

CLECO CORP  
Form DEFM14A  
January 14, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Cleco Corporation**

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

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.. No fee required

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which the transaction applies:

Common Stock, \$1.00 par value

(2) Aggregate number of securities to which the transaction applies:

60,875,561 shares of Cleco Corporation Common Stock, which consists of 60,377,666 shares of Cleco Corporation Common Stock, 397,628 shares subject to awards of restricted stock, and 100,267 restricted stock units granted under Cleco equity plans

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Solely for the purpose of calculating the filing fee, the per unit price is \$55.37, which is equal to the per share cash consideration to be paid in the merger described herein.

(4) Proposed maximum aggregate value of the transaction:

\$3,370,679,813

(5) Total fee paid:

\$391,673 in accordance with Section 14(g) of the Securities and Exchange Act of 1934, as amended, the filing fee was calculated by multiplying 0.0001162 by the proposed maximum aggregate value of the transaction \$3,370,679,813.

x Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



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**PROPOSED MERGER TRANSACTION YOUR VOTE IS VERY IMPORTANT**

January 13, 2015

Dear Shareholder:

Cleco Corporation has entered into an Agreement and Plan of Merger, dated as of October 17, 2014, referred to as the Merger Agreement, with Como 1 L.P., which we refer to as Parent, an entity formed by a consortium of investors, including Macquarie Infrastructure Partners III, L.P., Macquarie Capital Group Limited (UK Branch), British Columbia Investment Management Corporation, John Hancock Financial and other infrastructure investors, and Como 3 Inc., which we refer to as Merger Sub, an indirect, wholly-owned subsidiary of Parent. Under the Merger Agreement, Cleco Corporation will be acquired through a merger of Merger Sub with and into Cleco Corporation with Cleco Corporation becoming an indirect, wholly-owned subsidiary of Parent. We refer to this transaction as the Merger. If the Merger is completed, you will be entitled to receive \$55.37 in cash, without interest, for each outstanding share of Cleco Corporation Common Stock that you own.

You are cordially invited to attend a special meeting of our shareholders, to be held at the Country Inn & Suites by Carlson, located at 2727 Monroe Highway, Pineville Convention Center, Ft. Randolph Room, Pineville, Louisiana 71360, on Thursday, February 26, 2015, at 10:00 a.m. Central time. At the special meeting, the shareholders will be asked to consider and vote upon the following proposals:

1. Merger Proposal: Approval of the Merger Agreement;
2. Merger Compensation Proposal: Approval, on a non-binding, advisory basis, of the compensation that may be paid or become payable to the named executive officers of Cleco Corporation in connection with the completion of the Merger; and
3. Adjournment Proposal: Approval of an adjournment of the special meeting, if necessary or appropriate, to allow Cleco Corporation to solicit additional proxies if there are not sufficient votes at the time of the adjournment to approve the Merger Agreement.

We do not presently expect to transact any other business at the special meeting.

The Board of Directors of Cleco Corporation has unanimously determined that the Merger and the other transactions contemplated thereby are fair to, and in the best interests of, Cleco Corporation and its shareholders, and has approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. **The Board of Directors of Cleco Corporation unanimously recommends that the shareholders of Cleco Corporation vote FOR each of the foregoing proposals. Approval of the Merger Proposal is necessary to complete the Merger.** Under Louisiana law, approval of the Merger Proposal will require the affirmative vote (in person or by proxy) of the holders of a majority of the votes entitled to be cast at the special meeting.

Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card or voting instruction form in the accompanying prepaid reply envelope, or submit your proxy or voting instructions via the Internet. Your failure to vote will have the same effect as a vote AGAINST approval of the Merger Proposal.

A copy of the Merger Agreement is attached as Annex A to the proxy statement. I encourage you to read carefully the proxy statement, including its annexes, in its entirety.

If you have any questions or need assistance voting your shares of Cleco Corporation Common Stock, please contact Morrow & Co., LLC, 470 West Ave, Stamford, CT 06902, our proxy solicitor, by calling toll-free at (888) 813-7651. Intermediaries may call collect at (203) 658-9400.

Sincerely,

**Bruce A. Williamson**

*Chairman, President and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Merger, passed upon the merits or fairness of the Merger, or passed upon the adequacy or accuracy of the disclosure of this document. Any representation to the contrary is a criminal offense.**

*This document is dated January 13, 2015, and is first being mailed, along with the enclosed proxy card, to the shareholders of Cleco Corporation on or about January 16, 2015.*

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# Notice of Special Meeting of Shareholders

To be held on February 26, 2015, at 10:00 a.m. Central time

To the Shareholders of Cleco Corporation:

A special meeting of the Shareholders of Cleco Corporation, a Louisiana corporation ( Cleco ), will be held at 10:00 a.m. Central time on Thursday, February 26, 2015, at the Country Inn & Suites by Carlson, located at 2727 Monroe Highway, Pineville Convention Center, Ft. Randolph Room, Pineville, Louisiana 71360, for the following purposes:

1. Merger Proposal: To approve the Agreement and Plan of Merger, dated as of October 17, 2014 (the Merger Agreement ), among Cleco, Como 1 L.P., a Delaware limited partnership ( Parent ), and Como 3 Inc., a Louisiana corporation and an indirect, wholly-owned subsidiary of Parent ( Merger Sub ), whereby Merger Sub will be merged with and into Cleco, with Cleco being the surviving corporation (the Merger ).
2. Merger Compensation Proposal: To approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to the named executive officers of Cleco in connection with the completion of the Merger.
3. Adjournment Proposal: To approve an adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at that time to approve the proposal to approve the Merger Agreement.

We do not presently expect to transact any other business at the special meeting.

**Your vote is very important.** Under Louisiana law, approval of the Merger Proposal will require the affirmative vote (in person or by proxy) of the holders of a majority of the votes entitled to be cast at the special meeting.

Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return, as promptly as possible, the enclosed proxy card or voting instruction form in the accompanying prepaid reply envelope or submit your proxy or voting instructions via the Internet prior to the special meeting to ensure that your shares of Common Stock of Cleco will be represented and voted at the special meeting. Failure to return your proxy card or voting instruction form, or failure to submit your proxy or voting instructions via the Internet, will result in your shares of Common Stock of Cleco not being counted for purposes of determining whether a quorum is present at the special meeting. Failure to vote will have the same effect as a vote against the Merger Proposal. For more information concerning the special meeting, the Merger Agreement, the Merger and other transactions contemplated by the Merger Agreement, please read the accompanying proxy statement and the copy of the Merger Agreement attached as Annex A thereto.

All shareholders at the close of business on January 13, 2015, the record date with respect to the special meeting, are entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting.

For more details on our admission procedures, please refer to page 30 of the accompanying proxy statement.

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**The Board of Directors of Cleco has unanimously approved the Merger Agreement and recommends that you vote FOR each of the foregoing proposals.**

No dissenters' rights will be available to shareholders in connection with the Merger.

**WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION FORM IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS VIA THE INTERNET. IF YOU ATTEND THE SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY OR VOTING INSTRUCTIONS PREVIOUSLY SUBMITTED.**

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Please carefully read the enclosed proxy statement for more information concerning Cleco, the Merger Agreement, the Merger and the proposals to be considered at the special meeting.

By order of the Board of Directors,

**Julia E. Callis**

*Associate General Counsel & Corporate Secretary*

January 13, 2015

This document is dated January 13, 2015, and is first being mailed, along with the enclosed proxy card, to the shareholders of Cleco on or about January 16, 2015.



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## **ADDITIONAL INFORMATION**

This document incorporates important business and financial information about Cleco from documents that are not included in or delivered with this document. You may obtain, free of charge, a copy of the documents incorporated by reference into this proxy statement by following the instructions in the section entitled "Where You Can Find More Information."

**For additional questions about the Merger, assistance in submitting proxies or voting shares of our Common Stock or additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor:**

**Morrow & Co., LLC**

470 West Avenue

Stamford, CT 06902

Banks and brokers call: 1-203-658-9400

Call toll-free: 1-888-813-7651

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Macquarie Capital Group Limited (UK Branch), Macquarie Infrastructure and Real Assets, and Macquarie Infrastructure Partners III, L.P. are not authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of any Macquarie entity referred to in this document.

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**SUMMARY TERM SHEET**

## **SUMMARY TERM SHEET**

*This summary highlights selected information that is contained elsewhere in this proxy statement. It does not contain all of the information that may be important to you with regard to the Merger, the Merger Agreement or the special meeting. On October 17, 2014, Cleco Corporation, which we refer to as Cleco, entered into an Agreement and Plan of Merger, which we refer to as the Merger Agreement, among Cleco, Como 1 L.P., a Delaware limited partnership, which we refer to as Parent, and Como 3 Inc., a Louisiana corporation and an indirect, wholly-owned subsidiary of Parent, which we refer to as Merger Sub, whereby Merger Sub will be merged with and into Cleco, with Cleco being the surviving corporation, which we refer to as the Merger. Accordingly, you should read carefully this proxy statement in its entirety, including its annexes, as well as the other documents referred to in this*

*proxy statement. You may obtain the information incorporated by reference in this proxy statement (excluding exhibits) without charge by following the instructions under **Where You Can Find More Information** on page 89. Parenthetical page references have been included to direct you to a more complete description of the topics presented in this summary.*

*This proxy statement and a proxy card are first being sent or given on or about January 16, 2015 to shareholders as of the close of business on January 13, 2015. Unless the context requires otherwise, the term **shareholder** or **shareholders** throughout this proxy statement refers to a holder of our \$1.00 par value Common Stock, and the term **Cleco**, **we**, **us** or **our** refers to Cleco Corporation, a Louisiana corporation.*

### **Parties to the Merger (page 25)**

#### **Cleco**

We are a public utility holding company and owner of the regulated electric utility Cleco Power LLC, which we refer to as Cleco Power, engaged primarily in the generation, transmission, distribution and sale of electricity primarily in Louisiana. Cleco Power owns 11 generating units with a total nameplate capacity of 3,340 megawatts. Cleco Power serves approximately 284,000 customers in Louisiana through its retail business and supplies wholesale power in Louisiana and Mississippi. We had approximately \$1.1 billion in net operating revenues for the fiscal year ended December 31, 2013, and \$371.4 million and \$964.8 million, respectively, in net operating revenues for the three and nine months ended September 30, 2014.

Our principal executive offices are located at 2030 Donahue Ferry Road, Pineville, Louisiana, 71360-5226, and our telephone number is (318) 484-7400. Shares of our Common Stock trade on the New York Stock Exchange, or NYSE, under the ticker symbol **CNL**.

#### **Parent**

Como 1 L.P.

125 West 55th Street

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New York, New York 10019

(212) 231-1000

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

### ***Macquarie Infrastructure Partners III, L.P.***

Macquarie Infrastructure Partners III, L.P., a Delaware limited partnership, which we refer to as MIP III, headquartered in New York, is a diversified, unlisted fund focusing on infrastructure investments in the United States and Canada. MIP III is managed by an entity within the Macquarie Infrastructure and Real Assets operating division of Macquarie Group Limited, which we refer to as MIRA. MIRA is the world's largest infrastructure asset manager and an investor in real estate, agriculture and energy assets. MIRA manages more than 50 public and private funds with over \$105 billion of assets under management invested in 120 businesses in 27 countries as of June 30, 2014. MIRA, through MIP III and its predecessor funds, has invested more than \$6.0 billion in the acquisition of North American infrastructure businesses including utilities Puget Energy, Aquarion Water, and Duquesne Light, as well as port terminals, toll roads, telecommunications towers, and waste collection and disposal businesses and an additional \$7.0 billion in post-acquisition capital projects.

### ***Macquarie Capital Group Limited (UK Branch)***

Macquarie Capital Group Limited (UK Branch), which we refer to as MCGL, is the UK branch of an Australian holding and operating company, used to conduct principal transactions in the UK and Europe for various Macquarie businesses, to provide funding for other Macquarie Group companies as and when required, and employs staff and enters into arrangements to provide the services of its staff to companies within the Macquarie Group. MCGL has assigned a portion of its equity commitment and limited guarantee obligations to Victorian Funds Management Corporation, as trustee for VFMC Investment Trust IV, which we refer to as VFMC, and may assign all or a portion of its remaining equity commitment and limited guarantee obligations to other infrastructure investors.

### ***British Columbia Investment Management Corporation***

British Columbia Investment Management Corporation, which we refer to as bcIMC, is based in Victoria, B.C. and was created by legislative act of the B.C. provincial government to invest funds on behalf of government bodies and designated institutions. bcIMC manages

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**SUMMARY TERM SHEET**

investments across asset classes and invests on behalf of public sector pension plans, the Province of British Columbia, provincial government bodies including Crown corporations and institutions, and publicly administered trust funds. bcIMC's portfolio includes regulated companies in the energy generation, transmission/distribution, water and wastewater sectors, as well as transportation. As of March 31, 2014, bcIMC had assets under management of C\$114 billion.

***John Hancock Financial***

John Hancock Financial is a division of Manulife, a Canada-based financial services group with principal operations in Asia, Canada, and the United States. Operating as Manulife in Canada and Asia and primarily as John Hancock in the United States, the group of companies offers clients a diverse range of financial protection products and wealth management services through its network of employees, agents, and distribution partners. Funds under management by Manulife and its subsidiaries were C\$637 billion (US\$597 billion) as of June 30, 2014.

**Merger Sub**

Como 3 Inc.

125 West 55th Street

New York, New York 10019

(212) 231-1000

Merger Sub is a Louisiana corporation and an indirect wholly-owned subsidiary of Parent that was formed solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. Merger Sub has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement.

**The Merger (page 32)**

The Merger Agreement provides that, upon satisfaction or waiver of the conditions to the Merger, Merger Sub will merge with and into Cleco, and Cleco will become an indirect, wholly-owned subsidiary of Parent. Cleco will be the surviving corporation in the Merger, which we refer to as the Surviving Corporation. As a result of the Merger, Cleco will cease to be a publicly traded company. If the Merger is completed, you will not own any shares of the capital stock of the Surviving Corporation. Following completion of the Merger, all capital stock of the Surviving Corporation will be indirectly held by Parent. A copy of the Merger Agreement is attached as Annex A to this proxy statement. We urge you to read the Merger Agreement carefully and in its entirety as it is the document that governs the Merger.

**Merger Consideration.** In the Merger, each issued and outstanding share of our Common Stock (other than shares owned by Parent, Merger Sub or us or any of their or our direct or indirect, wholly-owned subsidiaries, which we refer to collectively as excluded shares) will be

converted into the right to receive an amount in cash equal to \$55.37 per share, which we refer to as the Merger Consideration, without interest and less any applicable withholding taxes.



**Consequences if the Merger is not Completed.** If the Merger is not completed, whether because the Merger Agreement is not approved by our shareholders or for any other reason, we will remain an independent public company, and our Common Stock will continue to be listed and traded on the NYSE. Under specified circumstances, we may be required to pay to Parent, or be entitled to receive from Parent, a fee with respect to the termination of the Merger Agreement. Under specified circumstances, we also may be obligated to reimburse Parent and its affiliates for their documented out-of-pocket fees and expenses incurred in connection with the Merger. For more information, see *The Merger Agreement Termination Fee Payable by Cleco* beginning on page 77 and *The Merger Agreement Termination Fee Payable by Parent* beginning on page 78.

## **The Special Meeting (page 27)**

The special meeting of our shareholders will be held at the Country Inn & Suites by Carlson, located at 2727 Monroe Highway, Pineville Convention Center, Ft. Randolph Room, Pineville, Louisiana 71360, on Thursday, February 26, 2015 at 10:00 a.m. Central time. At the special meeting, our shareholders will be asked to take the following actions:

1. approve the Merger Agreement, which we refer to as the Merger Proposal;
  2. approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers in connection with the completion of the Merger, which we refer to as the Merger Compensation Proposal; and
  3. approve an adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the adjournment to approve the Merger Agreement, which we refer to as the Adjournment Proposal.
- We do not presently expect to transact any other business at the special meeting.

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**SUMMARY TERM SHEET**

**Record Date and Quorum (page 27)**

We have fixed January 13, 2015 as the record date for the special meeting, which we refer to as the record date. Only shareholders of record of Common Stock at the close of business on the record date are entitled to receive notice of, and to vote at, the special meeting or any adjournment or postponement thereof. At the close of business on the record date, there were 60,745,027 shares of Common Stock issued and outstanding.

Each shareholder of record of Common Stock at the close of business on the record date is entitled to one vote for each share then held on each matter submitted to a vote of shareholders at the special meeting.

The presence, in person or by proxy, of a majority of the votes entitled to be cast by the holders of Common Stock will constitute a quorum for the special meeting.

**Shareholder Vote Required to Adopt Each Proposal (page 28)**

Under Louisiana law, approval of the Merger Proposal will require the affirmative vote (in person or by proxy) of the holders of a majority of the votes entitled to be cast at the special meeting.

Approval of the Merger Compensation Proposal requires the affirmative vote of the holders of a majority of the votes cast in person or by proxy with respect to such matter at the special meeting.

Approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority of the votes present in person or by proxy with respect to such matter at the special meeting.

**Recommendation of Our Board (page 42)**

Our Board of Directors, which we refer to as the Board, after considering a number of factors and after consulting with its legal and financial advisors, has unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger. The Board has

determined that the Merger is fair to, and in the best interests of, Cleco and our shareholders, and therefore unanimously recommends that you vote FOR the Merger Proposal.

## **Opinion of Goldman, Sachs & Co. (see page 42 and Annex B)**

Goldman, Sachs & Co., which we refer to as Goldman Sachs, delivered to the Board its opinion that, as of October 17, 2014 and based upon and subject to the factors and assumptions set forth therein, the \$55.37 in cash per share of Common Stock to be paid to the holders (other than Parent and its affiliates) of the outstanding shares of Common Stock pursuant to the Merger Agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated October 17, 2014, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B. Cleco's shareholders are encouraged to read Goldman Sachs' opinion, this section and the summary of Goldman Sachs' opinion beginning on page 42 carefully and in their entirety. Goldman Sachs provided its opinion for the information and assistance of the Board in connection with its consideration of the

transactions contemplated by the Merger Agreement and such opinion does not constitute a recommendation as to how any holder of shares of Common Stock should vote with respect to the transactions contemplated by the Merger Agreement or any other matter. The engagement letter between Cleco and Goldman Sachs provides for compensation to be paid to Goldman Sachs of \$15 million in connection with the transactions contemplated by the Merger Agreement, \$7.5 million of which was paid upon announcement of the Merger and the remainder of which is contingent upon consummation of the Merger. Goldman Sachs may also receive an additional fee in our discretion of up to \$3 million. In addition, we have agreed to reimburse Goldman Sachs for certain of its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

## **Opinion of Tudor, Pickering, Holt & Co. Advisors, LLC (see page 46 and Annex C)**

Tudor, Pickering, Holt & Co. Advisors, LLC, which we refer to as TPH, was retained by Cleco to act as its financial advisor in connection with the Merger. On October 17, 2014, TPH rendered its written opinion, consistent with its oral opinion rendered on the same date, to our Board that, as of such date, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and

limitations on the scope of review undertaken by TPH as set forth in its written opinion, the Merger Consideration to be received by our shareholders (other than to holders of certain excluded shares) pursuant to the Merger Agreement was fair, from a financial point of view, to such shareholders.

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The full text of the TPH opinion, dated October 17, 2014, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by TPH in rendering its opinion, is attached as Annex C hereto. The summary of the TPH opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion. Cleco shareholders are urged to read the TPH opinion carefully and in its entirety. TPH provided its opinion for the information and assistance of the Board in connection with its consideration of the Merger. The TPH opinion was not intended to and does not constitute a recommendation as to the amount of the Merger Consideration or how any holder of interests in Cleco should vote or act with respect to the

Merger or any other matter. Pursuant to the terms of the engagement of TPH, we agreed to pay TPH a fee for its services, (i) \$4.5 million of which was paid upon delivery of TPH's opinion, (ii) \$4.5 million of which is payable upon the consummation of the Merger and (iii) \$2 million of which is payable in our sole discretion. In addition, we have agreed to reimburse TPH for its reasonably incurred out-of-pocket expenses incurred in connection with the engagement, including fees and disbursements of its legal counsel. We have also agreed to indemnify TPH, its affiliates and their respective officers, directors, partners, agents, employees and controlling persons for liabilities arising in connection with or as a result of its rendering of services under its engagement, including liabilities under the federal securities laws.

## **Effects of the Merger (Page 62)**

As a result of the Merger, Merger Sub will be merged with and into Cleco, with Cleco surviving the Merger as an indirect wholly-owned subsidiary of Parent. At the Effective Time (as defined below), each share of Common Stock issued and outstanding immediately prior to the Effective Time (other than excluded shares) will be converted automatically into the right to receive the Merger Consideration, all such

shares will be automatically cancelled upon the conversion thereof and will cease to exist, and the holders of such shares will cease to have any rights with respect thereto, other than the right to receive the Merger Consideration. Following the completion of the Merger, our shareholders will cease to have any ownership interest in Cleco.

## **Treatment of Common Stock, Restricted Stock and Restricted Stock Units (page 63)**

### **Common Stock**

At the time that the Articles of Merger with respect to the Merger are filed with the Secretary of State of the State of Louisiana or at such other time as we and Parent agree and as specified in the Articles of Merger, which we refer to as the Effective Time, each share of our Common Stock issued and outstanding immediately prior to the Effective Time (other than excluded shares) will be converted into the right to receive the Merger Consideration, without interest.

### **Restricted Stock**

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Immediately prior to the Effective Time, each unvested share of restricted stock granted pursuant to an equity incentive plan or arrangement of Cleco, which we refer to as Restricted Stock, will, without any action on the part of the holder thereof, vest in full, and all restrictions (including forfeiture restrictions or repurchase rights) otherwise applicable to such shares of Restricted Stock will lapse, and each such share of Restricted Stock will be converted into the right to receive the Merger Consideration less any applicable withholding taxes (except that applicable taxes will not be withheld with respect to such shares held by non-employee directors), without interest. Shares of Restricted Stock granted on or before October 17, 2014 that are subject to performance criteria will vest based on target performance levels without proration for the early termination of the applicable performance period, and for any shares of Restricted Stock granted after October 17, 2014, such performance criteria will be

deemed to have been satisfied at target levels of attainment and will vest on a pro-rata basis according to when the closing of the Merger occurs in the three-year performance period.

### **Restricted Stock Units**

Immediately prior to the Effective Time, each outstanding restricted stock unit, performance stock unit and dividend equivalent unit, which we refer to collectively as Restricted Stock Units, will, without any action on the part of the holder thereof, vest in full, and all restrictions (including forfeiture restrictions or repurchase rights) otherwise applicable to such Restricted Stock Unit, will lapse. The holder of each Restricted Stock Unit will be entitled to receive a payment in cash equal to the product of the Merger Consideration and the number of shares represented by such Restricted Stock Units or the value of such units that are maintained in the form of dividend equivalents, less any applicable withholding taxes (except that applicable taxes will not be withheld with respect to such units held by non-employee directors). In the case of any Restricted Stock Unit that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, payment will occur on the date that it would otherwise occur under the applicable plan or award agreement, to the extent necessary to avoid any incremental U.S. federal income tax or related penalties. No interest will be paid or accrued on any cash payable with respect to any Restricted Stock Unit.

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**Financing for the Merger (page 69)**

Parent and Merger Sub estimate that the total amount of funds necessary to complete the Merger and the related transactions and financings, including the refinancing of certain of Cleco's outstanding indebtedness and payment of related fees and expenses, will be approximately \$3.5 billion. Parent and Merger Sub have obtained the following equity commitments and debt commitments, the aggregate proceeds of which are expected to be sufficient to fund this amount:

equity financing commitments from MIP III, MCGL, bcIMC, Alberta Teachers Retirement Fund, The Northwestern Mutual Life Insurance Company, GCM Infrastructure Holdings I, L.P., Lombard Odier Macquarie Infrastructure Fund L.P., Halifax Regional Municipality Master Trust, John Hancock Life Insurance Company (U.S.A.), Allstate Insurance Company and VFMC, and/or other parties to whom they assign a portion of their respective commitments, which we collectively refer to as the Investors, in an aggregate amount of up to \$2.17 billion, which is described under "The Merger Agreement - Financing for the Merger - Equity Financing" on page 69; and

debt financing commitments from each of Canadian Imperial Bank of Commerce, New York Branch, Credit Agricole Corporate and Investment Bank, Sumitomo Mitsui Banking Corporation, The Bank of Nova Scotia, The Royal Bank of Scotland plc, RBS Securities Inc., CoBank, ACB and Mizuho Bank, Ltd., which we refer to collectively as the Lenders, to provide (i) an acquisition loan facility of up to \$1.45 billion, (ii) a five-year revolving loan facility in the aggregate principal amount of \$100 million and (iii) a five-year revolving loan facility in the aggregate principal amount of \$350 million, which is described under "The Merger Agreement - Financing for the Merger - Debt Financing" beginning on page 70.

**Limited Guarantee (page 71)**

The Investors have guaranteed, pursuant to the terms of a limited guarantee, the payment of a certain termination fee and certain other reimbursable amounts that may be payable by Parent to Cleco under the Merger Agreement.

**Interests of Our Directors and Executive Officers in the Merger (page 52)**

In considering the recommendation of our Board with respect to the Merger Proposal, you should be aware that our executive officers and directors may have certain interests in the Merger that may be different from, or in addition to, the interests of our shareholders generally. Our Board was aware of and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and the Merger, and in recommending that the Merger Agreement be approved by our shareholders. These interests include, but are not limited to, the following:

accelerated vesting and cash-out of stock-based awards (including Restricted Stock and Restricted Stock Units) based on the Merger Consideration;

enhancement of benefits and accelerated vesting under the Cleco Corporation Supplemental Executive Retirement Plan, which we refer to as our SERP, upon terminations of employment that may occur in connection with or following the Merger;

pursuant to our Executive Severance Plan and Mr. Bruce Williamson's employment agreement, the payment of severance obligations upon certain terminations of employment that may occur following the Merger;

existing indemnification and advance of expenses for our directors and officers will be continued if the Merger is completed;

directors' and officers' liability insurance coverage of our directors and officers for matters occurring prior to the Effective Time will be continued after the Merger is completed for a period of six years; and

it is expected that many of our executive officers will remain officers of Cleco or Cleco Power following the closing of the Merger; however, no definitive agreements have been made regarding the continued service or compensation of any of our executive officers after the closing of the Merger.

## **Material U.S. Federal Income Tax Consequences of the Merger (page 58)**

The exchange of shares of our Common Stock for cash pursuant to the Merger generally will be a taxable transaction for U.S. federal income tax purposes. Shareholders who are U.S. holders (as such term is defined below in the section entitled "The Merger Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 58) and who exchange their shares of our Common Stock in the Merger for cash will generally recognize a capital gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to

such shares and their adjusted tax basis in their shares of our Common Stock. Backup withholding may also apply to the cash payments paid to a non-corporate U.S. holder pursuant to the Merger unless the U.S. holder or other payee provides a taxpayer identification number, certifies that such number is correct and otherwise complies with the backup withholding rules. You should consult your tax advisor for a complete analysis of the U.S. federal, state, local and foreign tax consequences of the Merger.

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**Regulatory Authorizations (page 57)**

We currently anticipate completing the Merger during the second half of 2015, subject to approval of the Merger Agreement by our shareholders at the special meeting and the satisfaction or waiver of the other closing conditions. To complete the Merger, we and Parent must obtain authorizations or consents from, or make filings with, a number of U.S. federal regulatory authorities and the Louisiana Public Service Commission, which we refer to as the LPSC. The regulatory authorizations, consents and filings that constitute conditions to the parties completion of the Merger are as follows:

the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, and its related rules and regulations;

authorization from the Federal Energy Regulatory Commission, or the FERC, under the Federal Power Act, which we refer to as the FPA;

authorization from the LPSC;

authorization from the Federal Communications Commission, which we refer to as the FCC, for the transfer of control over certain FCC licenses for private internal communications held by Cleco Power; and

clearance by the Committee on Foreign Investments in the United States, which we refer to as CFIUS.

Each of Parent and Cleco is required to use its reasonable best efforts to take all actions necessary to obtain the required consents and

authorizations. However, no party is required to take any action or agree to any terms, conditions, liabilities, obligations, commitments or sanctions imposed upon or otherwise affecting, directly or indirectly, Parent, Cleco, their respective subsidiaries, any direct or indirect owner of Parent or any Cleco joint venture, in any consent or approval or law relating to the Merger that has or would be reasonably likely to have a material adverse effect on Cleco and our subsidiaries, taken as a whole, or Parent and its subsidiaries, taken as a whole and after giving effect to the Merger (in each case, calculated as if Cleco and our subsidiaries, in the aggregate, have the assets, liabilities, businesses and results of operations of a hypothetical company that has 50% of the aggregate assets, liabilities, businesses and results of operations of Cleco and our subsidiaries), which we refer to collectively as a Burdensome Effect, but excluding certain regulatory commitments to which the parties have agreed.

We and Parent have made or intend to make various filings and submissions for the above-mentioned authorizations and approvals. Although we believe that we and Parent will receive the required consents and authorizations to complete the Merger, we cannot give any assurance as to the timing of these consents and authorizations or as to Parent's or our ultimate ability to obtain such consents or authorizations (or any additional consents or authorizations which may otherwise become necessary). We also cannot ensure that we will obtain such consents or authorizations on terms and conditions satisfactory to us or Parent.



## No Solicitation (page 67)

The Merger Agreement provides that from October 17, 2014 until the earlier of the Effective Time and the termination of the Merger Agreement, we, our subsidiaries and our representatives may not, directly or indirectly:

solicit, initiate or knowingly encourage any inquiry, offer or the making of any proposal that constitutes, or could reasonably be expected to lead to, a takeover proposal from any person;

engage in, continue or otherwise participate in any negotiations or discussions regarding any actual or potential takeover proposal;

furnish any non-public information related to us or our subsidiaries to any person in connection with any actual or potential takeover proposal;

approve, endorse or recommend any takeover proposal; or  
grant any amendment or release under any standstill or confidentiality agreement, or fail to enforce any standstill or confidentiality agreement.

At any time before the Merger Agreement is approved by our shareholders, however, we may, upon the terms and subject to the conditions set forth in the Merger Agreement, provide information to and engage in discussions or negotiations with any person who makes an unsolicited *bona fide* written takeover proposal that the Board determines in good faith, after consultation with its financial advisors and outside legal counsel, constitutes or could reasonably be expected to result in a superior proposal, if the failure to take such action would reasonably be likely to be inconsistent with the directors' fiduciary duties under applicable law. See The Merger Agreement No Solicitation beginning on page 67 and The Merger Agreement Termination Fee Payable by Cleco beginning on page 77.

## Conditions to the Merger (page 75)

The respective obligations of Cleco, Parent and Merger Sub to consummate the Merger are subject to the satisfaction or waiver of certain conditions, including the following:

approval of the Merger Agreement by our shareholders;

the absence of any temporary restraining order or injunction preventing, prohibiting, restraining, enjoining or rendering illegal the consummation of the Merger;

the absence of any federal, state or local law prohibiting or rendering illegal the consummation of the Merger or which, if enacted for the purpose of imposing terms, conditions, liabilities, obligations, commitments or sanctions in connection with the Merger, constitutes a Burdensome Effect;



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### **SUMMARY TERM SHEET**

receipt of certain regulatory approvals without imposing, individually or in the aggregate, a Burdensome Effect;

the accuracy of the representations and warranties of the parties; and  
compliance by the parties with their respective obligations under the Merger Agreement.

See The Merger Agreement Conditions to the Merger beginning on page 75.

## **Termination of the Merger Agreement (page 76)**

### **General**

We and Parent may, by mutual written consent, terminate the Merger Agreement and abandon the Merger at any time prior to the Effective Time. In addition, with certain exceptions, either we or Parent may terminate the Merger Agreement at any time before the Effective Time if:

any governmental authority has denied any required regulatory approval (other than the FCC approval) and such denial has become final and nonappealable or any law or order permanently restraining, enjoining or otherwise making the consummation of the Merger illegal has become final and nonappealable;

the Merger has not been consummated by October 17, 2015 (which may be extended to April 17, 2016 if all required regulatory approvals have not been obtained by that date or if such required regulatory approvals have been obtained but the marketing period has not started or has started and has not been completed by that date), which we refer to as the Termination Date; or

shareholder approval of the Merger Agreement is not obtained at the special meeting.

We may also terminate the Merger Agreement at any time before the Effective Time:

if there has been a breach of any of the covenants or agreements or any of the representations or warranties made by Parent or Merger Sub in the Merger Agreement, which breach, either individually or in the aggregate, would result in, if occurring or continuing on the closing date, the failure of the conditions to each party's obligation to close the Merger or the conditions to our obligation to close the Merger to be satisfied, and such breach or failure to be true is not cured within 45 days following written notice to Parent or by its nature or timing cannot be cured within such time period (provided that we will not have this right to terminate if we are then in material breach of the Merger Agreement);

prior to obtaining shareholder approval to enter into a transaction with respect to a superior proposal after following the procedures set forth in the Merger Agreement as described in more detail in The Merger Agreement No Solicitation beginning on page 67 if we pay a termination

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fee to Parent of \$120 million; or

if (i) the marketing period has ended and all of the conditions to closing the Merger have been satisfied, (ii) we have irrevocably notified Parent that our conditions to closing the Merger have been satisfied or irrevocably waived by us and we are ready, willing and able to consummate the Merger, and (iii) Parent and Merger Sub fail to complete the closing on the earlier of the first business day preceding the Termination Date on which the debt financing can be funded under the terms of the Debt Commitment and five business days following the delivery of our notice.

Parent may also terminate the Merger Agreement at any time before the Effective Time if:

there has been a breach of any of the covenants or agreements or any of the representations or warranties made by us in the Merger Agreement, which breach, either individually or in the aggregate, would result in, if occurring or continuing on the closing date, the failure of the conditions to each party's obligation to close the Merger or the conditions to Parent's obligation to close the Merger to be satisfied, and such breach or failure to be true is not cured within 45 days following written notice to us or by its nature or timing cannot be cured within such time period (provided that Parent will not have this right to terminate if Parent or Merger Sub are then in material breach of the Merger Agreement); or

(i) the Board fails to make the recommendation that our shareholders vote to approve the Merger Agreement, (ii) the Board makes a change of recommendation, whether or not permitted by the terms of the Merger Agreement, or (iii) we have materially breached or are deemed to have materially breached our obligations described under "The Merger Agreement - No Solicitation" beginning on page 67.

### ***Termination Fee and Expense Reimbursement Payable by Cleco***

We must pay a cash termination fee in the amount of \$120 million to Parent or its designee if:

prior to the receipt of approval by our shareholders of the Merger Agreement at the special meeting (or any adjournment or postponement thereof), Parent terminates the Merger Agreement because (i) our Board fails to recommend that our shareholders approve the Merger Agreement, (ii) our Board makes a change of recommendation or (iii) we materially breach our obligations under the Merger Agreement relating to no solicitation;

we terminate the Merger Agreement to enter into a superior proposal;

either we or Parent terminate the Merger Agreement because the Termination Date has passed or our shareholders have not approved the Merger Agreement at the special meeting (or any adjournment or postponement thereof), and a takeover proposal has been publicly announced after the date of the Merger Agreement and prior to such termination and within 12 months after such termination we enter into a takeover agreement with respect to a takeover transaction for at least 50% of our assets or voting power or we consummate a takeover transaction for at least 50% of our assets or voting power; or

Parent terminates the Merger Agreement because we have breached a representation, warranty, covenant or agreement we made in the Merger Agreement, subject to certain materiality standards and cure periods, and a takeover proposal has been publicly announced after the

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date of the Merger Agreement and prior to such termination and within 12 months after such termination we enter into a takeover agreement with respect to a takeover transaction for at least 50% of our assets or voting power or we consummate a takeover transaction for at least 50% of our assets or voting power.

We have agreed to reimburse Parent for all the documented out-of-pocket expenses incurred by it, Merger Sub and their respective affiliates in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement up to a maximum of \$18 million if Parent terminates the Merger Agreement because our shareholders fail to approve the Merger Agreement at the special meeting (or any adjournment or postponement thereof).

See The Merger Agreement Termination Fee Payable by Cleco, beginning on page 77, for additional information.

***Termination Fee Payable by Parent***

Parent must pay a cash termination fee in the amount of \$180 million to us if:

we terminate the Merger Agreement because (i) the marketing period has ended and all of the conditions to closing the Merger have been satisfied, (ii) we have irrevocably notified Parent that our conditions to closing the Merger have been satisfied or irrevocably waived by us and we are ready, willing and able to consummate the Merger and (iii) Parent and Merger Sub fail to complete the closing on the earlier of the first business day preceding the Termination Date on which the debt financing can be funded under the terms of the Debt Commitment and five business days following the delivery of our notice;

we terminate the Merger Agreement because Parent has breached a representation, warranty, covenant or agreement made by it in the Merger Agreement, subject to certain materiality standards and cure periods, relating to Parent's financing obligations and commitments and such breach has resulted in the debt financing (including any alternative financing) not being able to be funded on the terms set forth in the debt commitments;

we terminate the Merger Agreement because Parent has breached a covenant or agreement made by it in the Merger Agreement relating to Parent's regulatory commitments and such breach has resulted in the failure of the conditions to closing relating to the receipt of the required regulatory approvals to be satisfied or to be capable of being satisfied; or

Parent terminates the Merger Agreement because the Termination Date has passed and at the time of Parent's termination of the Merger Agreement, we would have been entitled to terminate the Merger Agreement as described in the three bullet points above.

See The Merger Agreement Termination Fee Payable by Parent, beginning on page 78, for additional information.

**Delisting and Deregistration of Common Stock (page 61)**

If the Merger is completed, our Common Stock will no longer be traded on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and we will no longer be required to file reports or proxy or information statements with the

Securities and Exchange Commission, or the SEC, on account of our

Common Stock. We currently expect that, after the Effective Time, Cleco Power will continue to file annual, quarterly and current reports with the SEC pursuant to Section 15(d) of the Exchange Act with respect to publicly issued debt of Cleco Power.

## **Litigation Related to the Merger (page 60)**

In connection with the proposed Merger, as of the date of this proxy statement, four actions have been filed in the Ninth Judicial District Court for Rapides Parish, Louisiana, and three lawsuits have been filed in the Civil Judicial District Court for Orleans Parish, Louisiana. One of the actions filed in Rapides Parish has been dismissed, and the remaining three actions have been consolidated. The actions were filed against, among others, Cleco, Parent, Merger Sub and members of our Board.

The petitions generally allege, among other things, that the members of our Board breached their fiduciary duties by, among other things, conducting an allegedly inadequate sale process, agreeing to the Merger at

a price that allegedly undervalues Cleco, and failing to disclose material information about the Merger. The petitions also allege that Parent, Cleco, Merger Sub and, in some cases, certain of the Investors, either aided and abetted or entered into a civil conspiracy to advance those supposed breaches of duty. The petitions seek various remedies, including an injunction against the Merger and monetary damages, including attorneys' fees and expenses.

All defendants deny any wrongdoing in connection with the proposed Merger and plan to vigorously defend against all pending claims.

## **Dissenters' Rights Under Louisiana Law (page 82)**

No dissenters' rights will be available to shareholders in connection with the Merger.

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**Market Price of Common Stock (Page 83)**

The closing price of our Common Stock on the New York Stock Exchange, which we refer to as the NYSE, on October 17, 2014, the last trading day prior to the public announcement of the execution of the Merger Agreement, was \$48.27 per share of Common Stock. On January 12, 2015, the most recent practicable date before this

proxy statement was mailed to our shareholders, the closing price for our Common Stock on the NYSE was \$54.59 per share of Common Stock. You are encouraged to obtain current market quotations for our Common Stock in connection with voting your shares of Common Stock.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

# **QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting, the Merger and the Merger Agreement. These questions and answers may not address all questions that may be important. Please refer to the Summary Term Sheet beginning on page 10 and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, which you should read carefully and in their entirety. You may obtain the information incorporated by reference in this proxy statement (excluding exhibits), without charge, by following the instructions under Where You Can Find More Information beginning on page 89.*

**Q. Why am I receiving this proxy statement and proxy card or voting instruction form?**

A. You are receiving this proxy statement and proxy card or voting instruction form because you own shares (directly or through the Cleco Power LLC Savings and Investment Plan, which we refer to as the Cleco 401(k) plan or the Employee Stock Purchase Plan, which we refer to as the ESPP) of our Common Stock as of the close of business on

January 13, 2015. This proxy statement describes matters relating to the Merger on which our shareholders are entitled to vote. You are receiving this proxy statement in connection with the solicitation by the Board of proxies of our shareholders in favor of the proposal to approve the Merger Agreement and the other matters to be voted on at the special meeting. In order to complete the Merger, the Merger Agreement must be approved by our shareholders. Your vote is important. We encourage you to vote as soon as possible.

**Q. What is the Merger and what effect will it have on Cleco?**

A. The Merger is the proposed acquisition of Cleco by Parent, pursuant to the Merger Agreement, in which Merger Sub will be merged with and into Cleco with Cleco being the surviving corporation. If the Merger Proposal is approved by our shareholders and the other closing conditions set forth in the Merger Agreement have been satisfied or waived, and the Merger is consummated, Cleco will become an indirect, wholly-owned subsidiary of Parent. Following the Merger, our Common Stock will be delisted from the NYSE and deregistered under the Exchange Act, and we will no longer be required under Sections 13 or 14 of the Exchange Act to file periodic reports and proxy or information statements. It is anticipated that Cleco Power will continue to file annual, quarterly and current reports with the SEC pursuant to Section 15(d) of the Exchange Act with respect to publicly issued debt of Cleco Power. A copy of the Merger Agreement is attached as Annex A to this proxy statement. We urge you to read the Merger Agreement carefully and in its entirety as it is the document that governs the Merger.

**Q. What will I receive if the Merger is completed?**

A. Upon completion of the Merger, you (or, if applicable, your Cleco 401(k) plan account or ESPP account) will be entitled to receive the

Merger Consideration of \$55.37 in cash, without interest, less any applicable withholding taxes, for each share of our Common Stock that you own as of the Effective Time. For example, if you own 100 shares of our Common Stock, you will receive \$5,537.00 in cash in exchange for your shares of our Common Stock, less any applicable withholding taxes. Upon completion of the Merger, you will not own any shares of the capital stock in the Surviving Corporation.

**Q. How does the Merger Consideration compare to the market price of our Common Stock prior to the announcement of the Merger?**

A. The Merger Consideration represents a premium of 14.8% to the closing price of Common Stock of \$48.22 on October 16, 2014, the last trading day before the date Cleco entered into the Merger Agreement.

**Q. When do you expect the Merger to be completed?**



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A. We are working to consummate the Merger as soon as possible. Assuming timely receipt of all required regulatory authorizations and the satisfaction of other closing conditions, including approval by our shareholders of the Merger Agreement, we anticipate that the Merger will be completed in the second half of 2015.

### **Q. What happens if the Merger is not completed?**

A. If the Merger Agreement is not approved by our shareholders or if the Merger is not completed for any other reason, you will not receive any payment for your shares in connection with the Merger. Instead, we will remain an independent public company and our Common Stock will continue to be listed and traded on the NYSE. Under specified circumstances, we may be required to pay to Parent, or be entitled to receive from Parent, a fee with respect to the termination of the Merger Agreement, and/or to reimburse Parent and its affiliates for expenses in connection with the Merger, as described under *The Merger Agreement Termination Fee Payable by Cleco*, beginning on page 77, and *The Merger Agreement Termination Fee Payable by Parent*, beginning on page 78.

### **Q. What conditions must be satisfied to complete the Merger?**

A. We, Parent and Merger Sub are not required to complete the Merger unless a number of conditions are satisfied or waived. These conditions include, among others: (i) approval of the Merger Proposal by Cleco shareholders, which will require the affirmative vote (in person or by proxy) of the holders of a majority of the votes entitled to be cast at the special meeting under Louisiana law; (ii) the absence of any temporary restraining order or injunction preventing, prohibiting, restraining, enjoining, or rendering illegal the consummation of the Merger; (iii) the absence of any federal, state or local law prohibiting or rendering illegal the consummation of the Merger or which, if enacted for the purpose of imposing terms, conditions, liabilities, obligations, commitments or sanctions in connection with the Merger, constitutes a Burdensome Effect; (iv) authorizations from the FERC and the LPSC without

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### **QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

imposing, individually or in the aggregate with any orders or consents, a Burdensome Effect; (v) expiration or termination of the waiting periods under the HSR Act; and (vi) other customary closing conditions, including (a) accuracy of each party's representations and warranties (subject to certain materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. For more information about the conditions that must be satisfied or waived prior to the completion of the Merger, see The Merger Agreement Conditions to the Merger beginning on page 75.

#### **Q. Is the Merger expected to be taxable to me?**

A. Generally, yes. The exchange of shares of our Common Stock for cash pursuant to the Merger generally will be a taxable transaction for U.S. federal income tax purposes. If you are a U.S. holder (as defined in The Merger Material U.S. Federal Income Tax Consequences of the Merger on page 58) and you exchange your shares of our Common Stock in the Merger for cash, you will generally recognize a capital gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and your adjusted tax basis in such shares. Backup withholding may also apply to the cash payments paid to a non-corporate U.S. holder pursuant to the Merger unless the U.S. holder or other payee provides a taxpayer identification number, certifies that such number is correct and otherwise complies with the backup withholding rules. Please note that this response does not address the U.S. federal income tax consequence to shares of our Common Stock held in Cleco 401(k) accounts or the ESPP. You should read The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 58 for a more detailed discussion of the U.S. federal income tax consequences of the Merger. You should consult your tax advisor for a complete analysis of the U.S. federal, state, local and foreign tax consequences of the Merger.

#### **Q. When and where is the special meeting?**

A. The special meeting of our shareholders will be held on Thursday, February 26, 2015 at 10:00 a.m. Central time at the Country Inn & Suites by Carlson, located at 2727 Monroe Highway, Pineville Convention Center, Ft. Randolph Room, Pineville, Louisiana 71360.

#### **Q. What am I being asked to vote on at the special meeting?**

A. You are being asked to consider and vote on the Merger Proposal, the Merger Compensation Proposal and the Adjournment Proposal.

#### **Q. Who is entitled to vote at the special meeting?**

A. If you are a shareholder of record and wish to vote in person, please provide a valid form of government-issued photo identification. If you hold shares in street name and wish to vote your shares in person at the special meeting, you must first obtain a valid legal proxy from the intermediary. A complete list of the registered shareholders entitled to vote on the record date, certified by the secretary or agent of Cleco, will be available for inspection at the special meeting.

#### **Q. Do I need to attend the special meeting in person?**

A. No. It is not necessary for you to attend the special meeting in person in order to vote your shares of Common Stock.

#### **Q. How does our Board recommend that I vote?**

A. Our Board recommends that you vote **FOR** approval of the Merger Proposal, **FOR** approval of the Merger Compensation Proposal and **FOR** approval of the Adjournment Proposal.

#### **Q. Why am I being asked to consider and vote on the Merger Compensation Proposal?**

A. Under SEC rules, we are required to conduct a non-binding, advisory vote of shareholders regarding the compensation that may be paid or become payable to our named executive officers in connection with the completion of the Merger.

#### **Q. What will happen if our shareholders do not approve the Merger Compensation Proposal?**

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A. The vote to approve the Merger Compensation Proposal is a vote separate and apart from the vote to approve the Merger Proposal. Approval of the Merger Compensation Proposal is not a condition to completion of the Merger, and it is advisory in nature only, meaning that it will not be binding on Cleco or Parent. Accordingly, if the Merger is completed, then the compensation that is related to the Merger will be payable to the extent that Cleco is contractually obligated to pay such compensation, regardless of the outcome of the advisory vote.

**Q. Do any of our directors or executive officers have interests in the Merger that differ from or are in addition to my interests as a shareholder?**

A. Yes. In considering the recommendation of our Board with respect to the Merger Proposal, you should be aware that our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of our shareholders generally. Our Board was aware of and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and approving the Merger, and in recommending that the Merger Agreement be approved by our shareholders. See *The Merger* *Interests of Our Directors and Executive Officers in the Merger* beginning on page 52 and *Merger Compensation Advisory Vote* beginning on page 80.

**Q. What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

A. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the shareholder of record with respect to those shares and you can attend the special meeting and vote in person. You can also vote your shares by proxy without attending the special meeting in any of the ways specified in *The Special Meeting* *Voting and Proxies* *How to Vote Shares Registered in Your Own Name*. If your shares are held by a broker, trustee, bank, other financial intermediary or nominee, referred to as an intermediary, you are considered the beneficial owner of shares held in *street name*, and the intermediary is considered the shareholder of record with respect to these shares.

**Q. If my shares of Common Stock are held in *street name* by an intermediary, will the intermediary vote my shares of Common Stock for me?**

A. The intermediary will only be permitted to vote your shares of our Common Stock if you instruct the intermediary how to vote. If you are a participant in our 401(k) plan or the ESPP, you hold shares of our Common Stock allocated to your plan accounts through the trustee of the Cleco 401(k) plan or custodian of the ESPP, as applicable. The trustee of the Cleco 401(k) plan or the custodian of the ESPP, as applicable, will only be permitted to vote your shares of our Common Stock if you instruct the trustee or custodian how to vote. You should

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

follow the procedures provided by the applicable intermediary regarding the voting of your shares. Under NYSE rules, intermediaries that are members of the NYSE and who hold shares for customers in street name have the authority to vote in their discretion only on routine matters. On non-routine matters, an intermediary is permitted to vote shares held for customers in street name only in accordance with the customers instructions. Each of the Merger Proposal, the Merger Compensation Proposal and the Adjournment Proposal is considered a non-routine matter. As a result, if you are a beneficial owner and you do not provide the intermediary with voting instructions, your shares of our Common Stock will not be voted, which is referred to as a broker non-vote.

**Q. How do I vote if my shares are held by an intermediary?**

A. If you hold shares in street name, the intermediary through which you hold such shares will provide you with a voting instruction form which will explain how to direct the voting of your shares through the intermediary, which may include the ability to provide voting instructions via the Internet.

In addition, because any shares of Common Stock you may hold in street name will be deemed to be held by a different shareholder than any shares you hold of record, shares held in street name will not be combined for voting purposes with shares you hold of record. To be sure your shares of Common Stock held in street name are voted, you should instruct your intermediary to vote your shares.

**Q. What constitutes a quorum at the special meeting?**

A. Under Louisiana law and our Bylaws, the presence, either in person or by proxy, of the holders of a majority of the shares of our Common Stock issued and outstanding at the close of business on the record date will constitute a quorum for the transaction of business at the special meeting, except that a quorum is not required for a vote on the Adjournment Proposal. Abstentions are counted for the purpose of determining the existence of a quorum. In the absence of a quorum, the special meeting may be adjourned.

**Q. What vote is required for our shareholders to approve the Merger Proposal?**

A. Approval of the Merger Proposal under Louisiana law will require the affirmative vote (in person or by proxy) of the holders of a majority of the votes entitled to be cast at the special meeting.

Because the Merger Proposal must be approved by a majority of the votes entitled to be cast at the special meeting, both abstentions and broker non-votes will be counted as votes against the Merger Proposal.

**Q. What vote of our shareholders is required to approve the Merger Compensation Proposal?**

A. Approval of the non-binding Merger Compensation Proposal requires the approval of a majority of votes cast. Abstentions and broker non-votes will have no effect on the outcome of this proposal, assuming a quorum is present.

**Q. What vote of our shareholders is required to approve the Adjournment Proposal?**

A. Approval of the Adjournment Proposal, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at that time to approve the Merger Agreement, requires the approval of a majority of

votes present in person or by proxy at the special meeting. Abstentions will count as a vote against the Adjournment Proposal, and broker non-votes will have no effect on the outcome of the Adjournment Proposal. A vote on the Adjournment Proposal does not require the presence of a quorum.

**Q: Am I entitled to exercise dissenters rights?**

A: No dissenters rights will be available to shareholders in connection with the Merger.

**Q: What effects will the Merger have on Cleco?**

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A: If the Merger Proposal is consummated, Merger Sub will merge with and into Cleco, with Cleco being the surviving corporation. As a result of the Merger, Cleco will become an indirect, wholly-owned subsidiary of Parent and will no longer be a publicly held corporation. In addition, following the Merger, the Common Stock will no longer be listed with, or traded on, the NYSE or any other stock exchange or quoted on any quotation system and the registration of the Common Stock and our reporting obligations under the Exchange Act will be terminated upon application to the SEC.

### **Q. How do I vote?**

A. *Shareholders of Record.* If you are a shareholder of record, you may vote your shares at the special meeting in any of the following ways:

*Via Our Internet Voting Site at [www.proxyvote.com](http://www.proxyvote.com).* Follow the instructions for Internet voting printed on your proxy card.

*By Mail.* You can vote by completing, signing, dating and returning the proxy card in the postage-paid envelope enclosed with the proxy statement.

*In Person.* You may attend the special meeting and cast your vote at the special meeting.

The Internet voting facilities for shareholders will close at 11:59 p.m., Eastern time, on February 25, 2015.

*Beneficial Owners.* If you are a beneficial owner, please refer to the voting instructions provided by the intermediary.

### **Q: What must I bring to the special meeting?**

A. If you are a shareholder of record and wish to vote in person, please provide a valid form of government-issued photo identification.

### **Q. Who is soliciting my vote?**

A: Our Board is soliciting your proxy, and we will bear the cost of soliciting proxies. We have retained Morrow & Co., LLC, which we refer to as Morrow, to assist with the solicitation of proxies. Morrow will be paid approximately \$38,500 and will be reimbursed for its documented out-of-pocket expenses for these and other advisory services in connection with the special meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through banks, brokers or other nominees to beneficial owners of shares of Common Stock, in which case these parties will be reimbursed for their documented out-of-pocket expenses. Proxies may also be solicited in person or by facsimile, electronic mail or other electronic medium by Morrow or, without additional compensation, by our directors, officers and employees.

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### **QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

#### **Q: What do I need to do now?**

A: Read this proxy statement carefully, including the attached annexes and the documents referred to or incorporated by reference in this proxy statement, and consider how the Merger affects you. Whether or not you plan to attend the special meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the special meeting.

#### **Q. As a participant in Cleco's 401(k) plan or the ESPP, how do I vote the portion of my account that is allocated to Cleco's Common Stock?**

A. If you are a participant in the Cleco 401(k) plan or the ESPP, you hold shares of Common Stock allocated to your plan accounts through the trustee of the Cleco 401(k) plan or the custodian of the ESPP, respectively, each of whom is considered the shareholder of record. You may direct the voting of the number of shares of Common Stock allocated to your Cleco 401(k) plan account or the ESPP on the record date, which number is printed on the enclosed voting instruction form, in accordance with the directions provided. By filling out and returning the voting instruction form or transmitting voting instructions via the Internet, you will be providing the plan trustee or custodian with instructions on how to vote the shares of Common Stock allocated to your 401(k) plan or ESPP account, respectively. If you do not provide instructions, shares of Common Stock will not be voted by the plan trustee or custodian, as applicable.

#### **Q. How can I change or revoke my vote?**

A. If you own shares in your own name as of the record date, you may revoke any prior proxy, regardless of how your proxy was originally submitted, by:

sending a written statement to that effect to our Corporate Secretary, Cleco, P.O. Box 5000, Pineville, Louisiana 71361-5000, which must be received by us before the special meeting;

submitting a properly signed proxy card dated a later date;

submitting a later dated proxy via the Internet; or

attending the special meeting in person and voting your shares.

If you hold shares in street name, you should contact the intermediary for instructions on how to change your previously submitted voting instructions.

Participants in the Cleco 401(k) plan or the ESPP must contact the trustee or custodian, respectively, of those plans for instructions on how to revoke any prior voting instructions or change voting instructions. The trustee of the Cleco 401(k) plan can be reached by telephone at 1-800-345-2345 or by mail at the following address: Great-West Financial Retirement Plan Services, LLC, Attn. The Cleco Power LLC 401(k) Plan, 11500 Outlook Street, Overland Park, Kansas 66211-1804. The custodian of the ESPP can be reached by telephone at 1-732-512-3172 or 1-800-709-1644, by regular mail at Computershare Inc., P.O. Box 43021, Providence, Rhode Island 02940 or by overnight mail at Computershare Inc., Attn: ESPP/SOP, 250 Royall Street, Canton, Massachusetts 02021.

#### **Q. If a shareholder gives a proxy, how are the shares of Common Stock voted?**

A. Regardless of the method you choose to vote, the individuals named on the proxy card will vote your shares of our Common Stock as you indicate. When casting your vote by proxy card, or via the Internet, you may specify whether your shares of our Common Stock should be voted **for** or **against** each of the Merger Proposal, the Merger Compensation Proposal and the Adjournment Proposal, or whether such individuals

should **abstain** from voting your shares of Common Stock on any or all of the proposals. If you own shares that are registered in your own name and return a signed proxy card or grant a proxy via the Internet, but do not indicate how you wish your shares to be voted, the shares represented by your proxy will be voted **FOR** approval of the Merger Proposal, **FOR** approval of the Merger Compensation Proposal and, if submitted to a vote, **FOR** approval of the Adjournment Proposal.

**Q. What if I receive more than one proxy or set of voting instructions?**

A. If you received more than one proxy card, your shares are likely registered in different names, under different addresses or in multiple accounts. You must vote the shares shown on each proxy card and comply with each set of voting instructions that you receive in order for all of your shares to be voted at the special meeting.

**Q. What happens if I sell my shares of Common Stock before the special meeting?**

A. The record date for shareholders entitled to vote at the special meeting is January 13, 2015, which is earlier than the date of the special meeting. If you own your shares on the record date, you can vote your shares with respect to the proposals discussed herein at the special meeting. If you sell or otherwise transfer your shares after the record date but before the special meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you transfer your shares and each of you notifies us in writing of such special arrangements, you will retain your right to vote such shares at the special meeting but will transfer the right to receive the Merger Consideration to the person to whom you transfer your shares. If a Cleco 401(k) plan participant sells shares of Common Stock allocated to his or her plan account after the record date, the participant still would be entitled to vote those shares of Common Stock sold by providing voting instructions to the trustee, but the participant will not be entitled to receive Merger Consideration with respect to those shares.

**Q. What happens if I sell or otherwise transfer my shares of Common Stock after the special meeting but before the Effective Time?**

If the Merger Proposal is approved by our shareholders and you sell or otherwise transfer your shares after the special meeting but before the Effective Time, you will have transferred the right to receive the Merger Consideration to the person to whom you transfer your shares. In order to receive the Merger Consideration, you must hold your shares of Common Stock through completion of the Merger.

**Q: When will I receive the cash consideration for my shares?**

A: After the Merger is completed, when you properly complete and return the letter of transmittal and required documentation, you will

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

receive from the paying agent a payment of the cash consideration for your shares. If Common Stock is allocated to your accounts in the Cleco 401(k) plan or ESPP, when the Merger is completed, the plan trustee or custodian, respectively, will complete a letter of transmittal and submit any required documentation on your behalf. The plan trustee or custodian, as applicable, will receive from the paying agent the cash consideration for your shares, which will be allocated to your plan accounts.

**Q: What is householding and how does it affect me?**

A: The SEC permits companies to send a single set of proxy materials to any household at which two or more shareholders reside, unless contrary instructions have been received, but only if Cleco provides advance notice and follows certain procedures. In such cases, each shareholder continues to receive a separate notice of the special meeting and proxy card. Certain brokerage firms may have instituted householding for beneficial owners of Common Stock held through brokerage firms. If your family has multiple accounts holding Common Stock, you may have already received householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies of proxy materials.

**Q: When will Cleco announce the voting results of the special meeting, and where can I find the voting results?**

A: We intend to announce the preliminary voting results at the special meeting, and will disclose the final voting results of the special meeting within four business days of its completion in either our Annual Report on Form 10-K or a Current Report on Form 8-K filed with the SEC.

**Q. Should I send in my stock certificates now?**

A. No. If you hold a stock certificate, following the completion of the Merger, you will receive a letter of transmittal and other materials describing how you may exchange your shares of Common Stock for the Merger Consideration. **Please do NOT return your stock certificate(s) with your proxy card or voting instructions.**

**Q. Who can help answer any other questions I might have?**

A. If you have additional questions about the Merger, need assistance in submitting your proxy or voting your shares of our Common Stock, or need additional copies of the proxy statement or a replacement proxy card, please contact Morrow & Co., LLC, 470 West Ave, Stamford, CT 06902, our proxy solicitor, by calling toll-free at (888) 813-7651. Intermediaries may call collect at (203) 658-9400.



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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

## **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

Statements in this proxy statement or other documents referred to or incorporated by reference in this proxy statement include forward-looking statements about future events, circumstances and results within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this proxy statement and the exhibits furnished or filed in connection with this proxy statement, including, without limitation, statements containing the words may, might, will, should, could, anticipate, estimate, expect, predict, project, future, potential, in, assume, believe, target, forecast, goal, objective, continue or the negative of such terms or other variations thereof and similar expressions are statements that could be deemed forward-looking statements. These statements are based on the current expectations of Cleco's management.

Although Cleco believes that the expectations reflected in such forward-looking statements are reasonable, such forward-looking statements are based on numerous assumptions (some of which may prove to be incorrect) and are subject to risks and uncertainties that could cause the actual results and events in future periods to differ materially from Cleco's expectations and those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors. Risks, uncertainties and other factors include, but are not limited to:

the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement, or could otherwise cause the failure of the Merger to close, including the failure to obtain shareholder approval for the Merger;

the failure to obtain regulatory approvals required for the Merger, or required regulatory approvals delaying the Merger or causing the parties to abandon the Merger;

the failure to obtain any financing necessary to complete the Merger;

risks related to disruption of management's attention from Cleco's ongoing business operations due to the transaction;

the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted against Cleco or others relating to the Merger Agreement;

the risk that the pendency of the Merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the pendency of the Merger;  
the fact that actual or expected credit ratings of Cleco or any of its affiliates, or otherwise relating to the Merger, may be different from what the parties expect;

the effect of the announcement of the Merger on Cleco's relationships with its customers, employees, operating results and business generally;

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the amount of the costs, fees, expenses and charges related to the Merger;

the receipt of an unsolicited offer from another party to acquire assets or capital stock of Cleco that could interfere with the Merger;

future regulatory or legislative actions that could adversely affect Cleco; and

other economic, business, regulatory, competitive and/or other factors that could have a material adverse effect on future results, performance or achievements of Cleco.

Additional factors that may cause results to differ materially from those described in the forward-looking statements are set forth in Cleco's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which was filed with the SEC on February 25, 2014, under the headings Part I, Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in subsequently filed Forms 10-Q and 8-K. All subsequent written and oral forward-looking statements attributable to Cleco or persons acting on its behalf are expressly qualified in their entirety by the factors identified above. Forward-looking statements are not guarantees or assurances of future performance, and actual results could differ materially from those indicated by the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement or the date of such other filing, as the case may be. We do not undertake any obligation to publicly release any revision to our forward-looking statements to reflect events or circumstances after the date of this proxy statement. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on Cleco's or Cleco Power's businesses (either individually or collectively), or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any specific factors that may be provided should not be construed as exhaustive.

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**PROPOSAL #1: APPROVAL OF MERGER AGREEMENT**

# **PROPOSAL #1: APPROVAL OF MERGER AGREEMENT**

## **PARTIES TO THE MERGER**

### **Cleco**

We are a public utility holding company and owner of regulated electric utility Cleco Power engaged primarily in the generation, transmission, distribution and sale of electricity primarily in Louisiana. Cleco Power owns 11 generating units with a total nameplate capacity of 3,340 megawatts. Cleco Power serves approximately 284,000 customers in Louisiana through its retail business and supplies wholesale power in Louisiana and Mississippi. We had approximately \$1.1 billion in net operating revenues for the fiscal year ended December 31, 2013, and \$371.4 million and \$964.8 million, respectively, in net operating revenues for the three and nine months ended September 30, 2014.

Our principal executive offices are located at 2030 Donahue Ferry Road, Pineville, Louisiana, 71360-5226, and our telephone number is (318) 484-7400. Shares of our Common Stock trade on the NYSE, under the ticker symbol CNL. Our web address is [www.cleco.com](http://www.cleco.com). This web address is provided for convenience only, and none of the information on our website is incorporated by reference into or otherwise deemed to be a part of this proxy statement.

This proxy statement incorporates important business and financial information about us from other documents that are not included in or delivered with this proxy statement. For a list of the documents that are incorporated by reference, see the section entitled **Where You Can Find More Information** beginning on page 89.

### **Parent**

Como 1 L.P.

125 West 55th Street

New York, New York 10019

(212) 231-1000

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

### **Macquarie Infrastructure Partners III, L.P.**

MIP III, a Delaware limited partnership, headquartered in New York, is a diversified, unlisted fund focusing on infrastructure investments in the United States and Canada. MIP III is managed by MIRA, the world's largest infrastructure asset manager and an investor in real estate, agriculture and energy assets. MIRA manages more than 50 public and private funds with over \$105 billion of assets under management invested in 120 businesses in 27 countries as of June 30, 2014. MIRA, through MIP III and its predecessor funds, has invested more than \$6.0 billion in the acquisition of North American infrastructure businesses including utilities Puget Energy, Aquarion Water, and Duquesne Light, as well as port terminals, toll roads, telecommunications towers, and waste collection and disposal businesses and an additional \$7.0 billion in post-acquisition capital projects.

### **Macquarie Capital Group Limited (UK Branch)**

MCGL is the UK branch of an Australian holding and operating company, used to conduct principal transactions in the UK and Europe for various Macquarie businesses, to provide funding for other Macquarie Group companies as and when required, and employs staff and enters into arrangements to provide the services of its staff to companies within the Macquarie Group. MCGL has assigned a portion of its equity commitment and limited guarantee obligations to VFMC, and may assign all or a portion of its remaining equity commitment and limited guarantee obligations to other infrastructure investors.

### **British Columbia Investment Management Corporation**

bcIMC is based in Victoria, B.C. and was created by legislative act of the B.C. provincial government to invest funds on behalf of government bodies and designated institutions. bcIMC manages investments across asset classes and invests on behalf of public sector pension plans, the Province of British Columbia, provincial government bodies including Crown corporations and institutions, and publicly administered trust funds. bcIMC's portfolio includes regulated companies in the energy generation, transmission/distribution, water and wastewater sectors, as well as transportation. As of March 31, 2014, bcIMC had assets under management of C\$114 billion.

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**PROPOSAL #1: APPROVAL OF MERGER AGREEMENT**

**John Hancock Financial**

John Hancock Financial is a division of Manulife, a Canada-based financial services group with principal operations in Asia, Canada, and the United States. Operating as Manulife in Canada and Asia and primarily as John Hancock in the United States, the group of companies offers clients a diverse range of financial protection products and wealth management services through its network of employees, agents, and distribution partners. Funds under management by Manulife and its subsidiaries were C\$637 billion (US\$597 billion) as of June 30, 2014.

**Merger Sub**

Como 3 Inc.

125 West 55th Street New

York, New York 10019

(212) 231-1000

Merger Sub is a Louisiana corporation and an indirect wholly-owned subsidiary of Parent that was formed solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. Merger Sub has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement.

Table of Contents**THE SPECIAL MEETING****THE SPECIAL MEETING**

Our Board has directed that this proxy statement be used to solicit proxies from our shareholders in connection with the special meeting.

**Purpose of the Special Meeting**

The following table summarizes the proposals to be considered by our shareholders at the special meeting, along with the voting recommendation of our Board with regard to each proposal.

<b>Proposal Number</b>	<b>Description of Proposal</b>	<b>Board's Recommendation</b>
1	Merger Proposal: Approval of the Merger Agreement.	<b>FOR</b>
2	Merger Compensation Proposal: Approval, on a non-binding, advisory basis, of the compensation that may be paid or become payable to the named executive officers of Cleco in connection with the completion of the Merger.	<b>FOR</b>
3	Adjournment Proposal: Approval of an adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the adjournment to approve the Merger Agreement.	<b>FOR</b>

Our Board has unanimously declared the Merger advisable, fair to and in the best interests of Cleco and our shareholders and has unanimously approved the Merger Agreement and directed that it be submitted to our shareholders for approval. Our Board unanimously recommends that our

shareholders vote **FOR** each of the foregoing proposals. See [The Merger](#) Reasons for the Merger; Recommendation of Our Board beginning on page 40 for additional information.

**Date, Time and Place of the Special Meeting**

The special meeting will be held at the Country Inn & Suites by Carlson, located at 2727 Monroe Highway, Pineville Convention Center, Ft. Randolph Room, Pineville, Louisiana 71360, on Thursday, February 26, 2015 at 10:00 a.m. Central time.

If you are a shareholder of record and plan to vote in person at the special meeting, you must present a valid form of government-issued photo identification.

Please note that cameras, recording equipment and other electronic devices will not be permitted at the special meeting.

## Record Date and Quorum

Our Board has fixed the close of business on January 13, 2015 as the record date for determination of shareholders entitled to notice of, and to vote at, the special meeting. Our Common Stock is our only class of capital stock. Only holders of record of shares of our Common Stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting and any adjournments or any postponements of the special meeting that occur within one month of the date on which the special meeting was originally scheduled. Each shareholder is entitled to one vote for each share of our Common Stock held at the close of

business on the record date. As of the record date for the special meeting, there were approximately 60,745,027 shares of our Common Stock issued and outstanding. In order to constitute a quorum to conduct the special meeting, the presence, in person or by proxy, of a majority of the votes entitled to be cast by the holders of Common Stock will constitute a quorum for the special meeting, except that a quorum is not required for a vote on the Adjournment Proposal. In the absence of a quorum, the special meeting may be adjourned.

## Abstentions and Broker Non-Votes

An abstention will occur if a shareholder attends the special meeting in person and abstains from voting or expressly directs the proxy holder to abstain from voting. A broker non-vote will occur when an intermediary holding shares in street name does not receive voting instructions from the beneficial owner of the shares on a matter for which the intermediary lacks discretionary authority to vote because the matter is not considered

routine. Shares registered in the name 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 special 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 purposes as to the matters to which no vote is indicated. The NYSE precludes brokers from exercising

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voting discretion on certain proposals, including the election of directors, executive compensation proposals and other non-routine proposals.

Each of the Merger Proposal, the Merger Compensation Proposal and the Adjournment Proposal is considered to be a non-routine matter.

**Shareholder Vote Required to Adopt Each Proposal**

The table below summarizes the votes required for approval of each matter to be brought before the special meeting, as well as the treatment of abstentions and broker non-votes:

<b>Proposal Number</b>	<b>Description of Proposal</b>	<b>Vote Required for Approval</b>	<b>Abstentions</b>	<b>Broker Non-Votes</b>
1	Merger Proposal	Affirmative vote of majority of the votes entitled to be cast.	Will be counted as a vote AGAINST, because the vote is dependent on the total shares entitled to vote.	Will be counted as a vote AGAINST, because the vote is dependent on the total shares entitled to vote.
2	Merger Compensation Proposal	Majority of the votes cast.	No effect on outcome.	No effect on outcome.
3	Adjournment Proposal, if submitted to a vote	Majority of the votes present.	Will be counted as a vote AGAINST, because the vote is dependent on the total votes present.	No effect on outcome.

**Voting by Cleco's Directors and Executive Officers**

As of the record date for the special meeting, our directors and executive officers collectively had the right to vote approximately 1.36% of our Common Stock issued, outstanding and entitled to vote at the special meeting.

We currently expect that our directors and executive officers will vote their shares of our Common Stock in favor of each of the proposals to be considered at the special meeting, although none of them has entered into any agreement obligating them to do so.

**Voting and Proxies**



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Providing a proxy means that a Cleco shareholder authorizes the persons named in the proxy to vote such shareholder's shares at the special meeting in the manner that such shareholder directs. If you own shares that are registered in your own name and return a signed proxy card or grant a proxy via the Internet, but do not indicate how you wish your shares to be voted, the shares represented by your proxy will be voted **FOR** approval of the Merger Proposal, **FOR** approval of the Merger Compensation Proposal and, if submitted to a vote, **FOR** approval of the Adjournment Proposal. All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the shareholders giving those proxies.

### How to Vote Shares Registered in Your Own Name

You may vote by proxy without attending the special meeting in any of the following ways:

*Via our Internet Voting Site at [www.proxyvote.com](http://www.proxyvote.com).* Follow the instructions for Internet voting printed on your proxy card.

*By Mail.* You can vote by completing, signing, dating and returning the proxy card in the accompanying postage-paid envelope.

If you are a shareholder of record and wish to vote in person, please provide a valid form of government-issued photo identification.

The Internet voting facilities for shareholders will close at 11:59 p.m., Eastern time, on February 25, 2015. Your signed proxy card or the proxy you grant via the Internet will be voted in accordance with your instructions.

If you own shares that are registered in your own name and return a signed proxy card or grant a proxy via the Internet, but do not indicate how you wish your shares to be voted, your shares will be voted **FOR** each of the Merger Proposal, the Merger Compensation Proposal, and, if submitted to a vote, the Adjournment Proposal.

In the absence of instructions to the contrary, proxies will be voted in accordance with the judgment of the person exercising the proxy on any other matter properly submitted to the vote of the shareholders at the special meeting.

If you received more than one proxy card, your shares are likely registered in different names, under different addresses or in multiple accounts. You must separately vote the shares shown on each proxy card that you receive in order for all of your shares to be voted at the special meeting.

Shares of Common Stock held by a corporation or business entity must be voted by an authorized officer of the entity.

### How to Vote Shares Held in Street Name

If you hold shares in street name through an intermediary, you will not receive a proxy card. Rather, you will receive a voting instruction form

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**THE SPECIAL MEETING**

from that intermediary that will explain how to direct the voting of your shares through such intermediary, which may include the ability to provide voting instructions via the Internet.

If your shares are held in street name through a brokerage firm that is a member of the NYSE, and you wish to vote on any of the proposals to be submitted to a vote at the special meeting, you **must** indicate how you wish your shares to be voted. The broker will vote shares held by you in street name in accordance with your voting instructions, as indicated on your signed voting instruction form or by the instructions you provide via the Internet, if applicable. Absent such instructions the broker will not vote your proxy. A broker non-vote with respect to each proposal will have the effect set forth under The Special Meeting Shareholder Vote Required to Adopt Each Proposal on page 28. **Accordingly, if your shares are held in street name, it is important that you provide voting instructions to your broker or other intermediary as to each proposal so that your vote will be counted.**

If you hold shares in street name and wish to vote your shares in person at the special meeting, you must first obtain a valid legal proxy from the intermediary.

If you received more than one voting instruction form, your shares are likely held in different names or with different addresses or in multiple accounts. You must separately follow the foregoing voting procedures for each voting instruction form that you receive in order for all of your shares to be voted at the special meeting. In addition, because any shares of Common Stock you may hold in street name will be deemed to be held by a different shareholder than any shares you hold of record, shares held in street name will not be combined for voting purposes with shares you hold of record. To be sure your shares of Common Stock held in street name are voted, you should instruct your intermediary to vote your shares.

The Internet voting facilities for shares held in street name will close at 11:59 p.m. Eastern time on February 25, 2015.

### **Shares Held Through Certain Plans**

#### ***Cleco Power LLC 401(k) Savings and Investment Plan***

You may direct the voting of the number of shares of our Common Stock allocated to your Cleco 401(k) plan account on the record date,

which is printed on the enclosed voting instruction form, in accordance with the directions provided. By completing, dating, signing and returning the voting instruction form or transmitting voting instructions via the Internet, you will be providing the plan trustee, who is considered the shareholder of record, with instructions on how to vote the shares of our Common Stock allocated to your Cleco 401(k) plan account.

If you do not provide voting instructions for these plan shares on a matter, the Cleco 401(k) plan trustee will not vote the shares allocated to your account. You will not be able to vote these plan shares in person. If you wish to revoke any prior voting instructions or change your instructions, you must contact the trustee of the Cleco 401(k) plan for instructions on how to do so.

The Internet voting facilities for participants in the Cleco 401(k) plan will close at 11:59 p.m. Eastern time on February 25, 2015.

#### ***Employee Stock Purchase Plan***

You may direct the voting of the number of shares of our Common Stock allocated to your ESPP account on the record date. The number of shares will be printed on the enclosed voting instruction form and voted in accordance with the directions provided. By completing, dating, signing and returning the voting instruction form or transmitting voting instructions via the Internet, you will be providing the ESPP custodian, who is considered the shareholder of record, with instructions on how to vote the shares of our Common Stock allocated to your ESPP account.

If you do not provide voting instructions for these plan shares on a matter, the ESPP custodian will not vote the shares allocated to your account. You will not be able to vote these plan shares in person. If you wish to revoke any prior voting instructions or change your instructions you must contact the custodian of the ESPP for instructions on how to do so.

The Internet voting facilities for participants in the ESPP will close at 11:59 p.m. Eastern time on February 25, 2015.

## Revocation of Proxies

If you own shares registered in your own name, you may revoke any prior proxy, regardless of how your proxy was originally submitted, by:

sending a written statement to that effect to our Corporate Secretary, Cleco, P.O. Box 5000, Pineville, Louisiana 71361-5000, which we must receive before the special meeting;

submitting a properly signed proxy card form dated a later date;

submitting a later dated proxy via the Internet; or

attending the special meeting in person and voting your shares.

Attendance at the special meeting will not in itself constitute a revocation of a prior proxy.

If you hold shares in street name, you should follow the instructions provided on your voting instruction form or contact your broker or other intermediary for instructions on how to change your vote.

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## **Attending the Special Meeting in Person**

### **Admission Procedures**

If you are a shareholder of record and plan to vote at the special meeting in person, you must present a valid form of government-issued photo identification.

Under our Bylaws, our Board or the chairman of the special meeting may

impose additional reasonable restrictions on the conduct of the special meeting and the ability of individuals to attend the special meeting in person.

For the address of our principal executive offices, see *Parties to the Merger Cleco* on page 25.

## **Solicitation Costs**

We will bear the costs of solicitation of proxies, including the reimbursement of banks and brokers for certain costs incurred in forwarding proxy materials to beneficial owners. We have engaged Morrow to assist in the solicitation of proxies for the special meeting. We will pay Morrow an estimated fee of \$38,500 plus all reasonable, out-of-pocket expenses for these solicitation services. We have also agreed to indemnify Morrow and its shareholders, officers, directors, employees, agents and affiliates, against certain direct claims, costs, damages, liabilities, judgments and expenses, including the reasonable and customary fees, costs and expenses of its legal counsel.

In addition to the use of the mails, our officers, directors and employees may solicit proxies personally, by telephone, in person or by facsimile or via the Internet. These individuals will not receive any additional compensation for these activities.

Arrangements may also be made with intermediaries to forward solicitation materials to the beneficial owners of shares held of record by such persons, and we will reimburse intermediaries for reasonable out-of-pocket expenses incurred by them in connection therewith. The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted.

## **Postponement or Adjournment**

In the event that a quorum is not present at the time the special meeting is to be convened, we may postpone, recess or adjourn the special meeting without a vote of the shareholders.

If we convene the special meeting, and there are not sufficient votes to approve the Merger Proposal, we may adjourn the special meeting for the purpose of soliciting additional proxies. If the special meeting is adjourned for the purpose of soliciting additional proxies, shareholders who have already submitted their proxies may revoke them at any time prior to their use. See *Adjournment of the Special Meeting* on page 81.

The chairman of the special meeting shall have the power to recess or adjourn the special meeting, including for the purpose of soliciting additional proxies, if there are insufficient votes at the time of the special meeting to approve any of the proposals or if a quorum is not present at the special meeting. Other than an announcement to be made at the

special meeting of the time, date and place of an adjourned meeting, an adjournment generally may be made without notice. We may also postpone the special meeting under certain circumstances. Any adjournment, recess or postponement of the special meeting for the purpose of soliciting additional proxies will allow Cleco's shareholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned, recessed or postponed.

If we adjourn or postpone the special meeting and such adjournment or postponement is for more than one month from the day the special meeting was originally scheduled or, if after the adjournment or postponement, a new record date is fixed for the adjourned or postponed special meeting, notice of the adjourned or postponed special meeting will be given to each shareholder of record entitled to vote at the special meeting in accordance with our Bylaws.

## Shareholder List

A complete list of the registered shareholders entitled to vote on the record date, certified by the secretary or agent of Cleco, will be available at the special meeting.

## Exchange of Stock Certificates

Our shareholders should not send stock certificates with their proxies or voting instructions. If the Merger is consummated, separate transmittal documents for the surrender of stock certificates in exchange for the Merger Consideration will be mailed to registered holders promptly

following the Effective Time, and in any event within five business days thereafter. **PLEASE DO NOT SEND IN YOUR STOCK CERTIFICATES NOW.** See *The Merger Agreement Exchange and Payment Procedures* beginning on page 62 for additional information.

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**THE SPECIAL MEETING**

**Questions and Additional Information**

If you have more questions about the Merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please contact our proxy solicitor, Morrow, by calling toll-free at (888) 813-7651. Intermediaries may call collect at (203) 658-9400.

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### **THE MERGER**

# **THE MERGER**

*This discussion of the Merger is qualified in its entirety by reference to the Merger Agreement, which is attached to this proxy statement as Annex A. You should read the entire Merger Agreement carefully, as it is the legal document that governs the Merger.*

The Merger Agreement provides that, upon consummation of the Merger, Merger Sub will merge with and into Cleco. Cleco will be the Surviving Corporation in the Merger. As a result of the Merger, Cleco

will cease to be a publicly traded company and will become an indirect, wholly-owned subsidiary of Parent. If the Merger is completed, you will not own any shares of the capital stock of the Surviving Corporation in the Merger. A copy of the Merger Agreement is attached as Annex A to this proxy statement. We urge you to read the Merger Agreement carefully and in its entirety as it is the document that governs the Merger.

## **Merger Consideration**

In the Merger, each issued and outstanding share of our Common Stock (other than excluded shares) will be converted at the Effective Time into the right to receive an amount in cash equal to \$55.37 per share, without interest and less any applicable withholding taxes.

## **Background of the Merger**

The Board, together with Cleco's senior management, regularly reviews Cleco's business and operations, its long-term business plan and potential strategic alternatives, including, among others, potential business combination transactions.

In September 2012, senior management of another company, which we refer to as Party A, contacted Bruce Williamson, Cleco's chief executive officer, and Darren Olagues, who was then Cleco's chief financial officer, to express an interest in discussing a potential business combination with Cleco. This call was followed by an in-person meeting among the senior management of Party A and Cleco.

In connection with these discussions and its broader consideration of strategic alternatives, Cleco retained Goldman Sachs and TPH as financial advisors. Goldman Sachs and TPH were engaged because of their experience with transactions in the electric utility and energy industries, their investment banking reputations and their experience in advising companies and boards of directors in connection with potential business combination transactions.

Cleco and Party A entered into a confidentiality and standstill agreement and continued reviewing the possibility of a business combination between the parties for several months. As part of this process, Party A conducted due diligence on Cleco and participated in management presentations with the senior management of Cleco.

In the spring of 2013, while Cleco was still considering a potential business combination transaction with Party A, the chief executive officer of another party, which we refer to as Party B, contacted Mr. Williamson to express interest in a potential business combination transaction with Cleco. Party B entered into a confidentiality and standstill agreement and conducted due diligence on Cleco. In April 2013, Party B participated

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in management presentations with senior management of Cleco.

During this period, management updated the Board regarding developments in the discussions with each of Party A and Party B as they occurred, and the Board provided oversight and authority to senior management with respect to these discussions as well as management's ongoing consideration of strategic alternatives.

Later in the spring of 2013, after several meetings between the senior management of Cleco and each of Party A and Party B, neither Party A nor Party B elected to continue pursuing a business combination transaction with Cleco.

In late 2013, a number of other parties contacted Mr. Williamson concerning the possibility of exploring a business combination transaction with Cleco. Mr. Williamson informed each of them that Cleco was focused on filing its formal application and obtaining the LPSC's approval of the extension of Cleco Power's existing formula rate plan.

On January 31, 2014, the Board held a regular meeting at which certain members of senior management and representatives of Goldman Sachs and TPH were present. At this meeting, the Board considered a variety of strategic alternatives, including remaining as an independent, standalone company, possible business combination transactions and potential acquisitions of third parties. The Board concluded that while an acquisition of a third party was unlikely to enhance shareholder value, a cash-based business combination transaction might present an interesting alternative for Cleco and its shareholders. However, the Board determined that senior management should remain focused on filing the formal application and obtaining the LPSC's approval of the extension of Cleco Power's existing formula rate plan.

In the spring of 2014, several parties (including MIP III) contacted Mr. Williamson concerning the possibility of exploring a business combination transaction. All of these inquiries were preliminary, Cleco did not enter into a confidentiality and standstill agreement with any of the parties and none of the parties specified a price at which it would be willing to enter into a business combination transaction with Cleco. Mr. Williamson informed each of them that Cleco was focused on filing its formal application and obtaining the LPSC's approval of the extension of Cleco Power's existing formula rate plan.

On April 19, 2014, Cleco Power filed with the LPSC its formal application for the extension of its existing formula rate plan.

On April 24, 2014, the Board held its annual meeting which was attended by certain members of senior management, and portions of



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which were attended by representatives of Goldman Sachs, TPH and Phelps Dunbar LLP, Cleco's outside regulatory counsel, which we refer to as Phelps Dunbar. During this meeting, and as part of the Board's ongoing consideration of Cleco's strategic alternatives, the Board discussed the valuation of Cleco's Common Stock and whether Cleco might be able to capture a premium valuation for its shareholders through a business combination transaction. The Board considered data prepared by the financial advisors showing that Cleco's projected price to earnings multiple, which we refer to as a P/E multiple, for 2014, 2015 and 2016 exceeded the projected P/E multiples of its peers and that an acquisition premium might already be reflected in Cleco's current stock price based on market speculation. The representatives of Goldman Sachs and TPH discussed certain recent transactions in the gas and electric utility industry. The representatives of Phelps Dunbar discussed with the Board the regulatory issues and procedures of the LPSC that would pertain to a change of control of Cleco. Mr. Williamson discussed with the Board various inquiries made by parties in prior months expressing interest in a potential business combination transaction. After discussion of potential business combination transactions, the Board determined to defer any exploration of such opportunities until Cleco had obtained the LPSC's approval of the extension of Cleco Power's formula rate plan. At this meeting, the independent directors of the Board also decided to hire legal counsel to assist them in evaluating Cleco's strategic alternatives along-side Cleco's outside counsel, Locke Lord LLP, which we refer to as Locke Lord. After the meeting, the independent directors engaged Hunton & Williams LLP, which we refer to as Hunton & Williams, as their legal counsel.

On May 20, 2014, the independent directors of the Board held a meeting attended by representatives of Hunton & Williams to discuss matters relating to consideration of Cleco's strategic alternatives.

On May 27, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. During this meeting, the Board discussed a tentative settlement of the extension of Cleco Power's existing formula rate plan. Mr. Williamson then recounted the inquiries made by various parties in late 2013 and the spring of 2014 expressing interest in a potential business combination transaction with Cleco. He noted that with news of the settlement of the extension of Cleco Power's formula rate plan expected to become public soon, at least some of these parties would likely contact Cleco again as they had generally been informed that Cleco would not consider such a transaction until that time. The Board decided it would further consider Cleco's strategic alternatives at its regularly scheduled annual strategy meeting to be held on June 12 and 13, 2014.

On June 6, 2014, an administrative law judge conducted a public hearing on the uncontested settlement of the extension of Cleco Power's existing formula rate plan, as modified in the settlement.

Between June 6 and June 10, 2014, Cleco received written, nonbinding preliminary indications of interest from two parties, which we refer to as Party C and Party D, respectively, and MIP III, on behalf of itself and a consortium of investors, which we refer to as the MIP III consortium, expressing interest in a potential business combination transaction with Cleco. All of the indications of interest were subject to conducting due diligence, negotiating definitive agreements and obtaining internal approvals. Mr. Williamson called Mr. William Marks, Cleco's lead independent director, to inform him of the indications of interest.

On June 12 and 13, 2014, the Board held its regularly scheduled annual strategy meeting, portions of which were attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Cleco's senior management presented a review of Cleco's utility operations and long-term strategic plan, including a long-term forecast. As part of its ongoing consideration of strategic alternatives, the Board considered, among other things, that Cleco (1) recently completed a multi-year generation construction and acquisition effort that left it with excess generating capacity; (2) is unlikely to grow its rate base significantly in the near term; (3) faces pressure to reduce its rates, which at the time were the highest rates charged by an electric utility in Louisiana; and (4) was entering a phase of limited growth over the next five years before additional generation would offer material new investment opportunities, which opportunities would depend upon the success of a wholesale electric marketing initiative. The Board also considered that Cleco's remaining as an independent standalone company would leave Cleco shareholders exposed to various risks and uncertainties, including, among others, utility industry risks, risks related to economic conditions in Louisiana, the potential for downward pressure on industry P/E multiples in light of current market valuations and other risks related to regulatory and legislative matters. The Board also considered the extent to which Cleco could enhance shareholder value through dividends and stock repurchases. Cleco's general counsel and Locke Lord then reviewed with the Board the directors' fiduciary duties in connection with its business decisions, including its consideration of a potential business combination transaction. The representatives of Goldman Sachs and TPH discussed with the Board certain recent gas and electric utility transactions. The representatives of Goldman Sachs and TPH then discussed with the Board various strategic alternatives, including continuing to pursue Cleco's long-term strategy as an independent standalone company, as well as a potential business combination transaction involving Cleco. During this discussion, the representatives of Goldman Sachs and TPH identified companies that might be interested in a business combination transaction, including industry counterparties and financial counterparties such as private equity funds and infrastructure funds. A representative of Frederic W. Cook & Co., the independent

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compensation consultant to the Compensation Committee of the Board, also discussed with the Board Cleco's severance and change-in-control arrangements that could be implicated by a business combination transaction, including amounts that could become payable to senior management in connection with such a transaction.

The Board then discussed the written indications of interest received from Party C, Party D and the MIP III consortium. During this discussion, the Board considered Cleco's prospects as an independent standalone company under its long-term strategic plan and the value that might be realized in a business combination transaction. The Board determined that Cleco's long-term strategic plan was viable, but that a business combination transaction might enhance shareholder value, particularly in light of the high P/E multiples at which Cleco's Common Stock was trading at the time and Cleco's limited growth prospects in the near-term. The Board discussed with senior management and its outside advisors various matters regarding how to respond to the indications of interest, including whether to solicit interest from additional counterparties. The Board also considered the process for obtaining approval from the LPSC of any such transaction, including the likely terms that would be required to obtain that approval. Following discussion, the Board determined that

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**THE MERGER**

Cleco should evaluate the indications of interest by undertaking a broader review of potential business combination transactions, although no decision was made that Cleco should enter into any such transaction. The Board requested that senior management, in consultation with representatives of Goldman Sachs and TPH, identify a list of potential counterparties and make a recommendation for the Board's consideration at its next meeting.

On June 13, 2014, the administrative law judge submitted the proposed settlement of the extension of Cleco Power's existing formula rate plan, as modified in the settlement, together with her report of the settlement hearing, to the LPSC for review and decision.

On June 18, 2014, at its open public meeting, the LPSC voted to approve the settlement providing for the extension of Cleco Power's existing formula rate plan, as modified in the settlement, as submitted to the LPSC by the administrative law judge on June 13, 2014. On June 27, 2014, the LPSC issued its order approving the settlement.

Beginning on June 19, 2014, various media articles were published and market rumors emerged regarding a possible business combination transaction involving Cleco. As a result, the trading price of Cleco's Common Stock became volatile and the stock traded at a high volume. The NYSE contacted Cleco and requested a response from Cleco regarding the stock price and trading activity.

On June 22, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Cleco's general counsel and Locke Lord reviewed with the Board the directors' fiduciary duties in connection with its consideration of a business combination transaction. In light of the market rumors and the NYSE's request to Cleco regarding its stock price and trading activity, senior management and the Board discussed the advisability of issuing a press release that would acknowledge the receipt of indications of interest and state that the Board would review such indications of interest and other potential opportunities in comparison to Cleco's standalone strategic plan. The Board approved the issuance of a press release by Cleco to that effect. Senior management and representatives of Goldman Sachs and TPH then reviewed a list of potential counterparties, including both industry and financial counterparties. After discussion, the Board directed senior management and representatives of the financial advisors to contact nine potential counterparties on the list (which consisted of five industry and four financial counterparties) that the Board determined, following consultation with Goldman Sachs and TPH, to be the most likely to have the financial resources, strategic intent and commitment to obtain regulatory approval to complete a business combination transaction on terms attractive to Cleco, to determine whether they were interested in exploring a business combination transaction with Cleco. These potential counterparties included Party C, Party D and the MIP III consortium as well as certain other parties that had previously contacted Cleco to express their potential interest in a business combination transaction with Cleco (including Party A and Party B). The Board further authorized senior management and Cleco's financial advisors to provide limited due diligence information to each interested counterparty (and any other potential counterparty that subsequently initiated contact with Cleco), subject to their execution of an appropriate confidentiality and standstill agreement, and to request from each interested counterparty an indication of interest prior to the next Board meeting so the Board could determine, based on the indications of interest, whether to continue its consideration of a potential business combination transaction.

On June 23, 2014, Cleco issued a press release stating that it had received indications of interest with respect to a potential business combination transaction and that it would work with its financial and legal advisors to review and evaluate any proposals and compare them to Cleco's standalone strategic plan.

In the wake of the market rumors and following Cleco's press release, certain LPSC commissioners made public statements expressing concern about a business combination transaction involving Cleco and noting various regulatory issues that any potential buyer would need to address in connection with seeking approval from the LPSC for such a transaction.

On June 24, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At this meeting, representatives of Goldman Sachs updated the Board on the initial communications with potential counterparties.

In the following days, representatives of Goldman Sachs continued reaching out to the nine potential counterparties selected by the Board at its June 22 meeting. In addition, four other potential counterparties contacted Cleco or representatives of Goldman Sachs or TPH to express their interest in exploring a possible business combination transaction with Cleco. Of the nine potential counterparties contacted, six of them (including Party A and Party B) indicated they were not interested in exploring a business combination transaction with Cleco. The other three

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potential counterparties selected by the Board (consisting of Party C, Party D and MIP III), as well as the four additional counterparties that had contacted Cleco or representatives of Goldman Sachs or TPH regarding a possible business combination transaction involving Cleco, signed confidentiality and standstill agreements. The draft confidentiality and standstill agreement provided by Cleco to each of these seven potential counterparties contained customary standstill provisions and additional provisions intended to provide the Board with control over the process of soliciting acquisition proposals and to maximize the value of such proposals in such process. The standstill provision included in each draft contained a provision stating that a potential counterparty was not permitted to ask for a waiver of the standstill (a no-ask, no-waiver provision). This provision was intended to incentivize potential counterparties to put forth their best and highest offer for Cleco as part of Cleco's strategic review process by seeking to negate their ability to make such an offer outside of the process or after Cleco announced an alternative transaction. Five of the seven potential counterparties negotiated modifications to the standstill provisions to permit them to submit proposals to the Board in the event Cleco were to enter into a definitive transaction agreement with a third party. Ultimately, only Party F (discussed below) and one other party that executed a confidentiality and standstill agreement agreed to standstills with no-ask, no-waiver provisions, but neither party submitted a proposal to effect a business combination transaction with Cleco. In addition, the confidentiality and standstill agreement that Party B entered into in 2013 contains a standstill provision with a no-ask, no-waiver provision that remains in effect. The standstill provision in the confidentiality and standstill agreement entered into in 2012 with Party A had already expired at this time.

During late June and early July 2014, the seven potential counterparties that signed confidentiality and standstill agreements were provided access to an electronic data room containing due diligence information about

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Cleco and were offered the opportunity to attend a presentation by Cleco management at which representatives of Goldman Sachs and TPH were present.

On July 1, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At this meeting, representatives of Goldman Sachs updated the Board on the status of the due diligence review by the potential counterparties. The Board also discussed concerns expressed by certain LPSC commissioners regarding a business combination transaction involving Cleco and how to address those concerns.

On July 8, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At this meeting, the representatives of Goldman Sachs updated the Board on the status of the due diligence review by the various potential counterparties. Shortly after the meeting, and at the direction of the Board, representatives of Goldman Sachs sent a process letter to the potential counterparties that had executed confidentiality and standstill agreements requesting that they submit a written, non-binding proposal to Cleco by July 22, 2014.

On July 14, 2014, representatives of the MIP III consortium attended a presentation by Cleco senior management at which representatives of Goldman Sachs and TPH were present.

On July 15, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At this meeting, representatives of Goldman Sachs updated the Board on the status of the due diligence review by the various potential counterparties. The representatives of Goldman Sachs and TPH also discussed with the Board their preliminary financial analyses with respect to Cleco.

On July 22, 2014, Cleco received written, non-binding proposals from the MIP III consortium, Party C and another potential counterparty, which we refer to as Party E. The proposals were subject to completion of due diligence, negotiation of definitive agreements and obtaining internal approvals. The proposal from the MIP III consortium provided for an acquisition of Cleco in an all cash transaction at an indicative price of \$55.25 per share. The proposal from Party C provided for an acquisition of Cleco in an all cash transaction at an indicative price of \$59.25 per share. Party C also described in general terms an alternative proposal in which Cleco would be merged with a newly formed public company that would also hold certain of Party C's assets and in which Cleco shareholders would receive stock of the surviving corporation in the merger. The proposal from Party E and its potential co-investors provided for an acquisition of Cleco in an all cash transaction at an indicative price between \$57.00 and \$59.00 per share. In connection with their proposals, Party C and MIP III also requested that Cleco enter into an agreement providing for a period of exclusive negotiations. Cleco also received a verbal proposal from Party D expressing interest in an acquisition of Cleco in an all cash transaction. Although Party D did not specify a purchase price, it communicated a per share valuation of Cleco Common Stock in the mid-\$50s. An additional potential counterparty, which we refer to as Party F, indicated its possible interest in a business combination transaction with Cleco but did not propose a specific purchase price, and indicated it would only be willing to continue

discussions at a per share price below the then-current market price. The other potential counterparties that signed confidentiality and standstill agreements declined to submit a proposal and withdrew their interest in exploring a business combination transaction with Cleco.

On July 24 and 25, 2014, the Board held its regularly scheduled quarterly meeting, portions of which were attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. The representatives of Goldman Sachs and TPH reviewed the proposals received from the five potential counterparties. In reviewing the proposals, the Board considered that various interested counterparties had noted Cleco's Common Stock was trading at a high P/E multiple relative to its peers and had also expressed concern about the impact of the recent settlement of the extension of Cleco Power's existing formula rate plan on Cleco's projected financial performance. The Board also considered that Party E was still in the process of forming an investor consortium and, therefore, its proposal was subject to change based on the valuation and other views of its potential co-investors. The Board also discussed with senior management and representatives of Goldman Sachs and TPH Party C's alternative proposal to merge Cleco with a newly formed public company in which Cleco shareholders would receive shares of common stock in exchange for their Cleco Common Stock. The Board concluded such a merger was not attractive because, among other things, it would require additional regulatory approvals, might raise additional or more difficult issues with respect to LPSC approval, was more complex than potential alternatives and would require Cleco to expend considerable time and effort in conducting due diligence on Party C's assets to be contributed to such newly formed public company. The Board also considered the letter from Party F, which was smaller in market capitalization and, in the Board's judgment, after consultation with Goldman Sachs and TPH, had more limited financial capabilities than Cleco. After conferring with senior management and representatives of Goldman Sachs and TPH, the Board concluded that Party F was not likely to have the financial capability to complete a business combination transaction on terms attractive to

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Cleco. Following further discussion, the Board determined to continue the strategic review process with Party C, Party D, Party E and the MIP III consortium. The Board decided not to grant Party C's or MIP III's request for exclusive negotiations at that time.

Shortly afterwards, Party D informed Cleco that it was no longer interested in exploring a business combination transaction between the two parties.

Between July 26, 2014 and August 22, 2014, Cleco's management provided the MIP III consortium and Party C with access to additional due diligence information, including non-public financial information regarding Cleco, and participated in due diligence calls with representatives and outside advisors of each of the MIP III consortium and Party C. Party E was also provided with this additional due diligence information and participated in due diligence calls with Cleco management during early August, but by August 12, 2014, it had not assembled a consortium of equity investors and advised Cleco that it was withdrawing its interest in a business combination transaction with Cleco.

On August 1, 2014, Cleco provided a draft merger agreement to the MIP III consortium and Party C and requested that they submit markups of the merger agreement with updated proposals the week of August 18th.

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**THE MERGER**

Also on August 1, 2014, senior management of Cleco and representatives of the MIP III consortium met to discuss the terms of a possible transaction between the two parties and potential regulatory commitments that would be considered important by the LPSC.

On August 5, August 12 and August 19, 2014, the Board held meetings to discuss the strategic review process and a potential business combination transaction, each of which were attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At these meetings, senior management of Cleco and representatives of Goldman Sachs and TPH updated the Board on the process and the meetings with representatives of the MIP III consortium and Party C.

On August 6, 2014, the LPSC held its regularly scheduled Business & Executive meeting which Mr. Williamson, Mr. Marks (Cleco's lead independent director) and three other outside directors of Cleco attended at the LPSC's request. Mr. Williamson and the independent directors responded to questions from the LPSC commissioners regarding any potential business combination transaction involving Cleco. During this meeting, the LPSC commissioners expressed concerns about the consequences of a business combination transaction involving Cleco, including with respect to whether such a transaction would result in a change in customer rates and whether a counterparty would maintain Cleco's employee headcount, headquarters location and charitable contribution practices, among other things. The LPSC commissioners also expressed concern about the implications of foreign investors acquiring Cleco. The LPSC commissioners provided extensive guidance on the regulatory commitments that a potential buyer would be expected to accept in connection with a business combination transaction with Cleco.

On August 8, 2014, representatives of MIP III, bcIMC (which the Board had been informed was a member of the MIP III consortium), Macquarie Capital and their advisors attended a management and due diligence presentation by the senior management of Cleco, which representatives of Goldman Sachs and TPH also attended.

On August 8, 2014, the MIP III consortium's outside counsel, Kirkland & Ellis LLP, which we refer to as Kirkland & Ellis, sent to Locke Lord a preliminary issues list concerning the draft merger agreement.

On August 13, 2014, representatives of MIP III and Macquarie Capital met with senior management of Cleco and representatives of Goldman Sachs and TPH to discuss the potential terms of a business combination transaction and the types of regulatory commitments the MIP III consortium should consider in formulating its proposal.

On August 18, 2014, Kirkland & Ellis sent a preliminary markup of the draft merger agreement to Locke Lord.

On August 20, 2014, Locke Lord and Kirkland & Ellis had a conference call concerning the preliminary issues list previously provided by Kirkland & Ellis to Locke Lord and discussed certain provisions in Kirkland & Ellis' markup of the draft merger agreement. Also on August 20, 2014, representatives of Party C met with senior management of Cleco and representatives of Goldman Sachs and TPH to discuss the types of regulatory commitments that Party C should consider in formulating its proposal.

On August 22, 2014, Cleco received updated written proposals from the MIP III consortium and Party C, including a markup of the merger agreement and a description of commitments that each party would be willing to make to obtain the LPSC's approval of the proposed business combination transaction. The MIP III consortium proposed to acquire Cleco in an all cash transaction at an indicative price of \$55.25 per share, which was the same as its previous indication of interest. MIP III also requested that Cleco enter into an exclusivity agreement. Party C proposed to acquire Cleco in an all cash transaction at an indicative price of \$58.75 per share, which was lower than its previous indication of interest.

On August 25, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Cleco's general counsel and Locke Lord reviewed with the Board the directors' fiduciary duties in connection with their consideration of a potential business combination transaction. The representatives of Goldman Sachs and TPH then reviewed the proposals submitted by the MIP III consortium and Party C. Locke Lord reviewed the terms and conditions in the initial markups of the merger agreement by the MIP III consortium and Party C, including (i) the scope of the parties' required efforts to obtain regulatory authorizations (particularly from the LPSC) and the commitments each party would be willing to accept to obtain the LPSC's approval, (ii) various deal protection provisions, particularly the terms of the non-solicitation provision and the amount and conditions for payment by Cleco of a termination fee and (iii) in the case of the MIP III consortium, the amount and conditions for payment of a reverse termination fee and provisions relating to its proposed debt and equity financing. The Board determined to continue the strategic review process, and authorized

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representatives of Goldman Sachs and TPH and senior management to move forward with both Party C and the MIP III consortium in parallel negotiations and to reject MIP III's request for exclusivity. In addition, the Board instructed senior management and Locke Lord to seek to negotiate more favorable terms in the draft merger agreements with respect to, among other things, various deal protection provisions and the covenant regarding the parties' respective obligations to obtain required regulatory approvals. The Board also discussed a letter received on August 22, 2014, from a party that was not part of the ongoing process and had not signed a confidentiality and standstill agreement and therefore had no access to the electronic data room, purporting to be associated with Party E and indicating this party would submit a proposal to acquire Cleco during the next week. After consulting with senior management and representatives of Goldman Sachs and TPH, the Board concluded that the letter was not likely to result in a credible proposal, as the party had not signed a confidentiality and standstill agreement, engaged in any due diligence or put forth terms for any arranged financing.

On August 26, 2014, representatives of Goldman Sachs informed MIP III and Party C that the Board desired to continue to pursue a possible business combination transaction with each party. MIP III informed them that the MIP III consortium would only be willing to continue negotiations if Cleco entered into an exclusivity agreement, which the Board had rejected.

On August 28, 2014, senior management of Cleco and senior management of Party C met to discuss the terms of a potential business combination transaction between the two parties and the commitments

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**THE MERGER**

Party C would be expected to make to obtain the LPSC's approval of the transaction. A representative of Phelps Dunbar and Party C's outside regulatory counsel were also present for these discussions. After this meeting, Cleco provided additional due diligence materials in the electronic data room in response to requests from Party C.

On August 29, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At this meeting, representatives of Goldman Sachs updated the Board on discussions with the MIP III consortium and Party C. The Board again considered MIP III's request for an exclusivity agreement and determined again that it should be rejected.

On August 31, 2014, Locke Lord sent a revised draft of the merger agreement to Party C's legal counsel. During the following week, Locke Lord and Party C's legal counsel extensively negotiated the terms of the potential merger agreement.

On September 2 and 3, 2014, Party C's representatives conducted site visits of various Cleco facilities in Louisiana. Also on September 3, 2014, senior management of Cleco and senior management of Party C met to discuss Cleco's overall business and the terms of a potential business combination transaction between the parties.

On September 3, 2014, the chief executive officer of MIP III contacted Mr. Williamson and expressed the MIP III consortium's willingness to continue further discussions regarding a potential business combination transaction with Cleco and indicated that the discussions would not be conditioned on entering into an exclusivity agreement. Mr. Williamson responded that Cleco was willing to continue discussions with the MIP III consortium.

On September 5, 2014, senior management of Party C contacted Mr. Williamson and communicated that Party C was working through a number of issues relating to potential regulatory commitments and due diligence issues relating to Cleco's operations, that it hoped to resolve the issues over the next seven to ten days, and that if it was unable to do so it would discontinue its efforts to pursue a business combination transaction with Cleco.

Also on September 5, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Senior management updated the Board on its discussions with Party C. Specifically, senior management informed the Board that Party C was unwilling to obligate itself in the merger agreement to various regulatory commitments that senior management believed were necessary to obtain the LPSC's approval of a business combination transaction, based on, among other things, the regulatory commitments identified by the LPSC commissioners at the August 6, 2014 Business & Executive meeting of the LPSC. Mr. Williamson also explained that Party C continued to assess the regulatory approval process and various due diligence issues and had thus elected to delay obtaining its internal approvals for the transaction. The Board also discussed the MIP III consortium's decision to continue its discussions regarding a potential business combination transaction and agreed that Cleco should continue such discussions with the MIP III consortium. The Board also discussed the August 22 letter previously received from the party purporting to be associated with Party E. Representatives of Goldman Sachs informed the Board that it

had contacted such party and that there had not been any proposal or subsequent communications from the party.

Throughout early September 2014, Cleco continued to facilitate the due diligence review and meet with representatives of each of Party C and the MIP III consortium.

On September 8, 2014, senior management of Cleco and representatives of MIP III, Macquarie Capital and Goldman Sachs met to discuss due diligence issues, the potential terms and conditions of a definitive merger agreement and various issues relating to potential regulatory commitments.

On September 16, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At this meeting, the Board was updated on the status of the negotiations with Party C and the MIP III consortium. Among other things, the Board expressed concern that Party C was unwilling to obligate itself in the merger agreement to make various regulatory commitments that senior management believed were necessary to obtain the approval of the LPSC. Senior management also discussed the operational due diligence issues that Party C was still assessing. After the Board meeting, senior management of Cleco, Mr. Marks (Cleco's lead independent director) and a representative of Phelps Dunbar met with representatives of the MIP III consortium and its outside

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regulatory counsel to discuss the likely requirements to obtain the LPSC's approval of a business combination, including those previously communicated by the LPSC. After this meeting and in response to Mr. Williamson's request for an increase in the MIP III consortium's price, representatives of MIP III informed Mr. Williamson that the MIP III consortium would consider increasing its indicative price to acquire Cleco, but it was not willing to do so unless Cleco entered into an exclusivity agreement.

During that same week, Party C's outside advisors contacted a representative of Goldman Sachs and communicated that Party C and its outside advisors had ceased their due diligence review of Cleco and stopped pursuing a business combination transaction with Cleco.

On September 19, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. At this meeting, the Board discussed Party C's decision to no longer pursue a potential business combination transaction with Cleco. After further discussions with senior management and representatives of Goldman Sachs about Party C's due diligence review and its unwillingness to take the actions that senior management believed were necessary to obtain the LPSC's approval of a business combination transaction with Cleco, the Board determined that Party C was not likely to re-engage in discussions with Cleco. The Board then considered the status of the MIP III consortium's due diligence review and its request for exclusivity. The Board decided that it was in the best interest of Cleco and its shareholders to continue exploring a potential business combination transaction with the MIP III consortium, but that senior management should continue to seek an increase in the MIP III consortium's price. Following discussion, the Board authorized Cleco's senior management to enter into an exclusivity agreement with MIP III for three weeks to allow the MIP III consortium to complete its due diligence and negotiate the terms and conditions of a merger agreement. Cleco and MIP III signed an exclusivity agreement that day.

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On September 22, 2014, Locke Lord sent a revised draft of the merger agreement to Kirkland & Ellis. Over the next several days, Locke Lord and Kirkland & Ellis discussed various provisions of the draft merger agreement, including provisions relating to required regulatory commitments, financing, non-solicitation, termination fees and expense reimbursement.

On September 24 and 25, 2014, representatives of the MIP III consortium conducted site visits of various Cleco facilities in Louisiana. Cleco continued to post additional due diligence materials in the electronic data room in response to requests from the MIP III consortium.

On September 27, 2014, Kirkland & Ellis sent a revised draft of the merger agreement to Locke Lord.

Between September 29 and October 1, 2014, senior management of Cleco and senior management of the MIP III consortium met to discuss the terms of the regulatory commitments and the regulatory approval process, and the related terms of the merger agreement. Regulatory counsel for each of the parties participated in these discussions. During these discussions, the MIP III consortium agreed to make various commitments in the merger agreement relating to obtaining the LPSC's approval of a business combination transaction between the two parties. Also during this period Locke Lord continued negotiating the terms and conditions of the merger agreement with Kirkland & Ellis based on guidance it received from the Board and senior management. These negotiations focused on the scope of the parties' required efforts to obtain regulatory authorizations, including the regulatory commitments the MIP III consortium would be required to accept to obtain the LPSC's approval, provisions relating to the MIP III consortium's proposed debt and equity financing, and various deal protection provisions, including the non-solicitation provision and the amounts of the termination fee payable by Cleco and the reverse termination fee payable by the MIP III consortium, the cap on Cleco's obligation to reimburse the MIP III consortium for its expenses, and the circumstances under which such fees and expenses would be payable. The MIP III consortium's initial proposal was \$100 million (or approximately 3.0% of the proposed transaction's equity value) for the termination fee, \$150 million (or approximately 4.5% of the proposed transaction's equity value) for the reverse termination fee and \$33.5 million (or approximately 1% of the proposed transaction's equity value) for the cap on Cleco's obligation to reimburse the MIP III consortium for its expenses, in each case under specific circumstances.

On September 30, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Senior management updated the Board on the status of discussions with the MIP III consortium, including with respect to the regulatory commitments that the MIP III consortium was willing to make in the merger agreement to obtain the LPSC's approval and the scope of the MIP III consortium's efforts to obtain such approval. Locke Lord also updated the Board on the current negotiations concerning the other outstanding issues under the draft merger agreement. Among other things, Locke Lord reviewed the MIP III consortium's position on the various deal protection provisions, particularly the terms of the non-solicitation provision and the amount and conditions for payment by Cleco of the termination fee and by the MIP III consortium of the reverse termination fee and the cap on Cleco's

obligation to reimburse the MIP III consortium for its expenses. Following discussion, the Board instructed Locke Lord and senior management to seek more favorable terms with respect to the terms and conditions of the transaction and to reiterate Cleco's request for a price increase from the MIP III consortium. The Board was also informed that neither Party C nor any other party had contacted Cleco or its financial advisors with respect to a potential business combination transaction since the Board meeting on September 19th.

On October 3, 2014, Kirkland & Ellis sent a revised draft of the merger agreement to Locke Lord.

On October 6, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord, Hunton & Williams and Phelps Dunbar. Representatives from MIP III and bcIMC attended for a portion of the meeting to discuss, among other things, their proposed financing of the transaction, their approach to the regulatory approval process and the commitments they would be willing to make to obtain the approval of the LPSC. After the representatives of MIP III and bcIMC left the meeting, Cleco's general counsel and Locke Lord reviewed with the Board the directors' fiduciary duties, the process followed by the Board in connection with considering the transaction and the status of the negotiations regarding the terms and conditions of the draft merger agreement with the MIP III consortium. Members of senior management and representatives of Phelps Dunbar then discussed the regulatory approval process and their assessment of the proposed transaction and the MIP III consortium from a regulatory perspective. Representatives from Goldman Sachs and TPH then discussed their preliminary financial analyses with respect to Cleco. The Board also reviewed with senior management Cleco's standalone business plan compared to the value that would be realized by shareholders in the business combination transaction with the MIP III consortium. The Board also considered the extent to which the trading price of Cleco's Common Stock might decline and trade at a lower P/E multiple if Cleco did not enter into a business combination transaction. Representatives from Locke Lord then reviewed the terms and conditions of the current draft of the merger agreement, including the terms of the regulatory efforts covenant, the deal protection provisions and the proposed termination fee, reverse termination fee and expense reimbursement amounts.

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During the week of October 6, 2014, Locke Lord negotiated and exchanged revised drafts of the merger agreement with Kirkland & Ellis. During these negotiations, Cleco proposed a reverse termination fee equal to \$200 million and a cap of \$15 million on its obligation to reimburse the MIP III consortium for its expenses. Locke Lord and Cleco also received initial drafts of the equity commitment letter and limited guarantee and exchanged revised drafts of these documents with Kirkland & Ellis. Members of Cleco's senior management met with representatives of the MIP III consortium to discuss certain outstanding due diligence matters, the terms of the MIP III consortium's regulatory commitments and the regulatory approval process.

On October 9, 2014, Cleco and MIP III executed an extension of their exclusivity agreement through October 17, 2014.

On October 10, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Management updated the

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**THE MERGER**

Board on the discussions with the MIP III consortium concerning the merger agreement, including the amount of the termination fee, the reverse termination fee and the cap on Cleco's expense reimbursement obligation, the Board's ability to grant waivers under standstill agreements, and the equity and debt financing process for the MIP III consortium. Following discussion, the Board agreed that it was in the best interests of Cleco and its shareholders to continue pursuing a business combination transaction with the MIP III consortium.

Over the weekend and during the week of October 13, 2014, Locke Lord and Kirkland & Ellis continued negotiating the terms of the merger agreement, the equity commitment letter and the limited guarantee, and exchanged revised drafts of each of these documents. In these drafts, the MIP III consortium proposed a termination fee of \$120 million, a reverse termination fee of \$175 million and an expense reimbursement cap of \$20 million.

On October 15, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Cleco's general counsel and Locke Lord reviewed with the Board the directors' fiduciary duties in connection with the strategic review process and a business combination transaction. Locke Lord then reviewed the terms of the current draft of the merger agreement, including the parties' positions on the termination fee, reverse termination fee and expense reimbursement cap amounts. The representatives of Goldman Sachs reviewed MIP III's proposed co-investors and their equity commitments and updated the Board on the equity commitment process. Locke Lord also discussed the structure and terms of the equity commitment letter and the limited guarantee. Mr. Williamson indicated that he would request that the MIP III consortium submit its final price for the Board's consideration by October 16th.

On October 15, 2014, MIP III provided an initial draft of the MIP III consortium's debt commitment letter and Locke Lord reviewed and commented on the debt commitment letter.

By the end of the day on October 15, 2014, the remaining issues between the MIP III consortium and Cleco relating to the merger agreement had been resolved other than the MIP III consortium's final proposed purchase price and the amount of the termination fee, the reverse termination fee and the expense reimbursement cap.

On October 16, 2014, Mr. Williamson and the chief executive officer of MIP III discussed the remaining issues in the merger agreement. The MIP III consortium agreed to increase its purchase price from \$55.25 to \$55.37 per share. The MIP III consortium also agreed to increase the amount of the reverse termination fee to \$180 million (or approximately 5.4% of the proposed transaction's equity value) and to cap its expense reimbursement at \$18 million (or approximately 0.5% of the proposed transaction's equity value) with a termination fee equal to \$120 million (or approximately 3.6% of the proposed transaction's equity value).

Afterwards, Mr. Williamson contacted all of the directors to inform them of the terms of the MIP III consortium's final proposal.

On October 17, 2014, the Board held a meeting attended by certain members of senior management and representatives of Goldman Sachs, TPH, Locke Lord and Hunton & Williams. Representatives of Locke Lord summarized the negotiations that had taken place since the Board's prior meeting and presented the final Merger Agreement, noting the changes made to the prior draft provided to the Board. The representatives of Goldman Sachs reviewed with the Board Goldman Sachs's financial analysis of the proposed transaction. Representatives of Goldman Sachs delivered its oral opinion to the Board (which was subsequently confirmed by delivery of a written opinion dated October 17, 2014), that, as of October 17, 2014, and based upon and subject to the factors and assumptions set forth in its opinion, the \$55.37 in cash per share of outstanding Common Stock to be paid to holders (other than Parent and its affiliates) of such Common Stock pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. The representatives of TPH provided to the Board its financial analysis of the proposed transaction and delivered to the Board its oral opinion (which was subsequently confirmed by delivery of a written opinion dated October 17, 2014), to the effect that, as of October 17, 2014, based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by TPH as set forth in its opinion, the merger consideration of \$55.37 in cash per share of outstanding Common Stock to be paid to holders of such Common Stock (other than excluded holders (as defined in the section entitled "Opinion of Tudor, Pickering, Holt & Co. Advisors, LLC")) pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. Locke Lord then reviewed with the Board the terms and conditions of Parent's debt commitment letter and the related documentation Parent had negotiated with its lenders, under which the debt financing would be provided, subject to the satisfaction or waiver of certain conditions set forth therein. Locke Lord then reviewed the equity commitment letter and the limited guarantee that had been discussed at the Board meeting on October 15th. The Board was also informed that neither Party C nor any other party had contacted Cleco with respect to a

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potential business combination transaction since the Board's meeting on September 19th. After further discussion and considering a variety of factors, including the items discussed in the section entitled "Reasons for the Merger; Recommendation of Our Board" beginning on page 40, the Board unanimously determined that the Merger is fair to and in the best interests of Cleco and its shareholders and approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated thereby, and resolved that the Merger Agreement be submitted for consideration by the holders of Cleco's Common Stock at a special meeting of shareholders, and recommended that such shareholders of Cleco vote to approve the Merger Agreement.

After the meeting, Parent, Cleco and Merger Sub executed the Merger Agreement. On October 20, 2014, Parent and Cleco issued a press release announcing the execution of the Merger Agreement prior to the commencement of trading on the NYSE.

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**THE MERGER**

**Reasons for the Merger; Recommendation of Our Board**

**Reasons for the Merger**

In evaluating the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement, the Board held 21 meetings, including 16 executive sessions of the independent directors, and consulted with Cleco's senior management, Locke Lord, Phelps Dunbar, Hunton & Williams, Goldman Sachs and TPH.

In reaching a determination to approve the Merger Agreement and the transactions contemplated by the Merger Agreement, the Board considered a number of factors, both positive and negative, and potential benefits and detriments of the Merger to Cleco, including the following factors and benefits of the Merger that the Board generally believes support its decision:

the Board's familiarity with, and understanding of, Cleco's business, growth prospects, current and projected financial condition, assets, results of operations, business strategy and current and prospective regulatory environment;

the effects of the June 2014 extension of the formula rate plan on Cleco's business;

the Board's analysis of other strategic alternatives for Cleco, including to operate as a stand-alone company and the potential to acquire, be acquired by or combine with other third parties, and the risks and uncertainties associated with each alternative, as well as the Board's assessment that none of these alternatives was reasonably likely to present superior opportunities for Cleco to create greater value for Cleco's shareholders, taking into account the timing and the likelihood of accomplishing such alternatives and the risks of execution, as well as business, competitive, industry and market risks;

the risk-adjusted probabilities associated with achieving Cleco's long-term strategic plan as a stand-alone company as compared to the opportunity afforded to Cleco's shareholders via the Merger Consideration;

the process undertaken by the Board, following receipt of indications of interest to acquire Cleco, to explore strategic alternatives, which included communicating with 13 parties, including Macquarie, to determine their interest in a strategic transaction;

that the Merger Consideration is payable in cash, providing Cleco's shareholders with liquidity and certainty of value;

Cleco's ability under the terms of the Merger Agreement to continue to pay regular quarterly dividends to shareholders prior to the consummation of the Merger;

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the financial analyses of Goldman Sachs and TPH, including their written opinions, each dated October 17, 2014, that, as of such date and based on and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the Merger Consideration was fair, from a financial point of view, to holders of Common Stock (other than specific excluded holders); that the Merger Consideration of \$55.37 per share of Common Stock represents a premium of 14.8% to the closing price of Common Stock of \$48.22 on October 16, 2014, the last trading day before the date Cleco entered into the Merger Agreement;

the Board's belief, following discussions with Goldman Sachs and TPH and based on knowledge of the industry and the operations of Cleco, that it was unlikely that any other buyer would be willing to pay more than the per share Merger Consideration payable in the Merger;

the high trading price of Cleco's Common Stock as a multiple of earnings for 2014, 2015 and 2016 relative to Cleco's peers, and the consideration that Cleco's Common Stock price and trading multiples, as well as those of selected companies within the electric utility industry, were high relative to 5-year historical levels and subject to risk of decline at some point as a result of industry and economic factors;

the potential that the price of Cleco's Common Stock prior to the Transaction already included a merger premium given, without limitation, (i) speculation that Cleco was a potential acquisition target as a single state, mid-cap utility following several electric and gas utility company acquisitions that had occurred over the last twelve months, (ii) various media articles and market rumors regarding a possible business combination transaction involving Cleco that emerged on and around June 19, 2014, and (iii) Cleco's June 23, 2014 press release stating that it had received indications of interest with respect to a potential business combination transaction, and the possibility that if Cleco remained a publicly owned corporation, in the event of a decline in the market price of Cleco's Common Stock or the stock market in general, the price that might be received by holders of Common Stock in the open market or in a future transaction might be less than the Merger Consideration of \$55.37 per share in cash to be paid pursuant to the Merger;

the fact that the terms and conditions of the Merger Agreement, including, but not limited to, the representations, warranties and covenants of the parties, the conditions to closing and the form and structure of the Merger Consideration, are fair and reasonable;

the likelihood that the Merger will be completed based on, among other things, the fact that (i) each party has committed to use its reasonable best efforts to obtain regulatory approvals as promptly as practicable, (ii) the Merger Agreement contains limited closing conditions and does not include a financing or due diligence condition to the closing, (iii) the reputation of the Investors, (iv) the ability of the Investors to complete large acquisition transactions and their familiarity with us and (v) the receipt of the Debt Commitment, the terms thereof and the reputation of the debt financing sources;

the fact that Cleco has the ability to seek specific performance by Parent of its obligations to consummate the Merger contained in the Merger Agreement under certain circumstances;

the ability of the Board to change its recommendation to Cleco shareholders that they vote to approve the Merger Agreement, subject to the terms and conditions set forth in the Merger Agreement;

the fact that Cleco has the right to terminate the Merger Agreement in order to accept a superior proposal, subject to certain conditions



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**THE MERGER**

described in the Merger Agreement (including the right of Parent to match any competing bid) and the payment of a termination fee by Cleco of \$120 million;

the provisions in the Merger Agreement in which Parent agreed, among other things, to maintain (i) the continuity of the operating business, including that the operating facilities will remain substantially unaffected, (ii) Cleco's headquarters in Pineville, Louisiana, (iii) headcount, salaries and benefits substantially consistent with or better than current levels, in the aggregate across the company, for a minimum of two years and (iv) Cleco's existing levels of charitable contributions and community involvement, all of which are expected to facilitate regulatory authorization and which may be considered by the Board under Louisiana law;

the fact that Parent has agreed that the Board of Cleco Power after the Merger will include at least four directors who will be Louisiana residents and one of whom will be the Chairman; and

the Board's belief that Parent will continue Cleco's strategy of providing safe and reliable electric service to Cleco's utility customers and has the platform and expertise required to maintain Cleco's existing relationships with regulators, employees and customers. The Board also identified and considered the potential adverse impact of other factors weighing negatively against the Merger, including, but not limited to, the following:

the risk that the Merger may not be completed in a timely manner or at all, including the risks of adverse regulatory or other governmental reactions, along with the risk that the transaction could prompt regulatory or legislative actions that could prevent the Merger and adversely affect the ongoing regulatory position of Cleco;

the fact that Parent and Merger Sub are newly formed entities with essentially no assets other than the equity commitments of the Investors;

the fact that Cleco's ability to enforce Parent's obligation to consummate the Merger is limited to certain circumstances set forth in the Merger Agreement and that Cleco's remedy in the event of breach of the Merger Agreement by Parent and Merger Sub may be limited to receipt of the \$180 million termination fee payable by Parent and that, under certain circumstances, Cleco may not be entitled to receive such a fee;

the fact that while payment of such termination fee is guaranteed by the Investors, the obligations of the Investors are pro rata and several, not joint, and that enforcing the Investors' obligations may be complex due to the number of Investors;

the risk that the financing contemplated by the Debt Commitment for the consummation of the Merger might not be obtained;

the potential length of the regulatory authorization process and the risk that governmental authorities, including the LPSC, whose approval is a condition to the obligation of the parties to close the Merger, may seek to impose unfavorable terms or conditions on the required authorizations, including terms and conditions that Parent is not required to accept;

the restrictions on the conduct of Cleco's business during the period between execution of the Merger Agreement and the consummation of the Merger, which may delay or prevent Cleco from undertaking business opportunities that may arise during the term of the Merger Agreement;

the risk that the pendency of the Merger could adversely affect Cleco's relationships with its customers, suppliers, regulators and any other persons with whom Cleco has a business relationship, or pose difficulties in attracting and retaining key employees;

the fact that following the Merger, due to the fact that the Merger Consideration is all cash, Cleco's shareholders will cease to participate in any of Cleco's post-Merger earnings or growth and will not benefit from any potential post-Merger appreciation in Cleco's value;

the restrictions that the Merger Agreement places on Cleco's ability to solicit competing proposals, the requirement that Cleco pay a termination fee to Parent in connection with a superior proposal and Parent's matching rights, which could act as possible deterrents to other potential bidders;

the possible disruption to Cleco's business that might result from the announcement of the Merger and the resulting distraction of the attention to Cleco's management;

the possibility that if the Merger is not consummated, Cleco would have incurred significant risks and transaction and opportunity costs, including the diversion of management and employee attention and the potential effect of such diversion and restrictions on Cleco's business and its relations with regulators;

the requirement that we may have to reimburse Parent for its expenses up to \$18 million if the approval of the Merger Agreement by Cleco's shareholders is not obtained at the special meeting; and

the fact that for U.S. federal income tax purposes, the cash Merger Consideration will be taxable to Cleco's shareholders that are entitled to receive such consideration.

The foregoing discussion of information and factors considered by the Board is not intended to be exhaustive. In light of the variety of factors considered in connection with its evaluation of the Merger Agreement and the Merger, the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations. Rather, the Board viewed its determinations and recommendations as being based on the totality of information and factors presented to and considered by the Board. Moreover, each member of the Board applied his or her own personal business judgment to the process, and may have given different weight to different factors than other members.

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**THE MERGER**

**Recommendation of our Board:**

**Our Board unanimously recommends that you vote FOR the Merger Proposal.**

**Opinion of Goldman, Sachs & Co.**

Goldman Sachs delivered to the Board its opinion that, as of October 17, 2014 and based upon and subject to the factors and assumptions set forth therein, the Merger Consideration to be paid to the holders (other than Parent and its affiliates) of the shares of Common Stock pursuant to the Merger Agreement was fair from a financial point of view to such holders.

**The full text of the written opinion of Goldman Sachs, dated October 17, 2014, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B. Goldman Sachs provided its opinion for the information and assistance of the Board in connection with its consideration of the transactions contemplated by the Merger Agreement and such opinion does not constitute a recommendation as to how any holder of the shares of Common Stock should vote with respect to the Merger Agreement or any other matter.**

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the Merger Agreement;

annual reports to shareholders and Annual Reports on Form 10-K of Cleco for the five years ended December 31, 2013;

certain interim reports to shareholders and Quarterly Reports on Form 10-Q of Cleco;

certain other communications from Cleco to its shareholders;

certain publicly available research analyst reports for Cleco; and

certain internal financial analyses and forecasts for Cleco prepared by its management, as approved for Goldman Sachs's use by Cleco, including Cleco's financial forecasts provided in this document under the heading "Certain Unaudited Forecasted Financial information" beginning on page 51, which we refer to as the Forecasts.

Goldman Sachs also held discussions with members of Cleco senior management regarding their assessment of the past and current business operations, financial condition and future prospects of Cleco; reviewed the reported price and trading activity for the shares of Common Stock; compared certain financial and stock market information for Cleco with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the electric utility industry and in other industries; and performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.

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For purposes of rendering its opinion, Goldman Sachs, with the consent of Cleco, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, Goldman Sachs, without assuming any responsibility for independent verification thereof. In that

regard, Goldman Sachs assumed with the consent of Cleco that the Forecasts had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Cleco. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of Cleco or its subsidiaries, and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transactions contemplated by the Merger Agreement would be obtained without any adverse effect on the expected benefits of the transactions contemplated by the Merger Agreement in any way meaningful to its analysis. Goldman Sachs assumed that the transactions contemplated by the Merger Agreement would be consummated on the terms set forth in the Merger Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs's opinion did not address the underlying business decision of Cleco to engage in the transactions contemplated by the Merger Agreement, or the relative merits of the transactions contemplated by the Merger Agreement as compared to any strategic alternatives that may be available to Cleco; nor did it address any legal, regulatory, tax or accounting matters. Goldman Sachs's opinion addressed only the fairness from a financial point of view to the holders (other than Parent and its affiliates) of the shares of Common Stock, as of the date of its opinion, of the Merger Consideration to be paid to such holders pursuant to the Merger Agreement. Goldman Sachs did not express any view on, and its opinion did not address, any other term or aspect of the Merger Agreement, or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or entered into or amended in connection with the transactions contemplated by the Merger Agreement, including the fairness of the transactions contemplated by the Merger Agreement to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of Cleco; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Cleco, or class of such persons, in connection with the transactions contemplated by the Merger Agreement, whether relative to the Merger Consideration to be paid to the holders (other than Parent and its affiliates) of the shares of Common Stock pursuant to the Merger Agreement or otherwise. Goldman Sachs did not express any opinion as to the impact of the transactions contemplated by the Merger Agreement on the solvency or viability of Cleco or Parent, or the ability of Cleco or Parent to pay their respective obligations when they come due. Goldman Sachs's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date of its opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. Goldman Sachs's advisory services and its opinion were

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provided for the information and assistance of the Board in connection with its consideration of the transactions contemplated by the Merger Agreement and such opinion does not constitute a recommendation as to how any holder of the shares of Common Stock should vote with respect to the Merger Agreement or any other matter. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the Board in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 16, 2014, the last trading day prior to the date of the Merger Agreement, and is not necessarily indicative of current market conditions.

**Illustrative Discounted Cash Flow Analysis.**

Goldman Sachs performed an illustrative discounted cash flow analysis for Cleco using the Forecasts to determine a range of present values per share of Common Stock. Goldman Sachs conducted its illustrative discounted cash flow analysis using estimated unlevered free cash flows of Cleco for fiscal years ending 2015 through 2028. Goldman Sachs discounted the unlevered free cash flows to December 31, 2014, assuming mid-year convention and applying an illustrative range of discount rates of 5.3% to 6.2%, reflecting estimates of Cleco's weighted average cost of capital. Goldman Sachs then derived a range of illustrative terminal values by applying an illustrative range of LTM (Last Twelve Months) earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA; exit multiples of 8.0x to 10.0x to Cleco's estimated terminal year EBITDA and discounted such implied terminal values to December 31, 2014, using the same range of discount rates as described above. Goldman Sachs then added the present values of the illustrative terminal values with the present values of the estimated unlevered free cash flows for each of the fiscal years ending 2015 through 2028 and subtracted the amount of net debt of \$1.3 billion of Cleco expected to be outstanding as of December 31, 2014, as set forth in the Forecasts, to calculate the present values of illustrative equity values of Cleco as of December 31, 2014. Goldman Sachs then divided such present values of illustrative equity values by the estimated number of the shares of Common Stock outstanding on a fully diluted basis as of December 31, 2014, using the Forecasts, to calculate the illustrative per-share equity values. This analysis resulted in a range of illustrative value indications of \$45.38 to \$66.35 per share of Common Stock.

In the illustrative discounted cash flow analysis described in the previous paragraph, unlevered free cash flow, which is Cleco's projected EBITDA, minus taxes (calculated by multiplying Cleco's estimated tax rate contained in the Forecasts by Cleco's projected EBIT), minus Cleco's projected capital expenditures and minus the projected increase in net working capital, was calculated using the Forecasts.

**Selected Companies Analysis.**

Goldman Sachs reviewed and compared certain financial information for Cleco to corresponding public market multiples for the following publicly traded corporations in the electric utility industry (collectively referred to as the selected companies):

PNM Resources, Inc.;

TECO Energy, Inc.;

Avista Corp.;

ALLETE, Inc.;

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Alliant Energy Corporation;

Hawaiian Electric Industries, Inc.;

IdaCorp, Inc.;

Portland General Electric Company;

Pinnacle West Capital Corporation;

El Paso Electric Co.;

Great Plains Energy Incorporated;

UIL Holdings Corporation;

Westar Energy, Inc.; and

SCANA Corp.

Although none of the selected companies is directly comparable to Cleco, the companies included were chosen because they are publicly traded companies in the electric utility industry with operations that for purposes of analysis may be considered similar to certain operations of Cleco.

With respect to Cleco and each of the selected companies, Goldman Sachs calculated:

the closing share price on October 16, 2014, as a multiple of estimated earnings per share for 2014, 2015 and 2016; and

the enterprise value, which is the market value of common equity plus the book value of debt, preferred stock, and minority interest less cash and cash equivalents, as a multiple of estimated EBITDA for 2015.

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The multiples for Cleco were calculated using both the Forecasts and the most recent median estimates for Cleco published by the Institutional Brokers Estimate System, which we refer to as IBES. The multiples for

each of the selected companies were calculated using the most recent median estimates for each company published by IBES. The following table presents the results of these calculations:

	Company IBES	Company Management	Selected Companies Range
<b>P / E</b>			
2014E	17.9x	19.8x	14.2x - 18.0x
2015E	17.9x	19.3x	13.8x - 17.0x
2016E	16.1x	18.0x	13.2x - 16.7x
<b>EV / EBITDA</b>			
2015E	9.4x	9.3x	6.9x - 10.5x

**Illustrative Present Value of Future Stock Price Analysis.**

Goldman Sachs performed an illustrative analysis of the implied present value of the future price per share of Common Stock, using the Forecasts, which is designed to provide an indication of present value of a theoretical future value of a company's equity as a function of such company's estimated future earnings and its assumed price to future earnings per share multiple. For purposes of this analysis, Goldman Sachs calculated the illustrative future price per share of Common Stock at year-end 2016 and 2019 by applying illustrative next twelve month price to earnings, or NTM P/E, multiples ranging from 16.0x to 20.0x to estimated earnings per share of Common Stock for 2017 and 2020, discounting back two or five years, respectively, using a discount rate of 7.4%,

reflecting an estimate of Cleco's cost of equity. The calculation was adjusted for the present value of shares of Common Stock repurchased and estimated dividends per share of Common Stock during 2015-2016 and 2015-2019 per the Forecasts. This analysis resulted in an illustrative range of implied present values of \$41.88 to \$50.62 per share of Common Stock discounted from year-end 2016, and an illustrative range of implied present values of \$44.03 to \$52.18 per share of Common Stock discounted from year-end 2019.

**Selected Transactions Analysis.**

Goldman Sachs reviewed certain information relating to the following selected transactions in the electric utility industry:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>
May 2005	Duke Energy Corp.	Cinergy Corp.
February 2006	National Grid	Key Span Corp.
July 2006	Macquarie	Duquesne Light Holdings
July 2006	WPS Resources Corporation	Peoples Energy
June 2007	Iberdrola SA	Energy East Corp.
October 2007	Macquarie	Puget Energy
February 2010	FirstEnergy	Allegheny Energy
January 2011	Duke Energy Corp.	Progress Energy, Inc.
April 2011	Exelon Corporation	Constellation Energy
April 2011	The AES Corporation	Dayton Power & Light
July 2011	Gaz Metro LP.	Central Vermont Public Service Corporation

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February 2012	Fortis Inc.	CH Energy Group
May 2013	MidAmerican Energy Holdings Co.	NV Energy
December 2013	Fortis Inc.	UNS Energy Corporation
April 2014	Exelon Corporation	Pepco Holdings Inc.
June 2014	Wisconsin Energy Corp.	Integrys Energy Group

**Note: Bolded text in the table above denotes transactions involving all cash consideration.**

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While none of the companies that participated in the selected transactions is directly comparable to Cleco, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of Cleco's results, market size, industry, or product profile.

For each of the above selected transactions, Goldman Sachs calculated and compared, based on information it obtained from SEC filings, Capital IQ and Bloomberg (i) the announced transaction price, as a multiple of the target company's estimated NTM P/E, and (ii) the

implied enterprise value of the target company based on the announced transaction price, as a multiple of the target company's EBITDA for the next twelve-month period following the announcement of the transaction, or the NTM EBITDA. Goldman Sachs also calculated, based on the Forecasts and IBES, (i) the implied enterprise value of Cleco based on the Merger Consideration as a multiple of NTM EBITDA, and (ii) the Merger Consideration as a multiple of NTM P/E. The following table presents the results of this analysis:

	<b>Selected Transactions Range</b>	<b>Proposed Transaction Range</b>
Announced Transaction Price as a Multiple of NTM P/E	11.8x - 23.1x	20.5x <sup>(1)</sup> - 22.1x <sup>(2)</sup>
Implied Enterprise Value as a Multiple of NTM EBITDA	6.5x - 12.0x	10.2x <sup>(2)</sup> - 10.3x <sup>(1)</sup>

(1) Based on IBES median estimates as of October 16, 2014

(2) Based on the Forecasts

Based on its review of a subset of the selected transactions (which included only those transactions for cash consideration):

Goldman Sachs applied illustrative purchase price to next twelve month earnings per share multiples ranging from 12.3x to 23.1x to Cleco's estimated 2015 earnings per share based on the Forecasts to derive illustrative implied values per share of Common Stock ranging from \$30.75 to \$57.76.

Goldman Sachs applied illustrative enterprise value to NTM EBITDA multiples ranging from 7.7x to 11.5x to Cleco's estimated 2015 EBITDA based on the Forecasts to derive a range of illustrative enterprise values of Cleco and then subtracted from such illustrative enterprise values the estimated amount of Cleco's net debt of \$1.3 billion as of December 31, 2014, as set forth in the Forecasts, to derive a range of illustrative equity values of Cleco. Goldman Sachs then divided the range of illustrative equity values by the estimated number of shares of Common Stock outstanding on a fully diluted basis as of December 31, 2014 based on the Forecasts to derive illustrative implied values per share of Common Stock ranging from \$36.49 to \$65.13.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs's opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Cleco or the transactions contemplated by the Merger Agreement.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs's providing its opinion to the Board as to the fairness from a financial point of view of the Merger Consideration to be paid to the holders (other than Parent and its affiliates) of the shares of Common Stock pursuant to the Merger Agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually

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may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Cleco, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The Merger Consideration to be paid pursuant to the Merger Agreement was determined through arm's-length negotiations between Cleco and Parent. Goldman Sachs did not recommend any specific amount of consideration to Cleco or the Board or that any specific amount of consideration constituted the only appropriate consideration for the transactions contemplated by the Merger Agreement.

As described above, Goldman Sachs's opinion to the Board was one of many factors taken into consideration by the Board in making its determination to approve the Merger Agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex B.

Goldman Sachs and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of Cleco, Parent, any of their respective affiliates and third parties, including each of the Investors and their respective affiliates and portfolio companies, or any currency or commodity that may be involved in the transaction contemplated by the Merger Agreement. Goldman Sachs has acted as financial advisor to Cleco in connection with, and has participated in certain of the negotiations leading to, the transaction contemplated by the Merger Agreement. Goldman Sachs has provided certain financial advisory and/or underwriting services to Alberta Teachers' Retirement

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Fund Board, which we refer to as ATRF, and/or its affiliates and portfolio companies from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as joint-bookrunner with respect to an offering of NCSG Crane & Heavy Haul Corp.'s 9.5% senior second-lien notes due 2019 (aggregate principal amount \$305 million) in August 2014, which notes were issued to fund the acquisition of a majority interest in NCSG Crane & Heavy Haul Corp. by a group of investors including ATRF. Goldman Sachs also has provided certain financial advisory and/or underwriting services to Northwestern Mutual Life Insurance Company, which we refer to as Northwestern Mutual, and/or its affiliates from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as financial advisor to Northwestern Mutual with respect to its agreement to sell its subsidiary, Russell Investments, to the London Stock Exchange Group plc, announced in June 2014 but not yet consummated. Goldman Sachs also has provided certain financial advisory and/or underwriting services to The Allstate Corporation, which we refer to as Allstate, and/or its affiliates from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as joint-bookrunner with respect to a public offering of Allstate's fixed-to-floating rate subordinated debentures due 2053 (aggregate principal amount \$500 million) in January 2013; as joint-bookrunner with respect to a public offering of Allstate's 3.15% senior notes due 2023 (aggregate principal amount \$500 million) and 4.50% senior notes due 2043 (aggregate principal amount \$500 million) in June 2013; as joint-bookrunner with respect to a public offering of Allstate's fixed-to-floating rate subordinated debentures due 2053 (aggregate principal amount \$800 million) in August 2013; as financial advisor to Allstate with respect to its sale of Lincoln Benefit Life Company in April 2014; and as joint-bookrunner with respect to a private placement of catastrophe bonds in respect of hurricane and earthquake exposure in the United States (aggregate principal amount \$750 million) in May 2014. Goldman Sachs also has provided certain financial advisory and/or underwriting services to Grosvenor Capital Management, which we refer to as Grosvenor, and/or its affiliates and portfolio companies from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as joint arranger with respect to an offering by Grosvenor of a seven-year term loan (aggregate principal amount \$460

million) in November 2013, in connection with the financing of Grosvenor's acquisition of Customized Fund Investment Group in January 2014, which we refer to as the CFG Acquisition; and as financial advisor to Grosvenor with respect to the CFG Acquisition. Goldman Sachs also has provided certain financial advisory and/or underwriting services to Macquarie Group Limited, which we refer to as Macquarie, and/or its affiliates and portfolio companies from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as joint lead manager with respect to the initial public offering of shares of OzForex Group Limited, a former portfolio company of Macquarie, in October 2013; and as lead manager with respect to a public offering by Macquarie Bank Limited, an affiliate of Macquarie, of a EURIBOR floating rate debt instrument maturing in 2016 (aggregate principal amount \$30 million) in November 2013. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to Cleco, Parent and their respective affiliates and the Investors and their respective affiliates and portfolio companies, for which the Investment Banking Division of Goldman Sachs may receive compensation. Affiliates of Goldman Sachs also may have co-invested with the Investors and their affiliates from time to time and may have invested in limited partnership units of affiliates of certain of the Investors from time to time and may do so in the future.

The Board selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transactions contemplated by the Merger Agreement. Pursuant to a letter agreement, dated September 27, 2012, Cleco engaged Goldman Sachs to act as its financial advisor in connection with certain potential strategic transactions involving Cleco. The engagement letter between Cleco and Goldman Sachs provides for compensation to be paid to Goldman Sachs of \$15 million in connection with the transactions contemplated by the Merger Agreement, \$7.5 million of which was paid upon announcement of the Merger and the remainder of which is contingent upon consummation of the Merger. Goldman Sachs may also receive an additional fee in Cleco's discretion of up to \$3 million. In addition, Cleco has agreed to reimburse Goldman Sachs for certain of its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

**Opinion of Tudor, Pickering, Holt & Co. Advisors, LLC**

Cleco retained TPH to act as its financial advisor and to provide an opinion to the Board in connection with the transactions contemplated by the Merger Agreement, which we refer to as the Transactions. Cleco instructed TPH to evaluate the fairness, from a financial point of view, to the holders of the Common Stock (other than to excluded holders ), of the Merger Consideration to be received by such holders pursuant to the Merger Agreement. For purposes of this section, (a) excluded holders means (i) holders of excluded shares and (ii) holders of the Common Stock who are affiliates of Parent, and (b) excluded shares means shares of Common Stock that are (i) owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent, (ii) owned by Cleco

or any direct or indirect wholly-owned subsidiary of Cleco (and in each case not held on behalf of third parties (but not including the Common Stock held by any rabbi trust or other trust or similar arrangement in respect of any compensation plan or arrangement)) or (iii) outstanding immediately prior to the effective time of the Merger and whose holders have filed written objections with Cleco and voted against the Merger at the Cleco shareholders meeting and demanded properly in writing appraisal for such shares in accordance with applicable state law.

At a meeting of the Board held on October 17, 2014, TPH rendered its opinion orally to the Board that, as of October 17, 2014, based upon and subject to the factors and assumptions set forth in its written opinion and

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based upon such other matters as TPH considered relevant, the Merger Consideration of \$55.37 in cash per share to be received by the holders of the Common Stock (other than excluded holders) pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. Subsequent to rendering its oral opinion, TPH confirmed its opinion in writing to the Board.

The opinion speaks only as of the date and the time it was rendered and not as of the time the Transactions may be completed or any other time. TPH's opinion is necessarily based upon economic, monetary, market and other conditions as in effect on, and the information made available to it as of, October 17, 2014. The opinion does not reflect changes that may occur or may have occurred after its delivery. TPH has disclaimed any obligation to update, revise or reaffirm its opinion, including with respect to circumstances, developments or events coming after the rendering of its opinion.

**The full text of the TPH opinion, dated October 17, 2014, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by TPH in rendering its opinion, is incorporated by reference into this proxy statement and attached as Annex C hereto. The summary of the TPH opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion. Cleco shareholders are urged to read the TPH opinion carefully and in its entirety. TPH provided its opinion for the information and assistance of the Board in connection with its consideration of the Transactions. The TPH opinion was not intended to and does not constitute a recommendation as to the amount of the Merger Consideration or how any holder of interests in Cleco should vote or act with respect to the Transactions or any other matter.**

TPH's opinion and its presentation to the Board were among many factors taken into consideration by the Board in approving the Merger Agreement and making its recommendation regarding the Merger Agreement.

In connection with rendering its opinion and performing its related financial analysis, TPH reviewed, among other things:

a draft of the Merger Agreement dated October 16, 2014;

annual reports to shareholders and Annual Reports on Form 10-K of Cleco for the years ended December 31, 2013, 2012 and 2011;

certain interim reports to shareholders and Quarterly Reports on Form 10-Q of Cleco;

certain other communications from Cleco to its shareholders;

certain internal financial information and forecasts, including the financial forecasts included under the heading "Certain Unaudited Forecasted Financial Information" for Cleco prepared by Cleco's management, which TPH discussed with the senior management of Cleco; and

certain publicly available research analyst reports with respect to the future financial performance of Cleco, which TPH discussed with the senior management of Cleco.

In addition, TPH also reviewed the reported price and trading activity for the Common Stock, compared certain financial and stock market information for Cleco with similar information for certain other companies the securities of which are publicly traded, reviewed the

financial terms of certain recent business combinations in the power and utility industry and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

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For purposes of its opinion, TPH assumed and relied upon, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, accounting, legal, tax and other information provided to, discussed with or reviewed by or for it, or publicly available. In that regard, TPH assumed with Cleco's consent that the internal financial information and forecasts for Cleco prepared by Cleco's management referenced above were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Cleco, and that such forecasts will be realized in the amounts and time periods contemplated thereby. TPH also assumed that all governmental, regulatory or other consents or approvals necessary for the consummation of the Transactions will be obtained without any material adverse effect on Cleco, Parent, Merger Sub, the Surviving Corporation or the holders of shares of the Common Stock, and that the definitive Merger Agreement would not differ in any material respects from the last draft furnished to TPH. In addition, TPH has not made an independent evaluation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Cleco or any of its subsidiaries, and has not been furnished with any such evaluation or appraisal. TPH's opinion does not address any legal, regulatory, tax or accounting matters. TPH understands that Cleco is relying on its legal counsel and accounting and tax advisors as to legal, tax and accounting matters in connection with the Transactions.

The estimates contained in TPH's analyses and the results from any particular analysis are not necessarily indicative of future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses or assets neither purport to be appraisals nor do they necessarily reflect the prices at which businesses or assets may actually be sold. Accordingly, TPH's analysis and estimates are inherently subject to substantial uncertainty.

In arriving at its opinion, TPH did not attribute any particular weight to any particular analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The description set forth below constitutes a summary of the analyses employed and factors considered by TPH in rendering its opinion to the Board. The preparation of a fairness opinion is a complex, analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and is not necessarily susceptible to partial analysis or summary description. Several analytical methodologies were employed by TPH in its analyses, and no one single method of analysis should be regarded as critical to the overall conclusion reached by TPH. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. Accordingly, TPH believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors in their entirety, could create a misleading or incomplete view of the evaluation process underlying its opinion. The conclusion reached by TPH, therefore, is based on the application of TPH's own experience and judgment to all analyses and factors considered by it, taken as a whole. TPH's opinion was reviewed and approved by its fairness opinion committee.

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### **THE MERGER**

TPH's opinion addresses only the fairness, from a financial point of view, as of October 17, 2014, of the consideration to be received by the holders of the Common Stock (other than to excluded holders).

TPH's opinion does not address the relative merits of the Transactions as compared to any alternative business transaction or strategic alternative that might be available to Cleco, nor does it address the underlying business decision of Cleco to engage in the Transactions. TPH does not express any view on, and its opinion does not address, any other term or aspect of the Merger Agreement or the Transactions or any other documents relating to the Transactions, including, without limitation, the fairness of the Transactions to, or any consideration paid or received in connection therewith by, creditors or other constituencies of Cleco; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Cleco, or any class of such persons, in connection with the Transactions, whether relative to the Merger Consideration provided pursuant to the Merger Agreement or otherwise. TPH has not been asked to consider, and its opinion does not address, the price at which the common stock of Cleco will trade at any time.

The data and analyses summarized herein are from TPH's presentation to the Board delivered on October 17, 2014, which primarily utilized market closing prices as of October 16, 2014 (the last trading day before the date of the Merger Agreement). The analyses summarized herein include information presented in tabular format. In order to fully understand the financial analyses performed, the tables must be read with the text of each summary.

### **Summary of TPH's Analysis**

#### ***Selected Comparable Company Multiples Analysis***

TPH reviewed and analyzed certain financial information including valuation multiples related to selected comparable publicly-traded

regulated power and utility companies whose operations TPH believed, based on its experience with companies in the regulated power and utility industry, to be similar to Cleco's operations for purposes of this analysis. The selected companies, which are referred to in this section as the comparable companies, were: Allete Inc., Avista Corp., El Paso Electric Co., Great Plains Energy Inc., Hawaiian Electric Industries Inc., IDACORP Inc., PNM Resources, Inc. and Westar Energy Inc.

TPH selected the comparable companies reviewed in this analysis because, among other things, the comparable companies operate businesses that have similar characteristics as Cleco. However, no selected company or group of companies is identical to Cleco. Accordingly, TPH believes that purely quantitative analyses are not, in isolation, determinative in the context of the Merger and that qualitative judgments concerning differences between the financial and operating characteristics and prospects of Cleco and the comparable companies that could affect the public trading values of each also are relevant. TPH calculated and compared various financial multiples and ratios of each of the comparable companies, including, among other things:

the ratio of each comparable company's (i) enterprise value, which is referred to as EV, calculated as the market capitalization of each company, plus book value of debt and non-controlling interests, less cash, cash equivalents and marketable securities, to its (ii) estimated earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA; and

the ratio of each comparable company's (i) price, calculated as the closing price per share of each comparable company, to its (ii) earnings per share.

All of these calculations were performed, and based on publicly available financial data and closing prices, as of October 16, 2014. The EBITDA and earnings estimates for each of the comparable companies used by TPH in its analysis were based on publicly available consensus estimates as reported by FactSet Research Systems Inc. The following table summarizes the results of TPH's analysis:

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	<b>Multiple Range</b>	<b>Median</b>
2014E EV/EBITDA	8.4x - 10.6x	9.1x
2015E EV/EBITDA	8.0x - 10.5x	8.8x
2014E Price/Earnings	15.0x - 18.2x	16.2x
2015E Price/Earnings	14.7x - 17.1x	15.5x

TPH applied each such range of EV to EBITDA multiples for the comparable companies in the table above to the respective estimated EBITDA of Cleco, as set forth in Cleco management's financial forecasts under the heading "Certain Unaudited Forecasted Financial Information," and applied each such range of share price to earnings multiples for the comparable companies in the table above to the

respective estimated earnings per share of Cleco, as set forth in Cleco management's financial forecasts under the heading "Certain Unaudited Forecasted Financial Information."

This analysis resulted in an implied price per share range for the Common Stock, as compared to the per share Merger Consideration of \$55.37 provided in the Merger Agreement, as set forth below:

	<b>Implied Price Per Share Range</b>	<b>Median</b>
2014E EV/EBITDA	\$ 38.75 - \$54.61	\$ 43.90
2015E EV/EBITDA	\$ 38.92 - \$57.43	\$ 44.80
2014E Price/Earnings	\$ 36.51 - \$44.27	\$ 39.37
2015E Price/Earnings	\$ 36.79 - \$42.80	\$ 38.81



**Table of Contents****THE MERGER*****Selected Comparable Transaction Analysis***

Using publicly available information and third-party research, TPH calculated multiples of EV to estimated EBITDA for the fiscal year immediately following the fiscal year in which the relevant transaction was announced, or FY1 period, based on the purchase prices paid in selected publicly announced transactions involving companies in the

power and utility industry. TPH also calculated multiples of share price to estimated earnings for the FY1 period based on the per share acquisition price in selected publicly announced transactions involving companies in the power and utility industry. The selected transactions were chosen because one or both parties involved in the transaction were deemed by TPH to be similar to Cleco in one or more respects, including nature of the business, size and geographic concentration.

The following table sets forth the selected transactions reviewed:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>
June 23, 2014	Wisconsin Energy Corporation	Integrus Energy Group, Inc.
April 30, 2014	Exelon Corporation	Pepco Holdings, Inc.
December 11, 2013	Fortis Inc.	UNS Energy Corp
May 9, 2013	Berkshire Hathaway Inc.	NV Energy, Inc.
February 20, 2012	Fortis Inc. (Canada)	CH Energy Group Inc. (Holding Co.)
July 11, 2011	Gaz Metro	Central Vermont Public Service Corp.
April 28, 2011	Exelon Corporation	Constellation Energy Group Inc.
April 20, 2011	AES Corp.	DPL Inc.
January 8, 2011	Duke Energy Corp.	Progress Energy Inc.
October 16, 2010	Northeast Utilities	NSTAR
April 28, 2010	PPL Corp.	E.ON US LLC (Kentucky Utilities)
February 11, 2010	FirstEnergy Corp.	Allegheny Energy
October 26, 2007	Investor Group	Puget Energy Inc.
June 25, 2007	Iberdrola S.A.	Energy East Corp.
February 7, 2007	Great Plains Energy Inc.	Aquila Inc.
July 10, 2006	WPS Resources Corp	Peoples Energy Corporation
July 5, 2006	Investor Group	Duquesne Light Company
May 24, 2005	Berkshire Hathaway	PacifiCorp
May 9, 2005	Duke Energy Corp.	Cinergy Corp.

TPH determined that the range of multiples of EV implied by the respective acquisition prices to estimated EBITDA for the FY1 period for the selected comparable transactions was from 6.4x to 12.1x (with a median of 8.9x), and then obtained a range of enterprise values by multiplying the range of EV to estimated EBITDA multiples by Cleco's estimated EBITDA for 2014, as set forth in Cleco's management projections. Equity value was then calculated by subtracting net debt (calculated as the book value of debt less cash, cash equivalents and marketable securities) and non-controlling interests from enterprise value. From this analysis, TPH estimated an implied price per share range for the Common Stock of \$24.45 to \$65.07 (with a median of \$42.32), as compared to the per share Merger Consideration of \$55.37 provided in the Merger Agreement.

TPH also determined that the range of price to estimated earnings for the FY1 period for the selected comparable transactions was from 12.1x to 23.0x (with a median of 18.2x), and then multiplied the range of price to estimated earnings multiples by Cleco's estimated earnings per share for 2014, as set forth in Cleco's management projections. From this analysis, TPH estimated an implied price per share range for the Common Stock of \$29.40 to \$55.91 (with a median of \$44.33), as compared to the per share Merger Consideration of \$55.37 provided in the Merger Agreement.

***Discounted Cash Flow Analysis***

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TPH performed a discounted cash flow analysis of Cleco as of January 1, 2015. Discounted cash flow analysis is a valuation methodology used to

derive a valuation of a company by calculating the present value of estimated future cash flows of the company. TPH calculated the discounted cash flow value as the sum of the net present value of each of: (a) the estimated future cash flows that Cleco is expected to generate for each of the full years 2015 through 2028 and (b) a terminal value based on a multiple of management's estimated EBITDA for 2028. The estimated future unlevered free cash flows were derived by TPH from data in Cleco management's financial forecasts under the heading "Certain Unaudited Forecasted Financial Information." For its discounted cash flow calculations of Cleco, TPH applied unlevered discount rates ranging from 5.5% to 6.5% to the estimated future cash flows of Cleco. The discount rates applicable to Cleco were based, among other things, on TPH's judgment of the estimated range of weighted average cost of capital based on an analysis of the selected comparable companies discussed above in

Selected Comparable Company Multiples Analysis. The terminal value of Cleco was calculated applying various terminal value EBITDA multiples ranging from 8.0x to 10.0x. The terminal value EBITDA multiples were selected by TPH by reference to EV to EBITDA trading multiples calculated for selected comparable companies discussed above in Selected Comparable Company Multiples Analysis. TPH applied such ranges of terminal value EBITDA multiples to Cleco's estimated 2028 EBITDA, as set forth in "Certain Unaudited Forecasted Financial Information," to determine a terminal value for Cleco. The ranges of estimated future cash flows and terminal values were then discounted to present values as of January 1, 2015 using the range of discount rates referred to above. From this analysis, TPH estimated an implied price per share range for the

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### **THE MERGER**

Common Stock of \$43.19 to \$64.11, as compared to the per share Merger Consideration of \$55.37 provided in the Merger Agreement.

#### ***Infrastructure Returns Analysis***

TPH performed an illustrative infrastructure returns analysis assuming an acquisition of Cleco on January 1, 2015 and an exit on December 31, 2028 (a 14-year investment). TPH assumed debt financing of the acquisition of 4.5x management's estimated 2014 EBITDA and equity financing for the remainder of the required proceeds. TPH assumed that between acquisition and exit, all free cash flow was distributed to the illustrative infrastructure investor as dividends, and that a maximum level of leverage of 4.5x debt/EBITDA would be maintained. The infrastructure returns analysis utilized terminal EV to EBITDA multiples ranging from 8.0x to 10.0x, based on EV to EBITDA multiples from the selected precedent transactions discussed above in Selected Comparable Transaction Analysis, and an assumed required equity return ranging from 8.0% to 12.0%, based on an illustrative range of equity returns expected by long-term investors, in each case as applied to an assumed 2028 terminal year EBITDA of \$842 million. The results of this analysis implied a price per share range for the Common Stock of \$34.14 to \$55.29, as compared to the per share Merger Consideration of \$55.37 provided in the Merger Agreement.

#### ***Present Value of Future Share Price Analysis***

TPH analyzed the implied present value per share of Cleco. Implied future share prices as of January 1, 2017 and January 1, 2020 of Cleco, which we refer to as the observed years, were calculated by first multiplying 2017E and 2020E earnings per share, respectively, by price to earnings multiples ranging from 15.5x to 17.5x, which were based on an analysis of the comparable companies discussed above in Selected Comparable Company Multiples Analysis. Implied dividends were calculated by assuming an annual dividend yield of 3.3% (Cleco's dividend yield as of October 16th, 2014, based on an annualized dividend of \$1.60 and a share price of \$48.22). All dividends were assumed to be reinvested in shares of Common Stock each year on a pre-tax basis and at valuations determined using the same valuation methodology as used for the observed years' implied future share prices above, yielding a total number of implied future shares owned. The total future values of the implied future share prices were then calculated by multiplying the implied future share price of a single share of the Common Stock by the number of implied future shares owned. A discount rate range of 6.0% to 8.0%, reflecting an estimated range of Cleco's cost of equity, was then used to discount the total future values of the implied future share prices of the Common Stock as of January 1, 2017 and January 1, 2020 to January 1, 2015. From this analysis, TPH estimated an implied price per share range for the Common Stock of \$39.14 to \$46.30 for 2017 and \$40.35 to \$50.49 for 2020, as compared to the per share Merger Consideration of \$55.37 provided in the Merger Agreement.

### **Other Analysis**

#### ***Cleco Historical Trading Analysis***

TPH reviewed Cleco's stock price performance from October 2009 to October 2014. TPH noted that, over the period from October 2013 to October 2014, Cleco's stock price traded in a range from \$45.07 to \$58.95, and over the period from October 2009 to October 2014, Cleco's stock price traded in a range from \$24.38 to \$58.95, as compared

to the per share Merger Consideration of \$55.37 provided in the Merger Agreement.

### **General**

TPH and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes.

TPH also engages in securities trading and brokerage, private equity activities, equity research and other financial services, and in the ordinary course of these activities, TPH and its affiliates may from time to time acquire, hold or sell, for their own accounts and for the accounts of their customers, (i) equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of Cleco, Parent or any of the other parties to the Merger Agreement or related transactions and any of their respective affiliates, and (ii) any currency or commodity that may be involved in the Merger.

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In addition, TPH and its affiliates and certain of its employees, including members of the team performing services in connection with the Transactions, as well as certain private equity or asset management funds associated or affiliated with TPH in which they may have financial interests, may from time to time acquire, hold or make direct or indirect investments in or otherwise finance a wide variety of companies, including Cleco, Parent, other prospective counterparties and their respective affiliates.

Cleco selected TPH to act as its financial advisor and to provide a fairness opinion in connection with the Merger because of TPH's expertise, reputation and familiarity with the power and utility industry and because its investment banking professionals have substantial experience in transactions comparable to the Merger.

Other than in connection with TPH's services as financial advisor to Cleco with respect to the Merger, TPH and its affiliates have not received fees for providing investment banking financial advisory services to Cleco during the last two years. TPH and its affiliates may provide investment banking or other financial services to Cleco, Parent or any of the other parties to the Transactions or their respective shareholders, affiliates or portfolio companies in the future. In connection with such investment banking or other financial services, TPH may receive compensation. TPH and its affiliates have not received fees for providing investment banking financial advisory services to Macquarie Group Limited or the Investors during the last two years.

Pursuant to the terms of the engagement of TPH, Cleco agreed to pay TPH a fee for its services, (i) \$4.5 million of which was paid upon delivery of its opinion, (ii) \$4.5 million of which is payable upon the consummation of the Merger and (iii) \$2.0 million of which is payable in the sole discretion of Cleco. In addition, Cleco has agreed to reimburse TPH for its reasonably incurred out-of-pocket expenses incurred in connection with the engagement, including fees and disbursements of its legal counsel. Cleco has also agreed to indemnify TPH, its affiliates and their respective officers, directors, partners, agents, employees and controlling persons for liabilities arising in connection with or as a result of its rendering of services under its engagement, including liabilities under the federal securities laws.

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**Certain Unaudited Forecasted Financial Information**

While we provide public earnings guidance from time to time, we do not as a matter of course publicly disclose other financial forecasts as to future performance or results. However, in connection with the evaluation of a possible business combination transaction, we provided our Board, Goldman Sachs and TPH, Parent and other prospective bidders who entered into confidentiality agreements with us with certain non-public financial forecasts that were prepared by our management and not for public disclosure.

We have included a summary of those financial forecasts to give our shareholders access to certain non-public information made available to our Board, Goldman Sachs and TPH, Parent and other prospective bidders in connection with their considering and evaluating a possible business combination transaction. We have not included these financial forecasts to influence the decision of our shareholders as to whether to vote for or against the Merger Proposal.

The inclusion of this information should not be regarded as an indication that Cleco or any of its affiliates, advisors, directors, officers, employees, agents or representatives considered, or now considers, such financial forecasts to be material or to be a reliable prediction of actual future results, and these financial forecasts should not be relied upon as such.

The financial forecasts have been prepared by, and are the responsibility of, Cleco's management. Cleco's management believes that the financial forecasts were prepared in good faith and on a reasonable basis based on the best information available to Cleco's management at the time the information was prepared. The financial forecasts were not prepared with a view toward public disclosure or toward complying with generally accepted accounting principles, or GAAP, the published guidelines of the SEC regarding projections and the use of non-GAAP measures or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

Neither our independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the financial forecasts contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

The financial forecasts include non-GAAP financial measures, which were presented because Cleco's management believed they could be useful indicators of Cleco's projected future operating performance and cash flow. However, non-GAAP measures presented in the financial forecasts may not be comparable to similarly titled measures of other companies.

These financial forecasts were based on numerous variables, which are inherently uncertain and may be beyond our control. Because the financial forecasts cover multiple years, by their nature, they become subject to greater uncertainty with each successive year. Important factors that may affect actual results and cause these financial forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to our business, regulatory decisions and the regulatory environment generally, general business and economic conditions, the occurrence of unusual weather events and other factors described or referenced under "Cautionary Statement Concerning Forward-Looking Information" beginning on page 24.

In addition, financial forecasts also reflect assumptions that are subject to change and do not reflect revised prospects for our business, changes in general business or economic conditions or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the financial forecasts were prepared. The financial forecasts also do not take into account the Merger or other transactions contemplated by the Merger Agreement or the effect of the failure of the Merger to occur, and should not be viewed as necessarily indicative of actual or continuing results in that context.

Accordingly, there can be no assurance that the financial forecasts will be realized, and actual results may vary materially from those shown, including because of the risks and other factors described in "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 24. Neither Cleco nor any of its affiliates, advisors, directors, officers, employees, agents or representatives can give any assurance that

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actual results will not differ from the financial forecasts, and none of them undertakes any obligation to update or otherwise revise or reconcile the financial forecasts to reflect circumstances existing after the date the financial forecasts were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the financial forecasts are shown to be in error.

Cleco does not intend to make publicly available any update or other revision to the financial forecasts, except as otherwise required by law. Neither Cleco nor any of its affiliates, advisors, directors, officers, employees, agents or representatives has made or makes any representation or warranty to any shareholder of Cleco or other person regarding the ultimate performance of Cleco compared to the information contained in the financial forecasts or that the financial forecasts will be achieved.

A summary of the financial forecasts that were prepared by our management follows (in millions, except per share data):

	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
<b>Revenue</b>	723	\$ 742	\$ 756	\$ 783	\$ 778	\$ 825	\$ 832	\$ 855	\$ 876	\$ 976	\$ 1,021	\$ 1,249	\$ 1,262	\$ 1,275	\$ 1,292
<b>EBITDA</b>	435	\$ 457	\$ 459	\$ 481	\$ 479	\$ 514	\$ 511	\$ 510	\$ 522	\$ 605	\$ 641	\$ 832	\$ 834	\$ 836	\$ 842
<b>Net Income</b>	148	\$ 141	\$ 148	\$ 152	\$ 169	\$ 169	\$ 176	\$ 194	\$ 224	\$ 227	\$ 309	\$ 265	\$ 268	\$ 270	\$ 277
<b>EPS</b>	\$ 2.44	\$ 2.50	\$ 2.68	\$ 2.77	\$ 3.09	\$ 3.12	\$ 3.27	\$ 3.59	\$ 4.15	\$ 4.00	\$ 5.33	\$ 4.74	\$ 4.89	\$ 5.03	\$ 5.24

A number of assumptions were made in preparing the foregoing financial forecasts, which are described below.

the rates established in the June 2014 extension of the formula rate plan were maintained throughout planning period with maximum regulated earnings achieved;  
retail load growth at 1.25%; wholesale load growth at 2.0%;

all wholesale contracts renewed at expiration and the addition of 170MW in 2015 and 600MW in 2025;

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### **THE MERGER**

utility capital structure maintained at 51% equity and 49% debt of total rate base;

Cleco and Cleco Power maintain credit ratings of A3/BBB+; and generation investment of \$2.3 billion to offset plant retirements and load growth; transmission investment of \$0.5 billion for MISO reliability and expansion.

## **Interests of Our Directors and Executive Officers in the Merger**

In considering the recommendation of our Board with respect to the Merger Proposal, you should be aware that our executive officers and directors may have certain interests in the Merger that may be different from, or in addition to, the interests of our shareholders generally. These interests may create potential conflicts of interest. The Board was aware of these interests and considered them, among other matters, in reaching its decision to approve the Merger Agreement. These interests include the interests described in this section.

Our current executive officers are: Bruce A. Williamson, President and Chief Executive Officer; Thomas R. Miller, Senior Vice President Chief Financial Officer and Treasurer; Darren J. Olagues, President Cleco Power; Judy P. Miller, Senior Vice President Corporate Services and Information Technology; Wade A. Hoefling, Senior Vice President General Counsel and Director Regulatory Compliance; Keith D. Crump, Senior Vice President Commercial Operations Cleco Power; and William G. Bill Fontenot, Senior Vice President Utility Operations Cleco Power.

Our non-employee directors are: Vicky A. Bailey, Elton R. King, Logan W. Kruger, William L. Marks, Peter M. Scott III, Shelley Stewart, Jr., and William H. Walker, Jr.

The amounts in this section have been calculated assuming that the Effective Time occurs on October 17, 2015 and are based on the other estimates and assumptions described in Potential Change of Control Payments to our Named Executive Officers beginning on page 54, among others provided below.

### **Treatment of Restricted Stock and Restricted Stock Units**

#### ***Restricted Stock***

Immediately prior to the Effective Time, each unvested share of Restricted Stock that is not subject to performance criteria will, without any action on the part of the holder thereof, vest in full, and all restrictions (including forfeiture restrictions or repurchase rights) otherwise applicable to such shares of Restricted Stock will lapse, and each such share of Restricted Stock will be converted into the right to receive the Merger

Consideration less any applicable withholding taxes (except that applicable taxes will not be withheld with respect to such shares held by non-employee directors), without interest. Shares of Restricted Stock granted on or before October 17, 2014 that are subject to performance criteria will vest based on target performance levels without proration for the early termination of the applicable performance period, and for any shares of Restricted Stock granted after October 17, 2014, such performance criteria will be deemed to have been satisfied at target levels of attainment and such shares will vest on a pro-rata basis according to when the closing of the Merger occurs in the three-year performance period, and all restrictions (including forfeiture restrictions or repurchase rights) otherwise applicable to such shares of Restricted Stock will lapse, and each such share of Restricted Stock will be converted into the right to receive the Merger Consideration less any applicable withholding taxes, without interest.

***Restricted Stock Units***

Immediately prior to the Effective Time, each outstanding Restricted Stock Unit will, without any action on the part of the holder thereof, vest in full, and all restrictions (including forfeiture restrictions or repurchase rights) otherwise applicable to such Restricted Stock Unit will lapse. The holder of each Restricted Stock Unit will be entitled to receive a payment in cash equal to the product of the Merger Consideration and the number of shares represented by such Restricted Stock Unit or the value of such units that are maintained in the form of dividend equivalents, less any applicable withholding taxes (except that applicable taxes will not be withheld with respect to such shares held by non-employee directors). In the case of any Restricted Stock Unit that constitutes deferred compensation within the meaning of Section 409A of the Code, payment will occur on the date that it would otherwise occur under the applicable plan or award agreement to the extent necessary to avoid any incremental U.S. federal income tax or the related penalty. No interest will be paid or accrued on any cash payable with respect to any Restricted Stock Unit.

For further discussion of the treatment of these awards, see *The Merger Agreement Treatment of Common Stock, Restricted Stock and Restricted Stock Units* beginning on page 63.



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Each of our executive officers and non-employee directors (except for Ms. Bailey) hold unvested shares of Restricted Stock and/or Restricted Stock Unit awards. The value of the unvested Restricted Stock and Restricted Stock Unit awards held by our named executive officers is quantified in the table entitled *Golden Parachute Compensation* on page 55. Our non-employee directors hold an aggregate of 42,283 unvested shares of Restricted Stock and 16,333 Restricted Stock Units. The estimated amount of the consideration that our non-employee

directors (as a group) would receive, in the aggregate, in respect of their unvested Restricted Stock and Restricted Stock Units in connection with the Merger is \$3,245,568, payment of which may be delayed to the extent held in the form of Restricted Stock Units that are considered deferred compensation for Section 409A purposes. The following table shows the unvested shares of Restricted Stock and the Restricted Stock Units held by the non-employee directors as of December 31, 2014.

	Number of Unvested Shares of Restricted Stock	Number of Unvested Restricted Stock Units
<b>Non-employee Directors</b>		
Vicky A. Bailey	-	-
Elton R. King	9,904	-
Logan W. Kruger	9,904	-
William L. Marks	9,904	-
Peter M. Scott III	7,360	-
Shelley Stewart, Jr.	5,211	-
William H. Walker, Jr.	-	16,333

**Deferred Compensation Plan**

Certain of our directors participate in a voluntary deferral arrangement, the Cleco Corporation Deferred Compensation Plan. Payment of plan account balances that accrued before 2005 may be accelerated by means of an election made during the 30-day period following the Effective Time. One director, Mr. Walker, has elected to accelerate the payment of his account balance that has accrued after 2004 in the event he ceases to be a director during the 60 days preceding or the 36 month period following a change in control. Accelerated payment of any plan account balance will be made in the form of a single lump sum payment as soon as practicable following the Effective Time.

**Employment Agreement**

Cleco has entered into an executive employment agreement with Mr. Williamson, which we refer to herein as the Agreement. Pursuant to the terms of the Agreement, if Mr. Williamson terminates his employment for Good Reason (as defined in the Agreement) or Cleco involuntarily terminates Mr. Williamson's employment without Cause (as defined in the Agreement), either at any time during the 180-day period preceding or the 24-month period following the Merger, he will become entitled to receive the following payments and benefits, subject to his execution of a release of all claims against Cleco: (a) an amount equal to three times the sum of his base salary and target bonus in effect at the time of his termination, (b) relocation benefits upon his request (including purchase of his Louisiana residence at the higher of its average appraised value or its documented cost (not to exceed 120% of the purchase price) and the reimbursement of relocation expenses, but only if he relocates his residence more than 60 miles), and (c) reimbursement of premiums paid for continuation of coverage under Cleco's group medical plan for a period of 36 months, and thereafter reimbursement of the premiums paid by him under the Company's retiree medical plan, including a tax equivalency bonus for each reimbursement such that he retains the full amount after all taxes and related charges have been paid.

Mr. Williamson is required to provide a release of claims in order to receive any severance benefits in connection with a termination of his employment. Mr. Williamson is also subject to a confidentiality covenant, a two year post-termination covenant not to solicit employees or customers, and a two year post-termination non-competition covenant.

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The Agreement contains a best-net provision whereby Mr. Williamson's total payments in the event of the Merger will either be (a) reduced to the limit imposed under Internal Revenue Code Section 280G minus \$1.00 to avoid an excise tax liability or (b) paid in full such that he would incur the excise tax and be in a better position financially than he would have been had the payments been reduced to the limit imposed under Section 280G.

The value of the foregoing severance benefits that Mr. Williamson may be entitled to receive in the event of a qualifying termination in connection with the Merger is quantified in the table below entitled "Golden Parachute Compensation" on page 55.

Cleco has not entered into any executive employment agreements with any other of its executive officers other than the Agreement.

### **Executive Severance Plan**

Our Executive Severance Plan provides our executive officers (other than Mr. Williamson) and other key employees with cash severance benefits in the event of a qualifying termination of employment in connection with the Merger. Under the terms of the Executive Severance Plan, an executive may receive (i) an amount up to two times the sum of the executive's annualized base salary and the average bonus paid to such executive over the three fiscal years preceding his or her termination date, (ii) reimbursement of the executive's premiums under the Consolidated Omnibus Budget Reconciliation Act, or COBRA, for up to 24 months, and (iii) the executive's target bonus for the year of termination, prorated to reflect the executive's period of service during such year. Benefits under

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the severance plan may also include the purchase of the executive officer's primary residence and reimbursement of relocation expenses, but only if the executive relocates his/her primary residence more than 100 miles. Cash severance under the plan will be reduced to the minimum extent necessary to avoid the imposition of an excise tax under Internal Revenue Code Section 280G by reducing cash payments.

In order to receive severance benefits in connection with the Merger, the executive officer's termination must be initiated by Cleco without Cause or initiated by the executive on account of Good Reason (each as defined in the Executive Severance Plan) during the 60-day period preceding or the 24-month period following the Merger, and the executive officer must sign a release of all claims against Cleco.

The value of the foregoing severance benefits that the named executive officers other than Mr. Williamson may be entitled to receive in the event of a qualifying termination in connection with the Merger is quantified in the table below entitled "Golden Parachute Compensation" on page 55.

### **SERP**

Each of our executive officers is a participant in our SERP, which is designed to provide retirement income of 65% of an executive officer's final compensation beginning at normal retirement, age 65. The retirement benefit payable under the SERP becomes payable upon the later of (a) the executive's attainment of age 55 or (b) the executive's termination date, and is paid in the form of equal monthly payments during the executive's life. The SERP also provides survivor benefits, which are payable to a participant's surviving spouse or other beneficiary. Benefits under our SERP vest after ten years of service or upon death or disability while a participant is employed by Cleco except that Mr. Williamson's SERP vesting period is four years. Absent the accelerated vesting that will occur in connection with the Merger, as described below, as of the Effective Time Mr. Williamson, Ms. Miller and Mr. Crump are the only executive officers who will be fully vested in his or her benefit under the SERP.

Final compensation, upon which the benefit payable under the SERP is determined, is calculated based on the sum of the highest annual salary paid to the executive during the five years prior to termination of employment, including the year of termination, and the average of the three highest cash incentive awards paid to the executive during the 60 months preceding termination. The SERP benefit rate at normal retirement is reduced by 2% per year for each year an executive retires prior to age 65, with a minimum benefit rate of 45% at age 55. The final benefit rate also may be reduced further if an executive separates from service prior to age 55, is vested and has elected to commence his or her SERP benefit prior to age 62.

In the event a SERP participant's employment is involuntarily terminated by Cleco without cause, or the participant terminates his or her employment on account of good reason, either occurring within the 60-day period preceding, or the 36-month period following, the Merger for all participants who commenced participation in the SERP prior to October 28, 2011 or within the 60-day period preceding, or the 24-month period following, the Merger for all participants who commenced participation in the SERP on or after October 28, 2011, such participant's SERP benefits shall: (i) become fully vested; (ii) be increased by adding three years to an affected participant's age, subject to a

minimum benefit of 50% of final compensation; and (iii) be subject to a modified reduction determined by increasing the executive's age by three years. The value of the foregoing enhanced SERP benefits that each named executive officer may receive in connection with the Merger is quantified in the table below entitled "Golden Parachute Compensation" under the column "Pension/NQDC" on page 55.

### **Potential Change of Control Payments to our Named Executive Officers**

The information below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about compensation for each Cleco named executive officer that is based on or otherwise relates to the Merger. Under applicable SEC rules, Cleco's named executive officers consist of Cleco's executive officers who, during 2014, served as Cleco's principal executive officer and principal financial officer and the three most highly compensated executive officers who were serving as such at the end of 2014. For 2014, Cleco's named executive officers, which we refer to as NEOs, were:

Bruce A. Williamson, President and Chief Executive Officer

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Thomas R. Miller, Senior Vice President Chief Financial Officer & Treasurer

Darren J. Olagues, President Cleco Power and former Senior Vice President Chief Financial Officer

Judy P. Miller, Senior Vice President Corporate Services & Information Technology

Wade A. Hoefling, Senior Vice President General Counsel & Director Regulatory Compliance

Keith D. Crump, Senior Vice President Commercial Operations Cleco Power

The Merger-related compensation payable to these individuals is subject to a non-binding, advisory vote of our shareholders, as described in the Merger Compensation Proposal beginning on page 80.

We anticipate making ordinary course equity grants in 2015 consistent with historical practice, that vest as follows: any applicable performance criteria will be deemed to have been satisfied at target levels of attainment and such shares will vest on a pro-rata basis if the closing of the Merger occurs in the three-year performance period.

The estimated value of the payments and benefits our named executive officers may receive in connection with the Merger is quantified in the table below. The amounts included in this table have been calculated based on the following estimates and assumptions, in addition to those provided in the footnotes to the table below:

Calculations related to the value of unvested Restricted Stock and Restricted Stock Unit awards were based on a price per share equal to \$55.37, the Merger Consideration.

Payments for Restricted Stock and Restricted Stock Units were based on the named executive officer's holdings as of the date of this proxy statement (including dividend equivalents), and also include the equity grants our executive officers are expected to receive in January 2015.

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In January 2015, our executive officers are expected to receive an ordinary course equity grant having substantially the same value as the grant made in 2014. If the transactions contemplated under the Merger Agreement are consummated, the equity grant target shares will be prorated based upon the number of days lapsed in the 2015 cycle.

The Effective Time will occur on October 17, 2015. As a result, all outstanding stock-based awards that are scheduled to vest prior to October 17, 2015 have been excluded from the amounts presented below.

Each current named executive officer's employment with us will be terminated without cause as of October 17, 2015.

Base salary for 2015 includes a 3% increase for the named executive officers, excluding Mr. Williamson, which will become effective January 17, 2015. The target bonus percentages for 2015 are consistent with those in 2014.

Target bonus for 2014 was used in the cash severance calculation for Mr. Williamson under his Agreement. To calculate benefits under the Executive Severance Plan, the three-year average cash bonus was calculated using the cash bonuses for the years 2013, 2012 and 2011 for all eligible named executive officers, except for Mr. Miller, whose average cash bonus was for years 2013 and 2012 (because he has not been employed by Cleco during the three whole fiscal years preceding the Effective Time, whereby pursuant to the Executive Severance Plan the average shall be determined with respect to the amount payable during his period of eligibility). The final cash bonus for 2014 has yet to be determined.

**Golden Parachute Compensation**

Name	Cash <sup>(1)</sup>	Equity <sup>(2)</sup>	Perquisites/			Other	Total <sup>(6)</sup>
			Pension/ NQDC <sup>(3)</sup>	benefits <sup>(4)</sup>	Tax reimbursement <sup>(5)</sup>		
Bruce A. Williamson	\$ 4,470,000	\$ 6,007,616	\$ 1,761,168	\$ 382,394	\$ 145,220	-	\$ 12,766,398
Thomas R. Miller	\$ 926,695	\$ 540,879	\$ 3,223,116	\$ 109,516	-	-	\$ 4,800,206
Darren J. Olagues	\$ 1,452,805	\$ 1,263,688	\$ 3,028,072	\$ 121,372	-	-	\$ 5,865,937
Judy P. Miller	\$ 1,026,908	\$ 711,849	\$ 493,561	\$ 118,924	-	-	\$ 2,351,242
Wade A. Hoefling	\$ 1,064,310	\$ 643,304	\$ 4,119,823	\$ 95,068	-	-	\$ 5,922,505
Keith D. Crump	\$ 909,985	\$ 627,107	\$ 1,163,124	\$ 121,372	-	-	\$ 2,821,588
Total	\$ 9,850,703	\$ 9,794,443	\$ 13,788,864	\$ 948,646	\$ 145,220	-	\$ 34,527,876

(1) For Mr. Williamson, the amount in this column represents a severance payment under the terms of his Agreement, equal to the sum of three times his base salary and target cash bonus, as described above under the heading "Employment Agreement". For all other NEOs, the amounts in this column represent payments under the terms of the Executive Severance Plan, in an amount equal to the sum of (i) two times the sum of annualized base salary and the average cash bonus over the last three fiscal years (except in the case of Mr. Miller whose average cash bonus was for years 2013 and 2012) plus (ii) the NEOs target bonus for the year of termination, prorated to reflect the NEO's period of service during such year, as described above under the heading "Executive Severance Plan". Base salary for Messrs. Williamson, Miller, Olagues, Hoefling and Crump for the 2015 year is \$745,000; \$309,000; \$401,700; \$298,700; and \$257,500, respectively; and \$298,700 for Ms. Miller. Target bonus for Messrs. Williamson, Miller, Olagues, Hoefling and Crump for the 2015 year is \$745,000, \$154,500, \$261,105, \$149,350, and \$128,750 respectively; and \$149,350 for Ms. Miller. The average cash bonus amount used in the determination of the amounts in this column is \$92,971; \$220,976; \$174,124; and \$146,345 for Messrs. Miller, Olagues, Hoefling and Crump, respectively; and \$155,423 for Ms. Miller.

(2) The amounts in this column represent the value of unvested performance-based and time-based Restricted Stock and Restricted Stock Units outstanding on the date hereof that will vest in connection with the Merger based on a price per share equal to \$55.37, the Merger Consideration, including the January 2015 grant that Cleco anticipates making in the ordinary course of business. Performance-based awards for Messrs. Williamson, Miller, Olagues, Hoefling and Crump total 87,124; 9,255; 20,057; 10,969; and 9,431; shares, respectively; and 10,877 shares for Ms. Miller. Time-based awards for Mr. Williamson,

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*Mr. Olagues, Ms. Miller and Mr. Crump total 15,000; 1,500; 1,250; and 1,250 shares, respectively. Cash dividends on these shares also will vest in connection with the Merger and total \$353,010; \$28,430; \$70,077; \$35,950 and \$35,700 for Messrs. Williamson, Miller, Olagues, Hoefling and Crump, respectively; and \$40,377 for Ms. Miller.*

- (3) The amounts in this column represent the present value of the enhanced benefit under the SERP upon the termination of an NEO's employment as of the Effective Time, as described above under the heading "SERP". For the vested NEOs, Mr. Williamson, Ms. Miller and Mr. Crump, the amount in this column is equal to the incremental benefit associated with the additional three years of service with which these NEOs will be credited upon a qualifying termination in connection with a change in control of Cleco under the terms of the SERP, as described above under the heading "SERP". For those NEOs not vested, Messrs. Miller, Olagues and Hoefling, the amount in this column is equal to the incremental benefit associated with the additional three years of service that will be credited upon a qualifying termination in connection with a change in control of Cleco under the terms of the SERP plus the present value of the vesting of the SERP benefit, as described above under the heading "SERP".*
- (4) For Mr. Williamson, the amount in this column includes (i) \$61,956 of reimbursement of premiums at prevailing COBRA rates for a period of 36 months, (ii) estimated present value of premiums that may be reimbursed under the Cleco retiree medical plan in the amount of \$236,938 and (iii) relocation expenses estimated at \$83,500, each as described under the heading "Employment Agreement". For all other NEOs, the amounts in this column include (a) reimbursement of COBRA premiums for up to 24 months in the following amounts: Messrs. Miller, Olagues, Hoefling and Crump \$26,016; \$37,872; \$11,568; and \$37,872, respectively; and \$35,424 for Ms. Miller, plus (b) reimbursement of relocation expenses if certain conditions are met, estimated at \$83,500 for each NEO.*
- (5) The amount in this column includes the tax equivalency bonus on the retiree medical plan reimbursement for Mr. Williamson as described above under the heading "Employment Agreement".*
- (6) Mr. Williamson's agreement contains a best-net provision whereby his total payments in the event of a change in control will either be (a) reduced to the limit imposed under IRC Section 280G minus \$1.00 to avoid an excise tax liability or (b) paid in full such that he would incur the excise tax and be in a better position financially, after the payment of the excise tax, than he would have been had the payments been reduced to the 280G limit. Payments to all other NEOs are subject to a cutback provision under the Executive Severance Plan whereby cash severance may be reduced to avoid the imposition of the excise tax.*

## Indemnification and Insurance

Pursuant to the terms of the Merger Agreement, our directors and officers will be entitled to certain ongoing indemnification, advancement of expenses and coverage under directors' and officers' liability insurance policies. See the section entitled "The Merger Agreement - Indemnification; Directors' and Officers' Insurance" beginning on page 74 for a description of such ongoing indemnification, advancement of expenses and insurance coverage obligations.

## Section 16 Matters

Pursuant to the Merger Agreement, we have agreed to take all steps as may be required to cause to be exempt under Rule 16b-3 under the Exchange Act any dispositions of shares of Common Stock (including derivative securities with respect to such shares) that are treated as dispositions under Rule 16b-3 and result from the transactions contemplated under the Merger Agreement by each officer or director of Cleco who is or will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Cleco.

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### **THE MERGER**

#### **Continued Service of Cleco's Executive Officers**

Parent has informed us that, at the Closing, Mr. Darren Olagues, president of Cleco Power, is expected to become president and chief executive officer of Cleco. The Merger Agreement also provides that the officers of Cleco immediately prior to the Effective Time will be the initial officers of the Surviving Corporation immediately after the Effective Time (other than Mr. Williamson), and it is expected that most of our executive officers will remain executive officers of Cleco or Cleco Power following the Merger. However, no definitive plans or agreements have been made regarding the continuing service or compensation of any of our officers after the completion of the Merger.

#### **Compensation and Employee Benefits**

Under the terms of the Merger Agreement, for a period ending on the second anniversary of the Effective Time, Parent has agreed to provide or cause to be provided to the officers and employees of Cleco and our

subsidiaries as of the Effective Time who remain employed by Cleco and our subsidiaries (i) an annual base salary and annual cash incentive compensation opportunities that are no less favorable than the annual base salary and annual cash incentive compensation opportunities provided to such persons under Cleco's employee benefit plans immediately prior to the Effective Time, and (ii) other employee benefits that are substantially similar in the aggregate to the other employee benefits provided to such persons under our employee benefit plans immediately prior to the Effective Time. In addition, in connection with obtaining required regulatory authorizations, Parent has agreed to maintain the headcount, salaries and benefits at Cleco substantially consistent with or better than current levels, in the aggregate, and not to make any change in any of our pension plans or design, in each case, for a minimum of two years after the Closing. For more information about these and other employee benefits to be provided to our officers and employees after the Closing, see The Merger Agreement Employee Matters beginning on page 73.

#### **Closing and Effective Time of the Merger**

The Merger Agreement provides that the closing of the Merger will take place at 10:00 a.m., Central time, on the later of the fifth business day after satisfaction or waiver of certain conditions set forth in the Merger Agreement and the fifth business day after the final day of the marketing period (as defined below), or such other date as may be agreed in writing between us and Parent. See The Merger Agreement Conditions to the

Merger beginning on page 75. We currently expect the closing of the Merger to occur during the second half of 2015.

The Effective Time will occur at the closing of the Merger upon the filing of the Articles of Merger with the Secretary of State of Louisiana in such form as required by, and executed in accordance with, the LBCL.

#### **Payment of Merger Consideration and Surrender of Stock Certificates**

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Promptly, and in any event within five business days after the Effective Time, each holder of record of a certificate representing shares of our Common Stock (other than holders of excluded shares) will be sent a letter of transmittal and instructions regarding the procedures for effecting the surrender of our Common Stock in exchange for the Merger Consideration.

If you are a record holder of certificated shares of our Common Stock, you will not be entitled to receive the Merger Consideration until you deliver a duly completed and executed letter of transmittal to the paying agent, and you must also surrender your stock certificate or certificates to the paying agent. If ownership of your shares is not registered in our transfer records, a check for any cash payable will only be issued if the certificate formerly representing such shares is accompanied by all documents reasonably required to evidence and effect transfer and to evidence that any applicable stock transfer taxes have been paid or are not applicable.

No interest will be paid or accrued on the Merger Consideration.

If you have lost a certificate, or if it has been stolen or destroyed, then before you will be entitled to receive the Merger Consideration, you will have to make an affidavit of the loss, theft or destruction, and if required by Parent, post a bond in such reasonable amount as may be required by Parent as indemnity against any claim that may be made against it or the Surviving Corporation with respect to such lost, stolen or destroyed

certificate. These procedures will be described in the letter of transmittal and instructions that you will receive, which you should read carefully in their entirety.

Any holder of book entry shares will not be required to deliver a certificate or an executed letter of transmittal to the paying agent to receive the Merger Consideration that such holder is entitled to receive. In lieu thereof, each holder of record of one or more book entry shares whose shares were converted into the right to receive the Merger Consideration will, upon receipt by the paying agent of an agent's message in customary form (or such other evidence, if any, as the paying agent may reasonably request), be entitled to receive, and Parent will cause the paying agent to pay and deliver as promptly as reasonably practicable after the Effective Time, the Merger Consideration in respect of each such share and each book entry share of such holder will forthwith be cancelled.

Parent, Merger Sub, the Surviving Corporation and the paying agent will be entitled to deduct and withhold any applicable taxes from the Merger Consideration. Any such amount that is withheld will be deemed to have been paid to the shareholder for whom it is withheld for income tax purposes.

From and after the Effective Time, there will be no transfers on our stock transfer books of shares of our Common Stock that were issued and



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### **THE MERGER**

outstanding immediately prior to the Effective Time. If, after the Effective Time, any person presents to the Surviving Corporation, Parent or the paying agent any certificate or book entry share, such certificate or book entry share will be cancelled and exchanged for the Merger Consideration to which such person is entitled pursuant to the Merger Agreement.

Any portion of the Merger Consideration deposited with the paying agent that remains unclaimed by our shareholders for one year after the

Effective Time will be delivered to the Surviving Corporation. Holders of our Common Stock who have not complied with the above-described exchange and payment procedures may thereafter only look to the Surviving Corporation for payment of the Merger Consideration. None of the Surviving Corporation, Parent, Merger Sub, the paying agent or any other person will be liable to any of our former shareholders for Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

## **Regulatory Authorizations**

To complete the Merger, we and Parent must obtain authorizations or consents from, or make filings with, a number of federal antitrust and other regulatory authorities and the LPSC. The material U.S. regulatory authorizations, consents and filings are described below. We are not currently aware of any other material governmental consents, authorizations or filings that are required to be obtained to permit the parties to complete the Merger, other than those described below. If additional authorizations, consents and filings are required to complete the Merger, we intend to seek, or to work with Parent to seek, such consents and authorizations and make such filings.

We expect to complete the Merger with Parent in the second half of 2015. Although we believe that we and Parent will receive the required consents and authorizations described below to complete the Merger, we cannot give any assurance as to the timing of these consents and authorizations or as to our or Parent's ultimate ability to obtain such consents or authorizations (or any additional consents or authorizations which may otherwise become necessary). We also cannot ensure that we will obtain such consents or authorizations on terms and subject to conditions satisfactory to us or Parent.

### **LPSC**

Cleco Power, our wholly-owned utility subsidiary, is subject to the jurisdiction of the LPSC. Under Louisiana law, the Merger cannot be completed unless and until the LPSC authorizes the Merger. In order to authorize a proposed merger under Louisiana law, the LPSC must determine that the public interest will not be harmed by the merger. To find an absence of harm to the public interest, the LPSC must conclude that the merger will not adversely affect reliable service at reasonable rates and that the utility will not be made financially unsound by the merger. The LPSC has specified an 18-factor test for determining whether these requirements are met, and the applicants seeking merger authorization from the LPSC have the burden of proof in demonstrating the satisfaction of these requirements. We expect to file our application with the LPSC for authorization of the Merger in January or February 2015. The LPSC is not subject to a requirement that it issue a decision on the Merger application within any specified period of time.

### **Antitrust Review**

The Antitrust Division of the Department of Justice and the Federal Trade Commission, or the FTC, may assess the legality of the Merger under the federal antitrust laws. The Merger is subject to the requirements of the HSR Act, and its related rules and regulations, which

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provide that acquisition transactions that meet the HSR Act's coverage thresholds may not be completed until a Notification and Report Form has been furnished to the Antitrust Division and the FTC, and that the waiting period required by the statute has been terminated or has expired.

Pursuant to the HSR Act requirements, we and Parent intend to file the required Notification and Report Forms with the Antitrust Division and the FTC in the first half of 2015.

We do not believe that the Merger will violate federal antitrust laws and do not expect the review of the transaction pursuant to the HSR Act to materially delay the expected consummation of the Merger. However, the Antitrust Division or the FTC could take action under federal antitrust laws as it deems necessary or desirable in the public interest, including seeking an injunction of the Merger or requiring us or Parent to divest a substantial portion of our or its assets. Private parties and individual states within the U.S. may also bring legal actions under federal antitrust laws. Additionally, we cannot guarantee that state enforcers with jurisdiction to enforce state antitrust laws will not take action with regard to the Merger.

### **Federal Power Act**

Cleco and Parent and its affiliates have public utility subsidiaries subject to the jurisdiction of FERC under the FPA. Section 203 of the FPA provides that prior FERC authorization is required for any public utility to merge or consolidate, directly or indirectly, its FERC-jurisdictional facilities (or any part thereof) with FERC-jurisdictional facilities of any other person by any means whatsoever. Section 203 also requires prior authorization from FERC for transactions resulting in the direct or indirect change of control over a FERC jurisdictional public utility. Further, the prior authorization requirement of FPA Section 203 applies where a holding company in a holding company system that includes a transmitting utility or an electric utility (as such terms are defined in the FPA), seeks to purchase, acquire, merge or consolidate with a transmitting utility, an electric utility company or a holding company in a holding company system that includes a transmitting utility or electric utility company. Consequently, FERC's approval of the Merger under Section 203 of the FPA is required.

Pursuant to FERC's policy statement regarding FPA Section 203, FERC must evaluate whether the Merger is consistent with the public interest. FERC has stated that, in analyzing a merger or transaction under Section 203 of the FPA, it will evaluate the effect of such transaction on:

competition in electric power markets;

the applicants' wholesale rates; and

state and federal regulation of the applicants.

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In addition, in accordance with Section 203 of the FPA, FERC also must find that the Merger will not result in the cross-subsidization by utilities of their non-utility affiliates or the improper encumbrance or pledge of utility assets. If such cross-subsidization or encumbrances were expected to occur as a result of the Merger, FERC must find that such cross-subsidization or encumbrances are consistent with the public interest.

FERC will review these factors to determine whether the Merger is consistent with the public interest. If FERC finds that the Merger would adversely affect competition in wholesale electric power markets, rates for transmission service or the wholesale sale of electric energy, or the ability to regulate the parties affected by the Merger, or that the Merger would result in cross-subsidies or improper encumbrances that are not consistent with the public interest, it may, pursuant to the FPA, impose upon the Merger remedial conditions intended to mitigate such effects or it may decline to authorize the Merger. FERC's regulations require it to rule on a completed merger application not later than 180 days from the date on which the completed application is filed. FERC may, however, for good cause, issue an order extending the time for consideration of the merger application by an additional 180 days. If FERC does not issue an order within the statutory deadline, then the transaction is deemed to be approved. We anticipate that FERC will authorize the Merger within the initial 180-day review period. However, until FERC acts, there can be no assurance that FERC will not extend the time period for its review or not impose conditions on its authorization that are unacceptable to either Parent or us, should FERC authorize the Merger.

We, Parent, and our respective public utility subsidiaries anticipate filing our application under Section 203 of the FPA in February or March 2015.

### **FCC**

Under FCC regulations implementing provisions of the Communications Act of 1934, as amended, an entity holding private radio licenses or authorizations for internal communications purposes generally must obtain the authorization of the FCC before the direct or indirect transfer of control or assignment of those licenses or authorizations. Certain of our subsidiaries hold certain FCC licenses or authorizations for private internal communications and, thus, must obtain FCC authorization prior to the consummation of the Merger. Once the FCC has consented to the transfer of control, we have 180 days to complete the Merger. If the Merger does not close within 180 days after receiving FCC consent, we can request an extension of time to consummate the transaction. The FCC customarily grants extension requests of this nature. We anticipate filing the required application with the FCC during the first quarter of 2015.

### **CFIUS**

CFIUS is an interagency committee of the U.S. government that has the ability to review transactions in connection with which a foreign person will acquire control of a U.S. business that raises national security or critical infrastructure concerns. CFIUS also has the ability to impose measures to mitigate any such concerns as appropriate. Parent and Cleco intend to file a voluntary notice with CFIUS regarding the transaction during the first quarter of 2015. After the joint voluntary notice is submitted, CFIUS will undertake an initial 30 day review period. After the initial review period concludes, CFIUS will either clear the transaction or initiate an additional 45 day investigation. If, at the end of the additional 45 day period, CFIUS has not taken action with respect to the transaction, the notice will be sent to the President, who has 15 days to take action.

## **Material U.S. Federal Income Tax Consequences of the Merger**

The following is a general summary of certain material U.S. federal income tax consequences of the Merger to beneficial owners of our Common Stock whose shares are converted into the right to receive cash in the Merger. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that might be relevant to a beneficial owner of our shares in light of such beneficial owner's particular

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circumstances. In addition, this summary does not describe any tax consequences arising under the laws of any state, local or foreign jurisdiction and does not consider any aspects of U.S. federal tax law other than income taxation, including, without limitation, the U.S. federal alternative minimum tax, or U.S. federal estate and gift tax. This summary only addresses shares of our Common Stock held as capital assets within the meaning of the Code, generally, property held for investment. This summary does not address the U.S. federal income tax consequences to holders of our shares who demand appraisal rights under the LBCL. This summary also does not address tax considerations applicable to any holder of our shares that may be subject to special treatment under the U.S. federal income tax laws, including:

a bank, insurance company or other financial institution;

a tax-exempt organization;

a retirement plan or other tax-deferred account, including the Cleco 401(k) plan;  
a partnership (or other entity treated as a partnership for U.S. federal income tax purposes), an S corporation or other pass-through entity (or an investor in such an entity);

a mutual fund;

a real estate investment trust or regulated investment company;

a personal holding company;

a dealer or broker in stocks and securities or currencies;

a trader in securities that elects mark-to-market treatment;

a holder of shares subject to the alternative minimum tax provisions of the Code;

a holder of shares that received the shares through the exercise of an employee stock option, through time-based or performance-based Restricted Stock Units or other equity-based awards, through a tax qualified retirement plan or otherwise as compensation;

a U.S. holder that has a functional currency other than the U.S. dollar;

a controlled foreign corporation, passive foreign investment company or corporation that accumulates earnings to avoid U.S. federal income tax;

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**THE MERGER**

a holder that holds shares as part of a hedge, straddle, constructive sale, conversion or other risk reduction strategy or integrated transaction;  
or

a U.S. expatriate.

This summary is based on the Code, its legislative history, the Treasury regulations promulgated under the Code and published rulings and judicial decisions, all as in effect as of the date of this proxy statement, and all of which are subject to change or differing interpretations at any time, with possible retroactive effect. We have not sought, and do not intend to seek, any ruling from the U.S. Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary. No assurance can be given that the IRS will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

THIS DISCUSSION IS INTENDED ONLY AS A GENERAL SUMMARY OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO A HOLDER OF SHARES OF OUR COMMON STOCK. WE URGE BENEFICIAL OWNERS OF OUR SHARES TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, INCLUDING FEDERAL ESTATE, GIFT AND OTHER NON-INCOME TAX CONSEQUENCES, AND TAX CONSEQUENCES UNDER STATE, LOCAL OR FOREIGN TAX LAWS, INCLUDING POSSIBLE CHANGES IN SUCH LAWS.

For purposes of this discussion, we use the term "U.S. holder" to mean a beneficial owner of shares of our Common Stock that is, for U.S. federal income tax purposes:

an individual citizen or resident of the U.S.;

a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the U.S., any state thereof or the District of Columbia;

a trust that (i) is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

A non-U.S. holder means a beneficial owner of our Common Stock (other than a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. holder.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) beneficially owns shares of our Common Stock, the U.S. federal income tax treatment of the partnership and its partners generally will depend on the status of the partners, the activities of the partners and the tax treatment of the partnership. A partner in a partnership holding shares of our Common Stock should consult such partner's tax advisor regarding the U.S. federal income tax consequences of the Merger to such partner.

**U.S. Holders**

*General.* The exchange of shares of our Common Stock for cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes, and a U.S. holder whose shares of our Common Stock are converted into the right to receive cash in the Merger will recognize gain or loss equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any applicable withholding taxes, as described below under "Information Reporting and Backup Withholding") and the U.S. holder's adjusted tax basis in the shares converted. Gain or loss will be determined separately for each block of shares of our Common Stock (that is, shares acquired at the

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same cost in a single transaction). Such gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if the U.S. holder's holding period for the shares is more than one year at the Effective Time. Long-term capital gain recognized by a non-corporate U.S. holder generally is subject to tax at a reduced rate of U.S. federal income tax. Net capital loss may offset no more than \$3,000 of ordinary income in the case of individuals and in the case of corporations may only be used to offset capital gain. In addition, a 3.8% tax is imposed on all or a portion of the net investment income (as defined in the Code) of certain individuals and on the undistributed net investment income of certain estates and trusts. For individuals, the additional 3.8% tax generally is imposed on the lesser of (1) the U.S. holder's net investment income for the relevant taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). For these purposes, net investment income generally will include any gain recognized on the receipt of cash for shares in the Merger.

*Information Reporting and Backup Withholding.* A U.S. holder may be subject to information reporting. In addition, all payments to which a U.S. holder would be entitled pursuant to the Merger will be subject to backup withholding (currently at a rate of 28%) unless such holder (i) is a corporation or other exempt recipient (and, when required, demonstrates this fact); or (ii) provides a taxpayer identification number (a TIN) and certifies, under penalty of perjury, that the U.S. holder is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A U.S. holder that does not otherwise establish exemption should complete and sign the IRS Form W-9 in order to provide the information and certification necessary to avoid backup withholding and possible penalties. If a U.S. holder does not provide a correct TIN, such U.S. holder may be subject to backup withholding and penalties imposed by the IRS.

Any amount paid as backup withholding does not constitute an additional tax and will be creditable against a U.S. holder's U.S. federal income tax liability, provided the required information is given to the IRS in a timely manner. If backup withholding results in an overpayment of tax, a U.S. holder may obtain a refund by filing a U.S. federal income tax return in a timely manner. U.S. holders are urged to consult their tax advisors as to qualifications for exemption from backup withholding and the procedure for obtaining the exemption.

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### **THE MERGER**

#### **Non-U.S. Holders**

*General.* The exchange of shares of our Common Stock for cash pursuant to the Merger generally will not be subject to U.S. federal income tax unless:

the non-U.S. holder is an individual who was present in the U.S. for 183 days or more during the taxable year of the Merger and certain other conditions are met;

the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the U.S. and, if required by an applicable tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the U.S.; or

we are or have been a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of the Merger or the period that the non-U.S. holder held shares and the non-U.S. holder held (actually or constructively) more than five percent of our shares at any time during the five-year period ending on the date of the Merger. Gain of a non-U.S. holder described in the first bullet point above generally will be subject to tax at a flat rate of 30% (or such lower rate as may be specified under an applicable income tax treaty), net of applicable U.S.-source losses from sales or exchanges of other capital assets recognized by such non-U.S. holder during the taxable year.

Unless a tax treaty provides otherwise, gain described in the second bullet point above will be subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a U.S. holder. A non-U.S. holder that is a foreign corporation also may be subject to a 30% branch profits tax (or applicable lower treaty rate) with respect to any gain that is effectively connected with the non-U.S. holder's conduct of a trade or business in the U.S. Non-U.S. holders are urged to consult their tax advisors as to any applicable tax treaties that might provide for different rules.

With respect to the third bullet point above, the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our U.S. and foreign real property interests. We have not made (and have not been requested to make) a determination as to whether or not we are or have been a USRPHC for U.S. federal income

tax purposes during the time period described above. If you are a non-U.S. holder and held (actually or constructively) more than 5% of our shares at any time during the five (5) year period immediately preceding the date you exchange your shares and we are a USRPHC, any gain you recognize on the exchange of your shares will be treated as income that is effectively connected to a U.S. trade or business.

*Information Reporting and Backup Withholding.* Information reporting and backup withholding (currently at a rate of 28%) will generally apply to payments made pursuant to the Merger to a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Dispositions effected through a non-U.S. office of a U.S. broker or a non-U.S. broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. A non-U.S. holder must generally submit an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable IRS Form W-8) attesting to its exempt foreign status in order to qualify as an exempt recipient. Any amount paid as backup withholding does not constitute an additional tax and will be creditable against a non-U.S. holder's U.S. federal income tax liability, provided the required information is given to the IRS in a timely manner. If backup withholding results in an overpayment of tax, a non-U.S. holder may obtain a refund by filing a U.S. federal income tax return in a timely manner. Non-U.S. holders are urged to consult their tax advisors as to qualifications for exemption from backup withholding and the procedure for obtaining the exemption.

THE FOREGOING SUMMARY OF U.S. FEDERAL INCOME TAXATION DOES NOT DISCUSS ALL TAX CONSEQUENCES RELATING TO THE MERGER THAT MAY BE RELEVANT TO PARTICULAR HOLDERS OF SHARES OF OUR COMMON STOCK. HOLDERS OF SHARES ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE RECEIPT OF CASH FOR THEIR SHARES PURSUANT TO THE MERGER UNDER ANY U.S. FEDERAL, STATE, FOREIGN, LOCAL OR OTHER TAX LAWS AND, IF APPLICABLE, THE TREATMENT OF RESTRICTED STOCK OR RESTRICTED STOCK UNITS OR OTHER EQUITY-BASED AWARDS OR ANY OTHER MATTERS RELATING TO EQUITY COMPENSATION OR BENEFIT PLANS.

## Litigation Related to the Merger

In connection with the proposed Merger, as of January 12, 2015, four actions have been filed in the Ninth Judicial District Court for Rapides Parish, Louisiana and three actions have been filed in the Civil District Court for Orleans Parish. The petitions in each action generally alleged, among other things, that the members of our Board breached their fiduciary duties by, among other things, conducting an allegedly inadequate sale process, agreeing to the Merger at a price that allegedly undervalues Cleco, and failing to disclose material information about the Merger. The petitions also allege that Parent, Cleco, Merger Sub and, in some cases, certain of the Investors, either aided and abetted or entered into a civil conspiracy to advance those supposed breaches of duty. The petitions seek various remedies, including an injunction against the Merger and monetary damages, including attorneys' fees and expenses.

The four actions filed in the Ninth Judicial District Court for Rapides Parish are captioned as follows:

*Braunstein v. Cleco Corporation*, No. 251,383B (filed October 27, 2014),

*Moore v. Macquarie Infrastructure and Real Assets*, No. 251,417C (filed October 30, 2014),

*Trahan v. Williamson*, No. 251,456C (filed November 5, 2014),

*L. Herisson v. Macquarie Infrastructure and Real Assets*, No. 251,515F (filed November 14, 2014).

On November 14, 2014, the plaintiff in the *Braunstein* action moved for a dismissal of the action without prejudice, and that motion was granted



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on November 19, 2014. On December 3, 2014, the court consolidated the remaining three actions and appointed interim co-lead counsel. On December 18, 2014, plaintiffs in the consolidated action filed a Consolidated Amended Verified Derivative and Class Action Petition for Damages and Preliminary and Permanent Injunction, which we refer to as the Consolidated Petition, which is now the operative petition in the consolidated action. The action names Cleco, its directors, Parent, and Merger Sub as defendants. The Consolidated Petition alleges, among other things, that the directors breached their fiduciary duties to Cleco's shareholders and grossly mismanaged Cleco by approving the Merger Agreement because it does not value Cleco adequately, failing to structure a process through which shareholder value would be maximized, engaging in self-dealing by ignoring conflicts of interest and failing to disclose material information about the Merger. The Consolidated Petition further alleges that all defendants conspired to commit the breaches of fiduciary duty. Cleco believes that the allegations of the Consolidated Petition are without merit and that it has substantial meritorious defenses to the claims set forth in the Consolidated Petition.

The three actions filed in the Civil District Court for Orleans Parish are captioned as follows:

*Butler v. Cleco Corporation*, No. 2014-10776 (filed November 7, 2014),

*Creative Life Services, Inc. v. Cleco Corporation*, No. 2014-11098 (filed November 19, 2014),

*Cashen v. Cleco Corporation*, No. 2014-11236 (filed November 21, 2014).

Both the *Butler* and *Cashen* actions name Cleco, its directors, Parent, Merger Sub, MIRA, bcIMC and John Hancock Financial as defendants. The *Creative Life Services* action names Cleco, its directors, Parent, Merger Sub, Macquarie Infrastructure and Real Assets Inc. and MIP III as defendants. On December 11, 2014, plaintiff in the *Butler* action filed an Amended Class Action Petition for Damages, which is now the operative petition in that action. Each petition alleges, among other things, that the directors breached their fiduciary duties to Cleco's shareholders by approving the Merger Agreement because it does not value Cleco adequately, failing to structure a process through which shareholder value would be maximized and engaging in self-dealing by ignoring conflicts of interest. The *Butler* and *Creative Life Services* petitions also allege that the directors breached their fiduciary duties by failing to disclose material information about the Merger. Each petition further alleges that Cleco, Parent, Merger Sub, and certain of the Investors aided and abetted the directors' breaches of fiduciary duty. On December 23, 2014, the directors and Cleco filed declinatory exceptions in each action on the basis that each action was improperly brought in Orleans Parish and should either be transferred to the Ninth Judicial District Court for Rapides Parish or dismissed. On December 30, 2014, plaintiffs in each action jointly filed a motion to consolidate the three actions pending in Orleans Parish and to appoint interim co-lead plaintiffs and co-lead counsel. Cleco believes that the allegations of the petitions in each action are without merit and that it has substantial meritorious defenses to the claims set forth in each of the petitions.

**Consequences if the Merger is not Completed**

If the Merger is not completed, whether because it is not approved by our shareholders or for any other reason, we will remain an independent public company, and we and Cleco Power will remain SEC reporting companies. In addition, our Common Stock will continue to be listed and traded on the NYSE. Our shareholders will not receive any payment for their shares of Common Stock in connection with the Merger. Under specified circumstances, we may be required to pay to Parent, or be

entitled to receive from Parent, a fee with respect to the termination of the Merger Agreement, and/or to reimburse Parent and its affiliates for their documented out-of-pocket fees and expenses, as described under "The Merger Agreement Termination Fee Payable by Cleco" and "The Merger Agreement Termination Fee Payable by Parent" beginning on page 77.

## **Delisting and Deregistration of Cleco Common Stock**

If the Merger is completed, our Common Stock will no longer be traded on the NYSE and will be deregistered under the Exchange Act. We will no longer be required under Sections 13 or 14 of the Exchange Act to file periodic reports and proxy and information statements with the SEC on

account of our Common Stock. We currently expect that, after the Effective Time, Cleco Power will continue to file annual, quarterly and current reports with the SEC pursuant to Section 15(d) of the Exchange Act with respect to publicly issued debt of Cleco Power.

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