



Generating Value

CLECO CORPORATION
2007 ANNUAL REPORT AND FORM 10-K



Financial Highlights

(THOUSANDS EXCEPT SHARE, PER SHARE AND PERCENTAGES)	YEAR ENDED DEC. 31			5-YEAR COMPOUND % CHANGE
	2007	2006	2005 ⁽¹⁾	
FINANCIAL DATA				
Total operating revenue, net	\$1,030,616	\$1,000,675	\$ 920,154	8.28%
Operating income	\$ 97,544	\$ 114,976	\$ 111,734	(9.70)%
Equity income from investees	\$ 93,148	\$ 24,452	\$ 218,441	41.88%
Net income applicable to common stock	\$ 151,331	\$ 72,856	\$ 180,779	16.67%
Consolidated total assets	\$2,710,735	\$2,461,104	\$2,149,488	2.95%
Capital investments	\$ 493,439	\$ 293,594	\$ 187,393	21.79%
Consolidated long-term debt as percentage of capitalization	43.20%	40.87%	46.33%	(6.35)%

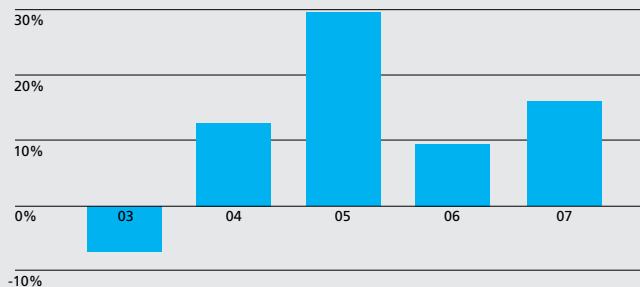
SHAREHOLDER VALUE

Average shares of common stock outstanding, basic	58,976,052	52,751,021	49,486,790	4.98%
Average shares of common stock outstanding, diluted	59,717,528	55,028,211	51,760,220	5.23%
Basic earnings per share applicable to common stock	\$ 2.55	\$ 1.36	\$ 3.54	11.65%
Diluted earnings per share applicable to common stock	\$ 2.54	\$ 1.36	\$ 3.53	11.56%
Cash dividends declared per common share	\$ 0.900	\$ 0.900	\$ 0.900	0.11%
Return on average common equity	16.0%	9.3%	29.4%	3.80%
Book value per share at year end	\$ 16.92	\$ 15.92	\$ 13.26	6.83%
Market price per share at year end	\$ 27.80	\$ 25.23	\$ 20.85	14.71%
Dividend yield at year end	3.2%	3.6%	4.3%	(12.93)%

Consolidated Diluted Earnings Per Share Allocated to Subsidiaries

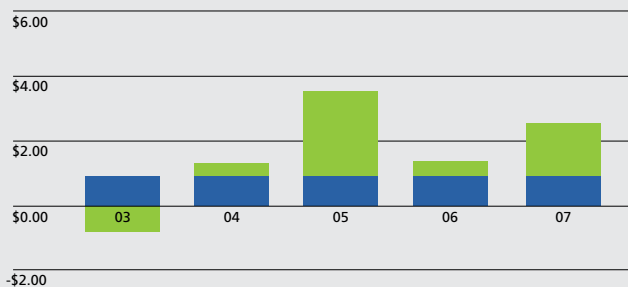
SUBSIDIARY	YEAR ENDED DEC. 31		
	2007	2006	2005
Cleco Power	\$ 1.42	\$ 1.21	\$ 1.15
Cleco Midstream Resources ⁽²⁾	\$ 1.00	\$ (0.07)	\$ 0.28
Other (including Corporate) ⁽²⁾	\$ 0.12	\$ 0.22	\$ 2.10
Consolidated earnings from continuing operations allocated to subsidiaries	\$ 2.54	\$ 1.36	\$ 3.53
Net earnings applicable to common stock	\$ 2.54	\$ 1.36	\$ 3.53

RETURN ON AVERAGE COMMON EQUITY



EARNINGS AND DIVIDENDS

(PER DILUTED SHARE) ■ EARNINGS ■ DIVIDENDS



⁽¹⁾ The deconsolidation of Perryville Energy Partners, L.L.C. (Perryville) and Perryville Energy Holdings LLC (PEH) from Cleco in connection with their bankruptcy filings affected Cleco Midstream Resources (Midstream) earnings for 2005, since no income or loss associated with those subsidiaries was recognized in Midstream's consolidated financial statements subsequent to the bankruptcy filing on Jan. 28, 2004. An order confirming PEH's and Perryville's plan of reorganization became effective Oct. 11, 2005. As a result, Cleco recorded its investment in Perryville on the equity method of accounting; therefore, PEH's results from Jan. 28, 2004, to Oct. 11, 2005, were reintegrated with Cleco Corporation's Consolidated Financial Statements of Income effective in the third quarter of 2005.

⁽²⁾ In February 2007, Midstream transferred all of its ownership interest in Perryville and Attala Transmission LLC to Cleco Corporation. The prior periods have been adjusted to reflect this organizational change.

ABOUT THE COVER

Gerald Smith, senior apparatus specialist, tests a breaker in the transmission substation being built for Cleco Power's new Rodemacher 3 generating unit.

Whether they're customer service representatives, line mechanics, accountants, or engineers, Cleco employees are committed to providing reliable service, helping businesses and communities grow, protecting the environment, and working safely.

That's how we generate value.
It starts with all of us.

KERRI DESELLE (left)
Principal Accountant

TODD BRADLEY
Power Plant Electrician

LACY BLACKMON
Accountant

Executing our strategy
to achieve steady growth and
build shareholder value...
starts with me.

MICHAEL H. MADISON
President and
Chief Executive Officer,
Cleco Corporation

In front of the Rodemacher 3
unit currently under construction

DEAR SHAREHOLDERS,

At the top of our list of accomplishments for 2007 is the steady progression of our new Rodemacher 3 unit. This 600-megawatt solid-fuel generating unit is under construction at our Rodemacher power plant near Boyce, La. More than halfway through the 42-month construction schedule, we're still on target to begin commercial operations no later than the fourth quarter of 2009. This billion-dollar investment will diversify our generation portfolio, lower our customers' fuel costs, and make us more competitive. Rodemacher 3 is just one of the ways we're *generating value* for our shareholders, customers, and communities.

In 2007, we earned \$2.54 per diluted share. We reached a settlement agreement with Calpine Corporation, our former partner in the Acadia power plant, which contributed \$1.22 per share to our earnings. As you may recall, when Calpine filed for Chapter 11 bankruptcy protection in December 2005, its subsidiary, Calpine Energy Services, defaulted on two long-term tolling agreements to market Acadia's power. Excluding the Acadia transactions with Calpine, we earned \$1.32 per share in 2007.

Our total shareholder return for 2007 was 14 percent, outperforming Standard and Poor's 500 (S&P 500) Index and on track with our peers in the Edison Electric Institute (EEL) Index as shown by the chart on the right. Our returns on a five-year basis also were strong.

CLEAR STRATEGY

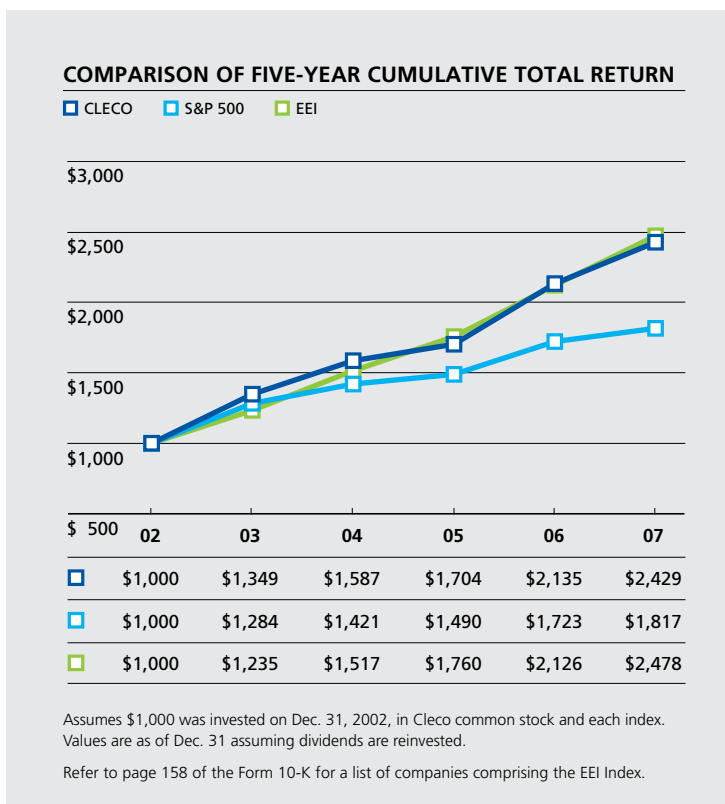
Our strategy is clear. We've been in the electric utility business for more than 70 years, and we're good at running our regulated utility business, Cleco Power. We plan to expand through investments such as Rodemacher 3. Our success hinges on constructive regulatory relationships, which we've worked to develop over many years. Cleco Midstream Resources (Midstream), our wholesale generation business, intends to take advantage of the improving wholesale market by pursuing short-term and long-term contracts that provide stable cash flows and meet our conservative risk profile.

CONSISTENT EXECUTION

In 2007, we continued to implement our growth strategy. Our major accomplishments are discussed below.

Keeping Rodemacher 3 within budget and on schedule

Forecasts of higher natural gas prices and rising costs for materials and skilled labor confirm our belief that Rodemacher 3 was the right project, and we started it at the right time. It will reduce our dependence on high-priced natural gas and lower customers' fuel costs. Currently, about 70 percent of the electricity we deliver, which includes the power we produce and power



purchased from the market, is generated by natural gas. Rodemacher 3 will be able to run on various solid fuels because of its circulating-fluidized bed technology, and it will be capable of burning biomass, a renewable energy resource. Rodemacher 3 also is helping Louisiana's economy. In June, *South Central Construction* magazine, a regional publication, recognized Rodemacher 3 as one of Louisiana's top five construction projects.

Working with our state regulator to achieve fair and balanced outcomes for all our stakeholders

The support received from the Louisiana Public Service Commission (LPSC) for our Rodemacher 3 project enabled us to move forward with the largest

investment in Cleco Power's history. The LPSC applauded our efforts to lower energy costs in Louisiana. Recognizing the financial challenges of a billion-dollar project for a company our size, the LPSC allowed us to collect an amount equivalent to about 75 percent of the project's financing costs from customers during construction. This funding mechanism continues to help us finance the project and maintain our investment-grade credit rating.

The following measures approved by the LPSC in 2007 also are helping us finance the Rodemacher 3 project through increased cash flow.

TOP ACCOMPLISHMENTS IN 2007

- 1 Kept Rodemacher 3 within budget and on schedule.
- 2 Achieved positive regulatory outcomes.
- 3 Made progress toward securing additional generation we will need after Rodemacher 3 comes on line.
- 4 Received value of the Acadia tolling agreements through settlement with Calpine and priority distribution payments.
- 5 Improved safety performance.
- 6 Improved environmental performance.

TOP GOALS IN 2008

- 1 Continue our steady progress with Rodemacher 3.
- 2 File our rate case in a timely manner.
- 3 Select the most economical, reliable bid from our long-term RFP.
- 4 Reduce Acadia's market risk exposure through short-term and long-term power agreements.
- 5 Develop strategies to address evolving environmental requirements.
- 6 Maintain our focus on safety and diversity.

- Approval to recover \$158 million of our storm costs from Hurricanes Katrina and Rita, which covers substantially all of our storm expenses.
- Approval to create a \$50 million restricted reserve for future storm damage.
- Approval to securitize our unrecovered storm costs and storm reserve through the sale of securitized storm recovery bonds. Issuing these bonds will speed up our cash flow, let us set aside funds for future storms, and lower our customers' storm surcharge. Customers will continue to repay storm costs over time through a special storm recovery charge, but the ultimate amount paid by all of Cleco Power's customers will be lower, thanks to

the securitization structure. This is the first use of securitization in Louisiana, and we hope to issue the bonds in early 2008.

When construction of Rodemacher 3 began, the LPSC extended our rate plan through 2009. We will file a rate case in 2008, so a new rate plan will go into effect when Rodemacher 3 begins commercial operations in 2009. This will be the first time Cleco Power has asked for a rate increase since 1985, when we filed to recover our Dolet Hills Power Station investment. We are prepared to make a strong case for rates that better reflect our current expenses. If we're successful, we'll recover our Rodemacher 3 investment, lower customers' fuel costs, and earn an equitable return.

Securing additional generation resources

Our integrated resource planning process shows that we'll need more capacity even after Rodemacher 3 comes on line. In October 2007, we issued a request for proposal (RFP) for long-term resources to meet the load projected for 2010 and beyond. Cleco Power solicited bids for up to 600 megawatts of intermediate and peaking capacity. Proposals were due in December 2007, and we're analyzing them now. Cleco Power self-build proposals will be compared to market proposals to find the most economical, reliable, long-term supply of power. The review of proposals is being overseen by an independent monitor appointed by the LPSC. We plan to announce the winning bids in August 2008.

Maximizing the value of our Acadia asset

Last year, we resolved all issues related to Calpine's bankruptcy and the Acadia project. The court approved our \$85 million claim against Calpine and ordered a bankruptcy auction for Calpine's 50 percent ownership in Acadia. Cajun Gas Energy, L.L.C. (Cajun) was the successful bidder and is our new partner in the Acadia power plant. Cajun's \$189 million bid included an additional \$85 million payment to our Midstream subsidiary for the priority and guaranteed distributions we were owed by the Acadia partnership structure. The settlement also provided for Midstream to take over plant operations. In total, we received the value of the tolling agreements and retained our 50 percent ownership in Acadia.

Evangeline asset

In November 2007, the tolling agreement for our Evangeline power plant was transferred from Williams Power Company Inc., a subsidiary of The Williams Companies Inc., to Bear Energy LP, a subsidiary of Bear Stearns Companies Inc. The terms of the 20-year tolling agreement for Evangeline's output did not change. Evangeline's credit strength improved after the transfer due to the more favorable credit rating of Bear Stearns Companies.

CONTINUED FOCUS ON THE BASICS

We continue to focus on the basics of our core business — customer satisfaction and reliability. In 2007:

- Cleco Power successfully renewed longtime franchise agreements with five municipalities and successfully renewed a wholesale power sales agreement with one of its existing customers.
- Cleco Power's customers were 12 percent more satisfied with their electric service than the average Louisiana electricity consumer based upon a study conducted by Market Research Institute, a national market research firm.
- E Source, a national research company, declared the interactive voice response system used in Cleco Power's Customer Call Center to be the best among 103 North American electric and gas utilities based on its functions and usability.
- We scored 100 percent on an audit of Cleco Power's compliance with new Electric Reliability Organization standards. These standards, authorized by the Federal Energy Regulatory Commission to maintain the reliability of the nation's bulk power system, were made mandatory in June 2007. The Southwest Power Pool, Cleco Power's regional transmission reliability coordinator, conducted the audit.

MINIMIZING OUR IMPACT ON THE ENVIRONMENT

When I became CEO in 2005, I told our employees that Cleco is always going to do the right thing. That promise includes minimizing our impact on the environment and complying with regulations designed to protect our natural resources.

As concerns about global warming and climate change grow, regulatory agencies and lawmakers are responding with stricter emissions standards for power plants and new energy legislation. In December 2007, President George W. Bush signed a new energy bill to reduce the nation's dependence on oil, to address global climate change, and to expand the production of renewable fuels. Although this bill did not contain a federal mandatory renewable portfolio standard, which would mandate that energy companies produce a certain amount of their power from biomass, geothermal, solar, and wind projects, we believe that efforts to pass such a measure will resume. Congress also is considering whether legislation is needed to limit carbon dioxide, a greenhouse gas that scientists have linked to global warming.

In short, our industry is facing some enormous environmental challenges. And our commitment is to search for solutions that make economic sense.

Some of the environmental initiatives we took in 2007 include:

- Installing new equipment at our largest solid-fuel plant to reduce emissions;
- Entering into an agreement with the U.S. Army Corps of Engineers to study the viability of geothermal power production in our service territory; and
- Determining which types of biomass fuels could be burned in our Rodemacher 3 unit based on availability, costs, transportation, and reliability.

MAINTAINING OUR EMPHASIS ON SAFETY AND DIVERSITY

Our safety performance improved in 2007. We had fewer vehicle accidents and personal injuries than we did in 2006, but we still did not achieve our Target Zero goal. This goal may seem idealistic, but we know it's achievable, because so many of our employees have a safe day every day.

As part of our diversity initiative, all levels of Cleco management participated in diversity education and training in 2007. The next phase includes education and training for all nonsupervisory employees. The goal of this initiative is a diverse work force that respects all differences, including individual ideas and talents, to ensure we maximize the full potential of all team members.

TEAMWORK WORKS

Cleco employees come to work every day to serve. That service can range from repairing a piece of equipment at one of our power plants to sharing a smile with a customer over the phone. Thanks to consistent execution by our employees and the foresight of our management team, board of directors, and regulators, 2007 was another successful year for Cleco.

It's my privilege to thank a longtime member of our team, F. Ben James Jr., who will retire in April after more than 20 years of service on our board of directors. Ben's business experience in the private sector has served Cleco well since he joined our team in 1986.

We especially thank you for your continued investment in us and for your confidence in our ability to generate value.



Michael H. Madison
President and Chief Executive Officer,
Cleco Corporation

Feb. 27, 2008



DOUG BRUNSON
Lead Line Mechanic

“Customers want to know the power will come on when they flip the switch. They depend on Cleco to keep the lights on at home and at work. Keeping the lights on starts with me.”

Providing customers with reliable power... starts with me.

DELIVERING ENERGY SINCE 1934

Moving electricity from our power plants to our customers safely and efficiently is as important as generating it.

Transmission constraints have been an ongoing problem in our industry. Finding a solution became more urgent after the 2003 blackout in the Northeast. Cleco Power and other electric utilities in Louisiana are looking for ways to improve service reliability in the southern part of the state. We are currently working on a proposal with neighboring utilities, an independent coordinator of transmission, the LPSC, and other regulatory agencies to reduce constraints and meet growing demand in south Louisiana.

We at Cleco Power also have taken steps to reduce power outages, control maintenance costs, and extend the life of our distribution system. In 2007, we completed the first year of our new distribution pole inspection and right of way maintenance plan. We inspect and treat our distribution poles, conduct circuit inspections, and trim trees along our rights of way to improve our service reliability.

7



In today's busy world, people depend on electricity for nearly everything. It helps working moms like Charla Gordon wash and dry her family's clothes, while she spends a little quality time with her 7-year-old daughter, Jaydyn.

Helping businesses and
communities prosper...
starts with me.

LANIE BOREL
Senior Residential and
Small Commercial Developer

"We recognize the role
small businesses have in
the growth of our local
communities and economy.
Whether they need help
with their energy usage or
with their expansion plans,
meeting our customers'
needs starts with me."



POWERING GROWTH

Helping the businesses and communities we serve with their growth and development initiatives makes Cleco a stronger company. When business customer Musson-Patout Automotive Group Inc. in New Iberia decided to build two new showrooms, the owners contacted Lanie Borel, their Cleco account representative, to find out what was needed for the expansion.

"We know Lanie. Anytime we need her, she's there," Diane Musson-Patout (left), president and operating dealer, said. "I've worked with Lanie for as long as I've been at the dealership. She's part of the Musson-Patout family."

"It took some special engineering by our servicemen to get underground power to the new showrooms, but we got the job done," Borel said.

Like Cleco, Musson-Patout Automotive has been in business for more than 70 years. It employs about 100 people, and it's owned and operated by three generations of the same family. Diane's mother, Jessamine Musson-Babineaux (middle), is secretary-treasurer, and her daughter, Kelly Patout-Romero (right), is vice president of the company.



Cleco customer Helen Mott (right) installs a compact fluorescent light (CFL) bulb from a Cleco weatherization kit given to her by Roxane Barnes, Cleco's director of community affairs. The CFL bulb, which uses up to 75 percent less energy than a conventional bulb, is one of several energy-conservation items in the kit. Cleco Power distributes the weatherization kits to elderly and low-income customers.



ANNA HANNA (left)
Senior Environmental
Operations Specialist

"Our business begins in our power plants. Dolet Hills is particularly important to our customers because of its low-cost fuel."

RICH PHILLIPS
Shift Operations Supervisor

"Operating the unit safely and meeting environmental standards starts with us."

Protecting the environment and working safely... starts with us.

LOWERING EMISSIONS TO IMPROVE AIR QUALITY

In 2007, we finished installing improved technology to lower nitrogen oxide (NO_x) emissions at our Dolet Hills power plant in Mansfield, La. We replaced all of the burners in the unit's boiler with low-NO_x burners. Cleco Power began the project in 2005, shortly after the Environmental Protection Agency issued its Clean Air Interstate Rule (CAIR). By getting a head start on compliance, Cleco Power will have achieved almost two years of lower NO_x emissions before CAIR goes into effect in 2009. The new equipment is expected to cut Dolet Hills' NO_x emissions by more than 60 percent from 2003 levels. Rodemacher Unit 2, Cleco Power's other solid-fuel unit, is next in line to get low-NO_x burners in the fall of 2008. The burners should cut emissions from this unit by more than 60 percent from 2003 levels as well.

Cleco Power also signed an agreement with a new coal supplier that is expected to substantially lower sulfur dioxide (SO₂) and mercury emissions at Rodemacher Unit 2. Dolet Hills already routinely runs 40 percent under its permitted SO₂ allowance.



Most of the low-NO_x burners were installed at Dolet Hills during a major maintenance outage in 2007. Both plant employees and contractors worked more than 300,000 hours. Remarkably, employees did not have any lost-time injuries or Occupational Safety and Health Administration recordable injuries during the outage, which lasted almost 10 weeks. Dolet Hills attributes its safety performance to teamwork. Ed Adams (left), Kelvin Canada, Freddy Blanchard, and Roy Hudson, some of the employees who serve on the plant's rescue team, and other plant employees make safety their top priority.

CLECO CORPORATION
Five-Year Selected Financial Data (unaudited)

(THOUSANDS EXCEPT SHARE, PER SHARE, PERCENTAGES AND RATIOS)	2007	2006	2005	2004	2003
Operating revenue, net (excluding intercompany revenue)					
Cleco Power	\$1,023,411	\$ 994,191	\$ 911,971	\$ 727,449	\$ 705,079
Midstream	5,066	4,400	4,984	14,844	97,129
Other	2,139	2,084	3,199	3,524	1,244
Total	\$1,030,616	\$1,000,675	\$ 920,154	\$ 745,817	\$ 803,452
Total operating expenses (excluding fuel and power purchases)	\$ 273,729	\$ 245,436	\$ 233,838	\$ 223,259	\$ 418,287
Allowance for funds used during construction	\$ 46,100	\$ 10,624	\$ 3,252	\$ 4,968	\$ 3,554
Income (loss) from continuing operations before income taxes	\$ 222,561	\$ 116,719	\$ 298,929	\$ 101,983	\$ (51,185)
Federal and state income tax expense (benefit)	\$ 70,772	\$ 42,049	\$ 115,951	\$ 35,864	\$ (21,417)
Net income (loss) applicable to common stock	\$ 151,331	\$ 72,856	\$ 180,779	\$ 63,973	\$ (36,790)
Basic earnings (loss) per share from continuing operations	\$ 2.55	\$ 1.36	\$ 3.54	\$ 1.33	\$ (0.68)
Basic earnings (loss) per share applicable to common stock	\$ 2.55	\$ 1.36	\$ 3.54	\$ 1.33	\$ (0.79)
Diluted earnings (loss) per share from continuing operations	\$ 2.54	\$ 1.36	\$ 3.53	\$ 1.32	\$ (0.68)
Diluted earnings (loss) per share applicable to common stock	\$ 2.54	\$ 1.36	\$ 3.53	\$ 1.32	\$ (0.79)
Return on average common equity	16.0%	9.3%	29.4%	12.5%	(7.0)%
Effective tax rate	31.8%	36.0%	38.8%	35.2%	41.8%
Capital investments					
Cleco Power	\$ 492,445	\$ 293,050	\$ 186,441	\$ 78,700	\$ 68,507
Midstream	10	13	13	(142)	4,843
Other	984	531	939	1,315	1,161
Total	\$ 493,439	\$ 293,594	\$ 187,393	\$ 79,873	\$ 74,511
Utility plant, net — Cleco Power					
Production	\$ 786,758	\$ 387,622	\$ 178,214	\$ 192,456	\$ 199,013
Transmission	\$ 269,578	\$ 256,018	\$ 257,385	\$ 250,473	\$ 248,003
Distribution	\$ 565,129	\$ 550,509	\$ 640,924	\$ 493,119	\$ 476,183
Other	\$ 97,705	\$ 103,640	\$ 104,012	\$ 115,147	\$ 105,506
Capitalization					
Common shareholders' equity	56.75%	57.81%	52.15%	53.56%	34.27%
Preferred stock	0.06%	1.32%	1.52%	1.90%	1.33%
Long-term debt	43.20%	40.87%	46.33%	44.54%	64.40%
Common shareholders' equity	\$1,010,340	\$ 876,129	\$ 686,229	\$ 541,838	\$ 482,750
Preferred stock	\$ 1,029	\$ 20,092	\$ 20,034	\$ 19,226	\$ 18,717
Long-term debt	\$ 769,103	\$ 619,341	\$ 609,643	\$ 450,552	\$ 907,058
Long-term debt due within one year	\$ 100,000	\$ 50,000	\$ 40,000	\$ 160,000	\$ 205,705
Total consolidated debt	\$ 869,103	\$ 669,341	\$ 649,643	\$ 610,552	\$1,112,763
Equity investment in investees	\$ 258,101	\$ 307,136	\$ 317,762	\$ 314,284	\$ 264,073
Total assets	\$2,710,735	\$2,461,104	\$2,149,488	\$1,837,063	\$2,159,426
Total liabilities	\$1,699,366	\$1,564,883	\$1,443,225	\$1,275,999	\$1,657,958
Embedded cost of debt ⁽²⁾	6.34%	6.33%	6.49%	7.29%	7.15%
Ratio of earnings to fixed charges	3.76	3.59	6.31	2.95	N/A ⁽¹⁾
Total return to shareholders ⁽³⁾	14.08%	25.62%	7.23%	18.30%	35.90%
Average shares outstanding for year, basic	58,976,052	52,751,021	49,486,790	47,371,319	46,820,058
Average shares outstanding for year, diluted	59,717,528	55,028,211	51,760,220	47,528,886	46,820,058
Market price per share at year-end	\$ 27.80	\$ 25.23	\$ 20.85	\$ 20.26	\$ 17.98
Market capitalization at year-end	\$1,666,443	\$1,446,814	\$1,036,745	\$ 997,521	\$ 843,244
Price-earnings ratio at year-end ⁽⁴⁾	10.9	18.6	5.9	15.3	(22.8)
Market-to-book ratio at year-end ⁽⁵⁾	1.6	1.6	1.6	1.8	1.7
Book value per share at year-end ⁽⁶⁾	\$ 16.92	\$ 15.92	\$ 13.26	\$ 11.44	\$ 10.31
Cash dividends declared per common share	\$ 0.900	\$ 0.900	\$ 0.900	\$ 0.900	\$ 0.900
Dividend payout ratio ⁽⁷⁾	35.4%	66.2%	25.5%	68.2%	(113.9)%
Dividend yield at year-end	3.2%	3.6%	4.3%	4.4%	5.0%

(1) For the year ended Dec. 31, 2003, earnings were insufficient to cover fixed charges by \$41.3 million.

(2) The weighted average cost of debt outstanding at year-end including issuance costs and any discount or premium on the debt.

(3) Change in stock price plus cash dividends during a year.

(4) Market price per share of common stock at year-end divided by diluted earnings per share applicable to common stock.

(5) Market price per share of common stock at year-end divided by the book value per common share.

(6) Common shareholder's equity divided by average shares outstanding for year, diluted.

(7) Cash dividends paid per share of common stock divided by diluted earnings per share applicable to common stock.

CLECO CORPORATION
Five-Year Selected Operating Data (unaudited)

	2007	2006	2005	2004	2003
Non-fuel recovery revenue by customer class (thousands) — Cleco Power					
Residential	\$157,521	\$156,059	\$154,928	\$153,607	\$149,755
Commercial	93,644	79,657	70,547	70,116	67,950
Industrial	56,534	55,947	54,966	54,978	55,098
Other	46,486	49,909	41,360	39,284	37,964
Unbilled	(623)	504	622	48	1,212
Total	\$353,562	\$342,076	\$322,423	\$318,033	\$311,979
Sales of electricity (millions of kilowatt-hours) — Cleco Power					
Residential	3,596	3,552	3,516	3,507	3,429
Commercial	2,478	2,109	1,838	1,854	1,781
Industrial	3,008	2,963	2,861	2,902	2,786
Other retail	135	412	610	597	595
Total retail	9,217	9,036	8,825	8,860	8,591
Sales for resale	473	480	552	1,057	1,066
Unbilled	(19)	6	18	(3)	39
Total retail and wholesale customer sales	9,671	9,522	9,395	9,914	9,696
Average retail customers by class — Cleco Power					
Residential	233,794	229,457	227,799	225,949	221,778
Commercial	35,776	33,424	32,161	31,937	31,429
Industrial	649	659	674	692	700
Other	2,827	4,823	6,401	6,272	6,210
Total	273,046	268,363	267,035	264,850	260,117
Average revenue per kWh sold — Cleco Power					
Residential	\$ 0.1101	\$ 0.1076	\$ 0.1009	\$ 0.0850	\$ 0.0815
Commercial	\$ 0.1040	\$ 0.1013	\$ 0.0952	\$ 0.0788	\$ 0.0760
Industrial	\$ 0.0746	\$ 0.0765	\$ 0.0722	\$ 0.0567	\$ 0.0541
Other, including unbilled	\$ 0.1870	\$ 0.1526	\$ 0.1171	\$ 0.0664	\$ 0.0649
Total composite	\$ 0.1022	\$ 0.1008	\$ 0.0931	\$ 0.0724	\$ 0.0697
Average annual kWh use per residential customer — Cleco Power					
	15,381	15,480	15,435	15,521	15,461
Average annual revenue per residential customer — Cleco Power					
	\$ 1,694	\$ 1,665	\$ 1,557	\$ 1,319	\$ 1,260
Degree-days — % change from normal:					
Heating	(14.22)%	(22.07)%	(17.2)%	(9.9)%	7.8%
Cooling	12.66%	10.48%	15.8%	4.0%	(2.3)%
Name plate capacity (MW)					
Cleco Power:					
Coal and lignite	482	482	482	482	482
Natural gas and oil	877	877	877	877	877
Firm capacity purchases	807	765	671	831	857
Midstream:					
Natural gas — 718-MW sold in 2005	1,355	1,355	1,355	2,073	2,073
Total	3,521	3,479	3,385	4,263	4,289
Peak demand (MW) — Cleco Power					
	2,216	2,137	2,014	1,940	1,990
Generation (MWh) — Cleco Power					
Net generation — system plants	4,504	4,691	5,284	4,820	5,044
Purchased power	6,221	5,968	5,028	5,592	5,134
Total energy supply	10,725	10,659	10,312	10,412	10,178
Cost of fuel per kWh					
	\$ 0.0656	\$ 0.0648	\$ 0.0588	\$ 0.0404	\$ 0.0375
Fuel Mix — Cleco Power					
Coal and lignite	28.1%	31.2%	33.9%	31.6%	31.9%
Natural gas and oil	13.9%	12.8%	17.3%	14.7%	17.7%
Purchased power	58.0%	56.0%	48.8%	53.7%	50.4%
System annual load factor	54.8%	56.0%	57.2%	60.0%	58.2%
System Average Interruption Duration Index (SAIDI) — Cleco Power					
(Average number of hours a customer's service is interrupted)	2.52	2.57	1.86	2.75	2.45
System Average Interruption Frequency Index (SAIFI) — Cleco Power					
(Average number of times a customer's service is interrupted)	1.96	2.04	1.86	2.02	1.94
Customer Satisfaction Percentage — Cleco Power					
	90%	88%	91%	91%	92%
Number of employees					
	1,216	1,167	1,158	1,165	1,203

Board of Directors

(Ages as of Dec. 31, 2007)



1 SHERIAN G. CADORIA, 67

Elected 1993
Brigadier General, U.S. Army (retired)
Retired President, Cadoria Speaker
and Consultancy Service, Mansura, La.
*Member of the Audit, Nominating/
Governance and Qualified Legal
Compliance committees*

2 RICHARD B. CROWELL, 69

Elected 1997
Partner, law firm of Crowell & Owens,
Alexandria, La.
*Member of the Audit, Nominating/
Governance and Qualified Legal
Compliance committees*

3 J. PATRICK GARRETT, 64

Elected 1981
Retired President and Chief Executive
Officer, Windsor Food Co. Ltd.,
Houston, Texas
*Chairman of the Board and chairman of
the Executive, Nominating/Governance
and Qualified Legal Compliance committees*

4 F. BEN JAMES JR., 71

Elected 1986
President, James Investments Inc.
(real estate development and
international marketing), Ruston, La.
*Member of the Audit, Compensation,
Nominating/Governance and
Qualified Legal Compliance committees*

5 ELTON R. KING, 61

Elected 1999
Retired President of network and
carrier services group, BellSouth
Telecommunications Inc., Atlanta, Ga.,
and retired President and Chief Executive
Officer of Visual Networks Inc.
*Member of the Compensation
and Finance committees*

6 MICHAEL H. MADISON, 59

Elected 2005
President and Chief Executive Officer,
Cleco Corporation, Pineville, La.
Member of the Executive Committee

7 WILLIAM L. MARKS, 64

Elected 2001
Chairman and Chief Executive Officer,
Whitney Holding Corporation and
Whitney National Bank, New Orleans, La.
*Chairman of the Finance Committee
and member of the Compensation and
Executive committees*

8 ROBERT T. RATCLIFF SR., 65

Elected 1993
Chairman, President and Chief
Executive Officer, Ratcliff Construction
Co. LLC, Alexandria, La.
Member of the Audit and Finance committees

9 WILLIAM H. WALKER JR., 62

Elected 1996
Retired Chairman, Howard Weil Inc.,
New Orleans, La.
*Chairman of the Compensation Committee
and member of the Executive and
Finance committees*

10 W. LARRY WESTBROOK, 68

Elected 2003
Retired Chief Financial Officer and
Senior Risk Officer of Southern Co.,
Atlanta, Ga.
*Chairman of the Audit Committee and
member of the Compensation, Executive
and Finance committees*

Officers

(Ages as of Dec. 31, 2007)

EXECUTIVE MANAGEMENT TEAM

- 1 MICHAEL H. MADISON, 59**
Joined Cleco in 2003
President and Chief Executive Officer,
Cleco Corporation
Chief Executive Officer,
Cleco Power LLC
- 2 DILEK SAMIL, 52**
Joined Cleco in 2001
President and Chief Operating Officer,
Cleco Power LLC
- 3 KATHLEEN F. NOLEN, 47**
Joined Cleco in 1983
Senior Vice President,
Chief Financial Officer
and Treasurer
- 4 GEORGE W. BAUSEWINE, 52**
Joined Cleco in 1986
Senior Vice President of
Corporate Services
- 5 JEFFREY W. HALL, 56**
Joined Cleco in 1981
Senior Vice President of Governmental
Affairs and Chief Diversity Officer
- 6 WADE A. HOEFLING, 52**
Joined Cleco in 2007
Senior Vice President, General Counsel,
Director of Regulatory Compliance and
Assistant Corporate Secretary
- 7 DARREN J. OLAGUES, 37**
Joined Cleco in 2007
Senior Vice President,
Cleco Midstream Resources LLC

OTHER OFFICERS

- ANTHONY L. BUNTING, 48**
Joined Cleco in 1992
Vice President of Customer
Services and Energy Delivery,
Cleco Power LLC
- STEPHEN M. CARTER, 48**
Joined Cleco in 1988
Vice President of Regulated Generation,
Cleco Power LLC
- KEITH D. CRUMP, 46**
Joined Cleco in 1989
Vice President of Regulatory, Retail
Operations and Resource Planning,
Cleco Power LLC
- R. RUSSELL DAVIS, 51**
Joined Cleco in 2000
Vice President and
Chief Accounting Officer
- WILLIAM G. FONTENOT, 44**
Joined Cleco in 1986
Vice President of Regulated
Generation Development,
Cleco Power LLC
- JUDY P. MILLER, 50**
Joined Cleco in 1984
Corporate Secretary
- TERRY L. TAYLOR, 52**
Joined Cleco in 2000
Assistant Controller



COMPANY PROFILE

Cleco Corporation operates both a regulated electric utility that serves customers across Louisiana and a wholesale generation business. We enjoy a solid reputation among our peers and industry regulators for our superior customer service and expertise in responding to hurricanes and other emergencies. We intend to secure Cleco’s competitive position by building on our record for reliable service and by expanding our fuel options, so we can continue providing our customers with affordable power for years to come.

16



Energy Assets and Operations

REGULATED GENERATION

CLECO POWER LLC

	TOTAL NAME PLATE CAPACITY* (MW)	OWNERSHIP (PERCENT)	FUEL SOURCE
1 Dolet Hills	650	50	lignite/natural gas
2 Rodemacher			
Unit 1	440	100	natural gas/oil
Unit 2	523	30	coal/natural gas
3 Teche	430	100	natural gas/oil

WHOLESALE GENERATION

CLECO MIDSTREAM RESOURCES LLC

	TOTAL NAME PLATE CAPACITY* (MW)	OWNERSHIP (PERCENT)	FUEL SOURCE
4 Acadia	1,160	50	natural gas
5 Evangeline	775	100	natural gas

*Total name plate capacity represents the unit’s capacity at the start of commercial operations.

1,214

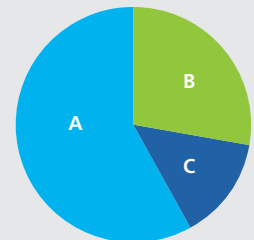
Transmission Circuit Miles

11,408

Distribution Circuit Miles

CLECO POWER FUEL SOURCES

- A **58%** Purchased Power
- B **28%** Coal and Lignite
- C **14%** Natural Gas



Cleco Investor Information

HEADQUARTERS

Cleco Corporation
2030 Donahue Ferry Road
P.O. Box 5000
Pineville, LA 71361-5000
(318) 484-7400
www.cleco.com

The Annual Meeting of Shareholders will be held at 9 a.m. (Central time) on April 25, 2008, at the Country Inn & Suites by Carlson, Pineville Convention Center, Red River Room, The Pines, 2727 Monroe Highway, Pineville, La.

SHAREHOLDER ASSISTANCE

Toll-Free 1-800-253-2652
Representatives are available Monday through Friday, 8 a.m. to 5 p.m. (Central time).

ANALYST CONTACTS

Ryan Gunter
Manager of Investor Relations,
Strategy and Budget

Rodney J. Hamilton
Shareholder Specialist

SEND INQUIRIES TO

Shareholder Services
Cleco Corporation
P.O. Box 5000
Pineville, LA 71361-5000

To e-mail Cleco, visit the Contact Us page at www.cleco.com.

Cleco Corporation common stock is listed on the New York Stock Exchange (NYSE) under the symbol CNL.

DIVIDEND SCHEDULE

Schedule of anticipated common stock dividend record and payment dates for 2008:

Record Dates	Payment Dates
Feb. 4	Feb. 15
May 5	May 15
Aug. 4	Aug. 15
Nov. 10	Nov. 15

DIVIDEND REINVESTMENT

The dividend reinvestment plan enables shareholders to reinvest dividends on both common and preferred stock in additional shares of common stock. Shareholders also can purchase shares of common stock through an optional cash investment feature. A brochure describing the plan and an enrollment form are available from Shareholder Services or the transfer agent.

OTHER MATERIALS

Copies of the proxy statement, other SEC filings, and other corporate publications are available on request from Shareholder Services and through our Web site.

NYSE CEO CERTIFICATION

Cleco has filed the certification of its chief executive officer and chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to its Annual Report on Form 10-K for the year ended Dec. 31, 2007. In May 2007, Cleco's chief executive officer, as required by Section 303A.12(a) of the *NYSE Listed Company Manual*, submitted his certification to the NYSE that he was not aware of any violation by Cleco of the NYSE's corporate governance listing standards.

TRANSFER AGENT, REGISTRAR AND DIVIDEND AGENT

Common and Preferred Stock
Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078
Telephone: (781) 575-2723
www.computershare.com

TRUSTEE AND PAYING AGENT

The Bank of New York Trust
Company, N.A.
601 Poydras Street, Suite 2225
New Orleans, LA 70130-6050



The paper utilized for the cover and narrative section of this annual report is FSC certified. It contains a mix of pulp that is derived from FSC certified well-managed forests, post-consumer recycled paper fibers, and other controlled sources. The financial section is printed on paper that contains 10 percent post-consumer-recovered-fiber content and is not FSC certified.



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