

CLECO CORPORATION

AUDIT COMMITTEE CHARTER

As Adopted by the Board of Directors in April 2000 and
Last Revised on October 21, 2005

I. PURPOSE AND MISSION OF THE COMMITTEE

The primary functions of the Audit Committee are to oversee the accounting and financial reporting processes and audits of the financial statements of the Corporation, to review and approve the report that the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE) rules require to be included in the Corporation's annual proxy statement and to otherwise assist the Board of Directors.

II. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

A. The Audit Committee's primary duties and responsibilities are to:

1. Provide independent review of auditing, accounting and financial reporting processes;
2. Advise the Board of Directors of needed changes in these processes;
3. Review and evaluate the activities of both independent public auditors and internal auditors;
4. Report regularly to the Board of Directors to review any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the independent auditors, or the performance of the internal audit function; and
5. Annually evaluate its own performance based upon the procedures recommended by the Nominating/Governance Committee of the Corporation and adopted by the Board and based on criteria suggested by the Nominating/Governance Committee and approved by the Board.

B. To fulfill these duties and responsibilities, the Audit Committee shall, with respect to:

1. Committee Charter - Review and recommend to the Board of Directors changes to this Charter periodically as conditions dictate.
2. Independent Auditors
 - a. Be directly responsible for appointment, compensation, retention and oversight of the work of the independent auditors. The independent auditors will report directly to the Audit Committee;
 - b. Establish procedures for pre-approval of all audit and non-audit services to be performed by the independent auditors;
 - c. Assure that, on an annual basis, the independent auditors submit to the Audit Committee a formal written statement delineating all relationships between the auditors and the Corporation. The Audit Committee should review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence;
 - d. At least annually, obtain and review a report by the independent auditors describing the firm's internal quality control procedures and any material issues

raised by the most recent internal quality control reviews, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues;

- e. At least annually, obtain and review the report by the Public Company Accounting Oversight Board (PCAOB) of its annual inspection of the independent auditors' compliance with the Sarbanes-Oxley Act of 2002, the PCAOB rules, the SEC rules, and the professional standards for performing audits and issuing audit reports;
 - f. At least annually, evaluate the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead partner, and report the conclusions of the review to the full board;
 - g. Periodically consult with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements;
 - h. Review with the independent auditor any audit problems or difficulties and management's response;
 - i. Set clear policies on hiring employees or former employees of the independent auditors, taking into account the pressures that exist for auditors seeking a job with the Company which they audit;
 - j. As determined by the Committee, ensure there is appropriate funding for payment of:
 - 1. Compensation of the independent auditors engaged to prepare and issue an audit report or perform other authorized audit, review or attest services;
 - 2. Compensation to any advisers engaged by the Committee; and
 - 3. Ordinary administrative expenses of the Committee.
3. Internal Auditors
- a. Participate in the selection or removal of the Manager, Internal Audit;
 - b. Annually review, revise and approve the charter of the Internal Audit Department;
 - c. Review the regular internal reports to management prepared by the Internal Auditing Department and any related response from management;
 - d. Review activities, organizational structure, and qualifications of the Internal Audit Department; and
 - e. Periodically consult with the internal auditors out of the presence of management about internal controls and other work of the department.

4. Financial Reporting Processes

- a. In consultation with the independent auditors and the internal auditors, review the integrity of the organization's financial reporting processes, both internal and external;
- b. Consider the independent auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
- c. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent auditors, management, or the internal auditing department;
- d. Assure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental/regulatory organizations and the public satisfy legal requirements;
- e. Review and approve the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- f. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- g. Review, with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements;
- h. Review the results of external audits in other financial, compliance and regulatory areas, including but not limited to audits of benefit trust plans, construction projects and compliance with regulatory agency rules; and
- i. Perform any other activities consistent with the Charter, the Corporation's By-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

5. Process Improvement

- a. Establish regular and separate systems of reporting to the Audit Committee by management, the independent auditors, the internal auditors, and other employees regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments;
- b. Establish procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of concerns regarding questionable accounting and auditing matters. Review and discuss an annual report from management regarding the status and effectiveness of this complaint reporting system;
- c. As it determines necessary to carry out its duties, engage independent counsel and other advisers;

- d. Discuss policies with respect to risk assessment and risk management as those policies relate to financial reporting and fraud;
- e. Review any significant disagreement among management and the independent auditors or the internal auditing department in connection with the preparation of the financial statements; and
- f. Review with the independent auditors, the internal auditing department, and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.

III. COMPOSITION OF THE COMMITTEE

The Audit Committee and its Chairperson shall be appointed by the Board and be comprised of three or more directors as determined annually by the Board, each of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment from management and the Corporation. Each member of the Committee shall be an Independent Director, as determined by the Board pursuant to the requirements of Section 303A of the New York Stock Exchange Listed Company Manual. A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors or any other board committee, (a) accept directly or indirectly any consulting, advisory, or other compensatory fee from the Corporation or its subsidiaries or (b) be an affiliated person of the Corporation or its subsidiaries.

As such qualifications are interpreted by the Board of Directors in its business judgment, each member shall be financially literate (have the ability to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement), or must become financially literate within a reasonable time after his or her appointment to the Audit Committee. At least one member of the Audit Committee must have accounting or related financial management expertise, as the Corporation's Board of Directors interprets such qualification in its business judgment. The members of the Audit Committee will not serve simultaneously on the audit committees of more than three public companies.

IV. OPERATION OF THE COMMITTEE

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee shall meet with management, the manager of the Internal Auditing Department, and the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee shall meet by telephone conference with the independent auditors and management quarterly to discuss any significant adjustments or required disclosures prior to the filing of the Form 10-Q and 10-K. The duties and responsibilities of the Audit Committee may not be delegated to other Committees of the Board of Directors.

A majority of the Committee shall constitute a quorum, but the affirmative vote of a majority of the whole Committee shall be necessary in every case to determine official actions of the Committee. The Committee shall keep regular minutes of its proceedings and report the same to the Board.