

CLECO CORP  
Form DEF 14A  
March 18, 2010  
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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**

Filed by the Registrant

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))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Cleco Corporation**

(Name of Registrant as Specified In Its Charter)

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**Proxy Statement  
and  
Notice of  
Annual Meeting  
of Shareholders  
to be held on  
April 30, 2010  
March 18, 2010**

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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 30, 2010
PLACE	Country Inn & Suites by Carlson 2727 Monroe Highway Pineville Convention Center, Ft. Randolph Room Pineville, Louisiana 71360
ITEMS OF BUSINESS	(1) To elect four directors each of whom will serve a three-year term expiring in 2013, or until their successors are elected and qualified.  (2) 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, 2010.  (3) To consider a shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors so as to require that all directors be elected annually.  (4) 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, 2010.
ANNUAL REPORT	Our 2009 Annual Report and Form 10-K for the fiscal year ended December 31, 2009, 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.

Judy P. Miller  
Corporate Secretary

March 18, 2010

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**PROXY STATEMENT**  
**CLECO CORPORATION**  
**ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON APRIL 30, 2010**

Cleco Corporation is furnishing you this proxy statement because you are a holder of Cleco common stock or preferred 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 30, 2010, 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 and preferred stock, with each share of common stock and preferred stock entitling its owner to one vote. The holders of common stock and preferred stock vote together as a single class, except in the election of directors, where holders of common stock can cumulate their votes. At the annual meeting, holders of record of Cleco voting stock at the close of business on March 1, 2010 will be entitled to vote upon proposals relating to:

the election of four directors each of whom will serve until the annual meeting in 2013, 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, 2010;

the consideration of a shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors so as to require that all directors be elected annually; 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 four nominees for director and FOR the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as Cleco Corporation's independent registered public accounting firm. The board of directors makes neither a recommendation FOR nor AGAINST the consideration of a shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors.**

This proxy statement and the accompanying proxy card are being mailed first on or about March 18, 2010 to record shareholders of Cleco as of the close of business on March 1, 2010.

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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 Avenue, Stamford, CT 06902, to assist in the solicitation of proxies. Morrow's fee is approximately \$8,000 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 voting 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 four nominees for director and **FOR** the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as Cleco Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2010 and, in the discretion of the persons named in the proxy, on any other business that may properly come before the annual meeting. If no instructions are given in an executed proxy with respect to the consideration of the shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors, the holders of the shares represented by that proxy will be deemed to **abstain** from voting on this proposal. 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 <http://www.cleco.com>.

**Record Date and Voting Rights**

Holders of record of outstanding voting stock as of the close of business on March 1, 2010 are entitled to receive notice of and to vote at the annual meeting. As of March 1, 2010, there were 60,635,917 shares of Cleco common stock outstanding and 10,288 shares of Cleco preferred stock outstanding. As of March 1, 2010, all officers and directors of Cleco, as a group, beneficially owned 2.3% of the outstanding shares of Cleco common stock and none of the outstanding shares of Cleco preferred 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 four directors to serve until the 2013 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, 2010; and

Proposal 3 the consideration of a shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors so as to require that all directors be elected annually.

Generally, 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



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not a vote cast and is counted neither for nor 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. Broker non-votes on matters are treated as shares as to which voting power has been withheld by the beneficial holders of those shares and, therefore, as shares not entitled to vote. The New York Stock Exchange ( NYSE ) precludes brokers from exercising voting discretion on certain proposals, including the election of directors and the consideration of the shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors so as to require that all directors be elected annually without specific instructions from the beneficial owner. This results in a broker non-vote on such proposals.

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.

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 ( DRIP ).

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, 2010, 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. 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 four nominees for director and **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, 2010, and in accordance with the recommendations of the Cleco board of directors on any other proposals that may properly come before the annual meeting. If a proxy is signed but no voting specification is made, then the shares represented by the proxy will be voted **neither FOR nor AGAINST** the consideration of the shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors.

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 30, 2010. This proxy statement, the related proxy cards, the 2009 Annual Report and the 2009 Form 10-K are available on Cleco's Web site. To access the documents, please go to <http://www.cleco.com>; For Investors Investor Publications/Presentations Proxy Statements.**

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**PROPOSAL NUMBER 1 ELECTION OF FOUR CLASS I 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 11 directors: four are in Class I, 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 four Class I 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 2013, 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 four 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 II and III, who are continuing as directors at this time and whose terms of office expire in 2011 and 2012, respectively, are named below following the information concerning the four nominees for election as Class I directors.

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

**About the Nominated and Continuing Directors**

Our board of directors is responsible for managing 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 four nominees for election as Class I directors at the annual meeting, as well as the continuing Class II and Class III 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 I Directors (nominees to be elected at the 2010 annual meeting; terms of office expire in 2013)**

Sherian G. Cadoria, who is retired, served as president of Cadoria Speaker and Consultancy Service for more than five years before retiring in December 2004. She also retired as Brigadier General of the United States Army (the "Army") in 1990 after a 29-year military career. General Cadoria, who is 70 years old, has been a director of Cleco since 1993 and is a member of the Audit, Nominating/Governance and Qualified Legal Compliance Committees.

General Cadoria served in numerous capacities during her career with the Army. She held positions of increasing responsibility including the financial management of all resources of a battalion, a brigade

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and an operations agency. As Deputy Commanding General, she managed all resources of the United States Army Personnel Command. During her career, General Cadoria oversaw multi-year, multi-million-dollar programs and contributed to the development of comprehensive strategic plans supporting the Army's mission. With her background in financial management and operations, General Cadoria provides valuable insight to the board of directors as a member of the Audit and Nominating/Governance Committees.

Richard B. Crowell has been engaged in the practice of law for more than five years as a member of the law firm of Crowell & Owens. Mr. Crowell, who is 71 years old, has been a director of Cleco since 1997 and is a member of the Audit, Nominating/Governance and Qualified Legal Compliance Committees.

Mr. Crowell also has been a director of Whitney Holding Corporation, 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 since 1983, where he has held the position of chairman of the audit committee. In addition, Mr. Crowell has served as president, trustee, partner and director of numerous private entities for over 25 years, with responsibility for investments, budgets and financial reporting, among other things. This service further augments his range of knowledge and provides valuable experience on which he can draw while serving as a member of our board of directors.

Michael H. Madison has served as president and chief executive officer of Cleco since May 2005 and as president and chief operating officer of Cleco Power LLC, the wholly owned utility subsidiary of Cleco Corporation, from October 2003 to May 2005. He was state president, Louisiana-Arkansas with American Electric Power from June 2000 to September 2003. Mr. Madison, who is 61 years old, joined Cleco in 2003 and was elected a director by the board of directors in May 2005. Mr. Madison is a member of the Executive Committee.

Mr. Madison serves as a member of the Alexandria/Pineville, LA local advisory board for Capital One Bank. During his career with the operating companies of American Electric Power (formerly the Central and Southwest System), he spent over 30 years in various positions of increasing responsibility including president, director, vice president of operations and engineering, vice president of engineering and production and vice president of corporate services. Mr. Madison's knowledge of all aspects of the electric utility business, combined with his drive for excellence, position him well to serve as a member of the board of directors and as the Company's president and chief executive officer.

W. L. Westbrook, who is retired, was employed by Southern Company from April 1964 until his retirement in March 2001 and was its chief financial officer and senior risk officer from 1986 until his retirement in 2001. He was responsible for finance, accounting, tax, risk management and investor relations. Mr. Westbrook was retained as a consultant by Mirant Corporation, a former subsidiary of Southern Company, in August 2002 and served as senior vice president and interim principal accounting officer until March 2003. In July 2003, Mirant Corporation and certain of its subsidiaries filed for protection under Chapter 11 of the U.S. Bankruptcy Code. In January 2006, Mirant Corporation exited bankruptcy. Mr. Westbrook, who is 71 years old, has been a director of Cleco since July 2003 and is chairman of the Audit Committee and a member of the Compensation, Executive and Finance Committees.

Mr. Westbrook's professional career includes over 45 years in and around the electric utility business. He joined Georgia Power Company in an entry-level position and worked his way up the ranks in accounting and finance, until he reached the level of chief financial officer and senior risk officer in 1986. During Mr. Westbrook's time as a consultant for Mirant Corporation, he worked to resolve accounting problems and assisted the company in its compliance with the Sarbanes-Oxley Act of 2002. He also was responsible for internal and external financial reporting, as well as internal controls improvement. Mr. Westbrook is considered an experienced financial leader and advisor with the skills necessary to lead Cleco's Audit Committee.

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**Class II Directors (terms of office expire in 2011)**

William L. Marks, who is retired, was the chief executive officer 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 67 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 chief executive officer 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, president and chief executive officer 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, who is 67 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 master's 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 ten years and currently serves as a not-for-profit foundation director. Mr. Ratcliff's business experience ranges from operational to financial in his position as president and chief executive officer of Ratcliff Construction Company, LLC. 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.

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 from 2000 to 2008. He also served as president and chief executive officer of Progress Energy Service Company, LLC from 2004 until September 1, 2008. Mr. Scott is 60 years old and became a director of Cleco in July 2009. He is a member of the Audit and Compensation 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 chairman of the audit committee at Research Triangle Institute International. 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 a member 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 64 years old, has been a director of Cleco since 1996 and is chairman of the Compensation Committee and a member of the Executive and Finance Committees.

Mr. Walker has a variety of experience including a background in sales and service in the 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 City 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 Committee.

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**Class III Directors (terms of office expire in 2012)**

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 from 1995 until 1999. Mr. Garrett, who is 66 years old, has been a director of Cleco since 1981. Mr. Garrett is chairman of the board of directors and chairman of the Executive, Nominating/Governance and Qualified Legal Compliance 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 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 chief executive officer 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 chief executive officer 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 63 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.

Logan W. Kruger has served as the president, chief executive officer and director of Century Aluminum Company, a publicly held company owning primary aluminum capacity in the United States and Iceland, since December 2005. 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 59 years old and became a director of Cleco in October 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 increased 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 current role as chief executive officer at Century Aluminum Company, he has gained valuable experience evaluating the results of a public corporation which contributes to his service as a member of Cleco's Audit Committee.

Century Aluminum Company and certain of its officers and directors were served with four stockholder class actions filed in the United States District Court for the Northern District of California in March 2009.

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The actions are entitled *Petzschke v. Century Aluminum Co., et al.*, *Abrams v. Century Aluminum Co., et al.*, *McClellan v. Century Aluminum Co., et al.*, and *Hilyard v. Century Aluminum Co., et al.* The complaints principally allege that Century Aluminum Company and certain of its officers and directors improperly accounted for cash flows associated with the termination of certain forward financial sales contracts in its Form 10-Q for the third quarter of 2008 and in a registration statement for an offering in January 2009, but then corrected the accounting by a restatement announced on March 2, 2009. On October 19, 2009, Century Aluminum Company, its directors and certain of its officers, along with the underwriters of the January 2009 offering, Credit Suisse and Morgan Stanley, were named in a shareholders derivative action filed in the United States District Court for the Northern District of California. The action is entitled *Plumbers and Pipefitters Local Union No. 630 Pension-Annuity Trust Fund, Derivatively On Behalf of Century Aluminum Company v. John C. Fontaine, et al.*

### **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 which were last revised by the board of directors in January 2005 were included as Appendix B to the 2006 proxy statement and are posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. 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. Madison, who is chief executive officer 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 in January 2003 and revised in May 2005, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. 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. The Executive Committee held no meetings in 2009.

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 adopted by the board of directors in April 2000 and last revised in January 2010, a copy of which is attached as Appendix B and is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. 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. The Audit Committee held seven meetings, three of which were formal telephone meetings, during 2009.

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 which was effective January 1, 2010; (2) the 2000 Long-Term Incentive Compensation Plan which expired December 31, 2009;



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and/or (3) the 1990 Long-Term Incentive Compensation Plan which expired December 31, 1999. The Compensation Committee operates under a written charter adopted by the board of directors in January 2003 and last revised in July 2008, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors' Corporate Governance. 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. The Compensation Committee held six meetings, one of which was a formal telephone meeting, in 2009.

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 in May 2005 and last revised in April 2008, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors' Corporate Governance. 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. The Finance Committee held five meetings in 2009.

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 in January 2003 and last revised in April 2009, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors' Corporate Governance. 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. The Nominating/Governance Committee held four meetings in 2009.

The Qualified Legal Compliance Committee was formed in October 2003 to receive, consider and take 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 adopted by the board of directors in October 2003 and last revised in April 2009, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors' Corporate Governance. 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. The Qualified Legal Compliance Committee held no meetings in 2009.

Cleco's board of directors held four regular meetings and seven special meetings, four of which were formal telephone meetings, during 2009. 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 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 2009, all directors attended at least 95% 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 2009 annual meeting of shareholders was attended by all directors serving at that time.

During 2009, all members of Cleco's board of directors served as members of the board of managers of Cleco Power LLC, Cleco's wholly owned utility subsidiary.

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### **Cleco's Board Leadership Structure**

In July 2003, the board of directors voted to separate the chief executive officer 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 chief executive officer 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 chief executive officer 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 chief executive officer and to other senior executives when requested by the chief executive officer. In collaboration with the chief executive officer, 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 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 chief executive officer 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 2009 and are posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. 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

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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](http://www.cleco.com); For Investors Corporate Governance. 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.

### **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, 2009 (2009 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 the 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](http://www.cleco.com); For Investors Corporate Governance. 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 public 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.*

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 Chief Accounting Officer, the Vice President of Tax and Treasurer, the General Manager of Internal Audit (GMIA) and the General Counsel.

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.

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The Vice President of Tax and Treasurer reports annually, and as needed, on risks surrounding significant tax issues, taxing authority audits and reserves for tax positions.

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 General Counsel reports quarterly on risks surrounding material legal issues, significant ethics complaints and significant regulatory compliance issues.

The Company's independent registered public accounting firm 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.

**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.

## Edgar Filing: CLECO CORP - Form DEF 14A

Cleco Power LLC ( Cleco Power ) and Cleco Midstream Resources LLC ( Cleco Midstream ) 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 January 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 December 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 December and January meetings. In addition,

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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 19 of this proxy statement. In general, the performance-based compensation measures described in the CD&A are applicable to all employees and the Company only adopts measures having companywide performance targets. As such, 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 (gender, race, national origin, education, professional experience and differences in viewpoint and skills), integrity and commitment to board duties. The Nominating/Governance Committee does not have a formal policy with respect to diversity. However, 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 2009, 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) current or prior operating/profit and loss experience; (2) leadership and managerial skills; (3) planning skills and a good business background; (4) practical, mature and sound business judgment/initiative; (5) high moral and ethical standards; (6) high performance standards; (7) an inquisitive and objective perspective; (8) a skeptical/inquiring mind with a willingness to ask tough questions; and (9) a strong interest in the business of the Company.

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 chief executive officer 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,

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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 three 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 and Scott 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 recommendation. Cleco's Nominating/Governance Committee did not receive any nominees for election as director at the 2010 annual meeting of shareholders from a shareholder or group of shareholders who individually, or in the aggregate, beneficially owned more than 5% of Cleco's voting common stock for at least one year.

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."

## **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 that shareholders, employees and other interested persons may 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.

**Table of Contents****SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT**

The following table describes the Cleco common stock and Cleco preferred 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, 2010, 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				Amount and Nature of Beneficial Ownership of Preferred Stock	
	Direct <sup>(1)</sup>	Options Exercisable Within 60 Days <sup>(2)</sup>	Other <sup>(3)</sup>	Percent of Class	Number of Shares	Percent of Class
<b>Directors and Nominees</b>						
Sherian G. Cadoria	2,767	17,500	17,105 <sup>(4)</sup>	*		
Richard B. Crowell	40,893	7,500	194,391 <sup>(5)</sup>	*		
J. Patrick Garrett	50,290		48,720 <sup>(4)</sup>	*		
Elton R. King	38,391	17,500		*		
Logan W. Kruger	4,693			*		
William L. Marks	27,749	14,167		*		
Robert T. Ratcliff, Sr.	22,323	12,500	13,273 <sup>(4)</sup>	*		
Peter M. Scott III	2,149			*		
William H. Walker, Jr.	70,604	12,500	35,121 <sup>(4)</sup>	*		
W. L. Westbrook	3,687		36,994 <sup>(4)</sup>	*		
<b>Named Executive Officers</b>						
Michael H. Madison <sup>(6)</sup>	138,323	49,000		*		
Darren J. Olagues	24,085			*		
Dilek Samil	87,855	10,840		*		
George W. Bausewine	56,086	24,000		*		
Wade A. Hoefling	17,699			*		
R. Russell Davis	42,432			*		
All directors, nominees and executive officers as a group (25 persons, including those listed above)	851,905	191,247	349,917	2.3%		

\* 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. Madison, 8,879; Mr. Olagues, 2,759; Ms. Samil, 1,667; Mr. Bausewine, 8,934; Mr. Hoefling, 294; and Mr. Davis, 3,516. The other executive officers included in the amount shown for all directors, nominees and executive officers as a group hold 49,679



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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, 2010 were held by the persons in the table above as follows: Mr. Madison, 96,260; Mr. Olagues, 20,986; Ms. Samil, 39,534; Mr. Bausewine, 22,238; Mr. Hoefling, 22,638; Mr. Davis, 14,774; and the other executive officers included in the amount shown for all directors, nominees and executive officers as a group, 97,574.

- (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, 2010 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, Mr. Walker and Mr. Westbrook 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) Includes 132,915 shares owned by members of Mr. Crowell's family and family trusts, for which beneficial ownership is disclaimed, and 61,476 shares held by an LLC owned by Mr. Crowell and his wife.
- (6) Mr. Madison is also a director of Cleco.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth as of December 31, 2009, 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.

<b>Title of Class</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Common Stock	BlackRock, Inc. ( BlackRock )  40 East 52 <sup>nd</sup> Street  New York, NY 10022	5,580,554 <sup>(1)</sup>	9.23%

- (1) As of December 31, 2009, based solely on a Schedule 13G filed with the SEC. On December 1, 2009 BlackRock (a holding company) completed its acquisition of Barclays Global Investors, NA from Barclays Bank PLC. As a result, substantially all of the Barclays Global Investors, NA and certain of its affiliates collectively referred to as the BGI Entities are now included as subsidiaries of BlackRock for purposes of Schedule 13G filings. 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, 2009, all Section 16(a) filing requirements applicable to its executive officers, directors and greater-than-10% shareholders were satisfied with the exception of a late Form 3 filing for Mr. W. Keith Johnson, Jr., who was named Acting Vice President of Cleco Midstream Resources LLC effective May 7, 2009.

**Table of Contents****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. Our Compensation Committee uses peer groups, including a Base Peer Group and an Incentive Peer Group, to evaluate the competitive market and to help design and track our executive compensation and benefit plans (see page 21, Market Data and Comparator Groups). Our overall executive compensation design philosophy is to incorporate a higher level of performance-based pay than our Base Peer Group. We define performance-based pay as pay that is dependent on our performance against pre-established measures and/or our performance compared to the performance of companies in the Incentive Peer Group. This 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. Our supplemental executive retirement plan is a key executive benefit component in that regard.

One of the steps completed by the Compensation Committee each year is to confirm that our performance-based pay levels remain aligned with our philosophy. For 2009, this analysis was completed in December 2008. The resulting 2009 target mix of pay was as follows for our executive officers as a group:

<b>Pay Component</b>	<b>Compensation Mix</b>
Base Salary	51%
Annual Cash Bonus	21%
Stock Awards	
Performance-based and Stock Options	28%
Other Restricted Shares	0%
Total	100%
Performance-based Pay (Annual Cash Bonus plus Performance-based Stock Awards)	49%
Performance-based Stock Awards (Performance Shares plus Stock Options as a percent of Total Stock Awards)	99%

The actual mix of compensation paid to our executive officers, such as that reported in the Summary Compensation Table, will differ from the percentages above due to actual performance versus this design, which is target performance. The table above also does not include the value of retirement benefits earned in the current year. For 2009, our 49% performance-based pay value compared to the Base Peer Group median of 45%; our performance-based stock award value of 99% compared to the Base Peer Group median of 80%.

**2009 Results Aligned with Our Philosophy**

Cleco had a successful 2009; however, some of our performance targets were not met. The table below summarizes our actual results compared to our performance targets that govern our executive officers' performance-based compensation.

<b>Performance Measure</b>	<b>2009 Target</b>	<b>2009 Actual</b>
Fully Diluted Earnings Per Share	\$1.73	\$1.76
Return on Invested Capital	50 <sup>th</sup> Percentile	33 <sup>rd</sup> Percentile *
2007-2009 Total Shareholder Return	50 <sup>th</sup> Percentile	100 <sup>th</sup> Percentile *
Customer Satisfaction	10 Percentage Points above the Louisiana Electric Utility Average	20 Percentage Points above the Louisiana Electric Utility Average
Safety	Top-Quartile of Edison Electric Institute 5-Yr. Average	Below Top-Quartile of Edison Electric Institute 5-Yr. Average

\* 100<sup>th</sup> percentile is the highest rank; 0 percentile is the lowest rank. Our Compensation Committee exercised discretion with regard to our return on invested capital ( ROIC ) result. This is discussed on pages 28 and 29.

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Performance related to each of these measures is explained further in this CD&A on pages 27 through 30. Actual compensation for our ongoing executive officers as a group 2009 base salary plus the actual 2009 cash bonus and long-term incentive award for the 2007 to 2009 performance cycle exceeded target total compensation by 31%. Our Compensation Committee, in reviewing and approving the 2009 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. These initiatives included (1) maintaining on-time, on-budget status for construction of our Rodemacher Unit 3 ( RPS-3 ) power plant; (2) completing the rate case at Cleco Power; and (3) making significant progress with regard to restructuring our Cleco Midstream operations. Progress made on our major strategic initiatives is closely aligned with our fully diluted earnings per share ( EPS ) and total shareholder return ( TSR ) measures which, in turn, comprise most of our incentive compensation. Overall, we believe the Company's executive compensation program is working as intended and remains consistent with practices within our peer groups.

### ***Compensation and Benefit Actions Taken during 2009***

Our Compensation Committee reviewed and approved the following items during 2009 in addition to the recurring annual actions described beginning on page 24.

Revised our 2009 Incentive Peer Group to reflect changes designated by Standard & Poor's ( S&P ) regarding the companies that comprise the S&P Small and MidCap Electric Utilities Index (see page 23, Our Incentive Peer Group, for the companies comprising our Incentive Peer Group).

Approved the grant of shares of restricted common stock to two of our named executives. An award was granted to Mr. Davis for his service as interim Chief Financial Officer ( CFO ) and an award was granted to Mr. Olagues upon his promotion to CFO (see page 30 for additional discussion).

Approved, for recommendation to our board of directors, revisions to the compensation of our Chairman (see pages 33 and 34 for additional discussion).

Revised our Base Peer Group for 2010 due to a change in the availability of comparable compensation data to the Compensation Committee's outside independent consultant, Hewitt Associates LLC ( Hewitt ).

### **Our Compensation and Benefits Philosophy**

Our 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. As such, we seek to provide total compensation and benefits that (1) are similar to those of comparable electric utilities and energy service companies; (2) have a greater portion of compensation that is performance-based in comparison to our Base Peer Group; (3) ensure there is a direct link between compensation and our financial and operational performance; and (4) reward executives when Cleco's performance exceeds that achieved by the companies in our Incentive Peer Group.

We implement our philosophy through the following compensation and benefit components:

Base salary levels targeted at 90% to 92% of the market median for base pay, which we determine by comparing ourselves to the Base Peer Group.

An annual cash bonus award established as a percentage of base salary. This award is made through our Annual Incentive Plan ( AIP ) and is targeted to pay between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the Base Peer Group.

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Total cash compensation targeted to approximate the Base Peer Group median.

Equity incentive awards provided in one or more of the following:

- Performance-based restricted stock or common stock equivalent units made through our LTIP and targeted to pay at approximately the median of the Base Peer Group.

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- Periodic stock options based on individual or overall company performance, Base Peer Group trends, or to aid achievement of our overall compensation philosophy.
- Time-based restricted stock designed to encourage retention or to recognize individual performance.

Total compensation targeted to approximate the Base Peer Group median.

Benefit programs that are the same as those provided to all employees including 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; a defined benefit pension plan; and a 401(k) Savings Plan.

Benefit programs that are provided only to executive officers and certain other key employees, including a supplemental executive retirement plan ( SERP ) and a nonqualified deferred compensation plan.

Post-employment payments for various change in employment status events and employment agreements that govern such payments to executive officers in the event of disability, death, retirement, constructive termination, termination for cause, termination in connection with a change in control, or termination in connection with a business transaction.

Perquisites including club memberships; executive officer physicals; spousal/companion travel; and relocation assistance.

### ***Stock Ownership Requirements for Executive Officers***

We do not maintain a formal equity ownership policy for our executive officers. Instead, we generally rely on the three-year restricted stock performance cycles and ensuing three-year holding periods to accomplish a similar outcome. This enables our executive officers to build stock ownership over time rather than to mandate stock purchases outside the LTIP. Our Compensation Committee relies on Hewitt for guidance on typical ownership levels, and it annually reviews the ownership levels of our executive officers, including the named executives. The last review of executive officer stock ownership levels by the Compensation Committee was conducted in December 2009. No changes to our executive officers' current ownership levels were recommended as a result of this review.

### ***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, the 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 the 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 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.

### **Evaluation and Design of Our Compensation and Benefit Programs**

#### ***Market Data and Comparator Groups***

Our Compensation Committee uses the Base Peer Group to help design and benchmark our executive officer compensation and benefit plans. We use the Incentive Peer Group to track comparable performance of those plans. These two groups also are referred to as comparator group(s), peer group(s), peers, the competitive market or market data throughout this discussion.

**Table of Contents****Our Base Peer Group**

For 2009 and 2010, executive officer compensation levels were evaluated using the Base Peer Group. This evaluation includes base salary, annual and long-term incentive plan targets, other potential equity awards, and target total compensation. Companies selected for the Base Peer Group are of approximate size and scope to Cleco, employ similar labor and talent pools, and make their executive officer compensation data available to Hewitt for comparison to Cleco. Base Peer Group companies are generally either in the Edison Electric Institute ( EEI ) Index or the S&P Small and MidCap Electric Utilities Index. We are included in both indices. The Compensation Committee considers the availability of such detailed market data to be critical in making comparative compensation decisions. The Base Peer Group data is further refined through a regression analysis of total revenues. This regression analysis adjusts the peer group data to reflect that we are smaller than most companies in the Base Peer Group. The Base Peer Group and Cleco's relative size rank using 2008 revenues is shown in the table below.

	2008	Global		2008	Global
			Base Peer		
Base Peer Group Company	Revenues (in billions of \$)	Industry Classification	Group Company	Revenues (in billions of \$)	Industry Classification
Allete	0.8	Diversified Utility	IDACORP	1.0	Electric Utility
Alliant	3.7	Diversified Utility	NSTAR	3.3	Electric Utility
Ameren	7.8	Diversified Utility	Otter Tail	1.3	Electric Utility
Black Hills	1.0	Electric Utility	Pinnacle West	3.4	Electric Utility
CH Energy	1.3	Diversified Utility	PNM	2.0	Diversified Utility
DPL	1.6	Diversified Utility	Portland General	1.7	Electric Utility
El Paso	1.0	Electric Utility	PPL	8.0	Electric Utility
Entergy	13.1	Electric Utility	SCANA	5.3	Diversified Utility
Great Plains	1.7	Electric Utility	Unisource	1.4	Electric Utility
			<b>Group Median</b>	<b>1.7</b>	
			Cleco	1.1	Electric Utility

In December 2009, our Compensation Committee approved replacing Alliant Energy Corporation with Allegheny Energy Corporation for the 2010 evaluation. Allegheny's revenues for 2008 were \$3.4 billion. Alliant's compensation data is no longer sufficiently available to Hewitt for comparison purposes.

**Table of Contents****Our Incentive Peer Group**

The Incentive Peer Group is selected by the Compensation Committee to measure the actual relative performance results of our incentive plans. Companies selected for the Incentive Peer Group are selected based on being in one of two industry classification systems where Cleco is grouped with like companies by an independent third party. One classification system is the Global Industry Classification Standard ( GICS ). Cleco is classified as an electric utility by GICS. The second classification system is the North American Industry Classification System ( NAICS ). Cleco is classified as an electric power generation company by NAICS. The Incentive Peer Group is further defined by including only those GICS and NAICS classified companies which are included in the S&P Small and MidCap Electric Utilities Index. These two steps ensure that the Incentive Peer Group contains companies which have operations and market capitalization similar to Cleco. As such, the larger Base Peer Group companies are not included in the Incentive Peer Group. Similarly, companies of Cleco's size in the Incentive Peer Group may not be in the Base Peer Group, because their compensation data is not available to Hewitt. The Incentive Peer Group and Cleco's relative rank based on 2008 market capitalization is shown in the table below.

Incentive Peer Group	2008 Market Cap.	Global Industry Classification	Incentive Peer Group Company	2008 Market Cap.	Global Industry Classification
Company	(in billions of \$)			(in billions of \$)	
Allete	1.1	Diversified Utility	NSTAR	3.9	Electric Utility
Alliant	3.2	Diversified Utility	NV Energy	2.3	Diversified Utility
Avista	1.1	Diversified Utility	Northeast	3.7	Diversified Utility
Central Vermont	0.3	Electric Utility	SCANA	4.2	Diversified Utility
CH Energy	0.8	Diversified Utility	UIL	0.8	Electric Utility
DPL	2.6	Diversified Utility	Unisource	1.0	Electric Utility
El Paso	0.8	Electric Utility	Westar	2.2	Diversified Utility
Great Plains	2.3	Electric Utility			
Hawaiian Electric	1.9	Electric Utility	<b>Median</b>	<b>1.9</b>	
IDACORP	1.3	Electric Utility	Cleco	1.4	Electric Utility



**Table of Contents*****Our Annual Process for Making Compensation and Benefit Decisions***

Our Compensation Committee met six times during 2009. The table below lists the recurring annual compensation and benefit actions, the responsible party and decision timing. The Compensation Committee's meetings in April, July and October are devoted to issues analysis, market analysis, and performance tracking of our compensation and benefit programs. Our Chief Executive Officer ( CEO ) and Senior Vice President ( SVP ), Corporate Services attend the Compensation Committee's meetings on behalf of management.

Action	Responsible Party		Timing
	For the CEO	For Other Executive Officers	
Update Position Descriptions	Compensation Committee	CEO & SVP, Corporate Services	November
Establish Market Data/Pay Ranges for Upcoming Year	Hewitt	Hewitt	November
Recommend Incentive Plan Designs for Upcoming Year	Compensation Committee	CEO	December
Review/Approve Compensation Programs	Compensation Committee	Compensation Committee	December
Approve Market Data/Pay Ranges	Compensation Committee	Compensation Committee	December
Complete Performance Appraisal	Compensation & Nominating/Governance Committees	CEO, Chief Operating Officer ( COO ) or SVPs	December/January
Recommend Pay Adjustments	Compensation Committee	CEO	January
Approve Pay Adjustments	Board of Directors	Board of Directors	January
Recommend Incentive Plan Targets for Upcoming Year	Compensation Committee	CEO	January
Approve Incentive Plan Targets for Upcoming Year	Board of Directors	Board of Directors	January
Recommend Actual Incentive Award Level for Current Year	Hewitt	Hewitt	January
Approve Actual Incentive Award Level for Current Year	Board of Directors	Board of Directors	January for LTIP
Establish Officer Performance Plan for Upcoming Year	Compensation & Nominating/Governance Committees	CEO, COO or SVPs	February for AIP October for the CEO; January for other Officers

Our Compensation Committee has engaged Hewitt to consult on matters concerning executive officer compensation and benefits. All executive compensation adjustments and award calculations are reviewed by Hewitt on behalf of our Compensation Committee. Hewitt acts at the direction of our Compensation Committee and is independent of management. Our Compensation Committee determines Hewitt's ongoing engagement activities and Hewitt endeavors to keep our Compensation Committee informed of executive officer compensation trends and regulatory/compliance developments.

Our CEO recommends incentive plan measures for the Compensation Committee's consideration and approval. These measures and performance targets are reviewed by Hewitt prior to adoption by the Compensation Committee.

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Our Compensation Committee has delegated limited authority to our CEO to extend employment offers to executive officers at the vice president or lower level. 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 26 through 33. The 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 2009.

### ***Analytical Tools We Use to Aid Compensation and Benefit Plan Decisions***

Our Compensation Committee incorporates various analyses into our executive compensation and benefits program design process. These and the related decisions made by our Compensation Committee are described throughout this CD&A. The primary analyses are as follows:

**Benchmarking against peer group data** we rely heavily on this information as provided by Hewitt. Our Compensation Committee annually evaluates the companies that comprise the peer groups. The Base Peer Group data is used to establish the ranges for base salary, the annual cash bonus, and long-term incentives. These ranges are set for each executive officer position individually. The ranges bound the recommendations for compensatory adjustment recommendations made by management.

**Level of performance-based pay** this analysis evaluates the percentage of our executive officers' total compensation that is performance-based compared to the Base Peer Group. We define performance-based compensation as compensation that is variable depending on our financial and/or operating performance.

**Tally sheets** at least annually the 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 benefits components that are prevalent within the Base Peer Group. The comparison facilitates discussion with Hewitt as to the use and amount of each compensation and benefit component versus the Base 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 Hewitt. Stock options and the in-the-money value of those options also are reviewed, as are each executive's Cleco common stock purchase 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 48 through 55.

**Risk Assessment** at least annually the Compensation Committee reviews the design of our executive compensation program to ensure an appropriate balance between business risk and resulting compensation. Factors considered include the design of our incentive measures, the mix of pay, performance results relative to peers, interrelation between our AIP and LTIP, the range and sensitivity of potential payouts relative to target performance, and checks and balances on the payment of compensation.

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Issues analyses of industry trends, legislative and regulatory developments and compliance requirements based on management's analysis and guidance provided by Hewitt. Plan revisions and compensation program design changes are implemented as needed.

**Table of Contents****Decisions Made in 2009 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 executives, at a level approximating 90% to 92% of the Base Peer Group median for base pay. For 2009, actual base salaries for our executive officers as a group were 90% of the Base Peer Group median. Base salary represents 51% of total target compensation for our executive officers as a group.

Base salary increases for our named executives in 2009, including lump sum merit increases, averaged 4.7%. The increases ranged from 2.0% to 6.5%. The amount of a base salary increase or lump-sum payment is based on an appraisal of individual performance by the named executive's supervisor and in the case of our CEO by our board of directors, as well as position-specific market data provided by Hewitt to the Compensation Committee. Merit lump-sum payments are payments made in lieu of a base salary increase when base salary has reached or exceeded our policy target. The percentage increase in base salaries for our executive officers as a group was 3.9% in 2009. The comparable energy industry increase was 3.5% for companies which granted increases.

Base salary for our individual named executives in 2009 are shown in the table below.

Name	2009 Base Salary	2009 Merit Lump Sum	2009 % Change
Mr. Madison	\$ 524,000	\$ 0	6.5%
Mr. Olagues <sup>(1)</sup>	\$ 270,000	\$ 0	5.3%
Ms. Samil	\$ 331,600	\$ 0	2.5%
Mr. Bausewine	\$ 234,300	\$ 0	6.5%
Mr. Hoefling	\$ 249,800	\$ 0	4.1%
Mr. Davis <sup>(2)</sup>	\$ 212,200	\$ 0	2.0%
Average % Change including Lump-Sum Payments			4.7%
Named Executive Base Salaries as a % of the Base Peer Group Median	92.5%		

- (1) Mr. Olagues was appointed CFO in May 2009. His base salary was changed to \$270,000 at that time. The percent change column reflects the pay adjustment Mr. Olagues received in February as part of the normal annual review process. This correctly reflects the annual pay adjustments approved by Cleco's board of directors.
- (2) Mr. Davis was serving as Interim CFO at the time pay adjustments were made; however, his base salary and percent change shown in the table reflect that his adjustment for 2009 was based on returning to his prior role as Vice President & Chief Accounting Officer, as well as assuming his new responsibilities for Investor Relations.

Our Compensation Committee approved these adjustments based on the following:

Mr. Madison was increased to 92% of the market median for his position based on favorable performance advancing corporate initiatives regarding construction of RPS-3, adoption of a new rate plan for Cleco Power, restructuring of Cleco Midstream and corporate diversity efforts.

Mr. Olagues favorable performance in 2008 related to the restructuring of the Cleco Midstream business. Mr. Olagues was promoted to CFO in May 2009 at which time his base salary was increased from \$231,700 to \$270,000, which was 83% of the market median for the CFO position.

Ms. Samil favorable performance advancing initiatives regarding construction of RPS-3 and the adoption of a new rate plan for Cleco Power. Ms. Samil's adjustment was relatively lower than Mr. Madison's, because she had previously reached our base salary philosophy of 92% of the market median for her position.



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Mr. Bausewine favorable overall performance and consideration for being below our base salary philosophy and having been in his position for approximately 4 years. Mr. Bausewine is at 87% of the market median for his position.

Mr. Hoefling favorable performance with regard to litigation proceedings and company diversity efforts. Mr. Hoefling is at 90% of the market median for his position.

Mr. Davis favorable performance while having already reached 92% of the market median for his position.

***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 nominated by our CEO and approved each January by our Compensation Committee. Our policy is to target AIP awards for executive officers between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the annual cash bonus target award of the Base Peer Group. Executive officers who are proficient in their jobs and who consistently meet or exceed performance expectations may reach the 75<sup>th</sup> percentile target award level. For 2009, the target AIP award levels for our executive officers ranged from 25% to 85% of base salary. For 2009, AIP represents 21% of target total compensation for our executive officers as a group.

In January of each fiscal year, our CEO recommends the AIP measures to the Compensation Committee for that year. Based on our historical AIP performance relative to budget and our relative historical performance versus the Base Peer Group, the Compensation Committee reviews, revises and approves the AIP measures for the upcoming year. In setting targets for each measure, the Compensation Committee also considers the level of risk based on the current business climate. In particular, the Compensation Committee evaluates management's earnings per share projection and may revise the financial performance matrix.

For 2009, we determined that delays in the commercial operation date ( COD ) of our RPS-3 power plant beyond that assumed in our budget would increase earnings. This was due to the requirements associated with accounting for the allowance for funds used during construction ( AFUDC ). As such, our Compensation Committee decided delays in COD should not benefit management for purposes of AIP. In fact, COD was delayed beyond the date assumed in the budget. As a result, the EPS target of \$1.73 used to determine the 2009 AIP award level was \$0.05 higher than our original target of \$1.68.

**Table of Contents**Determination of the 2009 AIP Award Level

Step 1: Financial measure award level of 82.7% representing a ROIC ranking in the 33<sup>rd</sup> percentile and EPS of \$1.76 or \$1.756 for purposes of the actual AIP calculation. This measure represents 55% of the overall AIP award.

Performance Level	EPS	ROIC PERCENTILE RANK					
		1 - 30%	>30 - 45%	>45 - 60%	>60 - 75%	>75 - 100%	
			Actual ROIC Rank was 33.3%				
		PERCENTAGE OF FINANCIAL TARGET AWARD PAID					
	<\$ 1.56	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Threshold</b>	\$ 1.56	0.0%	0.0%	50.0%	62.5%	75.0%	
	\$ 1.59	0.0%	0.0%	60.0%	75.0%	90.0%	
	\$ 1.63	0.0%	0.0%	70.0%	87.5%	105.0%	
	\$ 1.66	0.0%	55.0%	80.0%	100.0%	120.0%	
	\$ 1.70	0.0%	65.0%	90.0%	112.5%	135.0%	
<b>Target</b>	\$ 1.73	50.0%	75.0%	100.0%	125.0%	150.0%	
<b>Actual EPS</b>	<b>\$ 1.756</b>		<b>82.7%</b>				
	\$ 1.76	60.0%	85.0%	110.0%	135.0%	160.0%	
	\$ 1.80	70.0%	95.0%	120.0%	145.0%	170.0%	
	\$ 1.83	80.0%	105.0%	130.0%	155.0%	180.0%	
	\$ 1.87	90.0%	115.0%	140.0%	165.0%	190.0%	
<b>Maximum</b>	\$ 1.90	100.0%	125.0%	150.0%	175.0%	200.0%	

Definitions:

ROIC earnings before interest and income taxes ( EBIT ) divided by average invested capital.

Average Invested Capital total assets minus current liabilities.

Step 2: Customer Satisfaction award level of 100% times a weighting of 30% for achieving a score more than 10 percentage points higher than the Louisiana electric utility average.

Step 3: Safety Award level of 0% for failing to achieve a top-quartile ranking in the EEI s indices for both personal injuries and vehicle accidents.

Step 4: Equals  $(82.7\% \times .55) + (100\% \times .3) + (0\% \times .15) = 75.5\%$  per plan design approved in February 2009.

Step 5: Our Compensation Committee determined the 2<sup>nd</sup> column ROIC ranking was not indicative of actual performance. The ROIC was adjusted to the 3<sup>rd</sup> column as described in the narrative below. The financial performance measure increased from 82.7% to 107.6% as a result. The final approved AIP award level was determined as follows:

Final Approved 2009 AIP Award =  $(107.6\% \times .55) + (100\% \times .3) + (0\% \times .15) = 89.2\%$ .

Our Compensation Committee may adjust the AIP target if there are changes in accounting practices or if extraordinary or unanticipated circumstances have a material adverse effect on the achievement of performance measures. Such an adjustment was made to our 2009 EPS target, as described on page 27. Our Compensation Committee also may make a discretionary adjustment in order to more accurately reflect what it concludes was our true operating performance. Such a discretionary adjustment was approved by our Compensation Committee for the

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2009 AIP award by increasing the ROIC ranking from the 2<sup>nd</sup> to the 3<sup>rd</sup> column. Our Compensation Committee determined that, while management had completed a successful retail rate case and that the Company's major \$1 billion RPS-3 power plant construction project was nearing commercial operation by year's end, the recovery of construction carrying charges for RPS-3 was not fully reflected in the earnings before interest expense and income taxes component of the ROIC calculation. When RPS-3 construction is complete



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and the unit becomes operational, the recovery of those carrying charges will be reflected in our base rates and included in the EBIT calculation. Because of this transitional issue, our Compensation Committee determined that the ROIC result for 2009 did not reflect management's accomplishments on the retail rate case or the near-complete construction status of RPS-3. This exercise of discretion by our Compensation Committee increased the overall AIP award level from 75.5% to 89.2% of target.

The Compensation Committee has the authority to adjust any individual AIP award by up to 25% upon recommendation by our CEO. Downward adjustments may be made by the CEO at his discretion. Such recommendations are based on our annual performance review process. For 2009, the Compensation Committee approved individual AIP adjustments for approximately 23.0% of the AIP participants, including four of our named executives. The aggregate value of the adjustments for all participants added approximately 4.2% to the award pool. The adjustments approved for our named executives were based on our annual performance review process described on page 24, *Our Annual Process for Making Compensation and Benefit Decisions*.

Additional details on the 2009 AIP measures and AIP target levels regarding our named executives may be found on page 39, *Non-Equity Incentive Plan Compensation* and page 41, *Estimated Future Payments under Non-Equity Incentive Plan Awards (AIP)*.

### **2010 AIP Design**

Our Compensation Committee approved the measures and targets for our 2010 AIP at its December 2009 and January 2010 meetings. The measures are essentially the same for 2010 as for 2009; however, the weighting of the financial performance measure was increased from 55% to 60%. The weighting for the three non-financial performance measures were lowered to 40%. Customer satisfaction will be weighted 20%. The two safety measures—the personal injury rate and the vehicle accident rate—will each be weighted 10%. Our Compensation Committee found these weightings to be more in line with Base Peer Group practices. Each measure has a threshold performance level and a relative performance comparison to a peer group. The RPS-3 transitional issue described above with regard to our 2009 AIP award also may impact our 2010 AIP award. Our Compensation Committee may consider adjustments in 2010 should this or other transition issues continue to impact the ROIC results. This may include consideration of relative performance metrics other than ROIC.

### ***Equity Incentives***

Our executive officers and other key employees are eligible to receive performance-based and other grants of restricted stock, common stock equivalent units (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 our common stock price appreciation or the achievement of pre-established long-term performance goals. The number of shares of our common stock and other awards granted to our executive officers is based on the review process described on page 24, *Our Annual Process for Making Compensation and Benefit Decisions*.

### **Performance-Based Restricted Stock and CEUs**

Our primary equity incentive tool is an annual grant of performance-based restricted stock and CEUs. We commonly refer to these grants as the LTIP award. Restricted stock is 50% of the overall grant and is made in shares of Cleco common stock. Executives do not pay the Company for this stock. CEUs comprise the other 50% of this annual grant and are paid in cash upon award. The grants are valued using the closing price of Cleco common stock as of the first business day of the year. The Compensation Committee uses CEUs to provide the grantee a means to pay taxes on restricted shares awarded. We do this because the restricted shares are subject to a three-year holding period after the performance cycle ends.

Each LTIP award performance cycle is three years. For the 2009 grant year, the performance cycle covers January 1, 2009 to December 31, 2011. The LTIP award measure is TSR. TSR measures the percentage change

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in stock price over the performance cycle assuming quarterly dividends are reinvested. TSR calculations are determined for the Compensation Committee by Hewitt. Each executive officer's target LTIP award level is set approximately at the median of the equity incentive targets used by the Base Peer Group. For the recently completed performance cycle covering January 1, 2007 to December 31, 2009, grant levels for our then executive officers ranged from 25% to 110% of base salary. Consistent with our design philosophy, our use of performance-based restricted stock is approximately 24% greater than that of the Base Peer Group. There is also no award when TSR is below the Incentive Peer Group's 30th percentile. LTIP awards represent 28% of total target compensation for our executive officers as a group. Each participant's actual LTIP award is determined according to the following formula:

$$\begin{array}{rcccl} \text{Base Salary at} & & & & \\ \text{Cycle Start} & & & & \\ & \times & \text{Executive's Target} & \times & \text{Award Percentage created by the} \\ & & \text{LTIP Percentage} & & \text{Three-Year Relative TSR Rank} & = & \text{LTIP} \\ & & & & & & \text{Award} \end{array}$$

(Payout can range from 0% to 200%)

Our Compensation Committee approved an overall award level of 200% of target for the LTIP performance cycle which ended on December 31, 2009. This was the maximum award level achievable and reflected that we outperformed each company in the Incentive Peer Group for the three-year period ended December 31, 2009. The table below summarizes our recent LTIP award history.

<b>LTIP Historical Performance</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total Shareholder Return for the Three-Year Performance Period	56%	14%	18%
Percentile Rank in the Incentive Peer Group (100% is highest; 1% is lowest)	72%	82%	100%
LTIP Award Percentage	144%	164%	200%

The 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 2009. 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 37, "Stock Awards."

For the most recent LTIP performance cycle covering January 1, 2010 to December 31, 2012, target grant levels for our executive officers range from 30% to 140% of base salary. Each executive officer's grant level is determined according to the market median for his/her position and in conjunction with our philosophy that total compensation should approximate the market median of the Base Peer Group.

**Time-Based Restricted Stock**

Grants of time-based restricted stock are typically associated with mid-year promotions or at the time of an external executive hiring. Our Compensation Committee uses such grants to increase ownership and encourage retention. For an external executive hiring, a grant may be made to offset comparable awards or other value forfeited as a result of the executive leaving the former employer. The grant 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 condition is continued employment at the time of vesting, which is typically three years after the grant date. Taxes on time-based restricted stock are borne by the executive officer.

Our Compensation Committee awarded two time-based grants to our named executives during 2009, as follows:

Mr. Olagues as part of his promotion to CFO, an award of 2,352 shares. Added to his most recent LTIP performance cycle grant, this grant produced a combined award value approximating the market median of his new position for equity-based compensation.

Mr. Davis in recognition of his work in the role of interim CFO during 2008 and 2009, Mr. Davis was awarded 4,942 shares.



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### **Stock Options**

Stock option grants are designed to provide a long-term incentive, of up to ten years, and reward linked directly to the price of our common stock. Stock options have value for the recipient only when shareholders benefit from stock price appreciation. Therefore, we believe stock options align management's interests with those of our shareholders. Stock option grants typically vest in increments of one-third beginning on the third anniversary of the grant date. Grants may start to be exercised beginning in year four extending through year ten. The grant of stock options is recommended by our 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.

Stock option grants made to a group of employees, including one or more executive officers, have been approved typically at regularly scheduled board meetings in April or July. Such grants have been made to encourage employee retention, to compensate certain key contributing employees whose job levels do not otherwise qualify them to participate in the LTIP, to provide the opportunity to increase certain key contributing employees' total direct cash compensation relative to the Base Peer Group when total direct compensation is below market, and to recognize otherwise outstanding individual performance.

Stock options granted to our executive officers are made typically at the time we complete the annual review of officer compensation compared to the Base Peer Group, or upon hiring or promotion. We also may grant stock options in support of major ongoing strategic initiatives when our Compensation Committee determines that actual total target compensation will otherwise be below the 50<sup>th</sup> percentile of the Base Peer Group. Such grants are subsequently valued by Hewitt on a going-forward basis and included as equity compensation for purposes of future year compensation decisions. As such, the balance between stock options and performance-based restricted stock is, in part, a function of our executive officers' total compensation compared to the Base Peer Group.

Our Compensation Committee and our board of directors routinely review potential material non-public information during the timeframe grant decisions are deliberated. Customarily, such potential material non-public information does not impact grant decision timing.

The exercise price of all stock options is set on the grant date and equals the average of the high and low trading prices of our common stock on the grant date, rounded to the nearest eighth.

Our Compensation Committee did not approve the grant of any stock options during 2009.

### **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 the Base Peer Group. We offer this plan to provide eligible participants the opportunity to defer taxable income beyond what is possible through our 401(k) Savings Plan. Participants are able to maintain 401(k)-like tax deferral rates given their higher compensation levels. No matching contributions on deferrals are made by Cleco. Actual participation in the plan is discretionary at the participant's election. The investment options made available to participants are selected by our CFO. The allocation of deferrals among investment options is made by participants. The investment options include money market, fixed income and equity funds; Cleco common stock is currently not an investment option under the plan. We made no changes to the Plan during 2009. Additional discussion of our deferred compensation plan is included on pages 47 and 48.

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### ***Supplemental Executive Retirement Plan ( SERP )***

We maintain a SERP for the benefit of our executive officers who are eligible to participate when designated 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 Base Peer Group. We view the SERP as a key recruiting tool, given that we otherwise target total compensation at the market median.

Benefits under our SERP vest after ten years of service or upon death or disability while a participant is employed by Cleco. The 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 payable at age 65 is 65% of final compensation. Payments from our defined benefit pension plan, certain employer contributions to our 401(k) Savings Plan, and payments received from prior employers' defined benefit retirement plans reduce or offset 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 45 lists the present value of accumulated SERP benefit for our named executives as of December 31, 2009. We made no changes to the SERP during 2009. Additional discussion of the SERP plan design is included beginning on page 46.

### ***Change in Employment Status and Change in Control Events***

We enter into 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 are structured to include payments for various separation events provided the executive officer agrees to certain 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 is determined by position within the organization.

We entered into new employment agreements during 2009 with Mr. Madison, Ms. Samil, Mr. Bausewine and Mr. Davis. These agreements reflect revisions to conform with Internal Revenue Code ( IRC ) Section 409A and other revisions approved by our Compensation Committee in December 2009 to remove accelerated vesting in our SERP for a constructive termination, reducing the term of the agreements to two years for our senior officers and one year for our vice presidents, expanding the for cause definition and limiting potential post-employment payments related to relocation and purchase of a principal residence.

We find that employment agreements are used by other companies in the Base Peer Group, in particular with regard to a change in control. See the section beginning on page 48 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 employment agreements with our named executives.

### ***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.

Club memberships we pay membership fees on a case-by-case basis. Presently, we pay dues for Mr. Madison's membership to the Southern Trace Golf Course and Club.

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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.

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 we pay realtor and certain other closing fees should the officer or key employee sell their 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 or 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. Hewitt assists the 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 employment agreements. In the case of Mr. Madison, perquisite expenses related to business and spousal travel are reviewed by our Audit Committee. See the section beginning on page 40 titled "All Other Compensation" for details of these perquisites and their value for our named executives.

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; and the 401(k) Savings Plan.

**Other****2010 Compensation Actions - Named Executives**

Our Compensation Committee approved the following 2010 compensation components for our named executives in January 2010. While we followed our normal process in making these adjustments, we have continued to assess the prevailing economic climate. We believe our salary adjustment decisions strike an appropriate balance between the current economic conditions and Cleco's recent and anticipated performance.

Name	2010 Base Salary	2010 Merit Lump Sum	2010 AIP Target	2010 - 2012 LTIP Cycle		
				Threshold Shares	Target Shares	Maximum Shares
Mr. Madison	\$ 524,000	\$ 0	85.0%	16,036	32,072	64,144
Mr. Olagues	\$ 278,100	\$ 0	55.0%	3,952	7,904	15,808
Ms. Samil	\$ 338,200	\$ 0	60.0%	6,654	13,308	26,616
Mr. Bausewine	\$ 241,300	\$ 0	52.0%	3,693	7,386	14,772
Mr. Hoefling	\$ 256,000	\$ 0	52.0%	3,638	7,276	14,552

**Board of Directors Compensation**

Our Nominating/Governance Committee engages Hewitt to consult on matters concerning director compensation. In its analysis of director compensation, our Nominating/Governance Committee reviews competitive market information from the Base 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

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director compensation are shown in the Director Compensation table on page 56. Retainer fees for the directors and the board chairman were last changed to be effective in July 2010, based on board approval in July 2009. The retainer fee for the Audit Committee chair and committee meeting fees were last changed effective January 2009 based on board approval in July 2007. Equity award levels were last changed effective January 2008 based on board approval in July 2007.

### *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 stock vests, 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 the stock issued 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 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 does not currently use 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 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 officer and our four other most highly compensated executive officers. Performance-based compensation paid under a plan approved by our shareholders and 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 the Compensation Committee has not adopted a formal policy that requires all compensation to be fully deductible. As a result, the 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.

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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 restricted stock units are intended to satisfy the performance-based requirements of IRC Section 162(m) and are intended to be fully deductible.

**IRC Section 409A**

IRC Section 409A was generally effective as of January 1, 2005. The section substantially modifies the rules governing the taxation of nonqualified deferred compensation. The consequences of a violation of IRC Section 409A are the immediate taxation of amounts deferred, the imposition of an additional excise tax, and interest assessed 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 annual incentive plan, the supplemental executive retirement plan, the long-term incentive plan, certain outstanding long-term incentive plan grants, and our employment agreements.



**Table of Contents****EXECUTIVE OFFICERS COMPENSATION****Summary Compensation Table**

Name and Principal Position A	Year B	Salary (\$) C	Bonus (\$) D	Stock Awards (\$) <sup>(2)</sup> E	Option Awards (\$) <sup>(3)</sup> F	Non-Equity Incentive Plan Compensation (\$) G	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) H	All Other Compensation (\$) I	Total (\$) <sup>(4)</sup> J
<b>Michael H. Madison,</b> President & CEO	2009	\$ 540,462	\$ 0	\$ 967,500	\$ 0	\$ 397,208	\$ 1,309,772	\$ 123,536	\$ 3,338,478
	2008	\$ 487,442	\$ 0	\$ 694,745	\$ 0	\$ 429,763	\$ 786,621	\$ 250,320	\$ 2,648,891
	2007	\$ 449,327	\$ 0	\$ 640,344	\$ 0	\$ 358,909	\$ 9,491	\$ 240,702	\$ 1,698,773
<b>Darren J. Olagues,</b> SVP & CFO	2009	\$ 262,831	\$ 0	\$ 233,710	\$ 0	\$ 124,968	\$ 130,073	\$ 12,784	\$ 764,366
	2008	\$ 229,000	\$ 0	\$ 155,359	\$ 0	\$ 102,491	\$ 253,004	\$ 42,440	\$ 782,294
	2007	\$ 81,231	\$ 0	\$ 170,791	\$ 57,540	\$ 99,713	\$ 279,961	\$ 43,497	\$ 732,733
<b>Dilek Samil,</b> President & COO Cleco Power	2009	\$ 343,419	\$ 0	\$ 393,617	\$ 0	\$ 217,225	\$ 272,296	\$ 46,332	\$ 1,272,889
	2008	\$ 322,000	\$ 0	\$ 285,539	\$ 0	\$ 248,669	\$ 499,956	\$ 172,378	\$ 1,528,542
	2007	\$ 309,289	\$ 0	\$ 299,584	\$ 0	\$ 253,316	\$ 0	\$ 162,385	\$ 1,024,574
<b>George W. Bausewine,</b> SVP-Corporate Services	2009	\$ 241,662	\$ 0	\$ 216,308	\$ 0	\$ 120,837	\$ 322,190	\$ 24,200	\$ 925,197
	2008	\$ 217,692	\$ 0	\$ 168,284	\$ 0	\$ 112,740	\$ 292,173	\$ 75,539	\$ 866,428
	2007	\$ 198,962	\$ 0	\$ 154,396	\$ 0	\$ 99,713	\$ 0	\$ 70,456	\$ 523,527
<b>Wade A. Hoefling,</b> SVP-General Counsel & Director-Regulatory Compliance	2009	\$ 258,277	\$ 0	\$ 214,182	\$ 0	\$ 111,386	\$ 385,049	\$ 9,800	\$ 978,694
	2008	\$ 238,269	\$ 0	\$ 183,587	\$ 0	\$ 125,784	\$ 599,735	\$ 8,372	\$ 1,155,747
	2007	\$ 199,038	\$ 0	\$ 159,210	\$ 0	\$ 93,481	\$ 904,849	\$ 25,673	\$ 1,382,251
<b>R. Russell Davis</b> <sup>(1)</sup> , VP-Investor Relations & Chief Accounting Officer	2009	\$ 236,354	\$ 0	\$ 245,729	\$ 0	\$ 85,214	\$ 60,591	\$ 23,788	\$ 651,676
	2008	\$ 235,615	\$ 0	\$ 122,426	\$ 0	\$ 108,314	\$ 285,941	\$ 83,743	\$ 836,039
	2007	\$ 210,424	\$ 0	\$ 107,047	\$ 0	\$ 82,490	\$ 0	\$ 82,772	\$ 482,733

(1) Mr. Davis served as Interim CFO from May 31, 2008 through May 6, 2009.

(2) See the 2009 Form 10-K, Note 7 to the financial statements for a discussion of the valuation of these stock awards. Stock award values for calendar years 2008 and 2007 have been restated for previously reported executives in accordance with revised proxy disclosure rules (Item 402 of Regulation S-K) issued December 16, 2009.

(3) See the 2009 Form 10-K, Note 7 to the financial statements for a discussion of the valuation of these option awards. Option award values for calendar years 2008 and 2007 have been restated for previously reported executives in accordance with revised proxy disclosure rules (Item 402 of Regulation S-K) issued December 16, 2009.

(4) Total compensation has been recomputed for calendar years 2008 and 2007 for previously reported executives to reflect the restated amounts in the Stock Awards and Option Awards columns.

**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 executive officer who served in the capacity of Interim CFO during a portion of the last fiscal year, for services rendered in all capacities to Cleco and its affiliates during the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007. Compensation components represent both payments made to the named executives during the year and other forms of compensation, as follows:

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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 2009, 2008 and 2007.

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.

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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 2009, 2008 and 2007 under the Company's defined benefit pension plan and the SERP. This compensation will be payable to the named executive in future years, generally as post-employment retirement payments.

***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 26 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. Deferrals of 2009 base pay pursuant to the Deferred Compensation Plan made by Mr. Madison, Mr. Bausewine and Mr. Davis of \$27,023, \$20,000 and \$4,727, respectively, also are included in the salary column and are further detailed in the Nonqualified Deferred Compensation table on page 47. Adjustments to base pay are recommended to the Compensation Committee on an annual basis, and if approved, are implemented in late January. Base salary changes made in 2009 for our named executives and the reasons for those changes are discussed in the CD&A beginning on page 26, Base Salary.

***Bonus***

Column D, Bonus includes non-plan-based, discretionary incentives earned during 2009, 2008 or 2007. No such awards were earned in 2009, 2008 or 2007 by the named executives.

***Stock Awards***

Column E reflects grants and awards of Cleco common stock made to our named executives. Such grants and awards include annual performance-based restricted stock and CEU grants, as well as time-based service award grants. For 2009, Column E includes the grant date fair value calculated under Generally Accepted Accounting Principles for the three-year performance cycle beginning January 1, 2009 and ending December 31, 2011. For 2008, 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, 2008 and ending December 31, 2010. For 2007, 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, 2007 and ending December 31, 2009. 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.

Receipt of the performance-based shares is contingent on the performance of the Company over a three-year period compared to companies in the Incentive Peer Group. The sole performance measure for each of the three-year performance cycles is TSR, which is a function of stock price appreciation over the three-year performance cycle plus the value of dividends reinvested over the same period. Target performance is achieved if Cleco's TSR over the three-year performance cycle ranks at approximately the 50<sup>th</sup> percentile of the Incentive Peer Group. Performance-based LTIP awards are calculated using the following steps:

***Step 1: Establish target award shares.***

The base salary multiplied by the individual incentive target percentage yields a target dollar LTIP award for each participant. This dollar amount is converted to an equal number of restricted shares and CEUs using (1) the simple average of the high and low trading prices of our common stock on the first trading day of the performance cycle, rounded to the nearest eighth; and (2) incorporating a discount factor to adjust each individual target award for (i) the performance characteristics of our grants versus the Base Peer Group; and

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(ii) risk of forfeiture over the three-year performance cycle. The discount factor is provided annually by Hewitt and for grants awarded in 2009 was 16.4%.

**Step 2: Calculate TSR and relative rank.**

At the end of each cycle, TSR is determined by the appreciation of our share price over the three-year performance cycle plus the value of quarterly dividends reinvested throughout the three-year performance cycle, divided by the share price at the beginning of the three-year performance cycle. This percentage value is then compared against the Incentive Peer Group, excluding the highest and lowest performing companies, to determine a percentile ranking.

**Step 3: Calculate LTIP Award.**

The percentile ranking from Step 2 is used to determine the final award under the LTIP matrix. The award can range from a low of 0% to a maximum of 200% of target. The target number of shares from Step 1 is multiplied by the award percentage under the LTIP matrix to determine the actual number of shares to be finally awarded. For example, assume a participant's target award was 100 shares. The finally awarded shares for the performance cycle ended December 31, 2009 described beginning on page 29 would total 200, or 100 shares times 200%.

A minimum 30<sup>th</sup> percentile ranking is required in order to qualify for an award. Additionally, starting with the 2006 performance cycle, cash dividends on target shares and CEUs granted are held in a bookkeeping account. These dividends are not payable unless and until the performance cycle awards are paid. Any such dividends are then paid pro-rata in relation to the percentage payout level up to a maximum of 100% of target.

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 2009, 2008 or 2007. 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 was \$25.93 per share for the 2009 to 2011 cycle, \$25.85 per share for the 2008 to 2010 cycle, and \$26.16 per share for the 2007 to 2009 cycle. Mr. Olagues' grant for the 2007 to 2009 performance cycle was made as a transition grant when he was hired in July 2007, and therefore had a different grant date fair value than those grants made in January 2007. The grant date fair value per share for Mr. Olagues' 2007 grant was \$26.39.

The potential award values applicable to our named executives for the three-year LTIP performance cycle that commenced in January 2009 are shown below:

Name	Threshold Value	2009 LTIP	
		Target Value (Column E)	Maximum Value
Mr. Madison	\$ 402,485	\$ 967,500	\$ 1,935,000
Mr. Olagues	\$ 76,286	\$ 183,377	\$ 366,754
Ms. Samil	\$ 163,774	\$ 393,617	\$ 787,235
Mr. Bausewine	\$ 90,029	\$ 216,308	\$ 432,616
Mr. Hoefling	\$ 89,147	\$ 214,182	\$ 428,364
Mr. Davis	\$ 58,239	\$ 139,970	\$ 279,940

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. Further detail of the threshold and maximum award levels is provided in the

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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 29, Performance-Based Restricted Stock and CEUs.

### *Option Awards*

Column F, Option Awards reflects the grant date fair value for grants made to executive officers in 2009. 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. An explanation of why we use stock options as well as the reasons specific option grants are made can be found in the CD&A on page 31, Stock Options. Mr. Olagues was granted an option to purchase 10,500 shares of Cleco common stock at \$23.50 per share in July 2007. No stock options were granted to our named executive officers during 2008 or 2009. The grant date fair value per option granted to Mr. Olagues was \$5.48.

### *Non-Equity Incentive Plan Compensation*

Column G, Non-Equity Incentive Plan Compensation contains cash awards earned during 2009 and paid in March 2010, earned during 2008 and paid in March 2009 and earned during 2007 and paid in March 2008 under the AIP.

The AIP goals for 2009 were related to financial performance, customer satisfaction and safety. The financial goal measured Cleco's EPS against a pre-established target EPS of \$1.73 and the Company's ROIC relative to the Incentive Peer Group. The payout on the financial measure was determined by the placement of actual EPS and relative ROIC in a matrix approved by the Compensation Committee at its February 2010 meeting. The financial measure represented 55% of each executive officer's target. The electric service customer satisfaction goal, representing 30% of the target, was to achieve a percentage of very satisfied electric service customers that exceeded the Louisiana utility average by 10%. The safety measure, representing 15% of the target, was made up of two separate goals: (1) personal injury incident rate in the top quartile of EEI companies; and (2) vehicle accident frequency rate within the top quartile of EEI companies. An explanation of why we use the AIP award and its relationship to other compensation elements can be found in the CD&A on page 27, Annual Cash Bonus.

The actual results of each of the AIP measures for 2009 were as follows and aggregate to represent the compensation earned in Column G, 2009:

**EPS/ROIC** actual 2009 EPS was \$1.76. Our relative ROIC, as verified by Hewitt, ranked at the 33.9<sup>th</sup> percentile of the Incentive Peer Group, resulting in an award level equal to 107.6% for this measure after a discretionary adjustment made by the Compensation Committee (see CD&A discussion of AIP beginning on page 27).

**Customer Satisfaction** as determined by an independent survey, the percentage of very satisfied Cleco electric service customers was 67% compared to the Louisiana utility average of 47%, resulting in a target payout.

**Safety** the Company's vehicle accident frequency rate did not rank in the top quartile of EEI companies, resulting in no Safety payout. The resulting total AIP payout for 2009 was 89.2% of target, calculated as follows:

	<b>% of Target</b>	<b>x</b>	<b>Award Level</b>	<b>=</b>	<b>% of Payout</b>
EPS/ROIC	55%		107.6%		59.2%
Customer satisfaction	30%		100.0%		30.0%
Safety	15%		0.0%		0.0%
Total	100%				89.2%

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Our Compensation Committee approved the 2009 AIP payout in February 2010 upon concluding the payout level was consistent with our relative performance versus the targets. Awards were paid to current officer and employee participants in March 2010.

The AIP provides for award adjustments (increase or decrease of up to 25%) based on individual performance as determined by our annual performance review process. Upward adjustments must be approved by the Compensation Committee; downward adjustments are at the discretion of our CEO. Approximately 23.0% of the AIP participants received discretionary award adjustments including four of our named executives. The named executive adjustments were based on our annual performance review process described on page 24, *Our Annual Process for Making Compensation and Benefit Decisions*, and totaled \$69,101. These adjustments were largely a result of individual contributions made on the Cleco Power rate case, the RPS-3 project, or our Acadia power plant restructuring efforts.

Mr. Madison, Mr. Hoefling and Mr. Davis have elected to defer 50%, 80% and 15%, respectively, of their 2009 AIP payout pursuant to the Deferred Compensation Plan.

### ***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 during 2009, 2008 and 2007 under the Company's defined benefit pension plan ( *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 2009, 2008 or 2007; 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 and the SERP from December 31, 2008 to December 31, 2009, from December 31, 2007 to December 31, 2008, and from December 31, 2006 to December 31, 2007 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, as was the case in 2007, the values reported for Column H are zero. Generally, these payments commence upon the latter of age 55 or the named executive's separation from the Company. The projected annual payments are included in the tables beginning on page 52 under the *Retirement* event. The present value of our accumulated benefit obligation for each named executive is included in the table on page 45, *Pension Benefits*. These values are reviewed by our Compensation Committee in conjunction with their Tally Sheet analysis. No changes were made as a result of the 2009 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 32, *Supplemental Executive Retirement Plan ( SERP )*.

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 2009, 2008 or 2007.

### ***All Other Compensation***

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

Contributions by Cleco under the 401(k) Savings Plan on behalf of the named executives.

Term life insurance premiums paid for the benefit of the named executives.

Expenses incurred for spousal travel on Company business.

Reimbursement to Mr. Madison for membership dues paid to the Southern Trace Golf Course and Club.

For 2009, accumulated dividends paid for the LTIP three-year performance cycle ended December 31, 2008.

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For 2008, the value of the tax gross-up paid in December 2008 associated with the award of shares under the LTIP for the three-year performance cycle ended December 31, 2007. For 2007, value of the tax gross-up paid in December 2007 associated with the award of shares under the LTIP for the three-year performance cycle ended December 31, 2006. The LTIP tax gross-up was eliminated for LTIP performance cycles commencing after 2005.

FICA tax due currently and paid by the Company on the annual increase in the named executive's future SERP benefit. The value of the Column I items for 2009 for each of our named executives is as follows:

	Mr. Madison	Mr. Olagues	Ms. Samil	Mr. Bausewine	Mr. Hoefling	Mr. Davis
Cleco Contributions to 401(k) Savings Plan	\$ 9,800	\$ 9,465	\$ 6,811	\$ 7,775	\$ 9,800	\$ 9,800
Taxable Group Term Life Insurance Premiums	\$ 1,382	\$ 0	\$ 350	\$ 350	\$ 0	\$ 350
Spousal Travel	\$ 25,537	\$ 106	\$ 1,394	\$ 106	\$ 0	\$ 192
Membership Dues	\$ 1,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accumulated Dividends Paid on LTIP	\$ 73,872	\$ 3,213	\$ 35,554	\$ 15,093	\$ 0	\$ 12,830
FICA Tax on SERP	\$ 11,300	\$ 0	\$ 2,223	\$ 876	\$ 0	\$ 616
<b>Total Other Compensation</b>	<b>\$ 123,536</b>	<b>\$ 12,784</b>	<b>\$ 46,332</b>	<b>\$ 24,200</b>	<b>\$ 9,800</b>	<b>\$ 23,788</b>

**Grants of Plan-Based Awards**

Name A	Grant Date B	Estimated Future Payments Under Non-Equity Incentive Plan Awards (AIP)			Estimated Future Payments Under Equity Incentive Plan Awards (LTIP)			All Other Stock Awards: Number of Shares or Units I	All Other Option Awards: Number of Underlying Securities J	Exercise or Base Price of Option Awards (\$/Sh) K	Stock Closing Price on Grant Date (if different from Grant Price) L
		Threshold (\$) C	Target (\$) D	Maximum (\$) E	Threshold (#) F	Target (#) G	Maximum (#) H				
Mr. Madison	01/01/09	\$ 122,485	\$ 445,400	\$ 690,370	15,522	37,312	74,624				
Mr. Olagues	01/01/09	\$ 34,650	\$ 126,000	\$ 195,300	2,942	7,072	14,144				
Ms. Samil	01/01/09	\$ 54,714	\$ 198,960	\$ 308,388	6,316	15,180	30,360				
Mr. Bausewine	01/01/09	\$ 33,505	\$ 121,836	\$ 188,846	3,472	8,342	16,684				
Mr. Hoefling	01/01/09	\$ 34,348	\$ 124,900	\$ 193,595	3,438	8,260	16,520				
Mr. Davis	01/01/09	\$ 23,342	\$ 84,880	\$ 131,564	2,246	5,398	10,796				

**General**

The target values for each of our incentive plans AIP and LTIP are determined annually as part of our review of executive officer compensation. This review, conducted by Hewitt, includes comparisons of base salary and annual and long-term incentive levels of Cleco executive officers versus the Base Peer Group as detailed in the CD&A on page 20, Our Compensation and Benefits Philosophy. Targets for both the AIP and the LTIP are set as a percentage of base salary and stated in their dollar/share equivalent in the table above.

**Estimated Future Payments under Non-Equity Incentive Plan Awards (AIP)**

The 2009 AIP had a minimum payout of 0%, a threshold payout of 27.5% of target, and a maximum possible payout of 155% of target. Since the customer satisfaction goal and safety goals are paid on an all or none basis, the only measure contributing to a potential threshold payout under the AIP is the financial performance goal (measured





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by EPS and relative ROIC). A threshold AIP payout would be paid when the EPS target value is achieved and the Company's relative ROIC is in the 1<sup>st</sup> through the 30<sup>th</sup> percentile of the Incentive Peer Group. A target award would be paid when the EPS target is achieved and relative ROIC is greater than the 45<sup>th</sup> and up to the 60<sup>th</sup> percentile. A maximum payout would be paid when EPS is 10.0% or more above target and the relative ROIC is greater than the 75<sup>th</sup> and up to the 100<sup>th</sup> percentile of the Incentive Peer Group. The values in Columns C, D, and E in the

Grants of Plan-Based Awards table represent the potential AIP payout dollars for the threshold, target, and maximum payouts, respectively. The chart below lists the corresponding payout percentages by named executive.

Name	Threshold as % of Base Salary	2009 AIP Target as % of Base Salary	Maximum as % of Base Salary
Mr. Madison	23.38%	85.00%	131.75%
Mr. Olagues <sup>(1)</sup>	12.83%	46.67%	72.33%
Ms. Samil	16.50%	60.00%	93.00%
Mr. Bausewine	14.30%	52.00%	80.60%
Mr. Hoefling	13.75%	50.00%	77.50%
Mr. Davis <sup>(2)</sup>	11.00%	40.00%	62.00%

- (1) Mr. Olagues' AIP target was revised in May 2009 when he was selected to fill the CFO position. His 2009 AIP target is based on 4 months at a target of 50% of base salary and 8 months at a target of 45% of base salary  $(((4 \times 50\%) + (8 \times 45\%))/12 = 46.67\%)$ .
- (2) In addition to the 40% target AIP on his salary as Vice President-Investor Relations & Chief Accounting Officer, Mr. Davis is eligible to receive an incremental target AIP of \$1,400 per month for each of the four months he served as Interim CFO during 2009.

See page 39, Non-Equity Incentive Plan Compensation for a discussion of our 2009 AIP award calculations.

**Estimated Future Payments under Equity Incentive Plan Awards (LTIP)**

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 beginning January 1, 2009 and ending December 31, 2011 is Cleco's TSR relative to the Incentive Peer Group. This relative performance is determined by dividing the TSR percentile range of 100% equally across 11 levels. The maximum award of 200% is payable if the relative TSR percentile ranking is at the 100<sup>th</sup> percentile. A target award of 100% is payable if the relative TSR percentile ranking is at the 50.0<sup>th</sup> percentile. A threshold award of 41.6% is payable if the relative TSR percentile ranking is at the 33.3<sup>rd</sup> percentile. A TSR percentile ranking below the 33.3<sup>rd</sup> percentile results in no award. Award amounts between threshold and maximum are calculated on a straight-line basis. An explanation of how our LTIP target level is determined can be found in the CD&A beginning on page 29, Performance-Based Restricted Stock and CEUs.

The shares listed in Columns F, G, and H in the Grants of Plan-Based Awards table represent the potential payouts under the LTIP for the 2009 through 2011 performance cycle. The chart below details the target payout for each of the named executives expressed as a percentage of base salary.

Name	2009 LTIP Target as % of Base Salary
Mr. Madison	140%
Mr. Olagues	60%
Ms. Samil	90%
Mr. Bausewine	70%
Mr. Hoefling	65%
Mr. Davis	50%



**Table of Contents****Outstanding Equity Awards at 2009 Fiscal Year-End**

Name A	Option Awards				Stock Awards		Equity Incentive Plan Awards:	Equity Incentive Plan Awards:
	Number of Securities Underlying Unexercised Options - # Exercisable B	Number of Securities Underlying Unexercised Options - # Unexercisable C	Option Exercise Price (\$) D	Option Expiration Date E	Number of Shares or Units of Stock That Have Not Vested (#) F	Market Value of Shares or Units of Stock That Have Not Vested (\$) G	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) H	Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup> I
Mr. Madison	9,000	0	\$ 16.375	10/01/2013			88,666	\$ 2,423,242
	20,000	40,000	\$ 22.000	01/27/2016				
Mr. Olagues	0	10,500	\$ 23.500	07/30/2017			15,462	\$ 422,576
Ms. Samil	9,000	0	\$ 20.375	10/01/2011			37,678	\$ 1,029,740
	1,840	0	\$ 16.250	07/25/2013				
Mr. Bausewine	6,667	0	\$ 21.960	07/28/2010			20,754	\$ 567,207
	6,667	0	\$ 23.280	07/28/2010				
	6,666	0	\$ 24.675	07/28/2010				
	4,000	0	\$ 22.250	07/27/2011				
Mr. Hoefling							21,448	\$ 586,174
Mr. Davis							14,226	\$ 388,797

(1) Valued at \$27.33 per share, the closing price of Cleco common stock on December 31, 2009.

**General**

In addition to the restricted stock and CEUs granted in 2009, the named executives each have outstanding grants issued prior to 2009. This table details the outstanding equity-related awards as of December 31, 2009.

**Option Awards**

The options outstanding shown in Columns B and C represent grants made over the period July 2000 to July 2007. Stock option grants typically vest in increments of one-third beginning on the third anniversary of the grant date. Consequently, grants may start to be exercised beginning in year four extending through year ten. All grants expire ten years from the date of grant as shown in Column E. Option exercise prices shown in Column D are set at the fair market value on the date of grant or at an assumed growth rate above the fair market value on the date of grant. The fair market value on the date of grant is calculated as the average of the high and low trading prices of Cleco common stock on the date of grant rounded to the nearest eighth.

The option grants covering 9,000 shares of Cleco common stock made to Mr. Madison and Ms. Samil and the grant covering 10,500 shares made to Mr. Olagues were approved by our Compensation Committee as part of their initial hiring. The option grant covering 60,000 shares of Cleco common stock was made to reward Mr. Madison for implementation and execution of key strategic initiatives and to bring his total direct compensation further into alignment with the Base Peer Group at that time. The remaining awards shown in Column B were approved as part of larger group awards. The reasons we may grant group option awards are described in the CD&A on page 31, Stock Options.

**Stock Awards**

The shares in Column H represent target shares granted under the LTIP for the three-year performance cycles beginning January 1, 2007, January 1, 2008, and January 1, 2009. The market values for these stock awards are based on the closing price of Cleco common stock on December 31, 2009.



**Table of Contents****Option Exercises and Stock Vested**

Name A	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) B	Value Realized on Exercise (\$) C	Number of Shares and CEUs Acquired on Vesting (#) D	Value Realized on Vesting (\$) E
Mr. Madison	0	\$ 0	44,762	\$ 1,038,926
Mr. Olagues	0	\$ 0	3,894	\$ 90,380
Ms. Samil	0	\$ 0	21,544	\$ 500,036
Mr. Bausewine	12,667	\$ 51,938	9,146	\$ 212,279
Mr. Hoefling	0	\$ 0	0	\$ 0
Mr. Davis	0	\$ 0	7,776	\$ 180,481

**General**

The Option Exercises and Stock Vested table details the value received during 2009 by each of the named executives as a result of the exercising of stock options and/or vesting (*i.e.*, the lapse of restrictions) of previously awarded restricted stock.

**Option Awards**

The value realized on exercise of options (Column C) is based on the closing price of Cleco common stock on the date of exercise. Mr. Bausewine exercised options covering 6,000 shares of Cleco common stock on March 20, 2009 and options covering 6,667 shares on July 21, 2009. The closing price of Cleco common stock on March 20, 2009 and July 21, 2009 was \$21.37 and \$22.85, respectively.

**Stock Awards**

The number of stock award shares vested in Column D represents shares of Cleco common stock and CEUs awarded in January 2009 for the three-year LTIP cycle ended December 31, 2008. The payout on this LTIP cycle was determined by the Company's relative TSR over the three-year performance period January 1, 2006 through December 31, 2008. In order for an award to be made, the Company had to achieve a relative TSR over the three-year performance cycle above the 30<sup>th</sup> percentile of companies included in the S&P Small and MidCap Electric and Multi Utilities Index. Cleco's rank, as verified by Hewitt, was at the 81.8 percentile based on a TSR of 14.36%. This performance resulted in a payout of 163.6% of target.

The value of the LTIP award (Column E) was determined based on the closing price of Cleco common stock on the first trading date following the approval of the award by the Compensation Committee or February 2, 2009. Details of the LTIP shares awarded to each of the named executives and their corresponding values were:

Name	LTIP Performance Cycle Ended December 31, 2008				
	Target Shares and CEUs (#)	Opportunity Shares and CEUs (#)	Total Shares and CEUs (#)	Share Value (\$ per share or CEU)	Total Value
Mr. Madison	27,360	17,402	44,762	\$ 23.21	\$ 1,038,926
Mr. Olagues	2,380	1,514	3,894	\$ 23.21	\$ 90,380
Ms. Samil	13,168	8,376	21,544	\$ 23.21	\$ 500,036
Mr. Bausewine	5,590	3,556	9,146	\$ 23.21	\$ 212,279
Mr. Hoefling	0	0	0	\$ 23.21	\$ 0
Mr. Davis	4,752	3,024	7,776	\$ 23.21	\$ 180,481

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Beginning with the 2006 LTIP performance cycle, the tax gross-up feature used in previous performance cycles was eliminated. The addition of CEUs was approved to address the tax payment issue, and the LTIP target award levels were adjusted by Hewitt to reflect the change in design.

**Pension Benefits**

Name	Plan Name(s)	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Mr. Madison	Cleco Corporation Pension Plan	6	\$ 276,519	\$ 0
	Cleco Corporation SERP	6	\$ 6,315,718	\$ 0
Mr. Olagues	Cleco Corporation Pension Plan	2	\$ 29,458	\$ 0
	Cleco Corporation SERP	2	\$ 633,581	\$ 0
Ms. Samil	Cleco Corporation Pension Plan	8	\$ 255,384	\$ 0
	Cleco Corporation SERP	8	\$ 2,338,099	\$ 0
Mr. Bausewine	Cleco Corporation Pension Plan	23	\$ 711,842	\$ 0
	Cleco Corporation SERP	23	\$ 1,166,263	\$ 0
Mr. Hoefling	Cleco Corporation Pension Plan	2	\$ 89,418	\$ 0
	Cleco Corporation SERP	2	\$ 1,800,215	\$ 0
Mr. Davis	Cleco Corporation Pension Plan	9	\$ 266,060	\$ 0
	Cleco Corporation SERP	9	\$ 1,162,591	\$ 0

**General**

The Company provides executive officers who meet certain tenure requirements benefits from the Pension Plan and the SERP. Vesting in the Pension Plan requires five (5) years of service with the Company. With the exception of Mr. Olagues and Mr. Hoefling, each of the named executives is fully vested in the Pension Plan. Vesting in the SERP requires ten years of service. As a condition of their employment, Mr. Madison, Ms. Samil and Mr. Davis are subject to shorter vesting periods in the SERP, four (4) years, five (5) years and five (5) years, respectively. With the exception of Mr. Olagues and Mr. Hoefling, each of the named executives is fully vested in the SERP.

The present value of each of the named executive's accumulated benefit values was actuarially calculated and represents the values as of December 31, 2009. These calculations were made pursuant to the terms and conditions of the SERP using the projected unit credit method for valuation purposes and a discount rate of 5.91%. Other material assumptions relating to the SERP valuation include use of the RP-2000 mortality table (gender distinct), assumed retirement at age 65, and retirement payments in the form of joint and 100% survivor with 10 years certain payment. In the case of Mr. Madison, the form of payment is joint and 50% survivor.

The sum of the change in actuarial value of the Pension Plan during 2009 and the change in value of the SERP is included in Column H, Change in Pension Value and Nonqualified Deferred Compensation Earnings, in the Summary Compensation Table. Negative changes are reported as zero.

**Pension Plan**

The Cleco Corporation Pension Plan, restated effective January 1, 2001, is a defined benefit plan funded entirely by employer contributions. Effective August 1, 2007, the Pension Plan was closed to new participants. Employees hired on or after August 1, 2007 are eligible to participate in an enhanced 401(k) Savings Plan. Each of our named executives was hired prior to August 1, 2007.

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Benefits under the Pension Plan are determined by years of service and the average of the highest annual earnings over five consecutive years during the last ten years of service preceding retirement. Earnings include base pay, cash bonuses, merit lump sums, imputed income with respect to life insurance premiums paid by the Company, pre-tax contributions to the 401(k) Savings Plan, salary and bonus deferrals to the Deferred Compensation Plan, and any other form of payment taxable under IRC Section 3401(a). Earnings exclude reimbursement of expenses, gifts, severance pay, moving expenses, outplacement assistance, relocation allowances, welfare benefits, benefits accrued (other than salary and bonus deferrals) or paid pursuant to the Deferred Compensation Plan, the value of benefits accrued or paid (including dividends) under the LTIP, income from the exercise of stock options, and income from disqualifying stock dispositions. For 2009, the amount of earnings was further limited to \$245,000 as prescribed by the Internal Revenue Service ( IRS ).

The formula for calculating the defined benefit under the Pension Plan is as follows:

1. Defined Benefit = Annual Benefit + Supplement Benefit
2. Annual Benefit = Final Average Earnings  $\times$  Years of Service  $\times$  Pension Factor
3. Supplement Benefit = (Final Average Earnings - Social Security Covered Compensation)  $\times$  Years of Service  $\times$  .0065

The pension factor varies with the retirement year. For 2009, the applicable factor was 1.33%. Social Security-covered income is prescribed by the IRS based on the year of birth.

Benefits from the Pension Plan are generally paid at normal, late or early retirement dates. Normal retirement at age 65 entitles the participant to a full pension. A participant may elect to delay retirement past age 65 as long as he/she is actively employed. Years of service continue to accumulate (up to a maximum of 35) and earnings continue to count toward the final earnings calculation. If a participant chooses to retire after age 55 but before normal retirement age, the amount of the annual pension benefit is reduced by 3% per year between ages 55 and 62. For example, the normal pension benefit at age 55 is reduced by 21%.

***SERP***

The SERP is designed to provide retirement income of 65% of an executive officer's final compensation at normal retirement, age 65. Final compensation under the SERP is based on the sum of the highest annual salary paid during the five years prior to termination of employment and the average of the three highest AIP awards paid to the participant during the preceding 60 months. Final compensation also is determined without regard to the IRS limit on compensation. The SERP benefit rate at normal retirement is reduced by two percent per year for each year a participant retires prior to age 65, with a minimum benefit rate of 45% at age 55. The final benefit rate also may be reduced further if a participant separates from service prior to age 55, is vested and has elected to commence his/her SERP benefit prior to age 62. This actuarially determined reduction factor is equivalent to that used in our Pension Plan, which is 3% for each year from age 55 to 62. For example, if a SERP participant were to terminate service at age 50 and elected to start receiving his/her SERP benefit at age 55, his/her SERP benefit rate would be 35.6%. This is the product of the minimum SERP benefit of 45% reduced by another 21% for early commencement. The actual SERP benefit payments also are adjusted if a participant is to receive benefit payments from our Pension Plan, has received certain employer contributions related to our 401(k) Savings Plan and/or is eligible to receive retirement-type payments from former employers. Mr. Madison, Mr. Olagues, Ms. Samil, Mr. Hoefling and Mr. Davis will receive reduced payments from our SERP because of retirement-type payments to be received from former employers.

The SERP provides survivor benefits, which are payable to a participant's surviving spouse or other beneficiary. The SERP also contains a supplemental death benefit that was added in 1999 to reflect market practice. If a SERP participant dies while actively employed, the amount of the supplemental death benefit is equal to the sum of two times the participant's annual base salary as of the date of death and the participant's

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target bonus payable under the AIP for the year in which death occurs. If a participant dies after commencement of benefits under the SERP, the supplemental benefit is equal to the sum of the participant's final annual base salary and target bonus payable under the AIP for the year in which the participant retired or otherwise terminated employment. The supplemental death benefit is not dependent on years of service.

**Estimated Annual Payments**

The following table shows the estimated annual payments at age 55 (or actual attained age if greater than 55) to each of the named executives under the Pension Plan and the SERP as of December 31, 2009.

	Estimated Payments at Age 55 (or actual attained age if greater than 55)		
	Pension	SERP	Total
Mr. Madison	\$ 20,369	\$ 478,252	\$ 498,621
Mr. Olagues <sup>(1)</sup>	\$ 6,519	\$ 128,639	\$ 135,158
Ms. Samil	\$ 22,404	\$ 221,199	\$ 243,603
Mr. Bausewine	\$ 62,314	\$ 96,622	\$ 158,936
Mr. Hoefling <sup>(2)</sup>	\$ 0	\$ 0	\$ 0
Mr. Davis	\$ 26,054	\$ 114,785	\$ 140,839

- (1) Mr. Olagues was not vested in either the Pension or the SERP benefits as of December 31, 2009. He will be vested in both benefits by age 55.
- (2) Mr. Hoefling was not vested in either the Pension or the SERP benefits as of December 31, 2009, nor will he be vested in either benefit at age 55. He will be vested in both benefits at his normal retirement age.

**Nonqualified Deferred Compensation**

Name	Executive officer contributions in 2009 (\$)	Company contributions in 2009 (\$)	Aggregate earnings in last 2009 (\$)	Aggregate withdrawals/distributions in 2009 (\$)	Aggregate balance at December 31, 2009 (\$)
A	B	C	D	E	F
Mr. Madison	\$ 241,905	\$ 0	\$ 463,793	\$ 0	\$ 1,889,766
Mr. Olagues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Ms. Samil	\$ 0	\$ 0	\$ 149,012	\$ 0	\$ 809,786
Mr. Bausewine	\$ 20,000	\$ 0	\$ 9,732	\$ 0	\$ 170,228
Mr. Hoefling	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Mr. Davis	\$ 15,558	\$ 0	\$ 26,066	\$ 0	\$ 111,091

**Deferred Compensation**

Our named executives and other key employees are eligible to participate in the Company's Deferred Compensation Plan. Participants are allowed to defer up to 50% of their base salary and up to 100% of their annual cash bonus, as reported in Columns C and G in the Summary Compensation Table. Consequently, the executive officer contributions listed in Column B above are made by the participant and not by Cleco. Mr. Madison, Mr. Bausewine, Mr. Hoefling, and Mr. Davis elected to participate in the Deferred Compensation Plan during 2009. Mr. Hoefling elected to defer a portion of his 2009 AIP award. Since this award was not paid until March 2010, his deferred compensation account reflects a \$0 balance at December 31, 2009. Deferral elections were made prior to the beginning of 2009 as required by the regulations under IRC Section 409A. There are no matching contributions made by the Company.

Deferrals become general funds for use by the Company to be repaid to the participant at a pre-specified date. Short-term deferrals may be paid out as early as five years following the end of the plan year (i.e., the year





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in which compensation was earned). Retirement deferrals are paid at the later of termination of service or the attainment of an age specified by the participant. Amounts deferred are placed in mutual fund investment accounts managed by a third-party administrator. A bookkeeping account is maintained for each participant that records deferred salary and/or bonus, as well as earnings on deferred amounts. Earnings are determined by the performance of various mutual funds recommended to management by the plan administrator. These funds are selected by our CFO based on risk/return criteria similar to the 401(k) Savings Plan. Each participant selects which of these mutual funds will be used to determine the earnings on their own accounts. The Deferred Compensation Plan is not intended to provide for the payment of above-market or preferential earnings (as these terms are defined under the SEC regulations) on compensation deferred under the plan. As such, the plan does not provide a guaranteed rate of return.

**Potential Payments at Termination or Change in Control**

The tables beginning on page 52 detail the estimated value of payments and benefits provided to each of our named executives assuming the following separation events occurred as of December 31, 2009: termination by the executive; disability; death; retirement; constructive termination; termination by the Company for cause; termination in connection with a change in control; and termination in connection with a business transaction. We have selected these events based on their being long-standing provisions in our employee benefit plans such as the Pension Plan and 401(k) Savings Plan, or because we find their use common within our industry and Base Peer Group. Some of the potential severance payments are governed by the separate documents establishing our AIP, LTIP, and SERP and some are governed by provisions included in employment agreements that we have entered into with each of our executive officers, including our named executives.

The Company uses employment agreements to attract and retain executive talent and to ensure that their actions are aligned with the interests of Cleco and its shareholders. We have entered into employment agreements with each of our executive officers. Additionally, the employment agreements include provisions intended to protect the Company's business and proprietary interests, including its intellectual property, human capital and confidential information. The Company's employment agreements are designated as Level 1 or Level 2. The payments and benefits provided at each level are substantially the same except for certain change in control benefits. Each of our named executives other than Mr. Davis has executed a Level 1 employment agreement. Mr. Davis has executed a Level 2 employment agreement.

A Level 1 employment agreement has a two-year initial term and rolling two-year renewal terms thereafter. The rolling two-year term is accomplished by the addition of one year to the term on the first anniversary of the effective date of the employment agreement and on each anniversary thereafter. A Level 2 employment agreement has an initial one-year term and rolling one-year renewal terms thereafter. The initial term and renewal provisions are provided to encourage retention and promote stability within our key executive positions.

The following narrative describes the type and form of payments and benefits for each separation event. The tables on pages 52 through 55 provide an estimate of potential payments and benefits to each of our named executives under each separation event. Throughout this section, reference to our executive officers is inclusive of our named executives.

***Termination by the Executive***

If an executive officer resigns voluntarily, no payments are made or benefits provided other than those required by law.

***Disability***

Annual disability benefits are payable when a total and permanent disability occurs and are paid until the executive officer's normal retirement age, which is age 65. This benefit is provided under our SERP plan and is paid regardless of whether the executive was vested in the SERP at the time of disability. At age 65, a disabled

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executive is eligible to receive annual retirement benefits under the Pension Plan and SERP as outlined beginning on page 45 under the headings Pension Plan and SERP. The executive officer also is eligible to receive a one-time, pro-rated share of the current year's AIP award and a pro-rated award for each LTIP performance cycle in which he/she participates to the extent those performance cycles award at their completion.

### ***Death***

A pro-rated share of the current year's AIP award and a supplemental death benefit provided from the SERP are paid to an executive officer's designated beneficiary in the event of death in service. Both are one-time payments. The executive officer also is eligible to receive a pro-rated award for each LTIP performance cycle in which he/she participates to the extent those performance cycles award at their completion.

Annual survivor benefits are payable to an executive officer's surviving spouse for his/her life, or if there is no surviving spouse, to the executive officer's designated beneficiary for a period of ten years or, if no designated beneficiary is named, to the executive officer's estate for a period of ten years. Amounts are calculated under the provisions of our Pension Plan and SERP. Please see page 45 under the headings Pension Plan and SERP, as well as the SERP provisions relating to death while in service. Survivor benefits are paid from the SERP regardless of vested status in the SERP at the time of death. The SERP supplemental death benefit is paid only to executives who were employed by the Company on or after December 17, 1999. All of our named executives are eligible for the death benefit.

### ***Retirement***

In the event of early or normal retirement, the executive officer is eligible to receive a pro-rated share of the current year's AIP award and a pro-rated award for each LTIP performance cycle in which he/she participates to the extent those performance cycles award at their completion. Retirement benefits are provided pursuant to the Pension Plan and SERP. Payments are made monthly and are calculated using the assumptions described in the discussion following the Pension Benefits table on page 45.

### ***Constructive Termination***

Payments made and benefits provided upon a constructive termination are ordinarily greater than payments made on account of an executive officer's retirement, death or disability because separation is initiated by the Company. Certain payments are made contingent upon the execution of a waiver and release in favor of the Company. Constructive termination also may be initiated by an executive officer if there has been (i) a material reduction in his/her base compensation, other than a reduction uniformly applicable to all executive officers; (ii) a material reduction in his/her authority or job duties; or (iii) a material breach of his/her employment agreement by the Company that is not cured after notice.

One-time payments made to an executive officer under a constructive termination include the greater of executive officer's annualized base salary or his/her base salary for the remaining initial term of the employment agreement, the executive officer's current year AIP target, the purchase of the executive officer's primary residence at the higher of its average appraised value or its documented cost (not to exceed 120% of the purchase price) and the reimbursement of relocation expenses. The executive officer must move their primary residence more than 60 miles to qualify for the home purchase and relocation reimbursement. The executive officer is eligible to receive a pro-rated award for the LTIP performance cycles in which he/she participates to the extent those performance cycles award at their completion. The executive officer also is eligible to receive a one-time payment equal to the continuation coverage premium at prevailing Consolidated Omnibus Budget Reconciliation Act (COBRA) rates for the same type and level of health coverage elected by the executive officer and/or his or her spouse or dependents for a period of 18 months or until the executive secures other employment where group health insurance is provided, whichever period is shorter.

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If the executive officer has vested retirement benefits and has attained eligible retirement age, he/she would receive retirement benefits as described under Pension Benefits on page 45.

Mr. Olagues and Mr. Hoefling would become fully vested in the SERP in the event of a constructive termination. This is a grandfathered benefit provided to them as a condition of their initial hiring.

### ***Termination for Cause***

Cause is defined as an executive's (i) act of fraud, embezzlement or theft or other intentional misconduct that is materially injurious to the Company's financial condition or business reputation; (ii) intentional damage to Company property, including the wrongful disclosure of its confidential information; (iii) intentional refusal to perform the essential duties of his/her position; (iv) failure to fully cooperate with government or independent agency investigations; (v) conviction of a crime involving a felony or moral turpitude; (vi) willful or reckless violation of the material provisions of Cleco's code of conduct; or (vii) willful or reckless violation of rules related to the Sarbanes-Oxley Act or rules adopted by the Securities and Exchange Commission. No payments, other than those required by law, are made or benefits provided if an executive officer is terminated for cause. If an executive officer is vested in the SERP, that benefit is forfeited. The value of that forfeiture is shown as a negative number in the separation payments tables.

### ***Change in Control***

The term Change in Control is defined in our LTIP. One or more of the following triggering events constitute a Change in Control:

An event involving the Company of a nature that the Company would be required to report in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act;

Any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or any person who is a director or officer of the Company or an employee stock ownership plan (within the meaning of Code Section 4975(e)(7)) sponsored by the Company or an affiliate, is or becomes the beneficial owner (as determined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities;

During any period of 24 consecutive months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period shall have been approved in advance by directors representing at least 80% of the directors then in office who were directors at the beginning of such period;

The Company shall be party to a merger or consolidation with another corporation and, as a result of such transaction, less than 80% of the then outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company other than affiliates (as such term is defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of any party to such transaction, as the same shall have existed immediately before such transaction;

The Company sells, leases, or otherwise disposes of, in one transaction or in a series of related transactions, all or substantially all of its assets;

The shareholders of the Company approve a plan of dissolution or liquidation; or

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All or substantially all of the assets or the issued and outstanding membership interests of Cleco Power LLC is sold, leased or otherwise disposed of in one or a series of related transactions to a person, other than the Company or another affiliate.

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Upon a Change in Control, the vesting requirements lapse for all awards made under the LTIP at the maximum award level. Receipt of payments and benefits as a result of a Change in Control require termination as discussed below. This is commonly referred to as a double-trigger design. To become eligible for any payments or benefits resulting from a Change in Control, the executive officer must terminate within a period of 60 days prior to a Change in Control or up to 36 months after a Change in Control.

Termination may be involuntary or for Good Reason. The term Good Reason means that the named executive (i) suffers a reduction in base compensation or a significant reduction in other benefits; (ii) experiences a significant reduction in job duties; (iii) is required to be away from his/her office significantly more in order to perform his/her job duties; or (iv) experiences a change in job location of more than 60 miles. No event or condition will constitute Good Reason unless (a) the named executive gives the Company written notice of his or her objection to such event or condition within 60 days after he or she first learns of it, (b) such event or condition is not promptly corrected by the Company, but in no event later than 30 days after receipt of such notice, and (c) the executive resigns his or her employment with the Company not more than 60 days following the expiration of the 30-day period described in subparagraph (b).

One-time payments include an amount equal to the sum of three times the executive officer's base salary and target AIP award for the current year; the purchase of the executive officer's primary residence at the higher of its average appraised value or its documented cost (not to exceed 120% of the purchase price) and the reimbursement of relocation expenses. The executive officer must move his/her primary residence more than 60 miles to qualify for the home purchase and relocation reimbursement. One-time payments also include premium payments at prevailing COBRA rates for the same type and level of health coverage elected by the executive officer and/or his or her spouse or dependents for a period of 36 months or until the executive officer secures other employment where group health insurance is provided, whichever period is shorter; and an estimated payment for excise taxes owed under IRC Section 280(G).

The executive officer becomes fully vested in the SERP upon a Change in Control.

With regard to stock awards that vest upon a Change in Control, the executive officer has six months following the Change in Control to exercise his/her stock options. Awards of time-based restricted stock and target and opportunity performance-based stock and CEUs are paid upon the earlier of the executive officer's separation, retirement or the original completion date of the LTIP performance cycle.

Our executive officers who are subject to a Level 1 employment agreement also receive: a payment equal to three times the maximum annual 401(k) Savings Plan company contribution applicable to the executive officer; an additional three years of age under the SERP benefit formula; and an additional three years of age for purposes of determining any reduction with respect to benefits commencing before the executive officer's normal retirement date. If an executive officer is vested and of eligible retirement age, he or she may become eligible to begin to receive the annual retirement benefit described above upon a Change in Control.

***Business Transaction***

The term Business Transaction means the sale, lease or other disposition of all or substantially all of the assets of an affiliate or the sale or other disposition of all or substantially all of the issued and outstanding stock or other equity interests of an affiliate to an entity, other than the Company or another affiliate; provided that a Business Transaction shall not otherwise constitute a Change in Control as described above.

If an executive officer is terminated involuntarily as a result of a Business Transaction, he/she is entitled to the payments described above under a Change in Control with regard to the LTIP, as well as the enhanced benefits with regard to SERP provided they are subject to a Level 1 employment agreement. If the executive officer also is not rehired by the successor company, he/she is eligible to receive the payments and benefits described on pages 49 and 50 for a constructive termination.

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These basic separation provisions were reviewed and/or added by the Compensation Committee based on a 1999 study of prevailing market practices among companies similar to Cleco that was performed by TBG Financial and Towers Watson. Our Compensation Committee periodically reviews the prevalence of the basic provisions based on Hewitt's evaluation of the Base Peer Group. The last such review occurred in 2009. We believe the payments associated with each separation event balance the Company's interests with the equitable treatment of our executive officers. Particularly in the event of a business transaction or change in control, the effort required by our executive officers to complete such transactions would be significant. The provision of greater potential benefits under these two events recognizes that the executive may forgo future employment opportunities in order to ensure a smooth transition and that finding comparable employment may take a longer time given their seniority.

**Potential Payments at Termination or Change in Control**

The following tables set forth the value of post-employment payments and benefits that are not generally made available to all employees. Each separation event is assumed to occur on December 31, 2009. Retirement is assumed to occur at age 55 or the named executive's actual attained age if greater than 55. Estimated payments under our AIP and LTIP for disability, death, retirement and constructive termination are uncertain until the completion of the performance period/cycle. In the case of the AIP, the performance period is the current fiscal year. In the case of the LTIP, the performance cycle is a three-year period comprised of the current and next two fiscal years. The tables reflect awards and the associated LTIP dividends assuming target performance. That value is then pro-rated for the portion of the performance cycle the executive officer has completed assuming separation on December 31, 2009. The estimated payment for the home purchase and relocation is a projection of the expense to sell the named executive's principal residence including any loss avoided by the named executive by having the right to sell the residence to the Company, plus the projected cost to relocate the named executive.

**Mr. Madison**

Value of Payment/Benefit	Termination by Executive	Disability	Death	Retirement	Constructive Termination	Termination for Cause	Change in Control	Business Transaction
Cash Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 917,000	\$ 0	\$ 2,908,200	\$ 917,000
Annual Cash Bonus	\$ 0	\$ 445,400	\$ 445,400	\$ 445,400	\$ 445,400	\$ 0	\$ 0	\$ 445,400
Present Value of Incremental SERP Payments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 6,713,617)	\$ 840,455	\$ 840,455
SERP Supplemental Death Benefit	\$ 0	\$ 0	\$ 1,493,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Performance-Based Restricted Stock	\$ 0	\$ 1,498,832	\$ 1,498,832	\$ 1,498,832	\$ 1,498,832	\$ 0	\$ 4,846,484	\$ 4,846,484
Time-Based Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Exercise of In-The-Money Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 213,200	\$ 213,200
Cash Dividends on Restricted Stock	\$ 0	\$ 109,550	\$ 109,550	\$ 109,550	\$ 109,550	\$ 0	\$ 148,048	\$ 148,048
Purchase of Principal Residence / Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,500	\$ 0	\$ 83,500	\$ 83,500
COBRA Medical Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 270	\$ 0	\$ 540	\$ 270
401(k) Company Match	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,400	\$ 0
Estimated Excise Tax Gross-Up	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,282,020	\$ 0
<b>Total Incremental Value</b>	<b>\$ 0</b>	<b>\$ 2,053,782</b>	<b>\$ 3,547,182</b>	<b>\$ 2,053,782</b>	<b>\$ 3,054,552</b>	<b>(\$ 6,713,617)</b>	<b>\$ 13,351,847</b>	<b>\$ 7,494,357</b>

**Table of Contents****Mr. Olagues**

<b>Value of Payment/Benefit</b>	<b>Termination by Executive</b>	<b>Disability</b>	<b>Death</b>	<b>Retirement</b>	<b>Constructive Termination</b>	<b>Termination for Cause</b>	<b>Change in Control</b>	<b>Business Transaction</b>
Cash Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 270,000	\$ 0	\$ 1,188,000	\$ 270,000
Annual Cash Bonus	\$ 0	\$ 126,000	\$ 126,000	\$ 126,000	\$ 126,000	\$ 0	\$ 0	\$ 126,000
Present Value of Incremental SERP Payments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 514,808	\$ 0	\$ 931,688	\$ 931,688
SERP Supplemental Death Benefit	\$ 0	\$ 0	\$ 661,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Performance-Based Restricted Stock	\$ 0	\$ 239,028	\$ 239,028	\$ 239,028	\$ 239,028	\$ 0	\$ 845,153	\$ 845,153
Time-Based Restricted Stock	\$ 0	\$ 49,559	\$ 49,559	\$ 49,559	\$ 49,559	\$ 0	\$ 64,280	\$ 64,280
Exercise of In-The-Money Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,215	\$ 40,215
Cash Dividends on Restricted Stock	\$ 0	\$ 15,763	\$ 15,763	\$ 15,763	\$ 15,763	\$ 0	\$ 23,609	\$ 23,609
Purchase of Principal Residence / Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,500	\$ 0	\$ 83,500	\$ 83,500
COBRA Medical Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,762	\$ 0	\$ 25,524	\$ 12,762
401(k) Company Match	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,400	\$ 0
Estimated Excise Tax Gross-Up	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,463,729	\$ 0
<b>Total Incremental Value</b>	<b>\$ 0</b>	<b>\$ 430,350</b>	<b>\$ 1,091,850</b>	<b>\$ 430,350</b>	<b>\$ 1,311,420</b>	<b>\$ 0</b>	<b>\$ 4,695,098</b>	<b>\$ 2,397,207</b>

**Ms. Samil**

<b>Value of Payment/Benefit</b>	<b>Termination by Executive</b>	<b>Disability</b>	<b>Death</b>	<b>Retirement</b>	<b>Constructive Termination</b>	<b>Termination for Cause</b>	<b>Change in Control</b>	<b>Business Transaction</b>
Cash Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 331,600	\$ 0	\$ 1,591,680	\$ 331,600
Annual Cash Bonus	\$ 0	\$ 198,960	\$ 198,960	\$ 198,960	\$ 198,960	\$ 0	\$ 0	\$ 198,960
Present Value of Incremental SERP Payments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 2,479,445)	\$ 1,349,734	\$ 1,349,734
SERP Supplemental Death Benefit	\$ 0	\$ 0	\$ 862,160	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Performance-Based Restricted Stock	\$ 0	\$ 652,640	\$ 652,640	\$ 652,640	\$ 652,640	\$ 0	\$ 2,059,479	\$ 2,059,479
Time-Based Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Exercise of In-The-Money Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash Dividends on Restricted Stock	\$ 0	\$ 48,736	\$ 48,736	\$ 48,736	\$ 48,736	\$ 0	\$ 64,465	\$ 64,465
Purchase of Principal Residence / Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,500	\$ 0	\$ 83,500	\$ 83,500
COBRA Medical Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,134	\$ 0	\$ 20,268	\$ 10,134
401(k) Company Match	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,400	\$ 0
Estimated Excise Tax Gross-Up	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,469,076	\$ 0
<b>Total Incremental Value</b>	<b>\$ 0</b>	<b>\$ 900,336</b>	<b>\$ 1,762,496</b>	<b>\$ 900,336</b>	<b>\$ 1,325,570</b>	<b>(\$ 2,479,445)</b>	<b>\$ 7,667,602</b>	<b>\$ 4,097,872</b>



**Table of Contents****Mr. Bausewine**

<b>Value of Payment/Benefit</b>	<b>Termination by Executive</b>	<b>Disability</b>	<b>Death</b>	<b>Retirement</b>	<b>Constructive Termination</b>	<b>Termination for Cause</b>	<b>Change in Control</b>	<b>Business Transaction</b>
Cash Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 312,400	\$ 0	\$ 1,068,408	\$ 312,400
Annual Cash Bonus	\$ 0	\$ 121,836	\$ 121,836	\$ 121,836	\$ 121,836	\$ 0	\$ 0	\$ 121,836
Present Value of Incremental SERP Payments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 936,373)	\$ 809,939	\$ 809,939
SERP Supplemental Death Benefit	\$ 0	\$ 0	\$ 590,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Performance-Based Restricted Stock	\$ 0	\$ 356,001	\$ 356,001	\$ 356,001	\$ 356,001	\$ 0	\$ 1,134,414	\$ 1,134,414
Time-Based Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Exercise of In-The-Money Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash Dividends on Restricted Stock	\$ 0	\$ 26,254	\$ 26,254	\$ 26,254	\$ 26,254	\$ 0	\$ 35,161	\$ 35,161
Purchase of Principal Residence / Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,250	\$ 0	\$ 67,250	\$ 67,250
COBRA Medical Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,358	\$ 0	\$ 22,716	\$ 11,358
401(k) Company Match	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,400	\$ 0
Estimated Excise Tax Gross-Up	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,481,059	\$ 0
<b>Total Incremental Value</b>	\$ 0	\$ 504,091	\$ 1,094,527	\$ 504,091	\$ 895,099	(\$ 936,373)	\$ 4,648,347	\$ 2,492,358

**Mr. Hoefling**

<b>Value of Payment/Benefit</b>	<b>Termination by Executive</b>	<b>Disability</b>	<b>Death</b>	<b>Retirement</b>	<b>Constructive Termination</b>	<b>Termination for Cause</b>	<b>Change in Control</b>	<b>Business Transaction</b>
Cash Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 249,800	\$ 0	\$ 1,124,100	\$ 249,800
Annual Cash Bonus	\$ 0	\$ 124,900	\$ 124,900	\$ 124,900	\$ 124,900	\$ 0	\$ 0	\$ 124,900
Present Value of Incremental SERP Payments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,596,329	\$ 0	\$ 2,425,466	\$ 2,425,466
SERP Supplemental Death Benefit	\$ 0	\$ 0	\$ 624,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Performance-Based Restricted Stock	\$ 0	\$ 371,087	\$ 371,087	\$ 371,087	\$ 371,087	\$ 0	\$ 1,172,348	\$ 1,172,348
Time-Based Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Exercise of In-The-Money Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash Dividends on Restricted Stock	\$ 0	\$ 27,436	\$ 27,436	\$ 27,436	\$ 27,436	\$ 0	\$ 36,650	\$ 36,650
Purchase of Principal Residence / Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,500	\$ 0	\$ 56,500	\$ 56,500
COBRA Medical Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,374	\$ 0	\$ 8,748	\$ 4,374
401(k) Company Match	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,400	\$ 0
Estimated Excise Tax Gross-Up	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,429,557	\$ 0
<b>Total Incremental Value</b>	\$ 0	\$ 523,423	\$ 1,147,923	\$ 523,423	\$ 2,430,426	\$ 0	\$ 7,282,769	\$ 4,070,038

**Table of Contents****Mr. Davis**

<b>Value of Payment/Benefit</b>	<b>Termination by Executive</b>	<b>Disability</b>	<b>Death</b>	<b>Retirement</b>	<b>Constructive Termination</b>	<b>Termination for Cause</b>	<b>Change in Control</b>	<b>Business Transaction</b>
Cash Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 212,200	\$ 0	\$ 891,240	\$ 212,200
Annual Cash Bonus	\$ 0	\$ 84,880	\$ 84,880	\$ 84,880	\$ 84,880	\$ 0	\$ 0	\$ 84,880
Present Value of Incremental SERP Payments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 1,105,061)	\$ 0	\$ 0
SERP Supplemental Death Benefit	\$ 0	\$ 0	\$ 509,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Performance-Based Restricted Stock	\$ 0	\$ 247,391	\$ 247,391	\$ 247,391	\$ 247,391	\$ 0	\$ 777,593	\$ 777,593
Time-Based Restricted Stock	\$ 0	\$ 104,133	\$ 104,133	\$ 104,133	\$ 104,133	\$ 0	\$ 135,065	\$ 135,065
Exercise of In-The-Money Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash Dividends on Restricted Stock	\$ 0	\$ 18,354	\$ 18,354	\$ 18,354	\$ 18,354	\$ 0	\$ 24,431	\$ 24,431
Purchase of Principal Residence / Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,250	\$ 0	\$ 67,250	\$ 67,250
COBRA Medical Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,358	\$ 0	\$ 22,716	\$ 11,358
401(k) Company Match	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,400	\$ 0
Estimated Excise Tax Gross-Up	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,120,831	\$ 0
<b>Total Incremental Value</b>	\$ 0	\$ 454,758	\$ 964,038	\$ 454,758	\$ 745,566	(\$ 1,105,061)	\$ 3,068,526	\$ 1,312,777

**Table of Contents****DIRECTOR COMPENSATION****2009 Director Compensation**

Name <sup>(1)</sup> A	Fees Earned or Paid in Cash and/or Stock (\$) B	Stock Awards (\$) <sup>(3)</sup> C	Option Awards (\$) <sup>(4)</sup> D	Non-Equity Incentive Plan Compensation (\$) E	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) F	All Other Compensation (\$) G	Total (\$) H
J. Patrick Garrett, Chairman	\$ 147,250	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 2,804	\$ 208,884
Sherian G. Cadoria	\$ 66,250	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,080
Richard B. Crowell <sup>(2)</sup>	\$ 65,781	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 11,512	\$ 136,123
Elton R. King <sup>(2)</sup>	\$ 66,987	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 13,028	\$ 138,845
Logan W. Kruger	\$ 66,600	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 2,290	\$ 127,720
William L. Marks	\$ 69,950	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 11,829	\$ 140,609
Robert T. Ratcliff, Sr. <sup>(2)</sup>	\$ 65,636	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 6,113	\$ 130,579
Peter M. Scott III	\$ 22,667	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,667
William H. Walker, Jr.	\$ 70,950	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 5,476	\$ 135,256
W. L. Westbrook <sup>(2)</sup>	\$ 87,060	\$ 58,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 145,890

- (1) Mr. Madison is also a named executive officer and his compensation is included in the Executive Officers Compensation Summary Compensation Table. He does not receive any additional compensation for his service on the board of directors.
- (2) Mr. Crowell, Mr. King, Mr. Ratcliff and Mr. Westbrook each have elected to receive all or a portion of their compensation as a member of the board of directors in the form of Cleco common stock. Mr. Ratcliff and Mr. Westbrook also elected to defer receipt of their compensation under the Company's Deferred Compensation Plan. The fair market value of Cleco common stock for purposes of calculating directors' compensation is computed by averaging the high and low stock price at the close of business on the Monday following the quarterly board meetings. This average is rounded to the nearest eighth. Shares issued to the directors are rounded up to a whole share, and the amount of actual compensation expense is the value of the rounded shares.
- (3) See the 2009 Form 10-K, Note 7 to the financial statements for a discussion of the valuation of these stock awards. Stock award values are being reported for directors in accordance with revised proxy disclosure rules (Item 402 of Regulation S-K) issued December 16, 2009. Shares of Cleco common stock awarded under the LTIP that were restricted as of December 31, 2009 were held by directors as follows: Mr. Crowell, 12,297; Mr. King, 12,297; Mr. Kruger, 2,544; Mr. Marks, 12,297; Mr. Ratcliff, 5,767; and Mr. Walker, 4,074. General Cadoria, Mr. Garrett, Mr. Ratcliff, Mr. Walker and Mr. Westbrook have elected to defer all or some of their restricted stock awards under the Company's Deferred Compensation Plan. Shares of Cleco common stock awarded under the LTIP, credited to their deferred compensation accounts and restricted as of December 31, 2009 were as follows: General Cadoria, 13,047; Mr. Garrett, 14,111; Mr. Ratcliff, 6,530; Mr. Walker, 8,973; and Mr. Westbrook, 12,547.
- (4) No stock options were granted to directors in 2009. The aggregate number of option awards held by directors and outstanding as of December 31, 2009 was as follows: General Cadoria, 17,500; Mr. Crowell, 7,500; Mr. King, 17,500; Mr. Marks, 14,167; Mr. Ratcliff, 12,500; and Mr. Walker, 12,500.

**General**

Column B, Fees Earned or Paid in Cash and/or Stock; Column E, Non-Equity Incentive Plan Compensation; and Column G, All Other Compensation represent cash and/or stock compensation earned and/or received in 2009. Amounts shown in Column C, Stock Awards, represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for annual restricted stock awards. The amounts shown in Column D, Option Awards, represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The amounts shown in Column F, Change in Pension Value and Nonqualified Deferred Compensation Earnings, represent any preferential earnings on amounts deferred under the Company's nonqualified deferred compensation plan.

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A non-management director may elect to participate in the Company's Deferred Compensation Plan and defer the receipt of all or part of his or her fees, whether payable in cash or Cleco common stock and restricted

stock. Benefits are equal to the amount credited to each director's individual account based on compensation

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deferred plus applicable investment returns as specified by the director upon election to participate in the plan. Investment options are similar to those provided to participants in the 401(k) Savings Plan with the additional option to invest in Cleco common stock for non-management directors. Funds may be reallocated between investments at the discretion of the director. Accounts, which may be designated separately by deferral year, are payable in the form of a single-sum payment or in the form of substantially equal annual installments, not to exceed 15, when a director ceases to serve on the board of directors or attains a specified age.

***Fees Earned or Paid in Cash and/or Stock***

Directors who are Cleco employees receive no additional compensation for serving as a director. In 2009, compensation for non-management directors included annual retainer and meeting fees, restricted stock awards and insurance benefits under a group accidental death and dismemberment plan.

During 2009, each non-management director received an annual retainer of \$35,000 and an additional annual fee of \$5,000 if the director was a chairman of a committee other than the Audit Committee, the chairman of which received an additional annual fee of \$12,500. The chairman of the Executive Committee receives no additional compensation for holding that position. In 2009, each non-management director also received the following meeting fees: \$1,750 for each in-person board meeting attended; \$1,750 for each in-person Audit Committee meeting attended; \$1,500 for each in-person other committee meeting attended; and \$500 for each telephone conference meeting of the board or one of its committees attended, including the informal meetings described above under Proposal Number 1 Election of Four Class I Directors Independence and Organization of the Board of Directors. As chairman of the board of directors, Mr. Garrett receives an additional annual retainer of \$85,000.

Effective July 1, 2010, the annual retainer paid to each non-management director will increase to \$40,000, and the additional annual retainer paid to Mr. Garrett as chairman of the board of directors will increase to \$90,000.

Annual retainer and meeting fees are paid, at the election of each director, in the form of cash, Cleco common stock, or a combination of both cash and stock. Directors also may elect to defer receipt of their fees under the Company's Deferred Compensation Plan. Mr. Ratcliff made such an election in 2009 with respect to his fees paid in the form of Cleco common stock and cash. Mr. Westbrook made such an election in 2009 with respect to his fees paid in the form of Cleco common stock. Dividends credited to their deferred fees account in 2009 were \$2,898 and \$16,171, respectively. Mr. Garrett and Mr. Walker made elections to defer their fees in years past, but not in 2009. Dividends credited to their deferred fees account balances in 2009, with respect to Cleco common stock held in the Company's Deferred Compensation Plan, were \$26,749 and \$19,963, respectively.

Cleco reimburses directors for travel and related expenses incurred for attending meetings of Cleco's board of directors and board committees, including travel costs for spouses/companions. During 2009, all non-management directors served the entire year with the exception of Mr. Scott who was elected by the board of directors effective July 1, 2009.

***Stock Awards***

Effective January 1, 2008, each non-management director receives an annual restricted stock award of Cleco common stock valued at \$50,000, not to exceed 5,000 shares of stock in any year. The grant date of the award is the date of the January board meeting each year, and the valuation date of the stock is the first trading day of the year. The number of shares to be issued is determined by dividing 85% of the stock price on the valuation date into \$50,000. Directors are not required to provide any consideration in exchange for the restricted stock award. Restrictions on the stock applicable to the award lapse after a six-year period measured from the date of the award or at the director's retirement if earlier, and the stock cannot be sold or transferred during this period.

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The dollar value of the stock awards in Column C is based on the grant date fair value computed in accordance with FASB ASC Topic 718 and does not represent cash received by the directors during 2009, nor does it represent the expense recognized for financial statement purposes in 2009. The expense recognized for financial statement purposes may vary by director based on a director's age and remaining years of service.

### ***Option Awards***

Column D, Option Awards, reflects grants made to the Company's directors providing them 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. The dollar value of stock option grants is based on the grant date fair value computed in accordance with FASB ASC Topic 718. No stock options were granted to directors in 2009. Stock option grants are designed to provide long-term (up to ten years) incentives and rewards linked directly to the price of our common stock. Stock options add value to the recipient only when shareholders benefit from stock price appreciation and, as such, further align directors' interests with those of our shareholders.

On February 26, 2009, Mr. Ratcliff exercised options covering 5,000 shares of Cleco common stock at an exercise price of \$15.937. On November 12, 2009, Mr. King exercised options covering 556 shares of Cleco common stock at an exercise price of \$15.937.

### ***Non-Equity Incentive Plan Compensation***

There were no non-equity incentive plan awards to the Company's directors in 2009.

### ***Change in Pension Value and Nonqualified Deferred Compensation Earnings***

Column F 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 2009. Cleco does not provide its directors with a pension plan.

### ***All Other Compensation***

Column G, All Other Compensation, includes the following:

Dividends paid on any restricted stock awards granted under the LTIP and not yet vested. Dividends on restricted stock are paid quarterly and at the same rate as dividends on shares of Cleco common stock. General Cadoria, Mr. Garrett, Mr. Ratcliff, Mr. Walker and Mr. Westbrook have elected to defer all or some of their restricted stock awards. Dividends on deferred restricted shares of Cleco common stock are not paid in cash, but instead are credited to the director's deferred compensation account. Dividends credited in 2009 on deferred restricted stock balances were as follows: General Cadoria, \$13,180; Mr. Garrett, \$14,297; Mr. Ratcliff, \$6,215; Mr. Walker, \$9,129; and Mr. Westbrook, \$12,588. Effective January 1, 2006, Mr. Walker made an election to stop deferring receipt of his restricted stock award. Effective January 1, 2008, Mr. Walker made elections to once again defer receipt of his restricted stock awards. The dividends credited are not included in the table below or in Column G of the table above.

Expenses incurred for spousal/companion travel on Company business.

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The values of the two All Other Compensation items are summarized in the chart that follows:

Name	Cash Dividends on Restricted Stock	Spousal/ Companion Travel	Total Other Compensation
Mr. Garrett	\$ 0	\$ 2,804	\$ 2,804
General Cadoria	\$ 0	\$ 0	\$ 0
Mr. Crowell	\$ 11,067	\$ 445	\$ 11,512
Mr. King	\$ 11,067	\$ 1,961	\$ 13,028
Mr. Kruger	\$ 2,290	\$ 0	\$ 2,290
Mr. Marks	\$ 11,067	\$ 762	\$ 11,829
Mr. Ratcliff	\$ 5,190	\$ 923	\$ 6,113
Mr. Scott	\$ 0	\$ 0	\$ 0
Mr. Walker	\$ 3,667	\$ 1,809	\$ 5,476
Mr. Westbrook	\$ 0	\$ 0	\$ 0

Cleco also provides its non-management directors with \$200,000 of life insurance and permanent total disability coverage under a group accidental death and dismemberment plan maintained by Cleco Power LLC, a wholly owned subsidiary of Cleco. The total 2009 premium for all coverage (exempt employees, officers, and directors) under this plan was \$17,050.

**Stock Ownership Requirements**

In July 2009, the board of directors revised the stock ownership guidelines for its members. Under the guidelines, which were originally adopted by the board of directors in July 2005, Cleco recommends that its current directors beneficially own Cleco common stock having a value equal to at least five times the annual board retainer. New directors will have five years following their election to the board to meet this recommended stock ownership level, and current directors will have three years following each increase in the annual board retainer to meet this recommended stock ownership level. The intent of the guidelines is to encourage stock ownership by directors. Where the guidelines are not met within the applicable time, the matter will be reviewed by the Nominating/Governance Committee, which may determine to waive the guidelines or to make an appropriate recommendation to the board of directors. All current non-management directors meet these guidelines with the exception of Mr. Kruger and Mr. Scott, who were elected by the board of directors effective October 1, 2008 and July 1, 2009, respectively.

**Interests of the Board of Directors**

In 2009, no non-management member of Cleco's board performed services for or received compensation from Cleco or its affiliates except for those services relating to his or her duty as a member of Cleco's board.

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**REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee of the board of directors, composed entirely of independent directors (see Proposal Number 1 Election of Four Class I Directors Independence and Organization of the Board of Directors above), includes five directors who also meet the additional requirements for independence as defined under the rules of the SEC and the NYSE listing standards applicable to compensation committee members. The Compensation Committee operates under a written charter adopted by the board of directors in January 2003 and last revised in July 2008, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of this charter also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000.

The Compensation Committee is directly responsible for evaluating and establishing Cleco's compensation and benefits philosophy as it relates to officers and other key employees; for establishing associated compensation and benefit plans and compensation and benefits levels of Cleco's officers and other key employees; for retaining an independent consultant to advise the Compensation Committee on industry executive officer compensation and benefit practices and peer group comparisons; for annually evaluating, in conjunction with the Nominating/Governance Committee, the performance of the CEO in light of Cleco's goals and objectives; for reviewing the CD&A with management and approving its content; for periodically reviewing the compensation practices and levels for Cleco's board of director members and committee chairpersons; and for annually evaluating its own performance based upon the procedures recommended by the Nominating/Governance Committee of the board.

The Compensation Committee held four regular meetings during 2009 at which each of the above listed responsibilities was addressed, including a review and discussion of the CD&A with management. During these meetings, the Compensation Committee also met with its third-party consultant independent of management. The Compensation Committee also held one special meeting and one formal telephone meeting during 2009.

Based on the review and discussions referred to above, the Compensation Committee recommended to Cleco's board of directors that the CD&A and related required compensation disclosure tables be included in Cleco's Proxy Statement and Notice of Annual Meeting of Shareholders to be held on April 30, 2010 and in the 2009 Form 10-K, and filed with the SEC.

***The Compensation Committee of the Board of Directors of Cleco Corporation***

William H. Walker, Jr., Chairman

Logan W. Kruger

William L. Marks

Peter M. Scott III

W. L. Westbrook

**Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee are set forth above. There are no matters relating to interlocks or insider participation of the Compensation Committee members that Cleco is required to report.



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**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the board of directors, composed entirely of independent directors (see Proposal Number 1 Election of Four Class I Directors Independence and Organization of the Board of Directors above), includes six directors who also meet the additional requirements for independence as defined under the rules of the SEC and the NYSE listing standards applicable to audit committee members. The board of directors also has determined that Mr. Westbrook is an audit committee financial expert as defined by the rules of the SEC. The Audit Committee operates under a written charter adopted by the board of directors in April 2000 and last revised in January 2010, a copy of which is attached as Appendix B and is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com). A copy of this charter also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000.

Management has the responsibility for the preparation of Cleco's financial statements, and PricewaterhouseCoopers LLP (the Independent Auditors) has the responsibility for the audit of those statements. The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the work of the Independent Auditors; reviews the scope of audits; reviews and recommends to the board of directors financial reporting and accounting practices; and reviews Cleco's procedures for internal auditing and the adequacy of the systems of internal controls of Cleco. 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 held seven meetings, three of which were formal telephone meetings, during 2009. The meetings were designed to facilitate and encourage private communication between the Audit Committee and Cleco's internal auditors, the Independent Auditors, and management.

The Audit Committee has discussed with the Independent Auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Volume I. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received the written disclosures and the letter from the Independent Auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the Independent Auditors' communications with the Audit Committee concerning independence, and has discussed with the Independent Auditors, the auditor's independence. The Audit Committee has considered whether the services provided by the independent auditors in 2009, described in this proxy statement, are compatible with maintaining the auditor's independence and has concluded that the auditor's independence has not been impaired by its engagement to perform these services.

Based on the review and discussions referred to above, the Audit Committee recommended the inclusion of the audited financial statements in Cleco's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, for filing with the SEC.

***The Audit Committee of the Board of Directors of Cleco Corporation***

W. L. Westbrook, Chairman

Brig. General Sherian G. Cadoria (U.S. Army Retired)

Richard B. Crowell

Logan W. Kruger

Robert T. Ratcliff, Sr.

Peter M. Scott III

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**PROPOSAL NUMBER 2 RATIFICATION OF APPOINTMENT OF CLECO S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**General**

Cleco is asking the shareholders to ratify the Audit Committee's appointment of the firm of PricewaterhouseCoopers LLP as Cleco's independent registered public accounting firm for the fiscal year ending December 31, 2010. The Audit Committee has appointed PricewaterhouseCoopers LLP as Cleco's independent registered public accounting firm for the fiscal year ending December 31, 2010. In the event the shareholders fail to ratify the appointment, the Audit Committee will reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year, if the Audit Committee determines that such a change would be in Cleco's and its shareholders' best interests. Section 301 of the Sarbanes-Oxley Act of 2002 provides that the Audit Committee is directly responsible for the appointment, compensation, and oversight of the work of Cleco's independent registered public accounting firm.

The firm of PricewaterhouseCoopers LLP, an independent registered public accounting firm, or its predecessor, Coopers & Lybrand LLP, has served as auditors of Cleco and its predecessor continuously since 1952. A representative of PricewaterhouseCoopers LLP is expected to attend the annual meeting of shareholders. If present, the representative will have an opportunity to make a statement during the meeting if he or she so desires and will respond to appropriate questions raised during the meeting.

**Table of Contents****RELATIONSHIP WITH ACCOUNTANTS****Principal Accountant Fees and Services**

Aggregate fees for professional services rendered for Cleco by PricewaterhouseCoopers LLP as of or for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Audit	\$ 1,646,076	\$ 1,641,010
Audit Related	104,000	7,000
Tax	362,546	806,170
Total	\$ 2,112,622	\$ 2,454,180

The *Audit* fees for the years ended December 31, 2009 and 2008, respectively, were for professional services rendered for the audits of Cleco's consolidated financial statements; the audit of the financial statements of certain Cleco subsidiaries; the audit of our internal controls in compliance with Section 404 of the Sarbanes-Oxley Act of 2002; consents and the issuance of comfort letters; and the review of documents filed with the SEC. The *Audit* fees for 2009 include \$0.4 million associated with the 2008 audit of Cleco's financial statements. The *Audit* fees for 2008 include \$0.4 million associated with the 2007 audit of Cleco's financial statements.

The *Audit Related* fees for the year ended December 31, 2009, were for professional services rendered for certain Cleco subsidiaries and state-mandated obligations. The *Audit Related* fees for the year ended December 31, 2008, were for professional services rendered for state-mandated obligations and a consent pertaining to the previous year's employee defined contribution benefit plan audit.

The *Tax* fees for the years ended December 31, 2009 and 2008, respectively, were for services related to tax compliance reviews, tax planning and tax advice, including assistance with and representation in tax audits and appeals; tax services for employee benefit plans; and requests for rulings or technical advice from tax authorities.

**Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has established a policy requiring its pre-approval of all audit and non-audit services provided by the Independent Auditors. The policy requires the general pre-approval of annual audit services and specific pre-approval of all other permitted services. In determining whether to pre-approve permitted services, the Audit Committee considers whether such services are consistent with SEC rules and regulations. Furthermore, requests for pre-approval for services that are eligible for general pre-approval must be detailed as to the services to be provided. The Independent Auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the Independent Auditors in accordance with this pre-approval and the fees for the services performed to date. All of the 2009 and 2008 audit and non-audit services described above were pre-approved by the Audit Committee in accordance with the policy described above and pursuant to applicable rules of the SEC.

The board of directors unanimously recommends that you vote **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, 2010.

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### **PROPOSAL NUMBER 3 CONSIDERATION OF A SHAREHOLDER PROPOSAL REQUESTING THE BOARD OF DIRECTORS TO TAKE THE STEPS NECESSARY TO ELIMINATE THE CLASSIFICATION OF THE BOARD OF DIRECTORS**

#### **The Proposal**

Gerald R. Armstrong (the proponent), a shareholder of the Company, submitted the following proposal. Mr. Armstrong owns 133 shares of Cleco's common stock. Mr. Armstrong's address is 910 Sixteenth Street, No. 412, Denver, CO 80202.

**Resolution:** That the shareholders of CLECO CORPORATION request its Board of Directors to take the steps necessary to eliminate classification of terms of the Board of Directors to require that all Directors stand for election annually. The Board declassification shall be completed in a manner that does not affect the unexpired terms of the previously-elected Directors.

**Statement:** The current practice of electing only one-third of the directors for three-year terms is not in the best interest of the corporation or its shareholders. Eliminating this staggered system increases accountability and gives shareholders the opportunity to express their views on the performance of each director annually. The proponent believes the election of directors is the strongest way that shareholders influence the direction of any corporation and our corporation should be no exception.

As a professional investor, the proponent has introduced the proposal at several corporations which have adopted it. In others, opposed by the board or management, it has received votes in excess of 70% and is likely to be reconsidered favorably.

The proponent believes that increased accountability must be given our shareholders whose capital has been entrusted in the form of share investments especially during these times of great economic challenge.

Arthur Levitt, former Chairman of The Securities and Exchange Commission said, "In my view, it's best for the investor if the entire board is elected once a year. Without annual election of each director, shareholders have far less control over who represents them."

While management may argue that directors need and deserve continuity, management should become aware that continuity and tenure may be best assured when their performance as directors is exemplary and is deemed beneficial to the best interests of the corporation and its shareholders.

The proponent regards as unfounded the concern expressed by some that annual election of all directors could leave companies without experienced directors in the event that all incumbents are voted out by shareholders.

In the unlikely event that shareholders do vote to replace all directors, such a decision would express dissatisfaction with the incumbent directors and reflect the need for change.

If you agree that shareholders may benefit from greater accountability afforded by annual election of all directors, please vote **FOR** this proposal.

#### **The Company's Response**

The Company's Bylaws were amended in 1991 to provide for, among other things, classification of the board of directors. At that time, it generally was believed that classification of directors tends to foster continuity and stability of management and business policies. In addition, classification makes it more difficult and time-consuming to change majority control of the board of directors which reduces the vulnerability of the Company

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to an unsolicited takeover proposal. Some investors, such as the proponent, believe that classification of the board of directors makes it more difficult to remove or discourages the removal of incumbent directors, through a proxy contest or otherwise, and could in effect help to entrench incumbent management. Such investors also believe that classification may have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of the Company, even though such an attempt might be beneficial to the Company and its shareholders.

The board of directors is aware of increased focus on corporate governance in general and realizes that some institutional and professional investors, such as the proponent, have expressed their objections to board classification, claiming that classification tends to reduce the accountability of directors since they are elected only once every three years.

Accordingly, the board of directors has concluded that shareholders should be afforded the opportunity to provide the board of directors with input on classification of the board of directors, after weighing considerations for and against classification. However, the board of directors also has determined that it should make no recommendation as to the proposal in order to avoid any implication that the board of directors is acting otherwise than in the best interests of the Company and its shareholders. The board of directors believes that the considerations for and against classification can be readily evaluated by shareholders without any recommendation by the board of directors.

**The board of directors makes neither a recommendation FOR nor AGAINST the proposal to request the board of directors to take the steps necessary to eliminate the classification of the board of directors so as to require that all directors be elected annually.**

Depending on the outcome of the voting by shareholders on this proposal, the Nominating/Governance Committee may choose to evaluate the advantages and disadvantages of classification of the board of directors. The results of any such evaluation would be shared with the full board of directors.

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**ANNUAL REPORT**

The enclosed 2009 Annual Report and the 2009 Form 10-K, which contains Cleco's consolidated financial statements for the year ended December 31, 2009, accompany the proxy material being mailed to all shareholders. The 2009 Annual Report and the 2009 Form 10-K are not a part of the proxy solicitation material.

**PROPOSALS BY SHAREHOLDERS**

Any shareholder who intends to present a proposal at the 2011 annual meeting of shareholders and who requests inclusion of the proposal in Cleco's 2011 proxy statement and form of proxy, in accordance with applicable SEC rules, must file such proposal with Cleco no later than November 18, 2010. Proposals should be addressed to: Cleco Corporation, P. O. Box 5000, Pineville, Louisiana 71361-5000, Attn: Corporate Secretary.

The Bylaws of Cleco also require advance notice of other proposals by shareholders to be presented at any meeting of Cleco shareholders. In the case of the 2011 annual meeting of shareholders, the required notice generally must be received by the Cleco corporate secretary no later than December 23, 2010. As discussed in Cleco's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009 filed with the SEC on November 2, 2009, Cleco's board of directors amended Cleco's Bylaws on October 30, 2009, to, among other things, clarify that the advance notice provisions of the Bylaws are the exclusive means for a shareholder to make director nominations or submit other business before a meeting of shareholders (other than matters properly brought under Rule 14a-8 of the SEC's proxy rules, which contains its own procedural requirements) and to require that any shareholder submitting a proposal or a nomination of a person for election as a director to include certain additional information, as summarized below. Pursuant to the Bylaws, these amendments will become effective on October 30, 2010 (the Amended Bylaws). Accordingly, in order for a matter to be properly presented at the meeting, any notice received prior to October 30, 2010 must set forth as to each such matter of business proposed:

a brief description of the matter and the reasons for conducting it at the meeting;

the shareholder's name and address;

the name of all other persons, if any, with whom the shareholder is acting in concert;

the class and number of Cleco shares beneficially owned by the shareholder;

the class and number of Cleco shares beneficially owned by all other persons, if any, with whom the shareholder is acting in concert; and

any material interest of the shareholder's or any person with whom the shareholder is acting in concert in the business proposed. If the required notice is received on or after October 30, 2010, in addition to the information listed above, the notice must also set forth as to each such matter of business proposed:

as to the shareholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made (each such shareholder or beneficial owner, a Proposing Person )

- all ownership interests, including any derivatives, hedged positions and other economic and voting interests;

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- any proportionate interest in shares of Cleco common stock or derivative instruments held by a general or limited partnership in which such Proposing Person is a general partner or beneficially owns an interest in a general partner;
  
- any pledge by or short interest of such Proposing Person of any shares of Cleco common stock;
  
- any rights to dividends on shares of Cleco common stock owned beneficially by such Proposing Person that are separated or separable from the underlying shares;

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- any performance-related fees to which such Proposing Person is entitled based on any increase or decrease in the value of shares of Cleco common stock or derivative instruments;
  
- a representation regarding whether such Proposing Person intends to solicit proxies with respect to the business desired to be brought before the meeting and whether such Proposing Person intends to appear in person or by proxy at the meeting; and
  
- any other information relating to such Proposing Person that would be required to be disclosed in solicitations of proxies for the proposal.

If a shareholder desires to nominate a director or amend Cleco's Amended and Restated Articles of Incorporation or Bylaws at the 2011 annual meeting, the Bylaws require that the shareholder give written notice to Cleco's corporate secretary no later than October 24, 2010.

If received prior to October 30, 2010, the notice for nomination of a director must set forth, in addition to certain information regarding the business experience of and the shareholder's relationship to his/her nominee:

the number of Cleco shares beneficially owned by the shareholder;

the names of all other persons, if any, with whom the shareholder is acting in concert; and

the number of Cleco shares beneficially owned by each such person.

If received on or after October 30, 2010, the notice for nomination of a director must set forth, in addition to the required information summarized above, the following:

a description of the material terms of all direct and indirect compensation and other material monetary arrangements during the past three years, and any other material relationships between or among any Proposing Person and their respective affiliates, on the one hand, and each proposed nominee and his or her respective affiliates, on the other hand, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if such Proposing Person were the registrant for purposes of such rule and the nominee were a director or executive officer of such registrant.

For information concerning nomination of directors by the Nominating/Governance Committee, see the discussion under Proposal Number 1 Election of Four Class I Directors Director Nomination Process in this proxy statement.

If received prior to October 30, 2010, the notice for amendment of Cleco's Amended and Restated Articles of Incorporation or Bylaws must be accompanied by:

the text of the shareholder's proposed amendment;

evidence, reasonably satisfactory to Cleco's corporate secretary, of the shareholder's status as a shareholder and the number of Cleco shares beneficially owned by the shareholder;

a list of the names of all other persons, if any, with whom the shareholder is acting in concert, and the number of Cleco shares beneficially owned by them; and



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an opinion of counsel, reasonably satisfactory to Cleco's board of directors, to the effect that Cleco's Amended and Restated Articles of Incorporation or Bylaws, as amended, would not conflict with Louisiana law.

If received on or after October 30, 2010, the notice for amendment of Cleco's Amended and Restated Articles of Incorporation or Amended Bylaws must also be accompanied by the additional information required by the Amended Bylaws to be included in a notice by a shareholder of a proposal to be presented at any meeting of Cleco shareholders, as summarized above.

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With respect to any notices received on or after October 30, 2010 for a proposal by shareholders to be presented at any meeting of Cleco shareholders, for nomination of a director or for amendment of Cleco's Amended and Restated Articles of Incorporation or Amended Bylaws, the Amended Bylaws also provide that a Proposing Person must be a shareholder of record as of the time of giving the notice provided for in the Amended Bylaws and at the time of the meeting at which the nomination or proposal will be considered. The Proposing Person must update and supplement the required information as of the record date and within 10 business days prior to the date of the applicable meeting. The foregoing description of the information required in any such notice does not purport to be complete and is qualified in its entirety by reference to the Amended Bylaws filed as Exhibit 3.1 to Cleco's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009 filed with the SEC on November 2, 2009.

Shareholders may obtain a copy of Cleco's Bylaws, in which these procedures are set forth, upon written request to Corporate Secretary, Cleco Corporation, P. O. Box 5000, Pineville, Louisiana 71361-5000.

**OTHER MATTERS**

Management does not intend to bring any other matters before the meeting and has not been informed that any other matters are to be presented to the meeting by others. If other matters properly come before the meeting or any adjournments or postponements, the persons named in the accompanying proxy and acting thereunder intend to vote in accordance with their best judgment.

All shares of Cleco common stock or Cleco preferred stock that a shareholder owns, no matter how few, should be represented at the annual meeting. The accompanying proxy therefore should be completed, signed, dated, and returned as soon as possible, or you should vote through the Internet as described in the enclosed proxy card.

By Order of Cleco's Board of Directors,

Michael H. Madison

President, Chief Executive Officer and

Director

March 18, 2010

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**APPENDIX A**

**MAP OF LOCATION OF ANNUAL MEETING SITE**

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**APPENDIX B**

**CLECO CORPORATION**

**AUDIT COMMITTEE CHARTER**

**As Adopted by the Board of Directors in April 2000 and**

**Last Revised on January 29, 2010**

**I. PURPOSE AND MISSION OF THE COMMITTEE**

The primary functions of the Audit Committee are to oversee the accounting and financial reporting processes and audits of the financial statements of the Corporation, to review and approve the report that the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE) rules require to be included in the Corporation's annual proxy statement and to otherwise assist the Board of Directors. (See attached Responsibilities Calendar.)

**II. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

A. The Audit Committee's primary duties and responsibilities are to:

1. Provide independent review of auditing, accounting and financial reporting processes;
2. Advise the Board of Directors of needed changes in these processes;
3. Review and evaluate the activities of both independent public auditors and internal auditors;
4. Report regularly to the Board of Directors any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's internal control over financial reporting, the Corporation's compliance with legal or regulatory requirements, and the Corporation's antifraud program; and
5. Annually evaluate its own performance based upon the procedures recommended by the Nominating/Governance Committee of the Corporation and adopted by the Board and based on criteria suggested by the Nominating/Governance Committee and approved by the Board.

B. To fulfill these duties and responsibilities, the Audit Committee shall, with respect to:

1. Committee Charter Review and recommend to the Board of Directors changes to this Charter periodically as conditions dictate.

2. Independent Auditors

- a. Be directly responsible for appointment, compensation, retention and oversight of the work of the independent auditors. The independent auditors will report directly to the Audit Committee;
- b. Establish procedures for pre-approval of all audit and non-audit services to be performed by the independent auditors;
- c. Assure that, on an annual basis, the independent auditors submit to the Audit Committee a formal written statement delineating all relationships between the auditors and the Corporation. The Audit Committee should review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors independence;
- d. At least annually, obtain and review a report by the independent auditors describing the firm's internal quality control procedures and any material issues raised by the most recent internal quality control reviews, or peer review, of the firm, or by any inquiry or investigation

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by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues;

- e. At least annually, obtain and review the report by the Public Company Accounting Oversight Board (PCAOB) of its annual inspection of the independent auditors' compliance with the Sarbanes-Oxley Act of 2002, the PCAOB rules, the SEC rules, and the professional standards for performing audits and issuing audit reports;
  - f. At least annually, evaluate the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead partner, and report the conclusions of the review to the full board;
  - g. Periodically consult with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements;
  - h. Review with the independent auditor any audit problems or difficulties and management's response;
  - i. Set clear policies on hiring employees or former employees of the independent auditors, taking into account the pressures that exist for auditors seeking a job with the Company which they audit; and
  - j. As determined by the Committee, ensure there is appropriate funding for payment of:
    - 1. Compensation of the independent auditors engaged to prepare and issue an audit report or perform other authorized audit, review or attest services;
    - 2. Compensation to any advisers engaged by the Committee; and
    - 3. Ordinary administrative expenses of the Committee.
3. **Internal Auditors**
- a. Participate in the selection or removal of the Manager, Internal Audit;
  - b. Annually review, revise and approve the charter of the Internal Audit Department;
  - c. Review the regular internal reports to management prepared by the Internal Auditing Department and any related response from management;
  - d. Review activities, organizational structure, and qualifications of the Internal Audit Department; and

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- e. Periodically consult with the internal auditors out of the presence of management about internal controls and other work of the department.
4. Financial Reporting Processes
- a. In consultation with the independent auditors and the internal auditors, review the integrity of the organization's financial reporting processes, both internal and external;
  - b. Consider the independent auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
  - c. Consider and approve, as appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent auditors, management, or the internal auditing department;
  - d. Assure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental/regulatory organizations and the public satisfy legal requirements;

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- e. Review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Corporation's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations;
  - f. Based on the review and discussions noted above in item e of this section II,B,4, and items c through f of section II,B,2, decide whether to recommend to the Board of Directors that the annual audited financial statements be included in the annual report on Form 10-K;
  - g. Review reports from management and the independent public auditors on their assessment of the Corporation's internal controls over financial reporting;
  - h. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
  - i. Review, with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements;
  - j. Review the results of external audits in other financial, compliance and regulatory areas, including but not limited to audits of benefit trust plans, construction projects and compliance with regulatory agency rules; and
  - k. Perform any other activities consistent with the Charter, the Corporation's Bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.
5. **Process Improvement**
- a. Establish regular and separate systems of reporting to the Audit Committee by management, the independent auditors, the internal auditors, and other employees regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments;
  - b. Establish procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of concerns regarding questionable accounting and auditing matters. Review and discuss an an