

Governance Guidelines

As Adopted on January 25, 2002 and
Last Revised on January 24, 2013

These Corporate Governance Guidelines, as adopted by the Board of Directors of Cleco Corporation, are intended to complement the Corporation's Articles of Incorporation and Bylaws and are not intended to alter the intents, purposes or provisions of either. The specifications of these Guidelines may change from time to time as the Board of Directors may determine such change to be in the best interest of the Corporation and its shareholders.

Cleco has a long-standing commitment to strong corporate governance. We have established corporate governance guidelines to reinforce the confidence of investors, customers, employees and other stakeholders in the management of the company.

These principles are at the core of our obligation to conduct our business with integrity. We have created a set of [Guiding Principles](#) outlining our responsibilities to all of our stakeholders. The document serves as a foundation for the decisions our employees make everyday.

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MISSION OF THE BOARD OF DIRECTORS

The Board of Directors of Cleco Corporation is elected by the Corporation's shareholders to serve as the shareholders' direct representatives overseeing the management and operation of the Corporation.

The Board of Directors exercises the corporate powers of Cleco Corporation and oversees its business and affairs for the benefits of shareholders. In order to so implement these corporate powers, the Board will elect and serve as advisor and counselor to a Chief Executive Officer (CEO) and the other executive officers who have the skills, experience, integrity and knowledge to successfully operate Cleco Corporation. The principal duty of the Board of Directors and management of the Corporation is to assure the Corporation is well-managed in the interests of its shareholders.

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STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors shall be comprised of not less than 3 nor more than 13 Directors. The Board is divided into three classes. Each of the classes will consist of approximately one-third of the total number of Directors. Each year, one of the classes of Directors will be up for election by shareholders. Each Director's term is three years unless a Director is newly elected to a class which has less than three years remaining before coming up for election, in which case the new Director's term is for the remaining time before the scheduled election of the class.

The Board will elect Directors between annual meetings of shareholders and/or nominate Directors for election by shareholders at the annual meetings of shareholders.

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Independence

A majority of Directors shall be Independent Directors as determined by the Board pursuant to the requirements of Section 303A of the New York Stock Exchange (NYSE) Listed Company Manual. The Board has adopted [categorical standards](#) to assist in determining the independence of its Directors. Disclosure of the categorical standards and the determination of independence will be made in the Company's annual proxy statement. All members of the Nominating/Governance Committee, Finance Committee, Compensation Committee and Audit Committee shall be Independent Directors. In addition to the independence determination for all Directors, Directors who serve on the Board's Audit Committee are subject to more stringent independence criteria as required by the Sarbanes-Oxley Act, the Securities Exchange Act of 1934 and the NYSE Listed Company Manual.

Generally, there shall be no more than one Corporation employee serving as a Director at any one time, that employee being the CEO. However, during a transitional succession time between CEOs, the Board may approve more than one employee serving on the Board as appropriate.

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Leadership - Non-management Chairperson

The Board of Directors may elect a non-management Chairperson to give leadership to the Board and to serve as liaison between management and the Board of Directors. In collaboration with the CEO, the Chairperson will establish an agenda for each Board meeting which covers all matters which should come before the Board in the proper exercise of its duties. The Chairperson will be accountable and provide leadership for all issues of corporate governance which should come to the attention of the Board and its committees. The Chairperson will participate in on-site visits to the Company each year and will facilitate and encourage constructive and useful communication between management and the Board. The Chairperson will provide leadership to the Board in the establishment of positions which the Board should take on issues to come before the annual meeting of shareholders. When there is no elected Chairperson, the CEO will fulfill the Chairperson's duties.

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Committees

The Board of Directors shall appoint Committees and their Chairpersons in order to facilitate certain business of the Board in a more expeditious manner than the full Board acting in concert.

At present, the Board has appointed four standing Committees, those being the Audit Committee, the Compensation Committee, the Finance Committee, and the Nominating/Governance Committee. Committees shall be comprised only of Independent Directors. Meetings of Committees normally will have in attendance the CEO and such other members of management as may be necessary in order to obtain the input on matters to be considered by the Committees except, of course, when members of the Committees desire to hold executive sessions outside of the presence of employees.

It is the Corporation's policy to rotate members of Committees on an informal basis making one or two changes a year in Committee membership as deemed appropriate. Rotation of Committee members generally does not apply to Committee Chairpersons.

Each of the Board Committees shall have a Charter that will be approved, and revised as appropriate, from time to time by the respective Committee and the Board. The functions of the Committees are set forth in the respective charters.

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Other Guidelines for Directors

The Corporation has adopted its Conflicts of Interest and Related Policies applicable to the Board of Directors (Policies). All Directors of the Corporation shall abide by the Policies. The Policies prohibit certain conduct and reflect the expectation of the Board 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.

Any Director who is employed by an entity which has on its board an executive officer of the Corporation may not serve on the Corporation's Compensation Committee or Nominating/Governance Committee.

Upon attainment of the age of 72, all non-management Directors must resign from the Board at the next succeeding annual meeting of shareholders. Upon attainment of the age of 65, a Director who is an employee of the Corporation or its affiliates must resign from the Board; furthermore, any employee Director must resign immediately upon any earlier termination of employment with the Corporation.

In an uncontested election of directors, any nominee who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election will tender his or her written resignation to the Chairman of the Board for consideration by the Nominating/Governance Committee. An "uncontested election of directors" is an election in which the number of nominees is not greater than the number of Board seats open for election.

The Nominating/Governance Committee will consider such tendered resignation and will make a recommendation to the Board concerning the acceptance or rejection of such resignation. The Nominating/Governance Committee will consider the tendered resignation at its next quarterly meeting, excluding any meeting held within the same month as the annual shareholders meeting. The Board will take formal action on the Nominating/Governance Committee's recommendation no later than the next Board meeting following such meeting of the Nominating/Governance Committee. No director who, in accordance with this policy, is required to tender his or her resignation, shall participate in the Nominating/Governance Committee's deliberations or recommendation, or in the Board's deliberations or determination, with respect to accepting or rejecting his or her resignation as a director.

Any Director whose principal occupation changes significantly from the occupation held at the time of election or re-election to the Board, or whose circumstance prevents active participation on the Board, is expected to submit a letter offering to resign from the Board. The Nominating/Governance Committee shall determine the appropriateness of that individual's continuing as a Director of the Corporation, and shall make a recommendation to the Board whether to accept the resignation.

Any Director considering an invitation to join the board of directors of another for-profit company should first notify the CEO prior to accepting the invitation. The CEO promptly will confer, if he/she deems it appropriate, with legal counsel to determine whether any potential conflict of interest could result from acceptance of the invitation. Final resolution of any potential conflict of interest should first be considered by the Nominating/Governance

Committee and, if necessary, by the full Board.

Members of the Corporation's Board also may be elected members of the Board of Managers of Cleco Power LLC, the Corporation's electric utility subsidiary.

Cleco has adopted stock ownership guidelines for Directors. Under the guidelines, Cleco recommends that its current Directors beneficially own common stock of Cleco having a value equal to at least five times the annual Board retainer. New Directors will have five years following their election to the Board to meet this recommended stock ownership level, and current Directors will have three years following each increase in the annual Board retainer to meet this recommended stock ownership level. The intent of the guidelines is to encourage stock ownership by Directors and not to force a Director to purchase more stock, if and when the stock price declines. Where the guidelines are not met within the applicable time, the matter will be reviewed by the Nominating/Governance Committee, which may determine to waive the guidelines or to make an appropriate recommendation to the Board.

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OPERATION OF THE BOARD OF DIRECTORS

Meetings

The Board of Directors and its Committees will meet as often as needed to properly discharge their responsibilities. Normally, six official in-person meetings of the Board will be held each year. In addition, the Board will hold telephone conference meetings (official and/or unofficial) on an as needed basis to discuss developments which may occur between official in-person meetings. This schedule of in-person and telephone conference meetings is intended to keep the Board informed regarding significant events relating to the Corporation.

Meetings of the Board shall be conducted in a manner which encourages and ensures open communication, meaningful participation and a timely resolution of issues. At the pleasure of the Board, members of management and other key employees may be invited by the CEO to attend all or portions of meetings of the Board in order to facilitate discussion and understanding of significant matters relating to the Corporation.

At meetings of the Board, a quorum is needed to begin the meeting for the official conduct of business. A quorum is defined as a majority of the entire membership of the Board. A majority vote of the attending members of the Board at any meeting at which a quorum is present to vote shall be the act of the Board.

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Committee Reports

At each official meeting of the Board, the Chairpersons of each Board committee shall provide a report of any meetings that were held by the committees since the last official meeting of the

Board. Normally, each member of the Board will receive any preparatory materials for committee meetings at the same time such materials are sent to committee members, including the minutes from past meetings.

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Executive Sessions

Executive sessions of the Independent Directors will be scheduled at the conclusion of all official in-person meetings of the Board and its committees in order to allow free and open discussion of matters without the presence of any employee of the Corporation. The non-management Chairperson or lead Director, as the case may be, will chair these sessions. At the discretion of the Board, parts of these sessions may include the presence of the CEO and other members of the management team.

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Attendance

Directors are expected to attend all meetings of the Board and their respective assigned committees. Official in-person meetings occasionally may be attended by an individual Director via conference telephone, but this practice is not encouraged due to the difficulty of interactively communicating during the typically extended sessions. When it is not possible for a Director to attend a meeting in person but he/she participates by telephone conference, compensation paid to that Director will be the regular telephone meeting fee. Directors also are expected to attend each annual meeting of shareholders.

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Information Flow

Members of the Board normally will receive a comprehensive set of materials several days in advance of each meeting of the Board and each committee. These materials will pertain to significant topics to be discussed and/or acted upon at the meeting. Each Director is expected to review these materials in preparation for the meeting of the Board or committee, as the case may be. Each member of the Board is encouraged to advise the CEO of any agenda items he or she would like to be placed on the agenda of Board meetings, including a request for any related materials that the member would like the Board to receive prior to the meeting. Additionally, each Director is free to address topics not on the agenda at any meeting.

The Board may seek legal or other expert advice from sources independent of management as it may determine necessary. Generally, this would be with the knowledge of the CEO. The charters of the committees contain specific provisions for retention by the committees of consultants or other advisors applicable to the work of a specific committee.

Board members will have complete access to the Corporation's management. It is the intention

of the Board that such contact with management will be with the knowledge of the CEO. In order to ensure accuracy and completeness of information, generally, the Board members should not make requests for specific information to employees of the Corporation below the level of general manager unless specifically coordinated with an officer of the Corporation, which officer, in turn, should make the CEO aware of any such contacts. This does not prohibit members of the Board from asking the opinion of any employee on any relevant matter in the course of visits to the Corporation offices and facilities. Members are encouraged, as their schedules permit, to meet with the Corporation's management team and other employees in special on-site visits.

The Board recognizes that it is primarily the role of management to represent the Corporation when communicating with the Corporation's various constituencies. It is acknowledged that members of the Board normally will speak for the Corporation only with the knowledge of the CEO and generally only at the request of the CEO.

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Communications to the Board

In order that shareholders, employees and other interested persons may make their concerns known to the non-management members of the Board, the Corporation 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, the 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 of whether it should be brought to the attention of the other non-management members and/or the management member(s) of the Board of Directors and whether any response should be made to the person sending the communication, unless the communication was made anonymously.

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New Director Orientation and Continuing Education

Upon election to the Board, new Directors will immediately receive and review a packet of

extensive materials relative to the Corporation's business and operations, governance practices, guiding principles, ethics and business standards, disclosure procedures and practices, an overview of the Corporation's investor relations program, and copies of all Board committee charters. New Director orientation also includes the opportunity for a visit to the Corporation's headquarters and meetings with key personnel as requested by the new Director. The Corporation will provide Directors with such continuing education, either as part of its meetings or independently of the meetings, to assist Directors in discharging their duties.

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Annual Board and Committee Evaluations

The Board shall conduct an evaluation to assess its performance as a group at least annually to determine whether it and its committees are functioning effectively.

As required by their charters, each of the Audit Committee, Compensation Committee, Finance Committee and Nominating/Governance Committee shall conduct an annual performance evaluation of itself.

The Nominating/Governance Committee recommends to the Board the composition of the various Committees, normally at the annual meeting of the Board immediately following the annual meeting of shareholders. The Nominating/Governance Committee also should recommend, and the Board should consider and approve, a schedule for the annual evaluations of the Board and each of the committees. The objective of the schedule will be to ensure the various evaluations are conducted in a coordinated way. Generally, the schedule will contemplate that the evaluations will be completed during the fourth quarter, so that they may be reported to the Board and the committees before the annual meeting of shareholders each year.

The annual performance evaluation of each committee shall, subject to specific provisions in the charter of a committee, be performed in the same manner as the annual evaluation of the Board. Each of these evaluations shall consist of at least the following three components but may include additional matters as shall be determined by the Board or a committee:

1. Fulfillment of objectives - Each of the Board and the committees shall approve a set of objectives identifying the duties and responsibilities of the Board or committee. In the case of a committee, these objectives should include at least those objectives set forth in the charter of the committee but may include additional objectives. While it is expected the objectives may generally stay the same from year to year, the Board or committee may change them from time to time.
2. Manner of dealing with recent issues - During the course of the evaluation, the Board and each of its committees shall develop a list of any specific functions and issues with which the Board or committee has dealt, or should have dealt, since the time of the last preceding evaluation, and an evaluation of how well the Board or committee handled

each such issue.

3. Skill sets - The Board and each of its committees shall develop a list of skill sets or attributes which it believes would be useful in their respective members.

In such way as the Board and each committee shall determine, the members will communicate their views with respect to each of the above three items since the completion of the last preceding evaluation. In addition, the Board or committee may solicit views of members with respect to such other matters as is deemed appropriate. Such views, as well as views of individual Directors as to other matters relevant to the evaluations, will be accumulated and summarized by each of the committees and by the Nominating/Governance Committee with respect to the Board. Such summaries will then be reported to each committee and to the Board. To the extent material deficiencies are identified, the respective committee or the Board will discuss possible actions to remedy the deficiencies.

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Nomination of Directors

As provided in connection with the annual evaluation of the Board and its committees, each of the Board and its committees shall annually identify skill sets or attributes which they believe would be useful in the work of the Board and its committees. In accumulating the results of the annual evaluation, the Nominating/Governance Committee shall inventory the skill sets of incumbent Directors. The skill sets shall include such qualities as leadership in their occupations, accomplishments, skills, diversity (gender, race, national origin, education, professional experience and differences in viewpoint and skills), integrity and a commitment to devote the time and attention needed to discharge his or her duties to the Corporation.

When a position shall become available on the Board as a result of the retirement, death, resignation or other cause (or if the Nominating/Governance Committee shall determine to recommend an increase in the size of the Board), the Nominating/Governance Committee shall review the skill sets of the incumbent members of the Board and shall determine the skill sets which at that time are likely to make the most significant contribution to the work of the Board. It shall evaluate those persons who have previously been recommended to it for consideration as possible nominees and the skill sets which they possess. Recommendations for potential nominees may come from any source, including members of the Board, shareholders, self-recommendations, members of the communities the Corporation serves or search firms.

Any person wishing to make a recommendation for a person to be considered by the Nominating/Governance Committee should direct that recommendation to the Chairman of the Nominating/Governance Committee in care of the Corporation's Corporate Secretary. All persons recommended will be given equal consideration, regardless of the source of the recommendation, since the desired goal is to select the person likely to make the most significant contribution to the work of the Board. In addition, if the Committee determines in its sole

discretion that it is desirable to do so, it may hire a search firm to assist it in identifying additional candidates with the desired skill sets. Once the Nominating/Governance Committee has developed a pool of candidates which it believes is sufficient, it shall consider those candidates and, in its discretion, interview and otherwise evaluate the candidates. Following this process, the Nominating/Governance Committee shall make a recommendation to the Board of Directors regarding a candidate to either be nominated at the next annual meeting of shareholders or elected by the Board between such meetings.

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CEO Evaluation and Succession

The Board will evaluate the performance of the CEO at least annually. This will normally be accomplished by first having the Compensation Committee, as delegated by the Nominating/Governance Committee, evaluate the CEO's performance and, correspondingly, agree to any indicated adjustments to the compensation of the CEO. This evaluation and recommended compensation adjustments subsequently will be reported to the Independent Directors in an executive session conducted by the Chairpersons of the Compensation and Nominating/Governance Committees. The Independent Directors will then decide the proper course of action relative to the evaluation and recommendations. The evaluation and subsequent final decisions related to the evaluation will be discussed with the CEO by the Chairman of the Board, the Chairperson of the Compensation Committee and the Chairperson of the Nominating/Governance Committee or, if the Board so desires, in an executive session with the Independent Directors. The performance evaluation of the CEO will be based on criteria which shall include objective criteria such as the overall performance of the Company relative to the one-year and five-year strategies and financial objectives, total shareholder return, and more subjective criteria such as reaction to and management of unanticipated business issues, adequacy of information given to and communication with the Board, demonstrated leadership including development of the Company's management team, integrity, the projection of the Company's values to all employees and whether the resulting conduct of officers and employees is consistent with such values, and such other material factors as the Board may determine.

In selecting a successor CEO, the Board will consider the same factors as used in the annual evaluation of the CEO. If the candidate is from outside the Company, the Board will consider similar objective and subjective criteria with respect to existing and prior positions and also consider such factors as industry experience and experience related to specific issues confronting the Company at the time.

Additionally, the Board shall at all times have a plan for succession in case the CEO shall unexpectedly become unavailable because of death, disability or other reasons. Part of this plan shall be a designation by the CEO of another officer or officers who shall be acting CEO in such a case, pending a meeting of the Board. In case the CEO shall become unavailable for any such reason, the Chairman of the Board will instruct the Company's Corporate Secretary to call, as soon as feasible, a meeting of the Board to review implementation of both an interim and permanent succession plan.

The CEO will discuss annually with the Board an evaluation of each executive officer, a continuing plan for management development measures and a management succession plan. The CEO should specifically include in this discussion his or her opinion as to who would make the best replacement for the CEO. The Board reserves the right to choose the CEO's replacement with a person of its choosing from either inside or outside of the Corporation.

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Strategies and Financial Objectives

Each year, normally at their October meetings, the Finance Committee and the Board will receive a preliminary report from the CEO relative to the one-year and five-year strategies and financial objectives (the Plans) of the Corporation. The Finance Committee and the Board will discuss the Plans with the CEO and provide any guidance and modifications they may have.

Then in December, the Finance Committee and the Board will receive and approve a final report from the CEO relative to the one-year Plan, and receive a final report from the CEO relative to the five-year Plan. After the one-year Plan is approved by the Board, it will be monitored on a regular basis by the Finance Committee to determine the degree of success being realized by the Corporation. The Finance Committee will provide the Board with quarterly reports regarding the Corporation's performance and will provide guidance to management as it may determine necessary.

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Director / Officer Compensation

All non-management Directors of the Corporation shall receive compensation for service on the Board, its committees, and related services to subsidiaries. Such compensation will be established by the Board according to reasonable industry standards. A portion of the Directors' compensation will be in the form of Common Stock. Directors who are employees of the Corporation shall receive no compensation for their service on the Board or committees other than his or her compensation as an employee of the Corporation. All Directors shall receive reimbursement for their reasonable out-of-pocket expenses relating to service to the Board, committees or subsidiaries. Please see [*Attachment A – Summary of Director Compensation, Benefits and Policies*](#) for specific details of Director compensation.

The Board will receive reports from the Compensation Committee regarding compensation and incentive programs for the Corporation's non-management Chairman of the Board, officers and other key employees, and from the Nominating/Governance Committee regarding such programs for Directors. The Board will provide guidance designed to assure such compensation is reasonable and competitive according to industry standards, and to assure that such compensation enables the Corporation to attract and retain the types of individuals needed for the success of the enterprise.