

SADLER ROBERT E JR

Form 4

January 04, 2018

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

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(Print or Type Responses)

1. Name and Address of Reporting Person *
SADLER ROBERT E JR

(Last) (First) (Middle)

ONE M&T PLAZA

(Street)

BUFFALO, NY 14203-2399

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
M&T BANK CORP [MTB]

3. Date of Earliest Transaction
(Month/Day/Year)
01/02/2018

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	01/02/2018		A ⁽¹⁾	148	A \$ 170.99	52,197	D
Common Stock						33,993	I By Wife
Common Stock	12/19/2017		G	545	D \$ 0 ⁽²⁾	26,157	I See footnote ⁽³⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
SADLER ROBERT E JR ONE M&T PLAZA BUFFALO, NY 14203-2399	X

Signatures

By: Brian R. Yoshida, Esq.
(Attorney-In-Fact) 01/04/2018

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) This transaction represents stock received by the reporting person in lieu of cash fees pursuant to the M&T Bank Corporation 2008 Directors' Stock Plan.
- (2) The reported transaction involved a transfer of securities by gift for which no payment of consideration was received by the reporting person.
- (3) The indicated shares are held by the Sadler Family Foundation, a charitable trust in which the reporting person has no pecuniary interest. The reporting person is a trustee of the Sadler Family Foundation and holds voting and dispositive power over the shares held by it.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ; MARGIN-LEFT: 0pt; TEXT-INDENT: 0pt; LINE-HEIGHT: 1.25; MARGIN-RIGHT: 0pt" align="left">(THOUSANDS)

2007

	2006
	2007
	2006
Components of periodic benefit costs	
Service cost	
\$	1,910
\$	1,852
\$	355
\$	393
Interest cost	
	3,863
	3,704
	460
	432
Expected return on plan assets	
)	(4,748
)	(4,292
	-
	-
Transition obligation	
	-
	-
	5
Explanation of Responses:	3

	5
Prior period service cost	
	212
	247
	(515)
)	
	(506)
)	
Net loss	
	468
	129
	250
	212
Net periodic benefit cost	
\$	1,705
\$	1,640
\$	555
\$	536

Since Cleco Power is the pension plan sponsor and the related trust holds the assets, the prepaid benefit cost of the pension plan is reflected at Cleco Power. The liability of Cleco Corporation's other subsidiaries is transferred, with a like amount of assets, to Cleco Power monthly. The expense of the pension plan related to Cleco Corporation's other subsidiaries for the three months ended March 31, 2007, and 2006, was \$0.5 million and \$0.6 million, respectively. Cleco Corporation is the plan sponsor for the other benefits. There are no assets set aside in a trust, and the liabilities are reported on the individual subsidiaries' financial statements. The expense related to other benefits reflected on Cleco Power's Condensed Statements of Income for the three months ended March 31, 2007, and 2006, was \$0.5 million.

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SERP

Certain key executives and key managers are covered by the SERP. The SERP is a non-qualified, non-contributory, defined benefit pension plan. Benefits under the plan reflect an employee's years of service, age at retirement, and the sum of the highest base salary paid out of the last five calendar years and the average of the three highest bonuses paid during the last 60 months prior to retirement, reduced by benefits received from any other defined benefit pension plan. Cleco Corporation does not fund the SERP liability, but instead pays for current benefits out of the general funds available. Cleco Power has formed a "rabbi trust" designated as the beneficiary for life insurance policies issued on the SERP participants. Proceeds from the life insurance policies are expected to be used to pay SERP participants' life insurance benefits, as well as future SERP payments. However, since this is a non-qualified plan, the assets of the trust could be used to satisfy general creditors of Cleco Power in the event of insolvency. No contributions to the SERP were made during the three months ended March 31, 2007, and 2006. Cleco Power is considered the plan sponsor, and Support Group is considered the plan administrator.

The components of the net SERP cost are as follows:

(THOUSANDS)	FOR THE THREE MONTHS ENDED	
	MARCH 31,	
	2007	2006
Components of periodic benefit costs		
Service cost	\$ 290	\$ 340
Interest cost	438	368
Prior period service cost	12	14
Net loss	243	202
Net periodic benefit cost	\$ 983	\$ 924

The SERP has no assets, and liabilities are reported on the individual subsidiaries' financial statements. The expense related to the SERP reflected on Cleco Power's Condensed Statements of Income for the three months ended March 31, 2007, and 2006, was \$0.3 million.

401(k) Plan/ESOP

Most employees are eligible to participate in the 401(k) Plan, which was amended in April 1991 to include a leveraged ESOP. The ESOP was established with 300,000 shares of ESOP preferred stock which served as Cleco Corporation's match to employees' 401(k) Plan contributions and funded dividend payments on allocated shares. Compensation expense related to the 401(k) Plan is based upon the value of the shares of ESOP preferred stock allocated to 401(k) Plan participants and the amount of interest incurred by the ESOP, less dividends on unallocated shares held by the ESOP.

At March 31, 2006, substantially all of the shares of ESOP preferred stock were fully allocated to current and former 401(k) Plan participants. Beginning April 1, 2006, Cleco Corporation made matching contributions to, and funded dividend reinvestments by, 401(k) Plan participants with Cleco common stock. Compensation expense related to the newly issued common shares is based upon the fair market value of the common stock issued to 401(k) Plan participants. At March 31, 2007, and December 31, 2006, Cleco Corporation had issued 186,207 and 140,189 shares of Cleco common stock, respectively, to 401(k) Plan participants, including dividend reinvestments.

On March 26, 2007, the ESOP trustee converted all outstanding 190,372 shares of ESOP preferred stock into 1.8 million shares of Cleco common stock. For more information on the conversion, see Note 10 — "Preferred Stock."

The table below contains information about the 401(k) Plan and the ESOP:

FOR THE THREE MONTHS ENDED
MARCH 31,

(THOUSANDS)	2007		2006	
401(k) Plan expense	\$	899	\$	100
Dividend requirements to ESOP on convertible preferred stock	\$	411	\$	449
Interest incurred by ESOP on its indebtedness	\$	-	\$	9

Cleco Power is the plan sponsor for the 401(k) Plan. The expense of the 401(k) Plan related to Cleco Corporation's other subsidiaries for the three months ended March 31, 2007, and 2006, was \$0.2 million and less than \$0.1 million, respectively. The expense related to the dividend requirements on the shares of ESOP preferred stock is reflected on Cleco Corporation's Condensed Consolidated Statements of Income for the three months ended March 31, 2007, and 2006.

Note 12 — Income Taxes

The following table summarizes the effective income tax rates for Cleco Corporation and Cleco Power for the three-month periods ended March 31, 2007, and March 31, 2006.

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2007	2006
Cleco Corporation	19.9%	33.3%
Cleco Power	20.2%	33.7%

Cleco Corporation's and Cleco Power's effective income tax rates for the three months ended March 31, 2007, decreased compared to the three months ended March 31, 2006, as shown in the chart above. A common contributing factor includes the flow-through of tax benefits associated with AFUDC equity recorded as a result of the construction of Rodemacher Unit 3. Tax rates also were affected by the relative size of pre-tax income related to this item. Effective January 1, 2007, Cleco adopted the provisions of FIN 48 which provides guidance on accounting for uncertain tax positions. During 2006, Cleco included all interest related to uncertain tax positions as a component of tax expense and taxes payable. Subsequent to the adoption of FIN 48, Cleco classified all interest related to uncertain tax positions as a component of interest expense and interest payable. During the first quarter of 2006, \$0.7 million of interest expense was included in tax expense and was not reclassified in the financial statements. The total amount of interest associated with tax positions recognized on the balance sheets of Cleco Corporation and Cleco Power as of the date of adoption was \$16.7 million and \$10.2 million, respectively, and \$19.1 million and \$12.2 million as of March 31, 2007, respectively. There was no additional interest expense recognized at the date of

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adoption. The total amount of unrecognized tax benefits for Cleco Corporation and Cleco Power as of the date of adoption was \$62.3 million and \$30.9 million, respectively, and \$97.9 million and \$66.2 million as of March 31, 2007, respectively. Approximately \$33.9 million of the change was mainly due to adjustments taken on the 2005 federal income tax return for an indirect cost study and a casualty loss deduction. Approximately \$1.5 million was due to a request for refund filed with the Internal Revenue Service due to the deduction for the tax life of street lights and meters from a 1997 cost segregation study. Due to settlement discussions with the Internal Revenue Service, management believes that some of these unrecognized benefits may be recognized, resulting in an approximate \$1.0 million benefit to the effective tax rate.

The federal income tax years that remain subject to examination by the Internal Revenue Service are 2001-2006. The Louisiana state income tax years that remain subject to examination by the Louisiana Department of Revenue are 1998-2006.

During the three months ended March 31, 2007, there were no decreases in unrecognized tax benefits relating to settlements or a lapse of the applicable statute of limitation, and there were no material changes to tax years that remain subject to examination by major tax jurisdictions.

Note 13 — Deferred Fuel and Purchased Power Costs

The cost of fuel used for electric generation and the cost of power purchased for utility customers are recovered through the LPSC-established fuel adjustment clause, which enables Cleco Power to pass on to its customers substantially all such charges. For the three months ended March 31, 2007, approximately 97% of Cleco Power's total fuel cost was regulated by the LPSC, while the remainder was regulated by the FERC. Deferred fuel and purchased power costs recorded at March 31, 2007, and December 31, 2006, were under-recoveries of \$34.9 million and \$77.4 million, respectively, and are scheduled to be collected from customers in future months. The \$42.5 million decrease in the unrecovered costs was primarily the result of a \$47.1 million increase in the market value of open natural gas hedge positions along with \$4.5 million of lower losses in closed natural gas hedge positions, both due to increases in natural gas prices since December 31, 2006. The increase in market value and lower losses were partially offset by the deferral of \$9.1 million in additional fuel and purchased power costs.

For additional information on Cleco Power's treatment of natural gas hedges, see Note 1 — "Summary of Significant Accounting Policies — Risk Management."

Note 14 — Affiliate Transactions

Cleco has affiliate balances that were not eliminated as of March 31, 2007. The balances were not eliminated due to the use of the equity method of accounting for Evangeline, Perryville, Attala, and Acadia. For information on the Evangeline, Perryville, Attala, and Acadia equity investments, see Note 4 — "Equity Investment in Investees." At March 31, 2007, the payable to Evangeline was \$6.0 million, and the payable to Perryville was \$13.4 million. Also, at March 31, 2007, the receivable from Evangeline was \$0.8 million, the receivable from Perryville was \$9.6 million, and the receivable from Acadia was \$3.6 million.

Cleco Power has affiliate balances that are payable to or due from its affiliates. At March 31, 2007, the payable to Support Group was \$8.1 million, the payable to Cleco Corporation was \$10.6 million, and the payable to other affiliates was less than \$0.1 million. Also, at March 31, 2007, the receivable from Cleco Corporation was \$2.7 million, the receivable from Support Group was \$2.2 million, and the receivable from other affiliates was less than \$0.1 million.

Note 15 — Calpine Bankruptcy

Bankruptcy Proceedings

In December 2005, the Calpine Debtors filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the Calpine Debtors Bankruptcy Court. Subsequently, the Calpine Debtors filed a motion with the bankruptcy court seeking to reject the Calpine Tolling Agreements in addition to six other power supply contracts with other entities. The rejection motion was referred to the U.S. District Court for the Southern District of New York, and in January 2006, a federal judge dismissed the motion. The Calpine Debtors have appealed the decision to the U.S. Court of Appeals for the Second Circuit, where it remains pending.

In March 2006, Acadia filed a motion with the Calpine Debtors Bankruptcy Court to compel CES to perform under the Calpine Tolling Agreements, and to pay all amounts due under such agreements since the commencement of the Calpine Debtors' bankruptcy cases. On March 22, 2006, the Calpine Debtors Bankruptcy Court approved amendments to each of the Calpine Tolling Agreements which permitted Acadia to suspend its obligations under those tolling agreements in view of CES' non-performance. Acadia has postponed indefinitely its request for a hearing on the motion to compel pending the outcome of the proposed settlement agreement between Cleco Corporation and Calpine.

Outstanding Claims

As of March 31, 2007, Acadia had invoiced CES a total of \$86.2 million for obligations performed under the Calpine Tolling Agreements.

	(THOUSANDS)
Pre-petition claims	
December 2005	\$ 3,581
Post-petition claims	
December 2005	1,962
Twelve months ended December 31, 2006	64,478
Three months ended March 31, 2007	16,143
Total	\$ 86,164

As of March 31, 2007, Acadia has recorded a reserve for uncollectible accounts of \$71.2 million, net of the full amount drawn by APH during 2006 against the \$15.0 million letter of credit issued by Calpine.

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Other

For information regarding a dispute over electric metering at Acadia, see Note 8 — “Litigation and Other Commitments and Contingencies — Acadia.”

For a discussion of a preliminary settlement reached between Cleco Corporation and Calpine associated with Calpine’s bankruptcy filing and its effect on the Acadia facility, see Note 16 — “Subsequent Event.”

Note 16 — Subsequent Event

On April 23, 2007, Cleco announced that a settlement had been reached with Calpine that resolves issues related to the Acadia power plant. The settlement is subject to approval by the Calpine Debtors Bankruptcy Court.

The first part of the settlement involves claims of Acadia against CES, which is the counterparty to the suspended Calpine Tolling Agreements for CES’ breaches of such agreements, and Calpine’s guarantee of CES’ obligations thereunder. Under the proposal, APH will receive a pre-petition general unsecured claim against each of Calpine and CES for \$85.0 million (which is net of draws made by APH under a letter of credit in the aggregate amount of \$15.0 million), which represents APH’s share of Acadia’s allowed claims against each of CES and Calpine for \$185.0 million on account of CES’s breaches of its obligations under the Calpine Tolling Agreements.

Additionally, APH has agreed to serve as the “stalking horse” bidder for Calpine’s membership interest in Acadia for \$60.0 million plus assumed liabilities through a bankruptcy-court sponsored auction. APH’s \$60.0 million offer, in effect, values an unencumbered 50% interest in the Acadia power plant at \$145.0 million, taking into account the agreed value of certain priority distributions and payments due APH. The terms of the auction, which includes a \$2.9 million breakup fee in favor of APH, are scheduled to be considered for approval at a bankruptcy court hearing on May 9, 2007. The auction process is expected to be completed in late July 2007. Until the auction process is complete, a third party marketer will continue to provide energy management services for the Acadia power plant.

If APH is not the successful bidder, APH will retain its 50% membership interest in Acadia and receive payment from the successful bidder in the amount of \$85.0 million, which represents the agreed upon value of the priority distributions and payments due APH under the current Acadia agreement with Calpine. This \$85.0 million payment is in addition to APH’s \$85.0 million pre-petition general unsecured claims against Calpine and CES for CES’ non-performance under the Calpine Tolling Agreements.

Whether APH or another bidder is the successful purchaser at the auction, upon closing of the sale, a subsidiary of Cleco will assume operations and project management functions of the Acadia facility. At the closing of the sale APH will acquire, for an agreed value of \$1.25 million (subject, in certain circumstances, to reduction), Calpine’s interest in the claim against Cleco Power regarding a potential electric metering error at the Acadia facility.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in combination with the Registrants’ Combined Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and Cleco Corporation’s and Cleco Power’s Condensed Financial Statements contained in this Form 10-Q. The information included therein is essential to understanding the following discussion and analysis. Below is information concerning the consolidated results of operations of Cleco for the three months ended March 31, 2007, and March 31, 2006.

OVERVIEW

Cleco is a regional energy services holding company that conducts substantially all of its business operations through

its two principal operating business segments:

- § Cleco Power, an integrated electric utility services subsidiary regulated by the LPSC and the FERC, among other regulators, which also engages in energy management activities; and
- § Midstream, a merchant energy subsidiary regulated by the FERC, that owns and operates a merchant generation station and invests in a joint venture that owns and operates a merchant generation station.

While management believes that Cleco remains a strong company, Cleco continues to focus on several significant factors affecting Cleco Power and Midstream as described below.

Cleco Power

Many factors affect the opportunities, challenges, and risks of Cleco Power's primary business of selling electricity. These factors include the presence of a stable regulatory environment, which includes recovery of costs and maintenance of a competitive return on equity; the ability to achieve energy sales growth while containing costs; and the ability to recover costs related to growing demand and rising fuel prices and increasingly stringent regulatory and environmental standards.

As part of its plan to resolve long-term capacity needs, Cleco Power began construction of Rodemacher Unit 3 in May 2006, which, upon completion, will provide a portion of the utility's future power supply needs and help stabilize customer fuel costs. The project's capital cost, including carrying costs during construction, is estimated at \$1.0 billion. Cleco Power anticipates the plant will be operational no later than the fourth quarter of 2009. For additional information, see "— Financial Condition — Liquidity and Capital Resources — Regulatory Matters — Rodemacher Unit 3."

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Cleco Power continues to evaluate a range of other power supply options for 2008 and beyond. As such, Cleco Power is continuing to update its IRP to look at future sources of supply. Cleco Power has issued a RFP to meet its 2008 capacity and energy requirements. Cleco Power also plans to release an additional RFP in 2007 to identify long-term resources to fill the needs forecasted by the latest IRP.

In 2005, Hurricanes Katrina and Rita caused catastrophic damage to the Gulf Coast region, including Cleco Power's service territory. Storm restoration costs from Hurricanes Katrina and Rita are currently estimated to total \$158.7 million, a decrease from the original estimate of \$161.8 million filed with the LPSC. In March 2007, Cleco Power and the LPSC Staff filed a settlement agreement allowing the recovery of \$158.7 million of storm restoration costs. For additional information, see Item 1, "Financial Statements and Supplementary Data — Notes to the Unaudited Condensed Financial Statements — Note 2 — Regulatory Assets and Liabilities."

Cleco Power is exploring the potential reimbursement of storm restoration costs from the U.S. Government to reduce the amount to be recovered from customers. In addition, Cleco Power is exploring the possibility of financing the storm restoration costs with tax-exempt bonds through the Gulf Opportunities Zone Act of 2005 (the Act). The Louisiana State Bond Commission has granted preliminary approval to Cleco Power for the issuance of up to \$160.0 million of tax-exempt bonds under the Act. Cleco Power cannot predict with certainty that any reimbursement from the U.S. Government, securitization of costs, or any other financing will be given final approval, and if approved, the certainty that any such financing can be consummated.

Midstream

In December 2005, the Calpine Debtors filed for protection under Chapter 11 of the Bankruptcy Code and subsequently filed a motion with the Calpine Debtors Bankruptcy Court to reject the Calpine Tolling Agreements. In March 2006, Acadia and CES executed amendments to the Calpine Tolling Agreements, which were approved by the Calpine Debtors Bankruptcy Court, permitting Acadia to suspend its obligations under the agreements.

On April 23, 2007, Cleco announced that a settlement, subject to bankruptcy court approval, had been reached with Calpine that resolves issues surrounding the Calpine bankruptcy filing. Under the proposed settlement, APH will receive allowed unsecured claims against Calpine of \$85.0 million in connection with the Calpine Tolling Agreements and Calpine's guaranty of those agreements. Additionally, APH has agreed to purchase Calpine's ownership interest in Acadia for \$60.0 million, subject to any higher or better offers Calpine may receive in a bankruptcy court-sponsored auction. The auction process is anticipated to begin in May, with the bankruptcy auction expected in July. The terms of the auction will be considered at a May 9, 2007, bankruptcy court hearing. If APH is not the successful bidder, APH will retain its 50% ownership in Acadia and receive payment from the successful bidder in the amount of \$85.0 million representing the value of its priority distributions from the partnership. In either outcome, a Cleco subsidiary will assume operations and project management functions of the Acadia facility. Until the auction process is complete, a third party marketer will continue to provide energy management services for the Acadia power plant. For additional information on Acadia and the Calpine bankruptcy, see Item 1, "Notes to the Unaudited Condensed Financial Statements — Note 15 — Calpine Bankruptcy" and Note 16 — "Subsequent Event."

Cleco continues to assess the ongoing credit condition of the Evangeline Tolling Agreement counterparty, as Midstream's merchant energy business is heavily dependent on the performance of this tolling agreement. For additional information on the risks associated with this tolling agreement counterparty, see Item 1, "Financial Statements and Supplementary Data — Notes to the Unaudited Condensed Financial Statements — Note 8 — Litigation and Other Commitments and Contingencies — Risks and Uncertainties."

Effective February 1, 2007, the ownership interests of Midstream's transmission interconnection facilities were transferred to Cleco Corporation. In accordance with SFAS No. 131, the net operating results for Midstream for the first quarter of 2006 have been adjusted to reflect this organizational change.

Comparison of the Three Months Ended March 31, 2007, and 2006

Cleco ConsolidatedFOR THE THREE MONTHS ENDED MARCH 31,
FAVORABLE/(UNFAVORABLE)

(THOUSANDS)	2007	2006	VARIANCE	CHANGE
Operating revenue, net	\$ 223,750	\$ 223,418	\$ 332	0.15 %
Operating expenses	206,096	197,445	(8,651)	(4.38)%
Operating income	\$ 17,654	\$ 25,973	\$ (8,319)	(32.03)%
Allowance for other funds used during construction	\$ 5,131	\$ 669	\$ 4,462	666.97 %
Equity (loss) income from investees	\$ (1,399)	\$ 373	\$ (1,772)	(475.07)%
Other expense	\$ 1,266	\$ 328	\$ (938)	(285.98)%
Interest charges	\$ 11,987	\$ 10,949	\$ (1,038)	(9.48)%
Federal and state income taxes	\$ 2,143	\$ 6,113	\$ 3,970	64.94 %
Net income applicable to common stock	\$ 8,223	\$ 11,679	\$ (3,456)	(29.59)%

Consolidated net income applicable to common stock decreased \$3.5 million, or 29.6%, in the first quarter of 2007 compared to the first quarter of 2006 primarily due to decreased Cleco Power, Midstream, and corporate earnings. Operating expenses increased \$8.7 million, or 4.4%, in the first quarter of 2007 compared to the first quarter of 2006 primarily due to increased depreciation expense and other operations and maintenance expenses at Cleco Power. Allowance for other funds used during construction increased \$4.5 million, or 667.0%, in the first quarter of 2007 compared to the same period of 2006 primarily due to increased construction activity at Rodemacher Unit 3. Equity income from investees decreased \$1.8 million, or 475.1%, in the first quarter of 2007 compared to the same period of 2006 primarily due to decreased equity earnings at

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APH, partially offset by increased equity earnings at Evangeline.

Other expense increased \$0.9 million, or 286.0%, in the first quarter of 2007 compared to the same period of 2006 primarily due to increased corporate reserves.

Interest charges increased \$1.0 million, or 9.5%, in the first quarter of 2007 compared to the same period of 2006 primarily due to the accrual of interest related to uncertain tax positions at Cleco Power.

Federal and state income taxes decreased \$4.0 million, or 64.9%, in the first quarter of 2007 compared to the same period of 2006. The decrease was due to the flow-through of tax benefits associated with AFUDC equity recorded as a result of the construction of Rodemacher Unit 3.

Results of operations for Cleco Power and Midstream are more fully described below.

Cleco Power

Cleco Power's net income in the first quarter of 2007 decreased \$1.6 million, or 11.5%, compared to the first quarter of 2006. Contributing factors include:

- § higher other operations and maintenance expenses,
- § absence of favorable customer credit adjustments,
- § higher depreciation expense,
- § lower interest income, and
- § higher interest charges.

These were partially offset by:

- § higher base revenue,
- § higher allowance for other funds used during construction,
- § higher other operations revenue, and
- § lower effective income tax rate.

		FOR THE THREE MONTHS ENDED MARCH 31,			
				FAVORABLE/(UNFAVORABLE)	
(THOUSANDS)	2007	2006	VARIANCE	CHANGE	
Operating revenue					
Base	\$ 78,075	\$ 67,898	\$ 10,177	14.99 %	
Fuel cost recovery	134,945	143,091	(8,146)	(5.69)%	
Electric customer credits	-	4,382	(4,382)	*	
Other operations	9,260	6,549	2,711	41.40 %	
Affiliate revenue	12	12	-	*	
Intercompany revenue	501	500	1	0.20 %	
Operating revenue, net	222,793	222,432	361	0.16 %	
Operating expenses					
Fuel used for electric generation - recoverable	53,367	46,151	(7,216)	(15.64)%	
Power purchased for utility customers - recoverable	81,554	96,967	15,413	15.90 %	
Non-recoverable fuel and power purchased	4,722	5,077	355	6.99 %	
Other operations	25,613	17,622	(7,991)	(45.35)%	

Maintenance	9,727	5,347	(4,380)	(81.92)%
Depreciation	19,761	15,225	(4,536)	(29.79)%
Taxes other than income taxes	8,902	8,881	(21)	(0.24)%
Total operating expenses	203,646	195,270	(8,376)	(4.29)%
Operating income	\$ 19,147	\$ 27,162	\$ (8,015)	(29.51)%
Interest income	\$ 1,406	\$ 2,336	\$ (930)	(39.81)%
Allowance for other funds used during construction	\$ 5,131	\$ 669	\$ 4,462	666.97 %
Interest charges	\$ 10,044	\$ 8,979	\$ (1,065)	(11.86)%
Federal and state income taxes	\$ 3,116	\$ 7,057	\$ 3,941	55.85 %
Net income	\$ 12,276	\$ 13,873	\$ (1,597)	(11.51)%
* Not meaningful				

FOR THE THREE MONTHS ENDED MARCH 31,
FAVORABLE/

(MILLION kWh)	2007	2006	(UNFAVORABLE)
Electric sales			
Residential	842	750	12.27 %
Commercial	543	407	33.42 %
Industrial	710	692	2.60 %
Other retail	33	131	(74.81)%
Total retail	2,128	1,980	7.47 %
Sales for resale	102	117	(12.82)%
Unbilled	(70)	(82)	14.63 %
Total retail and wholesale customer sales	2,160	2,015	7.20 %

FOR THE THREE MONTHS ENDED MARCH 31,
FAVORABLE/

(THOUSANDS)	2007	2006	(UNFAVORABLE)
Electric sales			
Residential	\$ 33,265	\$ 30,340	9.64 %
Commercial	22,295	16,946	31.56 %
Industrial	13,634	13,383	1.88 %
Other retail	1,440	5,497	(73.80)%
Storm surcharge	5,931	-	*
Total retail	76,565	66,166	15.72 %
Sales for resale	3,887	4,240	(8.33)%
Unbilled	(2,377)	(2,508)	5.22 %
Total retail and wholesale customer sales	\$ 78,075	\$ 67,898	14.99 %
* Not meaningful			

CLECO CORPORATION
CLECO POWER

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Cleco Power's residential customers' demand for electricity largely is affected by weather. Weather generally is measured in cooling degree-days and heating degree-days. A cooling degree-day is an indication of the likelihood that a consumer will use air conditioning, while a heating degree-day is an indication of the likelihood that a consumer will use heating. An increase in heating degree-days does not produce the same increase in revenue as an increase in cooling degree-days, because alternative heating sources are more available. Normal heating degree-days and cooling degree-days are calculated for a month by separately calculating the average actual heating and cooling degree-days for that month over a period of 30 years.

The following chart shows how cooling and heating degree-days varied from normal conditions and from the prior period. Cleco Power uses temperature data collected by the National Oceanic and Atmospheric Administration to determine degree-days.

FOR THE THREE MONTHS ENDED					
MARCH 31,					
2007 CHANGE					
	2007	2006	NORMAL	PRIOR YEAR	NORMAL
Heating degree-days	869	688	977	26.31%	(11.05