MEMO

Subject: Grounds for a 'FOR' vote on the Cleco Corporation shareholder resolution requesting that the company publish a sustainability report.

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Cleco Corporation Shareholders are encouraged to vote FOR the following resolution:

RESOLVED: Shareholders request that Cleco Corporation issue a sustainability report that includes a comprehensive discussion of the company's sustainability risks and opportunities, including an analysis of material water-related risks. The report should be available by September 1, 2012, be prepared at reasonable cost, and omit proprietary information.

Rationale for a 'FOR' vote:

I. Cleco Corporation does not adequately disclose its sustainability-related risks, opportunities, policies, and practices. Beyond basic and compliance-focused environmental and safety and health policies within the company's code of conduct, there is no additional information indicating the company's management of its sustainability risks and opportunities. As a utility, the company faces significant environmental (in particular climate and water risks), safety and community-related impacts.

    a. For example, water scarcity poses significant business risks and climate change is expected to exacerbate such risks. Given that thermoelectric power generation is responsible for approximately 40 percent of water withdrawals in the U.S., much of the company's business model is inextricably linked to this dwindling resource. Water scarcity is already having a material impact on thermal power generators and can influence business decisions, yet Cleco currently provides no meaningful information on its water use and water-related risks.

II. Sustainability reporting is an important element of business success.

    a. Sustainability reporting and good ESG performance often creates value for companies.

        i. A Goldman Sachs study found that companies that are considered leaders in ESG policies outperform their peers in terms of their stock value by some 25 percent.[i]

ii. Seventy-six percent of executives polled by McKinsey & Company "say sustainability contributes positively to shareholder value in the long term, and 50 percent see short-term value creation."[ii]

iii. Sustainability reporting can lead to a number of substantial benefits, including increased competitiveness, operational efficiency, reputational value, and risk management – both regulatory and legal. In the spirit of the old adage, "what gets measured gets managed, " the process of producing a good report helps companies to establish data gathering systems that help the company control costs and reduce risk.

b. Public sustainability reporting demonstrates to investors that company is adequately managing its environmental and social risks and opportunities. It is critical for companies of all sizes, regardless of the sector in which they operate, because the risks of not doing so are too great.

c. A sustainability report can inform investors, customers, employees and the public, in a comprehensive way, about significant environmental and social risks (and opportunities) faced by Cleco and how the company is managing these risks, including emerging risks that are not covered in the 10-K. Compared to the 10-K, a sustainability report typically goes into more detail about items such as goals companies set to reduce risks, plans to meet the goals, items that need improvement, and processes for stakeholder engagement.

d. A sustainability report provides key information for data aggregators of environmental, social, governance (ESG) and financial information, such as Bloomberg, MSCI and providers of indexes such as the Dow Jones Sustainability Index. ESG data aggregators may have difficulty populating their databases and sharing information with Cleco investors and stakeholders if the data is not easily comparable between companies. This kind of comparable data is provided by companies who use the Global Reporting Initiative guidelines.

III. Cleco Corporation lags behind its peers on sustainability reporting.

a. According to a 2011 KPMG report, 62% of companies surveyed had sustainability strategies, and GRI reports a 23% increase in prepared reports from 2009 to 2010.[iii] In addition, 3000 companies worldwide participate in the Carbon Disclosure Project (CDP), an independent organization working to drive greenhouse gas emissions reductions and sustainable water use by businesses and cities.[iv]

b. Cleco's industry competitors, including Portland General Electric and NV Energy provide some form of sustainability reporting.

i. Portland General Electric reports on its approach to a broad range of environmental issues including energy efficiency, renewable energy, climate change, and air emissions. The company reports on its progress in addressing these and other environmental challenges.

ii. NV Energy publishes a GRI-based Corporate Social Responsibility Report. The company indicates a commitment to sustainable value and has identified four primary objectives to achieve that goal: employee health and safety, reducing the company's environmental footprint, serving customers and strengthening surrounding communities. The company's disclosure includes evidence of comprehensive sustainability policies, management systems and performance, with annual goals and objectives.

Conclusion:

Cleco Corporation currently does not offer sufficient disclosure or reporting on its sustainability policies and practices, despite risks related to climate change, water, resource use and human capital. Without appropriate sustainability disclosure, shareholders, investors, and analysts cannot effectively determine how Cleco Corporation managing its ESG risks and opportunities. Sustainability reporting is widely used by companies of all sizes and across all industries. As Cleco's industry peers continue to publish their own reports, Cleco's failure to act puts the company at a competitive disadvantage.

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[i] "GS Sustain Focus List." *Goldman Sachs.* 2007, available at http://www.unglobalcompact.org/docs/summit2007/gs_esg_embargoed_until030707pdf.pdf

[ii] "How Companies Manage Sustainability: McKinsey Global Survey Results." *McKinsey Quarterly.* March 2010, available at http://www.mckinseyquarterly.com/How_companies_manage_sustainability_McKinsey_Global_Survey_results__2558

[iii] "KPMG International Corporate Responsibility Reporting Survey 2011." *KPMG*. November 2011, available at http://www.kpmg.com/global/en/issuesandinsights/articlespublications/corporate-responsibility/pages/2011-survey.aspx

[iv] *Carbon Disclosure Project.* available at https://www.cdproject.net/en-US/Pages/About-Us.aspx