

CLECO CORP  
Form DEF 14A  
March 18, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Cleco Corporation**

(Name of Registrant as Specified In Its Charter)

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

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**CLECO CORPORATION**

**2030 Donahue Ferry Road**

**Pineville, Louisiana 71360-5226**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

TIME	9:00 a.m., Central time, on Friday, April 30, 2010
PLACE	Country Inn & Suites by Carlson 2727 Monroe Highway Pineville Convention Center, Ft. Randolph Room Pineville, Louisiana 71360
ITEMS OF BUSINESS	(1) To elect four directors each of whom will serve a three-year term expiring in 2013, or until their successors are elected and qualified.  (2) To ratify the Audit Committee's appointment of the firm of PricewaterhouseCoopers LLP as Cleco Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2010.  (3) To consider a shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors so as to require that all directors be elected annually.  (4) To transact any other business that may properly come before the annual meeting or any adjournments or postponements thereof.
RECORD DATE	You can vote if you were a shareholder of record as of the close of business on March 1, 2010.
ANNUAL REPORT	Our 2009 Annual Report and Form 10-K for the fiscal year ended December 31, 2009, neither of which is a part of the proxy soliciting material, are enclosed.
PROXY VOTING	It is important that your shares be represented and voted at the annual meeting. Please mark, sign, date, and promptly return the enclosed proxy card in the postage-paid envelope, or vote through the Internet as described in the enclosed proxy card. Any proxy may be revoked at any time prior to its exercise at the annual meeting.

Judy P. Miller  
Corporate Secretary

March 18, 2010

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

Cleco Corporation is furnishing you this proxy statement because you are a holder of Cleco common stock or preferred stock. The Cleco board of directors is soliciting proxies for use at the Cleco annual meeting of shareholders and at any adjournments or postponements of the annual meeting. The annual meeting will be held at 9:00 a.m., Central time, on Friday, April 30, 2010, at the Country Inn & Suites by Carlson, 2727 Monroe Highway, Pineville Convention Center, Ft. Randolph Room, Pineville, Louisiana 71360 (please see the map included as Appendix A). The voting stock of Cleco consists of shares of common stock and preferred stock, with each share of common stock and preferred stock entitling its owner to one vote. The holders of common stock and preferred stock vote together as a single class, except in the election of directors, where holders of common stock can cumulate their votes. At the annual meeting, holders of record of Cleco voting stock at the close of business on March 1, 2010 will be entitled to vote upon proposals relating to:

the election of four directors each of whom will serve until the annual meeting in 2013, or until their successors are elected and qualified;

the ratification of the Audit Committee's appointment of the firm of PricewaterhouseCoopers LLP as Cleco Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2010;

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

the consideration of any other business that may properly come before the meeting.

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

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

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**INTRODUCTION**

**General**

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

**Proxy Solicitation**

The enclosed proxy is solicited on behalf of the Cleco board of directors to be voted at the annual meeting. The management of Cleco will solicit proxies by mail, telephone, facsimile, the Internet or overnight delivery. Proxies also may be solicited in advertisements and in person by Cleco officers and employees. Cleco has hired Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902, to assist in the solicitation of proxies. Morrow's fee is approximately \$8,000 plus expenses. Other than Morrow, no specially engaged solicitors will be retained to solicit proxies. Cleco is responsible for the payment of all expenses of the solicitation, including the cost of preparing and mailing this proxy statement and the reimbursement of brokerage firms and other nominees for their reasonable expenses in forwarding proxy material to beneficial owners of Cleco voting stock.

All duly executed proxies will be voted in accordance with their instructions. If no instructions are in an executed proxy, the shares represented by such proxy will be voted at the annual meeting or any adjournments or postponements thereof **FOR** the election of the four nominees for director and **FOR** the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as Cleco Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2010 and, in the discretion of the persons named in the proxy, on any other business that may properly come before the annual meeting. If no instructions are given in an executed proxy with respect to the consideration of the shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors, the holders of the shares represented by that proxy will be deemed to **abstain** from voting on this proposal. Management is not aware of any other matters that are likely to be brought before the annual meeting.

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

**Record Date and Voting Rights**

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

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

Proposal 1 the election of four directors to serve until the 2013 annual meeting of shareholders, or until their successors are elected and qualified;

Proposal 2 the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as Cleco's independent registered public accounting firm for the fiscal year ending December 31, 2010; and

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

Generally, under Louisiana law and Cleco's Amended and Restated Articles of Incorporation and Bylaws, an abstention by a shareholder who is either present in person at the annual meeting or represented by proxy is



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

Election of directors is by plurality of the voting stock, with each holder of Cleco common stock being able to cast as many votes as equal the number of such holder's shares of common stock multiplied by the number of directors to be elected. Each holder of Cleco common stock may cumulate all or any part of these votes for one or more of the nominees.

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

If you are an employee of Cleco and participate in the Cleco Savings and Investment Plan ( 401(k) Savings Plan ), you may vote the number of shares of Cleco common stock equivalent to your interest in the Cleco common stock fund of the 401(k) Savings Plan as of the close of business on March 1, 2010, the record date for the annual meeting. Additionally, if you are an employee of Cleco and participate in the Cleco Employee Stock Purchase Plan ( Stock Purchase Plan ), you may vote the number of shares of Cleco common stock purchased with your payroll deductions as of the record date. In any case, complete and return the proxy card being mailed with this proxy statement. The trustee under the 401(k) Savings Plan and/or the custodian under the Stock Purchase Plan will vote the shares allocated to your account(s) according to your instructions. If you do not send instructions within the time required, the share equivalents credited to your account(s) will not be voted.

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

### **Execution and Revocation of Your Proxy**

Shares represented by proxies properly signed and returned will be voted at the annual meeting in accordance with the shareholder's specifications. If a proxy is signed but no voting specification is made, then the shares represented by the proxy will be voted **FOR** the election of the four nominees for director and **FOR** the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as Cleco's independent registered public accounting firm for the fiscal year ending December 31, 2010, and in accordance with the recommendations of the Cleco board of directors on any other proposals that may properly come before the annual meeting. If a proxy is signed but no voting specification is made, then the shares represented by the proxy will be voted **neither FOR nor AGAINST** the consideration of the shareholder proposal requesting the board of directors to take the steps necessary to eliminate the classification of the board of directors.

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

### **Internet Availability of Proxy Materials**

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

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**PROPOSAL NUMBER 1 ELECTION OF FOUR CLASS I DIRECTORS**

Cleco's Bylaws provide for the division of Cleco's board of directors into three classes, Class I, Class II and Class III, with each class consisting, as nearly as possible, of one-third of the number of directors constituting the whole board. Cleco's board of directors currently has a total of 11 directors: four are in Class I, four are in Class II, and three are in Class III. The term of each directorship is three years. The terms of the three classes are staggered in a manner so that only one class is elected by the shareholders annually. The four Class I director positions are proposed for election this year to serve as members of Cleco's board of directors until the annual meeting of shareholders in 2013, or until their successors are elected and qualified.

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

All of the nominees listed below currently serve as directors of Cleco. Directors who are members of Classes II and III, who are continuing as directors at this time and whose terms of office expire in 2011 and 2012, respectively, are named below following the information concerning the four nominees for election as Class I directors.

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

**About the Nominated and Continuing Directors**

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

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

**Class I Directors (nominees to be elected at the 2010 annual meeting; terms of office expire in 2013)**

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

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

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

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

Mr. Crowell also has been a director of Whitney Holding Corporation, a bank holding company engaged in commercial, retail and international banking services, as well as brokerage, investment, trust and mortgage services, and Whitney National Bank since 1983, where he has held the position of chairman of the audit committee. In addition, Mr. Crowell has served as president, trustee, partner and director of numerous private entities for over 25 years, with responsibility for investments, budgets and financial reporting, among other things. This service further augments his range of knowledge and provides valuable experience on which he can draw while serving as a member of our board of directors.

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

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

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

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

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

William L. Marks, who is retired, was the chief executive officer and chairman of the board of directors of Whitney Holding Corporation ( Whitney ), a bank holding company engaged in commercial, retail and international banking services, as well as brokerage, investment, trust and mortgage services, and Whitney National Bank for more than five years before retiring in March 2008. Mr. Marks, who is 67 years old, has been a director of Cleco since 2001 and is chairman of the Finance Committee and a member of the Compensation and Executive Committees. He also has served as a director of Adtran, Inc., a global provider of networking and communications equipment, since 1993.

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

Robert T. Ratcliff, Sr. has been chairman, president and chief executive officer of Ratcliff Construction Company, LLC, a company primarily engaged in the design and construction of industrial, commercial and governmental facilities, for more than five years. Mr. Ratcliff, who is 67 years old, has been a director of Cleco since 1993 and is a member of the Audit and Finance Committees. He also served as a director of Hibernia Corporation and Hibernia National Bank from 1993 until November 2005.

Mr. Ratcliff received his master's degree in business administration from Tulane University (New Orleans, LA) in 1964. He has served in various roles as a national bank director for over ten years and currently serves as a not-for-profit foundation director. Mr. Ratcliff's business experience ranges from operational to financial in his position as president and chief executive officer of Ratcliff Construction Company, LLC. With his understanding of what makes businesses work effectively and efficiently, Mr. Ratcliff provides valuable insight to our board of directors, especially through his service on Cleco's Audit and Finance Committees.

Peter M. Scott III, who is retired, was employed by Progress Energy, Inc., a publicly held utility company headquartered in Raleigh, North Carolina, where he served as executive vice president and chief financial officer from 2000 to 2008. He also served as president and chief executive officer of Progress Energy Service Company, LLC from 2004 until September 1, 2008. Mr. Scott is 60 years old and became a director of Cleco in July 2009. He is a member of the Audit and Compensation Committees.

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

William H. Walker, Jr., who is retired, was the president and a director of Howard Weil, Inc., an investment banking firm, for more than five years before retiring in 2005. Mr. Walker, who is 64 years old, has been a director of Cleco since 1996 and is chairman of the Compensation Committee and a member of the Executive and Finance Committees.

Mr. Walker has a variety of experience including a background in sales and service in the Army, where he was an officer in the Adjutant General's Corps and a teacher at the Army War College. Mr. Walker began his career in the securities business in New York City in 1972. He has since been involved in many aspects of the securities business, including sales, trading, research and investment banking with respect to both debt and equity-related instruments. Mr. Walker joined Howard Weil in 1976 and was named president in 1990. This experience enables Mr. Walker to be a valuable contributor to the board of directors, especially in his role as chairman of the Compensation Committee and as a member of the Finance Committee.

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

J. Patrick Garrett, who is retired, was employed by Windsor Food Company Ltd., a privately held company engaged in the food processing business, where he served as president and chief executive officer from 1995 until 1999. Mr. Garrett, who is 66 years old, has been a director of Cleco since 1981. Mr. Garrett is chairman of the board of directors and chairman of the Executive, Nominating/Governance and Qualified Legal Compliance Committees. Mr. Garrett also presides over executive sessions of non-management directors.

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

Elton R. King, who is retired, was employed as president and chief executive officer of Visual Networks, Inc., a company engaged in providing application performance and network management solutions, from June 2001 until August 2002 and also served as a member of its board of directors during that time. Mr. King retired from BellSouth Telecommunications, Inc. (BellSouth) in 1999, where he had been employed for more than five years, serving most recently as the president of its network and carrier services group. Mr. King, who is 63 years old, has been a director of Cleco since 1999 and is a member of the Finance and Nominating/Governance Committees. He also served as a director of Hibernia Corporation and Hibernia National Bank until November 2005.

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

Logan W. Kruger has served as the president, chief executive officer and director of Century Aluminum Company, a publicly held company owning primary aluminum capacity in the United States and Iceland, since December 2005. Prior to that time, Mr. Kruger was employed by Inco Limited, a publicly held company engaged in the mining, processing and marketing of nickel and nickel-related products, where he served as executive vice president of technical services from September 2003 until September 2005 and as president, Inco Asia Pacific from September 2005 until November 2005. Mr. Kruger is 59 years old and became a director of Cleco in October 2008. He is a member of the Audit and Compensation Committees.

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

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

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

### **Independence and Organization of the Board of Directors**

Cleco's board of directors has delegated some of its authority to six committees. These are the Executive Committee, the Audit Committee, the Compensation Committee, the Finance Committee, the Nominating/Governance Committee and the Qualified Legal Compliance Committee. The members of those committees are identified, as appropriate, under Class I Directors, Class II Directors and Class III Directors above. In accordance with current listing standards of the NYSE, Cleco's board of directors has adopted categorical standards to assist it in making determinations of director independence that are required by the NYSE. These categorical standards which were last revised by the board of directors in January 2005 were included as Appendix B to the 2006 proxy statement and are posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of the standards is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The board of directors has determined that all of its directors, except Mr. Madison, who is chief executive officer of Cleco, meet the categorical standards and are independent within the meaning of the current listing standards of the NYSE.

The Executive Committee exercises all powers of the board of directors, as defined and limited by Cleco's Bylaws, between meetings of the full board whenever it is not desirable or practical to conduct a meeting of the full board. The Executive Committee operates under a written charter adopted by the board of directors in January 2003 and revised in May 2005, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Executive Committee held no meetings in 2009.

The Audit Committee selects Cleco's independent registered public accounting firm, reviews the scope of audits, reviews and recommends to Cleco's board of directors financial reporting and accounting practices, and reviews Cleco's procedures for internal auditing and the adequacy of its system of internal accounting controls. On a quarterly basis, the Audit Committee reviews activity reported through Cleco's Ethics Helpline, which provides a means for employees to anonymously seek guidance or report allegations of misconduct. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 and operates under a written charter adopted by the board of directors in April 2000 and last revised in January 2010, a copy of which is attached as Appendix B and is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Audit Committee held seven meetings, three of which were formal telephone meetings, during 2009.

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



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and/or (3) the 1990 Long-Term Incentive Compensation Plan which expired December 31, 1999. The Compensation Committee operates under a written charter adopted by the board of directors in January 2003 and last revised in July 2008, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Compensation Committee held six meetings, one of which was a formal telephone meeting, in 2009.

The Finance Committee reviews and recommends to the board of directors actions related to Cleco's dividend and investment policies, corporate financing plans and major financial undertakings. The Finance Committee operates under a written charter adopted by the board of directors in May 2005 and last revised in April 2008, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Finance Committee held five meetings in 2009.

The Nominating/Governance Committee considers and makes recommendations to the board of directors with respect to the size and composition of the board, potential candidates for membership on the board, compensation of directors, the effectiveness, structure and operation of the board, nominees for officers of Cleco and its affiliates, and changes to Cleco's Corporate Governance Guidelines. The Nominating/Governance Committee operates under a written charter adopted by the board of directors in January 2003 and last revised in April 2009, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Nominating/Governance Committee held four meetings in 2009.

The Qualified Legal Compliance Committee was formed in October 2003 to receive, consider and take action with respect to any report made or referred to the Qualified Legal Compliance Committee by an attorney, of evidence of a material violation of federal or state securities law, a material breach of fiduciary duty arising under federal or state law or similar material violation of any federal or state law, in each case by Cleco or by any officer, director, employee or agent of Cleco. Each board member who serves as a member of the Nominating/Governance Committee also serves as a member of the Qualified Legal Compliance Committee. If at any time the Nominating/Governance Committee does not include a member of the Audit Committee, the then-current chairman of the Audit Committee also shall be a member of the Qualified Legal Compliance Committee. The Qualified Legal Compliance Committee operates under a written charter adopted by the board of directors in October 2003 and last revised in April 2009, a copy of which is posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors Corporate Governance. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Qualified Legal Compliance Committee held no meetings in 2009.

Cleco's board of directors held four regular meetings and seven special meetings, four of which were formal telephone meetings, during 2009. Generally, in months when a formal meeting is not held, members of Cleco's board of directors are provided with written reports regarding the operations of Cleco, may hold informal telephone conference meetings if business needs dictate, and also are consulted informally from time to time with respect to pending business. When necessary, special meetings, including formal telephone meetings, are called as official board meetings to deal with specific action items. Cleco's Corporate Governance Guidelines provide that executive sessions of non-management directors will be scheduled at the conclusion of all official in-person meetings of the board and its committees, although non-management directors may meet in executive session at any time. During 2009, all directors attended at least 95% of the total number of formal meetings of Cleco's board of directors and of the committees of Cleco's board of directors on which such directors served. Directors also are expected to attend each annual meeting of shareholders. The 2009 annual meeting of shareholders was attended by all directors serving at that time.

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

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

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

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

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

### **Cleco's Corporate Governance Guidelines**

Cleco's Corporate Governance Guidelines were adopted by the board of directors in January 2002. These guidelines are intended to complement Cleco's Amended and Restated Articles of Incorporation and Bylaws and address, among other things, the mission, the structure, and the operation of the board of directors. The guidelines may change from time to time as the board of directors may determine such change to be in the best interest of Cleco and its shareholders. The Corporate Governance Guidelines were last revised in July 2009 and are posted on Cleco's Web site at [www.cleco.com](http://www.cleco.com); For Investors' Corporate Governance. The Corporate Governance Guidelines are also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000.

### **Cleco's Code of Business Conduct & Ethics**

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

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

### **The Board of Director's Role in Risk Oversight**

Risk can take many different forms, such as operating risk, financial risk, regulatory risk, environmental risk and reputational risk. See Cleco Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (2009 Form 10-K), Item 1A, Risk Factors and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations Cleco Power Significant Factors Affecting Cleco Power and Midstream Significant Factors Affecting Midstream, for additional information on the different forms of risk relevant to the Company.

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

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

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

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

### **Audit Committee**

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

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

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

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

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

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

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

## **Finance Committee**

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

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

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

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

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

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

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

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

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

On an annual basis and generally at its January meeting, the Finance Committee reviews and approves the operating plan for the upcoming year. Review and approval of the capital expenditure plan are conducted at the December meeting. The board of directors is presented with the key assumptions supporting the operating and capital plan along with key financial metrics at both the December and January meetings. In addition,

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management prepares a five-year financial plan and reviews it with the Finance Committee at least annually, including the review completed with the full board of directors at the Company's annual strategy meeting. Also on an annual basis, the Finance Committee is provided an update on the Company's insurance program and the outlook for the insurance market.

### ***Compensation Committee***

The reports, analyses and decisions made by the Compensation Committee with regard to executive compensation and compensation risk assessment can be found in our CD&A beginning on page 19 of this proxy statement. In general, the performance-based compensation measures described in the CD&A are applicable to all employees and the Company only adopts measures having companywide performance targets. As such, the Company believes it has a balanced approach to compensation design and risk that is consistent with the long-term interests of Cleco and its shareholders.

### **Director Nomination Process**

Cleco's Corporate Governance Guidelines set forth Cleco's method of selecting director nominees and provide for annual evaluations of the board and the board committees as a whole. In connection with these evaluations, which were completed for the first time in 2004, Cleco's board of directors identified, and the Nominating/Governance Committee compiled, attributes of the board's incumbent members believed to contribute to the work of the board and its committees, including leadership, accomplishments, skills, diversity (gender, race, national origin, education, professional experience and differences in viewpoint and skills), integrity and commitment to board duties. The Nominating/Governance Committee does not have a formal policy with respect to diversity. Howev