

CLECO CORP
Form DEF 14A
March 12, 2008
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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

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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 25, 2008
March 13, 2008**

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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 25, 2008
PLACE	Country Inn & Suites by Carlson 2727 Monroe Highway Pineville Convention Center, Red River Room, The Pines Pineville, Louisiana 71360
ITEMS OF BUSINESS	(1) To elect three directors each of whom will serve a three-year term expiring in 2011, 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, 2008. (3) 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 February 25, 2008.
ANNUAL REPORT	Our 2007 Annual Report and Form 10-K for the fiscal year ended December 31, 2007, 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.

March 13, 2008

Judy P. Miller
Corporate Secretary

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PROXY STATEMENT
CLECO CORPORATION
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 25, 2008

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 25, 2008, at the Country Inn & Suites by Carlson, 2727 Monroe Highway, Pineville Convention Center, Red River Room, The Pines, 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 February 25, 2008 will be entitled to vote upon proposals relating to:

the election of three directors each of whom will serve until the annual meeting in 2011, 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, 2008; and

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

The board of directors recommends that you vote FOR the election of the three nominees for director and FOR the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as Cleco Corporation's independent registered public accounting firm.

This proxy statement and the accompanying proxy card are being mailed first on or about March 13, 2008 to record shareholders of Cleco as of the close of business on February 25, 2008.

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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 to assist in the solicitation of proxies. Morrow's fee is approximately \$7,500 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** each of the proposals and, in the discretion of the persons named in the proxy, on any other business that may properly come before the annual meeting. Management is not aware of any other matters that are likely to be brought before the annual meeting.

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

Record Date and Voting Rights

Holders of record of outstanding voting stock as of the close of business on February 25, 2008 are entitled to receive notice of and to vote at the annual meeting. As of February 25, 2008, there were 60,174,284 shares of Cleco common stock outstanding and 10,288 shares of Cleco preferred stock outstanding. As of February 25, 2008, all officers and directors of Cleco, as a group, beneficially owned 2.0% 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 three directors to serve until the 2011 annual meeting of shareholders, or until their successors are elected and qualified; and

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, 2008.

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 not a vote cast and is counted neither for nor against the matter subject to the abstention. 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. 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.

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.

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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 February 25, 2008, 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 three nominees for director and **FOR** the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as Cleco's independent registered public accounting firm, and in accordance with the recommendations of the Cleco board of directors on any other proposals that may properly come before the annual meeting.

A shareholder who gives a proxy may revoke it at any time before the proxy is voted at the annual meeting. To revoke a proxy, a written instrument signed in the same manner as the proxy must be delivered to the corporate secretary of Cleco at or before the annual meeting. Also, a shareholder who attends the annual meeting in person may vote by ballot at the meeting, thereby canceling 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 25, 2008. This proxy statement, the related proxy cards, the 2007 Annual Report and the 2007 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 THREE CLASS II DIRECTORS

Cleco's Bylaws provide for the division of Cleco's board of directors into three classes, Class I, Class II and Class III, with each class consisting, as nearly as possible, of one-third of the number of directors constituting the whole board. Cleco's board of directors currently has a total of 10 directors: four are in Class I, three are in Class II, and three are in Class III (including Mr. F. Ben James, Jr., who will retire immediately prior to the 2008 annual meeting, as discussed below). The term of each directorship is three years. The terms of the three classes are staggered in a manner so that only one class is elected by the shareholders annually. The three Class II 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 2011, or until their successors are elected and qualified.

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

All of the nominees listed below currently serve as directors of Cleco. Directors who are members of Classes I and III, who are continuing as directors at this time and whose terms of office expire in 2010 and 2009, respectively, are named below following the information concerning the three nominees for election as Class II directors. Mr. F. Ben James, Jr., who has served as a director since 1986, will retire from the board of directors effective immediately prior to the 2008 annual meeting of shareholders, since he has reached the retirement age for outside directors specified in Cleco's Bylaws.

The Nominating/Governance Committee is following the steps discussed below under "Director Nomination Process" and has engaged an executive search firm to assist in the recruitment of new board members to fill the vacancy created by Mr. James' retirement, as well as upcoming retirements. The Nominating/Governance Committee is working to identify attributes of potential new board members to determine those attributes that will be most useful in the work of the board. In anticipation of Mr. James' retirement, the board has decreased the number of directors from ten to nine. Depending upon the outcome of the work of the search firm, the board may determine to increase the number of directors and appoint one or more board members identified in the search. At the time of the mailing of this proxy statement, this work is not complete and the Nominating/Governance Committee is not prepared to make a recommendation regarding a candidate to be nominated at the 2008 annual meeting of shareholders. Any new directors appointed by the board will be Class III directors with terms of office expiring in 2009.

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

Below is information concerning the three nominees for election as Class II directors at the annual meeting, as well as the continuing Class I and Class III directors, including the business experience of each during the past five years.

Class II Directors (nominees to be elected at the 2008 annual meeting; terms of office expire in 2011)

William L. Marks is a director of and has been chairman and chief executive officer 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 for more than five years. Mr. Marks is planning to retire from these positions effective March 15, 2008. Mr. Marks, who is 64 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 is also a director of Adtran, Inc. and serves on the board of trustees of Wake Forest University.

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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 65 years old, has been a director of Cleco since 1993 and is a member of the Audit and Finance Committees.

William H. Walker, Jr., who is retired, was employed by Howard Weil, Inc., an investment banking firm, as president for more than five years before retiring in 2005. He also served as a member of the board of directors of Howard Weil, Inc. during that time. Mr. Walker, who is 62 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.

Class I Directors (terms of office expire in 2010)

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 in 1990 after a 29-year military career. General Cadoria, who is 68 years old, has been a director of Cleco since 1993 and is a member of the Audit, Nominating/Governance and Qualified Legal Compliance 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 69 years old, has been a director of Cleco since 1997 and is a member of the Audit, Nominating/Governance and Qualified Legal Compliance Committees. He is also a director of Whitney Holding Corporation and Whitney National Bank.

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 59 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.

W. L. Westbrook 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 69 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.

Class I II Directors (terms of office expire in 2009)

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 64 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.

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. 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 61 years old, has been a director of Cleco since 1999 and is a member of the Compensation and Finance Committees.

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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 New York Stock Exchange (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. A copy of the standards also is 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. A copy of this charter also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Executive Committee held one telephone meeting in 2007.

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 July 2007, a copy of which is attached as Appendix B and is posted on Cleco's Web site at www.cleco.com. A copy of this charter also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Audit Committee held eight meetings, four of which were formal telephone meetings, during 2007.

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 2000 Long-Term Incentive Compensation Plan (LTIP). The Compensation Committee operates under a written charter adopted by the board of directors in January 2003 and last revised in July 2007, a copy of which is posted on Cleco's Web site at www.cleco.com. A copy of this charter also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Compensation Committee held five meetings, one of which was a formal telephone meeting, in 2007.

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, a copy of which is posted on Cleco's Web site at www.cleco.com. A copy of this charter also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Finance Committee held five meetings in 2007.

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,

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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 2007, a copy of which is posted on Cleco's Web site at www.cleco.com. A copy of this charter also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. The Nominating/Governance Committee held four meetings in 2007.

Cleco's board of directors held four regular meetings and two special meetings during 2007. 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 2007, all directors attended at least 75% 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 2007 annual meeting of shareholders was attended by all directors serving at that time.

During 2007, 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.

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 2007 and are posted on Cleco's Web site at www.cleco.com. The Corporate Governance Guidelines also are available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000.

Cleco's Code of Business Conduct & Ethics

Cleco has adopted a Code of Conduct that applies to its principal executive officer, principal financial officer, principal accounting officer and treasurer. Cleco also has adopted Ethics & Business Standards applicable to all employees and the board of directors. In addition, the board of directors has adopted Conflicts of Interest and Related Policies to prohibit certain conduct and to reflect the expectation of the board of directors that its members engage in and promote honest and ethical conduct in carrying out their duties and responsibilities, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships and corporate opportunities. Under the Conflicts of Interest and Related Policies, which were last revised in April 2007, Cleco considers transactions that are reportable under the Securities and Exchange Commission's (SEC) rules for transactions with related parties to be conflicts of interest and prohibits them. Any request, waiver, interpretation or other administration of the policy shall be referred to the Nominating/Governance Committee of Cleco's board of directors. 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. Each of these documents also is available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000.

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Director Nomination Process

Cleco's Corporate Governance Guidelines set forth Cleco's method of selecting director nominees and provide for annual evaluations of the board and the board committees as a whole. In connection with these evaluations, which were completed for the first time in 2004, Cleco's board of directors identified, and the Nominating/Governance Committee compiled, attributes of the board's incumbent members believed to contribute to the work of the board and its committees, including leadership, accomplishments, skills, diversity, integrity and commitment to board duties. When a position on the board of directors becomes vacant, or if the number of members on the board of directors is being increased, the Nominating/Governance Committee will review these attributes of the incumbent board members and determine the attributes that, if possessed by the new board member, would likely result in the most significant contribution to the board of directors. Persons recommended to the Nominating/Governance Committee for consideration as nominees for a vacant or new board position will then be evaluated with respect to the attributes determined by the committee to be optimal for the vacant or new position. Following the evaluation, which may involve interviews or other procedures the Nominating/Governance Committee deems appropriate, the committee will make a recommendation to the board of directors regarding a candidate either to be nominated at the next annual meeting of shareholders or elected by the board between such meetings.

Recommendations for potential nominees may come from any source, including members of the board of directors, shareholders, self-recommendations, members of the communities Cleco serves or search firms. All persons recommended for a vacant or new board position will be given equal consideration regardless of the source of the recommendation. Cleco's Nominating/Governance Committee did not receive any nominees for election as director at the 2008 annual meeting of shareholders from a shareholder or group of shareholders who individually, or in the aggregate, beneficially owned more than 5% of Cleco's voting common stock for at least one year.

Any person wishing to make a recommendation for a person to be considered by the Nominating/Governance Committee pursuant to the process described above as a potential nominee to the board of directors should direct the recommendation to the chairman of the Nominating/Governance Committee in care of Cleco's corporate secretary. However, Cleco is not obligated to nominate any nominee that is recommended to the Nominating/Governance Committee following these processes. Separately, Cleco's Bylaws contain certain provisions concerning nomination of a director by a shareholder, which are described below under the caption "Proposals by Shareholders."

Communications with the Board of Directors

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

Chairman of the Board of Directors

c/o Corporate Secretary

Cleco Corporation

P. O. Box 5000

Pineville, LA 71361-5000

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

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

The following table describes the Cleco common stock and Cleco preferred stock beneficially owned by Cleco directors and nominees, the executive officers named in the Summary Compensation Table below, and the directors and executive officers as a group. Shares of stock are beneficially owned by a person if the person directly or indirectly has or shares the power to vote or dispose of the shares, regardless of whether the person has any economic interest in the shares. A person also beneficially owns shares as to which the person has the right to acquire beneficial ownership within 60 days, as in the case of the stock options set forth under the Options Exercisable Within 60 Days column in the following table.

All information in the table is as of February 1, 2008, and is based upon information supplied by the directors and officers. Unless otherwise indicated in the footnotes and subject to community property laws where applicable, each of the shareholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned.

	Amount and Nature of Beneficial Ownership of Common Stock				Amount and Nature of Beneficial Ownership of Preferred Stock	
	Direct ⁽¹⁾	Options		Percent of Class	Number of Shares ⁽⁸⁾	Percent of Class
		Exercisable Within 60 Days ⁽²⁾	Other ⁽³⁾			
Directors and Nominees						
Sherian G. Cadoria	2,300	22,200	11,403 ⁽⁴⁾	*		
Richard B. Crowell	94,548	7,500	130,615 ⁽⁵⁾	*		
J. Patrick Garrett	49,213		20,483 ⁽⁴⁾	*		
F. Ben James, Jr.	20,503	17,834		*		
Elton R. King	26,685	18,056		*		
William L. Marks	23,056	14,167		*		
Robert T. Ratcliff, Sr.	14,262	19,168	5,292 ⁽⁴⁾	*		
William H. Walker, Jr.	68,589	19,168	28,090 ⁽⁴⁾	*		
W. L. Westbrook	3,417		23,128 ⁽⁴⁾	*		
Named Executive Officers						
Michael H. Madison ⁽⁶⁾	77,459	6,000		*		
Kathleen F. Nolen	38,737	15,667	3,583	*		
Dilek Samil	59,807	10,226		*		
George W. Bausewine	35,824	40,000		*		
William G. Fontenot	37,970		3,702	*		
Former Executive Officer						
Samuel H. Charlton III ⁽⁷⁾	42,141			*		
All directors, nominees and executive officers as a group (24 persons, including those listed above)	760,159	227,612	226,477	2.0%		

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

(1) Direct represents shares as to which each named individual has sole voting or dispositive power, including shares of Cleco common stock allocated under the 401(k) Savings Plan and shares of common stock granted as restricted stock awards under Cleco's long-term incentive plans, which include the LTIP and the 1990 Long-Term Incentive Compensation Plan which expired in December 1999. No additional grants can be made under the 1990 plan. Shares of common stock under the 401(k) Savings Plan were held by the persons in the table above as follows: Mr. Madison, 3,647; Ms. Nolen, 6,924; Ms. Samil, 1,546; Mr. Bausewine, 7,932; Mr. Fontenot, 9,138; and Mr. Charlton, 10,731. The other executive officers included in the amount

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- shown for all directors, nominees and executive officers as a group hold 42,384 shares of common stock under the 401(k) Savings Plan. Shares of common stock awarded under the LTIP that were restricted as of February 1, 2008 were held by the persons in the table above as follows: Mr. Madison, 78,714; Ms. Nolen, 22,024; Ms. Samil, 35,666; Mr. Bausewine, 18,002; Mr. Fontenot, 13,302; Mr. Charlton, 4,838; and the other executive officers included in the amount shown for all directors, nominees and executive officers as a group, 91,364.
- (2) Options Exercisable Within 60 Days reflects the number of shares that could be purchased by exercise of options at February 1, 2008 or within 60 days thereafter under Cleco's long-term incentive plans.
 - (3) Other represents the number of shares of common stock as to which the named individuals share voting and dispositive power with another person and shares of phantom stock related to shares of restricted stock granted under Cleco's LTIP.
 - (4) Represents shares of phantom stock related to shares of restricted stock granted under Cleco's LTIP. General Cadoria, Mr. Garrett, Mr. Ratcliff, Mr. Walker and Mr. Westbrook have elected to defer receipt of these shares of restricted stock granted to them under the LTIP. Each share of phantom stock is the economic equivalent of one share of Cleco common stock.
 - (5) Includes 130,615 shares owned by members of Mr. Crowell's family and family trusts, for which beneficial ownership is disclaimed.
 - (6) Mr. Madison is also a director of Cleco.
 - (7) Effective August 1, 2007, Mr. Charlton ceased to be the Senior Vice President & COO - Cleco Midstream Resources.
 - (8) In last year's proxy statement, the Number of Shares represented the number of shares of Cleco preferred stock allocated under the 401(k) Savings Plan that was convertible into shares of Cleco common stock. In March 2007, in order to comply with provisions of the Pension Protection Act of 2006, 190,372 shares of Employee Stock Ownership Plan (ESOP) preferred stock were converted into 1.8 million shares of Cleco common stock. The ESOP trustee holds the newly converted shares of Cleco common stock on behalf of the 401(k) Savings Plan participants.

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

The following table sets forth as of December 31, 2007, each person known to Cleco to be the beneficial owner of more than 5% of the outstanding shares of any class of Cleco's voting securities.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	OppenheimerFunds, Inc. Two World Financial Center 225 Liberty Street New York, NY 10281	3,283,722 ⁽¹⁾	5.47%
Common Stock	T. Rowe Price Associates, Inc. (Price Associates) 100 E. Pratt Street Baltimore, MD 21202	3,111,550 ⁽²⁾	5.1%

- (1) As of December 31, 2007, based solely on a Schedule 13G filed with the SEC. These securities are owned by various individual and institutional investors for which OppenheimerFunds, Inc. serves as investment adviser with power to direct investments and/or shared power to vote the securities. For purposes of the reporting req