

Cleco Corporate Holdings LLC
Form 424B3
March 29, 2017
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-216803

Prospectus

Cleco Corporate Holdings LLC

Offer to Exchange

up to \$535,000,000 3.743% Senior Secured Notes due 2026

for a like principal amount of 3.743% Senior Secured Notes due 2026,

which have been registered under the Securities Act and

up to \$350,000,000 4.973% Senior Secured Notes due 2046

for a like principal amount of 4.973% Senior Secured Notes due 2046,

which have been registered under the Securities Act

The Exchange Offer

We will exchange all Outstanding Notes that are validly tendered and not validly withdrawn for an equal principal amount of Exchange Notes that are freely tradable.

You may withdraw tenders of Outstanding Notes at any time prior to the expiration date of the exchange offer.

The exchange offer expires at 5:00 pm, New York City time, on April 25, 2017, unless we extend the offer. We currently do not intend to extend the expiration date.

The exchange of Outstanding Notes for Exchange Notes in the exchange offer generally will not be a taxable event to a holder for United States federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The exchange offer is subject to customary conditions, including the condition that the exchange offer not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

The Exchange Notes

The Exchange Notes are being offered in order to satisfy certain of our obligations under the registration rights agreement entered into in connection with the private offering of the Outstanding Notes.

The terms of the Exchange Notes to be issued in the exchange offer are substantially identical to the terms of the Outstanding Notes, except that the Exchange Notes will be freely tradable.

We do not intend to apply for listing of the Exchange Notes on any securities exchange or to arrange for them to be quoted on any quotation system.

Broker-Dealers

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The letter of transmittal states that by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended (the Securities Act).

This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Outstanding Notes where such Outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities.

We have agreed that, for a period of 180 days after consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

See Risk Factors beginning on page 14 for a discussion of certain risks that you should consider before participating in the exchange offer.

Neither the Securities and Exchange Commission (the SEC or the Commission) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 29, 2017

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You should not rely on any unauthorized information or representations. This prospectus is an offer to exchange only the Notes offered by this prospectus, and only under the circumstances and in those jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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In this prospectus, except as the context otherwise requires or as otherwise noted, Cleco, the Company, the Issuer, we, us and our refer to Cleco Corporate Holdings LLC and its subsidiaries, except with respect to the Notes, in which case such terms refer only to Cleco Corporate Holdings LLC; the term Outstanding Notes refers to the outstanding 3.743% Senior Secured Notes due 2026 and the outstanding 4.973% Senior Secured Notes due 2046; the term Exchange Notes refers to the 3.743% Senior Secured Notes due 2026 registered under the Securities Act and the 4.973% Senior Secured Notes due 2046 registered under the Securities Act; and the term Notes refers to both the Outstanding Notes and the Exchange Notes. Certain other defined terms shall have the meanings set forth below:

ABBREVIATION OR ACRONYM	DEFINITION
401(k) Savings Plan	Cleco Power 401(k) Savings and Investment Plan
ABR	Alternate Base Rate which is the greater of the prime rate, the federal funds effective rate plus 0.50%, or LIBOR plus 1.0%
Acadia	Acadia Power Partners, LLC, previously a wholly owned subsidiary of Midstream. Acadia Power Partners, LLC was dissolved effective August 29, 2014.
Acadia Unit 1	Cleco Power's 580-MW, combined cycle power plant located at the Acadia Power Station in Eunice, Louisiana
Acadia Unit 2	Entergy Louisiana's 580-MW, combined cycle power plant located at the Acadia Power Station in Eunice, Louisiana, which is operated by Cleco Power
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
Amended Lignite Mining Agreement	Amended and restated lignite mining agreement effective December 29, 2009
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
ARRA	American Recovery and Reinvestment Act of 2009
Attala	Attala Transmission LLC, a wholly owned subsidiary of Cleco Holdings
bcIMC	British Columbia Investment Management Corporation
Brame Energy Center	A facility consisting of Nesbitt Unit 1, Rodemacher Unit 2, and Madison Unit 3
CAA	Clean Air Act
CCR	Coal combustion by-products or residual
CEO	Chief Executive Officer
Cleco	Cleco Holdings and its subsidiaries
Cleco Group	Cleco Group LLC, a wholly owned subsidiary of Cleco Partners
Cleco Holdings	Cleco Corporate Holdings LLC
Cleco Katrina/Rita	Cleco Katrina/Rita Hurricane Recovery Funding LLC, a wholly owned subsidiary of Cleco Power
Cleco Partners	Cleco Partners L.P., a Delaware limited partnership that is owned by a consortium of investors, including funds or investment vehicles managed by MIRA, bcIMC, John Hancock Financial, and other infrastructure investors.
Cleco Power	Cleco Power LLC and its subsidiaries, a wholly owned subsidiary of Cleco Holdings
CO ₂	Carbon dioxide

Coughlin	Cleco Power s 775-MW, combined-cycle power plant located in St. Landry, Louisiana
CPP	Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
DHLC	Dolet Hills Lignite Company, LLC, a wholly owned subsidiary of SWEPCO

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ABBREVIATION OR ACRONYM	DEFINITION
Diversified Lands	Diversified Lands LLC, a wholly owned subsidiary of Cleco Holdings
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOE	U.S. Department of Energy
Dolet Hills	A 650-MW generating unit at Cleco Power's plant site in Mansfield, Louisiana. Cleco Power has a 50% ownership interest in the capacity of Dolet Hills.
EAC	Environmental Adjustment Clause
EBITDA	Earnings (losses) before Interest, Taxes, Depreciation, and Amortization
EGU	Electric Generating Unit
Entergy Gulf States	Entergy Gulf States Louisiana, L.L.C.
Entergy Louisiana	Entergy Louisiana, LLC
EPA	U.S. Environmental Protection Agency
ERO	Electric Reliability Organization
ESPP	Employee Stock Purchase Plan
Evangeline	Cleco Evangeline LLC, a wholly owned subsidiary of Midstream
FAC	Fuel Adjustment Clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FTR	Financial Transmission Right
FRP	Formula Rate Plan
GAAP	Generally Accepted Accounting Principles in the U.S.
GO Zone	Gulf Opportunity Zone Act of 2005 (Public Law 109-135)
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
ISO	Independent System Operator
kWh	Kilowatt-hour(s)
LDEQ	Louisiana Department of Environmental Quality
LED	Louisiana Economic Development
LIBOR	London Interbank Offered Rate
LMP	Locational Marginal Price
LPSC	Louisiana Public Service Commission
LTIP	Long-Term Incentive Compensation Plan
Madison Unit 3	A 641-MW generating unit at Cleco Power's plant site in Boyce, Louisiana
MATS	Mercury and Air Toxics Standards
Merger	Merger of Merger Sub with and into Cleco Corporation pursuant to the terms of the Merger Agreement which was completed on April 13, 2016
Merger Agreement	Agreement and Plan of Merger, dated as of October 17, 2014, by and among Cleco Partners, Merger Sub, and Cleco Corporation
Merger Commitments	Cleco Partners, Cleco Holdings, and Cleco Power's 77 commitments to the LPSC as defined in Docket No. U-33434 of which a performance report must be filed annually by October 31 for the 12 months ending June 30
Merger Sub	Cleco MergerSub Inc., previously an indirect wholly owned subsidiary of Cleco Partners that was merged with and into Cleco Corporation, with Cleco Corporation surviving the Merger, and Cleco Corporation converting to a limited liability company and changing its name to Cleco Holdings
Midstream	Cleco Midstream Resources LLC, a wholly owned subsidiary of Cleco Holdings
MIP	Macquarie Infrastructure Partners Inc.

MIRA	Macquarie Infrastructure and Real Assets Inc.
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British thermal units
Moody's	Moody's Investors Service, a credit rating agency
MSCI EAFE Index	Morgan Stanley Capital International Europe, Australia, Far East Index

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ABBREVIATION OR ACRONYM	DEFINITION
MW	Megawatt(s)
MWh	Megawatt-hour(s)
NAAQS	National Ambient Air Quality Standards
NERC	North American Electric Reliability Corporation
NMTC	New Markets Tax Credit
NMTC Fund	USB NMTC Fund 2008-1 LLC was formed to invest in projects qualifying for New Markets Tax Credits and Solar Projects
NOAA	National Oceanic and Atmospheric Administration
Not Meaningful	A percentage comparison of these items is not statistically meaningful because the percentage difference is greater than 1,000%
NO ₂	Nitrogen dioxide
NO _x	Nitrogen oxides
NYSE	New York Stock Exchange
Oxbow	Oxbow Lignite Company, LLC, 50% owned by Cleco Power and 50% owned by SWEPCO
PCB	Polychlorinated biphenyl
Perryville	Perryville Energy Partners, L.L.C., a wholly owned subsidiary of Cleco Holdings
PPA	Power Purchase Agreement
PPACA	Patient Protection and Affordable Care Act, as amended
ppb	Parts per billion
Predecessor	Pre-merger activity of Cleco. Cleco has accounted for the merger transaction by applying the acquisition method of accounting. The predecessor period is not comparable to the successor period.
RFP	Request for Proposal
Rodemacher Unit 2	A 523-MW generating unit at Cleco Power's plant site in Boyce, Louisiana. Cleco Power has a 30% ownership interest in the capacity of Rodemacher Unit 2.
ROE	Return on Equity
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services, a credit rating agency
SEC	U.S. Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SO ₂	Sulfur dioxide
SPP	Southwest Power Pool
SPP RE	Southwest Power Pool Regional Entity
Successor	Post-merger activity of Cleco. Cleco has accounted for the merger transaction by applying the acquisition method of accounting. The successor period is not comparable to the predecessor period.
Support Group	Cleco Support Group LLC, a wholly owned subsidiary of Cleco Holdings
SWEPCO	Southwestern Electric Power Company, an electric utility subsidiary of American Electric Power Company, Inc.

PRESENTATION OF FINANCIAL INFORMATION

The Issuer of the Notes is Cleco Corporate Holdings LLC, a Louisiana limited liability company. Cleco Corporate Holdings LLC, successor to Cleco Corporation, was converted from a Louisiana corporation to a Louisiana limited liability company in connection with the Transactions (as defined herein). The consolidated financial information

prior to April 13, 2016 (the effective date of the conversion) included in this prospectus is historical financial information of Cleco Corporation and its consolidated subsidiaries.

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NON-GAAP FINANCIAL MEASURES

We refer to the term Adjusted EBITDA in various places in this prospectus. We define Adjusted EBITDA as the sum of (1) net income, (2) depreciation and amortization, (3) income tax expense, (4) interest expense and (5) other nonrecurring expenses related to the Merger (as defined herein). This measure is a supplemental financial measure that is not prepared in accordance with accounting principles generally accepted in the United States (GAAP). Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP.

We use Adjusted EBITDA, along with other measures, to assess our overall financial and operating performance. We believe that Adjusted EBITDA, a non-GAAP measure, as we have defined it, is useful in identifying trends in our performance because it excludes items that have little or no significance to our day-to-day operations. This measure provides an assessment of controllable expenses and affords management the ability to make decisions that are expected to facilitate meeting current financial goals, as well as achieve optimal financial performance. This measure also provides indicators for management to determine if adjustments to current spending levels are needed.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in our business. We compensate for these limitations by relying primarily on our GAAP result and using Adjusted EBITDA only supplementally. For a description of how Adjusted EBITDA is calculated and a reconciliation of Adjusted EBITDA to net income, see note (4) to the table set forth in Summary Summary Consolidated Historical Financial Information in this prospectus.

FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus may be forward-looking statements within the meaning of the Securities Act and the Exchange Act. Words such as may, should, expects, intends, projects, plans, believes, estimates, anticipates and similar expressions are used to identify these forward-looking statements. Forward-looking statements are based upon assumptions about future events that may not be accurate. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

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Specific factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, those set forth below and other important factors disclosed previously and from time-to-time in our other filings with the SEC:

the effects of the Merger on April 13, 2016, on the business relationships, operating results, and business generally of Cleco and Cleco Power;

regulatory factors such as changes in rate-setting practices or policies, the unpredictability in political actions of governmental regulatory bodies, adverse regulatory ratemaking actions, recovery of investments made under traditional regulation, recovery of storm restoration costs, the frequency, timing and amount of rate increases or decreases, the impact that rate cases or requests for Formula Rate Plan extensions may have on operating decisions of Cleco Power, the results of periodic NERC and LPSC audits, participation in MISO and the related operating challenges and uncertainties, including increased wholesale competition relative to more suppliers, and compliance with the Electric Reliability Organization Enterprise's reliability standards for bulk power systems by Cleco Power;

the ability to recover fuel costs through the fuel adjustment clause;

factors affecting utility operations, such as unusual weather conditions or other natural phenomena; catastrophic weather-related damage caused by hurricanes and other storms or severe drought conditions; unscheduled generation outages; unanticipated maintenance or repairs; unanticipated changes to fuel costs or fuel supply costs, fuel shortages, transportation problems, or other developments; fuel mix of our generating facilities; decreased customer load; environmental incidents and compliance costs; and power transmission system constraints;

reliance on third parties for determination of Cleco Power's commitments and obligations to markets for generation resources and reliance on third-party transmission services;

global and domestic economic conditions, including the ability of customers to continue paying utility bills, related growth and/or down-sizing of businesses in our service area, monetary fluctuations, changes in commodity prices and inflation rates;

the ability of the lignite reserves at Dolet Hills to provide sufficient fuel to the Dolet Hills Power Station until at least 2036;

Cleco Power's ability to maintain its right to sell wholesale power at market-based rates within its control area;

Cleco Power's dependence on energy from sources other than its facilities and future sources of such additional energy;

reliability of Cleco Power's generating facilities;

the imposition of energy efficiency requirements or increased conservation efforts of customers;

the impact of current or future environmental laws and regulations, including those related to coal combustion by-products or residual, greenhouse gases and energy efficiency that could limit or terminate the operation of certain generating units, increase costs or reduce customer demand for electricity;

our ability to recover the costs of compliance with environmental laws and regulations, including those through the environmental adjustment clause;

financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the SEC, Federal Energy Regulatory Commission, the LPSC, or similar entities with regulatory or accounting oversight;

changing market conditions and a variety of other factors associated with physical energy, financial transactions and energy service activities, including, but not limited to, price, basis, credit, liquidity, volatility, capacity, transmission, interest rates and warranty risks;

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legal, environmental and regulatory delays and other obstacles associated with acquisitions, reorganizations, investments in joint ventures or other capital projects;

costs and other effects of legal and administrative proceedings, settlements, investigations, claims and other matters;

the availability and use of alternative sources of energy and technologies, such as wind, solar, battery storage and distributed generation;

changes in federal, state or local laws (including tax laws), changes in tax rates, disallowances of tax positions or changes in other regulating policies that may result in a change to tax benefits or expenses;

the restriction on the ability of Cleco Power to make distributions to the Issuer in certain instances, as agreed to as part of the regulatory commitments made to the LPSC in connection with the Merger;

our holding company structure and our dependence on the earnings, dividends or distributions from our subsidiaries to meet our debt obligations;

acts of terrorism, cyber-attacks, data security breaches or other attempts to disrupt our business or the business of third parties, or other man-made disasters;

nonperformance by and creditworthiness of the guarantor counterparty of the USB NMTC Fund 2008-1 LLC;

our credit ratings and those of Cleco Power;

ability to remain in compliance with debt covenants;

availability or cost of capital resulting from changes in global markets, our business or financial condition, interest rates or market perceptions of the electric utility industry and energy-related industries;

employee work force factors, including work stoppages, aging workforce and changes in management; and

other factors we discuss in this prospectus.

We urge you to consider these factors and to review carefully the section captioned "Risk Factors" in this prospectus for a more complete discussion of the risks associated with an investment in the Notes. All subsequent written and oral

forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. The forward-looking statements included in this prospectus are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances.

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SUMMARY

This summary highlights certain information about our business and about this offering of the Exchange Notes. This is a summary of information contained elsewhere in this prospectus, is not complete and does not contain all of the information that may be important to you. You should read the following summary together with the more detailed information and consolidated financial statements and the notes to those statements included in this prospectus. Unless the context otherwise requires, in this prospectus we, us and our refer to Cleco and its consolidated subsidiaries; the term Outstanding Notes refers to the outstanding 3.743% Senior Secured Notes due 2026 and the outstanding 4.973% Senior Secured Notes due 2046; the term Exchange Notes refers to the 3.743% Senior Secured Notes due 2026 registered under the Securities Act and the 4.973% Senior Secured Notes due 2046 registered under the Securities Act; and the term Notes refers to both the Outstanding Notes and the Exchange Notes.

Overview

Cleco is a regional energy company that conducts substantially all of its business operations through its primary subsidiary, Cleco Power LLC (Cleco Power), which engages primarily in the generation, transmission, distribution and sales of electricity. Cleco Power is a regulated electric utility company that owns nine generating units with a total nameplate capacity of 3,310 MW and serves approximately 288,000 customers in Louisiana through its retail business and supplies wholesale power in Louisiana and Mississippi.

Since our operations are primarily conducted through Cleco Power, our primary source of funds for the repayment of our indebtedness, including the Notes, is distributions and dividends from Cleco Power, which is subject to numerous restrictions on its ability to make such distributions and dividends, including from state corporate law, Cleco Power's indentures and credit agreements, and state and local regulations. Cleco Power has also made certain regulatory commitments which restrict its ability to make distributions and dividends to us.

Cleco was incorporated as Cleco Corporation on October 30, 1998 as a corporation organized under the laws of the State of Louisiana. On April 13, 2016, in connection with the Merger (as defined below), Cleco Corporation converted into a limited liability company organized under the laws of the State of Louisiana and changed its name to Cleco Corporate Holdings LLC. Cleco is a public utility holding company which holds investments in several subsidiaries, including Cleco Power. Substantially all of our operations are conducted through Cleco Power. Cleco, subject to certain limited exceptions, is exempt from regulation as a public utility holding company pursuant to provisions of the Public Utility Holding Company Act of 2005, as amended. Cleco's principal executive office is located at 2030 Donahue Ferry Road, Pineville, Louisiana 71360, and its telephone number is (318) 484-7400. Cleco's website is located at www.cleco.com. Cleco's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the SEC are available, free of charge, through Cleco's website after those reports or filings are filed or furnished to the SEC. Information on Cleco's website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

The Merger

On October 17, 2014, the Company (through its predecessor, Cleco Corporation) entered into an Agreement and Plan of Merger (the Merger Agreement) with Cleco Partners L.P., a Delaware limited partnership (Parent), and Cleco MergerSub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (Merger Sub). Parent is controlled by investment vehicles associated with Macquarie Infrastructure and Real Assets, British Columbia Investment Management Corporation and John Hancock Financial. Pursuant to the Merger Agreement, upon the terms and subject to the conditions thereof, Merger Sub merged with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent (the Merger). The Merger was consummated on April 13, 2016.

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In connection with obtaining regulatory approval for the Merger from the Louisiana Public Service Commission (LPSC), we agreed to certain regulatory commitments, including commitments to (i) provide rate credits of \$136 million posted to an escrow account for the benefit of retail customers accounts in the residential and small commercial customer classes, (ii) provide additional economic development funding of \$7 million and (iii) maintain rates in accordance with our existing formula rate plan until 2020.

Financing of the Merger

In connection with the closing of the Merger, the Company entered in to senior secured credit facilities (the Senior Secured Credit Facilities) providing for a \$100.0 million five-year revolving credit facility (the Revolving Credit Facility) and a \$1,350.0 million acquisition loan facility, which would become due in 2019 (the Acquisition Loan Facility). Funds from the Acquisition Loan Facility were used to finance the Merger and the Acquisition Loan Facility was subsequently refinanced and repaid, as described below under Repayment of Acquisition Loan Facility .

We refer to the Merger, an equity contribution by Parent, the borrowings under the Revolving Credit Facility and Acquisition Loan Facility, the offering and sale of the Outstanding Notes, and the application of the proceeds therefrom and the other transactions described above as the Transactions.

Repayment of Acquisition Loan Facility

In May and June 2016, the Company refinanced the Acquisition Loan Facility with a series of other long-term financings as follows:

On May 17, 2016, the Company completed the private sale of the Outstanding Notes.

On May 24, 2016, the Company completed the private sale of \$165.0 million of 3.250% Senior Secured Notes due May 2023 (the 3.250% Senior Notes).

On June 28, 2016, the Company entered into a \$300.0 million variable rate bank term loan due June 28, 2021 (the Term Loan).

The proceeds from the issuance and sale of the Outstanding Notes, the 3.250% Senior Notes, and the Term Loan were used to repay the Acquisition Loan Facility. See Description of Certain Other Indebtedness Cleco .

About our Parent

Parent is a Delaware limited partnership that was formed solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. Parent has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement. Parent was formed by MIP Cleco Partners L.P. (an affiliate of Macquarie Infrastructure Partners III, L.P.) and is owned and managed by a consortium of investors, including MIP Cleco Partners L.P., affiliates of British Columbia Investment Management Corporation and John Hancock Financial.

Macquarie Infrastructure Partners III

Macquarie Infrastructure Partners III, L.P. and Macquarie Infrastructure Partners III (PV), L.P. (collectively, MIP III) are Delaware limited partnerships headquartered in New York. MIP III is a diversified, unlisted fund focusing on infrastructure investments in the United States and Canada. MIP III is managed by an entity within the Macquarie Infrastructure and Real Assets operating division of Macquarie Group Limited (MIRA).

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British Columbia Investment Management Corporation

British Columbia Investment Management Corporation (bcIMC) is based in Victoria, British Columbia and is a long-term institutional investor that invests in all major asset classes, including infrastructure and other strategic investments. bcIMC manages investments across asset classes and invests on behalf of public sector pension plans, the Province of British Columbia, provincial government bodies including Crown corporations and institutions, and publicly administered trust funds.

John Hancock Financial

John Hancock Financial is a division of Manulife, a Canada-based financial services group with principal operations in Asia, Canada and the United States. Operating as Manulife in Canada and Asia and primarily as John Hancock in the United States, the group of companies offers clients a diverse range of financial protection products and wealth management services through its network of employees, agents, and distribution partners.

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SUMMARY OF THE EXCHANGE OFFER

The following summary contains basic information about the exchange offer and is not intended to be complete. For a more detailed description of the Exchange Notes, please refer to the section entitled "Description of the Exchange Notes" in this prospectus.

General

In connection with the private offering of the Outstanding Notes, we entered into a registration rights agreement with the initial purchasers of the Outstanding Notes in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable best efforts to complete an exchange offer for the Outstanding Notes.

Exchange Offer

We are offering to exchange:

\$535.0 million aggregate principal amount of outstanding 3.743% Senior Secured Notes due 2026 which have not been registered under the Securities Act (2026 Outstanding Notes) for up to \$535.0 million aggregate principal amount of 3.743% Senior Secured Notes due 2026 which have been registered under the Securities Act (2026 Exchange Notes), and together with the 2026 Outstanding Notes, the 2026 Notes), and

\$350.0 million aggregate principal amount of outstanding 4.973% Senior Secured Notes due 2046 which have not been registered under the Securities Act (2046 Outstanding Notes) for up to \$350.0 million aggregate principal amount of 4.973% Senior Secured Notes due 2046 which have been registered under the Securities Act (2046 Exchange Notes) and together with the 2046 Outstanding Notes, the 2046 Notes).

The Outstanding Notes may be exchanged only in denominations of \$2,000 and integral multiples of \$1,000.

Resale of the Exchange Notes

Based on the position of the staff of the Division of Corporation Finance of the Commission in certain interpretive letters issued to third parties in other transactions, we believe that the Exchange Notes acquired in this exchange offer may be freely traded without compliance with the provisions of the Securities Act, if:

you are acquiring the Exchange Notes in the ordinary course of your business,

you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes, and

you are not our affiliate as defined in Rule 405 of the Securities Act.

If you fail to satisfy any of these conditions, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the Exchange Notes.

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Broker-dealers that acquired Outstanding Notes directly from us, but not as a result of market-making activities or other trading activities, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the Exchange Notes. See Plan of Distribution.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer in exchange for Outstanding Notes that it acquired as a result of market-making or other trading activities must deliver a prospectus in connection with any resale of the Exchange Notes and provide us with a signed acknowledgement of this obligation.

Expiration Date

This exchange offer will expire at 5:00 p.m., New York City time, on April 25, 2017, unless we extend the offer.

Conditions to the Exchange Offer

The exchange offer is subject to limited, customary conditions, which we may waive.

Procedures for Tendering Outstanding Notes If you wish to accept the exchange offer, you must deliver to the exchange agent, before the expiration of the exchange offer:

either a completed and signed letter of transmittal or, for Outstanding Notes tendered electronically, an agent's message from The Depository Trust Company (DTC), Euroclear or Clearstream stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer,

your Outstanding Notes, either by tendering them in physical form or by timely confirmation of book-entry transfer through DTC, Euroclear or Clearstream, and

all other documents required by the letter of transmittal.

If you hold Outstanding Notes through DTC, Euroclear or Clearstream, you must comply with their standard procedures for electronic tenders, by which you will agree to be bound by the letter of transmittal.

By signing, or by agreeing to be bound by, the letter of transmittal, you will be representing to us that:

you will be acquiring the Exchange Notes in the ordinary course of your business,

you have no arrangement or understanding with any person to participate in the distribution of the Exchange Notes, and

you are not our affiliate as defined under Rule 405 of the Securities Act.

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See The Exchange Offer Procedures for Tendering.

Guaranteed Delivery Procedures for Tendering Outstanding Notes

If you cannot meet the expiration deadline or you cannot deliver your Outstanding Notes, the letter of transmittal or any other documentation to comply with the applicable procedures under DTC, Euroclear or Clearstream standard operating procedures for electronic tenders in a timely fashion, you may tender your notes according to the guaranteed delivery procedures set forth under The Exchange Offer Guaranteed Delivery Procedures.

Special Procedures for Beneficial Holders

If you beneficially own Outstanding Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender in the exchange offer, you should contact that registered holder promptly and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your Outstanding Notes, either arrange to have the Outstanding Notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Acceptance of Outstanding Notes and Delivery of Exchange Notes

We will accept any Outstanding Notes that are properly tendered for exchange before 5:00 p.m., New York City time, on the day this exchange offer expires. The Exchange Notes will be delivered promptly after expiration of this exchange offer.

Exchange Date

We will notify the exchange agent of the date of acceptance of the Outstanding Notes for exchange.

Withdrawal Rights

If you tender your Outstanding Notes for exchange in this exchange offer and later wish to withdraw them, you may do so at any time before 5:00 p.m., New York City time, on the day this exchange offer expires.

Consequences if You Do Not Exchange Your Outstanding Notes

Outstanding notes that are not tendered in the exchange offer or are not accepted for exchange will continue to bear legends restricting their transfer. You will not be able to sell the Outstanding Notes unless:

an exemption from the requirements of the Securities Act is available to you,

we register the resale of Outstanding Notes under the Securities Act,
or

the transaction requires neither an exemption from nor registration
under the requirements of the Securities Act.

After the completion of the exchange offer, we will no longer have any
obligation to register the Outstanding Notes, except in limited
circumstances.

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Accrued Interest on the Outstanding Notes	Any interest that has accrued on an Outstanding Note before its exchange in this exchange offer will be payable on the Exchange Note on the first interest payment date after the completion of this exchange offer.
United States Federal Income Tax Considerations	The exchange of the Outstanding Notes for the Exchange Notes generally will not be a taxable event for United States federal income tax purposes. See Material United States Federal Income Tax Considerations.
Exchange Agent	Wells Fargo Bank, N.A.
Use of Proceeds	We will not receive any cash proceeds from this exchange offer. See Use of Proceeds.
Registration Rights Agreement	When we issued the Outstanding Notes on May 17, 2016, we entered into a registration rights agreement with the initial purchasers of the Outstanding Notes. Under the terms of the registration rights agreement, we agreed to use our reasonable best efforts to file and to cause to become effective a registration statement, within 210 and 270 days of such date, respectively, with respect to an offer to exchange the Outstanding Notes for other freely tradable notes issued by us and that are registered with the Commission and that have substantially identical terms as the Outstanding Notes by certain specified dates. Under the terms of the registration rights agreement, we became obligated to pay additional interest on the Outstanding Notes until the effective date of the registration statement of which this prospectus forms a part. See Registration Rights Agreement.
Accounting Treatment	We will not recognize any gain or loss for accounting purposes upon the completion of the exchange offer in accordance with generally accepted accounting principles. See The Exchange Offer Accounting Treatment.

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SUMMARY OF THE TERMS OF THE EXCHANGE NOTES

The Exchange Notes will be identical to the Outstanding Notes except that:

the Exchange Notes will be registered under the Securities Act and therefore will not bear legends restricting their transfer; and

specified rights under the registration rights agreement, including the provisions providing for registration rights and the payment of additional interest in specified circumstances, will be limited or eliminated.

The Exchange Notes will evidence the same debt as the Outstanding Notes and the same indenture will govern both the Outstanding Notes and the Exchange Notes. For a more complete understanding of the Exchange Notes, please refer to the section of this prospectus entitled Description of Exchange Notes.

Issuer	Cleco Corporate Holdings LLC (successor to Cleco Corporation)
Notes Offered	<p>\$885 million aggregate principal amount of Exchange Notes consisting of:</p> <p style="padding-left: 40px;">\$535 million aggregate principal amount of 2026 Exchange Notes, and</p> <p style="padding-left: 40px;">\$350 million aggregate principal amount of 2046 Exchange Notes,</p> <p>ranking pari passu to one another.</p>
Interest Rate	2026 Notes: 3.743% per annum, and 2046 Notes: 4.973% per annum.
Maturity Date	The 2026 Notes will mature on May 1, 2026 and the 2046 Notes will mature on May 1, 2046, unless such series of Notes are redeemed in whole as described below under Description of the Exchange Notes Optional Redemption.
Interest Payment Dates	May 1 and November 1 of each year, with the next payment due on May 1, 2017.

Optional Redemption

At any time and from time to time prior to February 1, 2026 in the case of the 2026 Notes or November 1, 2045 in the case of the 2046 Notes, we may, at our option, redeem the Notes in whole or in part, at any time, at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes then outstanding to be redeemed and (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed that would be due if such Notes matured on February 1, 2026 in the case of the 2026 Notes and November 1, 2045 in the case of the 2046 Notes (not including any portion of such interest payments accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points for the 2026 Notes and plus 40 basis points for the 2046 Notes, respectively, plus in either case, accrued and unpaid interest, including additional interest, thereon to, but excluding, the date of redemption.

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At any time on or after February 1, 2026 in the case of the 2026 Notes or November 1, 2045 in the case of the 2046 Notes, we may, at our option, redeem the Notes, in whole or in part, at 100% of the principal amount being redeemed plus accrued and unpaid interest thereon to, but excluding, the redemption date.

Ranking

The Notes will, until the Collateral Release Date (as defined below), be our senior secured obligations and will:

rank pari passu in right of payment with all of the Issuer's existing and future senior indebtedness, but to the extent of the value of the collateral securing the Notes (the Collateral) will be effectively senior to all of our unsecured senior indebtedness (as of the date hereof, the Issuer's other outstanding secured indebtedness consisted of 3.250% Senior Notes and the Term Loan);

be senior in right of payment to any of the Issuer's future subordinated indebtedness; and

be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of the Issuer's subsidiaries, including Cleco Power.

On and after the Collateral Release Date, the Notes will be our senior unsecured obligations and will:

rank pari passu in right of payment with all of our existing and future senior unsecured and unsubordinated indebtedness;

be effectively subordinated to all existing and future secured indebtedness of ours to the extent of the value of the collateral securing such indebtedness;

be senior in right of payment to any of our future subordinated indebtedness; and

be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of the Issuer's subsidiaries, including Cleco Power.

As of December 31, 2016, we had approximately \$1,347.7 million of senior secured debt outstanding, including the Outstanding Notes. As of December 31, 2016, Cleco Power and its subsidiaries had approximately \$1,254.8 million of debt outstanding.

Collateral

The Notes will, until the Collateral Release Date, be secured on a first-lien basis by the same assets that secure the Revolving Credit Facility, 3.250% Senior Notes, and the Term Loan, which assets consist principally of 100% of the limited liability company membership interests in Cleco Power and 100% of any loans made by the Issuer to Cleco Power from time to time. See Description of the Exchange Notes Security.

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The Collateral is subject to important limitations. For more information, see Risk Factors Risks relating to the Notes The Collateral securing the Notes is limited in nature, and the proceeds from the Collateral may be inadequate to satisfy payments on the Notes.

Collateral Release Date

On the date on which we have retired all of our indebtedness that is secured by the Collateral, other than the Notes (the Collateral Release Date), the Notes will become unsecured and rank equally with all of our other unsecured senior indebtedness. The Collateral Release Date is not expected to occur before May 1, 2023, unless prior to such date we repurchase, amend or otherwise retire our indebtedness that is secured by the Collateral (other than the Notes).

Intercreditor

The trustee under the indenture and the administrative agent under the Senior Secured Credit Facilities entered into the collateral agency and intercreditor agreement (the Intercreditor) as to the equal priorities of their entitlement, and the entitlement of holders of additional obligations permitted to be secured by liens on the Collateral, to proceeds of such Collateral, to set forth the relative rights of such parties to the exercise of rights and remedies in respect of the Collateral and certain other matters relating to the administration of security interests. See Description of the Exchange Notes Security Intercreditor Arrangements.

Change of Control

Upon the occurrence of a Change of Control Repurchase Event, each holder of the Notes will have the right, at the holder's option, to require us to repurchase all or any part of the holder's Notes at a purchase price in cash equal to 101% of the principal thereof, plus accrued and unpaid interest, including additional interest, if any, to the date of such purchase in accordance with the procedures set forth in the indenture. See Description of the Exchange Notes Purchase of Notes Upon Change of Control Repurchase Event.

Events of Default

For a discussion of events that may result in the acceleration of the payment of the principal of and accrued interest on the Notes, see Description of the Exchange Notes Events of Default.

Reopening of Notes

We may from time to time, without the consent of the existing holders of the Notes, reopen any series of Notes which means we can create and issue further Notes of any series (any such Notes, Additional Notes) having the same terms and conditions as the Notes of such series offered hereby in all respects (except for the offering price and issue date); provided that such Additional Notes are fungible with the previously issued and outstanding Notes for United States federal income tax

purposes. Additional Notes will be consolidated with, and form a single series with, the previously outstanding Notes of such series for all purposes under the indenture.

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No Guarantees or Credit Support	The obligations to pay the principal of, premium, if any, and interest on the Notes are solely the obligations of the Issuer, and none of Parent, the members of the consortium that own Parent, or any of our subsidiaries or other affiliates will guarantee or provide any credit support for the obligations under the Notes.
Minimum Denominations	\$2,000 and integral multiples of \$1,000 in excess thereof.
Form of Notes	The Notes will be issued in fully registered book-entry form and will be represented by one or more global certificates, which will be deposited with or on behalf of DTC and registered in the name of DTC's nominee. Beneficial interests in global certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, and your interest in any global certificate may not be exchanged for certificated Notes, except in limited circumstances described herein. See Description of the Exchange Notes Book-Entry; Delivery and Form.
Material Covenants	The indenture governing the Notes contains certain material covenants that, among other things, restrict the Issuer's ability to merge, consolidate or transfer or lease all or substantially all of our assets or create or incur liens. These covenants are subject to important exceptions and qualifications as described in this offering memorandum under the caption Description of the Exchange Notes Material Covenants.
No Public Market	We do not intend to list the Notes on any securities exchange or automated dealer quotation system. The Notes will be new securities for which there currently is no public market.
Trustee	Wells Fargo Bank, N.A.
Collateral Agent	Wells Fargo Bank, N.A.
Governing Law	The Notes, the indenture and the other documents for the offering of the Notes are governed by the laws of the State of New York.
Risk Factors	You should refer to the section entitled Risk Factors for a discussion of material risks that you should carefully consider before deciding to invest in the Notes.

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The following table shows summary consolidated financial information at the dates and for the periods indicated. The issuer of the Notes, Cleco Corporate Holdings LLC, is the successor to Cleco Corporation, and was converted from a Louisiana corporation to a Louisiana limited liability company in connection with the Transactions (as defined herein). The consolidated financial information prior to April 13, 2016 (the effective date of the conversion) below is historical financial information of Cleco Corporation and its consolidated subsidiaries.

The summary consolidated financial information for the five years ended December 31, 2016 is derived from our audited consolidated financial statements included in this prospectus. This information is only a summary. You should read it in conjunction with our historical financial statements and related notes included in this prospectus, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations.

	PREDECESSOR				SUCCESSOR	
	Fiscal Year Ended December 31,				Jan. 1, 2016	Apr. 13, 2016
	2012	2013	2014	2015	Apr. 12, 2016	Dec. 31, 2016
(in thousands unless otherwise indicated)						
Income statement data:						
Operating revenue, net	\$ 993,697	\$ 1,096,714	\$ 1,269,485	\$ 1,209,402	\$ 299,870	\$ 853,005
Operating expenses(1)	712,046	788,382	983,453	922,063	279,507	816,714
Operating income	281,651	308,332	286,032	287,339	20,363	36,291
Net income (loss)	163,648	160,685	154,739	133,669	(3,960)	(24,113)
Balance sheet and other data (at end of period):						
Cash and cash equivalents	31,020	28,656	44,423	68,246		23,077
Total assets	4,147,349	4,215,262	4,368,418	4,323,354		6,343,144
Long-term debt, net(2)	1,257,258	1,315,500	1,338,998	1,267,703		2,738,571
Shareholders' / Members' equity	1,499,213	1,586,197	1,627,270	1,674,841		2,046,763
Cash flow statement data:						
Net cash provided by operating activities	263,105	341,690	335,169	361,022	129,780	51,322
Net cash used in investing activities	(299,164)	(236,216)	(246,514)	(167,951)	(36,811)	(161,145)
Net cash (used in) provided by financing activities	(96,497)	(107,838)	(72,888)	(169,248)	(40,855)	12,570
Other financial data (unaudited):						
Capital expenditures(3)	238,322	184,533	202,256	153,756	41,699	140,709
Adjusted EBITDA(4)	445,192	466,269	458,046	442,639	100,354	326,426
Ratio of earnings to fixed charges	3.59x	3.78x	3.91x	3.65x	*	*

Fiscal Year Ended December 31,

	2012	2013	2014	2015	2016
Key utility productivity indicators:					
Electricity sold (GWh)	10,614	10,960	12,397	11,871	11,659
Generation nameplate capacity (MW)(5)	2,565	2,565	3,340	3,333	3,310
Rate base (in billions)	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.7

- * Earnings were inadequate to cover fixed charges. The coverage deficiency was \$492 for the period January 1, 2016 to April 12, 2016 and \$46,935 for the period April 13, 2016 to December 31, 2016.
- (1) Includes merger transaction and commitment costs of \$174,696 for the period April 13, 2016 to December 31, 2016, \$34,912 for the period January 1, 2016 to April 12, 2016, \$4,591 for the year ended December 31, 2015, and \$17,848 for the year ended December 31, 2014. There were no merger transaction and commitment costs for the years ended December 31, 2013 and 2012.

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- (2) Represents long-term debt, net of unamortized discount and debt issuance costs, and excludes current portions of long-term debt.
- (3) Capital expenditures exclude the allowance for funds used during construction (AFUDC), which is the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used.
- (4) We define Adjusted EBITDA as the sum of (1) net income, (2) depreciation and amortization, (3) income tax expense, (4) interest expense and (5) other nonrecurring expenses related to the Merger (as defined herein). Adjusted EBITDA provides us with a measure of financial performance independent of items that are beyond the control of management in the short term, such as depreciation and amortization, taxation and interest expense, and unrealized gains or losses on derivative instruments. Adjusted EBITDA measures our financial performance based on operational factors that management can influence in the short term, namely the cost structure and expenses of the organization.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as comparative measures.

Adjusted EBITDA is not an alternative to net income, income from continuing operations, or cash flows provided by or used in operating activities as calculated and presented in accordance with GAAP. You should not rely on Adjusted EBITDA as a substitute for any such GAAP financial measure. We strongly urge you to review the reconciliation presented below, along with our consolidated statements of income, balance sheets, statements of comprehensive income and statements of cash flows. In addition, because Adjusted EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, Adjusted EBITDA as presented may differ from and may not be comparable to similarly titled measures used by other companies.

PREDECESSOR

SUCCESSOR

Fiscal Year Ended December 31,

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	2012	2013	2014	2015	Jan. 1, 2016 Apr. 12, 2016	Apr. 13, 2016 Dec. 31, 2016
	(in thousands)					
Net income	\$ 163,648	\$ 160,685	\$ 154,739	\$ 133,669	\$ (3,960)	\$ (24,113)
Interest expense, net	83,810	83,149	71,838	77,096	21,858	88,926
Income tax expense (benefit)	65,327	79,575	67,116	77,704	3,468	(22,822)
Depreciation and amortization	132,407	142,860	146,505	149,579	44,076	109,739
Other(a)			17,848	4,591	34,912	174,696
Adjusted EBITDA	\$ 445,192	\$ 466,269	\$ 458,046	\$ 442,639	\$ 100,354	\$ 326,426

(a) Represents expenses related to the Merger.

(5) Nameplate capacity is the capacity at the start of commercial operations.

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RISK FACTORS

In deciding whether to participate in the exchange offer, you should carefully consider the risks described below, which could cause our operating results and financial condition to be materially adversely affected, as well as other information and data included in this prospectus.

RISKS RELATED TO THE EXCHANGE OFFER

Holders who fail to exchange their Outstanding Notes will continue to be subject to restrictions on transfer and may have reduced liquidity after the exchange offer.

If you do not exchange your Outstanding Notes in the exchange offer, you will continue to be subject to the restrictions on transfer applicable to the Outstanding Notes. The restrictions on transfer of your Outstanding Notes arise because we issued the Outstanding Notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the Outstanding Notes if they are registered under the Securities Act and applicable state securities laws, or are offered and sold under an exemption from these requirements. We do not plan to register the Outstanding Notes under the Securities Act.

Furthermore, we have not conditioned the exchange offer on receipt of any minimum or maximum principal amount of Outstanding Notes. As Outstanding Notes are tendered and accepted in the exchange offer, the principal amount of remaining Outstanding Notes will decrease. This decrease could reduce the liquidity of the trading market for the Outstanding Notes. We cannot assure you of the liquidity, or even the continuation, of the trading market for the Outstanding Notes following the exchange offer.

For further information regarding the consequences of not tendering your Outstanding Notes in the exchange offer, see the discussions below under the captions **The Exchange Offer**, **Consequences of Failure to Properly Tender Outstanding Notes in the Exchange** and **Material United States Federal Income Tax Considerations**.

You must comply with the exchange offer procedures to receive Exchange Notes.

Delivery of Exchange Notes in exchange for Outstanding Notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

certificates for Outstanding Notes or a book-entry confirmation of a book-entry transfer of Outstanding Notes into the exchange agent's account at DTC, New York, New York as a depository, including an agent's message, as defined in this prospectus, if the tendering holder does not deliver a letter of transmittal;

a complete and signed letter of transmittal, or facsimile copy, with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message in place of the letter of transmittal; and

any other documents required by the letter of transmittal.

Therefore, holders of Outstanding Notes who would like to tender Outstanding Notes in exchange for Exchange Notes should be sure to allow enough time for the necessary documents to be timely received by the exchange agent. We are

not required to notify you of defects or irregularities in tenders of Outstanding Notes for exchange. Outstanding notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and will no longer have the registration and other rights under the registration rights agreement. See The Exchange Offer Procedures for Tendering and The Exchange Offer Consequences of Failures to Properly Tender Outstanding Notes in the Exchange.

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Some holders who exchange their Outstanding Notes may be deemed to be underwriters, and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction. If you exchange your Outstanding Notes in the exchange offer for the purpose of participating in a distribution of the Exchange Notes, you may be deemed to have received restricted securities. If you are deemed to have received restricted securities, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

RISKS RELATING TO THE EXCHANGE NOTES

The Exchange Notes will be structurally subordinated to claims of creditors of Cleco Power and our other subsidiaries.

The Exchange Notes will be structurally subordinated to indebtedness and other liabilities of Cleco Power and our other subsidiaries. As of December 31, 2016, Cleco Power and its subsidiaries had approximately \$1,254.8 million of debt outstanding. Any right that we have pursuant to our equity interest in Cleco Power to receive any assets of Cleco Power upon the liquidation or reorganization of Cleco Power, and the consequent rights of holders of the Exchange Notes to realize proceeds from the sale of Cleco Power's assets, will effectively be subordinated to the claims of Cleco Power's creditors, including trade creditors. Accordingly, in the event of a bankruptcy, liquidation or reorganization of Cleco Power, Cleco Power will pay the holders of its indebtedness and its trade creditors before it will be able to distribute any of its assets to us on account of our equity interest in Cleco Power. The security interest in the pledged stock of Cleco Power will not alter the subordination of the Exchange Notes to the claims of creditors of Cleco Power.

The Collateral securing the Exchange Notes is limited in nature, and the proceeds from the Collateral may be inadequate to satisfy payments on the Notes.

The Collateral securing the Exchange Notes is limited in nature. The Exchange Notes will only be secured on a first-lien basis by 100% of the limited liability company membership interests in Cleco Power and all indebtedness, if any, owed by Cleco Power to Issuer from time to time. The Exchange Notes will not be secured by any of our other assets or the assets of our subsidiaries. Because the Exchange Notes are not secured by all of our assets, if an event of default occurs and the Exchange Notes are accelerated, the Exchange Notes will rank equal in right of payment with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such unencumbered assets.

At the closing of this offering, the Collateral securing the Exchange Notes will consist solely of the limited liability company membership interests of Cleco Power. To the extent that Cleco Power subsequently issues debt in favor of the Issuer in the future, the Issuer may need to seek approval from the LPSC prior to pledging such debt as Collateral securing the Exchange Notes. If the Issuer is required to seek LPSC approval to pledge such indebtedness as Collateral, there can be no assurance that the Issuer will obtain such approval.

The value of the Collateral will depend on market and economic conditions at the time, the availability of buyers and other factors beyond our control. The proceeds of any sale of the Collateral following a default by us may not be sufficient to satisfy the amounts due on the Exchange Notes. No appraisal of the fair market value of the Collateral has been prepared in connection with this offering, and the value of the interest of the holders of the Exchange Notes in the Collateral may not equal or exceed the principal amount of the Exchange Notes. The Collateral is by its nature illiquid, subject to regulatory-based restrictions on transferability, and therefore may not be able to be sold in a short period of time or at all.

In addition, the indenture and the credit agreement governing our Senior Secured Credit Facilities permit us in certain circumstances to incur additional debt secured equally and ratably by the Collateral. Therefore, the value of the Collateral may be inadequate to satisfy the amounts due under our secured indebtedness, including our Senior Secured Credit Facilities, the Notes, the 3.250% Senior Notes, the Term Loan and any future indebtedness secured by the Collateral.

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The Exchange Notes will become unsecured on the Collateral Release Date.

We may decide to retire all of our indebtedness which is secured by the Collateral other than the Notes. If we opt to retire such indebtedness, on such date, which we refer to herein as the Collateral Release Date, the Exchange Notes will become unsecured and rank equally with all of our other unsecured senior indebtedness. The Collateral Release Date is not expected to occur May 1, 2023, unless prior to such date we repurchase, amend or otherwise retire our indebtedness that is secured by the Collateral (other than the Notes). On and after the Collateral Release Date, the Exchange Notes will be our senior unsecured obligations and will: (a) rank *pari passu* in right of payment with all of our existing and future senior indebtedness; (b) be effectively subordinated to all existing and future secured indebtedness of ours to the extent of the value of the collateral securing such indebtedness; (c) be senior in right of payment to any of our future subordinated indebtedness; and (d) be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of the Issuer's subsidiaries, including Cleco Power.

It may be difficult to realize the value of the Collateral securing the Exchange Notes.

The collateral agent's ability to foreclose on the Collateral on behalf of the holders of the Exchange Notes may be subject to perfection, the consent of third parties, regulatory approvals, priority issues and other practical problems associated with the realization of the collateral agent's security interest in the Collateral. We cannot assure holders of the Exchange Notes that any consents or approvals will be given if required and, therefore, the collateral agent may not have the ability to foreclose upon those assets or assume or transfer the right to those assets.

For example, the collateral agent's ability to exercise its remedies with respect to the Collateral may be subject to regulatory approval, including authorization by the Federal Energy Regulatory Commission under the Federal Power Act and the authorization of the LPSC. Prior to allowing the collateral agent to foreclose on the Collateral, the LPSC may require a finding that the change of control (i) will not adversely affect reliable service at reasonable rates, (ii) will not cause Cleco Power to be made financially unsound and (iii) is in the public interest.

In addition, bankruptcy laws may limit the ability of the collateral agent to realize value from the Collateral. The right of the collateral agent to repossess and dispose of the Collateral upon the occurrence of an event of default under the indenture is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy case were to be commenced by or against us. Under applicable bankruptcy law, secured creditors such as the holders of the Exchange Notes would be prohibited from foreclosing upon or disposing of a debtor's property without prior bankruptcy court approval.

The indenture permits us to incur additional debt.

The indenture governing the Exchange Notes does not place any limitation on the amount of debt that may be incurred by us or Cleco Power. We may therefore incur a significant amount of additional debt, including secured debt secured equally and ratably by the Collateral, as described under "Description of the Exchange Notes Security." Cleco Power may also incur additional debt, which could affect its ability to pay dividends to us. The incurrence of additional debt may have important consequences for holders of the Exchange Notes, including making it more difficult for us to satisfy our obligations with respect to the Exchange Notes, a loss in the trading value of the Exchange Notes, if any, and a risk that the credit rating of the Exchange Notes is lowered or withdrawn.

We may incur additional indebtedness that may share in the liens on the Collateral securing the Exchange Notes, which will dilute the value of the Collateral.

The Collateral also secures (i) the 3.250% Senior Notes and the Term Loan, which represent an aggregate of \$465.0 million of indebtedness at December 31, 2016, and (2) our \$100.0 million Revolving Credit Facility,

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under which our outstanding borrowings at December 31, 2016 were zero. Under the terms of the indenture governing the Exchange Notes, we also will be permitted in the future to incur additional indebtedness and other obligations that may be secured by additional liens on the Collateral securing the Exchange Notes. Any additional obligations secured by a lien on the Collateral will dilute the value of the Collateral securing the Exchange Notes. See Description of the Exchange Notes Security.

The proceeds from the sale of all such Collateral may not be sufficient to satisfy the amounts outstanding under the Exchange Notes and all other indebtedness and obligations secured by such liens. If such proceeds were not sufficient to repay amounts outstanding under the Exchange Notes, then holders (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against our remaining assets, if any.

To the extent a security interest in any of the Collateral is created or perfected following the date of the issuance of the Exchange Notes, the security interest would remain at risk of being voided as a preferential transfer by a collateral agent in bankruptcy or being subject to the liens of intervening creditors.

The Exchange Notes will be secured only to the extent of the value of the assets that have been granted as security for the Exchange Notes and, as a result, there may not be sufficient Collateral to pay all or any of the Exchange Notes.

The Collateral has not been appraised in connection with this offering. The value of the Collateral and the amount that may be received upon a sale of the Collateral will depend upon many factors including, among others, the condition of the Collateral and of the electric transmission, distribution and generation and natural gas distribution industries, the ability to sell the Collateral in an orderly sale, the condition of the international, national and local economies, the availability of buyers and similar factors. By its nature, the Collateral is illiquid and may have no readily ascertainable market value. Liquidation of the Collateral will be subject to regulatory approval, including federal approval under the Federal Power Act and the approval of the LPSC.

Additionally, applicable law requires that every aspect of any foreclosure or other disposition of Collateral be commercially reasonable. If a court were to determine that any aspect of the collateral agent's exercise of remedies was not commercially reasonable, the ability of the Trustee and you to recover the difference between the amount realized through such exercise of remedies and the amount owed on the Exchange Notes may be adversely affected and, in the worst case, you could lose all claims for such deficiency amount.

The imposition of certain permitted liens could adversely affect the value of the Collateral.

The Collateral securing the Exchange Notes will be subject to liens permitted under the terms of the indenture governing the Exchange Notes, whether arising on or after the date the Exchange Notes are issued. The existence of any permitted liens could adversely affect the value of the Collateral securing the Exchange Notes, as well as the ability of the collateral agent to realize or foreclose on such Collateral. The Collateral that will secure the Exchange Notes also secures our obligations under our Senior Secured Credit Facilities, the 3.250% Senior Notes, and the Term Loan, and may also secure future indebtedness and other obligations of ours to the extent permitted by the indenture and the Security Documents (as defined herein under Description of Exchange Notes). Your rights to the Collateral would be diluted by any increase in the indebtedness secured by this Collateral. To the extent we incur any permitted liens, the liens of holders of the Exchange Notes may not be first priority.

You will have limited rights to enforce remedies under the Security Documents and the Intercreditor, and the Collateral may be released without your consent in certain circumstances.

A collateral agent has been appointed by the holders of the liens on the Collateral, and such collateral agent (directly or through co-agents or sub-agents) is authorized to enforce all liens on the Collateral on behalf of the authorized representatives for the holders of the obligations secured by liens on the Collateral, including holders

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of Exchange Notes. Under the terms of the Security Documents, subject to certain exceptions, for so long as the Senior Secured Credit Facilities remains outstanding, the collateral agent will pursue remedies, pursuant to the direction of the Required Secured Creditors (as defined in the Intercreditor), which may or may not be controlled by holders of the Exchange Notes, and take other action related to the Collateral, including the release thereof. Accordingly, during such time, the Required Secured Creditors will have a right to control all remedies and the taking of other actions related to the Collateral, including the release thereof, without the consent of the other holders and the Trustee under the indenture governing the Exchange Notes.

There are certain circumstances other than repayment or discharge of the Exchange Notes under which certain Collateral securing the Exchange Notes can be released without consent of the Trustee or the holders.

Under certain circumstances, the Collateral securing the Exchange Notes can be released without consent of the Trustee or the holders, including:

upon the date that we retire all of our indebtedness that is secured by the Collateral (other than the Notes), which is not expected to occur before May 1, 2023, unless prior to such date we repurchase, amend or otherwise retire our indebtedness that is secured by the Collateral (other than the Notes);

upon a sale or other disposition of such Collateral in a transaction permitted under the Intercreditor, the indenture and the credit agreement governing the Senior Secured Credit Facilities,

a release of less than a material portion of the Collateral, if the release of such liens on such Collateral has been approved, authorized or ratified by the Required Secured Creditors under the Intercreditor; or

as to a release of all or any material portion of the Collateral, if written consent to release of that Collateral has been given by the Unanimous Voting Parties (as defined in the Intercreditor) pursuant to the Intercreditor.

Any of these events will eliminate or reduce the aggregate value of the Collateral securing the Exchange Notes.

Your interest in the Collateral may be adversely affected by the failure to perfect security interests.

Your security interests will only be perfected with respect to the Collateral by the filing of financing statements. The limited liability company membership interests in Cleco Power are not certificated and will not be perfected through the possession of these security instruments. To the extent that the security interest in the Collateral is unperfected, the rights of holders with respect to the Collateral will be equal to the rights of our general unsecured creditors in the event of any bankruptcy filed by or against us under applicable U.S. federal bankruptcy laws.

Intervening creditors may have a perfected security interest in the Collateral.

The Collateral is subject to liens permitted under the terms of our credit agreement governing the Revolving Credit Facility and the indenture governing the Exchange Notes whether arising before, on or after the date the Exchange Notes are issued. There is a risk that there may be a creditor whose liens are permitted under our credit agreement governing the Revolving Credit Facility or the indenture governing the Exchange Notes, or an intervening creditor

that has a perfected security interest in the Collateral securing the Exchange Notes. If there is such an intervening creditor, the lien of such creditor, whether or not permitted under our credit agreement governing the Revolving Credit Facility or the indenture governing the Exchange Notes, may be entitled to a higher priority than the liens securing the Exchange Notes. The existence of any liens securing obligations owed to intervening creditors, including liens permitted under our credit agreement governing the Revolving Credit Facility or the indenture governing the Exchange Notes and incurred or perfected prior to the liens securing the Exchange Notes, could adversely affect the value of the Collateral securing the Exchange Notes, as well as the ability of the collateral agent to realize or foreclose on such Collateral.

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The Collateral will also be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be permitted by the Revolving Credit Facility or the indenture governing the Exchange Notes. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral that will secure the Exchange Notes, as well as the ability of the collateral agent to realize or foreclose on the Collateral for the benefit of holders.

Rights of holders in the Collateral may be adversely affected by bankruptcy proceedings.

The right and ability of the collateral agent for the holders to repossess and dispose of the Collateral securing the Exchange Notes upon an event of default is likely to be significantly impaired by U.S. federal bankruptcy law if bankruptcy proceedings are commenced by or against us prior to, or possibly even after, the collateral agent has repossessed and disposed of the Collateral. Under the U.S. Bankruptcy Code, a secured creditor, such as the collateral agent for the holders, is prohibited from repossessing Collateral from a debtor in a bankruptcy case, or from disposing of Collateral repossessed from a debtor, without bankruptcy court approval. Moreover, bankruptcy law permits the debtor to continue to retain and to use Collateral, and the proceeds, products, rents or profits of the Collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the Collateral and may include cash payments or the granting of additional security, if and at such time as the court in its discretion determines, for any diminution in the value of the Collateral as a result of the stay of repossession or disposition or any use of the Collateral by the debtor during the pendency of the bankruptcy case.

In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the Exchange Notes could be delayed following commencement of a bankruptcy case, whether or when the collateral agent could repossess or dispose of the Collateral, or whether or to what extent holders would be compensated for any delay in payment of loss of value of the Collateral through the requirements of adequate protection.

Furthermore, in the event the bankruptcy court determines that the value of the Collateral is not sufficient to repay all amounts due on the Exchange Notes, holders would have undersecured claims as to the difference. U.S. federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys' fees for undersecured claims during the debtor's bankruptcy case.

Any future pledge of Collateral might be voidable in bankruptcy.

Any future pledge of Collateral in favor of the collateral agent for the holders, including pursuant to Security Documents delivered after the date of the indenture governing the Exchange Notes, might be voidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits holders to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or one year before commencement of a bankruptcy proceeding if the creditor that benefited from the guarantee or lien is an insider under the U.S. Bankruptcy Code.

Federal and state fraudulent transfer laws may permit a court to void the Exchange Notes, subordinate claims in respect of the Exchange Notes and require holders to return payments received and, if that occurs, you may not receive any payments on the Exchange Notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the Exchange Notes. Under U.S. federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may

vary from state to state, the delivery of the Exchange Notes could be voided as a fraudulent

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transfer or conveyance if (a) we issued the Exchange Notes or granted securing interests on assets with the intent of hindering, delaying or defrauding creditors or (b) we received less than reasonably equivalent value or fair consideration in return for either issuing the Exchange Notes or granting securing interests on assets and, in the case of (b) only, one of the following is also true at the time thereof:

we were insolvent or rendered insolvent by reason of the issuance of the Exchange Notes;

the issuance of the Exchange Notes left us with an unreasonably small amount of capital to carry on the business;

we intended to, or believed that we would, incur debts beyond our ability to pay such debts as they mature; or

we were a defendant in an action for money damages, or had a judgment for money damages docketed against us, in either case, after final judgment, the judgment is unsatisfied.

A court would likely find that we did not receive reasonably equivalent value or fair consideration for the Exchange Notes or granted securing interests on assets if we did not substantially benefit directly or indirectly from the issuance of the Exchange Notes or the granting of security interests. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise to retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not we were solvent at the relevant time or, regardless of the standard that a court uses, that the granting of security interests would not be further subordinated to our other debt. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

If a court were to find that the issuance of the Exchange Notes or granting of securing interests was a fraudulent transfer or conveyance, the court could void the payment obligation under the Exchange Notes or such securing interests, or further subordinate the Exchange Notes or such security interests to presently existing and future indebtedness of ours, or require holders to repay any amounts received with respect to such security interests. In the

event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the Exchange Notes. Further, the voidance of the Exchange Notes could result in an event of default with respect to our and our subsidiaries other debt that could result in acceleration of such debt.

The value of the Collateral may not be sufficient to secure post-petition interest.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, holders will only be entitled to post-petition interest under the U.S. Bankruptcy Code to the extent that the value of their respective security interests in their Collateral is greater than their respective pre-bankruptcy claims. Holders may be deemed to have an unsecured claim to the extent that the fair market value of the Collateral securing the Exchange Notes, together with the other obligations secured by the same lien, is less than the face amount of all obligations secured by the same lien. In such case, holders will not be entitled to post-petition interest under the U.S. Bankruptcy Code. Upon a finding by a bankruptcy court that the Exchange Notes are

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under-collateralized, the claims in the bankruptcy proceeding with respect to the Exchange Notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the Collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the unsecured portion of the Exchange Notes to receive other adequate protection under the U.S. Bankruptcy Code. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the Exchange Notes. No appraisal of the fair market value of the Collateral has been prepared in connection with the issuance of the Exchange Notes and, therefore, the value of the interests of holders in the Collateral may not equal or exceed the principal amount of the Exchange Notes and may not be sufficient to satisfy our obligations under all or any part of the Exchange Notes.

In addition, under most circumstances, while you share equally and ratably with the other secured parties in all proceeds from any realization on the Collateral, subject to certain exceptions, you will not control the rights and remedies with respect to the Collateral upon an event of default and the exercise of any such rights and remedies following such an event of default will be made by the collateral agent, acting at the direction of the administrative agent or the authorized representative of the largest outstanding debt secured by a *pari passu* lien on the Collateral.

We may not be able to repurchase the Exchange Notes upon a change in control or upon the exercise of the holders' options to require repurchase of the Exchange Notes.

Upon the occurrence of specific types of change in control events, holders will have the right to require us to repurchase the Exchange Notes at a purchase price in cash equal to 101% of the principal amount of the Exchange Notes, plus accrued and unpaid interest, including additional interest, if any. In the event that we experience a change in control that results in a repurchase of the Exchange Notes or requires us to repurchase the Exchange Notes, we may not have sufficient financial resources to satisfy all of our obligations under the Exchange Notes. In addition, restrictions under our Senior Secured Credit Facilities may not allow us to repurchase the Exchange Notes or otherwise refinance such indebtedness to satisfy our obligations.

Our principal equityholder's interests may conflict with yours.

Parent has voting ownership of all of the equity of the Company. As a result of its equity ownership, Parent will effectively be able to control the operations of the Company. Parent and its affiliates may invest in entities that directly or indirectly compete with us or companies in which they currently invest may begin competing with us. The interests of Parent could conflict with your interests. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of Parent might conflict with your interests as a holder of the Exchange Notes. Parent may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its respective judgment, could enhance its equity investment, even though such transactions might involve risks to you as a holder of the Exchange Notes.

The credit ratings assigned to the Exchange Notes may not reflect all risks of an investment in the Exchange Notes.

The credit ratings assigned to the Exchange Notes reflect the rating agencies' assessments of our ability to make payments on the Exchange Notes when due. Consequently, real or anticipated changes in these credit ratings will generally affect the market value of the Exchange Notes. These credit ratings, however, may not reflect the potential impact of risks related to structure, market or other factors related to the value of the Exchange Notes.

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An active trading market for the Notes may not develop.

There is currently no public market for the Notes, and we do not currently plan to list the Notes on any national exchange. In addition, the liquidity of any trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for such securities and by changes in our financial performance or prospects. A liquid trading market in the Exchange Notes may not develop.

The Exchange Notes will mature after a substantial portion of our other indebtedness.

Substantially all of our existing indebtedness will mature prior to the maturity date of the Exchange Notes. Therefore, we will be required to repay substantially all of our other creditors before we are required to repay a portion of the interest due on, and the principal of, the Exchange Notes. As a result, we may not have sufficient cash to repay all amounts owing on the Exchange Notes at maturity. There can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay or refinance such amounts.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

Corporate Structure

Cleco Holdings is a holding company and its ability to meet its debt obligations is dependent on the cash generated by its subsidiaries.

Cleco Holdings is a holding company and conducts its operations primarily through its subsidiaries. Accordingly, Cleco Holdings' ability to meet its debt obligations is largely dependent upon the cash generated by these subsidiaries. Cleco Holdings' subsidiaries are separate and distinct entities and have no obligations to pay any amounts due on Cleco Holdings' debt or to make any funds available for such payment. In addition, Cleco Holdings' subsidiaries' ability to make dividend payments or other distributions to Cleco Holdings may be restricted by their obligations to holders of their outstanding securities and to other general business creditors. Substantially all of Cleco's consolidated assets are held by Cleco Power. Cleco Holdings' right to receive any assets of any subsidiary, and therefore the right of its creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if Cleco Holdings were a creditor of any subsidiary, its rights as a creditor would be subordinated to any security interest in the assets of that subsidiary and any indebtedness of the subsidiary senior to that held by Cleco Holdings. Moreover, Cleco Power, Cleco Holdings' principal subsidiary, is subject to regulation by the LPSC, which may impose limits on the amount of dividends that Cleco Power may pay Cleco Holdings. The Merger Commitments provide for limitations on the amount of distributions that may be paid from Cleco Power to Cleco Holdings, depending on Cleco Power's common equity ratio and its corporate credit/issuer ratings. As a result, Cleco Power may be prohibited from making distributions to Cleco Holdings.

Hedging and Risk Management Activities

Cleco Power is subject to market risk associated with fuel cost hedges and FTRs.

Annually, Cleco Power receives Auction Revenue Rights, which can be converted to FTRs. FTRs provide a financial hedge to manage the risk of congestion cost in the Day-Ahead Energy Market. FTRs represent rights to congestion credits or charges along a path during a given timeframe for a certain MW quantity. Cleco Power may purchase additional FTRs to further hedge its congestion cost risk.

Cleco Power may enter into fuel cost hedge positions to mitigate the volatility in fuel costs passed through to its retail customers. When these positions close, actual gains or losses are deferred and included in the FAC in the month the physical contract settles. Recovery of any of these FAC costs is subject to, and may be disallowed as part of, a prudence review or a periodic fuel audit conducted by the LPSC. In June 2015, the LPSC approved a long-term natural gas hedging pilot program requiring Cleco Power to establish a proposal for a long-term natural gas procurement program that will be designed to provide gas price stability for a minimum of five years. The proposal is currently scheduled to be submitted to the LPSC in the second half of 2017.

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Cleco Power manages its exposure to energy commodity activities by maintaining risk management policies and establishing and enforcing risk limits and risk management procedures. However, these risk limits and risk management procedures cannot eliminate all risk associated with these activities.

Financial derivatives reforms could increase the liquidity needs and costs of Cleco Power's commercial trading operations.

In July 2010, Congress enacted the Dodd-Frank Act to reform financial markets. This legislation significantly altered the regulation of over-the-counter (OTC) derivatives, including commodity swaps that could be used by Cleco Power to hedge and mitigate commodities risk. The Dodd-Frank Act increases regulatory oversight of OTC energy derivatives, including (1) requiring standardized OTC derivatives to be traded on registered exchanges regulated by the Commodity Futures Trading Commission (CFTC), (2) imposing new and potentially higher capital and margin requirements, and (3) authorizing the establishment of overall volume and position limits. These requirements could cause Cleco Power's future OTC transactions to be more costly and have an adverse effect on its liquidity due to additional capital requirements. In addition, by standardizing OTC products, these reforms could limit the effectiveness of Cleco Power's hedging programs because Cleco Power would have less ability to tailor OTC derivatives to match the precise risk it is seeking to protect. The law gives the CFTC authority to exempt end users of energy commodities. Cleco Power would qualify for the end-user exemption which reduces but does not eliminate the applicability of these measures. Management continues to monitor this law and its possible impacts on Cleco.

Regulatory Compliance

Cleco operates in a highly regulated environment and adverse regulatory decisions or changes in applicable regulations could have a material adverse effect on Cleco's business or result in significant additional costs.

Cleco's business is subject to extensive federal, state, and local energy, environmental, and other laws and regulations. The LPSC regulates Cleco's retail operations and FERC regulates Cleco's wholesale operations. The construction, planning, and siting of Cleco's power plants and transmission lines also are subject to the jurisdiction of the LPSC and FERC. Additional regulatory authorities have jurisdiction over some of Cleco's operations and construction projects including the EPA, the U.S. Bureau of Land Management, the U.S. Fish and Wildlife Services, the DOE, the U.S. Army Corps of Engineers, the U.S. Department of Homeland Security, the Occupational Safety and Health Administration, the U.S. Department of Transportation, the U.S. Department of Agriculture, the U.S. Bureau of Economic Analysis, the Federal Communications Commission, the LDEQ, the Louisiana Department of Health and Hospitals, the Louisiana Department of Natural Resources, the Louisiana Department of Public Safety, the Louisiana Department of Agriculture, the Louisiana Bureau of Economic Analysis, regional water quality boards, and various local regulatory districts.

Cleco must periodically apply for licenses and permits from these various regulatory authorities and abide by their respective orders. Should Cleco be unsuccessful in obtaining necessary licenses or permits or should these regulatory authorities initiate any investigations or enforcement actions or impose penalties or disallowances on Cleco, Cleco's business could be adversely affected. Existing regulations may be revised or reinterpreted and new laws and regulations may be adopted or become applicable to Cleco or Cleco's facilities in a manner that may have a material adverse effect on Cleco's business or result in significant additional costs due to Cleco's need to comply with those requirements.

As a result of the Merger, Cleco Holdings and Cleco Power made Merger Commitments to the LPSC including but not limited to the extension of Cleco Power's current FRP for an additional two years, maintaining employee headcount, salaries, and benefits for ten years, and a limitation from incurring additional long-term debt, excluding

non-recourse debt, unless certain financial ratios are achieved. A report on the status of the Merger Commitments must be filed annually by October 31 for the 12-month period ended June 30.

On April 8, 2016, the LPSC issued Docket No. R-34026 to investigate the double leveraging issues for all LPSC-jurisdictional utilities whereby double leveraging is utilized to fund a utility's capital structure, and to

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consider whether any costs associated with such double leveraging should be included in the rates paid by the utility's retail ratepayers. Cleco Power has intervened in this proceeding, along with other Louisiana utilities. On April 8, 2016, the LPSC also issued Docket No. R-34029 to investigate the tax structure issues for all LPSC-jurisdictional utilities to consider whether only the state and federal taxes included in a utility's retail rate will be those that do not exceed the utility's share of the actual taxes paid to those federal and state taxing authorities. Cleco Power filed a motion to intervene in this proceeding along with other Louisiana utilities. On October 4, 2016, Cleco received the first set of data requests from the LPSC Staff for each of the above mentioned dockets. Cleco has filed responses to the non-confidential requests and is waiting on the completion of a confidentiality agreement to respond to the confidential requests. Cleco anticipates the completion of this agreement in the second quarter of 2017. If the LPSC were to disallow such costs incurred by the utility to be included in retail rates, such disallowance could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Transmission Constraints

Transmission constraints could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Energy prices in the MISO market are based on LMP, which includes a component directly related to power flow congestion on the transmission system. Pricing zones with congested power delivery will typically incur a higher LMP. Physical transmission constraints present in the MISO market could increase energy costs within Cleco Power's pricing zones. Cleco Power purchases FTRs to mitigate the transmission congestion price risks. However, insufficient FTR allocations or increased FTR costs due to negative congestion flows may result in an unexpected increase in energy costs to Cleco Power's customers. If a disallowance of additional fuel costs associated with congestion is ordered resulting in a refund, any such refund could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

LPSC Audits

The LPSC conducts fuel audits that could result in Cleco Power making substantial refunds of previously recorded revenue.

Generally, fuel and purchased power expenses are recovered through the LPSC-established FAC, that enables Cleco Power to pass on to its customers substantially all such charges. Recovery of FAC costs is subject to periodic fuel audits by the LPSC. The LPSC FAC General Order issued in November 1997, in Docket No. U-21497 provides that an audit will be performed at least every other year.

Cleco Power currently has FAC filings for 2016 subject to audit. Management is unable to predict or give a reasonable estimate of the possible range of the disallowance, if any, related to these filings. If a disallowance of fuel costs is ordered, resulting in a refund, any such refund could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

The LPSC conducts audits of environmental costs that could result in Cleco Power making substantial refunds of previously recorded revenue.

In July 2009, the LPSC issued Docket No. U-29380 Subdocket A, which provides for an EAC to recover from customers certain costs of environmental compliance. The costs eligible for recovery are prudently incurred air emissions credits associated with complying with federal, state, and local air emission regulations that apply to the generation of electricity reduced by the sale of such allowances. Also eligible for recovery are variable emission

mitigation costs, which are the costs of reagents such as ammonia and limestone that are a part of the fuel mix used to reduce air emissions, among other things. Cleco Power began incurring additional environmental compliance expenses beginning in the second quarter of 2015 for reagents associated with compliance with MATS. These expenses are eligible for recovery through Cleco Power's EAC and subject to periodic review by the LPSC.

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Cleco Power currently has EAC filings for 2016 subject to audit. Management is unable to predict or give a reasonable estimate of the possible range of the disallowance, if any, related to these filings. If a disallowance of environmental costs is ordered resulting in a refund, any such refund could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Commodity Prices

Cleco Power is subject to the fluctuation in the market prices of fuel or reagent commodities which may increase the cost of producing power.

Cleco Power purchases natural gas, petroleum coke, lignite, coal, and limestone under fuel supply contracts and on the spot market. Historically, the markets for natural gas and petroleum coke have been volatile and are likely to remain volatile in the future. Cleco Power's retail and wholesale rates include an FAC that enables it to adjust rates for monthly fluctuations in the cost of fuel and purchased power. However, recovery of any of these LPSC FAC costs is subject to, and may be disallowed as part of, a prudency review or a periodic fuel audit conducted by the LPSC.

Global Economic Environment and Uncertainty; Access to Capital

Adverse capital market performance could result in reductions in the fair value of benefit plan assets and increase the Company's liabilities related to such plans. Sustained declines in the fair value of the plan's assets or sustained increases in plan liabilities could result in significant increases in funding requirements, which could adversely affect the Company's liquidity and results of operations.

Performance of the capital markets affects the value of assets that are held in trust to satisfy future obligations under Cleco's defined benefit pension plan. Sustained adverse market performance could result in lower rates of return for these assets than projected by Cleco and could increase Cleco's funding requirements related to the pension plan. Additionally, changes in interest rates affect the present value of Cleco's liabilities under the pension plan. As interest rates decrease, Cleco's liabilities increase, potentially requiring additional funding. Adverse changes in assumptions or adverse actual events could cause additional minimum contributions.

Inflation

Annual inflation rates, as measured by the U.S. Consumer Price Index, have averaged 1% during the three years ended December 31, 2016. Cleco believes inflation at this level does not materially affect its results of operations or financial condition. However, under established regulatory practice, historical costs have traditionally formed the basis for recovery from customers. As a result, Cleco Power's future cash flows designed to provide recovery of historical plant costs may not be adequate to replace property, plant, and equipment in future years.

Disruptions in the capital and credit markets may adversely affect the Cleco's cost of capital and ability to meet liquidity needs or access capital to operate and grow the business.

Cleco's business is capital intensive and dependent upon its respective ability to access capital at reasonable rates and other terms. Cleco's liquidity needs could significantly increase in the event of a hurricane or other weather-related or unforeseen disaster or when there are spikes in the price for natural gas and other commodities. The occurrence of one or more contingencies, including a delay in regulatory recovery of fuel, purchased power, or storm restoration costs; higher than expected required pension contributions; an acceleration of payments or decreased credit lines; less cash flow from operations than expected; or other unexpected events, could cause the financing needs of Cleco to increase.

Events beyond Cleco's control, such as volatility and disruption in global capital and credit markets, may create uncertainty that could increase their cost of capital or impair their ability to access the capital markets,

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including the ability to draw on their respective bank credit facilities. Cleco is unable to predict the degree of success they will have in renewing or replacing their respective credit facilities as they come up for renewal. Moreover, the size, terms, and covenants of any new credit facilities may not be comparable to, and may be more restrictive than, existing facilities. If Cleco is unable to access the credit and capital markets on terms that are reasonable, they may have to delay raising capital, issue shorter-term securities, and/or bear an unfavorable cost of capital, which, in turn, could have a material adverse effect on Cleco's ability to fund capital expenditures or to service debt, or on Cleco's flexibility to react to changing economic and business conditions.

Future Electricity Sales

Cleco Power's future electricity sales and corresponding base revenue and cash flows could be adversely affected by general economic conditions.

General economic conditions can negatively impact the businesses of Cleco Power's residential, industrial, and commercial customers resulting in decreased power consumption, which causes a corresponding decrease in base revenue. Reduced production or the shutdown of any of these customers' facilities could substantially reduce Cleco Power's base revenue.

Energy conservation, energy efficiency efforts, and other factors that reduce energy demand could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Regulatory and legislative bodies have proposed or introduced requirements and incentives to reduce peak energy consumption. Conservation and energy efficiency programs are designed to reduce energy demand. Future electricity sales could be impacted by customers switching to alternative sources of energy, such as solar and wind, on-site power generation, and retail customers purchasing less electricity due to increased conservation efforts or expanded energy efficiency measures. Declining usage could result in an under-recovery of fixed costs at Cleco Power's rate regulated business. Macroeconomic factors resulting in low economic growth or contraction within Cleco's service territories could also reduce energy demand. An increase in energy conservation, energy efficiency efforts, and other efforts that reduce energy demand could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco Power's Generation, Transmission, and Distribution Facilities

Cleco Power's generation facilities are susceptible to unplanned outages, significant maintenance requirements, and interruption of fuel deliveries.

The operation of power generation facilities involves many risks, including breakdown or failure of equipment, fuel supply interruption, and performance below expected levels of output or efficiency. Approximately 25% of Cleco Power's net capacity was constructed before 1980. Aging equipment, even if maintained in accordance with good engineering practices, may require significant expenditures to operate at peak efficiency, or to comply with environmental permits. Newer equipment can also be subject to unexpected failures. Accordingly, in the event of such failures, Cleco Power may incur more frequent unplanned outages, higher than anticipated operating and maintenance expenditures, higher replacement costs of purchased power, increased fuel costs, MISO related costs, and the loss of potential revenue related to competitive opportunities. The costs of such repairs, maintenance, and purchased power may not be fully recoverable and could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco Power's generating facilities are fueled primarily by coal, natural gas, petroleum coke, and lignite. The deliverability of these fuel sources may be constrained due to such factors as higher demand, decreased regional supply, production shortages, weather-related disturbances, railroad constraints, waterway levels, labor strikes, or lack of transportation capacity. If the suppliers are unable to deliver the contracted volume of fuel and associated inventories are depleted, Cleco Power may be unable to operate generating units which may cause Cleco Power to operate at higher overall energy costs, which would increase the cost to customers. Fuel and

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MISO procured/settled energy expenses, which are recovered from customers through the FAC, are subject to refund until either a prudency review or a periodic fuel audit is conducted by the LPSC.

Competition for access to other natural resources, particularly oil and natural gas, could negatively impact Cleco Power's ability to access its lignite reserves. Placement of drilling rigs and pipelines for developing oil and gas reserves can preclude access to lignite in the same areas, making the right of first access critical with respect to extracting lignite. Additionally, Cleco Power could be indirectly liable for the impacts of other companies' activities on lands that have been mined and reclaimed by Cleco Power. Access to lignite reserves or the liability for impacts on reclaimed lands may not be recoverable and could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

The construction of, and capital improvements to, power generation and transmission and distribution facilities involve substantial risks. Should construction or capital improvement efforts be significantly more expensive than planned, the financial condition, results of operations, or liquidity of Cleco Power could be materially affected.

Cleco Power's ability to complete construction of capital improvements to power generation and transmission and distribution facilities in a timely manner and within budget is contingent upon many variables and subject to substantial risks. These variables include, but are not limited to, engineering and project execution risk and escalating costs for materials, labor, and environmental compliance. Delays in obtaining permits, shortages in materials and qualified labor, suppliers and contractors not performing as set forth under their contracts, changes in the scope and timing of projects, inaccurate cost estimates, the inability to raise capital on favorable terms, changes in commodity prices affecting revenue, fuel or material costs, changes in the economy, changes in laws or regulations, including environmental compliance requirements, and other events beyond the control of Cleco Power may materially affect the schedule and cost of these projects. If these projects are significantly delayed or become subject to cost overruns or cancellation, Cleco Power could incur additional costs including termination payments, face increased risk of potential write-off of the investment in the project, or may not be able to recover such costs. Furthermore, failure to maintain various levels of generating unit availability or transmission and distribution reliability may result in various disallowances of Cleco Power's investments.

MISO

MISO market operations could have a material adverse effect on the results of operations, generation revenues, energy supply costs, financial condition, or cash flows of Cleco.

Cleco Power is a member of the MISO market region referred to as MISO South, which encompasses parts of Arkansas, Louisiana, Mississippi, and Texas. Dispatch of generation resources and generation volumes to the market is determined by MISO. Costs in the MISO South region are heavily influenced by commodity fuel prices, transmission congestion, dispatch of the generating assets owned not only by Cleco Power, but by all market participants in the MISO South region, and the overall demand and generation availability in the region.

MISO evaluates forced outage rates to assess generating unit capacity for planning reserve margins. If Cleco Power is subject to a significant amount of forced outages, Cleco Power may not possess sufficient planning reserves to serve its needs and could be forced to purchase capacity from the MISO resource adequacy auction. The costs of such capacity may not be recoverable and could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco. Using MISO's unforced capacity method for determining generating unit capacity, Cleco Power's fleet provided for 590 MW of capacity in excess of its peak, coincident to MISO's peak, in 2016.

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Reliability and Infrastructure Protection Standards Compliance

Cleco is subject to mandatory reliability and critical infrastructure protection standards. Fines and civil penalties are imposed on those who fail to comply with these standards.

NERC serves as the ERO with authority to establish and enforce mandatory reliability and infrastructure protection standards, subject to FERC approval, for users of the nation's transmission system. FERC enforces compliance with these standards. New standards are being developed and existing standards are continuously being modified.

As these standards continue to be adopted and modified, they may impose additional compliance requirements on Cleco Power, which may result in an increase in capital expenditures and operating expenses. Failure to comply with these standards can result in the imposition of material fines and civil penalties. Furthermore, failure to maintain various levels of generating unit availability or transmission and distribution reliability may result in various disallowances of Cleco Power's investments.

The SPP RE conducts a NERC Reliability Standards audit every three years. Cleco Power's next audit is scheduled to begin in April 2019. Management is unable to predict the outcome of this audit, or any future audits, or whether any findings will have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

The SPP RE also conducts a NERC Critical Infrastructure Protection audit every three years. Cleco Power's NERC Critical Infrastructure Protection audit began February 13, 2017. Management is unable to predict the outcome of this audit, or any future audits, or whether any findings will have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Environmental Compliance

Cleco's costs of compliance with environmental laws and regulations are significant. The costs of compliance with new environmental laws and regulations, as well as the incurrence of incremental environmental liabilities, could be significant to Cleco.

Cleco is subject to extensive environmental oversight by federal, state, and local authorities and is required to comply with numerous environmental laws and regulations related to air quality, water quality, waste management, natural resources, and health and safety. Cleco also is required to obtain and comply with numerous governmental permits in operating its facilities. Existing environmental laws, regulations, and permits could be revised or reinterpreted, and new laws and regulations could be adopted or become applicable to Cleco. For example, the EPA has issued the CPP to reduce CO₂ emissions from existing EGUs by 32% from 2005 levels of CO₂ emissions, however, on February 9, 2016, the U.S. Supreme Court issued orders staying implementation of the CPP pending resolution of challenges to the rule. As a result, the rule is not currently in force and its future is uncertain. These changes under the stayed plan would have environmental regulations governing power plant emissions effective beginning 2022, with final emission goals required by 2030, and, if implemented, could render some of Cleco's EGUs uneconomical to maintain or operate and could prompt early retirement of certain generation units. Any legal obligation that would require Cleco to substantially reduce its emissions beyond present levels could require extensive mitigation efforts and could raise uncertainty about the future viability of some fossil fuels as fuel for new and existing electric generating facilities. Cleco will evaluate potential solutions to comply with such regulations and monitor rulemaking and any legal matters impacting the proposed regulations. Cleco may incur significant capital expenditures or additional operating costs to comply with such revisions, reinterpretations, and new requirements. If Cleco were to fail to comply, it could be subject to civil or criminal liabilities and fines or may be forced to shut down or reduce production from its facilities. Cleco cannot predict the timing or the outcome of pending or future legislative and rulemaking proposals.

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Cleco Power may request from its customers recovery of its costs to comply with new environmental laws and regulations. If the LPSC were to deny Cleco Power's request to recover all or part of its environmental compliance costs, there could be a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco Power's Rates

The LPSC and FERC regulate the retail rates and transmission tariffs, respectively, that Cleco Power can charge its customers.

Cleco Power's ongoing financial viability depends on its ability to recover its costs in a timely manner from its LPSC-jurisdictional customers through LPSC-approved rates and its ability to recover its FERC-authorized revenue requirements from its FERC-jurisdictional transmission customers. Cleco Power's financial viability also depends on its ability to recover in rates an adequate return on capital, including long-term debt and equity. If Cleco Power is unable to recover any material amount of its costs in rates in a timely manner or recover an adequate return on capital, the results of operations, financial condition, or cash flows of Cleco could be materially adversely affected.

Cleco Power's revenues and earnings are substantially affected by regulatory proceedings known as rate cases or, in some cases, a request for extension of an FRP. During those cases, the LPSC determines Cleco Power's rate base, depreciation rates, operation and maintenance costs, and administrative and general costs that Cleco Power may recover from its retail customers through its rates. In some instances, the outcome of a rate case or request for extension of an FRP may impact wholesale decisions of Cleco Power. These proceedings may examine, among other things, the prudence of Cleco Power's operation and maintenance practices, level of subject expenditures, allowed rates of return, and previously incurred capital expenditures. The LPSC has the authority to disallow costs found not to have been prudently incurred. Rate cases generally have timelines of approximately one year, and decisions are typically subject to appeal, potentially leading to additional uncertainty. The transmission tariffs of Cleco Power are regulated by FERC with its own regulatory proceedings. Both the LPSC and FERC regulatory proceedings can involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, all of whom have differing concerns but who have the common objective of limiting rate increases or reducing rates.

Transmission rates that MISO transmission owners may collect are regulated by FERC. Two complaints were filed with FERC seeking to reduce the ROE component of the transmission rates that MISO transmission owners, including Cleco, may collect under the MISO tariff. As of December 31, 2016, Cleco Power had \$3.3 million accrued for ROE reductions, including accrued interest. On February 13, 2017, \$1.2 million of refunds relating to the first complaint were submitted to MISO. Any reduction to the ROE component of the transmission rates, could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Retail Electric Service

Cleco Power's retail electric rates and business practices are regulated by the LPSC and reviews may result in refunds to customers.

Cleco Power's retail rates for residential, commercial, and industrial customers and other retail sales are regulated by the LPSC, which conducts an annual review of Cleco Power's earnings and regulatory ROE. Cleco Power could be required to make a substantial refund of previously recorded revenue as a result of the LPSC review and such refund could result in a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

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Wholesale Electric Service

Cleco Power's business practices are regulated by FERC, and its wholesale rates are subject to FERC's triennial market power analysis. Cleco could lose the right to sell wholesale generation at market-based rates.

FERC conducts a review of Cleco Power's generation market power every three years in addition to each time generation capacity changes. Cleco's next triennial market power analysis is expected to be filed in 2018. In the future, if FERC determines Cleco Power possesses generation market power in excess of certain thresholds, Cleco Power could lose the right to sell wholesale generation at market-based rates, which could result in a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Weather Sensitivity

The operating results of Cleco Power are affected by weather conditions and may fluctuate on a seasonal basis.

Weather conditions directly influence the demand for electricity, particularly kWh sales to residential customers. In Cleco Power's service territory, demand for power typically peaks during the hot summer months. As a result, Cleco Power's financial results may fluctuate on a seasonal basis. In addition, Cleco Power has sold less power and, consequently, earned less income when weather conditions were milder. Unusually mild weather in the future could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Severe weather, including hurricanes and winter storms, can affect transportation of fuel to plant sites and can be destructive, causing outages and property damage that can potentially result in additional expenses, lower revenue, and additional capital restoration costs. Extreme drought conditions can impact the availability of cooling water to support the operations of generating plants, which can also result in additional expenses and lower revenue.

The physical risks associated with global climate change could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco recognizes that certain groups associate severe weather with the concept of global climate change and forecast the possibility that these weather events could have a material impact on future results of operations should they occur more frequently and with greater severity. If there is an actual occurrence of such global climate change, it could result in one or more physical risks, such as an increase in sea level, wind and storm surge damages, wetland and barrier island erosion, risks of flooding, and changes in weather conditions, such as changes in temperature and precipitation patterns, and potential increased impacts of extreme weather conditions or storms, or could affect Cleco's operations. Cleco's assets are in and serve communities that are at risk from sea level rise, changes in weather conditions, storms, and loss of the protection offered by coastal wetlands. A significant portion of the nation's oil and gas infrastructure is located in these areas and is susceptible to storm damage that could be aggravated by wetland and barrier island erosion, which could give rise to fuel supply interruptions and price spikes.

These and other physical changes could result in changes in customer demand, increased costs associated with repairing and maintaining generating facilities and transmission and distribution systems, resulting in increased maintenance and capital costs (and potential increased financing needs), limits on Cleco Power's ability to meet peak customer demand, increased regulatory oversight, and lower customer satisfaction. Also, to the extent that climate change would adversely impact the economic health of a region or result in energy conservation or demand side management programs, it may adversely impact customer demand and revenues. Such physical or operational risks could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

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Litigation

Cleco is subject to litigation related to the Merger.

In connection with the Merger, four actions were filed in the Ninth Judicial District Court for Rapides Parish, Louisiana and three actions were filed in the Civil District Court for Orleans Parish, Louisiana. One of the actions filed in Rapides Parish has been dismissed. The remaining three actions in Rapides Parish have been consolidated. The three actions in Orleans Parish have been transferred to Rapides Parish and consolidated with the other litigation in Rapides Parish. The actions were filed against Cleco Corporation and, among others, Cleco Partners, Merger Sub, and members of the Board of Directors of Cleco Corporation. The petitions generally allege, among other things, that the members of Cleco Corporation's Board of Directors breached their fiduciary duties by, among other things, conducting an allegedly inadequate sale process, agreeing to the Merger at a price that allegedly undervalues Cleco, and failing to disclose material information about the Merger. The petitions also allege that Cleco Partners, Cleco, and Merger Sub and, in some cases, certain of the investors in Cleco Partners, either aided and abetted or entered into a civil conspiracy to advance those supposed breaches of duty. The petitions seek various remedies, including monetary damages, which includes attorneys' fees and expenses. On September 26, 2016, the District Court granted the exceptions filed by Cleco and dismissed all claims asserted by the former shareholders. The plaintiffs appealed the District Court's ruling to the Third Circuit Court of Appeal on November 9, 2016. A briefing schedule has not yet been set.

It is possible that additional claims beyond those that have already been filed will be brought by the current plaintiffs or by others in an effort to seek monetary relief from Cleco. Cleco is not able to predict the outcome of these actions, or others, nor can Cleco predict the amount of time and expense that will be required to resolve the actions. In addition, the cost to Cleco of defending the actions, even if resolved in Cleco's favor, could be substantial. Such actions could also divert the attention of Cleco's management and resources from day-to-day operations.

The outcome of legal proceedings cannot be predicted. An adverse finding could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco is party to various litigation matters arising out of the ordinary operations of their business. The ultimate outcome of these matters cannot presently be determined, nor, in many cases, can the liability that could potentially result from a negative outcome in each case presently be reasonably estimated. The liability that Cleco may ultimately incur with respect to any of these cases in the event of a negative outcome may be in excess of amounts currently reserved and insured against with respect to such matters and, as a result, these matters may have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Alternative Generation Technology

Changes in technology may have a material adverse effect on the value of Cleco Power's generating facilities.

A basic premise of Cleco's business is that generating electricity at central power plants achieves economies of scale and produces electricity at a relatively low price. There are alternative technologies to produce electricity, most notably wind turbines, photovoltaic cells, and other solar generated power. Many companies and organizations conduct research and development activities to seek improvements in alternative technologies. Technological advances may reduce the cost of alternative methods of electricity production to a level that is equal to or below that of most central station production. In addition, as new technologies are developed and become available, the quantity and pattern of electricity purchased by customers could decline, with a corresponding decline in revenues derived by generating assets. As a result, the value of Cleco Power's generating facilities could be reduced.

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Taxes

Changes in taxation as well as the inherent difficulty in quantifying potential tax effects of business decisions could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco makes judgments regarding the utilization of existing income tax credits and the potential tax effects of various financial transactions and results of operations to estimate their obligations to taxing authorities. Tax obligations include income, franchise, real estate, sales and use, and employment-related taxes. These judgments include reserves for potential adverse outcomes regarding tax positions that have been taken. Changes in federal, state, or local tax laws, adverse tax audit results, or adverse tax rulings on positions taken by Cleco could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco Credit Ratings

A downgrade in Cleco Holdings or Cleco Power's credit ratings could result in an increase in their respective borrowing costs and a reduced pool of potential investors and funding sources.

Neither Cleco Holdings nor Cleco Power can assure that its current debt ratings will remain in effect for any given period of time or that one or more of its debt ratings will not be lowered or withdrawn entirely by a rating agency. If S&P or Moody's were to downgrade Cleco Holdings or Cleco Power's long-term ratings, particularly below investment grade, the value of their debt securities would likely be adversely affected. Downgrades of either Cleco Holdings or Cleco Power's credit ratings would result in additional fees and higher interest rates for borrowings under their respective credit facilities. In addition, Cleco Holdings or Cleco Power, as the case may be, would likely be required to pay higher interest rates in future debt financings, may be subject to more onerous debt covenants, and their pool of potential investors and funding sources could decrease.

Technology and Terrorism Threats

The operational and information technology systems on which Cleco relies to conduct its business and serve customers could fail to function properly due to technological problems, cyber attacks, physical attacks on Cleco's assets, acts of terrorism, severe weather, solar events, electromagnetic events, natural disasters, the age and condition of information technology assets, human error, or other reasons that could disrupt Cleco's operations and cause Cleco to incur unanticipated losses and expense.

The operation of Cleco's extensive electrical systems relies on evolving operational and information technology systems and network infrastructures that are becoming extremely complex as new technologies and systems are implemented to more safely and reliably deliver electric services. Cleco's business is highly dependent on its ability to process and monitor, on a real-time daily basis, a large number of tasks and transactions, many of which are highly complex. The failure of Cleco's operational and information technology systems and networks due to a physical or cyber attack, or other event would significantly disrupt operations; cause harm to the public or employees; result in outages or reduced generating output; result in damage to Cleco's assets or operations, or those of third parties; and subject Cleco to claims by customers or third parties, any of which could have a material adverse effect on the results of operations, financial condition or cash flows of Cleco.

Cleco's systems, including its financial information, operational systems, advanced metering, and billing systems, require constant maintenance, monitoring, security patches, modification or configuration of systems, and update and upgrade of systems, which can be costly and increase the risk of errors and malfunction. Any disruptions or deficiencies in existing systems, or disruptions, delays, or deficiencies in the modification or implementation of new

systems, could result in increased costs, the inability to track or collect revenues, the diversion of management's and employees' attention and resources, and could adversely affect the effectiveness of Cleco's control environment, and/or its ability to accurately or timely file required regulatory reports.

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Despite implementation of security and mitigation measures, all of Cleco's technology systems are vulnerable to inoperability and/or impaired operations or failures due to cyber and/or physical attacks on the facilities and equipment needed to operate the technology systems, viruses, human errors, acts of war or terrorism, and other events. If Cleco's information technology systems or network infrastructure were to fail, Cleco might be unable to fulfill critical business functions and serve its customers, which could have a material adverse effect on the financial conditions, results of operations, or cash flows of Cleco.

In addition, in the ordinary course of its business, Cleco collects and retains sensitive information including personal identification information about customers and employees, customer energy usage, and other confidential information. The theft, damage, or improper disclosure of sensitive electronic data could subject Cleco to both penalties for violation of applicable privacy laws and claims from third parties, and/or harm Cleco's reputation.

Insurance

Cleco's insurance coverage may not be sufficient.

Cleco currently has property, casualty, cyber security and liability insurance policies in place to protect its employees, directors, and assets in amounts that it considers appropriate. Such policies are subject to certain limits and deductibles and do not include business interruption coverage. Insurance coverage may not be available in the future at current costs or on commercially reasonable terms, and the insurance proceeds received for any loss of, or any damage to, any of Cleco's facilities may not be sufficient to restore the loss or damage without a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Like other utilities that serve coastal regions, Cleco does not have insurance covering its transmission and distribution system, other than substations, because it believes such insurance to be cost prohibitive. In the future, Cleco may not be able to recover the costs incurred in restoring transmission and distribution properties following hurricanes or other natural disasters through issuance of storm recovery bonds or a change in Cleco Power's regulated rates or otherwise, or any such recovery may not be timely granted. Therefore, Cleco may not be able to restore any loss of, or damage to, any of its transmission and distribution properties without a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Cleco Power LLC's Unsecured and Unsubordinated Obligations

Cleco Power LLC's unsecured and unsubordinated obligations, including, without limitation, its senior notes, will be effectively subordinated to any secured debt of Cleco Power LLC, certain unsecured debt of Cleco Power LLC, and any preferred equity of any of Cleco Power LLC's subsidiaries.

Some of Cleco Power LLC's senior notes and its obligations under various loan agreements and refunding agreements with the Rapides Finance Authority, the Louisiana Public Facilities Authority, and other issuers of tax-exempt bonds for the benefit of Cleco Power LLC are unsecured and rank equally with all of Cleco Power LLC's existing and future unsecured and unsubordinated indebtedness. As of December 31, 2016, Cleco Power LLC had an aggregate of \$1.19 billion of unsecured and unsubordinated indebtedness. The unsecured and unsubordinated indebtedness of Cleco Power LLC will be effectively subordinated to, and thus have a junior position to, any secured debt that Cleco Power LLC may have outstanding from time to time (including any mortgage bonds) with respect to the assets securing such debt. Certain agreements entered into by Cleco Power LLC with other lenders that are unsecured provide that if Cleco Power LLC issues secured debt, Cleco Power is obligated to grant these lenders the same security interest in certain assets of Cleco Power LLC. If such a security interest were to arise, it would further subordinate Cleco Power LLC's unsecured and unsubordinated obligations.

As of December 31, 2016, Cleco Power LLC had no secured indebtedness outstanding. Cleco Power LLC may issue mortgage bonds in the future under any future Indenture of Mortgage, and holders of mortgage bonds

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would have a prior claim on certain Cleco Power LLC material assets upon dissolution, winding up, liquidation, or reorganization. Additionally, Cleco Power LLC's ability (and the ability of Cleco Power LLC's creditors, including holders of its senior notes) to participate in the assets of Cleco Power LLC's subsidiary, Cleco Katrina/Rita, is subject to the prior claims of the subsidiary's creditors. As of December 31, 2016, Cleco Katrina/Rita had \$67.6 million of indebtedness outstanding, net of debt discount.

Health Care Reform

Cleco may experience increased costs arising from health care reform.

The PPACA, enacted in 2010, has had a significant impact on health care providers, insurers, and others associated with the health care industry. Cleco continues to evaluate the impact of this comprehensive law on its business and has made the required changes to its health plan. The current President has signed an Executive Order aimed at scaling back or repealing the PPACA. He has also stated that he will ask Congress to replace the current legislation with new legislation. Congress and state governments may propose other health care initiatives and revisions to the health care and health insurance systems. It is uncertain what legislative programs, if any, will be adopted in the future, or what action Congress or state legislatures may take regarding other health care reform proposals or legislation. Management is unable to estimate the comprehensive effects of the PPACA or any future health care reform and their impact on Cleco's business, results of operations, financial condition, or cash flows.

Workforce

Failure to attract and retain an appropriately qualified workforce could have a material adverse effect on the results of operations, financial condition, or cash flows of Cleco.

Certain events, such as an aging workforce without appropriate replacements, matching of skill set or complement to future needs, or unavailability of contract resources may lead to operating challenges and increased costs. The challenges include lack of resources, loss of knowledge, and a lengthy time period associated with skill development. In this case, costs, including costs for contractors to replace employees, productivity costs, and safety costs, may rise. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to new employees, or the future availability and cost of contract labor may adversely affect the ability to manage and operate Cleco's businesses. If Cleco is unable to successfully attract and retain an appropriately qualified workforce, the results of operations, financial condition, or cash flows of Cleco could be materially adversely affected.

The new Presidential Administration may make substantial changes to environmental, fiscal, and tax policies that could have a material adverse effect on Cleco's business.

The new Presidential Administration has called for substantial changes to environmental, fiscal, and tax policies, which may include comprehensive tax reform. It is possible that these changes could adversely affect Cleco's business. Until the changes are enacted, management is unable to determine the impact of the changes on Cleco's business, results of operations, financial condition, or cash flows.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the Exchange Notes pursuant to the exchange offer. The exchange offer is intended to satisfy our obligations under the registration rights agreement, which we entered into in connection with the sale of the Outstanding Notes, for which we received \$882.1 million in net proceeds that were used to repay a portion of the amounts due under the Acquisition Loan Facility. See Registration Rights Agreement.

In consideration for issuing the Exchange Notes as contemplated in this prospectus, we will receive in exchange a like principal amount of Outstanding Notes. The form and terms of the Exchange Notes are identical in all respects to the form and terms of the Outstanding Notes, except the offer and exchange of the Exchange Notes have been registered under the Securities Act and the Exchange Notes will not have restrictions on transfer, registration rights or provisions for additional cash interest. The Outstanding Notes surrendered in exchange for the Exchange Notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the Exchange Notes will not result in any change in our capitalization.

Table of Contents**CAPITALIZATION**

The following table presents our consolidated cash and cash equivalents and capitalization as of December 31, 2016, and reflects the Transactions, including the application of proceeds from the offering and sale of the Outstanding Notes. This table should be read in conjunction with the information contained in Use of Proceeds and Description of Certain Other Indebtedness, included elsewhere in this prospectus and our consolidated financial statements and related notes included in this prospectus.

You should read this table together with Prospectus Summary Summary Consolidated Historical Financial Data, Use of Proceeds, and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus and our consolidated financial statements and the related notes thereto included in this prospectus.

The Outstanding Notes that are surrendered in exchange for the Exchange Notes will be retired and canceled and cannot be reissued. As a result, the issuance of the Exchange Notes will not result in any change in our capitalization.

	As of December 31, 2016 (in thousands)
Cash and cash equivalents	\$ 23,077
Current portion of long-term debt	\$ 19,715
Long-term debt (excluding current portion):	
Senior Secured Credit Facilities(1):	
Revolving Credit Facility(2)	
Term Loan(3)	300,000
3.250% Senior Notes(3)	165,000
Outstanding Notes(3)	885,000
Unamortized debt issuance costs	(2,261)
Fair value adjustments	155,776
Cleco Power indebtedness(4)	1,235,056
Total long-term debt (excluding current portion)	\$ 2,738,571
Member's Equity	\$ 2,046,763
Total Capitalization	\$ 4,805,049

(1) In connection with the Transactions, we entered into the following: (i) new Revolving Credit Facility, which provides for a five-year senior secured revolving credit facility of up to \$100.0 million; and (ii) new Acquisition Loan Facility, which was subsequently refinanced (see footnote 3).

(2) As of December 31, 2016, our unused availability under our new Revolving Credit Facility was \$100.0 million.

- (3) At the closing of the Merger, we borrowed \$1,350.0 million under the Acquisition Loan Facility, which we repaid with the net proceeds of the offerings of the Outstanding Notes, Term Loan, and 3.250% Senior Notes.
- (4) Reflects the indebtedness of Cleco Power net of \$19.7 million in current maturities, \$6.3 million of unamortized debt discount and \$9.4 million of unamortized debt issuance costs. As of December 31, 2016, Cleco Power had \$1,254.8 million in indebtedness outstanding (including current maturities). See Description of Certain Other Indebtedness Cleco Power Debt Securities for more information. Cleco Power also has a five-year senior unsecured revolving credit facility of up to \$300.0 million (the OpCo Revolver) and a \$2.0 million unsecured letter of credit issued under a separate agreement (the LC Facility). As of December 31, 2016, our unused availability under our OpCo Revolver was \$300.0 million. The Notes are structurally subordinated to the debt of our subsidiaries, including Cleco Power. See Description of Certain Other Indebtedness Cleco Power.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

OVERVIEW

Cleco is a regional energy company that conducts substantially all of its business operations through its primary subsidiary, Cleco Power. Cleco Power is a regulated electric utility company that owns nine generating units with a total nameplate capacity of 3,310 MW and serves approximately 288,000 customers in Louisiana through its retail business and supplies wholesale power in Louisiana and Mississippi. Prior to March 15, 2014, Cleco also conducted wholesale business operations through its Midstream subsidiary. Midstream owns Evangeline (which owned and operated Coughlin). On March 15, 2014, the Coughlin generating assets were transferred to Cleco Power. Coughlin consists of two generating units with a total nameplate capacity of 775 MW. For more information on the transfer of Coughlin to Cleco Power, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 18 Coughlin Transfer.

Merger

On April 13, 2016, Cleco Holdings completed its merger with Merger Sub whereby Merger Sub merged with and into Cleco Corporation, with Cleco Corporation surviving the Merger, and Cleco Corporation converting to a limited liability company and changing its name to Cleco Holdings, as a direct, wholly owned subsidiary of Cleco Group and an indirect, wholly owned subsidiary of Cleco Partners. For more information on the Merger, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 3 Business Combinations.

Cleco Power

Many factors affect Cleco Power's primary business of generating, delivering, and selling electricity. These factors include weather and the presence of a stable regulatory environment, which impacts cost recovery and the ROE, as well as the recovery of costs related to growing energy demand and rising fuel prices; the ability to increase energy sales while containing costs; the ability to reliably deliver power to its jurisdictional customers; the ability to meet increasingly stringent regulatory and environmental standards; and the ability to successfully perform in MISO and the related operating challenges and uncertainties, including increased wholesale competition relative to more suppliers. Key initiatives on which Cleco Power is working include continuing construction on the Cenla Transmission Expansion project and the St. Mary Clean Energy Center project; beginning construction on the Terrebonne to Bayou Vista Transmission project and the Coughlin Pipeline project; and maintaining and growing its wholesale and retail business. These initiatives are discussed below.

Layfield/Messick Project

The Layfield/Messick project, or Northwest Louisiana Transmission Expansion project, includes the construction of the new Layfield transmission substation and the construction of additional transmission interconnection facilities near the Dolet Hills Power Station. The project reduces congestion and increases reliability for customers in northwest Louisiana. Construction was completed in December 2016. Cleco Power's portion of the joint project with SWEPCO cost \$29.0 million.

Cenla Transmission Expansion Project

The Cenla Transmission Expansion project includes the construction of transmission lines and a transmission substation within the central Louisiana area. The project is expected to improve reliability to customers by relieving forecasted overloads and mitigating potential load shedding events while providing flexibility to allow routine maintenance outages and serve future growth in the central Louisiana area. The substation construction is complete and has been placed in service. Line construction is in progress. The project is expected to be complete by the end of 2017 with an estimated cost of \$32.3 million. As of December 31, 2016, Cleco Power had spent \$25.7 million on the project.

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St. Mary Clean Energy Center Project

The St. Mary Clean Energy Center project includes Cleco Power constructing, owning, and operating a 50-MW generating unit to be fueled by waste heat from Cabot Corporation's carbon black manufacturing plant in Franklin, Louisiana. Construction began in October 2016 with the project expected to be commercially operational by the first quarter of 2018. The project was expected to cost \$81.9 million; however, an increase in waste heat output has been confirmed, which will increase the capacity of the unit and the total cost of the project. Cleco has not yet established the total increase in the project's cost. Upon achieving commercial operations, the project is expected to generate more than 300,000 MWh of zero additional carbon emitting energy each year. As of December 31, 2016, Cleco Power had spent \$20.5 million on the project.

Terrebonne to Bayou Vista Transmission Project

The Terrebonne to Bayou Vista Transmission project includes the construction of additional transmission interconnection facilities south of Teche Power Station. The project is expected to increase reliability, reduce congestion, and provide hurricane hardening for customers in southeast Louisiana. A line routing study began in March 2016, and permitting and right-of-way acquisition began in May 2016. Cleco Power's portion of the joint project with Entergy Louisiana is expected to cost \$48.0 million. Construction is expected to be complete by the third quarter of 2018. As of December 31, 2016, Cleco Power had spent \$1.4 million on the project.

Coughlin Pipeline Project

The Coughlin Pipeline project includes construction of a pipeline directly connecting the Pine Prairie Energy Center to Cleco's Coughlin Power Station. The project is expected to increase fuel delivery reliability and mitigate exposure to price increases. Cleco has filed a letter with the LPSC seeking guidance on the appropriate treatment and timing of recovering revenue associated with the project. The project is expected to be operational by the third quarter of 2018 with an estimated cost of \$29.4 million.

Other

Cleco Power is working to secure load growth opportunities that include renewal of existing load through existing franchises and wholesale contracts, pursuing new wholesale contracts and franchises, and adding new retail load opportunities with large industrial, commercial, and residential load. The retail opportunities include sectors such as agriculture, oil and gas, chemicals, metals, national accounts, government and military, wood and paper, health care, information technology, transportation, and other manufacturing.

RESULTS OF OPERATIONS

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Table of Contents**Comparison of the Years Ended December 31, 2016, and 2015***Cleco Consolidated**Cleco Consolidated Results of Operations*

(THOUSANDS)	SUCCESSOR		PREDECESSOR
	APR. 13, 2016 - DEC. 31, 2016	JAN. 1, 2016- APR. 12, 2016	FOR THE YEAR ENDED DEC. 31, 2015
Operating revenue, net	\$ 853,005	\$ 299,870	\$ 1,209,402
Operating expenses	816,714	279,507	922,063
Operating income	\$ 36,291	\$ 20,363	\$ 287,339
Allowance for equity funds used during construction	\$ 3,735	\$ 723	\$ 3,063
Other income	\$ 3,350	\$ 870	\$ 1,443
Other expense	\$ 1,385	\$ 590	\$ 3,376
Interest charges	\$ 89,766	\$ 22,123	\$ 77,991
Federal and state income tax (benefit) expense	\$ (22,822)	\$ 3,468	\$ 77,704
Net (loss) income	\$ (24,113)	\$ (3,960)	\$ 133,669

Cleco's net loss attributable to the successor period April 13, 2016, through December 31, 2016, was \$24.1 million. There were no significant changes in the underlying trends impacting net loss with the exception of the change in pretax loss primarily related to:

\$174.7 million of merger transaction and commitment costs,

\$34.0 million of interest costs related to debt obtained as a result of the Merger,

\$7.5 million of an offset to operating revenue related to the amortization of the intangible asset recorded for the fair value adjustment of wholesale power supply agreements as a result of the Merger, and

\$6.4 million of amortization of the fair value adjustment made as a result of the Merger to record the stepped-up basis for the Coughlin assets.

The effective income tax rate for the period was 48.6%.

Cleco's net loss attributable to the predecessor period January 1, 2016, through April 12, 2016, was \$4.0 million. There were no significant changes in the underlying trends impacting net loss with the exception of the change in pretax loss

primarily related to \$34.9 million of merger transaction costs. The effective income tax rate for the period was (704.9%).

Cleco's net income attributable to the predecessor period for the year ended December 31, 2015, was \$133.7 million. There were no significant changes in the underlying trends impacting net income. The effective income tax rate for the period was 36.8%.

Results of operations for Cleco Power are more fully described below.

Table of Contents***Cleco Power******Significant Factors Affecting Cleco Power***

Revenue is primarily affected by the following factors:

As an electric utility, Cleco Power is affected, to varying degrees, by a number of factors influencing the electric utility industry. These factors include, among others, an increasingly competitive business environment; the ability to recover costs through rate-setting proceedings; the ability to successfully perform in MISO and the related operating challenges; the cost of compliance with environmental and reliability regulations; conditions in the credit markets and global economy; changes in the federal and state regulation of generation, transmission, and the sale of electricity; and the increasing uncertainty of future federal and state regulatory and environmental policies. For a discussion of various regulatory changes and competitive forces affecting Cleco Power and other electric utilities, see *Cautionary Note Regarding Forward-Looking Statements*, *Business Regulatory Matters*, *Industry Developments*, and *Franchises*, and *Financial Condition Regulatory and Other Matters Market Restructuring*. For a discussion of risk factors affecting Cleco Power's business, see *Risk Factors Hedging and Risk Management Activities*, *Regulatory Compliance*, *Transmission Constraints*, *LPSC Audits*, *Commodity Prices*, *Global Economic Environment and Uncertainty*; *to Capital*, *Future Electricity Sales*, *Cleco Power's Generation, Transmission, and Distribution Facilities*, *MISO*, *Reliability and Infrastructure Protection Standards Compliance*, *Environmental Compliance*, *Cleco Power's Rates*, *Retail Electric Service*, *Wholesale Electric Service*, *Weather Sensitivity*, *Litigation*, *Alternative Generation Technology*, *Taxes*, *Cleco Credit Ratings*, *Technology and Terrorism Threats*, *Insurance*, *Cleco Power's Unsecured and Unsubordinated Obligations*, *Health Care Reform*, and *Workforce*.

Cleco Power's residential customers' demand for electricity is affected largely by weather. Weather generally is measured in cooling degree-days and heating degree-days. A cooling degree-day is an indication of the likelihood that a consumer will use air conditioning, while a heating degree-day is an indication of the likelihood that a consumer will use heating. An increase in heating degree-days does not produce the same increase in revenue as an increase in cooling degree-days, because alternative heating sources are more available and winter energy is typically priced below the rate charged for energy used in the summer. Normal heating degree-days and cooling degree-days are calculated for a month by separately calculating the average actual heating and cooling degree-days for that month over a period of 30 years.

Over the last five years, Cleco Power has experienced moderate growth in retail non-industrial sales and anticipates the same over the next five years. For the retail industrial class, Cleco Power expects new industrial load to be added in 2017, principally driven by developments in the oil and gas industry. In addition, Cleco Power expects to begin providing service to expansions of current customers' operations, as well as service to new retail customers. Cleco Power's expectations and projections regarding retail sales are dependent upon factors such as weather conditions, natural gas prices, customer conservation efforts, retail marketing and business development programs, and the economy of Cleco Power's service area. Cleco Power is pursuing load growth opportunities that include renewal of existing franchises and wholesale contracts as well as adding new wholesale customers and franchises. For more information on other expectations of future energy sales on Cleco Power, see *Base*, *Cautionary Note Regarding Forward-Looking Statements*, and *Risk Factors Future Electricity Sales*.

Other issues facing the electric utility industry that could affect sales include:

Imposition of federal and/or state renewable portfolio standards;

imposition of energy efficiency mandates,

legislative and regulatory changes,

increases in environmental regulations and compliance costs,

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cost of power impacted by the price movement of fuels and the addition of new generation capacity,

transmission congestion costs,

increase in capital and operations and maintenance costs due to higher construction and labor costs,

changes in electric rates compared to customers' ability to pay, and

changes in the credit markets and local and global economies.

For more information on energy legislation in regulatory matters that could affect Cleco, see Business Regulatory Matters, Industry Developments, and Franchises Legislative and Regulatory Changes and Matters.

Cleco Power's revenues and earnings are substantially affected by regulatory proceedings known as rate cases, or in some cases, a request for extension of an FRP. During those cases, the LPSC determines Cleco Power's rate base, depreciation rates, operation and maintenance costs, and administrative and general costs that Cleco Power may recover from its retail customers through its rates. In some instances, the outcome of a rate case or request for extension of an FRP may impact wholesale decisions of Cleco Power. These proceedings may examine, among other things, the prudence of Cleco Power's operation and maintenance practices, level of subject expenditures, allowed rates of return, and previously incurred capital expenditures. The LPSC has the authority to disallow costs found not to have been prudently incurred. Rate cases generally have timelines of approximately one year, and decisions are typically subject to appeal, potentially leading to additional uncertainty. The transmission tariffs of Cleco Power are regulated by FERC with its own regulatory proceedings. Both the LPSC and FERC regulatory proceedings can involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, all of whom have differing concerns but who have the common objective of limiting rate increases or reducing rates.

Other expenses are primarily affected by the following factors:

The majority of Cleco Power's non-fuel cost recovery expenses consist of other operations, maintenance, depreciation and amortization, and taxes other than income taxes. Other operations expenses are affected by, among other things, the cost of employee benefits, insurance expense, and the costs associated with energy delivery and customer service. Annual maintenance expenses associated with Cleco Power's plants generally depend upon their physical characteristics, maintenance practices, and the effectiveness of their preventive maintenance programs. Transmission and distribution maintenance expenses are generally affected by the level of repair and rehabilitation of lines to maintain reliability. Depreciation and amortization expense primarily is affected by the cost of the facilities in service, the time the facilities were placed in service, and the estimated useful life of the facilities. Taxes other than income taxes generally include payroll taxes, franchise taxes, and property taxes. Cleco Power anticipates certain non-fuel cost recovery expenses to be lower in 2017 compared to 2016. These expenses include lower merger expense, lower interest expense, lower generation maintenance expense, and lower distribution operations expense. These decreases are partially offset by higher income tax expense, higher depreciation and amortization expense, higher generation operations expense, higher taxes other than income taxes, higher distribution maintenance expense, and higher amortization of debt issuance costs.

Table of Contents*Cleco Power Results of Operations*

(THOUSANDS)	FOR THE YEAR ENDED DEC. 31,			
	2016	2015	FAVORABLE/ (UNFAVORABLE) VARIANCE	CHANGE
Operating revenue				
Base	\$ 660,974	\$ 670,530	\$ (9,556)	(1.4)%
Fuel cost recovery	430,255	471,859	(41,604)	(8.8)%
Electric customer credits	(1,513)	(2,173)	660	30.4%
Other operations	68,573	67,109	1,464	2.2%
Affiliate revenue	884	1,142	(258)	(22.6)%
Operating revenue, net	\$ 1,159,173	\$ 1,208,467	\$ (49,294)	(4.1)%
Operating expenses				
Recoverable fuel and power purchased	430,422	471,864	41,442	8.8%
Non-recoverable fuel and power purchased	35,684	31,348	(4,336)	(13.8)%
Other operations	125,892	128,697	2,805	2.2%
Maintenance	93,340	87,416	(5,924)	(6.8)%
Depreciation and amortization	146,142	147,839	1,697	1.1%
Taxes other than income taxes	48,287	47,102	(1,185)	(2.5)%
Merger commitment costs	151,501		(151,501)	%
Gain on sale of asset	(1,095)		1,095	%
Total operating expenses	1,030,173	914,266	(115,907)	(12.7)%
Operating income	\$ 129,000	\$ 294,201	\$ (165,201)	(56.2)%
Allowance for equity funds used during construction				
Federal and state income tax expense	\$ 4,458	\$ 3,063	\$ 1,395	45.5%
Net income	\$ 18,369	\$ 79,294	\$ 60,925	76.8%
	\$ 39,128	\$ 141,350	\$ (102,222)	(72.3)%

Cleco Power's net income for 2016 decreased \$102.2 million compared to 2015. Contributing factors include:

higher merger commitment costs,

lower base revenue,

higher maintenance expense,

higher non-recoverable fuel and power purchased, and

higher taxes other than income taxes.

These factors were partially offset by:

lower income taxes,
lower other operations expense,

lower depreciation and amortization,

higher other operations revenue,

higher allowance for equity funds used during construction, and

higher gain on the sale of an asset.

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The following tables show the components of Cleco Power's base revenue:

(MILLION kWh)	FOR THE YEAR ENDED DEC. 31,		
	2016	2015	FAVORABLE/ (UNFAVORABLE)
Electric sales			
Residential	3,646	3,789	(3.8)%
Commercial	2,708	2,763	(2.0)%
Industrial	1,978	1,927	2.6%
Other retail	132	134	(1.5)%
Total retail	8,464	8,613	(1.7)%
Sales for resale	3,140	3,353	(6.4)%
Unbilled	55	(95)	157.9%
Total retail and wholesale customer sales	11,659	11,871	(1.8)%

(THOUSANDS)	FOR THE YEAR ENDED DEC. 31,		
	2016	2015	FAVORABLE/ (UNFAVORABLE)
Electric sales			
Residential	\$ 293,461	\$ 296,846	(1.1)%
Commercial	192,332	191,202	0.6%
Industrial	86,668	84,988	2.0%
Other retail	10,630	10,558	0.7%
Surcharge	21,418	21,597	(0.8)%
Total retail	\$ 604,509	\$ 605,191	(0.1)%
Sales for resale	59,103	62,768	(5.8)%
Unbilled	(2,638)	2,571	(202.6)%
Total retail and wholesale customer sales	\$ 660,974	\$ 670,530	(1.4)%

The following chart shows how cooling and heating degree-days varied from normal conditions and from the prior period. Cleco Power uses weather data provided by NOAA to determine cooling and heating degree-days.

	FOR THE YEAR ENDED DEC. 31,				
	2016	2015	NORMAL	2016 CHANGE PRIOR YEAR	NORMAL
Cooling degree-days	3,309	3,272	2,779	1.1%	19.1%
Heating degree-days	1,145	1,271	1,546	(9.9)%	(25.9)%

Base

Base revenue decreased \$9.6 million in 2016 compared to 2015 primarily due to \$6.4 million of lower sales due to usage, including warmer winter weather and lower sales to wholesale customers and \$3.2 million driven by lower revenue related to the absence of additional MATS revenue recognized in 2015.

Cleco Power expects to begin providing service to expansions of current customers' operations, as well as service to new retail customers. These expansions of current customers' operations and service to new retail customers are expected to contribute additional base revenue of \$1.9 million in 2017, an additional \$1.8 million in 2018, and an additional \$0.1 million in 2019. Cleco Power expects wholesale revenue to decrease by \$0.7 million in 2017 primarily due to the restructuring of contracts. Cleco Power expects \$0.3 million of additional wholesale revenue in 2018 and an additional \$1.5 million of wholesale revenue in 2019. For information on other

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expectations of future energy sales on Cleco Power, see Significant Factors Affecting Cleco Power, Cautionary Note Regarding Forward-Looking Statements, and Risk Factors Future Electricity Sales.

Fuel Cost Recovery/Recoverable Fuel and Power Purchased

Changes in fuel costs historically have not significantly affected Cleco Power's net income. Generally, fuel and purchased power expenses are recovered through the LPSC-established FAC, which enables Cleco Power to pass on to its customers substantially all such charges. Approximately 75% of Cleco Power's total fuel costs during 2016 was regulated by the LPSC. Recovery of FAC costs is subject to periodic fuel audits by the LPSC which may result in a refund to customers. Generally, fuel and purchased power expenses are impacted by customer usage, the per unit cost of fuel used for electric generation, and the dispatch of Cleco Power's generating facilities by MISO. For more information on the accounting for MISO transactions, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 2 Summary of Significant Accounting Policies Accounting for MISO Transactions. For more information on Cleco Power's fuel audit, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 15 Litigation, Other Commitments and Contingencies, and Disclosure about Guarantees Litigation LPSC Audits Fuel Audit.

Other Operations Revenue

Other operations revenue increased \$1.5 million in 2016 compared to 2015 primarily due to \$2.8 million of higher transmission revenue from a wholesale customer and \$0.6 million of higher pole attachment rentals. These increases were partially offset by \$1.7 million of lower forfeited discounts mostly due to customer rate credits in the third quarter of 2016 as a result of the Merger and \$0.2 million of lower miscellaneous revenue.

Non-recoverable Fuel and Power Purchased

Non-recoverable fuel and power purchased increased \$4.3 million in 2016 compared to 2015 primarily related to \$3.1 million of higher expenses related to MISO transmission costs and \$1.3 million of expenses related to fuel accounting software, partially offset by \$0.1 million of lower miscellaneous expenses.

Other Operations Expense

Other operations expense decreased \$2.8 million in 2016 compared to 2015 primarily due to \$5.4 million of lower administrative and general expenses driven by lower salaries and benefits expense and \$0.1 million of lower miscellaneous expense. These decreases were partially offset by \$1.6 million of higher generation expense and \$1.1 million of higher customer service expense primarily related to an increase in the provision for uncollectible accounts.

Maintenance

Maintenance expense increased \$5.9 million in 2016 compared to 2015 primarily due to higher generating station outage expenses.

Depreciation and Amortization

Depreciation and amortization expense decreased \$1.7 million in 2016 compared to 2015 primarily due to \$5.5 million of higher deferrals of production operations and maintenance expenses to a regulatory asset, \$1.3 million of higher deferrals of corporate franchise taxes to a regulatory asset, and \$0.5 million of lower amortization of the corporate franchise taxes regulatory asset. These decreases were partially offset by \$3.1 million of normal recurring

additions to fixed assets, \$1.6 million of higher amortization of the production operations and maintenance regulatory asset, \$0.8 million of higher amortization of storm damages which is based on collections from customers, and \$0.1 million of miscellaneous amortizations.

Table of Contents**Taxes Other than Income Taxes**

Taxes other than income taxes increased \$1.2 million in 2016 compared to 2015 primarily due to higher property taxes.

Merger Commitment Costs

Merger commitment costs increased \$151.5 million in 2016 compared to 2015 due to \$136.0 million of customer rate credits, a \$7.0 million one-time contribution for economic development in Cleco Power's service territory to be administered by the LED, a \$6.0 million accrual of charitable contributions to be disbursed over five years, and \$2.5 million of contributions for economic development for Louisiana state and local organizations to be disbursed over five years.

Gain on Sale of Asset

Gain on sale of asset increased \$1.1 million in 2016 compared to 2015 due to a gain on the sale of property.

Allowance for Equity Funds Used During Construction

Allowance for equity funds used during construction increased \$1.4 million in 2016 compared to 2015 primarily due to higher construction costs related to various projects.

Income Taxes

Federal and state income taxes decreased \$60.9 million in 2016 compared to 2015. Tax expense decreased primarily due to \$64.5 million for the change in pretax income, excluding AFUDC equity and \$2.3 million for adjustments for tax returns filed. These decreases were partially offset by \$4.5 million for the flowthrough of state tax benefits, \$0.9 million for tax credits, \$0.3 million for miscellaneous tax items, and \$0.2 million for adjustments for permanent tax differences. The effective income tax rate is 32.0%, which is lower than the federal statutory rate primarily due to permanent tax differences, the flowthrough of benefits associated with AFUDC equity, adjustments for tax returns as filed, tax credits, and state tax expense.

Comparison of the Years Ended December 31, 2015, and 2014***Cleco Consolidated******Cleco Consolidated Results of Operations***

(THOUSANDS)	FOR THE YEAR ENDED DEC. 31,			
	2015	2014	FAVORABLE/ (UNFAVORABLE)	
			VARIANCE	CHANGE
Operating revenue, net	\$ 1,209,402	\$ 1,269,485	\$ (60,083)	(4.7)%
Operating expenses	922,063	983,453	61,390	6.2%
Operating income	\$ 287,339	\$ 286,032	\$ 1,307	0.5%

Allowance for other funds used during construction	\$ 3,063	\$ 5,380	\$ (2,317)	(43.1)%
Other income	\$ 1,443	\$ 4,790	\$ (3,347)	(69.9)%
Other expense	\$ 3,376	\$ 2,509	\$ (867)	(34.6)%
Interest charges	\$ 77,991	\$ 73,606	\$ (4,385)	(6.0)%
Federal and state income tax expense	\$ 77,704	\$ 67,116	\$ (10,588)	(15.8)%
Net income	\$ 133,669	\$ 154,739	\$ (21,070)	(13.6)%

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Operating revenue, net of electric customer credits decreased \$60.1 million in 2015 compared to 2014 largely as a result of lower fuel cost recovery and lower base revenue, partially offset by lower electric customer credits and higher other operations revenue at Cleco Power.

Operating expenses decreased \$61.4 million in 2015 compared to 2014 primarily due to lower recoverable fuel and power purchased at Cleco Power, lower merger transaction costs incurred at Cleco Holdings, and lower generation maintenance expense at Cleco Power. Partially offsetting these decreases were higher non-recoverable fuel and power purchased due to the expiration of a PPA when Coughlin was transferred to Cleco Power in March 2014, higher other operations expense at Cleco Power, the absence of the gain on the sale of property at Cleco Holdings, higher taxes other than income taxes at Cleco Power, and higher depreciation and amortization expense at Cleco Power.

Allowance for equity funds used during construction decreased \$2.3 million in 2015 compared to 2014 primarily due to lower construction costs related to the completion of the MATS project at Cleco Power.

Other income decreased \$3.3 million in 2015 compared to 2014 primarily due to the absence of an increase in the cash surrender value of life insurance policies and the absence of the contractual expiration of underlying indemnifications resulting from the disposition of Acadia Unit 2.

Other expense increased \$0.9 million in 2015 compared to 2014 primarily due to a decrease in the cash surrender value of life insurance policies due to unfavorable market conditions.

Interest charges increased \$4.4 million in 2015 compared to 2014 primarily due to the absence of favorable settlements with taxing authorities and lower allowance for borrowed funds used during construction primarily related to the MATS project. These increases were partially offset by the absence of the customer surcredit and the retirement of long-term debt.

Federal and state income taxes increased \$10.6 million in 2015 compared to 2014. Tax expense increased primarily due to \$9.3 million for the absence of favorable settlements with taxing authorities, \$2.5 million for the flowthrough of state tax benefits, \$1.1 million for miscellaneous tax items, and \$0.8 million for adjustments for tax returns filed. These increases were partially offset by \$3.1 million for the change in pretax income, excluding AFUDC equity. The effective income tax rate was 36.8%, which is higher than the federal statutory rate primarily due to permanent tax differences, the flowthrough of benefits associated with AFUDC equity, adjustments for tax returns as filed, tax credits, and state tax expense.

The effective tax rate of 36.8% for 2015 was higher than the effective tax rate of 30.3% for 2014 due to the absence of favorable settlements with taxing authorities, tax returns as filed, and the flowthrough of state tax benefits, partially offset by the change in pretax income, excluding AFUDC equity.

Results of operations for Cleco Power are more fully described below.

Table of Contents**Cleco Power****Cleco Power Results of Operations**

FOR THE YEAR ENDED DEC. 31,

FAVORABLE/
(UNFAVORABLE)

(THOUSANDS)	2015	2014	VARIANCE	CHANGE
Operating revenue				
Base	\$ 670,530	\$ 683,565	\$ (13,035)	(1.9)%
Fuel cost recovery	471,859	542,395	(70,536)	(13.0)%
Electric customer credits	(2,173)	(23,530)	21,357	90.8%
Other operations	67,109	64,893	2,216	3.4%
Affiliate revenue	1,142	1,326	(184)	(13.9)%
Operating revenue, net	\$ 1,208,467	\$ 1,268,649	\$ (60,182)	(4.7)%
Operating expenses				
Recoverable fuel and power purchased	471,864	542,397	70,533	13.0%
Non-recoverable fuel and power purchased	31,348	27,985	(3,363)	(12.0)%
Other operations	128,697	116,664	(12,033)	(10.3)%
Maintenance	87,416	96,054	8,638	9.0%
Depreciation and amortization	147,839	144,026	(3,813)	(2.6)%
Taxes other than income taxes	47,102	41,812	(5,290)	(12.7)%
Gain on sales of assets		(4)	(4)	(100.0)%
Total operating expenses	914,266	968,934	54,668	5.6%
Operating income	\$ 294,201	\$ 299,715	\$ (5,514)	(1.8)%
Allowance for equity funds used during construction	\$ 3,063	\$ 5,380	\$ (2,317)	(43.1)%
Interest charges	\$ 76,560	\$ 74,673	\$ (1,887)	(2.5)%
Federal and state income tax expense	\$ 79,294	\$ 76,974	\$ (2,320)	(3.0)%
Net income	\$ 141,350	\$ 154,316	\$ (12,966)	(8.4)%

Cleco Power's net income for 2015 decreased \$13.0 million compared to 2014. Contributing factors include:

lower base revenue,

higher other operations expense,

higher taxes other than income taxes,

higher depreciation and amortization,

higher non-recoverable fuel and power purchased,

higher income taxes,

lower allowance for equity funds used during construction, and

higher interest charges.

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These were partially offset by lower electric customer credits, lower maintenance expense, and higher other operations revenue.

(MILLION kWh)	FOR THE YEAR ENDED DEC. 31,		
	2015	2014	FAVORABLE/ (UNFAVORABLE)
Electric sales			
Residential	3,789	3,783	0.2%
Commercial	2,763	2,689	2.8%
Industrial	1,927	2,212	(12.9)%
Other retail	134	130	3.1%
Total retail	8,613	8,814	(2.3)%
Sales for resale	3,353	3,412	(1.7)%
Unbilled	(95)	171	(155.6)%
Total retail and wholesale customer sales	11,871	12,397	(4.2)%

(THOUSANDS)	FOR THE YEAR ENDED DEC. 31,		
	2015	2014	FAVORABLE/ (UNFAVORABLE)
Electric sales			
Residential	\$ 296,846	\$ 293,871	1.0%
Commercial	191,202	188,012	1.7%
Industrial	84,988	86,823	(2.1)%
Other retail	10,558	10,215	3.4%
Storm surcharge	21,597	15,833	36.4%
Total retail	\$ 605,191	\$ 594,754	1.8%
Sales for resale	62,768	81,371	(22.9)%
Unbilled	2,571	7,440	(65.4)%
Total retail and wholesale customer sales	\$ 670,530	\$ 683,565	(1.9)%

The following chart shows how cooling and heating degree-days varied from normal conditions and from the prior period. Cleco Power uses weather data provided by NOAA to determine cooling and heating degree-days.

2015	2014	FOR THE YEAR ENDED DEC. 31,	
		NORMAL	2015 CHANGE PRIOR YEAR NORMAL

Cooling degree-days	3,272	2,780	2,780	17.7%	17.7%
Heating degree-days	1,271	1,833	1,546	(30.7)%	(17.8)%
Base					

Base revenue decreased \$13.0 million in 2015 compared to 2014 primarily due to lower net sales to wholesale customers, including the expiration of a wholesale contract in December 2014, and lower rates that began July 1, 2014, related to the FRP extension. These decreases were partially offset by higher revenue related to MATS and higher retail revenue related to usage.

Fuel Cost Recovery/Recoverable Fuel and Power Purchased

Changes in fuel costs historically have not significantly affected Cleco Power's net income. Generally, fuel and purchased power expenses are recovered through the LPSC-established FAC, which enables Cleco Power to

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pass on to its customers substantially all such charges. Approximately 74% of Cleco Power's total fuel cost during 2015 was regulated by the LPSC. Recovery of FAC costs is subject to periodic fuel audits by the LPSC which may result in a refund to customers. Generally, fuel and purchased power expenses are impacted by customer usage, the per unit cost of fuel used for electric generation, and the dispatch of Cleco Power's generating facilities by MISO. For more information on the accounting for MISO transactions, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 2 Summary of Significant Accounting Policies Accounting for MISO Transactions. For more information on Cleco Power's fuel audit, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 15 Litigation, Other Commitments and Contingencies, and Disclosure about Guarantees Litigation LPSC Audits Fuel Audit.

Electric Customer Credits

Electric customer credits decreased \$21.4 million in 2015 compared to 2014 primarily due to the absence of \$22.3 million of provisions for refunds included in the June 2014 FRP extension and \$1.6 million related to lower accruals for site-specific customers. These amounts were partially offset by \$2.5 million related to accruals for anticipated refunds related to the transmission ROE dispute. For more information on the FRP extension and the accrual of electric customer credits, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 12 Regulation and Rates. For more information on the transmission ROE dispute, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 15 Litigation, Other Commitments and Contingencies, and Disclosures about Guarantees Litigation Transmission ROE.

Other Operations Revenue

Other operations revenue increased \$2.2 million in 2015 compared to 2014 primarily due to \$3.5 million of higher transmission and distribution revenue, partially offset by \$0.4 million of lower forfeited discounts, \$0.3 million of lower reconnection fees, \$0.3 million due to the absence of a gain associated with the extinguishment of the asbestos ARO, and \$0.3 million of lower miscellaneous revenue.

Non-Recoverable Fuel and Power Purchased

Non-recoverable fuel and power purchased increased \$3.4 million in 2015 compared to 2014 primarily related to \$4.5 million of higher MISO transmission expenses and administrative fees and \$0.1 million of higher miscellaneous expenses, partially offset by \$0.6 million of lower capacity charges and \$0.6 million for a one-time facility credit.

Other Operations Expense

Other operations expense increased \$12.0 million in 2015 compared to 2014 primarily due to higher customer service expense, higher administrative and general expenses, driven by higher pension expense, and higher generation expense.

Maintenance

Maintenance expense decreased \$8.6 million in 2015 compared to 2014 primarily due to lower generating station outage expenses.

Depreciation and Amortization

Depreciation and amortization expense increased \$3.8 million in 2015 compared to 2014 primarily due to \$6.0 million of lower deferrals of production operations and maintenance expenses to a regulatory asset, \$3.9 million of normal recurring additions to fixed assets, and \$3.2 million for the amortization of regulatory assets

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related to the FRP extension. The increase was also due to \$1.9 million of amortization related to a regulatory asset for state corporate franchise taxes, \$1.2 million for the absence of the deferral of AMI revenue requirements to a regulatory asset, and \$1.1 million of higher miscellaneous amortization. These amounts were partially offset by \$13.5 million for the absence of amortization of the Evangeline PPA capacity costs.

Taxes Other Than Income Taxes

Taxes other than income taxes increased \$5.3 million in 2015 compared to 2014 primarily due to the absence of favorable settlements with taxing authorities.

Allowance for Equity Funds Used During Construction

Allowance for equity funds used during construction decreased \$2.3 million in 2015 compared to 2014 primarily due to lower construction costs related to the completion of the MATS project.

Interest Charges

Interest charges increased \$1.9 million in 2015 compared to 2014 primarily due to \$5.0 million related to the absence of favorable settlements with taxing authorities and \$0.7 million related to lower allowance for borrowed funds used during construction primarily related to the completion of the MATS project. These increases were partially offset by \$2.1 million related to the absence of the customer surcredit, \$1.6 million due to the retirement of long-term debt, and \$0.1 million of lower miscellaneous interest charges.

Income Taxes

Federal and state income taxes increased \$2.3 million in 2015 compared to 2014. Tax expense increased primarily due to \$2.5 million for the flowthrough of state tax benefits, \$2.2 million for the absence of favorable settlements with taxing authorities, and \$0.8 million for miscellaneous tax items. These increases were partially offset by \$3.2 for the change in pretax income, excluding AFUDC equity. The effective income tax rate was 35.9%, which is higher than the federal statutory rate primarily due to permanent tax differences, the flowthrough of benefits associated with AFUDC equity, adjustments for tax returns as filed, tax credits, and state tax expense.

CLECO POWER NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

For a narrative analysis of the results of operations explaining the reasons for material changes in the amount of revenue and expense items of Cleco Power between the year ended December 31, 2016, and the year ended December 31, 2015, see Results of Operations Comparison of the Years Ended December 31, 2016, and 2015 Cleco Power.

For a narrative analysis of the results of operations explaining the reasons for material changes in the amount of revenue and expense items of Cleco Power between the year ended December 31, 2015, and the year ended December 31, 2014, see Results of Operations Comparison of the Years Ended December 31, 2015, and 2014 Cleco Power.

The narrative analysis referenced above should be read in combination with Cleco Power's Financial Statements and the Notes contained in this prospectus.

CRITICAL ACCOUNTING POLICIES

Cleco's critical accounting policies include accounting policies that are important to Cleco's financial condition and results of operations and that require management to make difficult, subjective, or complex judgments about future events, which could result in a material impact to the financial statements of Cleco. The

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preparation of financial statements contained in this report requires management to make estimates and assumptions. Estimates and assumptions about future events and their effects cannot be made with certainty. These estimates involve judgments regarding many factors that in and of themselves could materially affect the financial statements and disclosures. On an ongoing basis, these estimates and assumptions are evaluated and, if necessary, adjustments are made when warranted by new or updated information or by a change in circumstances or environment. Actual results may differ significantly from these estimates under different assumptions or conditions. For more information on Cleco's accounting policies, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 2 Summary of Significant Accounting Policies.

Cleco believes that the following are the most significant critical accounting policies:

To determine assets, liabilities, and expenses relating to pension and other postretirement benefits, management must make assumptions about future trends. Assumptions and estimates include, but are not limited to, discount rates, expected return on plan assets, mortality rates, future rate of compensation increases, and medical inflation trend rates. These assumptions are reviewed and updated on an annual basis. Changes in the rates from year-to-year and newly-enacted laws could have a material effect on Cleco's financial condition and results of operations by changing the recorded assets, liabilities, expense, or required funding of the pension plan obligation. One component of pension expense is the expected return on plan assets. It is an assumed percentage return on the market-related value of plan assets. The market-related value of plan assets differs from the fair value of plan assets by the amount of deferred asset gains or losses. Actual asset returns that differ from the expected return on plan assets are deferred and recognized in the market-related value of assets on a straight-line basis over a five-year period. The 2016 return on plan assets was 10.90% compared to an expected long-term return of 6.21%. For 2015, the return on plan assets was (2.90)% compared to an expected long-term return of 6.15%. For the calculation of the 2017 periodic expense, Cleco decreased the expected long-term return on plan assets to 6.08%.

Management uses a theoretical bond portfolio in order to calculate the discount rate for the measurement of liabilities. Due to the Merger, the pension plan was remeasured at the Merger date, resulting in a decrease to the discount rate from 4.62% to 4.21%. After the annual review of assumptions, the pension plan discount rate increased from 4.21% to 4.27% for the December 31, 2016, measurement of liabilities.

A change in the assumed discount rate creates a deferred actuarial gain or loss. Generally, when the assumed discount rate decreases compared to the prior measurement date, a deferred actuarial loss is created. When the assumed discount rate increases compared to the prior measurement date, a deferred actuarial gain is created. Actuarial gains and losses also are created when actual results, such as compensation increases, differ from assumptions. Historically, Cleco Power has been allowed to recover pension plan expenses; therefore, deferred actuarial gains and losses are recorded as a regulatory asset or liability. The net of the deferred gains and losses is amortized to pension expense over the average service life of the remaining plan participants (approximately 10 years as of December 31, 2016, for Cleco's plan) when it exceeds certain thresholds. This approach of amortizing gains and losses has the effect of reducing the volatility of pension expense. Over time, it is not expected to reduce or increase the pension expense relative to an approach that immediately recognizes losses and gains.

In October 2014, the Society of Actuaries released a new set of mortality tables and a new mortality improvement scale which indicated significant increases to life expectancies. As a result, in December 2014, Cleco updated its mortality assumptions using the new base table and an adjusted mortality improvement scale. The updates resulted in an increase of \$28.1 million in the pension plan obligation at December 31, 2014. Also, these updated mortality assumptions increased pension expense by approximately \$5.3 million in 2015 compared to 2014.

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In October 2015, the Society of Actuaries released another updated mortality improvement scale which indicated lower mortality improvements than previously indicated in the 2014 mortality improvement scale. As a result, in December 2015, Cleco updated its mortality assumptions using the new data released by the Society of Actuaries. The update resulted in a decrease of \$7.2 million in the pension plan obligation at December 31, 2015.

In October 2016, the Society of Actuaries released another updated mortality improvement scale which indicated lower mortality improvements than previously indicated in the 2015 mortality improvement scale. As a result, in December 2016, Cleco updated its mortality assumptions using the new data released by the Society of Actuaries. The update resulted in a decrease of \$6.8 million in the pension plan obligation at December 31, 2016.

The following table shows the impact of a 0.5% change in Cleco's pension plan discount rate, salary scale, and rate of return on plan assets:

ACTUARIAL ASSUMPTION (THOUSANDS)	CHANGE IN ASSUMPTION	CHANGE	CHANGE
		IN PROJECTED BENEFIT OBLIGATION	IN ESTIMATED BENEFIT COST
Discount rate	0.5% increase	\$ (34,749)	\$ (3,270)
	0.5% decrease	\$ 38,969	\$ 3,604
Salary scale	0.5% increase	\$ 8,146	\$ 1,546
	0.5% decrease	\$ (7,384)	\$ (1,397)
Expected return on assets	0.5% increase	\$	\$ (1,980)
	0.5% decrease	\$	\$ 1,980

Cleco Power did not make any required or discretionary contributions to the pension plan in 2016, 2015, or 2014. Based on current funding assumptions, management estimates that \$44.0 million in pension contributions will be required through 2021. Future discretionary contributions may be made depending on changes in assumptions, the ability to utilize the contribution as a tax deduction, and requirements concerning recognizing a minimum pension liability. Future required contributions are driven by liability funding target percentages set by law which could cause the required contributions to change from year to year. The ultimate amount and timing of the contributions will be affected by changes in the discount rate, changes in the funding regulations, and actual returns on fund assets. Adverse changes in assumptions or adverse actual events could cause additional minimum contributions.

For more information on pension and other postretirement benefits, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 9 Pension Plan and Employee Benefits.

Cleco has concluded it is probable that regulatory assets can be recovered from ratepayers in future rates. At December 31, 2016, Cleco Power had \$544.0 million in regulatory assets. As a result of the Merger, Cleco Holdings recognized regulatory assets. At December 31, 2016, Cleco Holdings had \$195.7 million of regulatory assets. Actions by the LPSC could limit the recovery of Cleco's regulatory assets, causing Cleco to record a loss on some or all of the regulatory assets. If future recovery of costs ceases to be probable, Cleco Holdings could be required to record a loss of its regulatory assets associated with acquisition adjustments. For more information on the LPSC and regulatory assets, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 2 Summary of Significant Accounting Policies Regulation, and

Note 4 Regulatory Assets and Liabilities.

Income tax expense and related balance sheet amounts are comprised of a current portion and a deferred portion. The current portion represents Cleco's estimate of the income taxes payable or receivable for the current year. The deferred portion represents Cleco's estimate of the future income tax effects of events that have been recognized in the financial statements or income tax returns in the

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current or prior years. Cleco makes assumptions and estimates when it records income taxes, such as its ability to deduct items on its tax returns, the timing of the deduction, and the effect of regulation by the LPSC on income taxes. Cleco's income tax expense and related assets and liabilities could be affected by changes in its assumptions and estimates and by ultimate resolution of assumptions and estimates with taxing authorities. The actual results may differ from the estimated results based on these assumptions and may have a material effect on Cleco's results of operations.

For more information on income taxes, see Financial Statements and Supplemental Data Notes to the Financial Statements Note 10 Income Taxes.

Cleco is currently involved in certain legal proceedings and management has estimated the probable costs for the resolution of these claims. These estimates are based on an analysis of potential results, assuming a combination of litigation and settlement assumptions. For more information on legal proceedings affecting Cleco, see Business Environmental Matters Air Quality, Risk Factors Litigation, and Financial Statements and Supplemental Data Notes to the Financial Statements Note 15 Litigation, Other Commitments and Contingencies, and Disclosures about Guarantees Litigation.

Assets acquired and liabilities assumed in an acquired business are recorded at their estimated fair values on the date of acquisition. The difference between the purchase price amount and the net fair value of assets acquired and liabilities assumed is recognized as goodwill on the balance sheet if it exceeds the estimated fair value. Additionally, on the date of the Merger, intangible assets were recognized for fair value adjustments of the Cleco trade name and long-term wholesale power supply contracts. Determining the fair value of assets acquired and liabilities assumed requires management's judgment, often utilizing independent valuation experts, and involves the use of significant estimates and assumptions. Management's judgments and estimates can materially impact the financial statements in periods after acquisition, such as through depreciation, amortization, and goodwill impairment. For more information on intangible assets and goodwill recorded in connection with the Merger, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 17 Intangible Assets and Goodwill.

Cleco Power

Cleco Power's retail rates are regulated by the LPSC. Future rate changes could have a material impact on the results of operations, financial condition, or cash flows of Cleco Power. Areas that could be materially impacted by future actions of regulators are described below:

The LPSC determines the ability of Cleco Power to recover prudent costs incurred in developing long-lived assets. If the LPSC were to rule that the cost of current or future long-lived assets was imprudent and not recoverable, Cleco Power could be required to write down the imprudent cost and incur a corresponding impairment loss. At December 31, 2016, the carrying value of Cleco Power's long-lived assets was \$3.17 billion. Currently, Cleco Power has concluded that none of its long-lived assets are impaired.

The LPSC determines the amount and type of fuel and purchased power expenses that Cleco Power can charge customers through the FAC. Changes in the determination of allowable costs already incurred by Cleco Power could cause material changes in fuel revenue. Cleco Power currently has FAC filings for 2016

subject to audit. Management is unable to predict or give a reasonable estimate of the possible range of the disallowance, if any, related to these filings. For more information on LPSC fuel audits, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 15 Litigation, Other Commitments and Contingencies, and Disclosures about Guarantees Litigation LPSC Audits. For information on fuel revenue, see Results of Operations Comparison of the Years Ended December 31, 2016, and 2015 Cleco Power Cleco Power's Results of Operations Fuel Cost Recovery/Recoverable Fuel and Power Purchased.

Table of Contents**FINANCIAL CONDITION****Liquidity and Capital Resources*****General Considerations and Credit-Related Risks******Credit Ratings and Counterparties***

Financing for operational needs and capital expenditure requirements not satisfied by operating cash flows depends upon the cost and availability of external funds through both short- and long-term financing. The inability to raise capital on favorable terms could negatively affect Cleco's ability to maintain or expand its businesses. Access to funds is dependent upon factors such as general economic and capital market conditions, regulatory authorizations and policies, Cleco Holdings' and Cleco Power's credit ratings, cash flows from routine operations, and credit ratings of project counterparties. After assessing the current operating performance, liquidity, and credit ratings of Cleco Holdings and Cleco Power, management believes that Cleco will have access to the capital markets at prevailing market rates for companies with comparable credit ratings. The following table presents the credit ratings of Cleco Holdings and Cleco Power at December 31, 2016:

	SENIOR UNSECURED DEBT		CORPORATE CREDIT
	MOODY S	S&P	S&P
Cleco Holdings	Baa3	N/A	BBB-
Cleco Power	A3	BBB+	BBB+

On April 8, 2016, S&P and Moody's updated the credit ratings for Cleco Holdings and Cleco Power, taking into consideration the anticipated completion of the Merger. S&P credit ratings were maintained at Cleco Power at BBB+ (stable) and downgraded at Cleco Holdings from BBB+ (stable) to BBB- (stable). Moody's credit ratings were maintained at Cleco Power at A3 (stable) and downgraded at Cleco Holdings from Baa1 (stable) to Baa3 (stable).

Cleco notes that credit ratings are not recommendations to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating.

Cleco Holdings and Cleco Power pay fees and interest under their bank credit agreements based on the highest rating held. Savings are dependent upon the level of borrowings. If Cleco Holdings or Cleco Power's credit ratings were to be downgraded by Moody's or S&P, Cleco Holdings and/or Cleco Power would be required to pay additional fees and incur higher interest rates for borrowings under their respective credit facilities.

With respect to any open power or natural gas trading positions that Cleco Power may initiate in the future, Cleco Power may be required to provide credit support or pay liquidated damages. The amount of credit support that Cleco Power may be required to provide at any point in the future is dependent on the amount of the initial transaction, changes in the market price of power and natural gas, changes in open power and gas positions, and changes in the amount counterparties owe Cleco Power. Changes in any of these factors could cause the amount of requested credit support to increase or decrease.

Cleco Power participates in the MISO market, which operates a fully functioning RTO market with two major market processes: the Day-Ahead Energy and Operating Reserves Market and the Real-Time Energy and Operating Reserves

Market. Both use market-based mechanisms to manage transmission congestion across the MISO market area. MISO requires Cleco Power to provide credit support which may increase or decrease due to the timing of the settlement schedules. At December 31, 2016, Cleco Power had a \$2.0 million letter of credit to MISO pursuant to the credit requirements of FTRs. The letter of credit automatically renews each year. For more information about MISO, see Regulatory and Other Matters Transmission Rates of Cleco Power.

Table of Contents*Global and U.S. Economic Environment*

Global and domestic economic conditions may have an impact on Cleco's business and financial condition. Access to capital markets is a significant source of funding for both short- and long-term capital requirements not satisfied by operating cash flows. During periods of capital market volatility, the availability of capital could be limited and the costs of capital may increase for many companies. Although the Company has not experienced restrictions in the financial markets, its ability to access the capital markets may be restricted at a time when the Company would like, or need, to do so. Any restrictions could have a material impact on the Company's ability to fund capital expenditures or debt service, or on their flexibility to react to changing economic and business conditions. Credit constraints could have a material negative impact on the Company's lenders or customers, causing them to fail to meet their obligations to the Company or to delay payment of such obligations. The lower interest rates to which the Company has been exposed have been beneficial to debt issuances; however, these rates have negatively affected interest income for the Company's short-term investments.

Fair Value Measurements

Various accounting pronouncements require certain assets and liabilities to be measured at their fair values. Some assets and liabilities are required to be measured at their fair value each reporting period, while others are required to be measured only one time, generally the date of acquisition or debt issuance. Cleco and Cleco Power are required to disclose the fair value of certain assets and liabilities by one of three levels. Other financial assets and liabilities, such as long-term debt, are reported at their carrying values at their date of issuance on the consolidated balance sheets with their fair values as of the balance sheet date disclosed within the three levels. For more information about fair value levels, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 6 Fair Value Accounting.

*Cash Generation and Cash Requirements**Restricted Cash and Cash Equivalents*

Various agreements to which Cleco is subject contain covenants that restrict its use of cash. As certain provisions under these agreements are met, cash is transferred out of related escrow accounts and becomes available for its intended purposes and/or general company purposes. Cleco and Cleco Power's restricted cash and cash equivalents consisted of:

Cleco	SUCCESSOR AT DEC. 31, 2016	PREDECESSOR AT DEC. 31, 2015
(THOUSANDS)		
Current		
Cleco Katrina/Rita's storm recovery bonds	\$ 9,213	\$ 9,263
Cleco Power's charitable contributions	1,200	
Cleco Power's rate credit escrow	12,671	
Total current	23,084	9,263

Non-current			
Diversified Lands mitigation escrow		21	21
Cleco Power s future storm restoration costs		17,379	16,174
Cleco Power s charitable contributions		4,179	
Cleco Power s rate credit escrow		1,831	
Total non-current		23,410	16,195
Total restricted cash and cash equivalents	\$	46,494	\$ 25,458

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Cleco Power (THOUSANDS)	AT DEC. 31, 2016	AT DEC. 31, 2015
Current		
Cleco Katrina/Rita's storm recovery bonds	\$ 9,213	\$ 9,263
Charitable contributions	1,200	
Rate credit escrow	12,671	
Total current	23,084	9,263
Non-current		
Future storm restoration costs	17,379	16,174
Charitable contributions	4,179	
Rate credit escrow	1,831	
Total non-current	23,389	16,174
Total restricted cash and cash equivalents	\$ 46,473	\$ 25,437

Cleco Katrina/Rita has the right to bill and collect storm restoration costs from Cleco Power's customers. As cash is collected, it is restricted for payment of administration fees, interest, and principal on storm recovery bonds. The change from December 31, 2015, to 2016 was due to Cleco Katrina/Rita collecting \$21.2 million net of administration fees, partially offset by bond and interest payments. In March and September 2016, Cleco Katrina/Rita used \$8.5 million and \$8.3 million, respectively, for scheduled storm recovery bond principal payments and \$2.3 million and \$2.1 million, respectively, for related interest payments.

Included in the Merger Commitments were \$6.0 million of charitable contributions to be disbursed over five years and \$136.0 million of rate credits to eligible customers. On April 25, 2016, in accordance with the Merger Commitments, Cleco Power established the charitable contribution fund and deposited the rate credit funds into an escrow account. On April 28, 2016, the LPSC voted to issue the rate credits equally to customers with service as of June 30, 2016, beginning in July 2016. As of December 31, 2016, \$0.6 million of the charitable contributions and \$121.5 million of the rate credits had been remitted from restricted cash.

Debt

Cleco Consolidated

Cleco had no short-term debt outstanding at December 31, 2016, or 2015.

At December 31, 2016, Cleco's long-term debt outstanding was \$2.76 billion, of which \$19.7 million was due within one year. The long-term debt due within one year at December 31, 2016, represents \$17.9 million of principal payments for the Cleco Katrina/Rita storm recovery bonds and \$1.8 million of capital lease payments.

In connection with the completion of the Merger, on April 13, 2016, Cleco Holdings entered into a \$1.35 billion Acquisition Loan Facility. The Acquisition Loan Facility had a three-year term and a rate of LIBOR plus 1.75% or ABR plus 0.75%. In May and June 2016, Cleco Holdings refinanced the Acquisition Loan Facility with a series of other long-term financings described below.

On May 17, 2016, Cleco Holdings completed the private sale of \$535.0 million of 3.743% senior notes due May 1, 2026, and \$350.0 million of 4.973% senior notes due May 1, 2046. On May 24, 2016, Cleco Holdings completed the private sale of \$165.0 million of 3.250% senior notes due May 1, 2023. On June 28, 2016, Cleco Holdings entered into a \$300.0 million variable rate bank term loan due June 28, 2021. Amounts outstanding under the bank term loan bear interest, at Cleco's option, at a base rate plus 0.625% or LIBOR plus 1.625%. At December 31, 2016, the all-in rate was 2.265%, which was based on the LIBOR rate. The proceeds from the issuance and sale of these notes and term loan were used to repay the \$1.35 billion Acquisition Loan Facility. Debt issuance costs of \$17.7 million were expensed to merger costs in connection with the repayment of the Acquisition Loan Facility.

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Cash and cash equivalents available at December 31, 2016, were \$23.1 million combined with \$400.0 million available credit facility capacity (\$100.0 million from Cleco Holdings and \$300.0 million from Cleco Power) for total liquidity of \$423.1 million.

At December 31, 2016, Cleco and Cleco Power were exposed to concentrations of credit risk through their short-term investments classified as cash equivalents. In order to mitigate potential credit risk, Cleco and Cleco Power have established guidelines for short-term investments. For more information on the concentration of credit risk through short-term investments classified as cash equivalents, see Financial Statements and Supplementary Data Notes to the Financial Statements Note 6 Fair Value Accounting.

For the successor period December 31, 2016, Cleco had a working capital surplus of \$174.9 million. There were no significant changes in the underlying trends impacting working capital for the successor period with the exceptions of a \$14.4 million increase in provisions for the Merger Commitments, a \$13.9 million increase in restricted cash and cash equivalents primarily due to the funding of customer rate credits as a result of the Merger Commitments, and a \$8.5 million regulatory asset related to fair value adjustments of long-term debt as a result of the Merger.

For the predecessor period December 31, 2015, Cleco had a working capital surplus of \$242.3 million. There were no significant changes in the underlying trends impacting working capital for the predecessor period.

For the successor period December 31, 2016, Cleco's Consolidated Balance Sheets reflected \$4.30 billion of total liabilities. There were no significant changes in the underlying trends impacting total liabilities for the successor period with the exception of the \$1.35 billion of long-term debt previously discussed, \$155.8 million for the difference between the carrying value and the fair value of long-term debt recorded as a result of the Merger, and a \$14.4 million increase in provisions for the Merger Commitments.

For the predecessor period December 31, 2015, Cleco's Consolidated Balance Sheets reflected \$2.65 billion of total liabilities. There were no significant changes in the underlying trends impacting total liabilities for the predecessor period.

Cleco Holdings (Holding Company Level)

Cleco Holdings had no short-term debt outstanding at December 31, 2016, or 2015.

At December 31, 2016, Cleco Holdings's long-term debt outstanding was \$1.34 billion, of which none was due within one year.

In connection with the completion of the Merger, on April 13, 2016, Cleco Holdings entered into a \$1.35 billion Acquisition Loan Facility. In May and June 2016, Cleco Holdings refinanced the Acquisition Loan Facility with a series of other long-term financings described below.

On May 17, 2016, Cleco Holdings completed the private sale of \$535.0 million of 3.743% senior notes due May 1, 2026, and \$350.0 million of 4.973% senior notes due May 1, 2046. On May 24, 2016, Cleco Holdings completed the private sale of \$165.0 million of 3.250% senior notes due May 1, 2023. On June 28, 2016, Cleco Holdings entered into a \$300.0 million variable rate bank term loan due June 28, 2021. The proceeds from the issuance and sale of these notes and term loan were used to repay the \$1.35 billion Acquisition Loan Facility. Debt issuance costs of \$17.7 million were expensed to merger costs in connection with the repayment of the Acquisition Loan Facility.

On April 13, 2016, in connection with the completion of the Merger, Cleco Holdings replaced its existing \$250.0 million credit facility with a \$100.0 million credit facility. The new credit facility has similar terms as the previous facility, including restricted financial covenants, and expires in 2021. This facility provides for working capital and other needs. At December 31, 2016, Cleco Holdings had no draws outstanding under its \$100.0 million credit facility.

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Cleco Holdings and Cleco Power have uncommitted lines of credit with a bank that allow up to \$10.0 million each in short-term borrowings, but no more than \$10.0 million in aggregate, to support their working capital needs.

Cash and cash equivalents available at Cleco Holdings at December 31, 2016, were \$1.4 million, combined with \$100.0 million credit facility capacity for a total liquidity of \$101.4 million.

Cleco Power

There was no short-term debt outstanding at Cleco Power at December 31, 2016, or 2015.

At December 31, 2016, Cleco Power's long-term debt outstanding was \$1.25 billion, of which \$19.7 million was due within one year. The long-term debt due within one year at December 31, 2016, represents \$17.9 million of principal payments for the Cleco Katrina/Rita storm recovery bonds and \$1.8 million of capital lease payments. For Cleco Power, long-term debt increased \$1.3 million from December 31, 2015, primarily due to the issuance of \$330.0 million senior notes in December 2016, debt discount amortizations of \$0.5 million, and \$0.2 million in debt expense amortization. These increases were partially offset by a \$250.0 million repayment of senior notes in December 2016, a \$60.0 million repayment of Solid Waste Disposal Facility Bonds in November 2016, \$16.8 million of scheduled Cleco Katrina/Rita storm recovery bond principal payments made in March and September 2016, and a \$2.6 million decrease in capital lease obligations.

On April 13, 2016, in connection with the completion of the Merger, Cleco Power replaced its existing \$300.0 million credit facility with a new \$300.0 million credit facility. This facility provides for working capital and other financing needs. The new credit facility has similar terms as the previous facility, including restricted financial covenants, and expires in 2021.

On November 1, 2016, Cleco Power redeemed at par \$60.0 million of 4.70% Solid Waste Disposal Facility bonds due November 2036. As part of the redemption, Cleco Power paid \$1.4 million of accrued interest on the redeemed bonds.

On December 20, 2016, Cleco Power completed the private sale of \$130.0 million of 3.47% senior notes due December 16, 2026, and \$200.0 million of 3.57% senior notes due December 16, 2028. The proceeds from the issuance and sale of these notes were used to replace cash used to redeem the above mentioned Solid Waste Disposal Facility bonds, to redeem \$250.0 million of 6.65% senior notes due 2018 prior to maturity and pay make-whole payments of approximately \$19.0 million in connection with such redemption, and for general company purposes.

At December 31, 2016, and 2015, Cleco Power had no borrowings outstanding under its \$300.0 million credit facility. At December 31, 2016, Cleco Power had a \$2.0 million letter of credit to MISO pursuant to the credit requirements of FTRs. This credit facility is covered under a standing letter of credit outside of Cleco Power's credit facility; therefore, it does not reduce the borrowing capacity of Cleco Power's new credit facility.

Cleco Holdings and Cleco Power have uncommitted lines of credit with a bank that allow up to \$10.0 million each in short-term borrowings, but no more than \$10.0 million in aggregate, to support their working capital needs.

Cash and cash equivalents available at December 31, 2016, were \$21.5 million combined with \$300.0 million credit facility capacity for total liquidity of \$321.5 million.

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At December 31, 2016, and 2015, Cleco Power had a working capital surplus of \$149.1 million and \$184.9 million, respectively. The \$35.8 million decrease in working capital is primarily due to:

a \$44.2 million decrease in unrestricted cash and cash equivalents,

a \$26.4 million decrease in fuel inventory primarily due to decreases in solid fuels inventory due to higher than normal levels in 2015, an adjustment related to a fuel survey, and lower lignite deliveries,

a \$16.9 million increase in accounts payable (excluding FTR purchases) primarily related to the timing of property taxes and vendor payments, and

a \$14.4 million increase in the provision for the Merger Commitments.

These decreases in working capital were partially offset by:

a \$29.5 million net increase in net current tax assets and related interest charges primarily due to the creation of the net operating loss carryforward

a \$13.8 million increase in restricted cash and cash equivalents,

a \$13.5 million increase in customer accounts receivable due to timing of receipts from wholesale customers and an increase in retail customer receivables, and

an \$11.4 million increase in accumulated deferred fuel primarily due to a fuel surcharge.

At December 31, 2016, Cleco Power's Consolidated Balance Sheets reflected \$2.73 billion of total liabilities compared to \$2.68 billion at December 31, 2015. The \$51.3 million increase in total liabilities during 2016 was primarily due to increases in provision for the Merger Commitments, accounts payable, accumulated deferred federal and state income taxes, postretirement benefit obligations, offset by a decrease in taxes payable. During 2016, the provision for the Merger Commitments increased \$14.4 million. Accounts payable increased \$13.6 million as a result of the timing of property tax payments and vendor payments. Net accumulated deferred federal and state income taxes increased \$25.1 million as a result of the creation of the net operating loss carryforward in 2016 versus the utilization of a net operating loss carryforward in 2015. Postretirement benefit obligations also increased \$7.0 million primarily due to lower discount rates, partially offset by greater than expected return on plan assets and updated mortality tables. These increases were partially offset by a decrease in taxes payable of \$17.0 million due to a decrease in pretax income.

Credit Facilities

At December 31, 2016, Cleco had two separate revolving credit facilities, one for Cleco Holdings and one for Cleco Power, with a maximum aggregate capacity of \$400.0 million.

At December 31, 2015, Cleco Holdings had a \$250.0 million credit facility. On April 13, 2016, in connection with the completion of the Merger, Cleco Holdings replaced the existing credit facility with a \$100.0 million credit facility. The new credit facility has similar terms as the previous facility, including restricted financial covenants, and expires in 2021. At December 31, 2016, Cleco Holdings was in compliance with the covenants of its credit facility. The borrowing costs under the facility are equal to LIBOR plus 1.75% or ABR plus 0.75%, plus commitment fees of 0.275%. At December 31, 2016, Cleco Holdings had no borrowings outstanding under its \$100.0 million credit facility. If Cleco Holdings' credit ratings were to be downgraded one level by either agency, Cleco Holdings would be required to pay higher fees and additional interest of 0.075% and 0.50%, respectively, under the pricing levels for its credit facility.

At December 31, 2015, Cleco Power had a \$300.0 million credit facility. On April 13, 2016, in connection with the completion of the Merger, Cleco Power replaced its existing credit facility. The new credit facility has similar terms as the previous facility, including restricted financial covenants, and expires in 2021. At December 31, 2016, Cleco Power was in compliance with the covenants of its credit facility. The borrowing

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costs under the facility are equal to LIBOR plus 1.125% or ABR plus 0.125%, plus commitment fees of 0.125%. At December 31, 2016, Cleco Power had no borrowings outstanding under its \$300.0 million credit facility. If Cleco Power's credit ratings were to be downgraded one level by either agency, Cleco Power would be required to pay higher fees and additional interest of 0.05% and 0.125%, respectively, under the pricing levels of its credit facility. A \$2.0 million letter of credit issued to MISO is covered under a standing letter of credit outside of Cleco Power's credit facility; therefore, it does not reduce the borrowing capacity of Cleco Power's new credit facility. The letter of credit issued to MISO is pursuant to the credit requirements of FTRs. The letter of credit automatically renews each year.

If Cleco Holdings or Cleco Power were to default under the covenants in their respective credit facilities or other debt agreements, they would be unable to borrow additional funds under the facilities, and the lenders could accelerate all principal and interest outstanding. Further, if Cleco Power were to default under its credit facility or other debt agreements, Cleco Holdings would be considered in default under its credit facility.

Debt Limitations

The Merger Commitments provide for limitations on the amount of distributions that may be paid from Cleco Holdings to Cleco Group or Cleco Partners, depending on Cleco Holdings' debt to EBITDA ratio and its corporate credit ratings. Additionally, in accordance with the Merger Commitments, Cleco Power is subjected to certain provisions limiting the amount of distributions that may be paid to Cleco Holdings, depending on Cleco Power's common equity ratio and its corporate credit ratings. The Merger Commitments also prohibit Cleco from incurring additional long-term debt, excluding non-recourse debt, unless certain financial ratios are achieved. At December 31, 2016 Cleco Holdings and Cleco Power exceeded the limitations that would limit the amount of distributions available. For more information on additional merger commitments, see [Risk Factors](#) Holding Company.

Cleco Cash Flows

Net Operating Cash Flow

Net cash provided by operating activities for the successor period April 13, 2016, through December 31, 2016, was \$51.3 million. There were no significant changes in the underlying trends impacting cash provided by operating activities with the exception of the following:

lower collections from customers of \$121.5 million due to Merger credits issued in 2016, and

\$23.7 million related to payments for merger transaction costs.

Net cash provided by operating activities for the predecessor period January 1, 2016, through April 12, 2016, was \$129.8 million. There were no significant changes in the underlying trends impacting cash provided by operating activities.

Net cash provided by operating activities for the predecessor period January 1, 2015, through December 31, 2015, increased \$25.8 million from the predecessor period January 1, 2014, through December 31, 2014, due to the following items:

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lower net fuel and power purchases of \$21.5 million primarily due to the absence of a plant outage, the loss of a wholesale customer, timing of collections, and lower per unit gas prices,

lower payments to gas vendors of \$18.4 million primarily due to lower per unit prices,

lower payments for generating station outage expenses of \$15.9 million, and

lower income tax payments of \$13.9 million.

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These increases in net operating cash were partially offset by higher payments to vendors of \$49.9 million primarily related to the timing of property tax payments and other vendor payments.

For information on Cleco's investing and financing activities for the predecessor and successor periods, see Financial Statements and Supplementary Data Cleco Consolidated Statements of Cash Flows.

Cleco Power Cash Flows

Net Operating Cash Flow

Net cash provided by operating activities was \$215.8 million during 2016, \$366.5 million during 2015, and \$347.1 million during 2014. Net cash provided by operating activities during 2016 decreased \$150.7 million from 2015 primarily due to the following items:

lower collections from customers of \$121.5 million due to Merger credits issued in 2016,

higher payments for affiliate settlements of \$34.0 million, and

lower net fuel and power purchase collections of \$17.1 million primarily due to timing of recovery.
These decreases in net operating cash were partially offset by:

lower payments to vendors of \$28.9 million primarily related to the timing of property tax payments and other vendor payments and

lower payments for fuel inventory of \$26.8 million primarily due to lower lignite deliveries and lower petroleum coke purchases.

Net cash provided by operating activities during 2015 increased \$19.4 million from 2014 primarily due to the following items:

lower net fuel and power purchases of \$21.5 million primarily due to the absence of a plant outage, the loss of a wholesale customer, timing of collections, and lower per unit gas prices,

lower payments to gas vendors of \$18.4 million primarily due to lower per unit prices, and

lower payments for generating station outage expenses of \$15.9 million.

These increases in net operating cash were partially offset by higher payments to vendors of \$46.2 million primarily related to the timing of property tax payments and other vendor payments.

For information on Cleco Power's investing and financing activities, see Financial Statements and Supplementary Data Cleco Power Consolidated Statements of Cash Flows.

Capital Expenditures

Cleco's capital expenditures are primarily incurred in its major first-tier subsidiary, Cleco Power. Cleco Power's capital expenditures relate primarily to assets that may be included in Cleco Power's rate base and, if considered prudent by the LPSC, can be recovered from its customers. Those assets also earn a rate of return authorized by the LPSC and are subject to the FRP. Such assets primarily consist of improvements to Cleco Power's distribution system, transmission system, and generating stations.

During the years ended December 31, 2016, 2015, and 2014, Cleco Power had capital expenditures, excluding AFUDC, of \$181.7 million, \$153.3 million, and \$201.2 million, respectively. In 2016, 2015, and 2014, 100% of Cleco Power's capital expenditure requirements were funded internally.

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For the successor period April 13, 2016, through December 31, 2016, other subsidiaries had capital expenditures, excluding AFUDC, of \$0.7 million. Other subsidiaries had capital expenditures, excluding AFUDC, of less than \$0.1 million, \$0.5 million, and \$1.0 million during the predecessor periods January 1, 2016, through April 12, 2016, January 1, 2015, through December 31, 2015, and January 1, 2014, through December 31, 2014, respectively.

In 2017 and for the five-year period ending 2021, Cleco Power expects to internally fund 100% of its capital expenditure requirements. However, Cleco Power may choose to issue debt in order to achieve a capital structure with a debt ratio of 49%. All computations of internally funded capital expenditures exclude AFUDC.

Cleco and Cleco Power's estimated capital expenditures and debt maturities for 2017 and for the five-year period ending 2021 are presented in the following tables. All amounts exclude AFUDC.

Cleco PROJECT (THOUSANDS)	2017	%	2017-2021	%
Environmental	\$ 4,000	1%	\$ 33,000	3%
New business	27,000	10%	138,000	11%
Transmission reliability	26,000	10%	170,000	14%
Fuel optimization	75,000	28%	172,000	14%
General(1)	136,000	51%	706,000	58%
Total capital expenditures	\$ 268,000	100%	\$ 1,219,000	100%
Debt payments	18,000		369,000	
Total capital expenditures and debt payments	\$ 286,000		\$ 1,588,000	

- (1) Primarily consists of rehabilitation projects of older transmission, distribution, and generation assets and hardware and software upgrades at Cleco Power.

Cleco Power
PROJECT (THOUSANDS)