Benefit Programs

Market Data and Comparator Group

Our Compensation Committee believes that compensation and benefits for our executive officers who successfully enhance shareholder value should be competitive with the compensation and benefits offered by similar publicly held companies in our industry to attract and retain the high quality executive talent required by the Company. Our Compensation Committee examines our executive officer compensation against comparable positions using publicly available proxy data for a group of 20 industry peers (the Proxy Peer Group) and Energy Industry Survey data to help design and benchmark our executive officer compensation. This evaluation includes base salary, annual and long-term incentive plan targets, other potential equity awards and target total compensation. The Proxy Peer Group, approved by the Committee in late 2010, is also used to track comparable performance of our long-term incentive plan. The combination of the Proxy Peer Group and the Energy Industry Survey data is referred to as our Comparator Group.

The Compensation Committee periodically examines the Proxy Peer Group to ensure that peer companies continue to meet the criteria of our model portfolio. The general criteria examined in developing our Proxy Peer Group include:

- Operational fit: companies in the same industry with similar business operations and energy portfolio (e.g., companies that derive a majority of their revenues from a state regulated utility and have no large scale nuclear operations);

- Financial scope: companies of similar size and scale. Size is measured on a number of criteria relevant to this industry (e.g., market capitalization, enterprise value, assets, revenues). Most of the peer companies are within one to three times the size of Cleco s market capitalization, which is the principle measure of scale in this industry. Revenues, used most frequently in the general industry, may not lend itself as the most appropriate measure of scale in the utilities industry due to the volatility in annual revenues. In limited circumstances, the small number of direct competitors in our industry may require the inclusion of companies that are outside of this range if they are a direct competitor for business or talent. Cleco s market capitalization is positioned at or near the median against the Proxy Peer Group;

Competitors for talent: companies with whom Cleco competes for executive talent or those that employ similar labor or talent pools; and

Competitors for investor capital.

The Proxy Peer Group Companies

AGL Resources, Inc.	El Paso Electric Company	Pinnacle West Capital Corporation
Allete, Inc.	Energen Corporation	PNM Resources, Inc.
Aliant Energy Corporation	Great Plains Energy Inc.	Portland General Electric Company
Avista Corporation	IDACORP Inc.	TECO Energy, Inc.
Black Hills Corporation	Northwestern Corporation	Unisource Energy Corporation
Calpine Corporation	NV Energy, Inc.	Vectren Corporation
DPL Inc. [(1)]	OGE Energy Corporation	

(1) DPL Inc. was acquired by another company and was removed from the Proxy Peer Group effective December 31, 2011.

In setting executive compensation levels in 2011, our Compensation Committee also used Energy Industry Survey data from the Towers Watson s 2010 Energy Services Executive Compensation Database. Survey data provides a broader energy industry perspective. This survey

data is used in conjunction with the Proxy Peer Group data as a competitive market reference point for the Compensation Committee to consider in determining pay levels.

Decisions Made in 2011 with Regard to Each Compensation and Benefit Component

Base Salary

Our policy is to set base salary levels for our executive officers as a group, including the named executive officers, at a level approximating +/-15% of our Comparator Group market median for base pay. For 2011, actual base salaries for our executive officers as a group were 97.4% of the Comparator Group median.

Base salary increases for our named executive officers in 2011, including lump sum merit and promotion related increases, averaged 9.2%. The amount of a base salary increase or lump sum payment is based on an appraisal of individual performance by the named executive officer s supervisor and, in the case of our CEO, by our board of directors, as well as position-specific market data provided by Cook & Co. to our Compensation Committee.

Base salaries for our named executive officers in 2011 are shown in the table below.

Name	2011 Base Salary	2011 % Change
Mr. Williamson(1)	$ 700,000	-%
Mr. Olagues	$ 305,900	10.0%
Mr. Bausewine	$ 270,300	12.0%
Mr. Hoefling	$ 273,900	7.0%
Mr. Fontenot	$ 225,500	2.5%
Mr. Madison (2)	$ 600,000	14.5%
Average % Change		9.2%

(1) Mr. Williamson was named president & CEO Cleco Corporation and CEO Cleco Power effective July 5, 2011. His initial base salary reflects his significant prior CEO experience. He was paid a prorated amount equivalent to an annualized base compensation of $700,000 for 2011.

(2) Mr. Madison served as the president & CEO Cleco Corporation and CEO Cleco Power until July 5, 2011. The adjustment shown is for changes made to his base salary in January 2011 based on his performance in 2010.

Our Compensation Committee approved these adjustments based on the following:

Mr. Olagues favorable overall performance in 2010, continued growth in role and consideration for being below base salary market median.

Mr. Bausewine favorable overall performance following his promotion to chief operating officer (COO) & president Cleco Power effective August 7, 2010.

Mr. Hoefling favorable performance with regard to new responsibilities assumed effective August 7, 2010, litigation proceedings and company diversity efforts.

Mr. Fontenot at approximately the competitive market median for his position; received a merit increase.

Mr. Madison favorable performance with regard to completion of Madison Unit 3 on schedule and at budget, overall Company performance in 2010 and his below market positioning.

Annual Cash Bonus

We maintain an annual, performance-based cash bonus plan called the AIP. It applies to our executive officers, as well as other key employees designated by our CEO and approved each January by our Compensation Committee. As mentioned, the Committee targets AIP award opportunities for executive officers to approximate the median of the annual cash bonus target award of our Comparator Group. Payouts are capped at 200% of target. The table below presents the target AIP opportunities for the named executive officers in 2011:

Name	Target as % of Base Salary
Mr. Williamson[1]	100.0%
Mr. Olagues	40.0%
Mr. Bausewine	52.0%
Mr. Hoefling	45.0%
Mr. Fontenot	45.0%
Mr. Madison	85.0%

(1) Mr. Williamson was eligible for a prorated bonus payout in 2011 for his time as the CEO (July December 2011).

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The 2011 AIP measured performance against the five metrics listed below (weighting):

EPS (70%)

Customer Satisfaction (10%)

Safety (10%)

- Personal Injuries (5%)

- Vehicle Injuries (5%)

Quality Performance Factor (10%)

In establishing the 2011 AIP metrics, the Committee believed it was most important to reward senior executives for overall financial performance of the Company, and therefore weighted EPS most heavily at 70%. In

addition, to continually focus the executives and the entire organization on the importance of customer satisfaction and safety, 20% of the bonus opportunity is contingent on safety and service performance. Finally, in 2011, the Committee established the Quality Performance Factor with a 10% weighting to assess how performance was achieved during the year and to adjust the payout using a number of subjective factors based on its discretion and management input.

In January of each fiscal year, our CEO recommends the AIP financial performance and other measures to our Compensation Committee for that year. Based on our historical AIP performance relative to target and our relative historical performance versus our Comparator Group, our Compensation Committee reviews, revises and approves the AIP measures for the upcoming year. In setting targets for each measure, our Compensation Committee also considers the level of risk based on the current business climate.

Details Related to Performance Metrics Established to Determine 2011 AIP Award Levels

Metric # 1: EPS For 2011, the following EPS matrix was developed to determine performance and payout ranges related to EPS performance. This measure represents 70% of the overall AIP award.

EPS MATRIX (70%)

Performance Level	Fully Diluted Earnings Per Share *	% of Financial Target Award Paid
	<$ 2.088	0%
Threshold	$ 2.088	50%
Target	$ 2.320	100%
Maximum	$ 2.552	200%
2011 Result	$ 2.660	200%

* *Consolidated EPS with Cleco Power stated on a pre- customer refund basis*

Metric # 2: Customer Satisfaction Measured as the percentage of very satisfied Cleco Power electric service customers exceeding the Louisiana electric utility average, an independent survey. This metric represents 10% of the overall AIP award.

CUSTOMER SATISFACTION MATRIX (10%)

Performance Level	% of Very Satisfied Customers Over LA Utility Average	% of Customer Satisfaction Target Award Paid
Threshold	<11.0%	0%
Target	11.0% to 18.0%	100%
Maximum	>18.0%	200%
2011 Result	19% higher	200%

Metric # 3: Personal Injury Safety Compares Cleco s personal injury incident rate against the EEI s index for personal injuries. This metric represents 5% of the overall AIP award.

SAFETY PERSONAL INJURIES MATRIX (5%)

Performance Level	Performance Relative to EEI	% of Safety Injuries Target Award Paid
Threshold	2nd Quartile	50%
Target	Top Quartile	100%
Maximum	Top Decile *	200%
2011 Result	Top Quartile	100%

* *Top 10%*

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Metric # 4: Vehicle Accident Safety Compares Cleco s vehicle accident rate against the EEI s index for vehicle accidents. This metric represents 5% of the overall AIP award.

SAFETY VEHICLE ACCIDENTS MATRIX (5%)

Performance Level	Performance Relative to EEI	% of Safety Accidents Target Award Paid
Threshold	2nd Quartile	50%
Target	Top Quartile	100%
Maximum	Top Decile *	200%
2011 Result	Below 2nd Quartile	0%

* *Top 10%*

Metric # 5: Quality Performance Factor Our Compensation Committee reviewed and considered 2011 results and determined that although operational earnings increased approximately 12% over 2010 results, partially due to cost cutting measures implemented by management, above average summer weather also contributed significantly to the achievement of 2011 EPS. Our Compensation Committee further considered that an AIP payout at 165% of target is reasonable based on the Company s performance with respect to the other metrics for 2011. Therefore, through its use of discretion and based on input from the CEO, our Compensation Committee decided that no payout related to the Quality Performance Factor was necessary.

The resulting total AIP payout for 2011 was 165% of target, calculated as follows:

	% of Target	x	Award Level	=	% of Payout
EPS	70%		200%		140%
Customer Satisfaction	10%		200%		20%
Safety-Personal Injuries	5%		100%		5%
Safety-Vehicle Accidents	5%		0%		0%
Quality Performance Factor	10%		0%		0%
Total	100%				165%

Our Compensation Committee may adjust the AIP targets to more closely align incentive targets and awards with investor concerns. Such discretion was exercised with respect to the zero payout for the Quality Performance Factor and the resulting actual 2011 AIP payout.

Our Compensation Committee also has the authority to increase any individual AIP award by up to 25% upon recommendation by our CEO. Downward adjustments may be made by the CEO in his discretion. Adjustments are based on our annual performance review process. For 2011, our Compensation Committee approved no such adjustments for our named executive officers.

Additional details on the 2011 AIP measures and AIP target levels regarding our named executives may be found on page 31, Non-Equity Incentive Plan Compensation and page 32, Estimated Future Payments under Non-Equity Incentive Plan Awards (AIP).

Equity Incentives

Our executive officers and other key employees are eligible to receive performance-based and other grants of restricted stock, CEUs, stock options and stock appreciation rights. These grants are made pursuant to our LTIP. A grant gives the recipient the right to receive or purchase shares of our common stock under specified circumstances or to receive cash awards based on the appreciation of our common stock price or the achievement of pre-established long-term performance goals.

Performance-Based Restricted Stock

Historically, our primary equity incentive tool has been an annual award of performance-based restricted stock. We commonly refer to these awards as the LTIP award.

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2011 LTIP Award

Each LTIP award performance cycle is three years. For 2011, the performance cycle covers January 1, 2011 to December 31, 2013. The LTIP award measure is TSR. The LTIP has a minimum award of 0% of

target and a maximum possible award of 200%. The performance measure used for the three-year LTIP performance cycle is Cleco s TSR relative to the Proxy Peer Group (see page 20 for details). The table below presents the TSR performance and payout range established to determine payouts for the 2011 LTIP award:

Performance Level	TSR Percent Rank	Payout
	<30th %ile	0%
Threshold	33.3rd %ile	41.6%
Target	50th %ile	100%
Maximum	100th %ile	200%

Each year the Committee approves an LTIP award to eligible executives. The target number of LTIP shares is a function of the grant date value, set as a percentage of base salary, divided by the price of our stock on the date of grant.

Example: Base Salary = $100,000; LTIP Value = $50,000 (50% of base); Stock Price = $50/share; Target LTIP Shares = 1,000 shares

Each executive officer s target LTIP award level is set, so in combination with other pay elements, it will deliver a total compensation opportunity that approximates the median of our Comparator Group. The chart below details the targeted opportunity for each of the named executives expressed as a percentage of base salary:

Name	2011 LTIP Target as % of Base Salary
Mr. Williamson(1)	200.0%
Mr. Olagues	65.0%
Mr. Bausewine	83.5%
Mr. Hoefling	60.8%
Mr. Fontenot	73.0%
Mr. Madison	140.0%

(1) *Mr. Williamson s 2011 LTIP award was granted upon hire as a transition grant and does not correlate to the percentage of base salary expressed in the table, which is the percentage of his salary designated for LTIP under the terms of his employment agreement.*

2009 2011 LTIP Award

Our Compensation Committee approved an overall award level of 171.4% of target for the LTIP performance cycle which ended on December 31, 2011. This award level represents our TSR performance in the 86th percentile of the Incentive Peer Group as defined on page 25 under Incentive Peer Group for the three-year period ended December 31, 2011. The table below summarizes our recent LTIP award history.

LTIP Historical Performance	2009	2010	2011
TSR for the Three-Year Performance Period ended December 31	18%	21%	87%
Percentile Rank in the Incentive Peer Group (100% is highest; 0% is lowest)	100%	82%	86%
LTIP Award Percentage	200%	165%	171%

TSR for purposes of the 2009 2011 LTIP performance cycle was calculated using the quarterly return method.

Our Compensation Committee may adjust our LTIP awards if it determines that circumstances warrant. Any adjustment applies to all

participants equally. No such adjustment was made for the latest LTIP award approved in December 2011. There are no provisions in the LTIP for individual award adjustment. Details on how our LTIP grants and awards are calculated are included on page 30, Stock Awards.

Incentive Peer Group

The Incentive Peer Group was used for LTIP cycles beginning prior to January 1, 2011 and includes the following companies:

Incentive Peer Group Companies	
Allete, Inc.	IDACORP Inc.
Aliant Energy Corporation	NSTAR
Avista Corporation	NV Energy, Inc.
Central Vermont Public Service	Northeast Utilities
CH Energy Group Inc.	SCANA Corporation
DPL Inc. (1)	UIL Holdings Corporation
El Paso Electric Company	Unisource Energy Corporation
Great Plains Energy Inc.	Westar Energy, Inc.
Hawaiian Electric Industries	

(1) DPL Inc. was acquired by another company and was removed from the Incentive Peer Group effective December 31, 2011.

Time-Based Restricted Stock

Time-based restricted stock is not an element of our current annual long-term incentive award opportunity. The Committee will and has awarded grants of time-based restricted stock that are typically associated with mid-year promotions or at the time of an external executive hiring. Our Compensation Committee uses such awards to increase ownership and encourage retention. For an external executive hiring, an award may be made to offset comparable awards or other value forfeited as a result of the executive leaving the former employer. The award of time-based restricted shares or unrestricted shares of our common stock is recommended by the CEO and approved by our Compensation Committee and our board of directors, or in the case of a grant to the CEO, is recommended jointly by our Compensation Committee and Nominating/Governance Committee to our board of directors. The award is conditioned upon continued employment at the time of vesting, which is typically three years after the award date. Taxes on time-based restricted stock are borne by the executive officer.

Our Compensation Committee, with the approval of the full board of directors, awarded shares of our common stock to Mr. Williamson upon his hiring, subject to time-based vesting, in recognition of his substantial experience as a public company CEO and to provide immediate alignment with shareholders. The award was made effective July 5, 2011 in the amount of 26,110 shares. Restrictions on the shares will lapse as of June 30, 2014, provided that Mr. Williamson has been continuously employed by the Company during the three-year period beginning on the date of the award.

Stock Options

Our Compensation Committee last approved a stock option grant in July 2007. Our Compensation Committee did not approve the grant of any stock options during 2011.

Stock Appreciation Rights

We have not granted any stock appreciation rights under the terms of the LTIP since its adoption.

Nonqualified Deferred Compensation Plan

We maintain a Deferred Compensation Plan so that directors, executive officers and certain key employees may defer receipt and taxation of

certain forms of compensation. Directors may defer up to 100% of their compensation; executive officers and other key employees may defer up to 50% of their base salary and up to 100% of their annual cash bonus. We find the use of deferred compensation plans prevalent within our industry and within the companies in our Proxy Peer Group. We offer this plan to provide eligible participants the opportunity to defer taxable income in excess of the limits under our 401(k) Savings Plan. Cleco does not match deferrals. Actual participation in the plan is voluntary. The investment options made available to participants are selected by our CFO. The allocation of deferrals among investment options is made by individual participants. The investment options include money market, fixed income and equity funds; Cleco common stock is not currently an investment option under the plan, except for directors. In 2011, our Compensation Committee amended the Deferred Compensation Plan to expressly include a definition of the term business transaction. No other changes were made to the plan during 2011. Additional discussion of our deferred compensation plan is included on page 37.

Supplemental Executive Retirement Plan

We maintain a SERP for the benefit of our executive officers who are designated as participants by our Compensation Committee. The SERP is designed to attract and retain executive officers who have contributed and will continue to contribute to our overall success by ensuring that adequate compensation will be provided or replaced during retirement. Supplemental retirement benefits are prevalent within our industry and the companies comprising our Proxy Peer Group. Our Compensation Committee views the SERP as a key recruiting tool to attract executive talent to the central Louisiana area.

Benefits under our SERP vest after ten years of service or upon death or disability while a participant is employed by Cleco. Our Compensation Committee may reduce the vesting period to less than ten years, which typically would occur in association with recruiting efforts. Benefits, whether or not vested, are forfeited in the event a participant is terminated for cause.

Benefits are based upon a participant s attained age at the time of separation from service. The maximum benefit is payable at age 65 and is 65% of final compensation. Payments from the Company s defined benefit pension plan (Pension Plan), certain employer contributions to

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our 401(k) Savings Plan and payments paid or payable from prior and subsequent employers defined benefit retirement or similar supplemental plans reduce or offset our SERP benefits. If a participant has not attained age 55 at the time of separation and receives SERP benefits before attaining age 65, SERP benefits are actuarially reduced to reflect early payment. The Pension Benefits table on page 35 lists the present value of accumulated SERP benefits for our named executives as of December 31, 2011. In 2011, our Compensation Committee amended the SERP to eliminate the business transaction benefit previously included in the SERP, as well as the requirement that a SERP participant be a party to an employment agreement to receive change in control benefits. No other changes were made to the SERP during 2011. Additional discussion of the SERP design is included beginning on page 36.

Change in Employment Status and Change in Control Events

Historically, we have entered into executive employment agreements with our executive officers in an effort to attract and retain executive talent and to ensure their actions align with the interests of Cleco and its shareholders in the event of a change in control. The agreements have been structured to include payments for various separation events provided the executive officer agrees to post-employment conditions intended to protect our business and proprietary interests, including our intellectual property, human capital and confidential information. The level of exit payments and benefits provided under the executive employment agreements generally is determined by position within the organization.

In 2010, our Compensation Committee approved management s recommendation that all executive employment agreements with the Company s existing executive officers should not be renewed upon expiration (including the IRC Section 280G excise tax gross-up provision).

During 2011, we entered into an employment agreement with Mr. Williamson (the Williamson Agreement). This agreement is further discussed on page 18. All of the current executive employment agreements with our executive officers, except the Williamson Agreement, will not renew upon expiration. The Williamson Agreement has an initial term of four successive years and includes a provision that on the third anniversary (July 5, 2014) of the effective date of the Williamson Agreement, as well as each succeeding anniversary thereafter (each an Anniversary Date), the Williamson Agreement will be extended for an additional year, such that the renewal term will be a minimum of two years, unless Mr. Williamson or the Company provide written notice to the other party that the Williamson Agreement will not be further renewed. Such notice must be provided not later than 30 days prior to the next occurring Anniversary Date of the Williamson Agreement.

The Company may enter into new employment agreements with its executives usually in connection with recruiting efforts. Any such new agreement will have a non-renewing term, generally two years, and will not contain a change in control excise tax gross-up provision with respect to IRC Sections 280G and 4999. Our Compensation Committee approved other revisions to our standard executive employment agreement based on input from Cook & Co., which we believe are consistent with current market trends while allowing us to maintain a competitive executive officer recruiting process.

See the section beginning on page 37 titled Potential Payments at Termination or Change in Control for a quantification and discussion of the material terms, potential payments and benefits associated with the executive employment agreements with certain of our named executives, as well as the compensation history, annual compensation and benefit expense, status of deferred compensation, status of equity ownership, the value of vested awards and benefits and the value of accelerated compensation and benefits under various separation scenarios for our named executives who no longer have executive employment agreements.

The Cleco Corporation Executive Severance Plan

The Cleco Corporation Executive Severance Plan (the Executive Severance Plan) was adopted by the board of directors on October 28, 2011. The Executive Severance Plan provides our executive officers and other key employees with cash severance benefits in the event of a termination of employment, including involuntary termination in connection with a change in control.

Perquisites and Other Benefits

We may make available the following perquisites to our executive officers:

- Executive officer physicals as a condition of receiving their AIP award, we require and pay for an annual physical for our executive officers;

- Spousal/companion travel in connection with the various industry, governmental, civic and entertainment activities of our executive officers, we pay for spousal/companion travel associated with such events; and

- Relocation program in addition to our standard relocation policy available to all employees, we maintain a policy whereby our executive officers and other key employees may request that we pay real estate agent and certain other closing fees should the officer or key employee sell his/her primary residence or that we purchase the executive officer s or key employee s primary residence at the greater of its documented cost (not to exceed 120% of the original purchase price) or average appraised value. Typically, this occurs when an executive officer or key employee relocates at the Company s request; however, the executive officer also may make this request in the event he/she separates from the Company as a result of a constructive termination, a change in control or a business transaction, and provided the executive officer relocates more than 60 miles from the primary residence to be purchased.

Our Compensation Committee approves the perquisites based on what it believes is prevailing market practice, as well as specific Company needs. Cook & Co. assists our Compensation Committee in this regard. We believe the relocation program is an important element in attracting executive talent to the central Louisiana area. As such, the home purchase feature also is included in our executive employment agreements. Pursuant to the relocation program and Mr. Williamson s employment agreement, the Company purchased Mr. Williamson s Texas home in September 2011 and sold it in March 2012. In the case of Messrs. Williamson and Madison, perquisite expenses related to business and spousal travel are reviewed by our Audit Committee. See the section beginning on page 31 titled All Other Compensation for details of these perquisites and their value for our named executives.

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Our executive officers, including the named executives, also participate in our other benefit plans on the same terms as other employees. These plans include paid time off for vacation, sick leave and bereavement; group medical, dental, vision and prescription drug coverage; basic life insurance; supplemental life insurance; dependent life insurance; accidental death and dismemberment insurance; defined benefit pension plan (for those hired prior to August 1, 2007); and the 401(k) Savings Plan with a company match for those employees hired before August 1, 2007, as well as a 401(k) Savings Plan with an enhanced benefit for those employees hired after August 1, 2007, including Mr. Williamson.

Other Tools and Analyses to Support Compensation Decisions

Tally Sheets

At least annually our Compensation Committee reviews tally sheets that set forth the items listed below. This review is conducted as part of the comparison of the compensation and benefit components that are prevalent within our Comparator Group. The comparison facilitates discussion with our Compensation Committee s outside independent consultant as to the use and amount of each compensation and benefit component versus the applicable peer group.

- Annual compensation expense for each named executive this includes the rate of change in total cash compensation from year-to-year; the value of equity awards; the annual periodic cost of providing retirement benefits; and the annual cost of providing other benefits such as health insurance.

- Reportable compensation to further evaluate total compensation; to evaluate total compensation of our CEO compared to the other executive officers; and to otherwise evaluate internal equity among our named executives.

- Company stock ownership for each executive officer expressed as a multiple of base salary compared to industry standards provided by Cook & Co. Outstanding stock options and the in-the-money value of those options also are reviewed, as are each executive s Cleco common stock purchases and sales history.

- Post-employment payments reviewed pursuant to the potential separation events discussed in Potential Payments at Termination or Change in Control, on pages 37 through 43.

Trends and Regulatory Updates

As needed, and at least annually, our Compensation Committee reviews reports related to industry trends, legislative and regulatory developments and compliance requirements based on management s analysis and guidance provided by Cook & Co., as applicable. Plan revisions and compensation program design changes are implemented as needed.

Risk Assessment

Our Compensation Committee also seeks to structure compensation that will provide sufficient incentives for our executive officers to drive results while avoiding unnecessary or excessive risk taking that could harm the

long-term value of the Company. Our Compensation Committee believes that the following actions and/or measures help achieve this goal:

at least annually our Compensation Committee reviews the design of our executive compensation program to ensure an appropriate balance between business risk and resulting compensation;

- our Compensation Committee allocates pay mix between base salary and performance-based pay to provide a balance of incentives;
- the design of our incentive measures, including the interrelation between our AIP and LTIP, is structured to align management s actions with the interests of our shareholders;
- incentive payments are dependent on our performance measured against pre-established targets and goals and/or compared to the performance of companies in our Proxy and Incentive Peer Groups;
- the range and sensitivity of potential payouts relative to target performance are reasonable;
- our Compensation Committee imposes checks and balances on the payment of compensation discussed herein;
- our Recovery Policy discussed in the section entitled Recoupment of Prior Awards Paid discussed below;
- detailed processes establish Cleco s financial performance measures under our incentive plans; and
- incentive targets are designed to be challenging, yet achievable, to mitigate the potential for excessive risk-taking behaviors.

During 2011, our Compensation Committee, with the assistance of Cook & Co., reviewed the Company s assessment of compensation risk of the Company s incentive plans. Our Compensation Committee concluded that our compensation policies do not create risks that are reasonably likely to have a material adverse effect on the Company.

Stock Ownership Requirements for Executive Officers

Our Compensation Committee has adopted an executive stock ownership policy requiring our CEO to own Cleco common stock in an amount equaling six times base salary; senior vice presidents in an amount equaling three times base salary; and vice presidents in an amount equaling one times base salary. The policy also contains a retention requirement as a means of achieving the specified common stock ownership multiple. Until an executive reaches his or her required ownership level, he or she must retain a minimum of 50% of the after-tax shares received from restricted stock awards made under the LTIP. At this time, there is no minimum time period by which the ownership multiple must be attained, so open market purchases are not required.

Recoupment of Prior Awards Paid

Our Compensation Committee and board of directors approved a Recovery Policy in 2007. If the Company is required to restate its financial statements or other financial results, our Compensation Committee is authorized to adjust or otherwise recover an executive officer s award, provided that the amount of the award is based on financial performance and our Compensation Committee determines the executive officer engaged in intentional misconduct or in an intentional act or omission related to the cause for the restatement. Awards subject to the policy include any payment, accrual or other benefit paid or earned

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on or after January 1, 2008. Each of our executive officers has signed a notice acknowledging application of this policy, and we have conditioned their annual cash bonus agreements and restricted stock grants on the policy.

Board of Directors Compensation

Our Nominating/Governance Committee also engages our Compensation Committee s independent consultants to consult on matters concerning director compensation. In its analysis of director compensation, our Nominating/Governance Committee reviews competitive market information from our Proxy Peer Group, which includes annual retainer fees for directors, annual retainer fees for committee chairs, per meeting fees and equity award levels. Our Compensation Committee conducts a similar review with respect to the compensation of the chairman of the board. Details of director compensation are shown in the Director Compensation table on page 44.

U.S. Federal Income Tax Considerations

Restricted Stock

A participant who receives an award of restricted stock or CEUs under our LTIP generally does not recognize taxable income at the time the award is granted. Instead, the participant recognizes income when:

- Performance-based shares vest, which occurs at the end of a performance cycle when our Compensation Committee determines whether the designated performance goals have been attained and to what degree; or

- Forfeiture and transfer restrictions on time-based restricted stock lapse, upon the completion of a specified service period.

The amount of income recognized by a participant is equal to the fair market value of our common stock on the vesting or lapse date, less the cash, if any, paid for the shares, and the cash received on the settlement of CEUs. A participant may elect to accelerate the recognition of income with respect to restricted stock by making an IRC Section 83(b) election, which causes income to be recognized at the time of the award in an amount equal to the current fair market value of the stock on the award date, less the cash, if any, paid for the shares.

Income recognized by a participant is treated as compensation and is subject to applicable withholding for income and employment taxes. Cleco receives a corresponding compensation deduction for tax purposes when a participant recognizes income.

Stock Options

All options granted under our LTIP are nonqualified or non-statutory options. Cleco currently does not grant or have outstanding incentive stock options within the meaning of IRC Section 422. The grant of an option is not a tax event. A participant recognizes income when the option is exercised in an amount equal to the difference between the exercise price of the option and the fair market value of our common stock on the exercise date. The income is treated as compensation and is subject to applicable withholding for income and employment taxes. Cleco receives a corresponding compensation deduction for tax purposes when the option is exercised.

IRC Section 162(m)

IRC Section 162(m) limits to $1,000,000 the amount Cleco can deduct in a tax year for compensation paid to our chief executive and each of the four other most highly compensated executive officers. Performance-based compensation paid under a plan approved by our shareholders that satisfies certain other conditions may be excluded from the calculation of the limit. We have taken the action we consider appropriate to preserve the deductibility of compensation paid to our executive officers, but our Compensation Committee has not adopted a formal policy that requires all compensation to be fully deductible. As a result, our Compensation Committee may pay or award compensation that it deems necessary or appropriate to achieve our business goals and to align the interests of our executives with those of our shareholders, whether or not the compensation is performance-based within the meaning of IRC Section 162(m) or otherwise fully deductible.

Our LTIP was approved by our shareholders, permitting grants and awards made under that plan to be treated as performance-based. Generally, options, performance-based restricted stock and performance-based CEUs are intended to satisfy the performance-based requirements of IRC Section 162(m) and are intended to be fully deductible. Amounts paid under the AIP count toward the $1,000,000 limit.

IRC Section 409A

IRC Section 409A generally was effective as of January 1, 2005. The section substantially modified the rules governing the taxation of nonqualified deferred compensation. The consequences of a violation of IRC Section 409A, unless corrected, are the immediate taxation of amounts deferred, the imposition of an excise tax, and the assessment of interest on the amount of the income inclusion, each of which is imposed upon the recipient of the compensation. Our plans and incentives subject to IRC Section 409A have been operated in good faith compliance since the effective date of the section, and in 2008, our board of directors approved conforming IRC Section 409A changes to our deferred compensation plan, the AIP, the SERP, the LTIP, certain outstanding LTIP grants and our executive employment agreements.

EXECUTIVE OFFICERS COMPENSATION

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
A	B	C	D	E	F	G	H	I	J
Bruce A. Williamson,[1]	2011	$ 333,846	$ 0	$ 2,326,411	$ 0	$ 577,500	$ 1,590,857	$ 51,310	$ 4,879,924
President & CEO									
Darren J. Olagues,	2011	$ 303,762	$ 0	$ 240,336	$ 0	$ 201,894	$ 426,505	$ 26,604	$ 1,199,101
SVP-CFO & Treasurer	2010	$ 277,477	$ 0	$ 220,680	$ 0	$ 182,965	$ 252,495	$ 16,632	$ 950,249
	2009	$ 262,831	$ 0	$ 233,710	$ 0	$ 124,968	$ 130,073	$ 12,784	$ 764,366
George W. Bausewine,	2011	$ 268,069	$ 0	$ 326,062	$ 0	$ 231,917	$ 762,726	$ 32,182	$ 1,620,956
President & COO	2010	$ 240,762	$ 0	$ 206,217	$ 0	$ 165,104	$ 325,192	$ 29,335	$ 966,610
Cleco Power	2009	$ 241,662	$ 0	$ 216,308	$ 0	$ 120,837	$ 322,190	$ 24,200	$ 925,197
Wade A. Hoefling,	2011	$ 272,523	$ 0	$ 209,119	$ 0	$ 203,371	$ 703,723	$ 29,277	$ 1,418,013
SVP-General	2010	$ 255,523	$ 0	$ 203,146	$ 0	$ 159,238	$ 206,648	$ 26,232	$ 850,787
Counsel & Director	2009	$ 258,277	$ 0	$ 214,182	$ 0	$ 111,386	$ 385,049	$ 9,800	$ 978,694
Regulatory Compliance									
William G. Fontenot,	2011	$ 225,077	$ 0	$ 198,975	$ 0	$ 167,434	$ 397,181	$ 23,198	$ 1,011,865
Group Vice President	2010	$ 216,540	$ 0	$ 132,282	$ 0	$ 116,231	$ 166,798	$ 23,591	$ 655,442
Cleco Power	2009	$ 215,778	$ 0	$ 133,228	$ 0	$ 82,060	$ 106,556	$ 22,927	$ 560,549
FORMER EXECUTIVE OFFICER:									
Michael H. Madison,[2]	2011	$ 594,154	$ 0	$ 1,328,421	$ 0	$ 841,500	$ 1,743,445	$ 165,539	$ 4,673,059
President & CEO	2010	$ 524,000	$ 0	$ 1,291,600	$ 0	$ 532,788	$ 417,586	$ 123,056	$ 2,889,030
	2009	$ 540,462	$ 0	$ 967,500	$ 0	$ 397,208	$ 1,309,772	$ 123,536	$ 3,338,478

(1) Mr. Williamson was hired as president & CEO effective July 5, 2011.

(2) Mr. Madison assumed a management advisory role upon the hiring of Mr. Williamson on July 5, 2011 and retired from Cleco effective January 1, 2012.

(3) See the 2011 Form 10-K, Note 7 to the financial statements for a discussion of the valuation of these stock awards.

General

The Summary Compensation Table sets forth individual compensation information for the CEO, the CFO, the three other most highly compensated executive officers of Cleco and its affiliates, as well as one former executive officer, for services rendered in all capacities to Cleco and its affiliates during the fiscal years ended December 31, 2011, December 31, 2010 and December 31, 2009. Compensation components represent both payments made to the named executives during the year and other forms of compensation, as follows:

Column C, Salary; Column D, Bonus; Column G, Non-Equity Incentive Plan Compensation; and Column I, All Other Compensation represent cash compensation earned, received, and/or paid to the named executive in 2011, 2010 and 2009.

Awards shown in Column E, Stock Awards, and Column F, Option Awards, represent non-cash compensation items which may or may not result in an actual award being received by the named executive, depending on the nature and timing of the grant and until certain performance objectives are achieved.

The amounts shown in Column H, Change in Pension Value and Nonqualified Deferred Compensation Earnings, represent changes in the actuarial value of accrued benefits during 2011, 2010 and 2009 under the Pension Plan and the SERP. This compensation will be payable to the named executive in future years, generally as post-employment retirement payments.

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EXECUTIVE OFFICERS COMPENSATION

Mr. Williamson s Employment Agreement

The compensation of Mr. Williamson, our CEO, was based largely on the terms of the employment agreement negotiated with Mr. Williamson. Because of his substantial experience as a public company CEO, his experience in the energy, utility and regulated industries, and the opportunity to recruit executive talent of his caliber to the central Louisiana area, our Compensation Committee believed it was important to document the terms of his employment in an employment agreement effective July 5, 2011. In addition to the components of his compensation in connection with the execution of his employment agreement discussed above on page 18, Mr. Williamson was paid a prorated amount equivalent to an annualized base compensation of $700,000 for 2011. His annual cash bonus under the AIP was set at a target award level of 100% of his annualized base compensation, and his equity incentive under the LTIP was set at a target award in the amount of 40,000 shares of the Company s common stock for the 2011 Performance Cycle. These components of compensation are further discussed below.

Salary

Data in Column C includes pay for time worked, as well as pay for time not worked, such as vacation, sick leave, jury duty, bereavement and holidays. The salary level of each of the named executives is determined by a review of market data for companies comparable in size and scope to Cleco, as discussed beginning on page 21 of the CD&A under Base Salary. In some instances, merit lump sum payments are used to recognize positive performance when base pay has reached or exceeded the Company s base pay policy target, and are included in the salary column. Deferral of 2011 base pay of $20,000 pursuant to the Deferred Compensation Plan made by Mr. Bausewine also is included in the salary column and is further detailed in the Nonqualified Deferred Compensation table on page 37. Adjustments to base pay are recommended to our Compensation Committee on an annual basis, and if approved, are implemented in January. Base salary changes made in 2011 for our named executives and the reasons for those changes are discussed in the CD&A beginning on page 21, Base Salary.

Bonus

Column D, Bonus includes non-plan-based, discretionary incentives earned during 2011, 2010 or 2009. No such awards were earned in 2011, 2010 or 2009 by the named executive officers.

Stock Awards

Column E reflects grants and awards of Cleco common stock made to our named executive officers. Such grants and awards include annual performance-based restricted stock and CEU grants, if applicable, as well as time-based service award grants. For 2011, Column E includes the grant date fair value calculated under Generally Accepted Accounting Principles for the three-year performance cycle beginning January 1, 2011 and ending December 31, 2013. For 2010, Column E includes the grant date fair value calculated under Generally Accepted Accounting Principles for the performance-based award covering the three-year performance cycle beginning January 1, 2010 and ending December 31, 2012. For 2009, amounts include the grant date fair value calculated under Generally Accepted Accounting Principles for the performance-based grant for the three-year cycle beginning January 1, 2009 and ended December 31, 2011. This amount does not represent the value to be received by each of the named executives, as that amount can only be determined at the completion of the three-year performance cycle.

The dollar value of the LTIP grants in Column E is based on the grant date fair value as required by Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC Topic 718), formerly Statement of Financial Accounting Standards No. 123R, Share-based Payment, and does not represent cash compensation received by the named executives during 2011, 2010 or 2009. The FASB ASC Topic 718 value is determined by the Company s actuary (Towers Watson) and reflects a fair value estimate using a Monte Carlo simulation over the requisite performance cycle based on Cleco s historical stock price volatility and dividend yield data compared to each company in the Incentive Peer Group. For the three performance-based cycles applicable to Column E, the grant date fair value of Cleco common stock and CEUs, if applicable, was $34.88 per share for the 2011 to 2013 cycle, $27.92 per share for the 2010 to 2012 cycle and $25.93 per share for the 2009 to 2011 cycle. The grant date fair value of Mr. Williamson s grant for the 2011 to 2013 performance cycle was $38.74. The potential award values applicable to our named executives for the three-year LTIP performance cycle that commenced in January 2011 are shown below:

Name	Threshold Value	2011 LTIP Target Value (Column E)	Maximum Value
Mr. Williamson	$ 746,907	$ 1,549,600	$ 3,099,200
Mr. Olagues	$ 129,056	$ 267,739	$ 535,478
Mr. Bausewine	$ 146,531	$ 303,944	$ 607,889
Mr. Hoefling	$ 108,093	$ 224,244	$ 448,487
Mr. Fontenot	$ 106,872	$ 221,662	$ 443,325
Mr. Madison	$ 545,209	$ 1,131,089	$ 2,262,177

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The number of target shares that corresponds to the dollar value listed in Column E is listed in the Grants of Plan-Based Awards table on page 32. Further detail of the threshold and maximum award levels is provided in the Grants of Plan-Based Awards table, as well as the discussion that follows. An explanation of why we use the LTIP award and its relationship to other compensation elements can be found in the CD&A on page 23, Performance-Based Restricted Stock.

Option Awards

Column F, Option Awards reflects the grant date fair value for grants made to executive officers in 2011. Such grants provide our executive officers the opportunity to purchase shares of Cleco common stock at some future date at the fair market value of the stock on the date of the grant. No stock options were granted to our named executive officers during 2011, 2010 or 2009.

Non-Equity Incentive Plan Compensation

Column G, Non-Equity Incentive Plan Compensation contains cash awards earned during 2011 and paid in March 2012, earned during 2010 and paid in March 2011 and earned during 2009 and paid in March 2010 under the AIP.

Change in Pension Value and Nonqualified Deferred Compensation Earnings

The values in Column H represent the aggregate increase in the actuarial present value of benefits earned by each named executive officer during 2011, 2010 and 2009 under the Pension Plan and the SERP, including the SERP s supplemental death benefit provision. These values do not represent cash received by the named executives in 2011, 2010 or 2009; rather, these amounts represent the present value of future retirement payments we project will be made to each named executive. Changes in the present value of the Pension Plan and the SERP from December 31, 2010 to December 31, 2011, from December 31, 2009 to December 31, 2010, and from December 31, 2008 to December 31, 2009 result from an additional year of earned service, compensation changes, and the increase (or decrease) in value caused by the change in the discount rate used to value the payments. If the discount rate increases by a large enough amount, it can cause the accrued pension and SERP liability to decline versus the prior year. When this occurs, the values reported for Column H are zero. Generally, these payments commence upon the

latter of age 55 or the named executive officer s separation from the Company. The projected annual payments are included in the tables beginning on page 41 under the Retirement event. The present value of our accumulated benefit obligation for each named executive officer is included in the table on page 35, Pension Benefits. These values are reviewed by our Compensation Committee in conjunction with their annual Tally Sheet analysis. No changes were made as a result of the 2011 review. An explanation of why we use the SERP and its relationship to other compensation elements can be found in the CD&A on page 25, Supplemental Executive Retirement Plan.

Column H also would include any above-market or preferential earnings on deferred compensation paid by the Company. There were no such preferential earnings paid by the Company in 2011, 2010 or 2009.

All Other Compensation

Payments made to or on behalf of our named executive officers in Column I, All Other Compensation, include the following:

- Contributions by Cleco under the 401(k) Savings Plan on behalf of the named executive officers;

- Term life insurance premiums paid for the benefit of the named executive officers;

Expenses incurred for spousal travel on Company business;

Reimbursement to Mr. Madison for membership dues paid to the Southern Trace Country Club;

For 2011, 2010 and 2009, accumulated dividends paid for the LTIP three-year performance cycles ended December 31, 2010, December 31, 2009 and December 31, 2008, respectively;

Federal Insurance Contributions Act (FICA) tax due currently and paid by the Company on the annual increase in the named executive officer s future SERP benefit;

Closing costs associated with the purchase of Mr. Williamson s home by the Company, as provided under the terms of his employment agreement;

Non-taxable moving and relocation expenses paid by the Company on behalf of Mr. Williamson under the Company s relocation program;

The value of gifts presented to Mr. Madison in recognition of his contributions toward the successful completion of Madison Unit 3, the Company s receipt of the 2011 Edison Award, his retirement, and the associated taxes incurred by the Company on his behalf.

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EXECUTIVE OFFICERS COMPENSATION

The value of the Column I items for 2011 for each of our named executive officers is as follows:

	Mr. Williamson	Mr. Olagues	Mr. Bausewine	Mr. Hoefling	Mr. Fontenot	Mr. Madison
Cleco Contributions to 401(k) Savings Plan	$ 0	$ 9,481	$ 9,800	$ 9,569	$ 9,800	$ 9,800
Taxable Group Term Life Insurance Premiums	$ 161	$ 0	$ 830	$ 0	$ 158	$ 1,382
Spousal Travel	$ 0	$ 445				