

CLECO CORP
Form DEF 14A
March 16, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

(Amendment No.)

Filed by the Registrant

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 under §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 27, 2012

March 16, 2012**

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CLECO CORPORATION

2030 DONAHUE FERRY ROAD

PINEVILLE, LOUISIANA 71360-5226

**NOTICE OF
ANNUAL MEETING
OF SHAREHOLDERS**

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

Julia E. Callis
Associate General Counsel & Corporate Secretary

March 16, 2012

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CLECO CORPORATION
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 27, 2012

PROXY STATEMENT

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

the election of three directors, each of whom will serve until the annual meeting in 2015, or until their successors are elected and qualified;

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

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

a proposal to require Cleco Corporation to issue a sustainability report that includes a comprehensive discussion of Cleco Corporation's sustainability risks and opportunities, including an analysis of material water-related risks; and

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

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

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

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INTRODUCTION

General

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

Proxy Solicitation

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

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

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

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

Record Date and Voting Rights

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

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

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

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

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

Proposal 4 the consideration of a shareholder proposal to require Cleco to issue a sustainability report that includes a comprehensive discussion of Cleco's sustainability risks and opportunities, including an analysis of material water-related risks. Generally (except in the case of the election of directors, as discussed below), under Louisiana law and Cleco's Amended and Restated Articles of Incorporation and Bylaws, an abstention by a shareholder who is either present in person at the annual meeting or represented by proxy is

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

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

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applicable to shares represented at the meeting will have the same effect as votes against these proposals, and broker non-votes will have no effect on the outcome of these proposals.

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

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

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

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

Execution and Revocation of Your Proxy

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

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

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

Internet Availability of Proxy Materials

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

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

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

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

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

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

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

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

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

About the Nominated and Continuing Directors

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

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

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

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

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

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

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

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

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

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

Class I Directors (terms of office expire in 2013)

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

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

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

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

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

Class II Directors (terms of office expire in 2014)

William L. Marks, who is retired, was CEO and chairman of the board of directors of Whitney Holding Corporation (Whitney), a bank holding company engaged in commercial, retail and international banking services, as well as

brokerage, investment, trust and mortgage services, and Whitney National Bank for more than five years before retiring in March 2008. Mr. Marks, who is 69 years old, has been a director of Cleco since 2001 and is chairman of the Finance Committee and a member of the Compensation and Executive Committees. He also has served as a director of Adtran, Inc., a global provider of networking and communications equipment, since 1993.

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

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

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

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

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

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

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

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

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PROPOSAL NUMBER 1 ELECTION OF THREE CLASS III DIRECTORS

Independence and Organization of the Board of Directors

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

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

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

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

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

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

The Nominating/Governance Committee considers and makes recommendations to the board of directors with respect to the size and composition of the board, potential candidates for membership on the board, compensation of directors, the effectiveness, structure and operation of the board, nominees for officers of Cleco and its affiliates, and changes to Cleco's Corporate Governance Guidelines. The Nominating/Governance Committee operates under a written charter adopted by the board of directors, a copy of which is posted on Cleco's web

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site at www.cleco.com; Investor Relations Board Committees. A copy of this charter is also available free of charge by request sent to: Shareholder Services, Cleco, P.O. Box 5000, Pineville, LA 71361-5000. In 2011, the Nominating/Governance Committee held four meetings.

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

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

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

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

Cleco's Board Leadership Structure

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

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

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

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

Cleco's Corporate Governance Guidelines

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

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

Cleco's Code of Business Conduct & Ethics

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

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

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The Board of Director s Role in Risk Oversight

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

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

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

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

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

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

Audit Committee

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

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

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

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

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

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

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

Finance Committee

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

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