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News Release

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For Immediate Release

Cleco Corp. Posts 2007 Second-Quarter Net Income of \$63.2 Million **Cleco to receive \$85 million from new partner in Acadia Project**

PINEVILLE, La., Aug 1, 2007 – Cleco Corp. (NYSE: CNL) today reported 2007 second-quarter net income applicable to common stock of \$63.2 million, up \$40.4 million from the \$22.8 million recorded in the second quarter of 2006. Second-quarter net income includes \$48.1 million from the sale of the allowed unsecured claims against Calpine Energy Services, L.P., (CES) and Calpine Corp. The claims related to two long-term tolling agreements CES held for the output of the 1,160-megawatt Acadia power plant and Calpine's guaranty of those agreements.

On an earnings per share (EPS) basis, Cleco recorded earnings of \$1.05 per diluted share, up \$0.61 per share from the \$0.44 per share recorded in the second quarter of 2006. Excluding the net gain of \$0.80 per share from the sale of the CES claims, Cleco earnings were \$0.25 per diluted share, down \$0.19 per share from the same period in 2006.

Milder weather and higher expenses from a plant outage were the primary contributors to the decrease at Cleco Power for the quarter. Excluding net proceeds from the CES claims, Cleco Midstream's second quarter 2007 results were down primarily due to the absence of the 2006 partial drawdown of the \$15 million letter of credit at Acadia and an increase in replacement power as a result of an unplanned outage.

Cleco's results for the first six months of 2007 were \$1.20 per share, up \$0.52 per share from the same period of 2006. Excluding the net gain of \$0.81 per share from the sale of the CES claims, Cleco earned \$0.39 per share in the first two quarters of 2007. The results were \$0.29 per share lower than the \$0.68 per share recorded during the first half of 2006 primarily due to the second quarter items noted above.

On July 30, 2007 Cajun Gas Energy, L.L.C. (Cajun), an affiliate of pooled investment funds managed by King Street Capital Management, L.L.C., emerged as the successful bidder for Calpine's 50% ownership interest in the Acadia project. Cajun's offer of \$189 million includes payments to Cleco of \$85 million for the agreed upon value of Cleco's priority distributions from Acadia, plus a \$2.9 million break-up fee, and reimbursement of expenses up to \$350,000.

"This completes the monetization of the value we built in the Acadia tolling agreements. Not only did we receive our \$85 million claim in Calpine's bankruptcy, but Cleco also will receive an additional \$85 million of proceeds from Cajun," Cleco President and CEO Michael Madison said. "We look forward to beginning work with Cajun very soon to develop a common strategy that will continue to bring maximum value to the Acadia project."

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Consolidated Diluted Earnings Per Share Allocated to Subsidiaries

<u>Subsidiary</u>	<u>Diluted EPS</u>	
	<u>Three Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Cleco Power LLC	\$0.31	\$0.33
Cleco Midstream Resources LLC (excludes gain on the sale of CES claim)	(0.15)	0.07
Corporate and Other ¹	0.09	0.04
Earnings excluding gain on the sale of CES claim	\$0.25	\$0.44
Earnings from sale of CES claim, net	0.80	---
Earnings applicable to common stock	\$1.05	\$0.44

¹Includes dividends on preferred stock

Consolidated Diluted Earnings Per Share Allocated to Subsidiaries

<u>Subsidiary</u>	<u>Diluted EPS</u>	
	<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Cleco Power LLC	\$0.52	\$0.61
Cleco Midstream Resources LLC (excludes gain on the sale of CES claim)	(0.23)	0.01
Corporate and Other ¹	0.10	0.06
Earnings excluding gain on the sale of CES claim	\$0.39	\$0.68
Earnings from sale of CES claim, net	0.81	---
Earnings applicable to common stock	\$1.20	\$0.68

¹Includes dividends on preferred stock

Results for Second-Quarter 2007:**Major Reconciling Items for Second-Quarter EPS 2007 vs. 2006:**

\$0.44	2006 Second-Quarter Diluted EPS
(0.01)	Lower Cleco Power nonfuel revenue
0.03	Lower Cleco Power nonfuel expenses
(0.04)	Effect of increased number of outstanding shares
(0.22)	Lower Cleco Midstream contribution (excluding gain on sale of CES claim)
0.05	Higher corporate results
\$0.25	
0.80	Net gain on sale of CES claim
\$1.05	2007 Second-Quarter Diluted EPS

Cleco Power LLC

Cleco Power's 2007 second-quarter earnings were \$0.02 per share lower than in the second quarter of 2006.

In the quarter-to-quarter comparison with 2006, nonfuel revenue decreased \$0.01 per share.

- The collection of a storm cost recovery surcharge increased second-quarter results \$0.02 per share. Collection of the surcharge began in May 2006 after the Louisiana Public Service Commission (LPSC) approved an interim storm cost recovery plan.
- Transmission services revenue decreased earnings \$0.01 per share.
- Lower kilowatt-hour sales resulted in a \$0.03 per share decrease in results. Kilowatt-hour sales for the second quarter 2007 were down 2 percent from the same period a year ago largely due to milder weather. Cooling degree-days for the quarter were 3 percent above normal but 14 percent below second-quarter 2006 levels.

(Million kWh)	<u>For the three months ended June 30</u>		
	<u>2007</u>	<u>2006</u>	<u>Change</u>
Electric Sales			
Residential	777	820	(5)%
Commercial*	594	471	26%
Industrial	758	725	5%
Other retail*	34	147	(77)%
Total retail	2,163	2,163	--
Sales for resale	117	114	3%
Unbilled	182	224	(19)%
Total retail and wholesale customer sales	2,462	2,501	(2)%

* Effective third quarter 2006, certain other retail customers were reclassified to commercial customers.

- Results of energy hedging, net, were up \$0.01 per share. The increase was the result of lower 2007 second quarter mark-to-market losses on energy hedging positions tied to a fixed-price wholesale contract as compared to the same period of 2006.

Nonfuel expenses were down \$0.03 per share in quarter-to-quarter comparisons with the same period of 2006.

- Production maintenance expenses were \$0.05 per share higher due to a major planned outage at the Dolet Hills Power Station, partially offset by \$0.02 per share of lower benefits, salaries, and miscellaneous expenses.
- Storm amortization costs of \$0.05 per share related to the May 2006 LPSC interim storm cost recovery plan were recorded in the second quarter of 2007 in depreciation and amortization. These costs compare to \$0.04 per share of storm amortization costs recorded as a maintenance expense in second quarter of 2006 for a net increase of \$0.01 per share in the quarter-to-quarter comparison.
- Interest expense, net, increased \$0.04 per share primarily due to higher accrual of interest on tax positions, interest expense on tax-exempt solid-waste disposal bonds issued in November 2006, and lower interest income from temporary investments, partially offset by lower interest expense due to the retirement of medium-term notes at maturity.
- AFUDC (allowance for funds used during construction), primarily associated with the Rodemacher project, contributed an additional \$0.09 per share to results.
- Income taxes were down \$0.02 per share quarter over quarter. Of that, about \$0.06 per share was primarily related to the flow-through of nontaxable AFUDC equity income, partially offset by the absence of a 2006 \$0.03 per share favorable tax settlement and \$0.01 per share of income tax-true ups. Prior to January 1, 2007 interest accrued for uncertain tax positions was recorded as a tax expense. Beginning January 1, 2007, Cleco adopted FIN 48 and began to record interest accrued for uncertain tax positions as interest expense instead of tax expense.

Other:

- The issuance of 6.9 million shares of common stock in August 2006 resulted in a \$0.04 per share dilution.

Cleco Midstream Resources LLC

Cleco Midstream's earnings were up \$0.58 per share in the second quarter of 2007 compared to the second quarter of 2006. Excluding the \$0.80 per share gain on the sale of the CES claim, Cleco Midstream's earnings were down \$0.22 per share in the second quarter of 2007 compared to the second quarter of 2006. Of the \$0.22 per share decrease, \$0.13 per share was due to the absence of the partial drawdown of the Calpine letter of credit in 2006, and \$0.01 per share was due to higher administrative costs. Additionally, \$0.05 per share was due to lower results at Acadia and \$0.03 per share was due to lower results at Evangeline. Both were primarily related to spring maintenance outages.

Other

Corporate earnings increased \$0.05 per share in the quarter-to-quarter comparison primarily due to higher interest income, lower preferred dividends after the conversion of shares of ESOP preferred stock into common stock, and lower taxes, partially offset by the absence of 2006 insurance proceeds from a failed transformer.

Results for Six Months ended June 30, 2007:

Major Reconciling Items for Six Months ended June 30, EPS 2007 vs. 2006:

\$0.68	Six Months ended June 30, 2006, Diluted EPS
0.10	Higher Cleco Power nonfuel revenue
(0.12)	Higher Cleco Power nonfuel expenses
(0.07)	Effect of increased number of outstanding shares
(0.24)	Lower Cleco Midstream contribution (excluding gain on sale of CES claim)
0.04	Higher corporate results
\$0.39	
0.81	Net gain on sale of CES claim
\$1.20	Six Months ended June 30, 2007, Diluted EPS

Cleco Power LLC

For the six months ended June 30, 2007, Cleco Power's earnings were \$0.09 per share lower than in the same period of 2006.

Overall, nonfuel revenue increased \$0.10 per share versus the first six months of 2006.

- The collection of a storm cost recovery surcharge contributed an additional \$0.10 per share to results compared to the same period of 2006. Collection of the surcharge began in May 2006 after the LPSC approved an interim storm cost recovery plan.
- The absence of the 2006 reversal of previously accrued customer refunds resulted in a \$0.06 per share decrease in results.
- Transmission services revenue decreased earnings \$0.01 per share.
- Kilowatt-hour sales increased \$0.02 per share. Year-to-date 2007 kilowatt-hour sales were up 2 percent from the same period a year ago largely due to colder weather in the first quarter of 2007. Heating degree-days for the period surpassed 2006 levels by 37 percent while cooling degree-days were 13 percent below 2006 levels.

(Million kWh)	<u>For the six months ended June 30</u>		
	<u>2007</u>	<u>2006</u>	<u>Change</u>
Electric Sales			
Residential	1,619	1,570	3%
Commercial*	1,137	878	30%
Industrial	1,468	1,417	4%
Other retail*	67	279	(76)%
Total retail	4,291	4,144	4%
Sales for resale	219	232	(6)%
Unbilled	112	141	(21)%
Total retail and wholesale customer sales	4,622	4,517	2%

* Effective third quarter 2006, certain other retail customers were reclassified to commercial customers.

- Results of energy hedging, net, were up \$0.05 per share. The increase was the result of 2007 mark-to-market gains on energy hedging positions tied to a fixed-price wholesale contract as compared to mark-to-market losses in the same period of 2006.

Nonfuel expenses were up \$0.12 per share compared to the same period of 2006.

- Production maintenance expenses were \$0.06 per share higher due a major planned outage at the Dolet Hills Power Station, while transmission and distribution expenses and professional fees increased \$0.02 per share. Higher benefits, salaries, and miscellaneous expenses increased \$0.03 per share.
- Storm amortization costs of \$0.10 per share from the May 2006 LPSC interim storm cost recovery plan were recorded in first six months of 2007 in depreciation and amortization. These costs compare to \$0.04 per share of storm amortization costs recorded as a maintenance expense in the first six months of 2006 for a net increase of \$0.06 per share in the period-to-period expense comparison. Additionally, the absence of the 2006 transfer of storm costs to a regulatory asset resulted in an \$0.08 per share increase in expenses.
- Depreciation from routine property, plant, and equipment was up \$0.01 per share.
- Interest expense, net, increased \$0.09 per share primarily due to higher accrual of interest on tax positions, interest expense on tax-exempt solid waste disposal bonds issued in November 2006, and lower interest income from temporary investments, partially offset by lower interest expense due to the retirement of medium-term notes. Prior to January 1, 2007 interest accrued for uncertain tax positions was recorded as tax expense. Beginning January 1, 2007, Cleco adopted FIN 48 and began to record interest accrued for uncertain tax positions as interest expense instead of tax expense.
- AFUDC, primarily associated with the Rodemacher project, contributed an additional \$0.17 per share to results.
- Income taxes were down \$0.06 per share year over year. Of that, about \$0.08 per share was primarily related to the flow-through of nontaxable AFUDC equity income, partially offset by the absence of a 2006 \$0.02 per share favorable tax settlement. Prior to January 1, 2007 interest accrued for uncertain tax positions was recorded as tax expense.

Beginning January 1, 2007, Cleco adopted FIN 48 and began to record interest accrued for uncertain tax positions as interest expense instead of tax expense.

Other:

- The issuance of 6.9 million shares of common stock in August 2006 resulted in a \$0.07 per share dilution.

Cleco Midstream Resources LLC

Cleco Midstream's earnings were up \$0.57 per share in the first six months of 2007 compared to the same period of 2006. Excluding the \$0.81 per share gain on the sale of the CES claim, Cleco Midstream's earnings were down \$0.24 per share compared to the same period of 2006. Of the \$0.24 per share decrease, \$0.15 per share was due to the absence of the drawdown of the Calpine letter of credit in 2006, and \$0.01 per share was due to higher administrative costs. In addition, \$0.05 per share was due to lower results at Acadia and \$0.03 per share was due to lower results at Evangeline. Both were primarily related to spring outages.

Other

Corporate earnings increased \$0.04 per share in the year-to-year comparison primarily due to higher interest income, conversion of shares of ESOP preferred stock to common stock, and lower taxes, partially offset by the absence of 2006 insurance proceeds from a failed transformer.

Strategic Update

Cleco Midstream

"The results of the Calpine bankruptcy process further validate Cleco Midstream's risk management strategies. Both the Perryville and Acadia projects faced weakened markets and bankrupt counterparties, but in both cases, the terms we negotiated into the tolling and partnership agreements enabled Cleco to extract its investment from the bankruptcy processes and realize the value we'd built," Madison said.

"On the Evangeline project, we are working with Williams and Bear Stearns to complete the transfer of the project's tolling agreement to Bear Stearns. We expect the transfer to be complete later this year. The terms of the agreement will be unchanged, but we anticipate an improvement in Evangeline's senior secured debt rating due to the more favorable credit rating of Bear Stearns," Madison said.

Cleco Power

"We are into our 16th month of construction on our Rodemacher 3 project, and progress continues to go well, with capital expenditures, including AFUDC totaling \$405 million since inception. Just as importantly, we recently celebrated one million work hours without a lost time accident," Madison said.

Although intended primarily for petroleum coke, Rodemacher 3 utilizes CFB or circulating fluidized boiler technology which has the capability of using many types of fuels. "This additional flexibility is becoming more and more important given the current regulatory

environment," Madison said. "While Congress has not yet imposed a national renewable energy mandate, we at Cleco are preparing for that eventuality. Most recently we have entered into a Cooperative Research and Development Agreement with the U.S. Army Corps of Engineers Engineer Research and Development Center to study the viability of geothermal power production in Louisiana. Other than biomass, geothermal power is the best renewable opportunity that we see in Louisiana. We see future renewable energy legislation as an opportunity to grow our business as well as help the environment.

"Also looking to the future, during the second quarter we issued the informational draft of our long-term RFP for up to approximately 600 megawatts of intermediate and peaking capacity. We currently target selecting winning bids by third quarter of 2008," Madison continued.

"Preparation for the securitization of storm costs is still continuing as planned. We expect to have the LPSC's financing order by the third quarter, with securitization completed by the end of the year. That securitization will include storm costs from 2005 as well as a \$50 million dollar reserve for future storm damage."

Guidance

"We are maintaining guidance at \$1.20 to \$1.30 per share for the year, excluding the results of the Calpine bankruptcy process," Madison concluded.

Earnings estimates assume normal weather, 2007 capital expenditures of about \$440 million (including AFUDC) on the Rodemacher project, the continuation of our current rate plan at Cleco Power, continued performance by Evangeline's tolling counterparty, and certain assumptions about Acadia's plant operations and market conditions.

Cleco management will discuss the company's second-quarter 2007 results during a conference call scheduled for 11 a.m. EDT (10 a.m. CDT) Thursday, August 2, 2007. The call will be broadcast live on the Internet, and replays will be available for 12 months. Investors may access the webcast through the company's Web site at www.cleco.com by selecting "For Investors" and then "Cleco Corporation Second-Quarter 2007 Earnings Conference Call."

Cleco Corp. is a regional energy company headquartered in Pineville, LA. It operates a regulated electric utility company that serves 268,000 customers across Louisiana. Cleco also operates a wholesale energy business with approximately 1,350 megawatts of generating capacity. For more information about Cleco, visit www.cleco.com.

Financial tables follow:

CLECO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Thousands, except share and per share amounts)
(UNAUDITED)

	FOR THE THREE MONTHS ENDED JUNE 30,	
	2007	2006
Operating revenue		
Electric operations	\$ 251,909	\$ 241,286
Other operations	7,971	7,929
Affiliate revenue	1,621	1,737
Operating revenue	261,501	250,952
Operating expenses		
Fuel used for electric generation	51,312	57,990
Power purchased for utility customers	115,592	97,696
Other operations	24,722	25,765
Maintenance	14,939	14,221
Depreciation	19,990	15,714
Taxes other than income taxes	9,867	10,150
Total operating expenses	236,422	221,536
Operating income	25,079	29,416
Interest income	2,589	1,943
Allowance for other funds used during construction	7,032	1,372
Equity income from investees	71,282	15,233
Other income	582	148
Other expense	(416)	(414)
Interest charges		
Interest charges, including amortization of debt expenses, premium and discount, net of capitalized interest	14,377	11,403
Allowance for borrowed funds used during construction	(2,388)	(493)
Total interest charges	11,989	10,910
Income from continuing operations before income taxes	94,159	36,788
Federal and state income tax expense	30,968	13,459
Income from continuing operations	63,191	23,329
Discontinued operations		
Loss from discontinued operations, net of tax	-	(103)
Net income	63,191	23,226
Preferred dividends requirements, net of tax	12	427
Net income applicable to common stock	\$ 63,179	\$ 22,799
Average shares of common stock outstanding		
Basic	59,489,725	50,053,685
Diluted	59,798,877	52,297,838
Basic earnings per share		
From continuing operations	\$ 1.06	\$ 0.45
Net income applicable to common stock	\$ 1.06	\$ 0.45
Diluted earnings per share		
From continuing operations	\$ 1.05	\$ 0.44
Net income applicable to common stock	\$ 1.05	\$ 0.44
Cash dividends paid per share of common stock	\$ 0.225	\$ 0.225

CLECO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Thousands, except share and per share amounts)
(UNAUDITED)

	FOR THE SIX MONTHS ENDED JUNE 30,	
	2007	2006
Operating revenue		
Electric operations	\$ 464,929	\$ 452,275
Other operations	17,240	14,525
Affiliate revenue	3,082	3,188
Gross operating revenue	485,251	469,988
Electric customer credits	-	4,382
Operating revenue, net	485,251	474,370
Operating expenses		
Fuel used for electric generation	106,808	106,353
Power purchased for utility customers	199,739	197,527
Other operations	51,038	43,854
Maintenance	25,181	20,153
Depreciation	40,088	31,358
Taxes other than income taxes	19,667	19,734
Total operating expenses	442,521	418,979
Operating income	42,730	55,391
Interest income	5,157	4,435
Allowance for other funds used during construction	12,163	2,041
Equity income from investees	69,883	15,606
Other income	872	373
Other expense	(1,882)	(859)
Interest charges		
Interest charges, including amortization of debt expenses, premium and discount, net of capitalized interest	28,034	22,579
Allowance for borrowed funds used during construction	(4,059)	(719)
Total interest charges	23,975	21,860
Income from continuing operations before income taxes	104,948	55,127
Federal and state income tax expense	33,111	19,573
Income from continuing operations	71,837	35,554
Discontinued operations		
Loss from discontinued operations, net of tax	-	(190)
Net income	71,837	35,364
Preferred dividends requirements, net of tax	435	886
Net income applicable to common stock	\$ 71,402	\$ 34,478
Average shares of common stock outstanding		
Basic	58,585,451	49,956,429
Diluted	59,586,444	52,095,625
Basic earnings per share		
From continuing operations	\$ 1.21	\$ 0.68
Net income applicable to common stock	\$ 1.21	\$ 0.68
Diluted earnings per share		
From continuing operations	\$ 1.20	\$ 0.68
Net income applicable to common stock	\$ 1.20	\$ 0.68
Cash dividends paid per share of common stock	\$ 0.450	\$ 0.450

CLECO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Thousands)
(UNAUDITED)

	At June 30, 2007	At Dec. 31, 2006
Assets		
Current assets		
Cash and cash equivalents	\$ 178,807	\$ 192,471
Account receivable, net	105,530	79,048
Other current assets	223,466	265,789
Total current assets	507,803	537,308
Property, plant and equipment, net	1,493,539	1,304,887
Equity investment in investees	311,127	307,136
Prepayments, deferred charges and other	325,018	311,773
Total assets	\$ 2,637,487	\$ 2,461,104
Liabilities		
Current liabilities		
Long-term debt due within one year	\$ 125,000	\$ 50,000
Accounts payable	157,539	151,653
Other current liabilities	179,181	183,047
Total current liabilities	461,720	384,700
Deferred credits and other liabilities	579,204	560,842
Long-term debt, net	644,257	619,341
Total liabilities	1,685,181	1,564,883
Shareholders' equity		
Preferred stock	1,029	20,092
Common shareholders' equity	960,626	885,439
Accumulated other comprehensive loss	(9,349)	(9,310)
Total shareholders' equity	952,306	896,221
Total liabilities and shareholders' equity	\$ 2,637,487	\$ 2,461,104

Please note: In addition to historical financial information, this news release contains forward-looking statements about future results and circumstances, including, without limitation, regarding the Rodemacher Unit 3 project, payment of \$85 million from Cajun Gas Energy, L.L.C., and earnings guidance. There are many risks and uncertainties with respect to such forward-looking statements, including the weather and other natural phenomena, state and federal legislative and regulatory initiatives, the timing and extent of changes in commodity prices and interest rates, the operating performance of Cleco Power's and Cleco Midstream's facilities, the financial condition of the company's tolling agreement counterparties, the performance of the tolling agreements by such counterparties, construction and operational startup of Rodemacher Unit 3, extension of Cleco Power's current rate plan, and the other risks and uncertainties more fully described in the company's latest Annual Report on Form 10-K and Quarterly Report on Form 10-Q. Actual results may differ materially from those indicated in such forward-looking statements.

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