

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark One)

**X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the Fiscal Year Ended December 31, 2000**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13  
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number No.	Registrant, State of Incorporation, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000	72-1229752
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue, 40th Floor Little Rock, Arkansas 72201 Telephone (501) 377-4000	71-0005900
1-27031	ENTERGY GULF STATES, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 838-6631	74-0662730
1-8474	ENTERGY LOUISIANA, INC. (a Louisiana corporation) 4809 Jefferson Highway Jefferson, Louisiana 70121 Telephone (504) 840-2734	72-0245590
0-320	ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000	64-0205830
0-5807	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street, Building 505 New Orleans, Louisiana 70112 Telephone (504) 670-3674	72-0273040
1-9067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000	72-0752777

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Class	Name of Each Exchange on Which Registered
Entergy Corporation	Common Stock, \$0.01 Par Value - 220,062,294 shares outstanding at February 28, 2001	New York Stock Exchange, Inc. Chicago Stock Exchange Inc. Pacific Exchange Inc.
Entergy Arkansas Capital I	8-1/2% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.
Entergy Gulf States, Inc.	Preferred Stock, Cumulative, \$100 Par Value: \$4.40 Dividend Series \$4.52 Dividend Series \$5.08 Dividend Series Adjustable Rate Series B (Depository Receipts)	New York Stock Exchange, Inc. New York Stock Exchange, Inc. New York Stock Exchange, Inc. New York Stock Exchange, Inc.
Entergy Gulf States Capital I	8.75% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.
Entergy Louisiana Capital I	9% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.

**Securities registered pursuant to Section 12(g) of the Act:**

Registrant	Title of Class
Entergy Arkansas, Inc.	Preferred Stock, Cumulative, \$100 Par Value Preferred Stock, Cumulative, \$0.01 Par Value
Entergy Gulf States, Inc.	Preferred Stock, Cumulative, \$100 Par Value
Entergy Louisiana, Inc.	Preferred Stock, Cumulative, \$100 Par Value Preferred Stock, Cumulative, \$25 Par Value
Entergy Mississippi, Inc.	Preferred Stock, Cumulative, \$100 Par Value
Entergy New Orleans, Inc.	Preferred Stock, Cumulative, \$100 Par Value

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No \_\_\_\_\_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of Entergy Corporation Common Stock, \$0.01 Par Value, held by non-affiliates, was \$8.5 billion based on the reported last sale price of such stock on the New York Stock Exchange on February 28, 2001. Entergy Corporation is directly or indirectly the sole holder of the common stock of Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and System Energy Resources, Inc.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement of Entergy Corporation to be filed in connection with its Annual Meeting of Stockholders, to be held May 11, 2001, are incorporated by reference into Parts I and III hereof.

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This combined Form 10-K is separately filed by Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and System Energy Resources, Inc. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes representations only as to itself and makes no other representations whatsoever as to any other company.

This report should be read in its entirety. No one section of the report deals with all aspects of the subject matter.

**FORWARD-LOOKING INFORMATION**

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: Investors are cautioned that forward-looking statements contained herein with respect to the revenues, earnings, performance, strategies, prospects and other aspects of the business of Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and System Energy Resources, Inc. and their affiliated companies may involve risks and uncertainties. A number of factors could cause actual results or outcomes to differ materially from those indicated by such forward-looking statements. These factors include, but

are not limited to, risks and uncertainties relating to: the effects of weather, the performance of generating units and transmission systems, the possession of nuclear materials, fuel and purchased power prices and availability, the effects of regulatory decisions and changes in law, litigation, capital spending requirements, the onset of competition, including the ability to recover net regulatory assets and other potential stranded costs, the effects of recent developments in the California electricity market on the utility industry nationally, advances in technology, changes in accounting standards, corporate restructuring and changes in capital structure, consummation of the business combination with FPL Group, Inc., consummation of the Koch Industries joint venture, the success of new business ventures, changes in the markets for electricity and other energy-related commodities, changes in interest rates and in financial and foreign currency markets generally, the economic climate and growth in Entergy's service territories, changes in corporate strategies, and other factors.

## DEFINITIONS

Certain abbreviations or acronyms used in the text and notes are defined below:

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction
Algiers	15th Ward of the City of New Orleans, Louisiana
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One Steam Electric Generating Station (nuclear), owned by Entergy Arkansas
APB	Accounting Principles Board
APSC	Arkansas Public Service Commission
Availability Agreement	Agreement, dated as of June 21, 1974, as amended, among System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans,
Board	and the assignments thereof Board of Directors of Entergy Corporation
Boston Edison	Boston Edison Company
BPS	British pounds sterling
Cajun	Cajun Electric Power Cooperative, Inc.
Capital Funds Agreement	Agreement, dated as of June 21, 1974, as amended, between System Energy and Entergy Corporation, and the assignments thereof
CitiPower CitiPower Pty., an electric distribution company serving Melbourne, Australia and surrounding suburbs, which was acquired by Entergy effective	January 5, 1996, and was sold by Entergy effective December 31, 1998
Council	Council of the City of New Orleans, Louisiana
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
domestic utility companies Louisiana,	Entergy Arkansas, Entergy Gulf States, Entergy Mississippi, and Entergy New Orleans, collectively
EITF	Emerging Issues Task Force
EMF	Electromagnetic fields
ENHC	Entergy Nuclear Holding Company #1
EPA	United States Environmental Protection Agency
EPAct	Energy Policy Act of 1992
EPDC	Entergy Power Development Corporation
EPMC	Entergy Power Marketing Corporation
ET&M	Entergy Trading and Marketing, Ltd.
ETHC	Entergy Technology Holding Company
EWG	Exempt wholesale generator under PUHCA
Entergy	Entergy Corporation and its various direct and indirect subsidiaries
Entergy Arkansas	Entergy Arkansas, Inc.

Entergy Corporation Entergy Corporation, a Delaware corporation Entergy Gulf States Entergy Gulf States, Inc., including its wholly owned subsidiaries - Varibus Corporation, GSG&T, Inc., Prudential Oil & Gas, Inc., and Southern Gulf Railway Company Entergy London Entergy London Investments plc, formerly Entergy Power UK plc (including its wholly owned subsidiary, London Electricity plc), which was sold by Entergy effective December 4, 1998 Entergy Louisiana Entergy Louisiana, Inc. Entergy Mississippi Entergy Mississippi, Inc.



## DEFINITIONS (Continued)

### Abbreviation or Acronym Term

Entergy New Orleans Entergy New Orleans, Inc.

Entergy Nuclear	Entergy Nuclear, Inc.
Entergy Nuclear Operations	Entergy Nuclear Operations, Inc.
Entergy Operations	Entergy Operations, Inc.
Entergy Power	Entergy Power, Inc.
Entergy Services	Entergy Services, Inc.
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FitzPatrick MW	James A. FitzPatrick nuclear power plant, 825

facility located near Oswego, New York, purchased in November 2000 from New York Power Authority by Entergy's domestic non-utility nuclear business FPL Group FPL Group, Inc., a Florida corporation and parent company of Florida Power & Light Company FUCO Exempt foreign utility company under PUHCA Grand Gulf 1 and 2 Units 1 and 2 of Grand Gulf Steam Electric Generating Station (nuclear), 90% owned or leased

	by System Energy
GWH	one million kilowatt-hours
Independence owned	Independence Steam Electric Station (coal),

16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power Indian Point 3 Indian Point 3 nuclear power plant, 980 MW facility located in Westchester County, New York, purchased in November 2000 from New York Power Authority by Entergy's domestic non-utility

	nuclear business
IRS	Internal Revenue Service
KV	kilovolt
KW	kilowatt
KWH	kilowatt-hour(s)
London Electricity electric	London Electricity plc - a regional
was	company serving London, England, which
1,	acquired by Entergy London effective February
December	1997, and was sold by Entergy effective
	4, 1998
LDEQ	Louisiana Department of Environmental Quality
LPSC	Louisiana Public Service Commission
MCF	1,000 cubic feet of gas
Merger to	The business combination transaction pursuant
the	which the outstanding shares of FPL Group and
be	outstanding shares of Entergy Corporation will
shares,	converted into 1.00 and 0.585
Merger Agreement 2000	respectively, of a new company Agreement and Plan of Merger dated July 30,
WCB	by and between FPL Group, Entergy Corporation,
Acquisition	Holding Corporation, Ranger
	Corporation and Ring Acquisition Corporation
MPSC	Mississippi Public Service Commission
MW	Megawatt(s)
N/A	Not applicable
Nelson Unit 6 Electric	Unit No. 6 (coal) of the Nelson Steam
Gulf	Generating Station, owned 70% by Entergy
	States
NERC	North American Electric Reliability Council
NISCO	Nelson Industrial Steam Company
NRC	Nuclear Regulatory Commission
NYPA	New York Power Authority

## DEFINITIONS (Concluded)

### Abbreviation or Acronym Term

Pilgrim Pilgrim Nuclear Station, 670 MW facility located in Plymouth, Massachusetts, purchased in July 1999 from Boston Edison by Entergy's domestic non-utility nuclear business PRP Potentially Responsible Party (a person or entity that may be responsible for remediation of

environmental contamination)  
 PUCT Public Utility Commission of Texas  
 PUHCA Public Utility Holding Company Act of 1935,  
 as amended  
 PURPA Public Utility Regulatory Policies Act of 1978  
 Reallocation Agreement 1981 Agreement, superseded in part by a June  
 13, 1985 decision of FERC, among Entergy Arkansas,  
 Entergy Louisiana, Entergy Mississippi, Entergy New  
 Orleans, and System Energy relating to the sale of capacity  
 and energy from Grand Gulf  
 Ritchie 2 Unit 2 of the R. E. Ritchie Steam  
 Electric Generating Station (gas/oil)  
 River Bend Steam Electric Generating  
 Station (nuclear)  
 SEC Securities and Exchange Commission  
 SFAS Statement of Financial Accounting  
 Standards, promulgated by the FASB  
 SMEPA South Mississippi Electric Power Agency,  
 which owns the remaining 10% interest in Grand Gulf 1  
 System Agreement Agreement, effective January 1, 1983, as  
 modified, among the domestic utility companies relating  
 to the sharing of generating capacity and other  
 power resources  
 System Energy System Energy Resources, Inc.  
 System Fuels System Fuels, Inc.  
 Tons/hr Tons per hour, used as a measure of  
 steam production  
 UK The United Kingdom of Great Britain and  
 Northern Ireland  
 Unit Power Sales Agreement, dated as of June 10, 1982, as amended  
 Agreement and approved by FERC, among Entergy Arkansas,  
 Entergy Louisiana, Entergy Mississippi, Entergy New  
 Orleans, and System Energy, relating to the sale of  
 capacity and energy from System Energy's share of Grand Gulf  
 1 Unit No. 3 (nuclear) of the Waterford  
 Waterford 3 Steam Electric Generating Station, 100% owned or  
 leased by Entergy Louisiana  
 White Bluff White Bluff Steam Electric Generating Station,  
 57% owned by Entergy Arkansas

## PART I

### Item 1. Business BUSINESS OF ENTERGY

#### Entergy Corporation

Entergy Corporation is a Delaware corporation which, through its subsidiaries, engages principally in the following businesses: domestic utility, power marketing and trading, global power development, and domestic non-utility nuclear. Power marketing and trading, global power development, and domestic non-utility nuclear are sometimes referred to as the competitive businesses. In 2000, Entergy placed the management of the power marketing and trading business under the global power development business, and the jointly-managed businesses are referred to as Entergy Wholesale Operations. Entergy Corporation has no significant assets other than the stock of its subsidiaries. Entergy Corporation is a registered public utility holding company under PUHCA. As such, Entergy Corporation and its subsidiaries generally are subject to the broad regulatory provisions of PUHCA. PUHCA generally limits registered public utility holding company activity to direct and indirect ownership of domestic integrated utility businesses, domestic and foreign electric generation ventures, foreign utility ownership, telecommunications and information service businesses, and certain other domestic energy related businesses. Financial information regarding Entergy Corporation's operating segments is contained in Note 14 to the financial statements. In December 2000, Entergy's shareholders approved a business combination between Entergy Corporation and FPL Group, the objective of which is the creation of a new company. See "Business Combination with FPL Group" for further discussion of the terms and timing of this transaction.

#### Domestic Utility

The domestic utility is Entergy's predominant business segment, providing 74% of its revenue and 87% of its net income in 2000, and holding 81% of its assets as of December 31, 2000. Entergy Corporation has five wholly-owned domestic retail electric utility subsidiaries: Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. As of December 31, 2000, these utility companies provided retail electric service to approximately 2.6 million customers primarily in portions of the states of Arkansas, Louisiana, Mississippi, and Texas. In addition, Entergy Gulf States furnishes natural gas utility service in and around Baton Rouge, Louisiana, and Entergy New Orleans furnishes natural gas utility service in New Orleans, Louisiana. The business of the domestic utility companies is subject to seasonal fluctuations, with the peak sales period normally occurring during the third quarter of each year. During 2000, the domestic utility companies' combined retail electric sales volumes as a percentage of total electric sales volumes were: residential - 28.3%; commercial - 21.8%; and industrial - 38.8%. Retail electric revenues from these sectors as a percentage of total electric revenues were: residential - 35.0%; commercial - 23.5%; and industrial - 30.2%. Sales to governmental and municipal sectors and to nonaffiliated utilities accounted for the balances of energy sales and electric revenues. The major industrial customers of the domestic utility companies are in the chemical, petroleum refining, paper, and food products industries. State or local regulatory authorities regulate the retail rates and services of Entergy's domestic retail utility subsidiaries.

Entergy Corporation also owns 100% of the voting stock of System Energy, an Arkansas corporation that owns and leases an aggregate 90% undivided interest in Grand Gulf. System Energy sells all of the capacity and energy from its interest in Grand Gulf 1 at wholesale to its only customers, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. Management discusses sales from Grand Gulf 1 more thoroughly in "CAPITAL REQUIREMENTS AND FUTURE FINANCING - Certain Grand Gulf-related Financial and Support Agreements - Unit Power Sales Agreement" below. System Energy's wholesale power sales are subject to the jurisdiction of FERC.

Entergy Services, a Delaware corporation wholly-owned by Entergy Corporation, provides management, administrative, accounting, legal, engineering, and other services primarily to the domestic utility subsidiaries of Entergy Corporation. Entergy Operations, a Delaware corporation, is also wholly-owned by Entergy Corporation and provides nuclear management, operations and maintenance services under contract for ANO, River Bend, Waterford 3, and Grand Gulf 1, subject to the owner oversight of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy, respectively. Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans own 35%, 33%, 19%, and 13%, respectively, of the common stock of System Fuels, a Louisiana corporation that implements and manages certain programs to procure, deliver, and store fuel supplies for those companies. Entergy Services, Entergy Operations, and System Fuels provide their services to the domestic utility companies and System Energy on an "at cost" basis, pursuant to service agreements approved by the SEC under PUHCA. Information regarding affiliate transactions is contained in Note 13 to the financial statements.

Entergy Gulf States has wholly-owned subsidiaries that (i) own and operate intrastate gas pipelines in Louisiana used primarily to transport fuel to two of Entergy Gulf States' generating stations; (ii) own the Lewis Creek Station, a gas-fired generating plant, which is leased to and operated by Entergy Gulf States; and (iii) own several miles of railroad track constructed in Louisiana primarily for the purpose of transporting coal for use as boiler fuel at Entergy Gulf States' Nelson Unit 6 generating facility.

#### Power Marketing and Trading

Prior to 2001, Entergy conducted its power marketing and trading business primarily through three subsidiaries, Entergy Power, EPMC, and ET&M. Entergy Power is a domestic power producer that owns 665 MW of fossil-fueled generation assets located in Arkansas. Entergy Power's capacity and energy is sold at wholesale principally to EPMC and Entergy Arkansas. Entergy Power's wholesale power sales are

subject to the jurisdiction of FERC. EPMC engages in the marketing and trading of physical and financial energy commodity products, industrial energy management, and risk management services. It has authority from the SEC to deal in a wide range of energy commodities and related financial products. ET&M is engaged in the marketing and trading of physical and financial energy commodity products in the UK.

On January 31, 2001, Entergy contributed its power marketing and trading business to a new limited partnership, Entergy-Koch, L.P. The joint venture is with Koch Industries, Inc., which contributed to the venture its 9,000-mile Koch Gateway Pipeline (which has been renamed the Gulf South Pipeline), gas storage facilities including the Bistineau storage facility near Shreveport, Louisiana, and Koch Energy Trading, which markets and trades electricity, gas, weather derivatives, and other energy-related commodities and services (the joint venture's trading activities are now conducted under the name Axia Energy). The parties have equal ownership interests in Entergy-Koch, L.P., which is governed by an eight-member board of directors. Entergy appointed four members of the board. The partnership agreement allocates the substantial majority of Entergy-Koch, L.P.'s earnings through 2003 to Entergy. Losses are generally allocated equally. Entergy Power was not transferred to the joint venture, and it was placed under the management of the global power development business.

### Global Power Development

Entergy's global power development business is focused on acquiring or developing power generation projects in North America and Western Europe. The Latin American projects owned by the global power development business are not a core part of its strategy, and Entergy is considering various strategies to maximize the value of these investments, including possibly selling them. The global power development business owns interests in the following electric generation assets that are currently operating or are under construction:

Investment	Percent Ownership	Status
Argentina - Costanera, 1,260 MW	6%	operational
Argentina - Costanera expansion, 220 MW	10%	operational
Chile - San Isidro, 375 MW	25%	operational
Pakistan - Hub River, 1,200 MW	5%	operational
Peru - Edegel - 833 MW	24%	operational
United Kingdom - Saltend, 1,200 MW	100%	operational
United Kingdom - Damhead Creek, 800 MW	100%	operational
U.S. (AR) - Ritchie Unit 2, 544 MW	100%	operational
U.S. (AR) - Independence Unit 2, 840 MW	14%	operational
U.S. (LA) - Riverside, 425 MW	50%	under construction
U.S. (MS) - Warren Power, 300 MW	100%	under construction

Damhead Creek commenced commercial operation in 2001. Entergy Power owns Ritchie Unit 2 and the interest in Independence Unit 2. Entergy owns its interest in Riverside through a 50% interest in RS Cogen, LLC, and the remaining 50% interest is owned by PPG Industries, an industrial customer of Entergy Gulf States. Entergy's global power development business has several other development projects in the planning stages, including announced projects in the United States, Spain, and Bulgaria.

In preparation for its global power development plans, Entergy has obtained an option to acquire turbines from GE Power Systems. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES" for further information on the turbines. Furthermore, the global power development business entered into a 50/50 joint venture with The Shaw Group Inc. that is named EntergyShaw, L.L.C. EntergyShaw provides management, engineering, procurement, construction, and commissioning services for electric power plants. EntergyShaw plans to operate in the rapidly growing electric power generation market and provide services for Entergy's global power development plans. In June 2000, Entergy also acquired a 75% interest in Highland Energy Company, an energy aggregation, marketing, and producer services company.

In June 2000, the global power development business sold its interest in Freestone, a planned 1,000 MW combined cycle gas turbine merchant power plant to be constructed in Fairfield, Texas, adjacent to Entergy Gulf States' service territory.

### Domestic Non-Utility Nuclear

Entergy's domestic non-utility nuclear business is focused on acquiring, owning, operating, and selling power from nuclear power plants and providing operations and management services to nuclear power plants owned by other utilities in the United States. Plant acquisitions are made through Entergy's wholly owned subsidiary ENHC and its affiliates. Operations and management services, including decommissioning services, are provided through Entergy's wholly owned subsidiary, Entergy Nuclear.

Entergy's domestic non-utility nuclear business owns the following nuclear power plants that it has acquired from other utilities:

Power Plant	Capacity	Percent Ownership	Location
Pilgrim Nuclear Station	670 MW	100%	Plymouth, MA
James A. FitzPatrick	825 MW	100%	Oswego, NY
Indian Point 3	980 MW	100%	Westchester County, NY

Pilgrim has firm power purchase agreements with Boston Edison and other utilities that expire at the end of 2004. One hundred percent of the plant's output is committed to those parties through 2001, and that commitment decreases to 50% by 2003. Indian Point 3 has a firm power purchase agreement with NYPA that expires at the end of 2004 for 100% of the plant's output. FitzPatrick has firm power purchase agreements with NYPA that expire at the end of 2004 for 100% of the plant's output through 2003 and approximately 45% of the plant's output in 2004. See Note 12 to the financial statements for a further discussion of these acquisitions by Entergy's domestic non-utility nuclear business.

In November 2000, Entergy's domestic non-utility nuclear business agreed to purchase Consolidated Edison's (Con Edison) 957 MW Indian Point 2 nuclear power plant (IP2) located in Westchester County, New York. In the transaction, Entergy has agreed to acquire Indian Point 1 nuclear power plant (IP1), which has been shut down and in safe storage since the early 1970s. Entergy will pay \$600 million in cash at the closing of the purchase and will receive the plant, nuclear fuel, and other assets, including a purchase power agreement (PPA). Under the PPA, Con Edison will purchase 100% of IP2's output through 2004. Con Edison will also transfer a \$430 million decommissioning trust fund, along with the liability to decommission IP2 and IP1, to Entergy's nuclear business. Management expects to close the acquisition by mid-2001, pending the approvals of the NRC, the New York Public Service Commission, and other regulatory agencies.

In January 2001, Entergy's domestic non-utility nuclear business submitted an offer to buy Vermont Yankee, a 540 MW boiling water reactor plant, located in Vernon, Vermont, for \$50 million. Entergy's offer is firm through the end of 2001. In February 2001, the Vermont Public Service Board rejected a competing offer and the plant is expected to be auctioned during the second or third quarter of 2001.

Entergy Nuclear provides services to nuclear power plants owned by other utilities, including engineering, operations and maintenance, fuel procurement, management and supervision, technical support and training, administrative support, and other managerial or technical services required to operate, maintain, and decommission nuclear electric power facilities. Currently Entergy is providing decommissioning services for the Maine Yankee and Millstone Unit 1 nuclear power plants. The cost of decommissioning and insuring the plants that Entergy provides decommissioning services for is the responsibility of the plant owners.

In 2000, Entergy Nuclear entered into two business arrangements to assist it in providing operation and management services. Entergy Nuclear and Framatome Technologies intend to jointly offer operating license renewal and life extension services to nuclear power plants in the United States. Framatome has provided and continues to provide license renewal services to several utilities owning nuclear power plants in the United States. Entergy Nuclear also acquired TLG Services in September 2000. TLG provides decommissioning, engineering, and related services to nuclear power plant owners.

### **Domestic and Foreign Generation Investment Restrictions and Risks**

Entergy's ability to invest in domestic and foreign generation businesses is subject to the SEC's regulations under PUHCA. Absent SEC approval, these regulations limit Entergy Corporation's aggregate investment in domestic and foreign generation businesses at the time an investment is made to an amount equal to 50% of average consolidated retained earnings for the previous four quarters. In June 2000, the SEC issued an order that allows Entergy's EWG and FUCO investments to increase from 50% to 100% of Entergy's average consolidated retained earnings. As of December 31, 2000 Entergy's investments under this rule totaled \$770 million constituting 25% of its average consolidated retained earnings.

Entergy's ability to guarantee obligations of its non-utility subsidiaries is also limited by SEC regulations under PUHCA. In August 2000, the SEC issued an order, effective through December 31, 2005, that allows Entergy to issue up to \$2 billion of guarantees to its non-utility companies, excluding guarantees outstanding as of that date that were issued under a previous order.

International operations are subject to the risks inherent in conducting business abroad, including possible nationalization or expropriation, price and currency exchange controls, inflation, limitations on foreign participation in local enterprises, and other restrictions. Changes in the relative value of currencies may favorably or unfavorably affect the financial condition and results of operations of Entergy's non-U.S. businesses. In addition, exchange control restrictions in certain countries may limit or prevent the repatriation of earnings.

### **Business Combination with FPL Group**

On July 30, 2000, Entergy Corporation and FPL Group entered into a Merger Agreement providing for a business combination that will result in the creation of a new company. Each outstanding share of FPL Group common stock will be converted into one share of the new company's common stock, and each outstanding share of Entergy Corporation common stock will be converted into 0.585 of a share of the new company's common stock. It is expected that FPL Group's shareholders will own approximately 57% of the common equity of the new company and Entergy's shareholders will own approximately 43%. The initial board of directors of the new company will consist of eight directors designated by FPL Group and seven directors designated by Entergy. The new company will be given a new name that will be agreed upon between the Boards of Directors of FPL and Entergy prior to the consummation of the Merger. The new company will maintain its principal corporate offices and headquarters in Juno Beach, Florida, and will maintain its utility headquarters in New Orleans, Louisiana. The Merger Agreement generally allows Entergy to continue business in the ordinary course consistent with past practice and contains certain restrictions on Entergy's capital activities, including restrictions on the issuance of securities, capital expenditures, dispositions, incurrence or guarantee of indebtedness, and trading or marketing of energy. Entergy generally will be permitted to take actions pursuant to restructuring legislation in the domestic utility companies' jurisdictions of operation and to reorganize its transmission business. Under certain circumstances, if the Merger Agreement is terminated, a termination fee of \$215 million may be payable by one of the parties. The Merger Agreement may be terminated if the Merger is not consummated by April 30, 2002, unless automatically extended until October 30, 2002 under certain circumstances. Both the FPL Group and Entergy Boards of Directors unanimously approved the Merger, and the shareholders of Entergy Corporation and FPL Group have approved the Merger. The Merger is conditioned upon, among other things, the receipt of required regulatory approvals of various local, state, and federal regulatory agencies and commissions, including the SEC and FERC. Entergy has filed for approval of the Merger in all of its state and local regulatory jurisdictions (Arkansas, Louisiana, Mississippi, Texas, and New Orleans), and at FERC, the SEC, and the NRC. In their filing with the SEC, Entergy and FPL Group requested to remain in existence as intermediate holding companies after the Merger is consummated. The objective of Entergy and FPL Group is to consummate the Merger by late 2001.

In September 2000, Entergy and FPL Group announced plans to form a joint venture between FPL Energy and Entergy Wholesale Operations. Entergy and FPL Group management subsequently decided not to form a separate joint venture in advance of the Merger.

### Selected Data

Selected domestic utility customers and sales data for 2000 are summarized in the following tables:

Area Served		Customers as of December 31, 2000	
		Electric	Gas
		(In Thousands)	
Entergy Arkansas	Portions of Arkansas and Tennessee	643	-
Entergy Gulf States	Portions of Texas and Louisiana	681	89
Entergy Louisiana	Portions of Louisiana	641	-
Entergy Mississippi	Portions of Mississippi	401	-
Entergy New Orleans	City of New Orleans, except Algiers, which is provided electric service by Entergy Louisiana	190	150
Total customers		----- 2,556	--- 239
		=====	===

2000 - Selected Domestic Utility Electric Energy Sales Data

	Entergy Arkansas (In GWH)	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy (a)
Electric Department:							
Sales to retail customers	19,333	35,475	29,680	12,847	5,880	-	103,216
Sales for resale:							
Affiliates	6,513	1,381	228	1,276	570	9,621	-
Others	5,537	3,248	554	313	141	-	9,794
<b>Total</b>	<b>31,383</b>	<b>40,104</b>	<b>30,462</b>	<b>14,436</b>	<b>6,591</b>	<b>9,621</b>	<b>113,010</b>
=====							
Average use per residential customer (KWH)	12,449	15,861	15,436	14,629	12,784	-	14,484
=====							

(a) Includes the effect of intercompany eliminations.

2000 - Selected Natural Gas Sales Data

Entergy New Orleans and Entergy Gulf States sold 16,058,022 and 6,472,529 MCF, respectively, of natural gas to retail customers in 2000. For the years ended December 31, 2000, 1999, and 1998, revenues from natural gas operations were not material for Entergy Gulf States. Entergy New Orleans' products and services are discussed below in "BUSINESS SEGMENTS".

Refer to "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON OF ENTERGY CORPORATION AND SUBSIDIARIES, ENTERGY ARKANSAS, ENTERGY GULF STATES, ENTERGY LOUISIANA, ENTERGY MISSISSIPPI, ENTERGY NEW ORLEANS, and SYSTEM ENERGY" which follow each company's financial statements in this report, for further information with respect to operating statistics.

**Employees**

As of December 31, 2000, Entergy had 14,100 employees as follows:

```

Full-time:
  Entergy Corporation
-
  Entergy Arkansas
1,570
  Entergy Gulf States
1,639
  Entergy Louisiana
932
  Entergy Mississippi
889
  Entergy New Orleans
381
  System Energy
-
  Entergy Operations
3,276
  Entergy Services
2,475
  Entergy Nuclear Operations
1,609
  Other subsidiaries
1,113

-----
      Total Full-time
13,884
  Part-time
216

-----
      Total Entergy
14,100

=====

```

Approximately 4,560 employees are represented by the International Brotherhood of Electrical Workers Union (IBEW), the Utility Workers Union of America (UWUA), and the International Brotherhood of Teamsters Union (IBT). In 2000, both Entergy Arkansas and Entergy Mississippi reached new agreements with IBEW.

### Industry Restructuring and Competition

As a result of the actions of federal legislative and regulatory bodies over the period of approximately the past twenty years, wholesale markets have developed in which electricity, gas, and other energy related products and services are purchased and sold at market-based (rather than traditional cost-based) rates. These wholesale markets are continuing to grow and evolve. This evolution has changed the ways in which public utilities conduct their business and has changed the nature of the participants in these wholesale markets, which now include not only public utilities but also power marketers and traders, other energy commodity marketers and traders, wholesale generators of electricity, and a wide range of wholesale customers.

Major changes in the retail utility business are now occurring in some parts of the United States, including some states in which Entergy's domestic utility companies operate. Both Texas and Arkansas adopted legislation in 1999 aimed at separating ("unbundling") traditionally integrated public utilities into distinct distribution, transmission, generation, and various types of retail marketing businesses, and aimed at introducing competition into the generation component of utility service. The Texas legislation provides for retail open access by January 1, 2002. In Arkansas, retail open access has been delayed by law so that it begins no sooner than October 2003 and no later than October 2005. This delay is intended to allow further development of the wholesale generation market, including the completion of several independent generation projects within the state. Other jurisdictions in which the domestic utility companies operate have not enacted retail competition and utility unbundling legislation. Further changes in restructuring in Entergy's service territories, including the timing of implementation of restructuring and competition, may result from the effects of the developments in the California power supply markets.

Changes in the wholesale and retail electricity markets in the Entergy system will take place over a number of years, and regulators and

legislators in different jurisdictions have not coordinated these changes. In some cases, actions by one jurisdiction may conflict with actions by another, creating potentially incompatible obligations for public utilities and holding companies, including the Entergy system. Examples include:

- o the LPSC's docket relating to the changes in corporate structure of Entergy Gulf States as a result of complying with the Texas restructuring law and its potential impact on Louisiana retail ratepayers (described more fully in Note 2 to the financial statements); and
- o System Agreement restructuring issues (described more fully in "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS - Federal Regulatory and Legislative Activity - Proposed System Agreement Amendments").

It is too early to accurately predict how incompatible obligations will be resolved or the effects of the changes that are taking place in the wholesale and retail energy markets. However, these changes will result in fundamental alterations in the way traditional integrated utilities and holding company systems, like Entergy and its domestic utility companies, conduct their business. Some of these alterations will be positive for Entergy and its affiliates, while others will not be.

These changes are resulting in increased costs associated with utility unbundling and transitioning to new organizational structures and ways of conducting business. It is possible that the new organizational structures that will be required will result in lost economies of scale, less beneficial cost sharing arrangements within utility holding company systems, and, in some cases, greater difficulty and cost in accessing capital. Furthermore, these changes could result in early refinancing of debt, the reorganization of debt, or other obligations between newly- formed companies. Ultimately, capital structures may result that initially are more complex than the existing capital structures of the domestic utility companies.

Utilities, including the domestic utility companies, may be required or encouraged to sell generating plants or interests therein, or the output from such plants. FERC set December 15, 2001 as the date by which all owners and operators of transmission lines should sell or turn over operating and management responsibility for their transmission systems to independent parties. Entergy has responded to FERC by filing plans to transfer control of its transmission assets to a non-affiliated transmission company subject to control by a regional transmission organization. These changes will alter the historical structure from the operation of the domestic utility companies' electric generation and transmission assets as an integrated system supporting utility service throughout their combined service territories.

As a potential result of restructuring, Entergy's domestic utility companies may no longer be able to apply regulated utility accounting principles to some or all of their operations, and they may be required to write off certain regulatory assets or recognize asset impairments.

There are a number of other changes that may result from electric industry competition and unbundling, including but not limited to changes in labor relations, management and staffing, structure of operations, environmental compliance responsibility, and other aspects of the utility business.

"MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS" and Note 2 to the financial statements contain detailed discussions of the competitive challenges Entergy faces in the utility industry, including the status of the transition to a more competitive utility business environment for the domestic utility companies.

## **CAPITAL REQUIREMENTS AND FUTURE FINANCING**

For the years 2001 through 2003, Entergy plans to spend \$8.2 billion in a capital investment plan focused on improving service at the domestic utility companies and growing the global power development and domestic non-utility nuclear businesses. It is estimated that \$2.6 billion will be spent by the domestic utility companies, \$3.6 billion by the global power development business, and \$2.0 billion by the domestic non-utility nuclear business. The capital investment plan is subject to modification based on the ongoing effects of transition to competition planning, the ability to recover regulated utility costs in rates, and the proposed business combination with FPL Group. Additionally, the plan is contingent upon the ability to access the capital necessary to finance the planned expenditures, and significant borrowings may be necessary to implement these capital spending plans. Capital expenditures (including nuclear fuel but excluding AFUDC) for Entergy are estimated at \$3.2 billion in 2001, \$2.5 billion in 2002, and \$2.6 billion in 2003. Included in these totals are estimated construction expenditures for the domestic utility companies and System Energy as follows:

	2001	2002	2003	Total
	(In Millions)			
Entergy Arkansas	\$297	\$200	\$205	
\$702				
Entergy Gulf States	\$293	\$216	\$220	
\$729				
Entergy Louisiana	\$222	\$175	\$168	
\$565				
Entergy Mississippi	\$147	\$128	\$113	
\$388				
Entergy New Orleans	\$53	\$46	\$48	
\$147				
System Energy	\$41	\$14	\$12	
\$67				

The domestic utility companies will mainly focus their planned spending on distribution and transmission projects that will support continued reliability improvements and transitioning to a more competitive environment.

The global power development business will mainly focus its planned spending on several merchant power plant projects either under construction or in the planning stages in the U.S. and Europe, including the purchase of gas turbines scheduled for delivery in 2001 through 2004 under an option to purchase obtained from GE Power Systems.

The domestic non-utility nuclear business will mainly focus its planned spending on the acquisition of U.S. nuclear power plants from other utilities, including the anticipated purchase in 2001, pending regulatory approvals, of IP2.

Entergy Corporation's primary capital requirements are to invest periodically in, or make loans to, its subsidiaries and to invest in new enterprises. In February 2001, Entergy Corporation made a cash contribution consisting of equity investment and loans of approximately \$414 million in the formation of Entergy-Koch, L.P. Entergy Corporation also requires capital for its stock repurchase plans. In addition to meeting capital expenditure requirements, Entergy must meet scheduled long-term debt and preferred stock maturities and cash sinking fund requirements. Actual capital expenditures may vary from the estimates given for a number of reasons, including changes in load growth estimates; environmental regulations; labor, equipment, materials, and capital costs; modifications to generating units to meet regulatory requirements; the transition to competition; and the proposed business combination with FPL Group.

Management more thoroughly discusses Entergy's capital investment and common stock repurchase plans, financing requirements, Entergy Corporation credit support requirements, and its sources and uses of capital in "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES" and Notes 4, 5, 6, 7, 9, and 10 to the financial statements.

### **Certain Grand Gulf-related Financial and Support Agreements**

Unit Power Sales Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The Unit Power Sales Agreement allocates capacity, energy, and the related costs from System Energy's 90% ownership and leasehold interests in Grand Gulf 1 to Entergy Arkansas (36%), Entergy Louisiana (14%), Entergy Mississippi (33%), and Entergy New Orleans (17%). Each of these companies is obligated to make payments to System Energy for its entitlement of capacity and energy on a full cost-of-service basis regardless of the quantity of energy delivered, so long as Grand Gulf 1 remains in commercial operation. Payments under the Unit Power Sales Agreement are System Energy's only source of operating revenues. The financial condition of System Energy depends upon the continued commercial operation of Grand Gulf 1 and the receipt of such payments. Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans generally recover payments made under the Unit Power Sales Agreement through the rates charged to their customers. In the case of Entergy Arkansas and Entergy Louisiana, payments are also recovered through sales of electricity from their respective retained shares of Grand Gulf 1. The retained shares are discussed in Note 2 to the financial statements under the heading "Grand Gulf 1 Deferrals and Retained Shares."

Availability Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The Availability Agreement among System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans was entered into in 1974 in connection with the financing by System Energy of Grand Gulf. The Availability Agreement provided that System Energy would join in the System Agreement on or before the date on which Grand Gulf 1 was placed in commercial operation and would make available to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans all capacity and energy available from

System Energy's share of Grand Gulf.

Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans also agreed severally to pay System Energy monthly for the right to receive capacity and energy from Grand Gulf in amounts that (when added to any amounts received by System Energy under the Unit Power Sales Agreement, or otherwise) would at least equal System Energy's total operating expenses for Grand Gulf (including depreciation at a specified rate) and interest charges. The September 1989 write-off of System Energy's investment in Grand Gulf 2, amounting to approximately \$900 million, is being amortized for Availability Agreement purposes over 27 years.

The allocation percentages under the Availability Agreement are fixed as follows: Entergy Arkansas - 17.1%; Entergy Louisiana - 26.9%; Entergy Mississippi - 31.3%; and Entergy New Orleans - 24.7%. The allocation percentages under the Availability Agreement would remain in effect and would govern payments made under such agreement in the event of a shortfall of funds available to System Energy from other sources, including payments under the Unit Power Sales Agreement.

System Energy has assigned its rights to payments and advances from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans under the Availability Agreement as security for its first mortgage bonds and reimbursement obligations to certain banks providing the letters of credit in connection with the equity funding of the sale and leaseback transactions described in Note 10 to the financial statements under "Sale and Leaseback Transactions - Grand Gulf 1 Lease Obligations." In these assignments, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans further agreed that, in the event they were prohibited by governmental action from making payments under the Availability Agreement (for example, if FERC reduced or disallowed such payments as constituting excessive rates), they would then make subordinated advances to System Energy in the same amounts and at the same times as the prohibited payments. System Energy would not be allowed to repay these subordinated advances so long as it remained in default under the related indebtedness or in other similar circumstances.

Each of the assignment agreements relating to the Availability Agreement provides that Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans will make payments directly to System Energy. However, if there is an event of default, those payments must be made directly to the holders of indebtedness that are the beneficiaries of such assignment agreements. The payments must be made pro rata according to the amount of the respective obligations secured.

The obligations of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans to make payments under the Availability Agreement are subject to the receipt and continued effectiveness of all necessary regulatory approvals. Sales of capacity and energy under the Availability Agreement would require that the Availability Agreement be submitted to FERC for approval with respect to the terms of such sale. No such filing with FERC has been made because sales of capacity and energy from Grand Gulf are being made pursuant to the Unit Power Sales Agreement. If, for any reason, sales of capacity and energy are made in the future pursuant to the Availability Agreement, the jurisdictional portions of the Availability Agreement would be submitted to FERC for approval. Other aspects of the Availability Agreement are subject to the jurisdiction of the SEC, whose approval has been obtained, under PUHCA.

Since commercial operation of Grand Gulf 1 began, payments under the Unit Power Sales Agreement to System Energy have exceeded the amounts payable under the Availability Agreement. Therefore, no payments under the Availability Agreement have ever been required. If Entergy Arkansas or Entergy Mississippi fails to make its Unit Power Sales Agreement payments, and System Energy is unable to obtain funds from other sources, Entergy Louisiana and Entergy New Orleans could become subject to claims or demands by System Energy or its creditors for payments or advances under the Availability Agreement (or the assignments thereof) equal to the difference between their required Unit Power Sales Agreement payments and their required Availability Agreement payments.

The Availability Agreement may be terminated, amended, or modified by mutual agreement of the parties thereto, without further consent of any assignees or other creditors.

### **Capital Funds Agreement (Entergy Corporation and System Energy)**

System Energy and Entergy Corporation have entered into the Capital Funds Agreement, whereby Entergy Corporation has agreed to supply System Energy with sufficient capital to (i) maintain System Energy's equity capital at an amount equal to a minimum of 35% of its total capitalization (excluding short-term debt) and (ii) permit the continued commercial operation of Grand Gulf 1 and pay in full all indebtedness for borrowed money of System Energy when due.

Entergy Corporation has entered into various supplements to the Capital Funds Agreement. System Energy has assigned its rights under such supplements as security for its first mortgage bonds and for reimbursement obligations to certain banks providing letters of credit in connection with the equity funding of the sale and leaseback transactions described in Note 10 under "Sale and Leaseback Transactions - Grand Gulf 1 Lease Obligations." Each such supplement provides that permitted indebtedness for borrowed money incurred by System Energy in connection with the financing of Grand Gulf may be secured by System Energy's rights under the Capital Funds Agreement on a pro rata basis (except for the Specific Payments, as defined below). In addition, in the supplements to the Capital Funds Agreement relating to the specific indebtedness being secured, Entergy Corporation has agreed to make cash capital contributions directly to System Energy sufficient to enable System Energy to make payments when due on such indebtedness (Specific Payments). However, if there is an event of default, Entergy Corporation must

make those payments directly to the holders of indebtedness benefiting from the supplemental agreements. The payments (other than the Specific Payments) must be made pro rata according to the amount of the respective obligations benefiting from the supplemental agreements.

The Capital Funds Agreement may be terminated, amended, or modified by mutual agreement of the parties thereto, upon obtaining the consent, if required, of those holders of System Energy's indebtedness then outstanding who have received the assignments of the Capital Funds Agreement.

## **RATE MATTERS AND REGULATION**

### **Rate Matters**

The retail rates of Entergy's domestic utility companies are regulated by state or local regulatory authorities, as described below. FERC regulates their wholesale rates (including intrasystem sales pursuant to the System Agreement) and interstate transmission of electricity, as well as rates for System Energy's sales of capacity and energy from Grand Gulf 1 to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans pursuant to the Unit Power Sales Agreement.

### **Wholesale Rate Matters**

#### **System Energy**

As described above under "CAPITAL REQUIREMENTS AND FUTURE FINANCING - Certain Grand Gulf-related Financial and Support Agreements," System Energy recovers costs related to its interest in Grand Gulf 1 through rates charged to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans for capacity and energy under the Unit Power Sales Agreement.

In December 1995, System Energy implemented a \$65.5 million rate increase, subject to refund. In 1998, FERC approved requests by Entergy Arkansas and Entergy Mississippi to accelerate a portion of their Grand Gulf purchased power obligations. The rate increase request filed by System Energy with FERC and the Grand Gulf accelerated recovery tariffs are discussed in Note 2 to the financial statements.

System Agreement (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The domestic utility companies have historically engaged in the coordinated planning, construction, and operation of generation and transmission facilities pursuant to the terms of the System Agreement, as described under "PROPERTY - Generating Stations," below. Restructuring in the electric utility industry will affect these coordinated activities in the future.

The LPSC and the Council commenced a proceeding at FERC in April 2000 that requests revisions to the System Agreement that the LPSC and the Council allege are necessary to accommodate the introduction of retail competition in Texas and Arkansas. In June 2000, Entergy's domestic utility companies filed proposed amendments to the System Agreement with FERC to facilitate the implementation of retail competition in Arkansas and Texas and to provide for continued equalization of costs among the domestic utilities in Louisiana and Mississippi. The LPSC and the Council's complaint and Entergy's proposed amendments are more thoroughly discussed in "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS". These proceedings have been consolidated with a previous complaint filed with FERC by the LPSC in 1995. In that complaint, the LPSC requested, among other things, modification of the System Agreement to exclude curtailable load from the cost allocation determination. Hearings in these proceedings have been scheduled for March 2001, with an initial ALJ decision expected by June 2001. Entergy requested a final decision from FERC by October 2001, however, neither the timing, nor the ultimate outcome, of the proceeding can be predicted at this time.

Open Access Transmission (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

FERC issued Order 2000 in December 1999, which calls for owners and operators of transmission lines in the United States to join regional transmission organizations (RTOs) on a voluntary basis. Order 2000 requires that RTOs commence independent operations no later than December 15, 2001.

It appears that FERC will be flexible regarding the structure of RTOs. For example, it appears that RTOs may be for-profit or not-for-profit and may be organized as joint ventures or legal entities of various other types. However, RTOs will be required, among other things, to be independent of market participants, to have sufficient regional scope to maintain reliability and efficiency, to be non-discriminatory in granting service, and to maintain operational control over their regional transmission systems.

In October 2000, in compliance with Order 2000, Entergy made a filing with FERC that requested:

o authorization to establish an RTO referred to as Transco;

- o authorization to transfer the domestic utility companies' transmission assets to the Transco; and
- o a determination that the partnership arrangement with the Southwest Power Pool (SPP) that the Transco proposes to operate in would qualify as an independent RTO. The partnership arrangement provides for operations under the oversight of, and within, the SPP RTO.

The amounts of the domestic utility companies' net transmission utility plant assets recorded in their financial statements are provided in Note 1 to the financial statements under the heading "Utility Plant."

The proposed Transco will be a limited liability company. The managing member of the Transco will be a separate corporation with a board of directors independent of Entergy. The Transco will be:

- o regulated by FERC;
- o composed of the transmission system transferred to it by the domestic utility companies and other transmission owners in Entergy's current service territory region;
- o operated and maintained by employees who would work exclusively for the Transco and would not be employed by Entergy or the domestic utility companies; and
- o passively owned by the domestic utility companies and other member companies who will transfer assets but not control or otherwise direct its operation and management.

Entergy filed in December 2000 for FERC approval of the rates for transmission service across Transco's facilities. Included in this rate filing is a request to cancel Service Schedule MSS-2, the portion of the System Agreement related to equalization of certain transmission costs. In March 2001, Entergy, Entergy Services, and the domestic utility companies requested SEC approval under PUHCA of certain elements of the Transco plan. The domestic utility companies have also made filings with their local regulators for Transco approval. Under its planned timeline, Entergy expects to have the necessary regulatory approvals by the third quarter of 2001, with the transmission asset transfers occurring before Transco commences independent operations in December 2001. In the event that some or all of these transmission assets cannot be transferred to the Transco by December 2001, operational control of these assets will move to an intermediate entity as of that date.

### **Retail Rate Regulation**

General (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

Certain costs related to Grand Gulf 1, Waterford 3, and River Bend were phased into retail rates over a period of years in order to avoid the "rate shock" associated with increasing rates to reflect all such costs at once. Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and the portion of Entergy Gulf States regulated by the LPSC have fully recovered such deferred costs associated with one or more of the plants. Entergy New Orleans' phase-in plan will be completed in 2001.

The retail regulatory philosophy has shifted in some jurisdictions from traditional, exclusively cost-of-service regulation to include performance-based rate elements. Performance-based formula rate plans are designed to encourage efficiencies and productivity while permitting utilities and their customers to share in the benefits. Entergy Mississippi and Entergy Louisiana have implemented performance-based formula rate plans.

The domestic utility companies have initiated proceedings with state and local regulators regarding transition to a more competitive market for electricity. In addition, retail open access laws have been enacted in Arkansas and Texas. These matters are discussed more thoroughly in Note 2 to the financial statements.

### **Entergy Arkansas**

#### **Retail Rate Proceedings**

Entergy Arkansas' material retail rate proceedings that were resolved during the past year, are currently pending, or affect current year results are discussed in Note 2 to the financial statements.

#### **Recovery of Grand Gulf 1 Costs**

Under the settlement agreement entered into with the APSC in 1985 and amended in 1988, Entergy Arkansas retains 22% of its share of Grand Gulf 1 costs and recovers the remaining 78% of its share through rates. Under the Unit Power Sales Agreement, Entergy Arkansas' share of Grand Gulf 1 costs is 36%. In the event Entergy Arkansas is not able to sell its retained share to third parties, it may sell such energy to its retail customers at a price equal to its avoided energy cost, which is currently less than Entergy Arkansas' cost of energy from the retained share.

#### **Fuel Recovery**

Entergy Arkansas' rate schedules include an energy cost recovery rider to recover fuel and purchased energy costs in monthly bills. The rider

utilizes projected energy costs for the twelve month period commencing on April 1 of each year to develop an energy cost rate, which is redetermined annually and includes a true-up adjustment reflecting the over-recovery or under-recovery, including carrying charges, of the energy cost for the prior calendar year.

### **Rate Freeze**

In December 1997, the APSC approved a settlement agreement resolving Entergy Arkansas' transition to competition case. One provision in that settlement was that base rates would remain at the level resulting from that case until at least July 1, 2001. The terms of the settlement agreement are discussed in Note 2 to the financial statements.

### **Entergy Gulf States**

#### **Retail Rate Proceedings**

Entergy Gulf States' material retail rate proceedings that were resolved during the past year, are currently pending, or affect current year results are discussed in Note 2 to the financial statements. In addition, the 1999 settlement agreement that resolved Entergy Gulf States' 1996 and 1998 rate proceedings, which is currently under appeal, and various other matters are discussed in Note 2 to the financial statements.

#### **Texas Jurisdiction - River Bend**

In March 1998, the PUCT issued an order disallowing recovery of \$1.4 billion of company-wide abeyed River Bend plant costs which have been held in abeyance since 1988. Entergy Gulf States has appealed the PUCT's decision on this matter to a Texas District Court. The 1999 settlement agreement mentioned above addresses the treatment of abeyed plant costs, and, as a result, Entergy Gulf States removed the reserve for these costs and reduced the plant asset in 1999. Based on advice of counsel, management believes that it is probable that the matter will be remanded again to the PUCT for a further ruling on the prudence of the abeyed plant costs and it is reasonably possible that some portion of these costs will be added to the net book value of the River Bend plant for regulatory purposes. The abeyed plant costs are discussed in more detail in Note 2 to the financial statements.

### **Fuel Recovery**

Entergy Gulf States' Texas rate schedules include a fixed fuel factor to recover fuel and purchased power costs, including carrying charges, not recovered in base rates. The 1999 settlement agreement mentioned above established a methodology for semi-annual revisions of the fixed fuel factor in March and September based on the market price of natural gas. This agreement is effective through December 2001 or until otherwise ordered by the PUCT. To the extent actual costs vary from the fixed fuel factor, refunds or surcharges are required or permitted. Fuel costs are also subject to reconciliation proceedings. In connection with the implementation of restructuring in Texas, Entergy Gulf States anticipates that it will file a final fuel reconciliation in March 2003 for the period ending December 31, 2001. Beginning in January 2002, which is the scheduled start of retail open access in Texas, fuel and purchased power cost recovery will be subject to the PUCT's rule governing the price that Entergy Gulf States' affiliated retail electric provider may charge residential and commercial customers, as discussed in more detail in Note 2 to the financial statements.

Entergy Gulf States' Louisiana electric rate schedules include a fuel adjustment clause designed to recover the cost of fuel and purchased power costs in the second prior month, adjusted by a surcharge or credit for deferred fuel expense and related carrying charges arising from the monthly reconciliation of actual fuel costs incurred with fuel revenues billed to customers. The LPSC and the PUCT fuel cost reviews that were resolved during the past year or are currently pending are discussed in Note 2 to the financial statements. In July 2000, the LPSC issued an order requiring Entergy Gulf States to realign approximately \$2.4 million of certain Louisiana fuel costs from the fuel adjustment clause to base rates.

Entergy Gulf States' Louisiana gas rates include a purchased gas adjustment based on estimated gas costs for the billing month adjusted by a surcharge or credit for deferred fuel expense arising from the monthly reconciliation of actual fuel costs incurred with fuel cost revenues billed to customers.

### **Entergy Louisiana**

#### **Retail Rate Proceedings**

Entergy Louisiana's material retail rate proceedings that were resolved during the past year, are currently pending, or affect current year results are discussed in Note 2 to the financial statements.

#### **Recovery of Grand Gulf 1 Costs**

In a series of LPSC orders, court decisions, and agreements from late 1985 to mid-1988, Entergy Louisiana was granted rate relief with respect

to costs associated with Entergy Louisiana's share of capacity and energy from Grand Gulf 1, subject to certain terms and conditions. In November 1988, Entergy Louisiana agreed to retain 18% of its share of Grand Gulf 1 costs and recover the remaining 82% of its share through rates. Under the Unit Power Sales Agreement, Entergy Louisiana's share of Grand Gulf 1 costs is 14%. Non-fuel operation and maintenance costs for Grand Gulf 1 are recovered through Entergy Louisiana's base rates. Additionally, Entergy Louisiana is allowed to recover, through the fuel adjustment clause, 4.6 cents per KWH for the energy related to its retained portion of these costs. Alternatively, Entergy Louisiana may sell such energy to nonaffiliated parties at prices above the fuel adjustment clause recovery amount, subject to the LPSC's approval.

### **Performance-Based Formula Rate Plan**

Entergy Louisiana files a performance-based formula rate plan by April 15 of each year that compares the annual rate of return on common equity (ROE) with a benchmark ROE. The benchmark ROE determined under the formula rate plan includes the current approved ROE adjusted for a customer satisfaction performance measure. The formula rate plan allows for periodic adjustments in retail rates if the annually determined ROE is outside an allowed range of the benchmark ROE. The performance-based formula rate plan will end in 2001 after the filing for the 2000 test year unless a continuance is ordered. Entergy Louisiana's performance-based formula rate plan filings are discussed in Note 2 to the financial statements.

### **Fuel Recovery**

Entergy Louisiana's rate schedules include a fuel adjustment clause designed to recover the cost of fuel in the second prior month, adjusted by a surcharge or credit for deferred fuel expense and related carrying charges arising from the monthly reconciliation of actual fuel costs incurred with fuel cost revenues billed to customers.

### **Entergy Mississippi**

#### **Retail Rate Proceedings**

Entergy Mississippi's material retail rate proceedings that were resolved during the past year, are currently pending, or affect current year results are discussed in Note 2 to the financial statements.

### **Performance-Based Formula Rate Plan**

Entergy Mississippi files a performance-based formula rate plan every 12 months that compares the annual earned rate of return to and adjusts it against a benchmark rate of return. The benchmark is calculated under a separate formula within the formula rate plan. The formula rate plan allows for periodic small adjustments in rates based on a comparison of actual earned returns to benchmark returns and upon certain performance factors. The formula rate plan filing for the 1999 test year is discussed in Note 2 to the financial statements. The formula rate plan filing for the 2000 test year will be submitted in March 2001.

### **Fuel Recovery**

Entergy Mississippi's rate schedules include an energy cost recovery rider to recover fuel and purchased energy costs. In December 2000, the MPSC approved the recovery of \$136.7 million of under-recoveries, plus carrying charges, over a 24-month period effective with the first billing cycle of January 2001. Effective with January 2001 billings, the rider utilizes projected energy costs filed quarterly by Entergy Mississippi to develop an energy cost rate. The energy cost rate is redetermined each calendar quarter and includes a true-up adjustment reflecting the over-recovery or under-recovery of the energy cost as of the second quarter preceding the redetermination.

### **Entergy New Orleans**

#### **Retail Rate Proceedings**

Entergy New Orleans' material retail rate proceedings that were resolved during the past year, are currently pending, or affect current year results are discussed in Note 2 to the financial statements.

### **Recovery of Grand Gulf 1 Costs**

Under Entergy New Orleans' various rate settlements with the Council in 1986, 1988, and 1991, Entergy New Orleans agreed to absorb and not recover from ratepayers a total of \$96.2 million of its Grand Gulf 1 costs. Entergy New Orleans was permitted to implement annual rate increases in decreasing amounts each year through 1995, and to defer certain costs and related carrying charges for recovery on a schedule extending from 1991 through 2001. As of December 31, 2000, the uncollected balance of Entergy New Orleans' deferred costs was \$11 million.

### **Fuel Recovery**

Entergy New Orleans' electric rate schedules include a fuel adjustment clause designed to recover the cost of fuel in the second prior month, adjusted by a surcharge or credit for deferred fuel expense arising from the monthly reconciliation of actual fuel costs incurred with fuel cost revenues billed to customers. The adjustment also includes the difference between non-fuel Grand Gulf 1 costs paid by Entergy New Orleans and the estimate of such costs, which are included in base rates, as provided in Entergy New Orleans' Grand Gulf 1 rate settlements. Entergy New Orleans' gas rate schedules include an adjustment to reflect estimated gas costs for the billing month, adjusted by a surcharge or credit similar to that included in the electric fuel adjustment clause, in addition to carrying charges. The Council is currently studying Entergy New Orleans' fuel adjustment methodologies, with the intention of considering means of mitigating the effect on ratepayers of sudden increases in fuel costs. The resolution commencing the study notes that the Council does not intend to deny Entergy New Orleans full recovery of its prudently incurred fuel and purchased power costs.

## **Regulation**

Federal Regulation (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

## **PUHCA**

Entergy Corporation and its various direct and indirect subsidiaries are subject to the broad regulatory provisions of PUHCA, with the exception of its EWG and FUCO subsidiaries. Except with respect to investments in EWGs and FUCOs, the principal regulatory provisions of PUHCA:

- o limit the operations of a registered holding company system to a single, integrated public utility system, plus certain ancillary and related systems and businesses;
- o regulate certain transactions among affiliates within a holding company system;
- o govern the issuance, acquisition, and disposition of securities and assets by registered holding companies and their subsidiaries;
- o limit the entry by registered holding companies and their subsidiaries into businesses other than electric and/or gas utility businesses; and
- o require SEC approval for certain utility mergers and acquisitions, including Entergy's proposed merger with FPL Group.

Entergy Corporation and other electric utility holding companies have supported legislation in the United States Congress to repeal PUHCA and transfer certain aspects of the oversight of public utility holding companies from the SEC to FERC. Entergy believes that PUHCA inhibits its ability to compete in the evolving electric energy marketplace and largely duplicates the oversight activities otherwise performed by FERC and other federal regulators and by state and local regulators. In June 1995, the SEC adopted a report proposing options for the repeal or significant modification of PUHCA, but the U.S. Congress has not passed legislation pursuant to this report.

## **Federal Power Act**

The domestic utility companies, System Energy, Entergy Power, and EPMC are subject to the Federal Power Act as administered by FERC and the DOE. The Federal Power Act provides for regulatory jurisdiction over the transmission and wholesale sale of electric energy in interstate commerce, licensing of certain hydroelectric projects and certain other activities, including accounting policies and practices. Such regulation includes jurisdiction over the rates charged by System Energy for Grand Gulf 1 capacity and energy provided to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.

Entergy Arkansas holds a FERC license for two hydroelectric projects totaling 70 MW of capacity that was renewed on July 2, 1980 and expires on February 28, 2003. In December 2000, Entergy Arkansas filed a license extension application with FERC for these two facilities.

Regulation of the Nuclear Power Industry (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy)

## **Regulation of Nuclear Power**

Under the Atomic Energy Act of 1954 and the Energy Reorganization Act of 1974, the operation of nuclear plants is heavily regulated by the NRC, which has broad power to impose licensing and safety-related requirements. In the event of non-compliance, the NRC has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy, as owners of all or portions of ANO, River Bend, Waterford 3, and Grand Gulf 1, respectively, and Entergy Operations, as the licensee and operator of these units, are subject to the jurisdiction of the NRC. Additionally, Entergy's domestic non-utility nuclear business is subject to the NRC's jurisdiction as the owner and operator of Pilgrim, Indian Point 3 and FitzPatrick. Revised safety requirements promulgated by the NRC have, in the past, necessitated substantial capital expenditures at these nuclear plants, and additional expenditures could be required in the future.

The nuclear power industry faces uncertainties with respect to the cost and long-term availability of sites for disposal of spent nuclear fuel and other radioactive waste, nuclear plant operations, the technological and financial aspects of decommissioning plants at the end of their licensed

lives, and requirements relating to nuclear insurance. These matters are briefly discussed below.

### **Regulation of Spent Fuel and Other High-Level Radioactive Waste**

Under the Nuclear Waste Policy Act of 1982, the DOE is required, for a specified fee, to construct storage facilities for, and to dispose of, all spent nuclear fuel and other high-level radioactive waste generated by domestic nuclear power reactors. However, the DOE has not yet identified a permanent storage repository and, as a result, future expenditures may be required to increase spent fuel storage capacity at Entergy's nuclear plant sites. Information concerning spent fuel disposal contracts with the DOE, current on-site storage capacity, and costs of providing additional on-site storage is presented in Note 9 to the financial statements.

### **Regulation of Low-Level Radioactive Waste**

The availability and cost of disposal facilities for low-level radioactive waste resulting from normal nuclear plant operations are subject to a number of uncertainties. Under the Low-Level Radioactive Waste Policy Act of 1980, as amended, each state is responsible for disposal of waste originating in that state, but states may participate in regional compacts to fulfill their responsibilities jointly. Arkansas and Louisiana participate in the Central Interstate Low-Level Radioactive Waste Compact (Central States Compact), and Mississippi participates in the Southeast Low-Level Radioactive Waste Compact (Southeast Compact). Both the Central States Compact and the Southeast Compact waste facility development projects are on hold and further development efforts are unknown at this time. Neither Massachusetts, where Pilgrim is located, nor New York, where Indian Point 3 and FitzPatrick are located, participates in any regional compact and efforts to fulfill their responsibilities have been minimal. Two licensed disposal sites are currently operating in the United States, but only one site, the Barnwell Disposal Facility (Barnwell) located in South Carolina, is open to out-of-region generators. The availability of Barnwell provides only a temporary solution for Entergy's low-level radioactive waste storage and does not alleviate the need to develop new disposal capacity. In June 2000, the governor of South Carolina signed legislation forming a new low-level waste compact with the states of Connecticut and New Jersey. The compact will start restricting acceptance of out-of-region waste in 2002 and totally ban out-of-region waste by 2008.

The Southeast Compact has filed sanctions against the host state of North Carolina and the process is currently on hold pending resolution of the sanctions action by the compact. In December 1998, the host state for the Central States Compact, Nebraska, denied the compact's license application. In December 1998, Entergy and two other utilities in the Central States Compact filed a lawsuit against the state of Nebraska seeking damages resulting from delays and a faulty license review process. Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States, along with other waste generators, fund the development costs for new disposal facilities relating to the Central States Compact. Development costs to be incurred in the future are difficult to predict. The current schedules for the site development in both the Central States Compact and the Southeast Compact are undetermined at this time. Until long-term disposal facilities are established, Entergy will seek continued access to existing facilities. If such access is unavailable, Entergy will store low-level waste at its nuclear plant sites.

### **Regulation of Nuclear Plant Decommissioning**

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy are recovering through electric rates the estimated decommissioning costs for ANO, River Bend, Waterford 3, and Grand Gulf 1, respectively. These amounts are deposited in trust funds which, together with the related earnings, can only be used for future decommissioning costs. Estimated decommissioning costs are periodically reviewed and updated to reflect inflation and changes in regulatory requirements and technology. Applications are periodically made to appropriate regulatory authorities to reflect, in rates, the changes in projected decommissioning costs. In conjunction with the Pilgrim acquisition, Entergy received Pilgrim's decommissioning trust fund. Based on cost estimates provided by an outside consultant, Entergy believes that Pilgrim's decommissioning fund will be adequate to cover future decommissioning costs for the plant without any additional deposits to the trust. Subject to decommissioning service agreements between Entergy and NYPA, NYPA retains the decommissioning liability and trusts relating to Indian Point 3 and FitzPatrick up to a specified amount. Entergy believes that the amounts that will be available from the trusts will be sufficient to cover the future decommissioning costs of Indian Point 3 and FitzPatrick without any additional contributions to the trusts. Additional information with respect to decommissioning costs for ANO, River Bend, Waterford 3, Grand Gulf 1, Pilgrim, Indian Point 3, and FitzPatrick is found in Note 9 to the financial statements.

The EPAct requires all electric utilities (including Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy) that purchased uranium enrichment services from the DOE to contribute up to a total of \$150 million annually over approximately 15 years (adjusted for inflation, up to a total of \$2.25 billion) for decontamination and decommissioning of enrichment facilities. In accordance with the EPAct, contributions to decontamination and decommissioning funds are recovered through rates in the same manner as other fuel costs. The estimated annual contributions by Entergy for decontamination and decommissioning fees are discussed in Note 9 to the financial statements.

### **Nuclear Insurance**

The Price-Anderson Act limits public liability for a single nuclear incident to approximately \$9.5 billion. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, System Energy, and Entergy's domestic non-utility nuclear business have protection with respect to this liability through a combination of private insurance and an industry assessment program, as well as insurance for property damage, costs of replacement power, and other risks relating to nuclear generating units. Insurance applicable to the nuclear programs of Entergy is discussed in Note 9 to the

financial statements.

## **Nuclear Operations**

General (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy)

Entergy Operations operates ANO, River Bend, Waterford 3, and Grand Gulf 1, subject to the owner oversight of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy, respectively. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy pay directly or reimburse Entergy Operations at cost for its operation of the nuclear units. Entergy's domestic non-utility nuclear business is the operator of Pilgrim, Indian Point 3 and FitzPatrick.

### **ANO Matters (Entergy Corporation and Entergy Arkansas)**

Cracks in steam generator tubes at ANO 2 were discovered and repaired during an outage in March 1992. Further inspections and repairs were conducted during subsequent refueling and mid-cycle outages and turbine modifications were installed in May 1997 to restore most of the output lost due to steam generator fouling and tube plugging. In October 1996, the Board authorized Entergy Arkansas and Entergy Operations to fabricate and install replacement steam generators at ANO 2. Entergy Operations thereafter entered into contracts for the design, fabrication, and installation of replacement steam generators. In December 1998, the APSC issued an order finding replacement of the ANO 2 steam generators to be in the public interest. The steam generators were replaced during a refueling outage in the second half of 2000. During the next scheduled outage, an examination of both generators is planned to evaluate their wear and to meet the requirements of industry guidelines for steam generator program integrity.

In February 2000, Entergy Operations applied to the NRC for an extension of ANO 1's operating license. The current license expires in 2014, and, if granted, the extension would provide the authority to continue operating ANO 1 until 2034. Management expects the NRC consideration process to take two years.

In December 2000, Entergy Operations applied to the NRC for an amendment to ANO 2's operating license that would allow for an increase in the reactor core power rating. If granted, this amendment will allow ANO 2 to increase its gross electrical output by approximately 90 MW. Entergy Operations has requested action by the NRC on the amendment by March 2002, to permit implementation of the uprate following ANO 2's next scheduled refueling outage.

State Regulation (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

## **General**

Entergy Arkansas is subject to regulation by the APSC, which includes the authority to:

- o oversee utility service;
- o set rates;
- o determine reasonable and adequate service;
- o require proper accounting;
- o control leasing;
- o control the acquisition or sale of any public utility plant or property constituting an operating unit or system;
- o set rates of depreciation;
- o issue certificates of convenience and necessity and certificates of environmental compatibility and public need; and
- o regulate the issuance and sale of certain securities.

Entergy Gulf States is subject to the jurisdiction of the municipal authorities of a number of incorporated cities in Texas as to retail rates and service within their boundaries, with appellate jurisdiction over such matters residing in the PUCT. Entergy Gulf States' Texas business is also subject to regulation by the PUCT as to:

- o retail rates and service in rural areas;
- o certification of new transmission lines; and
- o extensions of service into new areas.

Entergy Gulf States' Louisiana electric and gas business and Entergy Louisiana are subject to regulation by the LPSC as to:

- o utility service;
- o rates and charges;
- o certification of generating facilities;
- o power or capacity purchase contracts; and

- o depreciation, accounting, and other matters.

Entergy Louisiana is also subject to the jurisdiction of the Council with respect to such matters within Algiers in Orleans Parish.

Entergy Mississippi is subject to regulation by the MPSC as to the following:

- o utility service;
- o service areas;
- o facilities; and
- o retail rates.

Entergy Mississippi is also subject to regulation by the APSC as to the certificate of environmental compatibility and public need for the Independence Station, which is located in Arkansas.

Entergy New Orleans is subject to regulation by the Council as to the following:

- o utility service;
- o rates and charges;
- o standards of service;
- o depreciation, accounting, and issuance and sale of certain securities; and
- o other matters.

## **Franchises**

Entergy Arkansas holds exclusive franchises to provide electric service in approximately 304 incorporated cities and towns in Arkansas. These franchises are unlimited in duration and continue unless the municipalities purchase the utility property. In Arkansas, franchises are considered to be contracts and, therefore, are terminable upon breach of the terms of the franchise.

Entergy Gulf States holds non-exclusive franchises, permits, or certificates of convenience and necessity to provide electric and gas service in approximately 55 incorporated municipalities in Louisiana and to provide electric service in approximately 63 incorporated municipalities in Texas. Entergy Gulf States typically is granted 50- year franchises in Texas and 60-year franchises in Louisiana. Entergy Gulf States' current electric franchises will expire during 2007 - 2036 in Texas and during 2015 - 2046 in Louisiana. The natural gas franchise in the City of Baton Rouge will expire in 2015. In addition, Entergy Gulf States holds a certificate of convenience and necessity from the PUCT to provide electric service to areas within 21 counties in eastern Texas. Retail open access is scheduled to begin in Entergy Gulf States' Texas service territory on January 1, 2002. Refer to "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS" and Note 2 to the financial statements for discussions of the transition to competition in Texas.

Entergy Louisiana holds non-exclusive franchises to provide electric service in approximately 116 incorporated Louisiana municipalities. Most of these franchises have 25-year terms, although six of these municipalities have granted 60-year franchises. Entergy Louisiana also supplies electric service in approximately 353 unincorporated communities, all of which are located in Louisiana parishes in which it holds non-exclusive franchises.

Entergy Mississippi has received from the MPSC certificates of public convenience and necessity to provide electric service to areas within 45 counties, including a number of municipalities, in western Mississippi. Under Mississippi statutory law, such certificates are exclusive. Entergy Mississippi may continue to serve in such municipalities upon payment of a statutory franchise fee, regardless of whether an original municipal franchise is still in existence.

Entergy New Orleans provides electric and gas service in the City of New Orleans pursuant to city ordinances (except for in Algiers, which is served by Entergy Louisiana). These ordinances contain a continuing option for the City of New Orleans to purchase Entergy New Orleans' electric and gas utility properties. A resolution to study the advantages for ratepayers that might result from an acquisition of these properties has been filed in a committee of the Council. The committee has deferred consideration of that resolution until May 2001. The full Council must approve the resolution to commence such a study before it can become effective.

The business of System Energy is limited to wholesale power sales. It has no distribution franchises.

## **Environmental Regulation**

### **General**

Entergy's facilities and operations are subject to regulation by various domestic and foreign governmental authorities having jurisdiction over air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. Management believes

that its affected subsidiaries are in substantial compliance with environmental regulations currently applicable to their facilities and operations. Because environmental regulations are subject to change, future compliance costs cannot be precisely estimated.

### **Clean Air Legislation**

The Clean Air Act Amendments of 1990 (the Act) established the following three programs that currently or in the future may affect Entergy's fossil-fueled generation:

- o an acid rain program for control of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>);
- o an ozone nonattainment area program for control of NO<sub>x</sub> and volatile organic compounds; and
- o an operating permits program for administration and enforcement of these and other Act programs.

Under the current acid rain program, Entergy's subsidiaries will not require additional equipment to control SO<sub>2</sub> or NO<sub>x</sub>. The Act provides SO<sub>2</sub> allowances to most of the affected Entergy generating units for emissions based upon past emission levels and operating characteristics. Each allowance is an entitlement to emit one ton of SO<sub>2</sub> per year. Under the Act, utilities are or will be required to possess allowances for SO<sub>2</sub> emissions from affected generating units. All Entergy fossil-fueled generating units are classified as "Phase II" units under the Act and are subject to SO<sub>2</sub> allowance requirements.

Additional controls were recently implemented at certain Entergy Gulf States generating units to achieve NO<sub>x</sub> reductions due to the ozone non-attainment status of areas served in and around Beaumont and Houston, Texas. Texas environmental authorities imposed NO<sub>x</sub> controls on power plants that had to be in place by November 1999. To date, the cost of additional control equipment necessary to maintain this compliance is immaterial. In December 1999 and August 2000, Texas authorities proposed future control strategies for public comment that would affect the Beaumont and Houston areas, respectively. The Texas authorities finalized regulations for the Beaumont area in April 2000. The analogous Houston area regulations were finalized in December 2000. The final strategies adopted by the state of Texas will cause Entergy Gulf States to incur additional costs for NO<sub>x</sub> controls through 2007. Entergy Gulf States has conducted studies to estimate the costs that would be incurred based on the proposed strategies. Pursuant to these studies, Entergy Gulf States' preliminary estimate is that compliance costs through 2003 in the Beaumont and Houston areas will be \$37 million and \$26 million respectively, and that these expenditures will be sufficient for the entire compliance period through 2007. Entergy commenced projects in 2000 to engineer, procure, and construct needed air pollution control facilities. Cost estimates will be refined as engineering design progresses based on the final adopted strategies approved by the EPA. Entergy believes the future control strategies in the ozone non-attainment regulations require emission limits that are more restrictive than those discussed below related to utility restructuring in Texas.

As part of legislation passed in Texas in June 1999 to restructure the electric power industry in the state, certain generating units of Entergy Gulf States will be required to obtain operating permits and meet new, lower emission limits for NO<sub>x</sub>. It is expected that Entergy Gulf States will incur costs through 2003 to meet these new standards. The Texas portion of these costs and the costs associated with ozone non-attainment regulations are expected to be recoverable as stranded costs of environmental cleanup.

### **Oil Pollution Prevention and Response**

The EPA has issued a proposed rule on oil pollution prevention and response. This rule could affect Entergy's operation of its approximately 3,500 transmission and distribution electrical equipment installations that are potentially subject to this proposed rule. If the proposed rule is issued in the form expected by the industry, Entergy will be substantially in compliance with the rule. However, there is a possibility that the rule could be issued in a form that would require Entergy to develop site-specific oil spill prevention and control countermeasure plans for the facilities subject to this rule. In addition, secondary containment could be required around the equipment in these facilities. Entergy participates in industry groups involved with the proposed rule and will be monitoring the development of the proposed rule. It is expected that the final rule will be issued in the first half of 2001.

### **Other Environmental Matters**

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), authorizes the EPA and, indirectly, the states, to mandate cleanup, or reimbursement of clean-up costs, by owners or operators of sites from which hazardous substances may be or have been released. Parties that generated or transported hazardous substances to these sites are also deemed liable by CERCLA. CERCLA has been interpreted to impose joint and several liability on responsible parties. The domestic utility companies have sent waste materials to various disposal sites over the years. In addition, environmental laws now regulate certain of the domestic utility companies' operating procedures and maintenance practices, which historically were not subject to regulation. Some of Entergy's disposal sites have been the subject of governmental action under CERCLA, resulting in site clean-up activities. The domestic utility companies have participated to various degrees in accordance with their respective potential liabilities in such site cleanups and have developed experience with clean-up costs. The affected domestic utility companies have established reserves for such environmental clean up and restoration activities.

### **Entergy Arkansas**

Entergy Arkansas entered into a Consent Administrative Order with the Arkansas Department of Environmental Quality (ADEQ) in which it agreed to conduct initial stabilization associated with contamination at the Utilities Services, Inc. Superfund site located near Rison, Arkansas. This site was never owned nor operated by any Entergy-affiliated company. This site was found to have soil contaminated by polychlorinated biphenyls (PCBs) and pentachlorophenol (a wood preservative). Containers and drums that contained PCBs and other hazardous substances were found at the site. Entergy Arkansas worked with the ADEQ to identify and notify other PRPs with respect to this site. Approximately twenty PRPs have been identified to date. In December 1999, Entergy Arkansas, along with several other PRPs, met with ADEQ representatives to discuss the cleanup of the site. The PRPs are being encouraged to undertake a voluntary cleanup and have begun discussions regarding the sharing of costs. Entergy Arkansas believes that its ultimate responsibility for this site will not materially exceed its existing cleanup provision of \$5 million. Entergy has sent a letter of intent to the ADEQ to participate in the site characterization, and Entergy is waiting for a response from the ADEQ. As of December 31, 2000, Entergy Arkansas had incurred approximately \$400,000 of these costs.

### **Entergy Gulf States**

Several class action and other suits have been filed in state and federal courts seeking relief from Entergy Gulf States and others for damages caused by the disposal of hazardous waste and for asbestos-related disease allegedly resulting from exposure on Entergy Gulf States' premises (see "Other Regulation and Litigation" below).

In August 1999, Entergy Gulf States received notice from the Texas Natural Resource Conservation Commission (TNRCC) that it is considered to be a PRP for the Spector Salvage Yard in Orange, Texas. The Spector Salvage site operated from approximately 1944 until 1971. In addition to general salvage, the facility functioned as a repository for military surplus equipment and supplies purchased from military, industrial, and chemical facilities. Soil samples from the site indicate the presence of heavy metals and various organics, including PCBs. The TNRCC requested of all PRPs a submission of a good faith offer to fully fund or conduct a remedial investigation. Entergy Gulf States believes that there is insufficient basis for including the company as a PRP. If additional evidence that the company is a PRP were discovered, Entergy Gulf States would re-evaluate its position. Based on the size of the site, Entergy Gulf States expects that its future expenditures for investigation and clean-up should not exceed \$250,000.

Entergy Gulf States is currently involved in a remedial investigation of the Lake Charles Service Center site, located in Lake Charles, Louisiana. A manufactured gas plant (MGP) is believed to have operated at this site from approximately 1916 to 1931. Coal tar, a by-product of the distillation process employed at MGPs, was apparently routed to a portion of the property for disposal. The same area has also been used as a landfill. In 1999, Entergy Gulf States signed a second Administrative Consent Order with the EPA to perform removal action at the site. Entergy Gulf States believes that its ultimate responsibility for this site will not materially exceed its existing clean-up provision of \$16.8 million.

Entergy Gulf States is currently involved in the second phase of an investigation of contamination of an MGP site, known as the Old Jennings Ice Plant, located in Jennings, Louisiana. The MGP is believed to have operated from approximately 1909 to 1926. The site is currently used for an electrical substation and storage of transmission and distribution equipment. In July 1996, a petroleum-like substance was discovered on the surface soil, and notification was made to the LDEQ. The LDEQ was aware of this site based upon a survey performed by an environmental consultant for the EPA. Entergy Gulf States obtained the services of an environmental consultant to collect core samples and to perform a search of historical records to determine what activities occurred at Jennings. Results of the core sampling, which found limited amounts of contamination on-site, were submitted to the LDEQ. A plan to determine a cost-effective remediation strategy will be developed and submitted to the LDEQ for review in 2001. Entergy does not expect that its ultimate financial responsibility with respect to this site will be material. The amount of its existing provision for cleanup is \$250,000.

In 1994, Entergy Gulf States performed a site assessment in conjunction with a construction project at the Louisiana Station Generating Plant (Louisiana Station). In 1995, a further assessment confirmed subsurface soil and groundwater impact to three areas on the plant site. After further evaluation, a notification was made to the LDEQ. Remediation of Louisiana Station is expected to continue through 2001. The remediation cost incurred through December 31, 2000 for this site was \$6.2 million. Future costs are not expected to exceed the existing provision of \$1.3 million.

### **Entergy New Orleans**

Entergy New Orleans is planning a new substation on a parcel of land located adjacent to an existing substation, which is in close proximity to the former Market Street power plant. During pre-construction activities in January 2000, significant levels of lead were discovered in the soil at this site. Entergy New Orleans notified the LDEQ of the contamination. The contamination at this site was addressed using the LDEQ Risk/Evaluation Corrective Action Plan. The work has been completed and the final closure report is scheduled to be submitted in the first quarter of 2001. The cost of this remediation was approximately \$1 million.

### **Entergy Louisiana and Entergy New Orleans**

The Southern Transformer shop located in New Orleans has served both Entergy Louisiana and Entergy New Orleans. This transformer shop is now being closed and an environmental assessment is being performed to determine what remediation may be necessary. Based on preliminary

findings, Entergy Louisiana has reserved \$150,000 for this project.

From 1992 to 1994, Entergy Louisiana performed a site assessment and remedial activities at a retired power plant known as the Thibodaux municipal site, previously owned and operated by a Louisiana municipality. Entergy Louisiana purchased the power plant at this site as part of the acquisition of municipal electric systems. The site assessment indicated some subsurface contamination from fuel oil. Remediation of the Thibodaux site is expected to continue through 2001. The cost incurred through December 31, 2000 for the Thibodaux site was approximately \$580,000. Future costs are not expected to exceed the existing provision of \$240,000.

During 1993, the LDEQ issued new rules for solid waste regulation, including regulation of wastewater impoundments. Entergy Louisiana and Entergy New Orleans have determined that certain of their power plant wastewater impoundments were affected by these regulations and chose to upgrade or close them. Completion of this work is pending LDEQ approval. LDEQ has issued notices of deficiencies for certain of these sites. As a result, a remaining recorded liability in the amount of \$5.8 million for Entergy Louisiana and \$0.5 million for Entergy New Orleans existed at December 31, 2000 for wastewater upgrades and closures. Management of Entergy Louisiana and Entergy New Orleans believes these reserves are adequate based on current estimates.

## **Other Regulation and Litigation**

### **Entergy Corporation and Entergy Gulf States Merger**

Several parties, including Entergy Services, appealed FERC's approval of the merger between Entergy Corporation and Entergy Gulf States to the D.C. Circuit. Entergy Services sought review of FERC's deletion of a 40% cap on the amount of fuel savings Entergy Gulf States may be required to transfer to other domestic utility companies under a tracking mechanism designed to protect the other companies from certain unexpected increases in fuel costs. The other parties sought to overturn FERC's decisions on various grounds, including issues as to whether FERC appropriately conditioned the merger to protect various interested parties from alleged harm and FERC's reliance on Entergy's transmission tariff to mitigate any potential anti-competitive impacts of the merger. Management cannot predict the timing or outcome of this proceeding.

Employment Litigation (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

Entergy Corporation and the domestic utility companies are defendants in numerous lawsuits that have been filed by former employees alleging that they were wrongfully terminated and/or discriminated against on the basis of age, race, and/or sex. Entergy Corporation and the domestic utility companies are vigorously defending these suits and deny any liability to the plaintiffs. However, no assurance can be given as to the outcome of these cases, and at this time management cannot estimate the total amount of damages sought.

### **Asbestos and Hazardous Waste Suits (Entergy Gulf States)**

Plaintiffs have filed numerous lawsuits in state and federal courts in Texas and Louisiana seeking relief from Entergy Gulf States as well as numerous other defendants for damages caused to the plaintiffs or others by the alleged exposure to hazardous waste and asbestos on the defendants' premises. The plaintiffs in some suits are also suing Entergy Gulf States and all other defendants on a conspiracy claim. It will not be known until discovery is complete how many of the plaintiffs in any of the foregoing cases actually worked on Entergy Gulf States' premises, nor can management, at this time, estimate the total amount of damages sought. Entergy Gulf States believes that the ultimate resolution of these matters will not be material, in the aggregate, to its financial position or results of operations.

Ratepayer Lawsuits (Entergy Corporation, Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans)

### **Entergy Louisiana Fuel Clause Lawsuit**

In May 1998, a group of ratepayers filed a complaint against Entergy Corporation, Entergy Power, and Entergy Louisiana in state court in Orleans Parish purportedly on behalf of all Entergy Louisiana ratepayers. The plaintiffs seek treble damages for alleged injuries arising from alleged violations by the defendants of Louisiana's antitrust laws in connection with the costs included in fuel filings with the LPSC and passed through to ratepayers. Among other things, the plaintiffs allege that Entergy Louisiana improperly introduced certain costs into the calculation of the fuel charges, including high-cost electricity imprudently purchased from its affiliates and high-cost gas imprudently purchased from independent third party suppliers. In addition, plaintiffs seek to recover interest and attorneys' fees. Plaintiffs also requested that the LPSC initiate a review of Entergy Louisiana's monthly fuel adjustment charge filings and force restitution to ratepayers of all costs that the plaintiffs allege were improperly included in those fuel adjustment filings. A few parties have intervened in the LPSC proceeding. In direct testimony, plaintiffs purport to quantify many of their claims for the period 1989 through 1998 in an amount totaling \$544 million, plus interest.

Entergy Louisiana has reached an agreement in principle with the LPSC staff for the settlement of the matter before the LPSC and has executed a definitive agreement with the plaintiffs for the settlement of the matter before the LPSC and the state court. The LPSC approved the settlement agreement following a fairness hearing before an ALJ in November 2000. Plaintiffs have sought class certification and approval of

the settlement by the state court, and a hearing on those issues is scheduled for April 2001.

Under the terms of the settlement agreement, Entergy Louisiana agrees to refund to customers approximately \$72 million to resolve all claims arising out of or relating to Entergy Louisiana's fuel adjustment clause filings from January 1, 1975 through December 31, 1999, except with respect to purchased power and associated costs included in the fuel adjustment clause filings for the period May 1 through September 30, 1999. Entergy Louisiana previously provided reserves for the refund. Under the terms of the settlement, Entergy Louisiana also consents to future fuel cost recovery under a long-term gas contract based on a formula that would likely result in an under-recovery of actual costs under that contract for the remainder of its term, which runs through 2013. The future under-recovery cannot be precisely estimated at this time because it will depend upon factors that are not certain, such as the price of gas and the amount of gas purchased under the long-term contract. In recent years, Entergy Louisiana has made purchases under that contract totaling from \$91 million to \$121 million annually. Had the proposed settlement terms been applicable to such purchases, the under-recoveries would have ranged from \$4 million to \$9 million per year.

### **Vidalia Project Sub-Docket**

Two of the intervenors in the proceeding discussed above, Marathon Oil Company and Louisiana Energy Users Group, requested that the LPSC review the prudence of a contract entered into by Entergy Louisiana to purchase energy generated by a hydroelectric facility known as the Vidalia project through the year 2031. Note 9 to the financial statements contains further discussions of the obligations related to the Vidalia project. By orders entered by the LPSC in 1985 and 1990, the LPSC approved Entergy Louisiana's entry into the Vidalia contract and Entergy Louisiana's right to recover, through the fuel adjustment clause, the costs of power purchased thereunder. Additionally, the wholesale electric rates under the Vidalia power purchase contract were filed at FERC. In December 1999, the LPSC instituted a review of the following issues relating to the Vidalia project: (i) the LPSC's jurisdiction over the Vidalia project; (ii) Entergy Louisiana's management of the Vidalia contract, including opportunities to restructure or otherwise reform the contract; (iii) the appropriateness of Entergy Louisiana's recovery of 100% of the Vidalia contract costs from ratepayers; (iv) the appropriateness of the fuel adjustment clause as the method for recovering all or part of the Vidalia contract costs; (v) the appropriate regulatory treatment of the Vidalia contract in the event the LPSC approves implementation of retail competition; and (vi) Entergy Louisiana's communication of pertinent information to the LPSC regarding the Vidalia project and contract. Based on its review, the LPSC will determine whether it should disallow any of the costs of the Vidalia project included in the fuel adjustment clause.

In March 2000, Entergy Louisiana filed testimony in this sub-docket asserting that the prudence of the Vidalia contract already has been approved by final orders of the LPSC and that recovery of all amounts paid by Entergy Louisiana related to the Vidalia project pursuant to the FERC-filed rate is appropriate. Direct testimony was filed by intervenor Marathon Oil Company in May 2000 and by the LPSC staff and intervenor Louisiana Energy Users Group in July 2000. In its testimony the LPSC staff alleges that Entergy Louisiana was imprudent for not declaring to the LPSC that the Vidalia project had become uneconomic and not threatening to block the Vidalia project's owners' July 30, 1990 request that the LPSC clarify the LPSC's 1985 order (approving the Entergy Louisiana/Vidalia project power purchase agreement), unless the Vidalia project's owners' shared with Entergy Louisiana's ratepayers some portion of what the LPSC staff quantifies as approximately \$90 million of tax consequences available to the project. The LPSC staff's testimony does not quantify how much of the potential tax savings Entergy Louisiana should have demanded in exchange for not attempting to block the Vidalia project's owners' request for clarification; however, that testimony does suggest various alternatives by which some portion of the \$90 million, perhaps \$45 million plus interest since 1990, could be returned to the ratepayers. The direct testimony of the intervenor Louisiana Energy Users Group alleges that Entergy Louisiana was imprudent for not attempting to block the Vidalia project's owners' July 30, 1990 request that the LPSC clarify the LPSC's 1985 order approving the Entergy Louisiana/Vidalia project power purchase agreement; however, that intervenor does not quantify the amount of damage alleged to have been caused by this alleged imprudence. The direct testimony of the intervenor Marathon Oil Company alleges with respect to Entergy Louisiana that imprudent Vidalia project costs should be disallowed and that Entergy Louisiana's customers should not be charged 100% of the Vidalia costs. It is anticipated that hearings in this sub-docket concerning the Vidalia contract will begin in April 2001.

### **Entergy New Orleans Fuel Clause Lawsuit**

In April 1999, a group of ratepayers filed a complaint against Entergy New Orleans, Entergy Corporation, Entergy Services, and Entergy Power in state court in Orleans Parish purportedly on behalf of all Entergy New Orleans ratepayers. The plaintiffs seek treble damages for alleged injuries arising from the defendants' alleged violations of Louisiana's antitrust laws in connection with certain costs passed on to ratepayers in Entergy New Orleans' fuel adjustment filings with the Council. In particular, plaintiffs allege that Entergy New Orleans improperly included certain costs in the calculation of fuel charges and that Entergy New Orleans imprudently purchased high-cost fuel from other Entergy affiliates. Plaintiffs allege that Entergy New Orleans and the other defendant Entergy companies conspired to make these purchases to the detriment of Entergy New Orleans' ratepayers and to the benefit of Entergy's shareholders, in violation of Louisiana's antitrust laws. Plaintiffs also seek to recover interest and attorney's fees. Exceptions to the plaintiffs' allegations were filed by Entergy, asserting, among other things, that jurisdiction over these issues rests with the Council and FERC. If necessary, at the appropriate time, Entergy will also raise its defenses to the antitrust claims. At present, the suit in state court is stayed by stipulation of the parties.

Plaintiffs also filed this complaint with the Council in order to initiate a review by the Council of the plaintiffs' allegations and to force restitution to ratepayers of all costs they allege were improperly and imprudently included in the fuel adjustment filings. Discovery has begun in the proceedings before the Council. In April 2000, testimony was filed on behalf of the plaintiffs in this proceeding. The testimony asserts,

among other things, that Entergy New Orleans and other defendants have engaged in fuel procurement and power purchasing practices that could have resulted in New Orleans customers being overcharged by more than \$59 million over a period of years. The testimony also challenges the implementation of the recovery methodology. However, it is not clear precisely what periods and damages are being alleged. Entergy intends to defend this matter vigorously, both in court and before the Council. The ultimate outcome of the lawsuit and the Council proceeding cannot be predicted at this time. Hearings are expected to begin in October 2001.

### **Entergy New Orleans Rate of Return Lawsuit**

In April 1998, a group of residential and business ratepayers filed a complaint against Entergy New Orleans in state court in Orleans Parish purportedly on behalf of all ratepayers in New Orleans. The plaintiffs allege that Entergy New Orleans overcharged ratepayers by at least \$300 million since 1975 in violation of limits on Entergy New Orleans' rate of return that the plaintiffs allege were established by ordinances passed by the Council in 1922. The plaintiffs seek, among other things, (i) a declaratory judgment that such franchise ordinances have been violated; and (ii) a remand to the Council for the establishment of the amount of overcharges plus interest. Entergy New Orleans believes the lawsuit is without merit. Entergy New Orleans has charged only those rates authorized by the Council in accordance with applicable law. In May 2000, a court of appeal granted Entergy New Orleans' exception to jurisdiction in the case and dismissed the proceeding. The Louisiana Supreme Court denied the plaintiff's request for a writ of certiorari. The plaintiffs then commenced a similar proceeding before the Council. Management cannot predict the outcome of the proceeding before the Council.

### **Entergy Louisiana Formula Ratemaking Plan Lawsuit**

In May 1998, a group of ratepayers filed a complaint against Entergy Louisiana in state court in East Baton Rouge Parish purportedly on behalf of all Entergy Louisiana ratepayers. The plaintiffs allege that the formula ratemaking plan authorized by the LPSC has allowed Entergy Louisiana to earn amounts in excess of a fair return. The plaintiffs seek, among other things, (i) a declaratory judgment that the formula ratemaking plan is an improper ratemaking practice; and (ii) a refund of the amounts allegedly charged in excess of proper ratemaking practices. Entergy Louisiana believes the lawsuit is without merit and is vigorously defending itself. At this time, management cannot determine the amount of damages being sought.

### **July 1999 Power Outages Lawsuit**

In February 2000, a lawsuit was commenced in state court in Orleans Parish, Louisiana, against Entergy, Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans relating to power outages that occurred in July 1999. The plaintiff, who purports to represent a class of similarly situated persons, claims unspecified damages as a result of these outages, which the plaintiff claims were the result of negligence on the part of the Entergy defendants. Plaintiffs have instituted a similar proceeding before the LPSC. The defendants will vigorously contest the plaintiff's allegations, which they believe do not support any liability to the plaintiff for damages. At this time, management cannot determine the amount of damages being sought.

### **Franchise Fee Litigation (Entergy Corporation and Entergy Gulf States)**

In September 1998, the City of Nederland filed a petition against Entergy Gulf States and Entergy Services in state court in Jefferson County, Texas, purportedly on behalf of all Texas municipalities that have ordinances or agreements with Entergy Gulf States. The lawsuit alleges that Entergy Gulf States has been underpaying its franchise fees due to failure to properly calculate its gross receipts. The plaintiff seeks a judgment for the allegedly underpaid fees and punitive damages. Entergy Gulf States believes the lawsuit is without merit and is vigorously defending itself. The trial in this matter is scheduled to begin in December 2001. At this time, management cannot determine the amount of damages being sought.

### **Fiber Optic Cable Litigation (Entergy Corporation, Entergy Gulf States)**

In May 1998, a group of property owners filed a petition against Entergy Corporation, Entergy Gulf States, Entergy Services, and ETHC in state court in Jefferson County, Texas purportedly on behalf of all property owners throughout the Entergy service area who have conveyed easements to the defendants. The lawsuit alleged that Entergy installed fiber optic cable across their property without obtaining appropriate easements. The plaintiffs sought actual damages for the use of the land and a share of the profits made through use of the fiber optic cables and punitive damages. The state court petition was dismissed, and the plaintiffs have commenced an identical lawsuit in the United States District Court in Beaumont, Texas. Entergy is vigorously defending itself in the lawsuit and believes that any damages suffered by the plaintiff landowners are negligible and that there is no basis for the claim seeking a share of profits. Recently both sides have filed motions for summary judgment. At this time, management cannot determine the amount of damages being sought.

### **Franchise Service Area Litigation (Entergy Gulf States)**

In early 1998, Beaumont Power and Light Company (BP&L) unsuccessfully sought a franchise to provide electric service in the City of Beaumont, Texas, where Entergy Gulf States already holds a franchise. In November 1998, BP&L filed a request before the PUCT to obtain a certificate of convenience and necessity (CCN) for those portions of Jefferson County outside the boundaries of any municipality for which

Entergy Gulf States provides retail electric service. BP&L's application contemplates using Entergy Gulf States' facilities in their provision of service. In Texas, utilities are required to obtain a CCN prior to providing retail electric service. Jefferson County is currently singly certificated to Entergy Gulf States. If BP&L's application is granted, BP&L would be able to provide retail service to Entergy Gulf States' customers in the area for which the certificate would apply. BP&L has amended its application to add a request for a CCN to provide retail electric service within the City of Beaumont. The amended application acknowledges that the Texas electric utility restructuring law requires BP&L to use its own facilities to connect to its customers if it is granted a CCN. In April 2000, the ALJ recommended denial of BP&L's application. In May 2000, the PUCT voted to remand the proceeding back to the ALJ to allow BP&L to provide further evidence. A pre-hearing conference has been scheduled for May 2001.

Hindusthan Development Corporation, Ltd. (Entergy Corporation)

In January 1999, Hindusthan Development Corporation (HDC) commenced an arbitration proceeding in India against Entergy Power Asia Ltd. (EPAL), an indirect, wholly-owned subsidiary of Entergy Corporation. The arbitration is progressing under rules that have been adopted in both India and the United States. HDC alleges that EPAL did not fulfill its obligations under a Joint Development Agreement (JDA) to develop a 350 MW cogeneration plant to be built in Bina, India. HDC also alleges that EPAL wrongfully withdrew as lead developer. Entergy's management believes that HDC's allegations are without merit, and that each party to the JDA had an absolute right of withdrawal. HDC is seeking unspecified damages of \$1.1 billion. EPAL is vigorously defending itself in the arbitration proceeding.

#### **Ice Storm Litigation (Entergy Corporation and Entergy Gulf States)**

In January 1997, a group of Entergy Gulf States customers in Texas filed a lawsuit against Entergy Corporation, Entergy Gulf States, and other Entergy subsidiaries in state court in Jefferson County, Texas purportedly on behalf of all Entergy Gulf States customers in Texas who sustained outages in a January 1997 ice storm. The lawsuit alleges that Entergy failed to properly maintain its electrical distribution system and respond to the ice storm. The district court certified the class in April 1999. In March 2000, an appellate court affirmed the district court's decision to certify the class. In response to Entergy's motion for rehearing, the appellate court reversed the district court, denied class certification, and remanded the case to the district court for proceedings consistent with its ruling. This ruling reduces Entergy's exposure in the lawsuit to an immaterial level. Entergy believes that the lawsuit is without merit, and will vigorously defend itself against the individual named plaintiffs.

Litigation Environment (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The four states in which the domestic utility companies operate, in particular Louisiana, Mississippi, and Texas, have proven to be unusually litigious environments. Judges and juries in Louisiana, Mississippi, and Texas have demonstrated a willingness to grant large verdicts, including punitive damages, to plaintiffs in personal injury, property damage, and business tort cases. Entergy uses legal and appropriate means to contest litigation threatened or filed against it, but the litigation environment in these states poses a significant business risk.

#### **EARNINGS RATIOS OF DOMESTIC UTILITY COMPANIES AND SYSTEM ENERGY**

The domestic utility companies' and System Energy's ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preferred dividends pursuant to Item 503 of SEC Regulation S-K are as follows:

Charges	Ratios of Earnings to Fixed				
	Years Ended December 31,				
	2000	1999	1998	1997	1996
Entergy Arkansas	3.01	2.08	2.63	2.54	2.93
Entergy Gulf States	2.60	2.18	1.40	1.42	1.47
Entergy Louisiana	3.33	3.48	3.18	2.74	3.16
Entergy Mississippi	2.33	2.44	3.12	2.98	3.40
Entergy New Orleans	2.66	3.00	2.65	2.70	3.51
System Energy	2.41	1.90	2.52	2.31	2.21

Fixed	Ratios of Earnings to Combined				
	Charges and Preferred Dividends				
	Years Ended December 31,				
	2000	1999	1998	1997	1996
Entergy Arkansas	2.70	1.80	2.28	2.24	2.44
Entergy Gulf States(a)	2.39	1.86	1.20	1.23	1.19
Entergy Louisiana	2.93	3.09	2.75	2.36	2.64
Entergy Mississippi	2.09	2.18	2.80	2.69	2.95
Entergy New Orleans	2.43	2.74	2.41	2.44	3.22

(a) "Preferred Dividends" in the case of Entergy Gulf States also include dividends on preference stock.

## BUSINESS SEGMENTS

### Entergy Corporation

Entergy's business segments are discussed in Note 14 to the financial statements.

### Entergy New Orleans

As of December 31, 2000, Entergy New Orleans operating revenues and customer data were as follows:

Gas	Electric Operating	Natural
	Revenue	Revenue
Residential	41%	52%
Commercial	37%	22%
Industrial	6%	10%
Governmental/Municipal	16%	16%
Number of Customers	190,000	150,000

### Entergy Gulf States

For the year ended December 31, 2000, 98% of Entergy Gulf States' operating revenue was derived from the electric utility business and 2% from the natural gas business.

### Financial Information Relating to Products and Services

Financial information relating to Entergy New Orleans' and Entergy Gulf States' products and services is presented in their respective financial statements.

## PROPERTY

### Generating Stations

#### Domestic Utility Companies and System Energy

The total capability of the generating stations owned and leased by the domestic utility companies and System Energy as of December 31, 2000, by company and by fuel type, is indicated below:

Company	Total	Owned and Leased Capability MW(1)		
Hydro		Fossil	Nuclear	Gas Turbine and Internal Combustion
Entergy Arkansas	4,576	2,758	1,714	34
70				
Entergy Gulf States	6,625	5,685	940	-
-				
Entergy Louisiana	5,365	4,260	1,093	12
-				
Entergy Mississippi	2,926	2,919	-	7
-				
Entergy New Orleans	978	967	-	11
-				
System Energy	1,110	-	1,110	-
-				
	-----	-----	-----	--
--				
70	Total	21,580	16,589	4,857
		64		
	=====	=====	=====	==
==				

(1) "Owned and Leased Capability" is the dependable load carrying capability as demonstrated under actual operating conditions based on the primary fuel (assuming no curtailments) that each station was designed to utilize.

Entergy's domestic utility business is subject to seasonal fluctuations, with the peak period occurring in the summer months. The 2000 peak demand of 22,052 MW occurred on August 30, 2000, which was an all-time high for the Entergy system. Entergy's load and capacity projections are reviewed periodically to assess the need and timing for additional generating capacity and interconnections in light of the availability of power, the location of new loads, and maximum economy to Entergy. Domestically, based on load and capability projections and bulk power availability, Entergy's domestic utility companies expect to meet the need for new generation resources by means other than construction of new base load generating capacity. Entergy's domestic utility companies expect to meet future capacity needs by, among other things, purchasing in the wholesale power market, including plans to contract for up to 3,000 MW of purchased power to meet the expected needs of the domestic utility companies in the summer of 2001. Entergy also reactivated several units in 1999 and 2000 that were in extended reserve shutdown to assist in serving customers during periods of peak demand.

Under the terms of the System Agreement, generating capacity and other power resources are shared among the domestic utility companies. The System Agreement provides, among other things, that parties having generating reserves greater than their load requirements (long companies) shall receive payments from those parties having deficiencies in generating reserves (short companies). Such payments are at amounts sufficient to cover certain of the long companies' costs, including operating expenses, fixed charges on debt, dividend requirements on preferred and preference stock, and a fair rate of return on common equity investment. Under the System Agreement, these charges are based on costs associated with the long companies' steam electric generating units fueled by oil or gas. In addition, for all energy exchanged among the domestic utility companies under the System Agreement, the short companies are required to pay the cost of fuel consumed in generating such energy plus a charge to cover other associated costs. FERC proceedings relating to proposed amendments to the System Agreement are discussed more thoroughly in "RATE MATTERS AND REGULATION - Rate Matters - Wholesale Rate Matters - System Agreement," above.

#### Global Power Development Business

Entergy Power owns 665 MW of fossil-fueled capacity at the Ritchie 2 and Independence plants. In addition, Entergy's global power

development business has completed construction of two combined cycle gas turbine merchant power plants in the UK. Saltend, a 1,200 MW plant located in northeast England, provides up to 120 tons/hr of steam and 100 MW of power to BP Chemical's nearby complex with the remaining electricity sold into the UK national power pool. Commercial operation commenced in November 2000. The second plant, an 800 MW facility known as Damhead Creek, is located in southeast England. Commercial operation commenced in 2001.

Entergy's global power development business has begun construction of the Warren Power Project, a 300 MW combined-cycle gas turbine merchant power plant in Vicksburg, Mississippi. The construction costs are expected to be approximately \$150 million. Management expects that commercial operation of the plant will begin in the summer of 2001.

### **Domestic Non-Utility Nuclear Business**

In November 2000, Entergy's domestic non-utility nuclear business purchased NYPA's 825 MW James A. FitzPatrick nuclear power plant located near Oswego, New York and NYPA's 980 MW Indian Point 3 nuclear power plant located in Westchester County, New York. Entergy's domestic non-utility nuclear business also owns the 670 MW Pilgrim Nuclear Station in Plymouth, Massachusetts.

### **Interconnections**

The electric generating facilities of Entergy's domestic utility companies consist principally of steam-electric production facilities. These generating units are interconnected by a transmission system operating at various voltages up to 500 KV. With the exception of a small portion of Entergy Mississippi's capacity, operating facilities or interests therein generally are owned or leased by the domestic utility company serving the area in which the generating facilities are located. All of these generating facilities are centrally dispatched and operated.

Entergy's domestic utility companies are interconnected with many neighboring utilities. In addition, the domestic utility companies are members of the Southeastern Electric Reliability Council (SERC). The primary purpose of SERC is to ensure the reliability and adequacy of the electric bulk power supply in the southeast region of the United States. SERC is a member of the North American Electric Reliability Council.

The electric generating facilities of Entergy's domestic non-utility nuclear business consist of the Pilgrim nuclear production facility, the James A. FitzPatrick nuclear production facility, and the Indian Point 3 nuclear production facility. The Pilgrim nuclear production facility has firm total output power purchase agreements with Boston Edison and other utilities that expire at the end of 2004. The James A. FitzPatrick nuclear production facility has two long-term power purchase agreements with NYPA, one expiring at the end of 2003 and the other expiring at the end of 2004. The Indian Point 3 nuclear production facility has a long-term power purchase agreement with NYPA that expires at the end of 2004.

The Pilgrim plant is dispatched as a part of the New England Power Pool (NEPOOL). The primary purpose of NEPOOL is to direct the operations of the major generation and transmission facilities in the New England region. The James A. FitzPatrick and Indian Point 3 plants are dispatched by the New York Independent System Operator (NYISO). The primary purpose of NYISO is to direct the operations of the major generation and transmission facilities in New York State.

### **Gas Property**

As of December 31, 2000, Entergy New Orleans distributed and transported natural gas for distribution solely within the limits of the City of New Orleans through a total of 1,459 miles of gas distribution mains and 41 miles of gas transmission pipelines.

As of December 31, 2000, the gas properties of Entergy Gulf States, which are located in and around Baton Rouge, Louisiana, were not material to Entergy Gulf States' financial position.

### **Titles**

The generating stations and major transmission substations of Entergy's public utility companies are generally located on properties owned in fee simple. The greater portion of the transmission and distribution lines of the domestic utility companies have been constructed on property of private owners pursuant to easements or on public highways and streets pursuant to appropriate franchises. The rights of each company in the property on which its utility facilities are located are considered by such company to be adequate for use in the conduct of its business. Minor defects and irregularities customarily found in properties of like size and character may exist, but such defects and irregularities do not, in the opinion of management, materially impair the use of the properties affected thereby. The domestic utility companies generally have the right of eminent domain, whereby they may, if necessary, perfect or secure titles to, or easements or servitudes on, privately held lands used in or reasonably necessary for their utility operations.

Substantially all of the physical properties and assets owned by Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy are subject to the liens of mortgages securing the first mortgage bonds of such company. The Lewis Creek generating station is owned by GSG&T, Inc., a subsidiary of Entergy Gulf States, and is not subject to the lien of the Entergy Gulf States mortgage securing the first mortgage bonds of Entergy Gulf States, but is leased to and operated by Entergy Gulf States. All of the debt outstanding under the original first mortgages of Entergy Mississippi and Entergy New Orleans has been retired and the original first mortgages were cancelled in 1999 and 1997,

respectively. As a result, the general and refunding mortgages of Entergy Mississippi and Entergy New Orleans now each constitute a first mortgage lien on substantially all of the respective physical properties and assets of these two companies.

### FUEL SUPPLY

The sources of generation and average fuel cost per KWH for the domestic utility companies and System Energy for the years 1998-2000

were:

Year	Natural Gas		Fuel Oil		Nuclear		Coal	
	% of Gen	Cents Per KWH	% of Gen	Cents Per KWH	% of Gen	Cents Per KWH	% of Gen	Cents Per KWH
2000 1.51	42	4.90	4	3.90	39	.56	15	
1999 1.59	45	2.75	4	2.06	35	.54	16	
1998 1.67	40	2.50	6	2.37	40	.53	14	

Actual 2000 and projected 2001 sources of generation for the domestic utility companies and System Energy are:

	Natural Gas		Fuel Oil		Nuclear		Coal	
	2000	2001	2000	2001	2000	2001	2000	
2001								
Entergy Arkansas (a) 51%	11%	5%	-	-	53%	43%	35%	
Entergy Gulf States 17%	61%	62%	-	-	24%	21%	15%	
Entergy Louisiana 28%	56%	55%	2%	-	42%	45%	-	-
Entergy Mississippi	42%	57%	31%	14%	-	-	27%	
Entergy New Orleans	94%	96%	6%	4%	-	-	-	-
System Energy	-	-	-	-	100%(b)	100%(b)	-	-
Total (a) 24%	42%	37%	4%	1%	39%	37%	15%	

(a) Hydroelectric power provided an immaterial amount of generation at Entergy Arkansas in 2000 and is expected to provide an immaterial amount of generation in 2001.

(b) In addition to the nuclear capacity given above for the following companies, the Unit Power Sales Agreement allocates capacity and energy from System Energy's interest in Grand Gulf 1 as follows:

Entergy Arkansas - 36%; Entergy Louisiana - 14%; Entergy Mississippi - 33%; and Entergy New Orleans - 17%.

### Natural Gas

The domestic utility companies have long-term firm and short-term interruptible gas contracts. Long-term firm contracts comprise less than 26% of the domestic utility companies' total requirements but can be called upon, if necessary, to satisfy a significant percentage of the domestic utility companies' needs. Short-term contracts and spot-market purchases satisfy additional gas requirements. Entergy Gulf States has a transportation service agreement with a gas supplier that provides flexible natural gas service to certain generating stations by using such supplier's pipeline and gas storage facility. Entergy's global power development business has entered into 15-year gas supply contracts at the project level to supply up to 100% of the gas requirements for the Saltend and Damhead Creek power plants located in the UK.

Many factors, including wellhead deliverability, storage and pipeline capacity, and demand requirements of end users, influence the availability and price of natural gas supplies for power plants. Demand is tied to weather conditions as well as to the prices of other energy sources.

Increased demand combined with decreased supply of natural gas caused a significant increase in the price of natural gas throughout 2000. Entergy's supplies of natural gas are expected to be adequate in 2001. However, pursuant to federal and state regulations, gas supplies to power plants may be interrupted during periods of shortage. To the extent natural gas supplies are disrupted or natural gas prices significantly increase, the domestic utility companies will use alternate fuels, such as oil, or rely to a larger extent on coal and nuclear generation.

## **Coal**

Entergy Arkansas has long-term contracts for low-sulfur Wyoming coal for White Bluff and Independence. These contracts, which expire in 2002 and 2011, respectively, provide for approximately 85% of Entergy Arkansas' expected annual coal requirements. Additional requirements are satisfied by spot market purchases. Entergy Gulf States has a contract for the supply of low-sulfur Wyoming coal for Nelson Unit 6, which should be sufficient to satisfy its fuel requirements for that unit through 2010 if all price re-openers are accepted. If both parties cannot agree upon a price, then the contract terminates. Effective April 1, 2000, Louisiana Generating LLC assumed Cajun's ownership interest in the Big Cajun 2 generating facilities and operates the plant. The management of Louisiana Generating LLC has advised Entergy Gulf States that it has executed coal supply and transportation contracts that should provide an adequate supply of coal for the operation of Big Cajun 2, Unit 3 for the foreseeable future.

Entergy Arkansas has a long-term railroad transportation contract for the delivery of coal to both White Bluff and Independence. This contract will expire in the year 2011. Entergy Arkansas has settled its lawsuit against the railroad that claimed breach of contract by the railroad and requested termination of the contract.

Entergy Gulf States has transportation requirements contracts with railroads to deliver coal to Nelson Unit 6 through December 31, 2004. Each of the two contracts governs the movement of approximately one-half of the plant's requirements and the base contract provides flexibility for shipping up to all of the plant's requirements.

## **Nuclear Fuel**

The nuclear fuel cycle involves the following:

- o mining and milling of uranium ore to produce a concentrate;
- o conversion of the concentrate to uranium hexafluoride gas;
- o enrichment of the hexafluoride gas;
- o fabrication of nuclear fuel assemblies for use in fueling nuclear reactors; and
- o disposal of spent fuel.

System Fuels is responsible for contracts to acquire nuclear material to be used in fueling Entergy Arkansas', Entergy Louisiana's, and System Energy's nuclear units. System Fuels also maintains inventories of such materials during the various stages of processing. Each of these companies purchases enriched uranium hexafluoride from System Fuels, but contracts separately for the fabrication of its own nuclear fuel. The requirements for River Bend are pursuant to contracts made by Entergy Gulf States. The requirements for Pilgrim, FitzPatrick, and Indian Point 3 are pursuant to contracts made by Entergy's domestic non-utility nuclear business. Entergy Nuclear Fuels Company is responsible for contracts to acquire nuclear materials, except for fuel fabrication, for these non-utility nuclear plants.

Based upon currently planned fuel cycles, Entergy's nuclear units currently have contracts and inventory that provide adequate materials and services. Existing contracts for uranium concentrate, conversion of the concentrate to uranium hexafluoride, and enrichment of the uranium hexafluoride will provide a significant percentage of these materials and services over the next several years. Additional materials and services required beyond the coverage of these contracts are expected to be available at a reasonable cost for the foreseeable future.

Current fabrication contracts will provide a significant percentage of these materials and services over the next several years. The Nuclear Waste Policy Act of 1982 provides for the disposal of spent nuclear fuel or high level waste by the DOE. There is a discussion of spent nuclear fuel disposal in Note 9 to the financial statements.

It will be necessary for Entergy to enter into additional arrangements to acquire nuclear fuel in the future. It is not possible to predict the ultimate cost of such arrangements.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy each have made arrangements to lease nuclear fuel and related equipment and services. The lessors finance the acquisition and ownership of nuclear fuel through credit agreements and the issuance of notes. These arrangements are subject to periodic renewal. There is a discussion of nuclear fuel leases in Note 10 to the financial statements.

## **Natural Gas Purchased for Resale**

Entergy New Orleans has several suppliers of natural gas. Its system is interconnected with three interstate and three intrastate pipelines. Entergy New Orleans' primary suppliers currently are Enron North America, Inc., an interstate gas marketer, Bridgeline Gas Distributors, and

Pontchartrain Natural Gas via Louisiana Gas Services. Entergy New Orleans has a "no-notice" service gas purchase contract with Enron North America, Inc. which guarantees Entergy New Orleans gas delivery at any point after the agreed gas volume has been met. The Enron North America, Inc. gas supply is transported to Entergy New Orleans pursuant to a transportation service agreement with Koch Gateway Pipeline Company (now known as Gulf South Pipeline). This service is subject to FERC-approved rates. Entergy New Orleans has firm contracts with its two intrastate suppliers and also makes interruptible spot market purchases. In recent years, natural gas deliveries to Entergy New Orleans have been subject primarily to weather-related curtailments. However, Entergy New Orleans experienced no such curtailments in 2000.

As a result of the implementation of FERC-mandated interstate pipeline restructuring in 1993, curtailments of interstate gas supply could occur if Entergy New Orleans' suppliers failed to perform their obligations to deliver gas under their supply agreements. Gulf South Pipeline could curtail transportation capacity only in the event of pipeline system constraints. Based on the current supply of natural gas, and absent extreme weather-related curtailments, Entergy New Orleans does not anticipate any interruptions in natural gas deliveries to its customers.

Entergy Gulf States purchases natural gas for resale under an agreement with Mid Louisiana Gas Company. Mid Louisiana Gas Company is not allowed to discontinue providing gas to Entergy Gulf States without obtaining FERC approval.

## **Research**

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans are members of the Electric Power Research Institute (EPRI). EPRI conducts a broad range of research in major technical fields related to the electric utility industry. Entergy participates in various EPRI projects based on Entergy's needs and available resources. Entergy and its subsidiaries contributed approximately \$5 million in 2000, \$6 million in 1999, and \$8 million in 1998 to EPRI and other research programs.

## **Item 2. Properties**

Information regarding the properties of the registrants is included in Item 1. "Business - PROPERTY," in this report.

## **Item 3. Legal Proceedings**

Details of the registrants' material rate proceedings, environmental regulation and proceedings, and other regulatory proceedings and litigation that are pending or those terminated in the fourth quarter of 2000 are discussed in Item 1. "Business - RATE MATTERS AND REGULATION," in this report.

## **Item 4. Submission of Matters to a Vote of Security Holders**

A special meeting of stockholders of Entergy Corporation was held on December 15, 2000. The following matter was voted on and received the specified number of votes for, abstentions, votes withheld (against), and broker non-votes:

Approval and adoption of the Agreement and Plan of Merger dated as of July 30, 2000, among FPL Group, Inc., Entergy, WCB Holding Corporation, Ranger Acquisition Corporation, a wholly owned subsidiary of WCB Holding that will merge into FPL Group, and Ring Acquisition Corporation, a wholly owned subsidiary of WCB Holding that will merge into Entergy: 171,904,096 votes for; 2,024,569 votes against; 910,276 abstentions; and broker non-votes are not applicable.

During the fourth quarter of 2000, no matters were submitted to a vote of the security holders of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, or System Energy.

## **DIRECTORS AND EXECUTIVE OFFICERS OF ENTERGY CORPORATION**

### **Directors**

Information required by this item concerning directors of Entergy Corporation is set forth under the heading "Proposal 1--Election of Directors" contained in the Proxy Statement of Entergy Corporation, (the "Proxy Statement"), to be filed in connection with its Annual Meeting of Stockholders to be held May 11, 2001, ("Annual Meeting"), and is incorporated herein by reference. Information required by this item concerning officers and directors of the remaining registrants is reported in Part III of this document.

Executive Officers

Name	Age	Position	Period
J. Wayne Leonard 1999-Present (a)	50	Chief Executive Officer and Director of Entergy Corporation	
		Director of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy	1998-1999
		President and Chief Operating Officer of Entergy Corporation	1998
		Chief Operating Officer of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1998
		Vice Chairman of Entergy New Orleans	1998
		President of Energy Commodities Strategic Business Unit	1996-1998
		President of Cinergy Capital & Trading	1996-1998
		Group Vice President and Chief Financial Officer of Cinergy Corporation	1994-1996
Donald C. Hintz 1999-Present (a)	58	President of Entergy Corporation	
		Executive Vice President and Chief Nuclear Officer of Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana	1998
		Group President and Chief Nuclear Operating Officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana	1997-1998
		Executive Vice President and Chief Nuclear Officer of Entergy Corporation	1994-1997
		Executive Vice President - Nuclear of Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana	1994-1997
		Chief Executive Officer and President of System Energy	1992-1998
1993-Present		Director of Entergy Gulf States	
1992-Present		Director of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and System Energy	
1999-Present		Director of Entergy New Orleans	
Jerry D. Jackson 1999-Present (a)	56	Executive Vice President of Entergy Corporation	
2000-Present		Group President - Utility Operations of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	
		President and Chief Executive Officer - Louisiana of Entergy Gulf States	1999-2000
		President and Chief Executive Officer of Entergy Louisiana	1999-2000
		Chief Administrative Officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1997-1998
		Executive Vice President - External Affairs of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1995-1998

(a) In addition, this officer is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.

Each officer of Entergy Corporation is elected yearly by the Board of Directors.

## PART II

### Item 5. Market for Registrants' Common Equity and Related Stockholder Matters

#### Entergy Corporation

The shares of Entergy Corporation's common stock are listed on the New York Stock, Chicago Stock, and Pacific Exchanges under the ticker symbol ETR.

Entergy Corporation's stock price as of February 28, 2001 was \$38.83. The high and low prices of Entergy Corporation's common stock for each quarterly period in 2000 and 1999 were as follows:

	2000		1999	
	High	Low	High	Low
	(In Dollars)			
First	26.75	15.94	31.13	
27.50				
Second	31.25	19.94	33.13	
27.75				
Third	38.13	26.94	31.56	
28.19				
Fourth	43.88	33.50	30.00	
23.88				

Consecutive quarterly cash dividends on common stock were paid to stockholders of Entergy Corporation in 2000 and 1999. In 2000, dividends of \$0.30 per share were paid in the first three quarters, and dividends of \$0.315 per share were paid in the fourth quarter. Quarterly dividends of \$0.30 per share were paid in 1999.

As of February 28, 2001, there were 67,226 stockholders of record of Entergy Corporation.

Entergy Corporation's future ability to pay dividends is discussed in Note 8 to the financial statements. In addition to the restrictions described in Note 8, PUHCA provides that, without approval of the SEC, the unrestricted, undistributed retained earnings of any Entergy Corporation subsidiary are not available for distribution to Entergy Corporation's common stockholders until such earnings are made available to Entergy Corporation through the declaration of dividends by such subsidiaries.

Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy

There is no market for the common stock of Entergy Corporation's wholly owned subsidiaries. Cash dividends on common stock paid by the domestic utility companies and System Energy to Entergy Corporation during 2000 and 1999, were as follows:

	2000	1999
	(In Millions)	
Entergy Arkansas	\$44.6	\$
82.7		
Entergy Gulf States	\$88.0	
\$107.0		
Entergy Louisiana	\$62.4	
\$197.0		
Entergy Mississippi	\$18.0	\$
34.1		
Entergy New Orleans	\$ 9.5	\$
26.5		
System Energy	\$91.8	\$
75.0		

Information with respect to restrictions that limit the ability of System Energy and the domestic utility companies to pay dividends is presented in Note 8 to the financial statements.

#### **Item 6. Selected Financial Data**

Refer to "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON OF ENTERGY CORPORATION AND SUBSIDIARIES, ENTERGY ARKANSAS, ENTERGY GULF STATES, ENTERGY LOUISIANA, ENTERGY MISSISSIPPI, ENTERGY NEW ORLEANS, and SYSTEM ENERGY" which follow each company's financial statements in this report, for information with respect to operating statistics.

#### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Refer to "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES," " - SIGNIFICANT FACTORS AND KNOWN TRENDS," and "- RESULTS OF OPERATIONS OF ENTERGY CORPORATION AND SUBSIDIARIES, ENTERGY ARKANSAS, ENTERGY GULF STATES, ENTERGY LOUISIANA, ENTERGY MISSISSIPPI, ENTERGY NEW ORLEANS, and SYSTEM ENERGY."

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Entergy Corporation and Subsidiaries. Refer to information under the heading "ENTERGY CORPORATION AND SUBSIDIARIES MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS."

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# ENTERGY CORPORATION AND SUBSIDIARIES

## REPORT OF MANAGEMENT

Management of Entergy Corporation and its subsidiaries has prepared and is responsible for the financial statements and related financial information included herein. The financial statements are based on generally accepted accounting principles in the United States. Financial information included elsewhere in this report is consistent with the financial statements.

To meet their responsibilities with respect to financial information, management maintains and enforces a system of internal accounting controls designed to provide reasonable assurance, on a cost-effective basis, as to the integrity, objectivity, and reliability of the financial records, and as to the protection of assets. This system includes communication through written policies and procedures, an employee Code of Entegrity, and an organizational structure that provides for appropriate division of responsibility and the training of personnel. This system is also tested by a comprehensive internal audit program.

The Audit Committee of our Board of Directors, composed solely of Directors who are not employees of our company, meets with the independent auditors, management, and internal accountants periodically to discuss internal accounting controls and auditing and financial reporting matters. Upon recommendation from the Audit Committee, the Board of Directors appoints the independent accountants. The Committee reviews with the independent auditors the scope and results of the audit effort. The Committee also meets periodically with the independent auditors and the chief internal auditor without management, providing free access to the Committee.

Independent public accountants provide an objective assessment of the degree to which management meets its responsibility for fairness of financial reporting. They regularly evaluate the system of internal accounting controls and perform such tests and other procedures as they deem necessary to reach and express an opinion on the fairness of the financial statements.

Management believes that these policies and procedures provide reasonable assurance that its operations are carried out with a high standard of business conduct.

J. WAYNE LEONARD  
Chief Executive Officer of  
Entergy Corporation

C. JOHN WILDER  
Executive Vice President and Chief  
Financial Officer

HUGH T. MCDONALD  
Chairman, President, and Chief  
Executive Officer of Entergy  
-  
Arkansas, Inc.

JOSEPH F. DOMINO  
Chairman of Entergy Gulf States, Inc.  
President and Chief Executive Officer  
  
Texas of Entergy Gulf States, Inc.

E. RENAE CONLEY  
Chairman of Entergy Louisiana, Inc.,  
President and Chief Executive Officer  
- Louisiana of Entergy Gulf States,  
Inc. and Entergy Louisiana, Inc.

CAROLYN C. SHANKS  
Chairman, President, and Chief  
Executive Officer of Entergy  
Mississippi, Inc.

DANIEL F. PACKER  
Chairman, President, and Chief  
Executive Officer of Entergy  
New Orleans, Inc.

JERRY W. YELVERTON  
Chairman, President, and Chief  
Executive Officer of System Energy  
Resources, Inc.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### SIGNIFICANT FACTORS AND KNOWN TRENDS

#### **Business Combination with FPL Group**

On July 30, 2000, Entergy Corporation and FPL Group entered into a Merger Agreement providing for a business combination that will result in the creation of a new company. Each outstanding share of FPL Group common stock will be converted into one share of the new company's common stock, and each outstanding share of Entergy Corporation common stock will be converted into 0.585 of a share of the new company's common stock. It is expected that FPL Group's shareholders will own approximately 57% of the common equity of the new company and Entergy's shareholders will own approximately 43%. The initial board of directors of the new company will consist of eight directors designated by FPL Group and seven directors designated by Entergy. The new company will be given a new name that will be agreed upon between the Boards of Directors of FPL Group and Entergy prior to the consummation of the Merger. The new company will maintain its principal corporate offices and headquarters in Juno Beach, Florida, and will maintain its utility headquarters in New Orleans, Louisiana. The Merger Agreement generally allows Entergy to continue business in the ordinary course consistent with past practice and contains certain restrictions on Entergy's capital activities, including restrictions on the issuance of securities, capital expenditures, dispositions, incurrence or guarantee of indebtedness, and trading or marketing of energy. Entergy generally will be permitted to take actions pursuant to restructuring legislation in the domestic utility companies' jurisdictions of operation and to reorganize its transmission business. Under certain circumstances, if the Merger Agreement is terminated, a termination fee of \$215 million may be payable by one of the parties. The Merger Agreement may be terminated if the Merger is not consummated by April 30, 2002, unless automatically extended until October 30, 2002 under certain circumstances. Both the FPL Group and Entergy Boards of Directors unanimously approved the Merger, and the shareholders of Entergy Corporation and FPL Group have approved the Merger. The Merger is conditioned upon, among other things, the receipt of required regulatory approvals of various local, state, and federal regulatory agencies and commissions, including the SEC and FERC. Entergy has filed for approval of the Merger in all of its state and local regulatory jurisdictions (Arkansas, Louisiana, Mississippi, Texas, and New Orleans), and at FERC, the SEC, and the NRC. In their filing with the SEC, Entergy and FPL Group requested to remain in existence as intermediate holding companies after the Merger is consummated. The objective of Entergy and FPL Group is to consummate the Merger by late 2001.

#### **Domestic Transition to Competition**

The electric utility industry for years has been preparing for the advent of competition in its business. For most electric utilities, the transition from a regulated monopoly to a competitive business is challenging and complex. The new electric utility environment presents opportunities to compete for new customers and creates the risk of loss of existing customers. It presents risks along with opportunities to enter into new businesses and to restructure existing businesses.

For Entergy, the domestic transition to competition is a formidable undertaking, made uniquely difficult because the domestic utility companies operate in five retail regulatory jurisdictions and are subject to the System Agreement, which contemplates the integrated operation of Entergy's electric generation and transmission assets throughout the retail service territories. Entergy is striving to achieve consistent paths to competition in all five retail regulatory jurisdictions. In some cases, however, actions by one jurisdiction may conflict with actions by another. The Arkansas and Texas legislatures have enacted laws to bring about electric utility competition. Entergy is continuing to work with regulatory and legislative officials in all jurisdictions in designing the rules surrounding a competitive electricity industry. There can be no assurance given as to the timing or results of the transition to competition in Entergy's service territories. Following is a summary of the status of the transition to competition in the five retail jurisdictions:

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### SIGNIFICANT FACTORS AND KNOWN TRENDS

Jurisdiction	Status of Retail Open Access	% of Entergy's 2000 Revenues Derived from Retail Electric Operations in the Jurisdiction
Arkansas	Commencement delayed by amended law until at least October 2003.	12.3%
Texas	Scheduled to commence January 1, 2002.	9.4%
Louisiana	LPSC Staff report due in April 2001. The LPSC deferred pursuing open access in 1999.	31.4%
Mississippi	MPSC has recommended not pursuing open access at this time.	8.0%
New Orleans	City Council has taken no action on Entergy's proposal filed in 1997.	4.6%

#### State Regulatory and Legislative Activity

##### Arkansas

In April 1999, the Arkansas legislature enacted a law providing for competition in the electric utility industry through retail open access. With retail open access, generation operations would become a competitive business, but transmission and distribution operations will continue to be regulated either by federal or state regulatory commissions. In compliance with the provisions of the deregulation law, Entergy Arkansas has:

- o filed separate generation, transmission, distribution, and customer service rates with the APSC and also filed notice of its intent to recover stranded costs. In December 2000, the APSC approved the unbundled rates as filed. These rates will become effective six months prior to retail open access; and
- o filed a functional, but not corporate, unbundling plan with the APSC. The functional unbundling plan initially established separate business units for distribution, generation, and a new retail energy service provider. The plan contemplates the transfer of transmission assets to the Transco discussed herein.

See Note 2 to the financial statements for additional details concerning provisions of the retail open access law.

##### Texas

In June 1999, the Texas legislature enacted a law providing for competition in the electric utility industry through retail open access. With retail open access, generation and a new retail electric provider operation will be competitive businesses, but transmission and distribution operations will continue to be regulated. The new retail electric provider will be the primary point of contact with customers. The provisions of the new law, among other things:

- o require a rate freeze through December 31, 2001 with rates reduced by 6% beyond that for residential and small commercial customers of most incumbent utilities except Entergy Gulf States, whose rates are exempt from the 6% reduction requirement. These rates to residential and small commercial customers are known as the "Price to Beat", and they may be adjusted periodically after January 1, 2002 for fuel and purchased power costs according to PUCT rules; and
- o require utilities to charge the Price to Beat rates through 2004, or until 40% of customers in the jurisdiction have chosen an alternative supplier, whichever comes first. However, the Price to Beat rates must continue to be made available through 2006.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### SIGNIFICANT FACTORS AND KNOWN TRENDS

Pursuant to the provisions of the retail open access law, Entergy Gulf States filed a business separation plan with the PUCT in January 2000, and amended that plan in June and December 2000. The plan provides that, by January 2002, Entergy Gulf States will be divided into:

- o a Texas distribution company;
- o a Texas transmission company;
- o a Texas generation company;
- o at least two Texas retail electricity providers; and
- o a Louisiana company that will encompass distribution, generation, transmission, and retail operations.

The plan also provides that the Louisiana company would retain the liability for all debt obligations of Entergy Gulf States and that the property of the Texas companies would be released from the lien of Entergy Gulf States' mortgage. Except for the Texas retail electric providers, each of the Texas companies would assume a portion of Entergy Gulf States' debt obligations, which assumptions would not act to release the Louisiana company's obligations. Except for the Texas retail electric providers, each of the Texas companies would also grant a lien on its properties in favor of the Louisiana company to secure its obligations to the Louisiana company in respect of the assumed obligations. In addition, under the plan, Entergy Gulf States will refinance or retire the Texas companies' portion of existing debt by the end of 2004. In July 2000, the PUCT issued an interim order to approve the amended business separation plan. Regulatory approvals from FERC, the SEC, and the LPSC, and final approval from the PUCT will be required before the business separation plan can be implemented. Remaining business separation issues in Texas subsequent to the July 2000 interim order will be addressed in the cost unbundling proceeding before the PUCT.

The LPSC has opened a docket to identify the changes in corporate structure of Entergy Gulf States, and their potential impact on Louisiana retail ratepayers, resulting from restructuring in Texas and Arkansas. Entergy Gulf States filed testimony in that proceeding in August 2000. The LPSC staff filed testimony in that proceeding in October 2000 criticizing Entergy Gulf States' proposal, particularly the part related to the Texas portion of generation assets being transferred to an unregulated entity. Entergy Gulf States filed rebuttal testimony in December 2000. A procedural schedule has not been set. Management cannot predict the timing or outcome of this proceeding.

Pursuant to the Texas restructuring legislation, Entergy Gulf States filed its separated business cost data and proposed transmission, distribution, and competition tariffs with the PUCT on March 31, 2000. On March 6, 2001, Entergy Gulf States filed with the PUCT a non-unanimous settlement agreement in that case that establishes the distribution revenue requirement. The settlement agreement is between Entergy Gulf States, the PUCT Staff, and other parties. Pursuant to a generic rule prescribed by the PUCT, Entergy Gulf States' allowed return on equity will be 11.25%. The generic capital structure prescribed by the PUCT is 60% debt and 40% equity. Hearings before the PUCT on approval of the settlement are scheduled to begin in April 2001. Management cannot predict the timing or outcome of this proceeding.

Beginning January 1, 2002, the market power measures in the open access law will prohibit Entergy Gulf States from owning and controlling more than 20% of the installed generation capacity located in, or capable of delivering electricity to, a "power region", which is defined as a distinct region of NERC. In seeking PUCT approval of the Merger, Entergy and FPL Group are required to demonstrate that the merged company will not exceed this threshold. However, all the implications of this limit are uncertain for Entergy Gulf States and Entergy. It is possible that Entergy Gulf States could decide to divest some of its generation assets or seek to reduce transmission constraints if Entergy Gulf States is found to have generation market power in excess of this limit. The legislation also requires affected utilities to sell at auction entitlements to at least 15% of their installed generation capacity in Texas at least 60 days before January 1, 2002. The obligation to auction capacity entitlements continues for up to 60 months after January 1, 2002, or until 40% of current customers have chosen an alternative supplier, whichever comes first.

## ENTERGY CORPORATION AND SUBSIDIARIES

### MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

#### SIGNIFICANT FACTORS AND KNOWN TRENDS

The PUCT and various participants in the industry are currently in the process of implementing the legislation through various rulemaking and other proceedings. The Provider of Last Resort (POLR) rule was approved by the PUCT in October 2000, requiring that such a provider exist in every area of the state and setting up the process by which such a provider will be selected and its services priced. The PUCT received bids from retail electric providers seeking to become the POLR in each area in January 2001. The PUCT has stated its preference that the POLR not be the retail electric provider that is affiliated with the incumbent utility in the area. However, depending on the outcome of the bidding process, Entergy Gulf States' affiliate retail electric provider may be required to provide POLR service in Entergy Gulf States' service territory. This may have a material financial impact on the Entergy Gulf States retail electric provider depending on the terms and prices eventually approved by the PUCT for POLR service.

See Note 2 to the financial statements for additional details concerning provisions of the Texas retail open access law and the proceedings occurring in Texas pursuant to that law.

#### **Louisiana**

In March 1999, the LPSC deferred making a decision on whether competition in the electric industry is in the public interest. However, the LPSC staff, outside consultants, and counsel were directed to work together to analyze and resolve issues related to competition and then recommend a plan for its implementation to be considered by the LPSC. In January 2001, a draft response was circulated among interested parties. It is expected that, after a comment period, a final staff response will be presented to the LPSC in April 2001.

See above under "Texas" for discussion of the LPSC proceeding considering Entergy Gulf States' business separation plan.

#### **Mississippi**

In May 2000, after two years of studies and hearings, the MPSC announced that it was suspending its docket studying the opening of the state's retail electricity markets to competition. The MPSC based its decision on its finding that competition could raise the electric rates paid by residential and small commercial customers. The final decision regarding the introduction of retail competition ultimately lies with the Mississippi Legislature, which is holding its 2001 session from January through March. Management cannot predict when, or if, Mississippi will deregulate its retail electricity market, but does not expect it to occur before 2003.

#### **New Orleans**

In 1997, Entergy New Orleans filed an electric business restructuring plan with the Council. The Council has not established a procedural schedule to consider electricity restructuring or Entergy's plan.

After studying retail gas open access, advisors to the Council issued a final report that proposed various pilot programs and found that retail gas open access is not in the public interest at this time. The Council accepted an offer of settlement from Entergy New Orleans in this matter that allows for a voluntary pilot program for a limited number of large industrial non-jurisdictional gas customers.

**ENTERGY CORPORATION AND SUBSIDIARIES**  
**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**  
**SIGNIFICANT FACTORS AND KNOWN TRENDS**

**Federal Regulatory and Legislative Activity**

**Proposed System Agreement Amendments**

In June 2000, Entergy's domestic utility companies filed with FERC proposed amendments to the System Agreement to facilitate the implementation of retail competition in Arkansas and Texas and to provide for continued equalization of costs among the domestic utilities in Louisiana and Mississippi. The amendments provide the following:

- o cessation of participation in all aspects of the System Agreement, other than those related to transmission equalization, for any jurisdictional division of a domestic utility operating in a jurisdiction that initiates retail open access;
- o certain sections of the System Agreement will no longer apply to the sales of generating capacity, whether through the sale of the asset or the output thereof, by a domestic utility operating in a jurisdiction that has established a date by which it will implement retail open access; and
- o modification of the service schedule developed to track changes in energy costs resulting from the Entergy-Gulf States Utilities merger to include one final true-up of fuel costs upon cessation of one company's participation in the System Agreement, after which the service schedule will no longer be applicable for any purpose.

Previously, in April 2000, the LPSC and the Council filed a complaint with FERC seeking revisions to the System Agreement. The LPSC and the Council allege that the revisions are necessary to accommodate the introduction of retail competition in Texas and Arkansas and to protect Entergy's Louisiana customers from any adverse impact that may occur due to the introduction of retail competition in some jurisdictions but not others. The LPSC and the Council requested that FERC cap certain of the System Agreement obligations of Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans and fix these companies' access to pool energy at the average level existing for the three years prior to the date that retail competition is initiated in Texas and Arkansas. Alternatively, the LPSC and the Council requested that FERC require Entergy to provide wholesale power contracts to these companies to satisfy their energy requirements at costs no higher than would have been incurred if retail competition were not implemented. The LPSC and the Council requested that the relief be made available for at least eight years after implementation of retail competition or the withdrawal of Entergy Arkansas and Entergy Gulf States from the System Agreement, or until retail competition is implemented in Louisiana and New Orleans. In addition, among other things, the LPSC and the Council asserted in their complaint that:

- o unless the requested relief is granted, the restructuring legislation adopted in Texas and Arkansas, to the extent such legislation requires, or has the effect of, altering the rights of parties under the System Agreement, will violate provisions of the U.S. Constitution; and
- o the failure of the domestic utility companies to honor a right of first refusal at cost with respect to any sale of generating capacity and associated energy under the System Agreement, and any attempt to eliminate a right of first refusal from the System Agreement, would violate the Federal Power Act and constitute a breach of the System Agreement.

**ENTERGY CORPORATION AND SUBSIDIARIES**  
**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**  
**SIGNIFICANT FACTORS AND KNOWN TRENDS**

The proceedings relating to Entergy's proposed amendments have been consolidated with the complaint by the LPSC and the Council. Several other parties have also intervened in the proceedings. If FERC considers Entergy's proposed amendments, the LPSC and the Council have asserted that FERC also needs to reconsider the charges to the domestic utility companies under the Unit Power Sales Agreement. Entergy has requested a final decision from FERC by October 2001. A procedural schedule has been established, with the hearing beginning in March 2001 and an initial ALJ decision scheduled in June 2001. These proceedings have been consolidated with a previous complaint filed with FERC by the LPSC in 1995. In that complaint, the LPSC requests, among other things, modification of the System Agreement to exclude curtailable load from the cost allocation determination. Neither the timing, nor the ultimate outcome of these proceedings at FERC, can be predicted at this time.

**Open Access Transmission and Entergy's Transco Proposal**

FERC issued Order 2000 in December 1999, which calls for owners and operators of transmission lines in the United States to join regional transmission organizations (RTOs) on a voluntary basis. Order 2000 requires that RTOs commence independent operations no later than December 15, 2001.

It appears that FERC will be flexible regarding the structure of RTOs. For example, it appears that RTOs may be for-profit or not-for-profit and may be organized as joint ventures or legal entities of various other types. However, RTOs will be required, among other things, to be independent market participants, to have sufficient regional scope to maintain reliability and efficiency, to be non-discriminatory in granting service, and to maintain operational control over their regional transmission systems.

In October 2000, in compliance with Order 2000, Entergy made a filing with FERC that requested:

- o authorization to establish an RTO referred to as Transco;
- o authorization to transfer the domestic utility companies' transmission assets to the Transco; and
- o a determination that the partnership arrangement with the Southwest Power Pool (SPP) that the Transco proposes to operate in would qualify as an independent RTO. The partnership arrangement provides for operations under the oversight of, and within, the SPP RTO.

The amounts of the domestic utility companies' net transmission utility plant assets recorded in their financial statements are provided in Note 1 to the financial statements under the heading "Utility Plant."

The proposed Transco will be a limited liability company. The managing member of the Transco will be a separate corporation with a board of directors independent of Entergy. The Transco will be:

- o regulated by FERC;
- o composed of the transmission system transferred to it by the domestic utility companies and other transmission owners in Entergy's current service territory region;
- o operated and maintained by employees who would work exclusively for the Transco and would not be employed by Entergy or the domestic utility companies; and
- o passively owned by the domestic utility companies and other member companies who will transfer assets but not control or otherwise direct its operation and management.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### SIGNIFICANT FACTORS AND KNOWN TRENDS

Entergy filed in December 2000 for FERC approval of the rates for transmission service across the Transco's facilities. Included in this rate filing is a request to cancel the service schedule in the System Agreement related to equalization of certain transmission costs. In March 2001, Entergy, Entergy Services, and the domestic utility companies requested SEC approval under PUHCA of certain elements of the Transco plan. The domestic utility companies have also made filings with their local regulators seeking authorization to implement the Transco plan. Under its planned timeline, Entergy expects to have the necessary regulatory approvals by the third quarter of 2001, with the transmission asset transfers occurring before Transco commences independent operations in December 2001.

#### Deregulation legislation

Over the past several years, a number of bills have been introduced in the United States Congress to deregulate the generation function of the electric power industry. The bills generally have provisions that would give retail consumers the ability to choose their own electric service provider. Entergy Corporation has supported some deregulation legislation in Congress that would lead to an orderly transition to competition and would also repeal PUHCA and PURPA. Congressional sentiment appears to be against mandating retail competition by a certain date and in favor of clarifying state authority to order retail choice for consumers. Congress adjourned in 2000 without final action on a deregulation bill by a committee of the House or Senate, and has not taken final action on such a bill in its 2001 session thus far.

#### Industrial and Commercial Customers

The domestic utility companies face the risk of losing customers due to competition. Some of their large industrial and commercial customers are exploring ways to reduce their energy costs. In particular, cogeneration is an option available to a significant portion of the domestic utility companies' industrial customer base. The domestic utility companies have responded by working with some industrial and commercial customers and negotiating electric service contracts that provide service at rates lower than would otherwise be charged. Despite these actions, Entergy Gulf States and Entergy Louisiana have lost an immaterial amount of operating income in recent years from large industrial customers who have completed cogeneration projects. Material losses to cogeneration are not expected in 2001.

#### State and Local Rate Regulation

The retail regulatory basis for setting rates for electric service is shifting in some jurisdictions from traditional, exclusively cost-of-service regulation to include performance-based elements. Performance-based formula rate plans are designed to reward increased efficiency and productivity, with utility shareholders and customers sharing in the benefits. Entergy Mississippi and Entergy Louisiana have implemented performance-based rate plans. Entergy Mississippi's 2000 filing indicated that no change in rate levels was warranted. Entergy Louisiana and Entergy Gulf States had the following rate activity in 2000:

Filing	Rate Activity	Implementation Date
Entergy Louisiana 4th annual performance-based rate plan	\$6.4 million refund	July 2000
Entergy Louisiana 5th annual performance-based rate plan	\$24.8 million base rate reduction*	August 2000
Entergy Gulf States 2nd, 3rd, 2000 4th, and 5th annual earnings reviews	\$83 million refund, including interest	July to September

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\* Entergy Louisiana is proposing to increase prospectively the allowed rate of return on common equity from 10.5% to 11.6%, which, if approved by the LPSC, would reduce the amount of the rate reduction.

The domestic utility companies' retail and wholesale rate matters and proceedings are discussed more thoroughly in Note 2 to the financial statements.

**Other Electric Utility Trends**

In some areas of the country, utilities have either sold or are attempting to sell all or a substantial portion of their generation assets in order to focus their businesses on transmission and/or distribution services. Entergy, through its global power development and domestic non-utility nuclear businesses, intends to expand its generation business. While the global power development business is focused on building new power plants or modifying existing plants, the nuclear business expansion plan focuses on acquiring generation assets of other utilities.

In 1998, California implemented electricity deregulation legislation. The law required the major investor-owned utilities in the state to effectively divest their generation assets by requiring them to sell their output to the Power Exchange. The Power Exchange is an independent spot market power pool in which electricity is bought and sold at wholesale prices. The deregulation law requires the investor-owned utilities to buy power from the Power Exchange at market set rates, but freezes the amount that those utilities can recover from their customers. Therefore, the investor-owned utilities' short positions were not covered by generation assets and were exposed to increases in the Power Exchange prices. The jurisdictions in which Entergy's domestic utility companies operate currently allow recovery of all prudently incurred fuel and purchased power costs through various recovery mechanisms. In addition, the deregulation legislation enacted in Arkansas and Texas allows for adjustments to the prices that the distribution businesses will be allowed to recover based on changes in fuel and purchased power costs.

In 2000, the California Power Exchange prices that the California investor-owned utilities have to pay for their electricity supplies soared above the amounts that they are allowed to recover from their customers. The California utilities therefore have accumulated billions of dollars of under-recovered purchased power expenses. These under-recovered costs have caused the California utilities to default on certain of their credit obligations and have spawned several lawsuits and legislative and regulatory activity. The ultimate effect of these events on the investor-owned utilities in California and the electric energy industry nationwide is uncertain.

**Continued Application of SFAS 71 and Stranded Cost Exposure**

The domestic utility companies' and System Energy's financial statements primarily reflect assets and costs based on existing cost-based ratemaking regulation in accordance with SFAS 71, "Accounting for the Effects of Certain Types of Regulation." Under traditional ratemaking practice, regulated electric utilities are granted exclusive geographic franchises to sell electricity. In return, the utilities must make investments and incur obligations to serve customers. Prudently incurred costs are recovered from customers along with a return on investment. Regulators may require utilities to defer collecting from customers some operating costs until a future date. These deferred costs are recorded as regulatory assets in the financial statements. In order to continue applying SFAS 71 to its financial statements, a utility's rates must be set by an independent regulator on a cost-of-service basis and the rates must be charged to and collected from customers.

## ENTERGY CORPORATION AND SUBSIDIARIES

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As the generation portion of the utility industry moves toward competition, it is likely that generation rates will no longer be set on a cost-of-service basis. When that occurs, the generation portion of the business could be required to discontinue application of SFAS 71. The result of discontinuing application of SFAS 71 could be the recording of asset impairments and the removal of regulatory assets and liabilities from the balance sheet. This result is because some of the costs or commitments incurred under a regulated pricing system might be impaired or not recovered in a competitive market. These costs are referred to as stranded costs.

Nearly all of Entergy's exposure to potential stranded costs involves commitments that were approved by regulators. These exposures include the following:

- o the allowed cost of constructing its nuclear generating plants (the domestic utility companies' net investment in nuclear generation is provided in Note 1 to the financial statements);
- o long-term contracts to purchase power under the Unit Power Sales Agreement and associated with the Vidalia project, which may require paying above-market prices in a competitive environment (detail concerning these obligations is provided in Note 9 to the financial statements);
- o nuclear power plant decommissioning costs (detail concerning these costs is provided in Note 9 to the financial statements);
- o the construction cost of some fossil-fueled generating plants and related contracts to buy fuel that may be above-market price in a competitive market (detail concerning the domestic utility companies' net investment in generation other than nuclear, which is primarily fossil fueled, is provided in Note 1 to the financial statements, and detail concerning certain fuel contracts is provided in Note 9 to the financial statements); and
- o regulatory assets reflected in the balance sheets.

As of December 31, 2000, the amount of these potentially strandable costs for Entergy reflected in the financial statements is approximately \$1.8 billion at Entergy Arkansas, \$3.2 billion at Entergy Gulf States, \$2.4 billion at Entergy Louisiana, and \$0.3 billion at Entergy Mississippi. The estimated net present value of the obligations described above that are not reflected in the financial statements for Entergy is approximately \$1.0 billion at Entergy Arkansas, \$0.3 billion at Entergy Gulf States, \$1.5 billion at Entergy Louisiana, \$0.6 billion at Entergy Mississippi, and \$0.3 billion at Entergy New Orleans. These amounts can increase due to increased capital spending; however, in the normal course of business, depreciation, amortization, and payments under the contractual obligations should reduce these amounts. The actual amount of these costs and obligations that will be identified as stranded will be determined in regulatory proceedings. The outcome of the proceedings cannot be predicted and will depend upon a number of variables, including the timing of stranded cost determination, the values attributable to certain strandable assets, assumptions concerning future market prices for electricity, and other factors. In addition, because transition legislation or regulation is not in place in Louisiana, Mississippi, or New Orleans, Entergy cannot predict how those jurisdictions will treat stranded costs and whether Entergy will be able to recover all or a part of the costs in those jurisdictions.

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In June 2000, Entergy Arkansas filed an application to continue the stranded cost mitigation efforts agreed upon in the 1997 settlement agreement approved by the APSC. The filing included a stranded cost estimate intended to support Entergy Arkansas' recommendation that the mitigation efforts continue. The filing presents an estimated range of stranded costs based upon the comparison of possible generation asset market values to the generation assets' book values and contractual obligations. The range of possible generation asset market values used in the estimate was determined using generation asset sales from other jurisdictions. Rebuttal testimony filed by Entergy Arkansas in November 2000 estimates that stranded costs in Arkansas could be from \$227.8 million to \$1.58 billion. The wide range in the estimate is because of the wide range in the comparable asset sales used in the estimate.

In the non-unanimous settlement agreement filed with the PUCT by Entergy Gulf States in March 2001, the parties agree that Entergy Gulf States will not implement a charge to recover stranded costs in Texas. A rider to recover nuclear decommissioning costs will be implemented. Hearings before the PUCT for approval of the settlement are scheduled to begin in April 2001.

Management believes that definitive outcomes have not yet been determined regarding the transition to competition in each of Entergy's jurisdictions. Arkansas and Texas have enacted retail open access laws as described above, but Entergy believes that significant issues remain to be addressed by Arkansas and Texas regulators, and the enacted laws do not provide sufficient detail to determine definitively the impact on Entergy Arkansas' and Entergy Gulf States' regulated operations. Until the regulatory proceedings in Arkansas and Texas provide a greater level of certainty, both Entergy Arkansas and Entergy Gulf States will continue to apply SFAS 71 to their regulated operations. Final approval of the settlement agreement in Texas will likely result in Entergy Gulf States discontinuing application of SFAS 71 to its Texas generation operations. SFAS 71 will continue to be applied in the Louisiana, Mississippi, and New Orleans jurisdictions pending legislative or regulatory developments relating to transition to competition. If SFAS 71 is no longer applied by the respective domestic utility companies and System Energy, and regulation or legislation does not allow for recovery of all or a portion of its stranded costs, there could be a material adverse impact on the respective domestic utility companies' and Entergy's financial statements. The impact of approval of the Texas settlement agreement will depend upon a final determination of the market value of generation assets in Texas. Entergy believes that the amount of costs that will be stranded without a means of recovery or mitigation for the domestic utility companies will be significantly less than the strandable cost amounts given above. The specifics of the accounting application of SFAS 71 are discussed more thoroughly in Note 1 to the financial statements.

#### Market Risks Disclosure

Entergy is exposed to the following market risks:

- o the commodity price risk associated with its power marketing and trading business;
- o the interest rate risk associated with certain of its variable rate credit facilities;
- o the foreign currency exchange rate risk associated with certain of its contractual obligations; and
- o the interest rate and equity price risk associated with its investments in decommissioning trust funds.

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Entergy's power marketing and trading business enters into sales and purchases of electricity and natural gas for delivery in the future. Because the market prices of electricity and natural gas can be volatile, Entergy's power marketing and trading business is exposed to risk arising from differences between the fixed prices in its commitments and fluctuating market prices. To mitigate its exposure, Entergy's power marketing and trading business enters into electricity and natural gas futures, swaps, option contracts, and electricity forward agreements. The business also manages its exposure with policies limiting its exposure to market risk and daily monitoring of its potential financial exposure.

Entergy's power marketing and trading business uses a value-at-risk model (VAR) as one measure of the market risk of a loss in fair value for the traded portfolio. VAR acts in conjunction with stress testing, position reporting, and profit and loss reporting in order to measure and control the risk inherent in the traded portfolio. The primary use of VAR is to provide a benchmark for market risk contained in the trading portfolio. VAR does not function as a comprehensive measure of all risks in a portfolio. Furthermore, VAR is only an appropriate risk measure for products traded in relatively liquid markets.

Management's VAR methodology uses a variance/covariance approach to the measurement of market risk. The variance/covariance approach assumes that prices follow a "random-walk" process in which prices are lognormally distributed. This approach requires the following inputs:

- o a one-tailed test with a 95% confidence interval that measures the probability of loss;
- o a 20-day window for measuring volatility;
- o a cross-product correlation matrix that measures the tendency of different basis products to move together; and
- o an inter-temporal correlation matrix that measures the tendency of commodities with different delivery periods to move together.

Power marketing and trading's VAR was approximately \$2.9 million as of December 31, 2000 and \$3.3 million as of December 31, 1999. During 2000, the average month-end VAR was \$4.2 million, with a high month-end VAR of \$8.5 million and a low month-end VAR of \$2.5 million.

Management's calculation of VAR exposure represents an estimate of reasonably possible net losses that would be recognized on its portfolio of derivative financial instruments, assuming hypothetical movements in prices. It does not represent the maximum possible loss or an expected loss that may occur, because actual future gains and losses will differ from those estimated based upon actual fluctuations in market rates, operating exposures, and the timing thereof, and changes in the portfolio of derivative financial instruments during the year.

In November 2000, System Fuels and Entergy's domestic non-utility nuclear business entered into foreign currency forward contracts to hedge the Euro denominated payments due under certain purchase contracts. The notional amounts of the foreign currency forward contracts were 82.8 million Euro (\$73.2 million) and the forward currency rates range from .8690 to .8981. The maturities of these forward contracts depend on the contractual payment dates and range in time from August 2001 to February 2004. The mark-to-market valuation of the forward contracts at December 31, 2000 was a net asset of \$5.9 million. The counterparty banks obligated on these agreements are rated by Standard and Poor's Rating Services at A-1 or above on their short-term obligations and AA- on their long-term obligations.

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Entergy uses interest rate swaps to reduce the impact of interest rate changes on certain variable-rate credit facilities associated with its global power development business. Under the interest rate swap agreements, Entergy receives floating-rate interest payments and pays fixed-rate interest payments over the life of the agreements. The floating-rate interest that Entergy receives is approximately equal to the interest it must pay on the variable-rate credit facilities. Therefore, through the use of the swap agreements, Entergy effectively achieves a fixed rate of interest on the credit facilities. The following details information about the interest rate swaps as of December 31, 2000:

	Notional Amount	Average Fixed Pay Rate	Maturity	Fair value
Saltend million)	\$443.3 million	6.44%	2013	(\$16.6
Damhead Creek million)	\$414.5 million	6.52%	2010	(\$18.4

Entergy is exposed to fluctuations in equity prices and interest rates through its nuclear decommissioning trust funds. The NRC requires Entergy to maintain trusts to fund the costs of decommissioning ANO 1, ANO 2, River Bend, Waterford 3, Grand Gulf, and Pilgrim. The funds are invested primarily in equity securities; fixed-rate, fixed-income securities; and cash and cash equivalents. Management believes that its exposure to market fluctuations will not affect results of operations for the ANO, River Bend, Grand Gulf, and Waterford 3 trust funds because of the application of regulatory accounting principles. The Pilgrim trust fund holds approximately \$314 million of fixed-rate, fixed-income securities as of December 31, 2000. These securities have an average coupon rate of 6.7%, an average duration of 5.8 years, and an average maturity of 8.8 years. The Pilgrim trust fund also holds equity securities worth approximately \$116 million as of December 31, 2000. These securities are held in a fund that is designed to approximate the Standard & Poor's 500 Index. The decommissioning trust funds are discussed more thoroughly in Notes 1 and 9 to the financial statements.

#### New Accounting Pronouncement

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will be implemented by Entergy in 2001. See Note 1 to the financial statements for a discussion of the expected effect of this pronouncement on Entergy.

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**Cash Flow**

**Operations**

Net cash flow from operations for Entergy, the domestic utility companies, and System Energy for the years ended December 31, 2000, 1999, and 1998 was:

	2000	1999 (In Millions)	1998
Entergy	\$1,967.8	\$1,389.0	
\$1,835.7			
Entergy Arkansas	\$ 421.6	\$ 352.6	\$
448.7			
Entergy Gulf States	\$ 403.9	\$ 387.6	\$
491.3			
Entergy Louisiana	\$ 270.4	\$ 410.4	\$
342.4			
Entergy Mississippi	\$ 182.3	\$ 142.4	\$
125.0			
Entergy New Orleans	\$ 30.5	\$ 60.2	\$
40.3			
System Energy	\$ 395.6	\$ 102.8	\$
298.8			

Entergy's consolidated cash flow from operations increased in 2000 primarily due to the domestic utility companies and System Energy providing an additional \$277.5 million and the competitive businesses providing an additional \$223.7 million to operating cash flows for the year ended December 31, 2000.

Fuel cost recovery activity in 2000 significantly affected the operating cash flows for the domestic utility companies. Historically high natural gas and purchased power costs in 2000 caused the domestic utility companies' fuel payments to increase significantly during the year. In the case of Entergy Arkansas, the Texas portion of Entergy Gulf States, and Entergy Mississippi, the 2000 under-recoveries have been treated as regulatory investments in the cash flow statements because those companies are allowed by their regulatory jurisdictions to recover the fuel costs accumulated in 2000 over longer than a twelve month period, and the companies will earn a return on the under-recovered balances.

Entergy Arkansas' and Entergy Gulf States' operating cash flows were also affected by increases in their net income for the year ended December 31, 2000. The increase in operating cash flow for Entergy Gulf States was partially offset by the increased use of cash for fuel costs related to the Louisiana jurisdiction and refunds of \$83 million paid to Louisiana customers during the third quarter of 2000 as a result of earnings reviews settled with the LPSC, as discussed further in Note 2 to the financial statements. The decrease in operating cash flow for Entergy Louisiana and Entergy New Orleans was partially caused by the increased use of cash related to fuel costs in 2000.

The operating cash flows of the domestic utility companies and System Energy were affected by money pool activity for 2000 as a result of the use of a portion of the proceeds from debt issuances in 2000 to pay down payables to the money pool in the following amounts:

Entergy Arkansas million	\$ 9.9
Entergy Gulf States million	\$36.1
Entergy Louisiana million	\$91.5
Entergy Mississippi million	\$16.7
Entergy New Orleans million	\$ 3.9

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System Energy's operating cash flow increased in part due to payments of \$78.9 million received on its money pool receivables from affiliated companies.

The money pool is an inter-company funding arrangement designed to reduce the domestic utility companies' and System Energy's dependence on external short-term borrowings. The money pool provides a means by which, on a daily basis, the excess funds of Entergy Corporation, the domestic utility companies, and System Energy may be used by the domestic utility companies or System Energy to fulfill short-term cash requirements. See "Capital Resources - Sources of Capital" below for a discussion of the limitations on these borrowings.

The increase in operating cash flow for the competitive businesses is attributable to the following:

- o the operations of Pilgrim, Indian Point 3, and FitzPatrick that primarily caused an increase of \$73.9 million in operating cash flow from the domestic non-utility nuclear business; and
- o net income generated by and improved operations in the power marketing and trading and global power development businesses in 2000, which resulted in an additional \$40.2 million and \$91.0 million of operating cash flow, respectively, compared with net losses from their operations in 1999.

Pilgrim was purchased in July 1999 and provided operating cash flow for all of 2000 compared with only six months in 1999. Indian Point 3 and FitzPatrick were purchased in November 2000 and provided operating cash flow for two months in 2000.

Entergy's consolidated cash flow from operations for 1999 decreased as compared to 1998 primarily due to less cash provided by competitive businesses. The decrease was also due to the completion of rate phase-in plans for some of the domestic utility companies during 1998. Entergy Gulf States' Louisiana retail phase-in plan for River Bend was completed in February 1998, Entergy Mississippi's phase-in plan for Grand Gulf 1 was completed in September 1998, and Entergy Arkansas' phase-in plan for Grand Gulf 1 was completed in November 1998. Therefore, these phase-in plans did not contribute to operating cash flow in 1999 or 2000. Entergy New Orleans' phase-in plan for Grand Gulf 1 will be completed in 2001. System Energy's operating cash flow decreased in 1999 primarily due to an increase in its money pool receivables from affiliated companies.

In 1999, competitive businesses used \$9.3 million of operating cash flow from operations compared with providing \$151.7 million of operating cash flow for 1998. This change was primarily due to the sales of London Electricity and CitiPower in December 1998. Both businesses contributed operating cash flow in 1998 but did not contribute at all in 1999. Offsetting the decrease in operating cash flow in 1999 were the sales of Efficient Solutions, Inc. in September 1998 and Entergy Security, Inc. in January 1999. These businesses used operating cash flow in 1998 and used none in 1999. Also, the power marketing and trading business used less operating cash flow in 1999 than in 1998.

#### Investing Activities

Net cash used in investing activities increased for 2000 due to increased construction expenditures, decreased proceeds from sales of businesses, decreased net proceeds from maturities of notes receivable, and higher fuel costs.

The increased construction expenditures were primarily due to:

- o spending on customer service and reliability improvements by the domestic utility companies;
- o costs incurred related to the December 2000 ice storms, primarily at Entergy Arkansas; and
- o costs incurred for replacement of the steam generators at ANO 2.

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The following items also contributed to the overall increase in cash used in 2000:

- o the maturity of notes receivable in August 1999 when only a portion of the proceeds were reinvested in other temporary investments;
- o payments made by Entergy's global power development business in 2000 for turbines; and
- o the under-recovery of deferred fuel costs incurred in 2000 at certain of the domestic utility companies due to significantly higher market prices of fuel and purchased power expenses. Entergy Arkansas, the Texas portion of Entergy Gulf States, and Entergy Mississippi have treated these costs as regulatory investments because those companies are allowed by their regulatory jurisdictions to recover the fuel cost regulatory asset accumulated in 2000 over longer than a twelve month period, and the companies will earn a return on the under-recovered balances.

Partially offsetting the overall increase in cash used is the maturity of other temporary investments and proceeds from the sale of the Freestone power project in 2000.

Investing activities used cash in 1999 compared to 1998 due to the sales in 1998 of London Electricity and CitiPower, and higher construction expenditures in 1999 compared with 1998. The increased construction expenditures were primarily due to construction of the Saltend and Damhead Creek power plants by Entergy's global power development business, spending on customer service and reliability improvements by the domestic utility companies, and the return to service of generation plants at Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans. The maturity and reinvestment of a portion of the proceeds of notes receivable in August 1999, and the sales in 1999 of Entergy Security, Entergy Power Edesur Holding, LTD and several other telecommunications businesses partially offset the overall decrease in 1999.

#### Financing Activities

Financing activities provided cash for 2000 primarily due to:

- o new long-term debt issuances by Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans; and
- o increased borrowings under the Entergy Corporation credit facility.

Partially offsetting the overall cash provided were the following in 2000:

- o increased repurchases of Entergy Corporation common stock;
- o redemption of Entergy Gulf States' preference stock; and
- o decreased borrowings under the credit facilities for the construction of the Saltend and Damhead Creek power projects by Entergy's global power development business.

Net cash used in financing activities decreased in 1999 compared to 1998 primarily due to:

- o the retirement in 1998 of debt associated with the acquisition of London Electricity and CitiPower;
- o increased borrowings in 1999 under the credit facilities for the construction of the Saltend and Damhead Creek power plants by Entergy's global power development business; and
- o a reduction in dividend payments made by Entergy Corporation in 1999 compared to 1998.

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Partially offsetting the 1999 overall decrease were the following uses:

- o the 1999 repayment of bank borrowings by Entergy Corporation and ETHC with a portion of the proceeds from the sale of Entergy Security, Inc.;
- o the redemption of preferred stock in 1999 at Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana; and
- o the repurchase of Entergy Corporation common stock.

#### Capital Resources

Entergy's sources to meet its capital requirements include:

- o internally generated funds;
- o cash on hand;
- o debt or preferred stock issuances;
- o common stock issuances;
- o bank financing under new or existing facilities;
- o short-term borrowings; and
- o sales of assets.

Entergy requires capital resources for:

- o working capital purposes, including the financing of fuel and purchased power costs;
- o construction and other capital expenditures;
- o debt and preferred stock maturities;
- o common stock repurchases;
- o capital investments;
- o funding of subsidiaries; and
- o dividend and interest payments.

#### Sources of Capital

All of the domestic utility companies issued new debt in 2000. The net proceeds of these issuances have been or will be used for general corporate purposes including capital expenditures, the retirement of short-term indebtedness incurred for working capital or other purposes, and, in the case of Entergy Gulf States, the mandatory redemption of preference stock. The domestic utility companies and System Energy expect to continue refinancing or redeeming higher cost debt and preferred stock prior to maturity, to the extent market conditions and interest and dividend rates are favorable. The domestic utility companies plan to issue debt in 2001 for similar purposes as in 2000. In addition, rising fuel prices in 2000 and the resulting increases in the domestic utility companies' fuel costs have increased these companies' needs for working capital financing in 2001. Entergy Arkansas' liquidity was also affected by incurring approximately \$195 million of restoration costs associated with ice storms in December 2000. See Note 2 to the financial statements for more information regarding the December 2000 ice storms.

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All debt and common and preferred stock issuances by the domestic utility companies and System Energy require prior regulatory approval. Preferred stock and debt issuances are subject to issuance tests set forth in corporate charters, bond indentures, and other agreements. The domestic utility companies have sufficient capacity under these issuance tests to consummate the financings planned for 2001. The domestic utility companies may also establish special purpose trusts or limited partnerships as financing subsidiaries for the purpose of issuing preferred securities.

On January 31, 2001, Entergy Mississippi issued \$70 million of 6.25% Series First Mortgage Bonds due February 1, 2003. Proceeds of the issuance will be used for general corporate purposes, including the retirement of short-term indebtedness incurred from money pool borrowings for capital expenditures and working capital needs.

On February 23, 2001, Entergy New Orleans issued \$30 million of 6.65% Series First Mortgage Bonds due March 1, 2004. Proceeds of the issuance will be used for general corporate purposes, including the retirement of short-term indebtedness incurred from money pool borrowings for capital expenditures and working capital needs.

Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi each obtained 364-day credit facilities in 2001, and the lines have been fully drawn. Entergy Arkansas will primarily use the proceeds to pay for costs incurred in the December 2000 ice storms. Entergy Louisiana and Entergy Mississippi will use the proceeds for general corporate purposes and working capital needs. The facilities have variable interest rates and the average commitment fee is 0.13%. The amounts and dates obtained for the facilities follow:

Company	Amount of Facility	Date Obtained
Entergy Arkansas 2001	\$ 63 million	January 31,
Entergy Louisiana 2001	\$ 30 million	January 31,
Entergy Mississippi 2001	\$ 25 million	February 2,

In 2001, Entergy, Entergy Mississippi, and Entergy New Orleans requested an increase from the SEC in their current authorized short-term borrowing limits, which includes borrowings under the money pool. The increases requested are as follows:

Company	Current Limit	Requested
Entergy Mississippi million	\$ 103 million	\$ 160
Entergy New Orleans million	\$ 35 million	\$ 100
Other Entergy subsidiaries million	\$ 265 million	\$ 420

SEC approval of the request will increase the current SEC authorized short-term borrowing limits for the domestic utility companies and System Energy, which are effective through November 30, 2001, from \$1.078 billion to \$1.2 billion. Note 4 to the financial statements contains details of the amount of short-term indebtedness outstanding for Entergy, the domestic utility companies, and System Energy as of December 31, 2000.

In 2000, long-term debt on Entergy's balance sheet were increased by approximately \$750 million by the issuance of notes payable to NYPA in the Indian Point 3 and FitzPatrick acquisition. Also in 2000, the global power development business increased its borrowings under the

Damhead Creek credit facility by approximately \$164 million to finance construction of the plant. Damhead Creek commenced commercial operation in 2001. Note 7 to the financial statements more thoroughly discusses these long-term debts.

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**LIQUIDITY AND CAPITAL RESOURCES**

**Uses of Capital**

For the years 2001 through 2003, Entergy plans to spend \$8.2 billion in a capital investment plan focused on improving service at the domestic utility companies and growing its global power development and domestic non-utility nuclear businesses. The estimated allocation in the plan is \$2.6 billion to the domestic utility companies, \$3.6 billion to the global power development business, and \$2.0 billion to the domestic non-utility nuclear business. Management provides more information on construction expenditures and long-term debt and preferred stock maturities in Notes 5, 6, 7, and 9 to the financial statements.

The capital investment plan discussed above is subject to modification based on the ongoing effects of transition to competition planning, the ability to recover the regulated utility costs in rates, and the proposed business combination with FPL Group. The Merger Agreement generally allows Entergy to continue business in the ordinary course consistent with past practice and contains certain restrictions on Entergy's activities, including restrictions on the issuance of securities, capital expenditures, dispositions, incurrence or guarantee of indebtedness, and trading or marketing of energy. Entergy does not believe that these covenants will constrain its capital investment plan. Under certain circumstances, if the Merger Agreement is terminated, a termination fee of \$215 million may be payable by one of the parties. Additionally, the plan is contingent upon the ability to access the capital necessary to finance the planned expenditures, and significant borrowings may be necessary to implement these capital spending plans.

**PUHCA Restrictions on Uses of Capital**

Entergy's ability to invest in domestic and foreign generation businesses is subject to the SEC's regulations under PUHCA. Absent SEC approval, these regulations limit Entergy Corporation's aggregate investment in domestic and foreign generation businesses at the time an investment is made to an amount equal to 50% of average consolidated retained earnings for the previous four quarters. In June 2000, the SEC issued an order that allows Entergy's EWG and FUCO investments to increase from 50% to 100% of Entergy's average consolidated retained earnings. As of December 31, 2000 Entergy's investments subject to this rule totaled \$770 million constituting 25% of its average consolidated retained earnings.

Entergy's ability to guarantee obligations of its non-utility subsidiaries is also limited by SEC regulations under PUHCA. In August 2000, the SEC issued an order, effective through December 31, 2005, that allows Entergy to issue up to \$2 billion of guarantees to its non-utility companies, excluding guarantees outstanding as of that date that were issued under a previous order.

Under PUHCA, the SEC imposes a limit equal to 15% of consolidated capitalization on the amount that may be invested in "energy-related" businesses without specific SEC approval. Entergy has made investments in energy-related businesses, including power marketing and trading. Entergy's available capacity to make additional investments at December 31, 2000 was approximately \$1.8 billion.

# ENTERGY CORPORATION AND SUBSIDIARIES

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### LIQUIDITY AND CAPITAL RESOURCES

#### **Other Uses of Capital by Entergy Corporation**

Under the terms of the Merger Agreement, Entergy will use its commercially reasonable efforts to purchase in open market transactions \$430 million of its common stock prior to the close of the Merger. As of December 31, 2000, Entergy has repurchased 4.2 million shares for an aggregate amount of \$145.6 million after the signing of the Merger Agreement. Prior to the date of the Merger Agreement, Entergy had been repurchasing shares under two Board authorizations. In October 1998, the Board approved a plan for the repurchase of Entergy common stock through December 31, 2001 to fulfill the requirements of various compensation and benefit plans. This stock repurchase plan provided for open market purchases of up to 5 million shares for an aggregate consideration of up to \$250 million. In July 1999, the Board approved the commitment of up to an additional \$750 million for the repurchase of Entergy common stock through December 31, 2001. Shares were repurchased on a discretionary basis. Prior to the date of the Merger Agreement, Entergy had repurchased 25.3 million shares for an aggregate amount of \$652.5 million under these two Board authorizations.

In 2000, Entergy Corporation paid \$271.0 million in cash dividends on its common stock and received dividend payments and returns of capital totaling \$918.3 million from subsidiaries. Declarations of dividends on Entergy's common stock are made at the discretion of the Board. The Board evaluates the level of Entergy common stock dividends based upon Entergy's earnings and financial strength. Dividend restrictions are discussed in Note 8 to the financial statements. Under the Merger Agreement, Entergy can continue to pay dividends at existing levels with increases permitted up to 5% over the amount of the previous twelve-month period. In October 2000 and January 2001, the Board declared quarterly dividends of \$0.315 per share on Entergy's common stock. This dividend level is an increase of 5% over the dividend level for the twelve-month period prior to the Merger Agreement.

#### **Global Power Development Business**

Included in the capital investment plan for Entergy's global power development business are payments under an option it obtained in October 1999 to acquire twenty-four GE7FA advanced technology gas turbines, four steam turbines, and eight GE7EA advanced technology gas turbines. In the sale of the Freestone power project in June 2000, Entergy sold the rights to acquire four of the GE7EA turbines and two of the steam turbines. Deliveries of the remaining turbines are scheduled for 2001 through 2004. Management plans to use the turbines in future generation projects of the global power development business, and anticipates that the acquisition of the turbines will be funded by a combination of cash on hand, project financing, and other external financing. In addition, management expects that up to \$225 million of the turbine acquisitions will be supported by Entergy Corporation guarantees.

In 2000, Entergy's global power development business began construction of the Warren Power Project, a 300 MW combined-cycle gas turbine merchant power plant in Vicksburg, Mississippi. The construction costs are expected to be approximately \$150 million. Management expects that commercial operation of the plant will begin in the summer of 2001.

#### **Domestic Non-Utility Nuclear Business**

In November 2000, Entergy's domestic non-utility nuclear business purchased NYPA's 825 MW James A. FitzPatrick nuclear power plant located near Oswego, New York and NYPA's 980 MW Indian Point 3 nuclear power plant located in Westchester County, New York. Entergy paid NYPA \$50 million in cash at the closing of the purchase, and will pay seven annual installments of approximately \$108 million commencing one year from the date of the closing, and eight annual installments of \$20 million commencing eight years from the date of the closing. Entergy currently projects that these installments will be paid primarily from the proceeds of the sale of power from the plants and that Entergy will provide an additional \$100 million of funding.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### LIQUIDITY AND CAPITAL RESOURCES

Pursuant to the terms of the agreement with NYPA, the installment payments due by Entergy to NYPA must be secured by a letter of credit from an eligible financial institution. On November 21, 2000, upon closing of the acquisition of the NYPA plants, Entergy delivered a \$577 million letter of credit, with NYPA as beneficiary, in accordance with the terms of such agreement. The letter of credit was backed by cash collateral, and this cash is reflected in the balance sheet as "Special deposits." In February 2001, Entergy replaced \$440 million of the cash collateral with an Entergy Corporation guarantee. Most of the cash released by this guarantee was used to fund Entergy's cash contribution made for its interest in the Entergy/Koch Industries joint venture discussed below under "Joint Ventures."

Included in the domestic non-utility nuclear business' capital investment plan is the acquisition of Consolidated Edison's (Con Edison) 957 MW Indian Point 2 nuclear power plant (IP2) located in Westchester County, New York. In November 2000, Entergy's domestic non-utility nuclear business signed an agreement with Con Edison to purchase the plant. Entergy will pay \$600 million in cash at the closing of the purchase and will receive the plant, nuclear fuel, and other assets, including a purchase power agreement (PPA). The financing of the purchase may require the support of an Entergy Corporation guarantee. On the second anniversary of the IP2 acquisition, Entergy's domestic non-utility nuclear business will also begin to pay NYPA \$10 million per year for up to 10 years in accordance with the Indian Point 3 purchase agreement. Under the PPA, Con Edison will purchase 100% of IP2's output through 2004. Con Edison will also transfer a \$430 million decommissioning trust fund, along with the liability to decommission IP2 and Indian Point 1, to Entergy's domestic non-utility nuclear business. Management expects to close the acquisition by mid-2001, pending the approvals of the NRC, the New York Public Service Commission, and other regulatory agencies.

#### Joint Ventures

On January 31, 2001, subsidiaries of Entergy and Koch Industries, Inc. formed a new limited partnership called Entergy-Koch, L.P. Entergy contributed its power marketing and trading business in the United States and the United Kingdom and made other contributions, including equity and loans, totaling \$414 million. Koch Energy, Inc. contributed to the venture its 9,000-mile Koch Gateway Pipeline, gas storage facilities including the Bistineau storage facility near Shreveport, Louisiana, and Koch Energy Trading, which markets and trades electricity, gas, weather derivatives and other energy-related commodities and services.

Entergy's global power development business has a 50% interest in RS Cogen LLC, a joint venture with PPG Industries. In August 2000, RS Cogen LLC completed a \$242 million non-recourse financing for a 425 MW natural gas-fired, combined-cycle power plant, known as the Riverside project. In September 2000, construction of the plant began at estimated construction costs approximately equal to the amount of the financing arrangement. Management expects that commercial operation of the plant will begin in 2002.

**ENTERGY CORPORATION AND SUBSIDIARIES**  
**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**  
**LIQUIDITY AND CAPITAL RESOURCES**

**Entergy Corporation and System Energy**

Pursuant to an agreement with certain creditors, Entergy Corporation has agreed to supply System Energy with sufficient capital to:

- o maintain System Energy's equity capital at a minimum of 35% of its total capitalization (excluding short-term debt);
- o permit the continued commercial operation of Grand Gulf 1;
- o pay in full all System Energy indebtedness for borrowed money when due; and
- o enable System Energy to make payments on specific System Energy debt, under supplements to the agreement assigning System Energy's rights in the agreement as security for the specific debt.

The Capital Funds Agreement and other Grand Gulf 1-related agreements are more thoroughly discussed in Note 9 to the financial statements.

## Report of Independent Accountants

To the Board of Directors and Shareholders of Entergy Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of retained earnings, comprehensive income and paid-in-capital and of cash flows (pages 74 through 79 and pages 147 through 209) present fairly, in all material respects, the financial position of Entergy Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana

February 1, 2001

**ENTERGY CORPORATION AND SUBSIDIARIES**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Entergy's consolidated earnings applicable to common stock were \$679.3 million for the year ended December 31, 2000 resulting in increases in basic and diluted earnings per share of 33% and 32%, respectively. The increase in earnings per share was also affected by Entergy's share repurchase program. Entergy's consolidated earnings applicable to common stock were \$552.5 million for the year ended December 31, 1999 resulting in a decrease in basic and diluted earnings per share of 25% compared with 1998.

The changes in earnings applicable to common stock by operating segments for 2000 and 1999 as compared to the prior year are as follows:

Operating Segments	Increase/(Decrease)	
	2000	1999
	(In Thousands)	
Domestic Utility and System Energy	\$ 75,684	\$ 29,020
Power Marketing & Trading	20,133	15,049
Domestic Non-Utility Nuclear	33,453	16,768
Global Power Development	46,246	
(23,550)		
Entergy London and CitiPower	-	
(120,852)		
Other, including parent company	(48,681)	
(103,045)		
	-----	-----
Total	\$126,835	
\$(186,610)		
	=====	=====

Other for 1998 included the results of operations for Efficient Solutions, Inc., Entergy Security, Inc., Entergy Power Edesur Holdings, and several telecommunications businesses that were sold between late 1998 and mid-1999. It also included the gains on the 1998 sales of Entergy London and CitiPower. See Note 14 to the financial statements for additional business segment information.

The increase in 2000 earnings at the domestic utility companies and System Energy was primarily due to:

- o an increase in energy usage by customers;
- o an increase in revenues as a result of a warmer than normal spring and summer and a colder than normal winter;
- o a decrease of \$21.4 million in interest and other charges;
- o a decrease of \$45.5 million in reserves recorded in 2000 for potential rate actions; and
- o a \$10.9 million decrease in preferred dividend requirements primarily due to the retirement of Entergy Gulf States' preference stock.

The increases were partially offset by:

- o an increase of \$95.8 million in operation and maintenance expense;
- o an increase of \$44.5 million in depreciation and amortization expense;
- o an increase of \$23.5 million in taxes other than income taxes; and
- o an increase in the effective income tax rate.

The increase at the power marketing and trading business in 2000 was primarily due to:

- o improved trading performance in electricity;
- o increased long-term marketing of electricity; and
- o trading gains in natural gas in the current year due to natural gas prices reaching record high levels compared to trading losses in the prior year.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

The increase at the domestic non-utility nuclear business in 2000 was primarily due to the ownership of Pilgrim for the entire year compared to only six months in 1999, and the increase for 1999 was due to the purchase of Pilgrim in July 1999.

The increase at the global power development business in 2000 was primarily due to \$55.1 million of liquidated damages received from the Saltend contractor as compensation for lost operating margin from the plant due to construction delays.

Other decreased in 2000 primarily due to the write-down of Entergy's investments in Latin America to their fair market values. Other decreased in 1999 primarily due to the non-recurring gains recorded on business sales in 1998.

Entergy's income before taxes is discussed in two business categories, "Domestic Utility Companies and System Energy" and "Competitive Businesses". Competitive Businesses primarily includes power marketing and trading, domestic non-utility nuclear, global power development, and several businesses that were sold in 1998 and 1999.

#### Domestic Utility Companies and System Energy

The changes in electric operating revenues for Entergy's domestic utility companies for 2000 and 1999 are as follows:

Increase/(Decrease) Description	2000 (In Millions)	1999
Base revenues	(\$94.2)	\$81.2
Rate riders	(17.1)	(164.1)
Fuel cost recovery	792.5	188.7
Sales volume/weather	107.1	5.3
Other revenue (including unbilled)	135.8	74.3
Sales for resale	24.2	(50.3)
Total	\$948.3	\$135.1
	=====	=====

#### Base revenues

Base revenues decreased in 2000 primarily due to the non-recurring effect on 1999 revenues of the reversal of regulatory reserves associated with the accelerated amortization of accounting order deferrals discussed below.

In 1999, base revenues increased primarily due to:

- o a \$93.6 million reversal in June 1999 of regulatory reserves associated with the accelerated amortization of accounting order deferrals in conjunction with the settlement agreement in Entergy Gulf States' Texas 1996 and 1998 rate filings. The settlement agreement was approved by the PUCT in June 1999. The net income effect of this reversal is largely offset by the amortization of rate deferrals discussed below; and
- o a reduction in the amount of reserves recorded in 1999 at Entergy Gulf States compared to 1998 for the anticipated effects of rate proceedings in Texas.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

Partially offsetting these increases were:

- o annual base rate reductions implemented for Entergy Gulf States' Louisiana and Texas retail customers in 1998 and 1999 and Entergy Mississippi customers in 1999; and
- o reserves recorded by Entergy Gulf States related to the Louisiana jurisdiction, Entergy Louisiana, and Entergy New Orleans in 1999 for potential rate actions or rate refunds.

#### Rate riders

Rate rider revenues do not impact earnings since specific incurred expenses offset them. In 1999, rate rider revenues decreased \$164.1 million due to a revised Grand Gulf rider implemented at Entergy Arkansas and Entergy Mississippi, resulting in a corresponding decrease in the amortization of rate deferrals. The revised rider eliminated revenues attributable to the Grand Gulf phase-in plans, which were completed in 1998, and implemented the Grand Gulf Accelerated Recovery Tariff (GGART), allowing accelerated recovery and payment of a portion of the two companies' Grand Gulf purchased power obligations. The tariffs became effective in January 1999 and October 1998, respectively.

#### Fuel cost recovery

The domestic utility companies are allowed to recover certain fuel and purchased power costs through fuel mechanisms included in electric rates that are recorded as fuel cost recovery revenues. The difference between revenues collected and current fuel and purchased power costs is recorded as deferred fuel costs on Entergy's financial statements such that these costs generally have no net effect on earnings.

Fuel cost recovery revenues increased in 2000 primarily due to:

- o increased fuel recovery factors at Entergy Arkansas, Entergy Gulf States in the Texas jurisdiction, and Entergy Mississippi; and
- o higher fuel and purchased power costs at Entergy Louisiana and Entergy New Orleans due to the increased market price of natural gas.

Along with the increase in fuel cost recovery revenue, fuel and purchased power expenses increased by \$794.2 million in 2000 primarily due to:

- o an increase in the market prices of purchased power, natural gas, and fuel oil; and
- o an increase in volume due to an increase in demand.

The increase in fuel and purchased power expenses was partially offset by a \$23.5 million adjustment to the Entergy Arkansas deferred fuel balance to record deferred fuel costs that Entergy Arkansas expects to recover in the future through its fuel adjustment clause.

In 1999, fuel cost recovery revenues increased primarily due to:

- o an increased fuel factor and a new fuel surcharge implemented by Entergy Gulf States in the Texas jurisdiction in 1999;
- o recovery of higher-priced fuel and purchased power costs at Entergy Louisiana due to nuclear outages at Waterford 3 in 1999; and
- o an increase in the energy cost recovery rate effective April 1999 and the completion of a customer refund obligation in 1998 which lowered 1998 fuel cost recovery at Entergy Arkansas.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

In 1999, fuel and purchased power expenses increased due to:

- o higher natural gas and purchased power prices as well as increased gas usage at Entergy Arkansas and Entergy Louisiana;
- o higher fuel recovery due to an increased fuel factor and fuel surcharge in Entergy Gulf States' Texas jurisdiction; and
- o an increased energy cost recovery rate in 1999 and the completion of a customer refund obligation in 1998 which lowered 1998 fuel cost recovery at Entergy Arkansas.

These increases were partially offset by decreased fuel expenses at Entergy Mississippi as a result of lower total generation.

Other effects on revenue

Electric operating revenues also increased in 2000 due to:

- o increased sales volume due to increased usage by industrial, commercial, and residential customers;
- o increased sales due to weather conditions in 2000;
- o increased generation and subsequent sales from River Bend in 2000 as a result of a refueling outage in 1999; and
- o higher fuel prices included in unbilled revenues.

Electric sales vary seasonally in response to weather, and usually peak in the summer. The effect of colder than normal winter weather conditions in 2000 contributed to the increase in electric sales. In 2000, electricity sales volume in the domestic utility companies' service territories increased 1,522.7 GWH due to the impact of weather conditions. Electric sales volume also increased 1,173.9 GWH due to higher demand by industrial, commercial, and residential customers. The number of customers in the domestic utility companies' service territories remained constant during these periods.

Electric operating revenues also increased in 1999 primarily due to a change in estimated unbilled revenues, which more closely aligned the fuel component of unbilled revenues with regulatory treatment. This increase was partially offset by a decline in sales for resale due to the loss of certain municipal and co-op customer contracts at Entergy Arkansas.

Other operation and maintenance expenses

Other operation and maintenance expenses increased \$95.8 million in 2000 primarily due to:

- o increased property insurance expenses of \$22.8 million primarily due to storm damage accruals related to the December 2000 ice storms at Entergy Arkansas and due to changes in storm damage reserve amortization at Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi in accordance with regulatory treatment;
- o increased customer service expenses of \$11.4 million primarily related to spending on vegetation management at Entergy Arkansas;
- o increased nuclear expenses of \$17.2 million primarily from Entergy Arkansas and Entergy Gulf States;
- o an increase of \$28.4 million primarily due to an increase in legal and contract expenses for the transition to retail open access at Entergy Arkansas and Entergy Gulf States and for legal services employed for rate-related proceedings at Entergy Louisiana; and
- o an increase of \$21.9 million in plant maintenance expense primarily at Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy Mississippi.

**ENTERGY CORPORATION AND SUBSIDIARIES**  
**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

The increase in other operation and maintenance expenses in 2000 was partially offset by the following:

- o a \$9.5 million larger nuclear insurance refund in 2000 compared to 1999; and
- o a decrease in injury and damages claims of \$12.3 million.

In 1999, other operation and maintenance expenses increased \$68.3 million primarily due to:

- o increased customer service and reliability improvements throughout the system;
- o increases in storm damage accruals, employee pension and benefits, and environmental expenses; and
- o increases in maintenance work at Entergy Arkansas and Entergy Mississippi.

**Depreciation and amortization**

Depreciation and amortization expenses increased \$44.5 million in 2000 primarily due to:

- o the review of plant-in-service dates for consistency with regulatory treatment that reduced depreciation expense by \$17.7 million in August 1999;
- o increased depreciation of \$14.0 million associated with the principal payment on the sale and leaseback of Grand Gulf 1; and
- o net capital additions primarily at Entergy Louisiana and Entergy Mississippi.

In 1999, depreciation and amortization expenses decreased \$32.8 million due to:

- o lower depreciation at Entergy Gulf States as a result of the write-down of the River Bend abeyed plant as required by the Texas rate settlement and a review of plant in-service dates; and
- o reduction in principal payments associated with the sale and leaseback in 1989 of a portion of Grand Gulf 1 at System Energy.

**Other regulatory charges**

In 1999, other regulatory charges decreased due to:

- o lower accruals for transition costs in 1999 at Entergy Arkansas;
- o a change in the amortization period for deferred River Bend finance charges in the Entergy Gulf States' Texas retail jurisdiction; and
- o deferral of Year 2000 costs at Entergy Gulf States and Entergy Louisiana in accordance with an LPSC order.

These decreases were partially offset by increased charges at System Energy as a result of the implementation of the GGART at Entergy Arkansas and Entergy Mississippi.

**Interest charges**

Interest charges decreased \$21.4 million in 2000 primarily due to an adjustment in 1999 at System Energy to the interest recorded for the potential refund to customers of its proposed rate increase pending at FERC. System Energy's proposed rate increase is discussed in Note 2 to the financial statements.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

In 1999, interest charges decreased due to the retirement and refinancing of long-term debt, partially offset by the interest recorded on the potential refund of System Energy's proposed rate increase.

#### Competitive Businesses

The changes in operating revenues for the competitive businesses by operating segments in 2000 and 1999 are as follows:

	Increase / (Decrease)	
	2000	1999
	(In Millions)	
Power Marketing & Trading \$(605.7)	\$(117.9)	
Domestic Non-Utility Nuclear	188.4	104.6
Global Power Development	201.4	0.1
Entergy London and CitiPower (2,215.1)	-	
Other (108.2)	(16.9)	
	-----	-----
Total \$(2,824.3)	\$255.0	
	=====	=====

The decrease in 2000 for the power marketing and trading business results from decreased electricity and gas trading volumes. Although revenues decreased, the power marketing and trading business had an increase in operating income for the year ended December 31, 2000, primarily due to:

- o decreased purchased power expenses as discussed below;
- o improved trading performance in electricity;
- o increased long-term marketing of electricity; and
- o trading gains in natural gas in the current year due to natural gas prices reaching record high levels compared to trading losses in the prior year.

The decrease in 1999 for the power marketing and trading business resulted primarily from decreased electricity trading volume due to significantly warmer weather in 1998 than in 1999. However, the impact on net income from these decreased revenues was more than offset by decreased fuel and purchased power expenses as discussed below, resulting in a smaller operating loss for this business for the year ended December 31, 1999 as compared to 1998.

The increase in 2000 for the domestic non-utility nuclear business was primarily from the operation of the Pilgrim, Indian Point 3, and FitzPatrick plants. Pilgrim was purchased in July 1999 and Indian Point 3 and FitzPatrick were purchased in November 2000. The increase in 1999 for the domestic non-utility nuclear business was primarily from the operation of Pilgrim.

The increase in 2000 for the global power development business was primarily due to the results from its interest in Highland Energy, which was acquired in June 2000, and the results from the Saltend plant, which began commercial operation in late November 2000. However, the impact on net income from increased revenues from the global power development business is offset by increased fuel and purchased power as discussed below.

The decrease in 1999 for Entergy London and CitiPower was due to the sale of these businesses in 1998.

# ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Fuel and purchased power expenses

Fuel costs constitute the largest expense for the competitive businesses. Fuel and purchased power expenses increased \$20.4 million in 2000, primarily due to Highland Energy's operations and increased expenses for the domestic non-utility nuclear business from Pilgrim contributing for all of 2000 compared with only six months in 1999, along with the acquisition of Indian Point 3 and FitzPatrick in November 2000.

Partially offsetting the overall increase in 2000 in fuel and purchased power expenses is the decrease of \$206.9 million from the power marketing and trading business attributable to decreased electricity and gas trading volumes.

Fuel and purchased power expenses decreased in 1999 primarily due to:

- o the sales of London Electricity and CitiPower;
- o decreased electricity trading volume in the power marketing and trading business; and
- o a \$44 million (\$27 million net of tax) counterparty default incurred in 1998 by the power marketing and trading business.

These decreases were partially offset by increased gas trading volume in the power marketing and trading business.

#### Other operation and maintenance expenses

Other operation and maintenance expenses increased \$98.6 million in 2000 primarily from the operation of Pilgrim for all of 2000 compared with only six months in 1999, partially offset by a decrease in the elimination of mark-to-market profits on intercompany power transactions.

Other operation and maintenance expenses decreased \$349.7 million in 1999 primarily due to the sales of London Electricity and CitiPower. The decrease was partially offset by:

- o an increase for the power marketing and trading business resulting primarily from increased risk management and back-office support; and
- o an increase for the domestic non-utility nuclear business resulting primarily from the operation of Pilgrim for six months in 1999.

#### Other income

Other income decreased \$38.5 million for the year ended December 31, 2000 primarily due to a \$42.5 million (\$27.6 million net of tax) write-down in 2000 to their estimated fair values of investments in Latin American projects. The decrease is also due to the absence of the following items that occurred in 1999:

- o a \$26.7 million (\$17 million net of tax) gain on the sale of Entergy Power Edesur Holdings in June 1999;
- o a \$12.9 million (\$8 million net of tax) gain on the sale of Entergy Hyperion Telecommunications in June 1999;
- o a \$22.0 million (\$6.4 million net of tax) gain on the sale of Entergy Security, Inc. in January 1999, including a true-up recognized in December 1999;
- o a \$7.6 million (\$4.9 million net of tax) favorable adjustment to the final sale price of CitiPower in January 1999; and
- o a more favorable experience on warranty reserves in 1999 for the businesses sold during 1998.

**ENTERGY CORPORATION AND SUBSIDIARIES**  
**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Partially offsetting the overall decrease was the following in 2000:

- o liquidated damages of \$55.1 million (\$38.6 million net of tax) received from the Saltend contractor as compensation for lost operating margin from the Saltend plant due to construction delays;
- o an increase of \$16.2 million in interest and dividend income; and
- o a \$20.5 million (\$13.3 million net of tax) gain in June 2000 on the sale of the global power development business' investment in the Freestone project located in Fairfield, Texas.

Other income decreased in 1999 primarily due to the gains recorded in 1998 on the sales of Entergy London of \$327.3 million (\$246.8 million net of tax) and CitiPower of \$29.8 million (\$19.3 million net of tax). The decrease in 1999 was partially offset by the following:

- o interest income of \$58.5 million in 1999 on the proceeds of the sales of Entergy London and CitiPower;
- o gains on sales of businesses in 1999, as listed above;
- o a \$68.6 million (\$35.9 million net of tax) loss on the sale of Efficient Solutions, Inc. (formerly Entergy Integrated Solutions, Inc.) in September 1998;
- o \$32.8 million (\$21.3 million net of tax) of write-downs of Entergy's investments in two Asian projects in 1998; and
- o favorable experience on warranty reserves for the businesses sold during 1998.

**Interest charges**

Other interest charges increased \$29.0 million in 2000 primarily due to:

- o the accretion of the decommissioning liability associated with Pilgrim; and
- o increased interest expense of \$16.0 million related to borrowings on Entergy Corporation's short-term credit facility.

**Income taxes**

The effective income tax rates for 2000, 1999, and 1998 were 40.3%, 37.5%, and 25.3%, respectively. The increase in 2000 was primarily due to the recognition in 1999 of deferred tax benefits related to the expected utilization of foreign tax credits resulting in lower income taxes.

The effective income tax rate increased in 1999, partially offset by the recognition of foreign tax credits discussed above, primarily due to the following in 1998:

- o the recognition of \$44 million of deferred tax benefits in 1998 related to expected utilization of Entergy's capital loss carryforwards; and
- o a \$31.7 million reduction in taxes because of reductions in the UK corporation tax rate from 31% to 30% in the third quarter of 1998.



ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands, Except Share Data)		
<b>OPERATING REVENUES</b>			
Domestic electric	\$7,219,686	\$6,271,414	\$6,136,322
Natural gas	165,872	110,355	115,355
Steam products	-	15,852	43,167
Competitive businesses	2,630,590	2,375,607	5,199,928
	-----	-----	-----
<b>TOTAL</b>	<b>10,016,148</b>	<b>8,773,228</b>	<b>11,494,772</b>
	-----	-----	-----
<b>OPERATING EXPENSES</b>			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	2,645,835	2,082,875	1,706,028
Purchased power	2,662,881	2,442,484	4,585,444
Nuclear refueling outage expenses	70,511	76,057	83,885
Other operation and maintenance	1,901,314	1,705,545	1,988,040
Decommissioning	39,484	45,988	46,750
Taxes other than income taxes	370,344	339,284	362,153
Depreciation and amortization	746,125	698,881	938,179
Other regulatory charges - net	3,681	14,833	35,136
Amortization of rate deferrals	30,392	115,627	237,302
	-----	-----	-----
<b>TOTAL</b>	<b>8,470,567</b>	<b>7,521,574</b>	<b>9,982,917</b>
	-----	-----	-----
<b>OPERATING INCOME</b>	<b>1,545,581</b>	<b>1,251,654</b>	<b>1,511,855</b>
	-----	-----	-----
<b>OTHER INCOME</b>			
Allowance for equity funds used during construction	32,022	29,291	12,465
Gain (loss) on sale of assets - net	(20,466)	71,926	274,941
Miscellaneous - net	190,129	154,423	85,618
	-----	-----	-----
<b>TOTAL</b>	<b>201,685</b>	<b>255,640</b>	<b>373,024</b>
	-----	-----	-----
<b>INTEREST AND OTHER CHARGES</b>			
Interest on long-term debt	477,071	476,877	735,601
Other interest - net	85,635	82,471	65,047
Distributions on preferred securities of subsidiaries	18,838	18,838	42,628
Allowance for borrowed funds used during construction	(24,114)	(22,585)	(10,761)
	-----	-----	-----
<b>TOTAL</b>	<b>557,430</b>	<b>555,601</b>	<b>832,515</b>
	-----	-----	-----
<b>INCOME BEFORE INCOME TAXES</b>	<b>1,189,836</b>	<b>951,693</b>	<b>1,052,364</b>
	-----	-----	-----
Income taxes	478,921	356,667	266,735
	-----	-----	-----
<b>CONSOLIDATED NET INCOME</b>	<b>710,915</b>	<b>595,026</b>	<b>785,629</b>
	-----	-----	-----
Preferred dividend requirements and other	31,621	42,567	46,560
	-----	-----	-----
<b>EARNINGS APPLICABLE TO COMMON STOCK</b>	<b>\$679,294</b>	<b>\$552,459</b>	<b>\$739,069</b>
	=====	=====	=====
Earnings per average common share:			
Basic	\$3.00	\$2.25	\$3.00
Diluted	\$2.97	\$2.25	\$3.00
Dividends declared per common share	\$1.22	\$1.20	\$1.50
Average number of common shares outstanding:			
Basic	226,580,449	245,127,460	246,396,469
Diluted	228,541,307	245,326,883	246,572,328

See Notes to Financial Statements.



ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
OPERATING ACTIVITIES			
Consolidated net income	\$710,915	\$595,026	\$785,629
Noncash items included in net income:			
Amortization of rate deferrals	30,392	115,627	237,302
Reserve for regulatory adjustments	18,482	10,531	130,603
Other regulatory charges - net	3,681	14,833	35,136
Depreciation, amortization, and decommissioning	785,609	744,869	984,929
Deferred income taxes and investment tax credits	124,457	(189,465)	(64,563)
Allowance for equity funds used during construction	(32,022)	(29,291)	(12,465)
(Gain) loss on sale of assets - net	20,466	(71,926)	(274,941)
Changes in working capital (net of effects from acquisitions and dispositions):			
Receivables	(437,146)	9,246	24,176
Fuel inventory	(20,447)	(1,359)	28,439
Accounts payable	543,606	35,233	31,229
Taxes accrued	20,871	158,733	58,505
Interest accrued	45,789	(56,552)	(37,937)
Deferred fuel	(38,001)	10,583	63,991
Other working capital accounts	102,336	45,285	43,209
Provision for estimated losses and reserves	6,019	(59,464)	(133,880)
Changes in other regulatory assets	(66,903)	(36,379)	(13,684)
Other	149,743	93,494	(49,996)
	-----	-----	-----
Net cash flow provided by operating activities	1,967,847	1,389,024	1,835,682
	-----	-----	-----
INVESTING ACTIVITIES			
Construction/capital expenditures	(1,493,717)	(1,195,750)	(1,143,612)
Allowance for equity funds used during construction	32,022	29,291	12,465
Nuclear fuel purchases	(121,127)	(137,649)	(102,747)
Proceeds from sale/leaseback of nuclear fuel	117,154	137,093	128,210
Proceeds from sale of businesses	61,519	351,082	2,275,014
Investment in other nonregulated/nonutility properties	(238,062)	(81,273)	(85,014)
Proceeds from other temporary investments	321,351	956,356	-
Purchase of other temporary investments	-	(321,351)	(947,444)
Decommissioning trust contributions and realized change in trust assets	(63,805)	(61,766)	(73,641)
Other regulatory investments	(385,331)	(81,655)	(82,984)
Other	(44,016)	(42,258)	-
	-----	-----	-----
Net cash flow used in investing activities	(1,814,012)	(447,880)	(19,753)
	-----	-----	-----

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>FINANCING ACTIVITIES</b>			
Proceeds from the issuance of:			
Long-term debt	904,522	1,113,370	1,904,074
Common stock	41,908	15,320	19,341
Retirement of:			
Long-term debt	(181,329)	(1,195,451)	(3,151,680)
Repurchase of common stock	(550,206)	(245,004)	(2,964)
Redemption of preferred stock	(157,658)	(98,597)	(17,481)
Changes in short-term borrowings - net	267,000	(165,506)	205,412
Dividends paid:			
Common stock	(271,019)	(291,483)	(373,441)
Preferred stock	(32,400)	(43,621)	(46,809)
Net cash flow provided by (used in) financing activities	20,818	(910,972)	(1,463,548)
Effect of exchange rates on cash and cash equivalents	(5,948)	(948)	1,567
Net increase in cash and cash equivalents	168,705	29,224	353,948
Cash and cash equivalents at beginning of period	1,213,719	1,184,495	830,547
Cash and cash equivalents at end of period	\$1,382,424	\$1,213,719	\$1,184,495
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$505,414	\$601,739	\$833,728
Income taxes	\$345,361	\$373,537	\$273,935
Noncash investing and financing activities:			
Change in unrealized appreciation/(depreciation) of decommissioning trust assets	(\$11,577)	\$41,582	\$46,325
Decommissioning trust fund acquired in Pilgrim acquisition	-	\$428,284	-
Acquisition of Indian Point 3 and FitzPatrick			
Fair value of assets acquired	\$917,667	-	-
Initial cash paid at closing	\$50,000	-	-
Liabilities assumed and notes issued to seller	\$867,667	-	-

See Notes to Financial Statements.



ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
ASSETS

	December 31, 2000	1999 (In Thousands)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Cash	\$157,550	\$108,198
Temporary cash investments - at cost, which approximates market	640,038	1,105,521
Special deposits	584,836	-
Total cash and cash equivalents	1,382,424	1,213,719
Other temporary investments - at cost, which approximates market	-	321,351
Notes receivable	3,608	2,161
Accounts receivable:		
Customer	497,821	290,331
Allowance for doubtful accounts	(9,947)	(9,507)
Other	395,518	213,939
Accrued unbilled revenues	415,409	298,616
Total receivables	1,298,801	793,379
Deferred fuel costs	568,331	240,661
Fuel inventory - at average cost	93,679	73,231
Materials and supplies - at average cost	425,357	392,403
Rate deferrals	16,581	30,394
Deferred nuclear refueling outage costs	46,544	58,119
Prepayments and other	122,690	78,567
<b>TOTAL</b>	3,958,015	3,203,985
<b>OTHER PROPERTY AND INVESTMENTS</b>		
Investment in subsidiary companies - at equity	214	214
Decommissioning trust funds	1,315,857	1,246,023
Non-utility property - at cost (less accumulated depreciation)	334,270	317,165
Non-regulated investments	331,604	198,003
Other - at cost (less accumulated depreciation)	22,298	16,714
<b>TOTAL</b>	2,004,243	1,778,119
<b>UTILITY PLANT</b>		
Electric	25,137,562	23,163,161
Plant acquisition adjustment	390,664	406,929
Property under capital lease	769,370	768,500
Natural gas	190,989	186,041
Construction work in progress	936,785	1,500,617
Nuclear fuel under capital lease	277,673	286,476
Nuclear fuel	157,603	87,693
<b>TOTAL UTILITY PLANT</b>	27,860,646	26,399,417
Less - accumulated depreciation and amortization	11,364,021	10,898,661
<b>UTILITY PLANT - NET</b>	16,496,625	15,500,756
<b>DEFERRED DEBITS AND OTHER ASSETS</b>		
Regulatory assets:		
Rate deferrals	-	16,581
SFAS 109 regulatory asset - net	980,266	1,068,006
Unamortized loss on reacquired debt	183,627	198,631
Deferred fuel costs	95,661	-
Other regulatory assets	792,515	637,870
Long-term receivables	29,575	32,260
Other	1,024,700	533,732



ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 2000	1999 (In Thousands)
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$464,215	\$194,555
Notes payable	388,023	120,715
Accounts payable	1,204,227	707,678
Customer deposits	172,169	161,909
Taxes accrued	451,811	445,677
Accumulated deferred income taxes	225,649	72,640
Nuclear refueling outage costs	10,209	11,216
Interest accrued	172,033	129,028
Obligations under capital leases	156,907	178,247
Other	192,908	125,749
	-----	-----
<b>TOTAL</b>	<b>3,438,151</b>	<b>2,147,414</b>
	-----	-----
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Accumulated deferred income taxes	3,249,083	3,310,340
Accumulated deferred investment tax credits	494,315	519,910
Obligations under capital leases	201,873	205,464
FERC settlement - refund obligation	30,745	37,337
Other regulatory liabilities	218,172	199,139
Decommissioning	749,708	703,453
Transition to competition	191,934	157,034
Regulatory reserves	396,789	378,307
Accumulated provisions	390,116	279,425
Other	853,137	527,027
	-----	-----
<b>TOTAL</b>	<b>6,775,872</b>	<b>6,317,436</b>
	-----	-----
Long-term debt	7,732,093	6,612,583
Preferred stock with sinking fund	65,758	69,650
Preference stock	-	150,000
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	215,000	215,000
	-----	-----
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock without sinking fund	334,688	338,455
Common stock, \$.01 par value, authorized 500,000,000 shares; issued 248,094,614 shares in 2000 and 247,082,345 shares in 1999	2,481	2,471
Paid-in capital	4,660,483	4,636,163
Retained earnings	3,190,639	2,786,467
Accumulated other comprehensive income:		
Cumulative foreign currency translation adjustment	(73,998)	(68,782)
Net unrealized investment losses	(1,035)	(5,023)
Less - treasury stock, at cost (28,490,031 shares in 2000 and 8,045,434 shares in 1999)	774,905	231,894
	-----	-----
<b>TOTAL</b>	<b>7,338,353</b>	<b>7,457,857</b>
	-----	-----
Commitments and Contingencies (Notes 2, 9, 10, and 11)		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$25,565,227</b>	<b>\$22,969,940</b>
	=====	=====
See Notes to Financial Statements.		

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS, COMPREHENSIVE INCOME, AND PAID-IN CAPITAL

	2000	For the Years Ended December 31,		1999	1998		
		(In Thousands)					
RETAINED EARNINGS							
Retained Earnings - Beginning of period	\$2,786,467		\$2,526,888		\$2,157,912		
Add - Earnings applicable to common stock	679,294	\$679,294	552,459	\$552,459	739,069	\$739,069	
Deduct:							
Dividends declared on common stock	275,929		294,352		369,498		
Capital stock and other expenses	(807)		(1,472)		595		
Total	275,122		292,880		370,093		
Retained Earnings - End of period	\$3,190,639		\$2,786,467		\$2,526,888		
	=====		=====		=====		
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):							
Balance at beginning of period	(\$73,805)		(\$46,739)		(\$69,817)		
Foreign currency translation adjustments	(5,216)	(5,216)	(22,043)	(22,043)	23,078	23,078	
Net unrealized investment gains (losses)	3,988	3,988	(5,023)	(5,023)	-	-	
Balance at end of period	(\$75,033)		(\$73,805)		(\$46,739)		
	=====		=====		=====		
Comprehensive Income		\$678,066		\$525,393		\$762,147	
		=====		=====		=====	
PAID-IN CAPITAL							
Paid-in Capital - Beginning of period	\$4,636,163		\$4,630,609		\$4,613,572		
Add:							
Common stock issuances related to stock plans	24,320		5,554		17,037		
Paid-in Capital - End of period	\$4,660,483		\$4,636,163		\$4,630,609		
	=====		=====		=====		

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2000	1999	1998 (1)	1997 (2)	1996 (3)
	(In Thousands, Except Percentages and Per Share Amounts)				
Operating revenues	\$10,016,148	\$ 8,773,228	\$11,494,772	\$ 9,538,926	\$ 7,163,526
Consolidated net income	\$ 710,915	\$ 595,026	\$ 785,629	\$ 300,899	\$ 490,563
Earnings per share					
Basic	\$ 3.00	\$ 2.25	\$ 3.00	\$ 1.03	\$ 1.83
Diluted	\$ 2.97	\$ 2.25	\$ 3.00	\$ 1.03	\$ 1.83
Dividends declared per share	\$ 1.22	\$ 1.20	\$ 1.50	\$ 1.80	\$ 1.80
Return on average common equity	9.62%	7.77%	10.71%	3.71%	6.41%
Book value per share, year-end	\$ 31.89	\$ 29.78	\$ 28.82	\$ 27.23	\$ 28.51
Total assets	\$25,565,227	\$22,969,940	\$22,836,694	\$27,000,700	\$22,956,025
Long-term obligations (4)	\$ 8,214,724	\$ 7,252,697	\$ 7,349,349	\$10,154,330	\$ 8,335,150

(1) Includes the effects of the sales of London Electricity and CitiPower in December 1998.

(2) Includes the effects of the London Electricity acquisition in February 1997.

(3) Includes the effects of the CitiPower acquisition in January 1996.

(4) Includes long-term debt (excluding currently maturing debt), preferred stock with sinking fund, preference stock, preferred securities of subsidiary trusts and partnership, and noncurrent capital lease obligations.

	2000	1999	1998	1997	1996
	(Dollars In Thousands)				
Domestic Electric Operating Revenues:					
Residential	\$2,524,529	\$2,231,091	\$2,299,317	\$2,271,363	\$2,277,647
Commercial	1,699,699	1,502,267	1,513,050	1,581,878	1,573,251
Industrial	2,177,236	1,878,363	1,829,085	2,018,625	1,987,640
Governmental	185,286	163,403	172,368	171,773	169,287
-----					
Total retail	6,586,750	5,775,124	5,813,820	6,043,639	6,007,825
Sales for resale	423,519	397,844	448,842	359,881	376,011
Other (1)	209,417	98,446	(126,340)	135,311	67,104
-----					
Total	\$7,219,686	\$6,271,414	\$6,136,322	\$6,538,831	\$6,450,940
=====					
Billed Electric Energy					
Sales (GWH):					
Residential	31,998	30,631	30,935	28,286	28,303
Commercial	24,657	23,775	23,177	21,671	21,234
Industrial	43,956	43,549	43,453	44,649	44,340
Governmental	2,605	2,564	2,659	2,507	2,449
-----					
Total retail	103,216	100,519	100,224	97,113	96,326
Sales for resale	9,794	9,714	11,187	9,707	10,583
-----					
Total	113,010	110,233	111,411	106,820	106,909
=====					

(1) 1998 includes the effect of a reserve for rate refund at Entergy Gulf States.

## Report of Independent Accountants

To the Board of Directors and Shareholders of Entergy Arkansas, Inc.:

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings and of cash flows (pages 86 through 91 and pages 147 through 209) present fairly, in all material respects, the financial position of Entergy Arkansas, Inc. at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana

February 1, 2001

# ENTERGY ARKANSAS, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income increased in 2000 primarily due to increased electric operating revenues and lower regulatory charges, partially offset by increased operation and maintenance expenses.

Net income decreased in 1999 primarily due to decreased electric operating revenues and increased operation and maintenance expenses, partially offset by lower regulatory charges.

#### Revenues and Sales

The changes in electric operating revenues for the twelve months ended December 31, 2000 and 1999 are as follows:

Increase/(Decrease) Description	2000 (In Millions)	1999
Base revenues	(\$6.5)	\$4.5
Rate riders (68.2)	(21.8)	
Fuel cost recovery	61.8	36.4
Sales volume/weather	30.8	3.8
Other revenue (including unbilled) (25.2)	47.6	
Sales for resale (18.1)	108.8	
Total (\$66.8)	----- \$220.7 =====	-----  =====

#### Rate riders

Rate rider revenues have no material effect on net income because specific incurred expenses offset them.

In 2000, rate rider revenues decreased as a result of the decreased ANO Decommissioning and Grand Gulf rate riders, both of which became effective in January 2000. The ANO Decommissioning rider allows Entergy Arkansas to recover the decommissioning costs associated with ANO 1 and 2. The Grand Gulf rate rider allows Entergy Arkansas to recover its recoverable share of operating costs for Grand Gulf 1.

In 1999, rate rider revenues decreased as a result of a revised Grand Gulf rider, which includes the completion of the Grand Gulf 1 phase-in plan in November 1998, partially offset by the Grand Gulf Accelerated Recovery Tariff (GGART). The GGART is designed to allow Entergy Arkansas to pay down a portion of its Grand Gulf purchased power obligation in advance of the implementation of retail access in Arkansas. The rider and GGART became effective with the first billing cycle in January 1999. The GGART is discussed further in Note 2 to the financial statements.

#### Fuel cost recovery

Entergy Arkansas is allowed to recover certain fuel and purchased power costs through fuel mechanisms included in electric rates that are recorded as fuel cost recovery revenues. The difference between revenues collected and current fuel and purchased power costs is recorded as deferred fuel costs on Entergy Arkansas' financial statements such that these costs generally have no net effect on earnings.

# ENTERGY ARKANSAS, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

Fuel cost recovery revenues increased in 2000 primarily due to an increase in the energy cost rate in April 2000, which is determined annually by a formula in the energy cost recovery rider (Rider ECR) in April 2000. The increase in the energy cost rate allows Entergy Arkansas to recover previously deferred fuel expenses. Rider ECR is discussed further in Note 2 to the financial statements.

Fuel cost recovery revenues increased in 1999 due to an increase in the energy cost recovery rider, effective in April 1999, and the completion of a customer refund obligation in 1998, which lowered 1998 fuel cost recovery.

#### Sales volume/weather

Sales volume increased in 2000 primarily due to increased usage by industrial, commercial, and residential customers, as well as the effect of more favorable weather on the residential and commercial sectors.

#### Other revenue (including unbilled)

In 2000, other revenue increased primarily as a result of a change in estimated unbilled revenues and a \$13.4 million adjustment to third quarter 1999 unbilled revenues that excluded fuel recovery and rate rider revenues from the unbilled balance in accordance with regulatory treatment. The change in estimate is discussed below. Unbilled revenues also increased due to greater unbilled volume and the addition of unbilled revenue for wholesale customers to the unbilled balance.

In 1999, other revenue decreased primarily as a result of a change in estimated unbilled revenues in the second quarter and, to a lesser extent, less favorable weather for the unbilled period of 1999. The changed estimate more closely aligns the fuel component of unbilled revenue with its regulatory treatment. Comparative impacts are also affected by seasonal impacts on demand.

#### Sales for resale

In 2000, sales for resale increased primarily due to an increase in the market price of electricity.

In 1999, sales for resale decreased due to the loss of certain municipal and co-op customer contracts.

### Expenses

#### Fuel and purchased power expenses

In 2000, fuel and purchased power expenses increased primarily due to:

- o an increase in the market price of natural gas;
- o an increase in the market price of purchased power; and
- o increased purchased power volume due to increased demand for electricity and to offset decreased nuclear generation due to maintenance, inspection, and refueling outages during the year.

The increased fuel and purchased power expenses were partially offset by a \$23.5 million adjustment to the deferred fuel balance as a result of the 1999 and 2000 ECR filings. This adjustment reflects deferred costs that Entergy Arkansas expects to recover in the future.

**ENTERGY ARKANSAS, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

In 1999, fuel and purchased power expenses increased primarily due to:

- o higher-priced gas generation as a result of refueling outages at ANO 1 and ANO 2, a mid-cycle maintenance outage at ANO 2, limited coal capability at White Bluff during parts of the year, and displacement of higher priced purchased power;
- o increased purchased power costs due to higher market prices in July and August 1999; and
- o an increase in the energy cost recovery rate in April 1999 and the completion of a customer refund obligation in 1998 which lowered 1998 fuel cost recovery.

The increase in the energy cost recovery rate allows Entergy Arkansas to recover previously under-recovered fuel expenses.

Other operation and maintenance

Other operation and maintenance expenses increased for 2000 primarily due to:

- o an increase in property damage expense of \$14.5 million due to December 2000 ice storms;
- o an increase in nuclear expenses of \$7.9 million related to maintenance and inspection outages and the steam generator replacement project at ANO 2;
- o an increase in spending of \$7.1 million on vegetation management;
- o an increase in plant maintenance expense of \$5.0 million; and
- o an increase in spending of \$4.5 million for outside services employed related primarily to legal and contract services for transition work.

Other operation and maintenance expenses increased for 1999 primarily due to:

- o an increase in customer service costs of \$12.9 million related to tree trimming around power lines;
- o an increase in plant maintenance costs of \$7.9 million;
- o an increase in employee pension and benefits costs of \$5.0 million; and
- o an increase in administrative and general salaries expense of \$4.5 million.

**Decommissioning**

Decommissioning expense decreased primarily due to a true-up of the decommissioning liability in June 2000 for previous over-accruals.

Other regulatory charges (credits)

In 2000, other regulatory credits increased primarily due to:

- o a \$16.6 million under-recovery of Grand Gulf 1 costs as a result of a decreased rate rider that became effective in January 2000 as ordered by the APSC;
- o the recording of a regulatory asset for certain transition costs expected to be recovered in a customer transition tariff; and
- o accruals in 1999 of excess earnings in the transition cost account.

Accruals previously made in 2000 for estimated excess earnings were reversed in order to offset expenses related to the December ice storms.

**ENTERGY ARKANSAS, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

In 1999, other regulatory charges decreased primarily as a result of lower accruals for transition costs in 1999, partially offset by the 1998 reversal of the 1997 reserve recorded for the low-level radioactive waste facility.

The transition cost account and the December 2000 ice storms are discussed in more detail in Note 2 to the financial statements.

**Amortization of rate deferrals**

In 1999, amortization of rate deferrals decreased due to the November 1998 completion of the Grand Gulf 1 rate phase-in plan. These phase-ins had no material effect on net income.

**Other**

**Interest charges**

Interest charges increased in 2000 due to the issuance of \$100 million of long-term debt in March 2000.

Interest charges decreased in 1999 due to the retirement of certain long-term debt and decreased borrowings for funds used during construction. These decreases were partially offset by an adjustment for interest expense on an income tax settlement from prior years.

**Income taxes**

The effective income tax rates for 2000, 1999, and 1998 were 42.3%, 43.8%, and 39.1%, respectively.

The effective income tax rate increased in 1999 primarily due to accelerated tax depreciation deductions for which deferred taxes have not been previously normalized, reflecting a shorter tax life on certain assets.

ENTERGY ARKANSAS, INC.  
INCOME STATEMENTS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
OPERATING REVENUES			
Domestic electric	\$1,762,635	\$1,541,894	\$1,608,698
OPERATING EXPENSES			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	258,294	257,946	204,318
Purchased power	560,793	455,425	419,947
Nuclear refueling outage expenses	25,884	29,857	32,046
Other operation and maintenance	427,409	389,462	358,006
Decommissioning	3,845	10,670	15,583
Taxes other than income taxes	39,662	36,669	37,223
Depreciation and amortization	169,806	161,234	165,853
Other regulatory charges (credits) - net	(33,078)	5,230	45,658
Amortization of rate deferrals	-	-	75,249
TOTAL	1,452,615	1,346,493	1,353,883
OPERATING INCOME	310,020	195,401	254,815
OTHER INCOME			
Allowance for equity funds used during construction	15,020	12,866	5,921
Gain (loss) on sale of assets	(8)	-	1,777
Miscellaneous - net	4,339	3,622	12,292
TOTAL	19,351	16,488	19,990
INTEREST AND OTHER CHARGES			
Interest on long-term debt	88,140	80,800	86,772
Other interest - net	8,360	11,123	4,813
Distributions on preferred securities of subsidiary	5,100	5,100	5,100
Allowance for borrowed funds used during construction	(9,788)	(8,459)	(4,205)
TOTAL	91,812	88,564	92,480
INCOME BEFORE INCOME TAXES	237,559	123,325	182,325
Income taxes	100,512	54,012	71,374
NET INCOME	137,047	69,313	110,951
Preferred dividend requirements and other	7,776	10,854	10,201
EARNINGS APPLICABLE TO COMMON STOCK	\$129,271	\$58,459	\$100,750

See Notes to Financial Statements.



ENTERGY ARKANSAS, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$137,047	\$69,313	\$110,951
Noncash items included in net income:			
Amortization of rate deferrals	-	-	75,249
Other regulatory charges (credits) - net	(33,078)	5,230	45,658
Depreciation, amortization, and decommissioning	173,651	171,904	181,436
Deferred income taxes and investment tax credits	39,776	22,421	(12,293)
Allowance for equity funds used during construction	(15,020)	(12,866)	(5,921)
(Gain) loss on sale of assets	8	-	(1,777)
Changes in working capital:			
Receivables	(47,647)	40,375	61,143
Fuel inventory	(6,512)	(4,633)	8,317
Accounts payable	141,172	56,985	(7,911)
Taxes accrued	1,731	(30,054)	(8,742)
Interest accrued	5,246	(2,908)	(3,541)
Deferred fuel costs	35,993	38,814	(17,575)
Other working capital accounts	17,162	2,444	(6,845)
Provision for estimated losses and reserves	(895)	(8,116)	2,032
Changes in other regulatory assets	(85,452)	45,898	(13,029)
Other	58,378	(42,249)	41,499
	-----	-----	-----
Net cash flow provided by operating activities	421,560	352,558	448,651
	-----	-----	-----
<b>INVESTING ACTIVITIES</b>			
Construction expenditures	(369,370)	(238,009)	(190,459)
Allowance for equity funds used during construction	15,020	12,866	5,921
Nuclear fuel purchases	(44,722)	(32,517)	(45,845)
Proceeds from sale/leaseback of nuclear fuel	44,722	32,517	42,055
Decommissioning trust contributions and realized change in trust assets	(15,761)	(17,746)	(25,929)
Other regulatory investments	(97,343)	(39,243)	(39,860)
	-----	-----	-----
Net cash flow used in investing activities	(467,454)	(282,132)	(254,117)
	-----	-----	-----
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of:			
Long-term debt	99,381	-	-
Retirement of:			
Long-term debt	(220)	(39,607)	(151,424)
Redemption of preferred stock	-	(22,666)	(9,000)
Dividends paid:			
Common stock	(44,600)	(82,700)	(92,600)
Preferred stock	(7,691)	(11,696)	(10,407)
	-----	-----	-----
Net cash flow provided by (used in) financing activities	46,870	(156,669)	(263,431)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	976	(86,243)	(68,897)
Cash and cash equivalents at beginning of period	6,862	93,105	162,002
	-----	-----	-----
Cash and cash equivalents at end of period	\$7,838	\$6,862	\$93,105
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$91,291	\$94,872	\$95,050
Income taxes	\$60,291	\$61,273	\$91,407
Noncash investing and financing activities:			
Change in unrealized appreciation/(depreciation) of decommissioning trust assets	(\$3,920)	\$22,980	\$26,782

See Notes to Financial Statements.



ENTERGY ARKANSAS, INC.  
BALANCE SHEETS  
ASSETS

	December 31, 2000	1999 (In Thousands)
CURRENT ASSETS		
Cash and cash equivalents	\$7,838	\$6,862
Accounts receivable:		
Customer	98,550	73,357
Allowance for doubtful accounts	(1,667)	(1,768)
Associated companies	22,286	26,816
Other	26,221	11,625
Accrued unbilled revenues	65,887	53,600
	-----	-----
Total receivables	211,277	163,630
	-----	-----
Deferred fuel costs	102,970	41,620
Fuel inventory - at average cost	9,809	3,297
Materials and supplies - at average cost	80,682	85,612
Deferred nuclear refueling outage costs	23,541	28,119
Prepayments and other	5,540	6,480
	-----	-----
TOTAL	441,657	335,620
	-----	-----
OTHER PROPERTY AND INVESTMENTS		
Investment in subsidiary companies - at equity	11,217	11,215
Decommissioning trust funds	355,852	344,011
Non-utility property - at cost (less accumulated depreciation)	1,469	1,463
Other - at cost (less accumulated depreciation)	3,032	3,033
	-----	-----
TOTAL	371,570	359,722
	-----	-----
UTILITY PLANT		
Electric	5,274,066	4,854,433
Property under capital lease	40,289	44,471
Construction work in progress	87,389	267,091
Nuclear fuel under capital lease	107,023	85,725
Nuclear fuel	6,720	9,449
	-----	-----
TOTAL UTILITY PLANT	5,515,487	5,261,169
Less - accumulated depreciation and amortization	2,449,821	2,401,021
	-----	-----
UTILITY PLANT - NET	3,065,666	2,860,148
	-----	-----
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
SFAS 109 regulatory asset - net	162,952	192,344
Unamortized loss on reacquired debt	44,428	48,193
Other regulatory assets	221,805	106,959
Other	4,775	14,125
	-----	-----
TOTAL	433,960	361,621
	-----	-----
TOTAL ASSETS	\$4,312,853	\$3,917,111
	=====	=====

See Notes to Financial Statements.



ENTERGY ARKANSAS, INC.  
BALANCE SHEETS  
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31,	
	2000	1999
	(In Thousands)	
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$100	\$220
Notes payable	667	667
Accounts payable:		
Associated companies	94,776	81,958
Other	231,313	102,959
Customer deposits	29,775	26,320
Taxes accrued	40,263	38,532
Accumulated deferred income taxes	55,127	38,649
Interest accrued	27,624	22,378
Obligations under capital leases	45,962	55,150
Other	14,942	11,598
	-----	-----
<b>TOTAL</b>	<b>540,549</b>	<b>378,431</b>
	-----	-----
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Accumulated deferred income taxes	715,891	713,622
Accumulated deferred investment tax credits	88,264	94,852
Obligations under capital leases	101,350	75,045
Other regulatory liabilities	84,642	88,563
Transition to competition	119,553	109,933
Accumulated provisions	42,393	43,288
Other	64,267	51,015
	-----	-----
<b>TOTAL</b>	<b>1,216,360</b>	<b>1,176,318</b>
	-----	-----
Long-term debt	1,239,712	1,130,801
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	60,000	60,000
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock without sinking fund	116,350	116,350
Common stock, \$0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2000 and 1999	470	470
Paid-in capital	591,127	591,127
Retained earnings	548,285	463,614
	-----	-----
<b>TOTAL</b>	<b>1,256,232</b>	<b>1,171,561</b>
	-----	-----
Commitments and Contingencies (Notes 2, 9, and 10)		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$4,312,853</b>	<b>\$3,917,111</b>
	=====	=====
See Notes to Financial Statements.		

**ENTERGY ARKANSAS, INC.**  
**STATEMENTS OF RETAINED EARNINGS**

31,	For the Years Ended December		
	2000	1999	1998
	(In Thousands)		
Retained Earnings, January 1	\$463,614	\$487,855	\$479,705
Add:			
Net income	137,047	69,313	110,951
Deduct:			
Dividends declared:			
Preferred stock	7,776	9,223	10,201
Common stock	44,600	82,700	92,600
Capital stock expenses and other	-	1,631	-
Total	----- 52,376	----- 93,554	----- 102,801
Retained Earnings, December 31 (Note 8)	\$548,285 =====	\$463,614 =====	\$487,855 =====

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2000	1999	1998	1997	1996
	(In Thousands)				
Operating revenues	\$1,762,635	\$1,541,894	\$1,608,698	\$1,715,714	
\$1,743,433					
Net income	\$ 137,047	\$ 69,313	\$ 110,951	\$ 127,977	\$
157,798					
Total assets	\$4,312,853	\$3,917,111	\$4,006,651	\$4,106,877	
\$4,153,817					
Long-term obligations (1)	\$1,401,062	\$1,265,846	\$1,335,248	\$1,419,728	
\$1,439,355					

(1) Includes long-term debt (excluding currently maturing debt), preferred securities of subsidiary trust, and noncurrent capital lease obligations.

	2000	1999	1998	1997	1996
	(Dollars In Thousands)				
Electric Operating Revenues:					
Residential	\$561,363	\$533,245	\$562,325	\$551,821	\$546,100
Commercial	307,320	288,677	288,816	332,715	323,328
Industrial	353,046	335,824	330,016	372,083	364,943
Governmental	14,935	14,606	14,640	18,200	16,989
Total retail	1,236,664	1,172,352	1,195,797	1,274,819	1,251,360
Sales for resale:					
Associated companies	245,541	178,150	149,603	213,845	248,211
Non-associated companies	234,873	193,449	240,090	215,249	207,887
Other	45,557	(2,057)	23,208	11,801	35,975
Total	\$1,762,635	\$1,541,894	\$1,608,698	\$1,715,714	\$1,743,433
=====					
Billed Electric Energy					
Sales (GWH):					
Residential	6,791	6,493	6,613	5,988	6,023
Commercial	5,063	4,880	4,773	4,445	4,390
Industrial	7,240	7,054	6,837	6,647	6,487
Governmental	239	237	233	239	234
Total retail	19,333	18,664	18,456	17,319	17,134
Sales for resale:					
Associated companies	6,513	7,592	6,500	9,557	10,471
Non-associated companies	5,537	4,868	5,948	6,828	6,720
Total	31,383	31,124	30,904	33,704	34,325
=====					

## Report of Independent Accountants

To the Board of Directors and Shareholders of Entergy Gulf States, Inc.:

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings and of cash flows (pages 99 through 103 and pages 147 through 209) present fairly, in all material respects, the financial position of Entergy Gulf States, Inc. at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana

February 1, 2001

# ENTERGY GULF STATES, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income increased in 2000 primarily due to increased sales volume, increased unbilled revenue, increased wholesale revenue, and decreased regulatory reserves.

Net income increased in 1999 primarily due to increased unbilled revenues, decreased provisions for rate refunds in 1999, decreased depreciation and amortization expenses, and decreased interest expense, partially offset by increased operation and maintenance expenses.

#### Revenues and Sales

Electric operating revenues

The changes in electric operating revenues for the twelve months ended December 31, 2000 and 1999 are as follows:

Increase/(Decrease) Description	2000	1999
	(In Millions)	
Base revenues	(\$83.2)	\$146.4
Fuel cost recovery	342.5	104.9
Sales volume/weather	40.7	1.0
Other revenue (including unbilled)	29.8	31.3
Sales for resale	58.7	21.2
	-----	-----
Total	\$388.5	\$304.8
	=====	=====

#### Base revenues

In 2000, base revenues decreased primarily due to the reversal in 1999 of regulatory reserves discussed below associated with the accelerated amortization of accounting order deferrals and rate refunds in conjunction with the Texas rate settlement.

In 1999, base revenues increased due to:

- o a \$93.6 million reversal in June 1999 of regulatory reserves associated with the accelerated amortization of accounting order deferrals in conjunction with the settlement agreement in Entergy Gulf States' Texas November 1996 and 1998 rate filings. The settlement agreement was approved by the PUCT in June 1999. The net income effect of this reversal is largely offset by the amortization of rate deferrals discussed below; and
- o a reduction in the amount of reserves recorded in 1999 compared to 1998 for the anticipated effects of rate proceedings in Texas.

Partially offsetting these increases in 1999 were:

- o annual base rate reductions of \$87 million and \$18 million that were implemented for Louisiana retail customers in February and August 1998, respectively;
- o annual base rate reductions of \$69 million and \$4.2 million that were implemented for Texas retail customers in December 1998 and March 1999, respectively; and
- o reserves recorded in the Louisiana jurisdiction in 1999 for the estimated outcomes of earnings reviews.

# ENTERGY GULF STATES, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

The LPSC and PUCT rate issues are discussed in Note 2 to the financial statements.

#### Fuel cost recovery

Entergy Gulf States is allowed to recover certain fuel and purchased power costs through fuel mechanisms included in electric rates that are recorded as fuel cost recovery revenues. The difference between revenues collected and current fuel and purchased power costs is recorded as deferred fuel costs on Entergy Gulf States' financial statements such that these costs generally have no net effect on earnings.

In 2000, fuel cost recovery revenues increased primarily due to increased market prices for fuel and purchased power, resulting in an increased recovery of \$226.7 million in the Louisiana jurisdiction. Fuel cost recovery revenues increased in the Texas jurisdiction by \$82.4 million due to a higher fuel recovery factor that became effective in September 1999 and by \$33.4 million due to a fuel surcharge implemented in January 2000.

In 1999, fuel cost recovery revenues increased due to a higher fuel factor in 1999 and a fuel surcharge implemented in February 1999 in the Texas jurisdiction. This increase was partially offset by reduced fuel recovery in the Louisiana jurisdiction primarily due to lower fuel and purchased power costs in 1999.

#### Sales volume/weather

In 2000, sales volume increased due to more favorable weather affecting residential and commercial customers, as well as an increase in the number of residential and commercial customers.

#### Other revenue

In 2000, other revenue increased primarily due to increased unbilled revenues due to the effect of a change in estimate on unbilled revenue, more favorable weather, and increased sales volume.

In 1999, other revenue increased primarily due to a change in estimated unbilled revenues. The estimate more closely aligns the fuel component of unbilled revenues with regulatory treatment.

#### Sales for resale

In 2000, sales for resale increased primarily due to increased sales volume including sales of energy from the non-regulated piece of River Bend to affiliated companies. Sales for resale also increased due to increased generation, particularly nuclear generation, resulting in more energy available for resale. Nuclear generation was down in 1999 as a result of a nuclear refueling outage.

In 1999, sales for resale increased primarily due to increased sales to associated companies due to higher market prices and outages at affiliate plants in 1999.

#### Gas and steam operating revenues

Gas operating revenues increased in 2000 due to an increase in the market price for natural gas as well as increased sales volume in the residential and commercial sectors.

**ENTERGY GULF STATES, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

In 1999, gas operating revenues decreased primarily due to lower prices of gas purchased for resale as well as decreased usage as a result of warmer winter weather, particularly in the residential and commercial sectors.

In 2000 and in 1999, steam operating revenues decreased primarily due to a new lease arrangement that began in June 1999 for the Louisiana Station generating facility. Under the terms of this new lease, revenues and expenses are now classified as other income. The previous classifications were steam operating revenues and other operation and maintenance expenses.

**Expenses**

**Fuel and purchased power**

In 2000, fuel and purchased power expenses increased primarily due to:

- o higher market prices for gas and purchased power;
- o increased nuclear generation; and
- o an adjustment in March 2000 of \$11.5 million to the Texas jurisdiction deferred fuel balance as a result of a fuel reconciliation settlement with the PUCT.

In 1999, fuel and purchased power expenses increased due to:

- o increased gas expenses resulting from a shift to gas generation during the first six months of 1999 because of the reduced availability of Nelson 6 and an extended refueling outage at River Bend;
- o increased purchased power expenses due to higher market prices; and
- o a higher fuel factor and fuel surcharge in the Texas jurisdiction in 1999.

**Other operation and maintenance expenses**

In 2000, other operation and maintenance expenses increased primarily due to increased expenses of \$12.6 million on outside services employed related to legal and contract services for transition work and increased nuclear plant operations costs of \$5.8 million. These increases were largely offset by decreases in pension and benefits costs of \$7.3 million and decreased environmental reserves of \$5.7 million.

In 1999, other operation and maintenance expenses increased primarily due to increased spending of \$8.4 million for vegetation management, increased miscellaneous customer expenses of \$2.5 million, and due to increased property and environmental reserves of \$4.9 million. These increases were offset primarily by decreases of \$8.8 million for pension and benefits expenses.

**Depreciation and amortization**

In 2000, depreciation and amortization increased primarily due to a review of plant-in-service dates for consistency with regulatory treatment reducing depreciation expense by \$6.7 million in 1999, as well as additional depreciation expense related to net capital additions in 2000.

**ENTERGY GULF STATES, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

In 1999, depreciation and amortization decreased due to:

- o lower depreciation as a result of the write-down of the River Bend abeyed plant as required by the Texas rate settlement;
- o reduced amortization of the River Bend Unit 2 cancellation loss as a result of the completion of amortization for the Louisiana portion of the loss and the reduction in amortization of the Texas portion in accordance with a PUCT rate order; and
- o lower depreciation due to a review of plant in-service dates for consistency with regulatory treatment.

Other regulatory credits

In 2000, other regulatory credits decreased due to:

- o the amortization of the Year 2000 regulatory asset deferred in 1999; and
- o the completion of the amortization of the deferred financing costs in accordance with the December 1998 rate order settlement with the PUCT.

In 1999, other regulatory credits increased due to:

- o change in the amortization period for deferred River Bend finance charges for the Texas retail jurisdiction in accordance with the Texas settlement agreement; and
- o deferral of Year 2000 costs in accordance with an LPSC order. These costs are to be amortized over a five-year period.

Amortization of rate deferrals

In 2000, the amortization of rate deferrals decreased primarily due to the large reduction in the rate deferral balance upon the PUCT's approval in June 1999 of the Texas rate settlement. This settlement increased amortization expense in 1999 but was offset by increased revenues.

In 1999, the amortization of rate deferrals increased due to the reduction of accounting order deferrals in accordance with the June 1999 Texas settlement agreement. This settlement substantially reduced the unamortized balance of rate deferrals, while decreasing the amortization period for the remaining deferrals from a ten-year period to a three-year period.

**Other**

Other income

In 2000, other income decreased primarily due to decreased non-utility operating income from Louisiana Station as well as the 1999 adjustment to the depreciation balance of River Bend abeyed plant.

**ENTERGY GULF STATES, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Interest charges

In 2000, interest charges increased as a result of the issuance of \$300 million of long term debt in 2000.

In 1999, interest charges decreased as a result of the retirement, redemption, and refinancing of certain long-term debt in 1998 and 1999, as well as lower accruals of interest on certain Louisiana fuel and earnings reviews in 1998.

Income taxes

The effective income tax rates for 2000, 1999, and 1998 are 36.5%, 37.6%, and 40.6%, respectively.

The decrease in the effective income tax rate in 1999 is due to accelerated tax depreciation deductions for which deferred taxes have not been previously normalized, reflecting a shorter tax life on certain assets.



ENTERGY GULF STATES, INC.  
INCOME STATEMENTS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING REVENUES</b>			
Domestic electric	\$2,470,884	\$2,082,358	\$1,777,584
Natural gas	40,356	28,998	33,058
Steam products	-	15,852	43,167
	-----	-----	-----
TOTAL	2,511,240	2,127,208	1,853,809
	-----	-----	-----
<b>OPERATING EXPENSES</b>			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	895,361	634,726	538,388
Purchased power	455,300	365,245	317,684
Nuclear refueling outage expenses	16,663	16,307	14,293
Other operation and maintenance	423,031	419,713	411,372
Decommissioning	6,273	7,588	3,437
Taxes other than income taxes	120,428	111,872	120,782
Depreciation and amortization	189,149	185,254	195,935
Other regulatory credits - net	(13,860)	(24,092)	(5,485)
Amortization of rate deferrals	5,606	89,597	21,749
	-----	-----	-----
TOTAL	2,097,951	1,806,210	1,618,155
	-----	-----	-----
OPERATING INCOME	413,289	320,998	235,654
	-----	-----	-----
<b>OTHER INCOME</b>			
Allowance for equity funds used during construction	7,617	6,306	2,143
Gain on sale of assets	2,327	2,046	1,816
Miscellaneous - net	12,736	18,073	14,903
	-----	-----	-----
TOTAL	22,680	26,425	18,862
	-----	-----	-----
<b>INTEREST AND OTHER CHARGES</b>			
Interest on long-term debt	143,053	138,602	149,767
Other interest - net	8,458	6,994	21,016
Distributions on preferred securities of subsidiary	7,438	7,438	7,437
Allowance for borrowed funds used during construction	(6,926)	(5,776)	(1,870)
	-----	-----	-----
TOTAL	152,023	147,258	176,350
	-----	-----	-----
INCOME BEFORE INCOME TAXES	283,946	200,165	78,166
Income taxes	103,603	75,165	31,773
	-----	-----	-----
NET INCOME	180,343	125,000	46,393
Preferred dividend requirements and other	9,998	17,423	19,011
	-----	-----	-----
EARNINGS APPLICABLE TO COMMON STOCK	\$170,345	\$107,577	\$27,382
	=====	=====	=====

See Notes to Financial Statements.





ENTERGY GULF STATES, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$180,343	\$125,000	\$46,393
Noncash items included in net income:			
Amortization of rate deferrals	5,606	89,597	21,749
Reserve for regulatory adjustments	(49,571)	(97,953)	130,603
Other regulatory credits - net	(13,860)	(24,092)	(5,485)
Depreciation, amortization, and decommissioning	195,422	192,842	199,372
Deferred income taxes and investment tax credits	54,279	(1,495)	(29,174)
Allowance for equity funds used during construction	(7,617)	(6,306)	(2,143)
Gain on sale of assets	(2,327)	(2,046)	(1,816)
Changes in working capital:			
Receivables	(131,643)	9,791	65,527
Fuel inventory	1,013	(8,070)	7,426
Accounts payable	130,435	42,370	(6,135)
Taxes accrued	30,570	46,018	7,462
Interest accrued	14,969	(14,061)	(2,523)
Deferred fuel costs	(26,291)	40,851	55,985
Other working capital accounts	20,896	(10,954)	11,006
Provision for estimated losses and reserves	(1,991)	8,496	(4,207)
Changes in other regulatory assets	(47,777)	(59,242)	(3,226)
Other	51,424	56,817	458
	-----	-----	-----
Net cash flow provided by operating activities	403,880	387,563	491,272
	-----	-----	-----
<b>INVESTING ACTIVITIES</b>			
Construction expenditures	(277,635)	(199,076)	(136,960)
Allowance for equity funds used during construction	7,617	6,306	2,143
Nuclear fuel purchases	(34,735)	(53,293)	(1,977)
Proceeds from sale/leaseback of nuclear fuel	34,154	53,293	15,932
Decommissioning trust contributions and realized change in trust assets	(12,051)	(10,853)	(11,899)
Other regulatory investments	(127,377)	(42,412)	(43,124)
	-----	-----	-----
Net cash flow used in investing activities	(410,027)	(246,035)	(175,885)
	-----	-----	-----
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of:			
Long-term debt	298,819	122,906	21,600
Retirement of:			
Long-term debt	(185)	(197,960)	(212,090)
Redemption of preferred stock	(157,658)	(25,931)	(8,481)
Dividends paid:			
Common stock	(88,000)	(107,000)	(109,400)
Preferred stock	(10,862)	(16,967)	(19,055)
	-----	-----	-----
Net cash flow provided by (used in) financing activities	42,114	(224,952)	(327,426)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	35,967	(83,424)	(12,039)
Cash and cash equivalents at beginning of period	32,312	115,736	127,775
	-----	-----	-----
Cash and cash equivalents at end of period	\$68,279	\$32,312	\$115,736
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$136,154	\$161,326	\$173,599
Income taxes	\$23,259	\$28,410	\$46,620
Noncash investing and financing activities:			
Change in unrealized appreciation/(depreciation) of decommissioning trust assets	(\$3,172)	\$14,054	\$10,410

See Notes to Financial Statements.





ENTERGY GULF STATES, INC.  
BALANCE SHEETS  
ASSETS

	December 31, 2000	1999
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$10,726	\$8,607
Temporary cash investments - at cost, which approximates market	57,553	23,705
	-----	-----
Total cash and cash equivalents	68,279	32,312
	-----	-----
Accounts receivable:		
Customer	125,412	73,215
Allowance for doubtful accounts	(2,131)	(1,828)
Associated companies	27,660	1,706
Other	22,837	15,030
Accrued unbilled revenues	136,384	90,396
	-----	-----
Total receivables	310,162	178,519
	-----	-----
Deferred fuel costs	288,126	134,458
Fuel inventory - at average cost	37,258	38,271
Materials and supplies - at average cost	100,018	112,585
Rate deferrals	5,606	5,606
Prepayments and other	22,332	21,750
	-----	-----
TOTAL	831,781	523,501
	-----	-----
OTHER PROPERTY AND INVESTMENTS		
Decommissioning trust funds	243,555	234,677
Non-utility property - at cost (less accumulated depreciation)	194,422	187,759
Other - at cost (less accumulated depreciation)	14,826	13,681
	-----	-----
TOTAL	452,803	436,117
	-----	-----
UTILITY PLANT		
Electric	7,574,905	7,365,407
Property under capital lease	38,564	46,210
Natural gas	56,163	52,473
Construction work in progress	144,814	145,492
Nuclear fuel under capital lease	57,472	70,801
	-----	-----
TOTAL UTILITY PLANT	7,871,918	7,680,383
Less - accumulated depreciation and amortization	3,664,415	3,534,473
	-----	-----
UTILITY PLANT - NET	4,207,503	4,145,910
	-----	-----
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Rate deferrals	-	5,606
SFAS 109 regulatory asset - net	403,934	385,405
Unamortized loss on reacquired debt	37,903	40,576
Other regulatory assets	169,405	140,157
Long-term receivables	29,586	32,260
Other	17,349	23,490
	-----	-----
TOTAL	658,177	627,494
	-----	-----
TOTAL ASSETS	\$6,150,264	\$5,733,022
	=====	=====



ENTERGY GULF STATES, INC.  
BALANCE SHEETS  
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 2000	1999
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$122,750	\$ -
Accounts payable:		
Associated companies	66,312	79,962
Other	258,529	114,444
Customer deposits	37,489	33,360
Taxes accrued	132,368	101,798
Accumulated deferred income taxes	94,032	27,960
Nuclear refueling outage costs	10,209	11,216
Interest accrued	43,539	28,570
Obligations under capital leases	42,524	51,973
Other	19,418	14,557
	-----	-----
TOTAL	827,170	463,840
	-----	-----
DEFERRED CREDITS AND OTHER LIABILITIES		
Accumulated deferred income taxes	1,115,119	1,098,882
Accumulated deferred investment tax credits	171,000	178,500
Obligations under capital leases	53,512	65,038
Other regulatory liabilities	16,916	20,089
Decommissioning	142,604	139,194
Transition to competition	72,381	47,101
Regulatory reserves	60,965	110,536
Accumulated provisions	67,404	69,395
Other	98,501	117,804
	-----	-----
TOTAL	1,798,402	1,846,539
	-----	-----
Long-term debt	1,808,879	1,631,581
Preferred stock with sinking fund	30,758	34,650
Preference stock	-	150,000
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	85,000	85,000
SHAREHOLDERS' EQUITY		
Preferred stock without sinking fund	47,677	51,444
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 100 shares in 2000 and 1999	114,055	114,055
Paid-in capital	1,153,195	1,153,131
Retained earnings	285,128	202,782
	-----	-----
TOTAL	1,600,055	1,521,412
	-----	-----
Commitments and Contingencies (Notes 2, 9, and 10)		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$6,150,264	\$5,733,022
	=====	=====
See Notes to Financial Statements.		

**ENERGY GULF STATES, INC.**  
**STATEMENTS OF RETAINED EARNINGS**

31,	For the Years Ended December		
	2000	1999	1998
	(In Thousands)		
Retained Earnings, January 1	\$202,782	\$202,205	\$284,165
Add:			
Net income	180,343	125,000	46,393
Deduct:			
Dividends declared:			
Preferred and preference stock	9,933	16,784	19,011
Common stock	88,000	107,000	109,400
Preferred and preference stock redemption and other	64	639	(58)
Total	97,997	124,423	128,353
Retained Earnings, December 31 (Note 8)	\$285,128	\$202,782	\$202,205
	=====	=====	=====

See Notes to Financial Statements.

ENTERGY GULF STATES, INC. AND SUBSIDIARIES

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2000	1999	1998	1997	1996
			(In Thousands)		
Operating revenues	\$2,511,240	\$2,127,208	\$1,853,809	\$2,147,829	\$2,019,181
Net income (loss)	\$ 180,343	\$ 125,000	\$ 46,393	\$ 59,976	\$ (3,887)
Total assets	\$6,150,264	\$5,733,022	\$6,293,744	\$6,488,637	\$6,421,179
Long-term obligations (1)	\$1,978,149	\$1,966,269	\$1,993,811	\$2,098,752	\$2,226,329

(1) Includes long-term debt (excluding currently maturing debt), preferred and preference stock with sinking fund, preferred securities of subsidiary trust, and noncurrent capital lease obligations.

	2000	1999	1998	1997	1996
			(Dollars In Thousands)		
Electric Operating Revenues:					
Residential	\$717,453	\$607,875	\$605,759	\$624,862	\$612,398
Commercial	505,346	430,291	422,944	452,724	444,133
Industrial	870,594	718,779	704,393	740,418	685,178
Governmental	32,939	28,475	35,930	33,774	31,023
Total retail	2,126,332	1,785,420	1,769,026	1,851,778	1,772,732
Sales for resale:					
Associated companies	93,675	38,416	14,172	14,260	20,783
Non-associated companies	112,522	109,132	112,182	59,015	76,173
Other (1)	138,355	149,390	(117,796)	136,458	56,300
Total	\$2,470,884	\$2,082,358	\$1,777,584	\$2,061,511	\$1,925,988
Billed Electric Energy					
Sales (GWH):					
Residential	9,405	8,929	8,903	8,178	8,035
Commercial	7,660	7,310	6,975	6,575	6,417
Industrial	17,960	17,684	18,158	18,038	16,661
Governmental	450	425	560	481	438
Total retail	35,475	34,348	34,596	33,272	31,551
Sales for resale:					
Associated companies	1,381	677	380	414	656
Non-associated companies	3,248	3,408	3,701	1,503	2,148
Total Electric Department	40,104	38,433	38,677	35,189	34,355

(1) 1998 includes the effects of an Entergy Gulf States reserve for rate refund.

## Report of Independent Accountants

To the Board of Directors and Shareholders of Entergy Louisiana, Inc.:

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings and of cash flows (pages 109 through 113 and pages 147 through 209) present fairly, in all material respects, the financial position of Entergy Louisiana, Inc. at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana

February 1, 2001

# ENTERGY LOUISIANA, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income decreased in 2000 primarily due to increased depreciation and amortization costs, increased other operation and maintenance expenses, and decreased unbilled revenue and other regulatory credits, partially offset by decreased provisions for rate refunds.

Net income increased in 1999 primarily due to increased unbilled revenue and other regulatory credits, and decreased nuclear refueling outage expenses and interest charges, partially offset by increased provisions for rate refunds.

#### Revenues and Sales

The changes in electric operating revenues for the twelve months ended December 31, 2000 and 1999 are as follows:

Increase/(Decrease) Description	2000 (In Millions)	1999 (In Millions)
Base revenues	(\$4.7)	(\$48.7)
Fuel cost recovery	270.8	63.6
Sales volume/weather	23.9	(5.3)
Other revenue (including unbilled)	(13.5)	74.5
Sales for resale	(20.7)	11.6
	-----	-----
Total	\$255.8	\$95.7
	=====	=====

#### Base revenues

In 2000, base revenues decreased primarily due to additional formula rate plan reductions in the residential, commercial, and industrial sectors, partially offset by lower accruals for potential rate refunds.

In 1999, base revenues decreased primarily due to accruals for potential rate refunds.

#### Fuel cost recovery revenues

Entergy Louisiana is allowed to recover certain fuel and purchased power costs through fuel mechanisms included in electric rates that are recorded as fuel cost recovery revenues. The difference between revenues collected and current fuel and purchased power costs is recorded as deferred fuel costs on Entergy Louisiana's financial statements such that these costs generally have no net effect on earnings.

In 2000, fuel cost recovery revenues increased as a result of higher fuel and purchased power expenses primarily due to the increased market price of natural gas.

In 1999, fuel cost recovery revenues increased due to a shift from lower priced nuclear fuel to higher priced gas and purchased power due to nuclear outages at Waterford 3 in 1999.

**ENTERGY LOUISIANA, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Sales volume/weather

In 2000, sales volume increased primarily due to more favorable weather in the residential and commercial sectors, and increased usage by industrial customers.

In 1999, sales volume decreased primarily due to less favorable weather, partially offset by increased usage by residential and industrial customers.

Other revenue (including unbilled)

In 2000, other revenue decreased primarily due to the effect of a change in estimate on 1999 unbilled revenues, in addition to rent received for electric property in 1999.

In 1999, other revenue increased primarily due to a change in estimated unbilled revenues. The changed estimate more closely aligns the fuel component of unbilled revenues with regulatory treatment.

Sales for resale

In 2000, sales for resale decreased as a result of increased sales to retail customers resulting in less electricity available for resale.

In 1999, sales for resale increased as a result of increased sales to affiliates due to outages at affiliate plants, in addition to favorable unit prices.

**Expenses**

Fuel and purchased power expenses

In 2000, fuel and purchased power expenses increased due to an increase in the market price of natural gas.

In 1999, fuel and purchased power expenses increased due to:

- o higher natural gas prices;
- o higher purchased power market prices; and
- o a shift in generation from lower priced nuclear fuel to higher priced gas as a result of refueling and other outages at Waterford 3.

Other operation and maintenance expenses

Other operation and maintenance expenses increased in 2000 primarily due to:

- o an increase in expenses from maintenance and planned maintenance outages at Waterford 3 and certain fossil plants of \$17.9 million;
- o an increase of \$11 million in outside services employed for legal services for potential rate actions; and
- o an increase in property insurance reserves of \$5 million primarily due to changes in storm damage reserves effective August 1999.

**ENTERGY LOUISIANA, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

The overall increase in other operation and maintenance expenses in 2000 was partially offset by the following:

- o a decrease in injury and damages claims of \$3.5 million;
- o a decrease of \$3 million in benefits expense; and
- o higher nuclear insurance refunds of \$1.8 million.

**Nuclear refueling outage expenses**

In 1999, nuclear refueling outage expenses decreased as a result of the amortization of higher outage expenses in 1998 due to the extended nuclear refueling outage in 1997.

**Depreciation and amortization**

In 2000, depreciation and amortization expenses increased primarily due to a review of plant-in-service dates for consistency with regulatory treatment reducing depreciation expense by \$3.4 million in August 1999, as well as depreciation expense related to net capital additions in 2000.

**Other regulatory charges (credits)**

In 2000, other regulatory credits decreased due to the LPSC-required deferral in 1999 of Year 2000 costs and the amortization of these costs in 2000. The deferred costs are being recovered over a five-year period.

**Other**

**Other income**

In 2000, other income increased primarily due to interest recorded on deferred fuel costs.

**Interest charges**

In 2000 and 1999, interest on long-term debt decreased primarily due to the refinancing and net redemption of \$77 million of long-term debt in 1999. The decrease in 2000 is partially offset by interest expense incurred on the issuance of \$150 million of long-term debt in May 2000.

**Income taxes**

The effective income tax rates for 2000, 1999, and 1998 were 40.9%, 38.9%, and 37.8%, respectively.

ENTERGY LOUISIANA, INC.  
INCOME STATEMENTS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING REVENUES</b>			
Domestic electric	\$2,062,437	\$1,806,594	\$1,710,908
<b>OPERATING EXPENSES</b>			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	560,329	421,763	383,413
Purchased power	537,589	418,878	372,763
Nuclear refueling outage expenses	13,542	15,756	21,740
Other operation and maintenance	318,841	289,348	289,522
Decommissioning	10,422	8,786	8,786
Taxes other than income taxes	77,190	75,447	70,621
Depreciation and amortization	171,204	161,754	162,937
Other regulatory charges (credits) - net	960	(5,280)	(1,755)
<b>TOTAL</b>	<b>1,690,077</b>	<b>1,386,452</b>	<b>1,308,027</b>
<b>OPERATING INCOME</b>	<b>372,360</b>	<b>420,142</b>	<b>402,881</b>
<b>OTHER INCOME</b>			
Allowance for equity funds used during construction	4,328	4,925	1,887
Gain on sale of assets	-	-	2,340
Miscellaneous - net	6,604	2,206	2,644
<b>TOTAL</b>	<b>10,932</b>	<b>7,131</b>	<b>6,871</b>
<b>INTEREST AND OTHER CHARGES</b>			
Interest on long-term debt	98,655	103,937	109,463
Other interest - net	6,788	7,010	7,127
Distributions on preferred securities of subsidiary	6,300	6,300	6,300
Allowance for borrowed funds used during construction	(3,775)	(4,112)	(1,729)
<b>TOTAL</b>	<b>107,968</b>	<b>113,135</b>	<b>121,161</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>275,324</b>	<b>314,138</b>	<b>288,591</b>
Income taxes	112,645	122,368	109,104
<b>NET INCOME</b>	<b>162,679</b>	<b>191,770</b>	<b>179,487</b>
Preferred dividend requirements and other	9,514	9,955	13,014
<b>EARNINGS APPLICABLE TO COMMON STOCK</b>	<b>\$153,165</b>	<b>\$181,815</b>	<b>\$166,473</b>

See Notes to Financial Statements.



ENTERGY LOUISIANA, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$162,679	\$191,770	\$179,487
Noncash items included in net income:			
Reserve for regulatory adjustments	11,456	-	-
Other regulatory charges (credits) - net	960	(5,280)	(1,754)
Depreciation, amortization, and decommissioning	181,626	170,540	171,723
Deferred income taxes and investment tax credits	16,350	(15,487)	26,910
Allowance for equity funds used during construction	(4,328)	(4,925)	(1,887)
Gain on sale of assets	-	-	(2,340)
Changes in working capital:			
Receivables	(97,154)	(41,565)	(7,972)
Accounts payable	(11,848)	95,120	(5,878)
Taxes accrued	(2,555)	7,659	(7,040)
Interest accrued	15,300	(33,066)	18,731
Deferred fuel costs	(81,890)	(9,959)	4,530
Other working capital accounts	38,064	56,714	16,983
Provision for estimated losses and reserves	6,114	5,442	6,410
Changes in other regulatory assets	25,400	38,577	(11,443)
Other	10,249	(45,146)	(44,099)
	-----	-----	-----
Net cash flow provided by operating activities	270,423	410,394	342,361
	-----	-----	-----
<b>INVESTING ACTIVITIES</b>			
Construction expenditures	(203,049)	(130,933)	(105,306)
Allowance for equity funds used during construction	4,328	4,925	1,887
Nuclear fuel purchases	(38,270)	(11,308)	(38,141)
Proceeds from sale/leaseback of nuclear fuel	38,270	11,308	39,701
Decommissioning trust contributions and realized change in trust assets	(12,299)	(13,678)	(11,648)
	-----	-----	-----
Net cash flow used in investing activities	(211,020)	(139,686)	(113,507)
	-----	-----	-----
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of:			
Long-term debt	148,736	298,092	112,556
Retirement of:			
Long-term debt	(100,000)	(386,707)	(150,786)
Redemption of preferred stock	-	(50,000)	-
Dividends paid:			
Common stock	(62,400)	(197,000)	(138,500)
Preferred stock	(9,514)	(10,389)	(13,014)
	-----	-----	-----
Net cash flow used in financing activities	(23,178)	(346,004)	(189,744)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	36,225	(75,296)	39,110
Cash and cash equivalents at beginning of period	7,734	83,030	43,920
	-----	-----	-----
Cash and cash equivalents at end of period	\$43,959	\$7,734	\$83,030
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$89,627	\$144,731	\$98,801
Income taxes	\$105,354	\$132,924	\$86,830
Noncash investing and financing activities:			
Change in unrealized appreciation/(depreciation) of decommissioning trust assets	(\$2,979)	\$4,585	\$5,928

See Notes to Financial Statements.





ENTERGY LOUISIANA, INC.  
BALANCE SHEETS  
ASSETS

December 31,  
2000      1999  
(In Thousands)

CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$14,138	\$7,734
Temporary cash investments - at cost, which approximates market	29,821	-
	-----	-----
Total cash and cash equivalents	43,959	7,734
	-----	-----
Notes Receivable	1,510	3
Accounts receivable:		
Customer	111,292	79,335
Allowance for doubtful accounts (1,615)	(1,771)	
Associated companies	30,518	14,601
Other	13,698	10,762
Accrued unbilled revenues	152,700	106,200
	-----	-----
Total receivables	306,437	209,283
	-----	-----
Deferred fuel costs	84,051	2,161
Accumulated deferred income taxes	-	12,520
Materials and supplies - at average cost	77,389	84,027
Deferred nuclear refueling outage costs	16,425	11,336
Prepayments and other	9,996	6,011
	-----	-----
TOTAL	539,767	333,075
	-----	-----
OTHER PROPERTY AND INVESTMENTS		
Investment in subsidiary companies - at equity	14,230	14,230
Decommissioning trust funds	110,263	100,943
Non-utility property - at cost (less accumulated depreciation)	21,700	21,433
	-----	-----
TOTAL	146,193	136,606
	-----	-----
UTILITY PLANT		
Electric	5,357,920	5,178,808
Property under capital lease	238,427	236,271
Construction work in progress	85,299	108,106
Nuclear fuel under capital lease	63,923	51,930
	-----	-----
TOTAL UTILITY PLANT	5,745,569	5,575,115
Less - accumulated depreciation and amortization	2,429,495	2,294,394
	-----	-----
UTILITY PLANT - NET	3,316,074	3,280,721
	-----	-----
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
SFAS 109 regulatory asset - net	204,810	230,899
Unamortized loss on reacquired debt	33,244	35,856
Other regulatory assets	50,881	50,191
Other	10,882	17,302
	-----	-----
TOTAL	299,817	334,248
	-----	-----
TOTAL ASSETS	\$4,301,851	\$4,084,650
	=====	=====



ENTERGY LOUISIANA, INC.  
BALANCE SHEETS  
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 2000	1999 (In Thousands)
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$35,088	\$116,388
Accounts payable:		
Associated companies	71,948	137,869
Other	144,841	90,768
Customer deposits	60,227	61,096
Taxes accrued	23,307	25,863
Accumulated deferred income taxes	20,545	-
Interest accrued	35,536	20,236
Obligations under capital leases	34,274	28,387
Other	102,614	59,737
	-----	-----
<b>TOTAL</b>	<b>528,380</b>	<b>540,344</b>
	-----	-----
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Accumulated deferred income taxes	757,362	792,290
Accumulated deferred investment tax credits	117,393	123,155
Obligations under capital leases	29,649	23,543
Other regulatory liabilities	12,442	15,421
Regulatory reserves	11,456	-
Accumulated provisions	64,201	58,087
Other	61,724	34,564
	-----	-----
<b>TOTAL</b>	<b>1,054,227</b>	<b>1,047,060</b>
	-----	-----
Long-term debt	1,276,696	1,145,463
Preferred stock with sinking fund	35,000	35,000
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	70,000	70,000
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock without sinking fund	100,500	100,500
Common stock, no par value, authorized 250,000,000 shares; issued and outstanding 165,173,180 shares in 2000 and 1999	1,088,900	1,088,900
Capital stock expense and other	(2,171)	(2,171)
Retained earnings	150,319	59,554
	-----	-----
<b>TOTAL</b>	<b>1,337,548</b>	<b>1,246,783</b>
	-----	-----
Commitments and Contingencies (Notes 2, 9, and 10)		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$4,301,851</b>	<b>\$4,084,650</b>
	=====	=====
See Notes to Financial Statements.		

**ENTERGY LOUISIANA, INC.**  
**STATEMENTS OF RETAINED EARNINGS**

31,	For the Years Ended December		
	2000	1999	1998
	(In Thousands)		
Retained Earnings, January 1	\$59,554	\$74,739	
\$46,766			
Add:			
Net income	162,679	191,770	
179,487			
Deduct:			
Dividends declared:			
Preferred stock	9,514	9,805	
13,014			
Common stock	62,400	197,000	
138,500			
Capital stock expenses	-	150	
-			
-----	-----	-----	
Total	71,914	206,955	
151,514			
-----	-----	-----	
Retained Earnings, December 31 (Note 8)	\$150,319	\$59,554	
\$74,739			
=====	=====	=====	
=====			

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2000	1999	1998	1997	1996
			(In Thousands)		
Operating revenues	\$2,062,437	\$1,806,594	\$1,710,908	\$1,803,272	
\$1,828,867					
Net income	\$ 162,679	\$ 191,770	\$ 179,487	\$ 141,757	\$
190,762					
Total assets	\$4,301,851	\$4,084,650	\$4,181,041	\$4,175,400	
\$4,279,278					
Long-term obligations (1)	\$1,411,345	\$1,274,006	\$1,530,590	\$1,522,043	
\$1,545,889					

(1) Includes long-term debt (excluding currently maturing debt), preferred stock with sinking fund, preferred securities of subsidiary trust, and noncurrent capital lease obligations.

	2000	1999	1998	1997	1996
			(Dollars In Thousands)		
Electric Operating Revenues:					
Residential	\$716,708	\$620,146	\$598,573	\$606,173	\$609,308
Commercial	441,338	386,042	367,151	379,131	374,515
Industrial	767,052	646,517	597,536	708,356	727,505
Governmental	38,772	33,738	32,795	34,171	33,621
Total retail	1,963,870	1,686,443	1,596,055	1,727,831	1,744,949
Sales for resale:					
Associated companies	20,763	27,253	16,002	3,817	5,065
Non-associated companies	39,704	53,923	53,538	55,345	58,685
Other	38,100	38,975	45,313	16,279	20,168
Total	\$2,062,437	\$1,806,594	\$1,710,908	\$1,803,272	\$1,828,867
Billed Electric Energy					
Sales (GWH):					
Residential	8,648	8,354	8,477	7,826	7,893
Commercial	5,367	5,221	5,265	4,906	4,846
Industrial	15,184	15,052	14,781	16,390	17,647
Governmental	481	468	481	460	457
Total retail	29,680	29,095	29,004	29,582	30,843
Sales for resale:					
Associated companies	228	415	386	104	143
Non-associated companies	554	831	855	805	982
Total	30,462	30,341	30,245	30,491	31,968

## Report of Independent Accountants

To the Board of Directors and Shareholders of Entergy Mississippi, Inc.:

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings and of cash flows (pages 120 through 125 and pages 147 through 209) present fairly, in all material respects, the financial position of Entergy Mississippi, Inc. at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana

February 1, 2001

# ENTERGY MISSISSIPPI, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income decreased in 2000 primarily due to increases in other operation and maintenance expenses, interest expense, depreciation expense, and an increase in the effective income tax rate. These decreases were partially offset by increases in unbilled revenues and sales volume.

Net income decreased in 1999 primarily due to a decrease in unbilled revenues and an increase in other operation and maintenance expenses.

#### Revenues and Sales

The changes in electric operating revenues for the twelve months ended December 31, 2000 and 1999 are as follows:

Increase/(Decrease) Description	2000 (In Millions)	1999 (In Millions)
Base revenues	(\$3.8)	(\$9.7)
Grand Gulf rate rider	4.7	(95.9)
Fuel cost recovery	54.8	(11.6)
Sales volume/weather	9.6	4.1
Other revenue (including unbilled)	23.9	(12.1)
Sales for resale	15.4	(18.3)
Total	\$104.6	(\$143.5)

#### Base revenues

Base revenues decreased in 2000 primarily due to an annual rate reduction of \$13.3 million under the formula rate plan, which was effective May 1999.

Base revenues decreased in 1999 primarily due to the May 1999 rate reduction and an annual rate reduction of \$6.6 million under the formula rate plan, which was effective May 1998. The formula rate plan reduction is discussed in more detail in Note 2 to the financial statements.

#### Grand Gulf rate rider

Rate rider revenues have no material effect on net income because specific incurred expenses offset them.

In 1999, Grand Gulf rate rider revenue decreased as a result of a new rider which became effective October 1, 1998. This new rider eliminated revenues attributable to the Grand Gulf phase-in plan, which was completed in September 1998. However, this decrease was partially offset by the Grand Gulf Accelerated Recovery Tariff (GGART), which also became effective October 1, 1998. This tariff provides for accelerated recovery of a portion of Entergy Mississippi's Grand Gulf purchased power obligation. The GGART is discussed in more detail in Note 2 to the financial statements.

**ENTERGY MISSISSIPPI, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Fuel cost recovery

Entergy Mississippi is allowed to recover certain fuel and purchased power costs through fuel mechanisms included in electric rates, recorded as fuel cost recovery revenues. The difference between revenues collected and current fuel and purchased power costs is recorded as deferred fuel costs on Entergy Mississippi's financial statements such that these costs generally have no net effect on earnings.

In 2000, fuel cost recovery revenues increased primarily due to the MPSC's review and subsequent increase of Entergy Mississippi's energy cost recovery rider effective in January 2000.

In 1999, fuel cost recovery revenues decreased primarily due to the MPSC's review and subsequent decrease of Entergy Mississippi's energy cost recovery rider effective in January 1999.

Sales volume/weather

In 2000, sales volume increased as a result of increased usage in the residential and commercial sectors, as well as the effect of more favorable weather in the residential sector.

In 1999, sales volume increased as a result of sales growth in the residential and commercial sectors, partially offset by unfavorable weather.

Other revenue (including unbilled)

In 2000, other revenue increased primarily due to the effect of favorable weather in 2000 and the effect of a change in estimate on 1999 unbilled revenues.

In 1999, other revenue decreased primarily due to the effect of a change in estimate on unbilled revenues. The changed estimate more closely aligned the fuel component of unbilled revenues with regulatory treatment.

Sales for resale

In 2000, sales for resale increased primarily due to an increase in the average price of energy supplied for resale sales. The increase was partially offset by less energy available for resale sales due to plant outages early in 2000, which resulted in lower sales volume.

In 1999, sales for resale decreased as a result of decreased oil generation due to plant outages. The decrease is also due to higher sales to associated companies in 1998 as a result of an outage at Entergy Arkansas.

**Expenses**

Fuel and purchased power expenses

In 2000, fuel and purchased power expenses increased primarily due to an increase in the market prices of oil and natural gas.

**ENTERGY MISSISSIPPI, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

In 1999, fuel and purchased power expenses decreased primarily due to:

- o a decrease in total energy consumption requirements; and
- o planned and unplanned plant outages during the year.

The decrease in fuel and purchased power expenses in 1999 was partially offset by:

- o a shift from lower priced oil generation to higher priced gas generation as a result of plant outages in 1999;
- o an increase in the market price of purchased power; and
- o the GGART implemented by System Energy in October 1998 resulting in an increase in the price of System Energy purchased power.

Other operation and maintenance

In 2000, other operation and maintenance expenses increased primarily due to:

- o an increase in property insurance expense of \$9.3 million primarily due to a change in storm damage reserve amortization in accordance with regulatory treatment; and
- o an increase in maintenance of electric plant of \$7.0 million.

In 1999, other operation and maintenance expenses increased primarily due to:

- o planned and unplanned plant outages in 1999 of \$9.1 million;
- o an increase in customer service and reliability improvement spending of \$4.0 million;
- o an increase in employee benefit expense of \$3.8 million; and
- o an increase in casualty reserves of \$4.2 million.

**Depreciation and Amortization**

In 2000, depreciation and amortization expenses increased due to a review of plant-in-service dates for consistency with regulatory treatment reducing depreciation expense by \$2.6 million in August 1999. Capital additions in 1999 and 2000 also contributed to the increase.

Other regulatory credits

In 2000, other regulatory credits decreased due to a decrease in the deferral of Grand Gulf 1 expenses associated with the System Energy rate increase.

In 1999, other regulatory credits increased due to greater under-recovery of Grand Gulf 1 related costs as a result of the new rider implemented in October 1998.

Amortization of rate deferrals

In 1999, amortization of rate deferrals decreased due to the completion of the Grand Gulf 1 rate phase-in plan in September 1998. These phase-ins had no material effect on net income.

**ENTERGY MISSISSIPPI, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

**Other**

Interest and other charges

Interest on long-term debt increased in 2000 primarily due to the issuance of \$120 million of long-term debt in February 2000.

Interest on long-term debt decreased in 1999 primarily due to the refinancing of certain long-term debt.

Income taxes

The effective income tax rates for 2000, 1999, and 1998 were 37.0%, 29.7%, and 30.9%, respectively.

The increase in the effective income tax rate in 2000 is due to the effect that the distribution of the Entergy Corporation income tax benefit had on the 1999 effective income tax rate. In 1999, a tax benefit was booked related to the 1998 tax return.

ENTERGY MISSISSIPPI, INC.  
INCOME STATEMENTS

For the Years Ended December 31,  
2000                      1999                      1998  
(In Thousands)

	2000	1999	1998
OPERATING REVENUES			
Domestic electric	\$937,371	\$832,819	\$976,300
OPERATING EXPENSES			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	221,075	185,063	241,415
Purchased power	366,491	332,015	286,769
Other operation and maintenance	168,432	152,817	131,752
Taxes other than income taxes	45,436	44,013	44,888
Depreciation and amortization	49,046	42,870	45,133
Other regulatory credits - net	(6,872)	(12,044)	(3,186)
Amortization of rate deferrals	-	-	104,969
TOTAL	843,608	744,734	851,740
OPERATING INCOME	93,763	88,085	124,560
OTHER INCOME			
Allowance for equity funds used during construction	2,385	1,569	188
Gain on sale of assets	19	-	1,025
Miscellaneous - net	8,680	6,781	4,891
TOTAL	11,084	8,350	6,104
INTEREST AND OTHER CHARGES			
Interest on long-term debt	41,583	35,265	37,756
Other interest - net	3,294	3,574	3,171
Allowance for borrowed funds used during construction	(1,871)	(1,529)	(932)
TOTAL	43,006	37,310	39,995
INCOME BEFORE INCOME TAXES	61,841	59,125	90,669
Income taxes	22,868	17,537	28,031
NET INCOME	38,973	41,588	62,638
Preferred dividend requirements and other	3,370	3,370	3,370
EARNINGS APPLICABLE TO COMMON STOCK	\$35,603	\$38,218	\$59,268

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$38,973	\$41,588	\$62,638
Noncash items included in net income:			
Amortization of rate deferrals	-	-	104,969
Other regulatory credits - net	(6,872)	(12,044)	(3,186)
Depreciation and amortization	49,046	42,870	45,133
Deferred income taxes and investment tax credits	51,081	18,066	(12,494)
Allowance for equity funds used during construction	(2,385)	(1,569)	(188)
Gain (loss) on sale of assets	(19)	-	(1,025)
Changes in working capital:			
Receivables	(30,628)	24,208	6,253
Fuel inventory	338	(771)	384
Accounts payable	3,064	54,317	(31,967)
Taxes accrued	(4,106)	29,955	(26,301)
Interest accrued	3,062	(4,595)	323
Deferred fuel costs	47,939	(45,830)	12,858
Other working capital accounts	6,160	10,072	8,652
Provision for estimated losses and reserves	(568)	4,173	(6,915)
Changes in other regulatory assets	(9,929)	(30,179)	(38,295)
Other	37,105	12,152	4,202
	-----	-----	-----
Net cash flow provided by operating activities	182,261	142,413	125,041
	-----	-----	-----
<b>INVESTING ACTIVITIES</b>			
Construction expenditures	(121,252)	(94,717)	(58,705)
Allowance for equity funds used during construction	2,385	1,569	188
Other regulatory investments	(160,611)	-	-
	-----	-----	-----
Net cash flow used in investing activities	(279,478)	(93,148)	(58,517)
	-----	-----	-----
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of:			
Long-term debt	118,913	153,629	78,703
Retirement of:			
Long-term debt	-	(163,278)	(80,020)
Changes in short-term borrowing, net	-	(6)	(13)
Dividends paid:			
Common stock	(18,000)	(34,100)	(66,000)
Preferred stock	(3,370)	(3,363)	(3,370)
	-----	-----	-----
Net cash flow provided by (used in) financing activities	97,543	(47,118)	(70,700)
	-----	-----	-----
Net increase in cash and cash equivalents	326	2,147	(4,176)
Cash and cash equivalents at beginning of period	4,787	2,640	6,816
	-----	-----	-----
Cash and cash equivalents at end of period	\$5,113	\$4,787	\$2,640
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid/(received) during the period for:			
Interest - net of amount capitalized	\$39,569	\$41,567	\$39,291
Income taxes	(\$23,763)	(\$29,850)	\$64,204

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.  
BALANCE SHEETS  
ASSETS

	December 31,	
	2000	1999
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents	\$5,113	\$4,787
Accounts receivable:		
Customer	44,517	35,675
Allowance for doubtful accounts (886)	(1,044)	
Associated companies	10,741	1,370
Other	9,964	2,391
Accrued unbilled revenues	33,600	28,600
	-----	-----
Total receivables	97,778	67,150
	-----	-----
Deferred fuel costs	64,950	47,939
Fuel inventory - at average cost	3,436	3,774
Materials and supplies - at average cost	18,485	17,068
Prepayments and other	3,004	7,114
	-----	-----
TOTAL	192,766	147,832
	-----	-----
OTHER PROPERTY AND INVESTMENTS		
Investment in subsidiary companies - at equity	5,531	5,531
Non-utility property - at cost (less accumulated depreciation)	6,851	6,965
	-----	-----
TOTAL	12,382	12,496
	-----	-----
UTILITY PLANT		
Electric	1,885,501	1,763,636
Property under capital lease	290	384
Construction work in progress	44,085	66,789
	-----	-----
TOTAL UTILITY PLANT	1,929,876	1,830,809
Less - accumulated depreciation and amortization	733,977	709,543
	-----	-----
UTILITY PLANT - NET	1,195,899	1,121,266
	-----	-----
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
SFAS 109 regulatory asset - net	25,544	24,051
Unamortized loss on reacquired debt	15,122	16,345
Deferred fuel costs	95,661	-
Other regulatory assets	140,679	132,243
Other	5,886	5,784
	-----	-----
TOTAL	282,892	178,423
	-----	-----
TOTAL ASSETS	\$1,683,939	\$1,460,017
	=====	=====

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.  
BALANCE SHEETS  
LIABILITIES AND SHAREHOLDERS' EQUITY

December 31,  
2000                      1999  
(In Thousands)

	2000	1999
CURRENT LIABILITIES		
Accounts payable		
Associated companies	\$92,980	\$84,382
Other	26,933	32,470
Customer deposits	26,368	23,303
Taxes accrued	31,862	35,968
Accumulated deferred income taxes	47,734	526
Interest accrued	13,099	10,038
Obligations under capital leases	79	95
Other	2,540	2,137
	-----	-----
TOTAL	241,595	188,919
	-----	-----
DEFERRED CREDITS AND OTHER LIABILITIES		
Accumulated deferred income taxes	306,295	298,477
Accumulated deferred investment tax credits	19,408	20,908
Obligations under capital leases	211	290
Accumulated provisions	6,806	7,374
Other	31,339	3,368
	-----	-----
TOTAL	364,059	330,417
	-----	-----
Long-term debt	584,467	464,466
SHAREHOLDERS' EQUITY		
Preferred stock without sinking fund	50,381	50,381
Common stock, no par value, authorized 15,000,000 shares; issued and outstanding 8,666,357 shares in 2000 and 1999	199,326	199,326
Capital stock expense and other (59)	(59)	
Retained earnings	244,170	226,567
	-----	-----
TOTAL	493,818	476,215
	-----	-----
Commitments and Contingencies (Notes 2, 9, and 10)		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,683,939	\$1,460,017
	=====	=====
See Notes to Financial Statements.		

**ENTERGY MISSISSIPPI, INC.**  
**STATEMENTS OF RETAINED EARNINGS**

31,	For the Years Ended December		
	2000	1999	1998
	(In Thousands)		
Retained Earnings, January 1	\$226,567	\$222,449	\$229,181
Add:			
Net income	38,973	41,588	62,638
Deduct:			
Dividends declared:			
Preferred stock	3,370	3,370	3,370
Common stock	18,000	34,100	66,000
Total	----- 21,370	----- 37,470	----- 69,370
Retained Earnings, December 31 (Note 8)	----- \$244,170 =====	----- \$226,567 =====	----- \$222,449 =====

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2000	1999	1998	1997	1996
			(In Thousands)		
Operating revenues	\$ 937,371	\$ 832,819	\$ 976,300	\$ 937,395	\$ 958,430
Net Income	\$ 38,973	\$ 41,588	\$ 62,638	\$ 66,661	\$ 79,211
Total assets	\$1,683,939	\$1,460,017	\$1,350,929	\$1,439,561	\$1,521,466
Long-term obligations (1)	\$ 584,678	\$ 464,756	\$ 464,000	\$ 464,156	\$ 406,054

(1) Includes long-term debt (excluding currently maturing debt) and noncurrent capital lease obligations.

	2000	1999	1998	1997	1996
	(Dollars In Thousands)				
Electric Operating Revenues:					
Residential	\$340,691	\$311,003	\$367,895	\$342,818	
\$358,264					
Commercial	275,010	250,929	284,787	274,195	
281,626					
Industrial	161,065	151,659	170,910	173,152	
185,351					
Governmental	25,612	23,528	26,670	26,882	
29,093					
-----					
Total retail	802,378	737,119	850,262	817,047	
854,334					
Sales for resale:					
Associated companies	82,844	63,004	80,357	78,233	
58,749					
Non-associated companies	27,058	31,546	32,442	21,276	
22,814					
Other	25,091	1,150	13,239	20,839	
22,533					
-----					
Total	\$937,371	\$832,819	\$976,300	\$937,395	
\$958,430					
=====					
Billed Electric Energy					
Sales (GWH):					
Residential	4,976	4,753	4,800	4,323	
4,355					
Commercial	4,307	4,156	4,015	3,673	
3,508					
Industrial	3,188	3,246	3,163	3,089	
3,063					
Governmental	376	363	347	333	
346					
-----					
Total retail	12,847	12,518	12,325	11,418	
11,272					
Sales for resale:					
Associated companies	1,276	1,774	2,424	1,918	
1,368					
Non-associated companies	313	426	484	412	
521					
-----					
Total	14,436	14,718	15,233	13,748	
13,161					
=====					

## Report of Independent Accountants

To the Board of Directors and Shareholders of Entergy New Orleans, Inc.:

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings and of cash flows (pages 131 through 135 and pages 147 through 209) present fairly, in all material respects, the financial position of Entergy New Orleans, Inc. at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana

February 1, 2001

ENTERGY NEW ORLEANS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

**Net Income**

Net income decreased slightly in 2000 primarily due to increased other operation and maintenance expenses.

Net income increased slightly in 1999 primarily due to an increase in unbilled revenues and sales volume, partially offset by an increase in other operation and maintenance expenses.

**Revenues and Sales**

Electric operating revenues

The changes in electric operating revenues for the twelve months ended December 31, 2000 and 1999 are as follows:

Increase/(Decrease) Description	2000 (In Millions)	1999 (In Millions)
Base revenues	\$4.0	(\$11.3)
Fuel cost recovery	62.6	(4.6)
Sales volume/weather	2.1	1.7
Other revenue (including unbilled)	4.2	5.5
Sales for resale	15.4	3.7
	-----	-----
Total	\$88.3	(\$5.0)
	=====	=====

**Base revenues**

In 2000, base revenues increased primarily due to a decrease in provision for rate refunds accrued for potential rate matters.

In 1999, base revenues decreased primarily due to base rate reductions effective January 1999 and rate refund provisions accrued for potential rate matters.

**Fuel cost recovery**

Entergy New Orleans is allowed to recover certain fuel and purchased power costs through fuel mechanisms included in electric rates, recorded as fuel cost recovery revenues. The difference between revenues collected and current fuel and purchased power costs is recorded as deferred fuel costs on Entergy New Orleans' financial statements such that these costs generally have no effect on earnings.

In 2000, fuel cost recovery increased primarily due to the increased market price of natural gas.

In 1999, fuel cost recovery revenues decreased due to an under-recovery of fuel expenses resulting from higher market prices in 1999 compared to the prior year.

**ENTERGY NEW ORLEANS, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Other revenue (including unbilled)

In 2000 and 1999, other revenue increased primarily due to the effect of favorable weather and higher fuel and purchased power costs on unbilled revenues.

Sales for resale

In 2000, sales for resale increased due to an increase in the average price of electricity supplied for resale sales, coupled with an increase in affiliated sales volume.

In 1999, sales for resale increased due to favorable unit prices resulting from increased purchased power and gas market prices, coupled with an increase in affiliated sales volume.

Gas operating revenues

In 2000, gas operating revenues increased primarily due to the increased market price of natural gas.

**Expenses**

Fuel and purchased power expenses

In 2000, fuel and purchased power expenses increased primarily due to the increased market price of natural gas.

Other operation and maintenance expenses

In 2000, other operation and maintenance expenses increased primarily due to:

- o an increase in uncollectible accounts expense for miscellaneous accounts receivable of \$1.3 million;
- o an increase in maintenance of fossil plants of \$1.1 million; and
- o an increase in advertising expenses of \$1.3 million.

In 1999, other operation and maintenance expenses increased primarily due to:

- o an increase in spending for customer service and reliability improvements of \$3.0 million; and
- o an increase in customer collection expenses of \$2.2 million.

Taxes other than income taxes

In 2000, taxes other than income taxes increased primarily due to increased local franchise taxes as a result of higher revenue.

**ENTERGY NEW ORLEANS, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Other regulatory credits

In 2000, other regulatory credits decreased due to an over-recovery of Grand Gulf 1 related costs in 2000 compared to an under-recovery in 1999 and the deferral of Year 2000 costs in 1999.

In 1999, other regulatory credits increased due to a greater under-recovery of Grand Gulf 1 costs in 1999.

Amortization of rate deferrals

In 2000 and 1999, amortization of rate deferrals decreased due to a scheduled rate change in the amortization of Grand Gulf 1 phase-in expenses. The Grand Gulf 1 phase-in plan will be completed in 2001.

**Other**

Other income

Other income increased in 1999 primarily due to:

- o an increase in AFUDC resulting from increased capital charges on projects in 1999; and
- o increased interest related to the Grand Gulf 1 rate deferral plan.

The Grand Gulf 1 rate deferral plan is discussed in more detail in Note 2 to the financial statements.

Interest and other charges

In 2000, interest on long-term debt increased primarily due to the issuance of \$30 million of long-term debt in July 2000.

Income taxes

The effective income tax rates for 2000, 1999, and 1998 were 41.2%, 40.7%, and 38.4% respectively.

The increase in the effective income tax rate for 1999 was primarily due to the increase in pre-tax income reducing the impact of permanent differences and flow through items.

ENTERGY NEW ORLEANS, INC.  
INCOME STATEMENTS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
OPERATING REVENUES			
Domestic electric	\$514,774	\$426,431	\$431,453
Natural gas	125,516	81,357	82,297
TOTAL	----- 640,290	----- 507,788	----- 513,750
OPERATING EXPENSES			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	253,869	135,242	138,142
Purchased power	173,371	166,579	164,435
Other operation and maintenance	87,254	83,197	79,023
Taxes other than income taxes	45,132	39,621	40,417
Depreciation and amortization	23,550	21,219	21,878
Other regulatory credits - net	(7,058)	(9,036)	(4,540)
Amortization of rate deferrals	24,786	28,430	35,336
TOTAL	----- 600,904	----- 465,252	----- 474,691
OPERATING INCOME	----- 39,386	----- 42,536	----- 39,059
OTHER INCOME			
Allowance for equity funds used during construction	1,190	1,084	284
Gain on sale of assets	-	-	458
Miscellaneous - net	2,530	2,263	951
TOTAL	----- 3,720	----- 3,347	----- 1,693
INTEREST AND OTHER CHARGES			
Interest on long-term debt	14,429	13,277	13,717
Other interest - net	1,462	1,403	1,075
Allowance for borrowed funds used during construction	(900)	(788)	(219)
TOTAL	----- 14,991	----- 13,892	----- 14,573
INCOME BEFORE INCOME TAXES	28,115	31,991	26,179
Income taxes	----- 11,597	----- 13,030	----- 10,042
NET INCOME	16,518	18,961	16,137
Preferred dividend requirements and other	----- 965	----- 965	----- 965
EARNINGS APPLICABLE TO COMMON STOCK	----- \$15,553	----- \$17,996	----- \$15,172

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$16,518	\$18,961	\$16,137
Noncash items included in net income:			
Amortization of rate deferrals	24,786	28,430	35,336
Other regulatory credits - net	(7,058)	(9,036)	(4,540)
Depreciation and amortization	23,550	21,219	21,878
Deferred income taxes and investment tax credits	(639)	(3,131)	(7,498)
Allowance for equity funds used during construction	(1,190)	(1,084)	(284)
Gain on sale of assets	-	-	(458)
Changes in working capital:			
Receivables	(45,580)	(7,258)	3,148
Fuel inventory	(911)	179	(861)
Accounts payable	29,592	23,319	(4,136)
Taxes accrued	5,394	429	(5,270)
Interest accrued	1,163	37	(130)
Deferred fuel costs	(13,751)	(13,293)	8,193
Other working capital accounts	(223)	6,607	(5,122)
Provision for estimated losses and reserves	(365)	(531)	(6,295)
Changes in other regulatory assets	(11,637)	(11,482)	(6,964)
Other	10,812	6,796	(2,805)
	-----	-----	-----
Net cash flow provided by operating activities	30,461	60,162	40,329
	-----	-----	-----
<b>INVESTING ACTIVITIES</b>			
Construction expenditures	(48,902)	(46,239)	(21,691)
Allowance for equity funds used during construction	1,190	1,084	284
	-----	-----	-----
Net cash flow used in investing activities	(47,712)	(45,155)	(21,407)
	-----	-----	-----
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of:			
Long-term debt	29,564	-	29,438
Retirement of:			
Long-term debt	-	-	(30,000)
Dividends paid:			
Common stock	(9,500)	(26,500)	(9,700)
Preferred stock	(965)	(1,206)	(965)
	-----	-----	-----
Net cash flow provided by (used in) financing activities	19,099	(27,706)	(11,227)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	1,848	(12,699)	7,695
Cash and cash equivalents at beginning of period	4,454	17,153	9,458
	-----	-----	-----
Cash and cash equivalents at end of period	\$6,302	\$4,454	\$17,153
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$14,331	\$14,281	\$14,592
Income taxes - net	\$9,207	\$12,476	\$26,197

See Notes to Financial Statements.

**ENTERGY NEW ORLEANS, INC.**  
**BALANCE SHEETS**  
**ASSETS**

December 31,  
2000                      1999  
(In Thousands)

	2000	1999
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$6,302	\$4,454
Accounts receivable:		
Customer	67,264	28,658
Allowance for doubtful accounts (846)	(770)	
Associated companies	2,800	404
Other	3,709	6,225
Accrued unbilled revenues	26,838	19,820
Total receivables	99,841	54,261
Deferred fuel costs	28,234	14,483
Fuel inventory - at average cost	4,204	3,293
Materials and supplies - at average cost	9,630	10,127
Rate deferrals	10,974	24,788
Prepayments and other	1,416	2,528
TOTAL	160,601	113,934
OTHER PROPERTY AND INVESTMENTS		
Investment in subsidiary companies - at equity	3,259	3,259
UTILITY PLANT		
Electric	572,061	541,525
Natural gas	134,826	133,568
Construction work in progress	36,489	29,780
TOTAL UTILITY PLANT	743,376	704,873
Less - accumulated depreciation and amortization	394,271	382,797
UTILITY PLANT - NET	349,105	322,076
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Rate deferrals	-	10,974
Unamortized loss on reacquired debt	974	1,187
Other regulatory assets	44,676	33,039
Other	616	1,277
TOTAL	46,266	46,477
TOTAL ASSETS	\$559,231	\$485,746

See Notes to Financial Statements.



ENTERGY NEW ORLEANS, INC.  
BALANCE SHEETS  
LIABILITIES AND SHAREHOLDERS' EQUITY

December 31,  
2000                      1999  
(In Thousands)

CURRENT LIABILITIES

Accounts payable:	
Associated companies	\$24,637
\$24,350	
Other	57,566
28,261	
Customer deposits	18,311
17,830	
Taxes accrued	5,823
429	
Accumulated deferred income taxes	6,543
10,863	
Interest accrued	6,119
4,956	
Other	3,211
5,524	
-----	-----
TOTAL	122,210
92,213	
-----	-----

DEFERRED CREDITS AND OTHER LIABILITIES

Accumulated deferred income taxes	43,754
43,878	
Accumulated deferred investment tax credits	5,868
6,378	
SFAS 109 regulatory liability - net	12,607
7,528	
Other regulatory liabilities	537
1,753	
Accumulated provisions	8,471
8,836	
Other	12,356
7,733	
-----	-----
TOTAL	83,593
76,106	
-----	-----

Long-term debt	199,031
169,083	

SHAREHOLDERS' EQUITY

Preferred stock without sinking fund	19,780
19,780	
Common stock, \$4 par value, authorized 10,000,000 shares; issued and outstanding 8,435,900 shares in 2000 and 1999	33,744
33,744	
Paid-in capital	36,294
36,294	
Retained earnings	64,579
58,526	
-----	-----
TOTAL	154,397
148,344	
-----	-----



**ENTERGY NEW ORLEANS, INC.**  
**STATEMENTS OF RETAINED EARNINGS**

31,	For the Years Ended December		
	2000	1999	1998
	(In Thousands)		
Retained Earnings, January 1	\$58,526	\$67,030	\$61,558
Add:			
Net income	16,518	18,961	16,137
Deduct:			
Dividends declared:			
Preferred stock	965	965	965
Common stock	9,500	26,500	9,700
Total	10,465	27,465	10,665
Retained Earnings, December 31 (Note 8)	\$64,579	\$58,526	\$67,030

See Notes to Financial Statements.

**ENTERGY NEW ORLEANS, INC.**

**SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON**

	2000	1999	1998	1997	1996
			(In Thousands)		
Operating revenues	\$640,290	\$507,788	\$513,750	\$504,822	
\$504,277					
Net Income	\$ 16,518	\$ 18,961	\$ 16,137	\$ 15,451	\$
26,776					
Total assets	\$559,231	\$485,746	\$471,904	\$498,150	
\$549,996					
Long-term obligations (1)	\$199,031	\$169,083	\$169,018	\$168,953	
\$168,888					

(1) Includes long-term debt (excluding currently maturing debt).

	2000	1999	1998	1997	1996
	(Dollars In Thousands)				
Electric Operating Revenues:					
Residential	\$188,314	\$158,822	\$164,765	\$145,688	
\$151,577					
Commercial	170,684	146,328	149,353	143,113	
149,649					
Industrial	25,479	25,584	26,229	24,616	
24,663					
Governmental	73,028	63,056	62,332	58,746	
58,561					
-----					
Total retail	457,505	393,790	402,679	372,163	
384,450					
Sales for resale:					
Associated companies	31,629	14,207	10,451	10,342	
2,649					
Non-associated companies	8,504	10,545	10,590	8,996	
9,882					
Other	17,136	7,889	7,733	18,630	
6,273					
-----					
Total	\$514,774	\$426,431	\$431,453	\$410,131	
\$403,254					

=====

Billed Electric Energy

Sales (GWH):					
Residential	2,178	2,102	2,141	1,971	
1,998					
Commercial	2,260	2,208	2,149	2,072	
2,073					
Industrial	384	514	514	484	
481					
Governmental	1,058	1,071	1,037	994	
974					
-----					
Total retail	5,880	5,895	5,841	5,521	
5,526					
Sales for resale:					
Associated companies	570	441	370	316	
66					
Non-associated companies	141	180	199	160	
212					
-----					
Total	6,591	6,516	6,410	5,997	
5,804					

## Report of Independent Accountants

To the Board of Directors and Shareholder of System Energy Resources, Inc.:

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings and of cash flows (pages 140 through 145 and pages 147 through 209) present fairly, in all material respects, the financial position of System Energy Resources, Inc. at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana

February 1, 2001

# SYSTEM ENERGY RESOURCES, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income increased in 2000 due to increased interest earnings from the money pool, an inter-company funding arrangement, and decreased interest expense associated with the potential refund of System Energy's proposed rate increase. This increase in net income was partially offset by a higher effective income tax rate in 2000.

Net income decreased in 1999 due to the additional reserves and interest recorded for the potential refund of System Energy's proposed rate increase, as well as downtime for unplanned outages.

#### Revenues

Operating revenues recover operating expenses, depreciation, and capital costs attributable to Grand Gulf 1. Capital costs are computed by allowing a return on System Energy's common equity funds allocable to its net investment in Grand Gulf 1 and adding to such amount System Energy's effective interest cost for its debt.

Operating revenues increased in 2000 primarily due to an increase in recoverable expenses.

Operating revenues increased in 1999 primarily due to the implementation of the Grand Gulf Accelerated Recovery Tariff (GGART) at Entergy Arkansas and Entergy Mississippi. This increase in revenues is offset by related regulatory charges and does not affect net income. The tariff was designed to allow Entergy Arkansas and Entergy Mississippi to accelerate the payment of a portion of their Grand Gulf purchased power obligation in advance of the implementation of retail access. It became effective on January 1, 1999 and October 1, 1998 for Entergy Arkansas and Entergy Mississippi, respectively. The GGART and System Energy's proposed rate increase, which is subject to refund, are discussed in Note 2 to the financial statements.

#### Expenses

##### Fuel expenses

In 2000, fuel expenses increased primarily due to increased nuclear fuel burn as a result of Grand Gulf 1 being operational 358 days, as compared to 295 days in 1999.

In 1999, fuel expenses decreased primarily due to an extended nuclear refueling outage at Grand Gulf 1 in addition to unplanned outages. Grand Gulf 1 was on-line for 17 fewer days in 1999 compared to 1998.

##### Depreciation and amortization

In 2000, depreciation expense increased due to higher depreciation associated with the principal payment on the sale and leaseback of a portion of Grand Gulf 1. The depreciation schedule matches the collection of lease principal and revenues with the depreciation of the asset.

In 1999, depreciation and amortization expenses decreased as a result of the reduction in principal payment associated with the sale and leaseback of a portion of Grand Gulf 1.

**SYSTEM ENERGY RESOURCES, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Other regulatory charges

In both 2000 and 1999, other regulatory charges increased due to the implementation of the GGART at Entergy Arkansas and Entergy Mississippi, as discussed above.

**Other**

Other income

Other income increased in 2000 and 1999 as a result of the interest earned on System Energy's advances to the money pool, an inter-company funding arrangement. The money pool is discussed in Note 4 to the financial statements.

Interest charges

Interest on long-term debt decreased in 2000 and 1999 as a result of the retirement and refinancing of higher-cost long-term debt. In 2000, System Energy retired \$75 million of debenture bonds. In 1999, System Energy retired \$160 million of first mortgage bonds and refinanced \$102 million of governmental bonds at an annual interest rate of 5.9%.

Other interest decreased in 2000 primarily due to decreased interest expense recorded on the potential refund of System Energy's proposed rate increase. Other interest increased in 1999 due to interest on the potential refund of System Energy's proposed rate increase.

Income taxes

The effective income tax rates in 2000, 1999, and 1998 were 46.4%, 39.5%, and 42.1%, respectively.

The effective income tax rate for 2000, increased primarily due to increased pre-tax income and the amortization of investment tax credits related to Grand Gulf 2 in 1999.

SYSTEM ENERGY RESOURCES, INC.  
INCOME STATEMENTS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
OPERATING REVENUES			
Domestic electric	\$656,749	\$620,032	\$602,373
OPERATING EXPENSES			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	42,369	37,336	41,740
Nuclear refueling outage expenses	14,423	14,136	15,737
Other operation and maintenance	88,257	87,450	86,696
Decommissioning	18,944	18,944	18,944
Taxes other than income taxes	30,517	27,212	26,839
Depreciation and amortization	127,904	113,862	125,331
Other regulatory charges - net	63,590	57,656	4,443
TOTAL	386,004	356,596	319,730
OPERATING INCOME	270,745	263,436	282,643
OTHER INCOME			
Allowance for equity funds used during construction	1,482	2,540	2,042
Miscellaneous - net	20,446	16,309	13,309
TOTAL	21,928	18,849	15,351
INTEREST AND OTHER CHARGES			
Interest on long-term debt	87,689	102,764	109,735
Other interest - net	30,830	45,218	6,325
Allowance for borrowed funds used during construction	(854)	(1,920)	(1,805)
TOTAL	117,665	146,062	114,255
INCOME BEFORE INCOME TAXES	175,008	136,223	183,739
Income taxes	81,263	53,851	77,263
NET INCOME	\$93,745	\$82,372	\$106,476

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$93,745	\$82,372	\$106,476
Noncash items included in net income:			
Reserve for regulatory adjustments	54,598	108,484	68,236
Other regulatory charges - net	63,590	57,656	4,443
Depreciation, amortization, and decommissioning	146,848	132,806	144,275
Deferred income taxes and investment tax credits	(71,212)	(86,860)	(28,222)
Allowance for equity funds used during construction	(1,482)	(2,540)	(2,042)
Changes in working capital:			
Receivables	87,212	(172,354)	9,690
Accounts payable	(7,401)	(11,688)	(2,859)
Taxes accrued	13,147	(21,424)	1,131
Interest accrued	4,008	(2,022)	(300)
Other working capital accounts	20,754	(4,425)	(2,228)
Provision for estimated losses and reserves	(1,328)	45	(1,704)
Changes in other regulatory assets	58,592	(18,492)	25,066
Other	(65,491)	41,250	(23,159)
	-----	-----	-----
Net cash flow provided by operating activities	395,580	102,808	298,803
	-----	-----	-----
<b>INVESTING ACTIVITIES</b>			
Construction expenditures	(36,555)	(28,848)	(30,692)
Allowance for equity funds used during construction	1,482	2,540	2,042
Nuclear fuel purchases	-	(39,975)	(30,523)
Proceeds from sale/leaseback of nuclear fuel	-	39,975	30,523
Decommissioning trust contributions and realized change in trust assets	(23,694)	(22,139)	(24,166)
	-----	-----	-----
Net cash flow used in investing activities	(58,767)	(48,447)	(52,816)
	-----	-----	-----
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of:			
Long-term debt	-	101,835	212,976
Retirement of:			
Long-term debt	(77,947)	(282,885)	(300,341)
Dividends paid:			
Common stock	(91,800)	(75,000)	(72,300)
	-----	-----	-----
Net cash flow used in financing activities	(169,747)	(256,050)	(159,665)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	167,066	(201,689)	86,322
Cash and cash equivalents at beginning of period	35,152	236,841	150,519
	-----	-----	-----
Cash and cash equivalents at end of period	\$202,218	\$35,152	\$236,841
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$109,046	\$141,731	\$107,923
Income taxes	\$143,040	\$154,336	\$104,987
Noncash investing and financing activities:			
Change in unrealized appreciation (depreciation) of decommissioning trust assets	(\$1,506)	(\$37)	\$3,205

See Notes to Financial Statements.

**SYSTEM ENERGY RESOURCES, INC.**  
**BALANCE SHEETS**  
**ASSETS**

December 31,  
2000                      1999  
(In Thousands)

CURRENT ASSETS	
Cash and cash equivalents:	
Cash	\$44
\$136	
Temporary cash investments - at cost, which approximates market	202,174
35,016	
-----	
Total cash and cash equivalents	202,218
35,152	
-----	
Accounts receivable:	
Associated companies	212,551
301,287	
Other	2,194
670	
-----	
Total receivables	214,745
301,957	
-----	
Materials and supplies - at average cost	52,235
61,264	
Deferred nuclear refueling outage costs	6,577
18,665	
Prepayments and other	2,639
2,251	
-----	
TOTAL	478,414
419,289	
-----	
OTHER PROPERTY AND INVESTMENTS	
Decommissioning trust funds	157,572
135,384	
-----	
UTILITY PLANT	
Electric	3,093,033
3,060,324	
Property under capital lease	449,851
434,993	
Construction work in progress	24,029
58,510	
Nuclear fuel under capital lease	49,256
78,020	
-----	
TOTAL UTILITY PLANT	3,616,169
3,631,847	
Less - accumulated depreciation and amortization	1,407,885
1,312,559	
-----	
UTILITY PLANT - NET	2,208,284
2,319,288	
-----	

DEFERRED DEBITS AND OTHER ASSETS	
Regulatory assets:	
SFAS 109 regulatory asset - net	195,634
242,834	



SYSTEM ENERGY RESOURCES, INC.  
BALANCE SHEETS  
LIABILITIES AND SHAREHOLDER'S EQUITY

	2000	December 31, 1999
	(In Thousands)	
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$151,800	\$77,947
Accounts payable:		
Associated companies	2,722	15,237
Other	23,585	18,470
Taxes accrued	68,530	55,383
Accumulated deferred income taxes	1,648	7,162
Interest accrued	44,007	40,000
Obligations under capital leases	32,119	38,421
Other	1,674	1,651
	-----	-----
TOTAL	326,085	254,271
	-----	-----
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Accumulated deferred income taxes	391,505	481,945
Accumulated deferred investment tax credits	89,516	93,219
Obligations under capital leases	17,137	39,599
FERC settlement - refund obligation	30,745	37,337
Other regulatory liabilities	103,634	73,313
Decommissioning	153,197	129,503
Regulatory reserves	322,368	267,771
Accumulated provisions	689	2,016
Other	15,394	16,014
	-----	-----
TOTAL	1,124,185	1,140,717
	-----	-----
Long-term debt	930,854	1,082,579
<b>SHAREHOLDER'S EQUITY</b>		
Common stock, no par value, authorized 1,000,000 shares; issued and outstanding 789,350 shares in 2000 and 1999	789,350	789,350
Retained earnings	104,076	102,131
	-----	-----
TOTAL	893,426	891,481
	-----	-----
Commitments and Contingencies (Notes 2, 9, and 10)		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,274,550	\$3,369,048
	=====	=====
See Notes to Financial Statements.		

**SYSTEM ENERGY RESOURCES, INC.  
STATEMENTS OF RETAINED EARNINGS**

31,	For the Years Ended December		
	2000	1999	1998
	(In Thousands)		
Retained Earnings, January 1	\$102,131	\$94,759	\$60,583
Add:			
Net income	93,745	82,372	106,476
Deduct:			
Dividends declared	91,800	75,000	72,300
Retained Earnings, December 31 (Note 8)	----- \$104,076 =====	----- \$102,131 =====	----- \$94,759 =====

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2000	1999	1998	1997	1996
	(Dollars In Thousands)				
Operating revenues	\$ 656,749	\$ 620,032	\$ 602,373	\$ 633,698	\$ 623,620
Net income	\$ 93,745	\$ 82,372	\$ 106,476	\$ 102,295	\$ 98,668
Total assets	\$3,274,550	\$3,369,048	\$3,431,205	\$3,432,031	\$3,461,293
Long-term obligations (1)	\$ 947,991	\$1,122,178	\$1,182,616	\$1,364,161	\$1,474,427
Electric energy sales (GWH)	9,621	7,567	8,259	9,735	8,302

(1) Includes long-term debt (excluding current maturities) and noncurrent capital lease obligations.

# ENTERGY CORPORATION AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

The accompanying consolidated financial statements include the accounts of Entergy Corporation and its direct and indirect subsidiaries, including the domestic utility companies and System Energy, whose separate financial statements are included in this document. The financial statements presented herein result from these companies having registered securities with the SEC.

As required by generally accepted accounting principles, all significant intercompany transactions have been eliminated in the consolidated financial statements. The domestic utility companies and System Energy maintain accounts in accordance with FERC and other regulatory guidelines. Certain previously reported amounts have been reclassified to conform to current classifications, with no effect on net income or shareholders' equity.

Entergy Corporation sold its investments in Entergy London and CitiPower in December 1998. Accordingly, the consolidated statements of income and cash flows for 1998 include amounts for Entergy London and CitiPower through the dates of their respective sales.

#### **Use of Estimates in the Preparation of Financial Statements**

The preparation of Entergy Corporation's and its subsidiaries' financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used.

#### **Revenues and Fuel Costs**

Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi generate, transmit, and distribute electricity primarily to retail customers in Arkansas, Louisiana, and Mississippi, respectively. Entergy Gulf States generates, transmits, and distributes electricity primarily to retail customers in Texas and Louisiana. Entergy Gulf States also distributes gas to retail customers in and around Baton Rouge, Louisiana. Entergy New Orleans sells both electricity and gas to retail customers in the City of New Orleans, except for Algiers, where Entergy Louisiana is the electricity supplier.

System Energy's operating revenues are intended to recover operating expenses and capital costs attributable to Grand Gulf 1 from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. Capital costs are computed by allowing a return on System Energy's common equity funds allocable to its net investment in Grand Gulf 1, plus System Energy's effective interest cost for its debt allocable to its investment in Grand Gulf 1. System Energy's proposed rate increase is discussed in Note 2 to the financial statements.

Entergy recognizes revenue from electricity and gas sales when the consumers are billed. The domestic utility companies also accrue estimated revenues for energy delivered since the latest billings on a monthly basis. The monthly estimated unbilled revenue amounts are recorded as revenue and a receivable and are reversed the following month.

The domestic utility companies' rate schedules include either fuel adjustment clauses or fixed fuel factors, both of which allow either current recovery or deferral of fuel costs until such costs are reflected in the related revenues. Because the fuel adjustment clause mechanism allows monthly adjustments to recover fuel costs, Entergy Louisiana, Entergy New Orleans, and the Louisiana portion of Entergy Gulf States include fuel cost recovery in their unbilled revenue calculations. Fixed fuel factors remain in effect until changed as part of a general rate case, fuel reconciliation, or fixed fuel factor filing. In the case of Entergy Arkansas, the Texas portion of Entergy Gulf States, and Entergy Mississippi, their fuel under-recoveries are treated as regulatory investments in the cash flow statements because those companies are allowed by their regulatory jurisdictions to recover the fuel cost regulatory asset over longer than a twelve month period, and the companies will earn a return on the under-recovered balances.

#### **Utility Plant**

Utility plant is stated at original cost. The original cost of utility plant retired or removed, plus the applicable removal costs, less salvage, is charged to accumulated depreciation. Maintenance, repairs, and minor replacement costs are charged to operating expenses. Substantially all of the utility plant is subject to liens from mortgage bond indentures.

With regard to nuclear refueling outage costs, Entergy records the costs in accordance with regulatory treatment and the matching principle. These refueling outage expenses are incurred to prepare the units to operate for the next 18 months without having to be taken off line. Except with respect to the River Bend plant, the costs are deferred during the outage and amortized over the period to the next outage. For the River

Bend plant, the costs are accrued in advance and included in the cost of service used to establish retail rates, and are then amortized over the period between outages, which is in accordance with their regulatory treatment.

Utility plant includes the portions of Grand Gulf 1 and Waterford 3 that have been sold and leased back. For financial reporting purposes, these sale and leaseback arrangements are reflected as financing transactions.

Net utility plant by company and functional category, as of December 31, 2000, is shown below (in millions):

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Production							
Nuclear	\$7,126	\$1,092	\$1,817	\$1,779	\$-	\$-	\$2,103
Other	2,021	329	595	195	204	12	-
Transmission	1,693	504	517	323	316	24	9
Distribution	3,532	1,074	963	796	517	182	-
Other	725	149	164	172	115	27	23
Plant acquisition adjustment -							
Entergy Gulf States	391	-	-	-	-	-	-
Other	91	-	23	-	-	68	-
Construction work in progress	937	87	145	85	44	36	24
Nuclear fuel	435	114	57	64	-	-	49
(leased and owned)							
Accumulated provision for							
decommissioning (1)	(454)	(283)	(73)	(98)	-	-	-
Utility plant - net	\$16,497	\$3,066	\$4,208	\$3,316	\$1,196	\$349	\$2,208

(1) The decommissioning liabilities related to Grand Gulf 1, Pilgrim, and the 30% of River Bend previously owned by Cajun are recorded in the applicable Balance Sheets in "Deferred Credits and Other Liabilities - Decommissioning." Depreciation is computed on the straight-line basis at rates based on the estimated service lives and costs of removal of the various classes of property. Depreciation rates on average depreciable property are shown below:

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
2000	2.9%	3.2%	2.4%	3.0%	2.5%	3.1%	3.3%
1999	2.9%	3.2%	2.4%	2.9%	2.4%	3.0%	3.3%
1998	3.0%	3.3%	2.6%	3.0%	2.5%	3.1%	3.3%

AFUDC represents the approximate net composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction. Although AFUDC increases both utility plant and earnings, it is realized in cash through depreciation provisions included in rates.

### Jointly-Owned Generating Stations

Certain Entergy subsidiaries jointly own electric generating facilities with third parties. The investments and expenses associated with these generating stations are recorded by the Entergy subsidiaries to the extent of their respective undivided ownership interests. As of December 31, 2000, the subsidiaries' investment and accumulated depreciation in each of these generating stations were as follows:

Generating Stations	Fuel-Type	Total Megawatt Capability	Ownership	Investment (In Millions)	Accumulated Depreciation	
Entergy Arkansas Independence	Unit 1	Coal	836	31.50%	\$117	\$58
	Common Facilities	Coal		15.75%	30	14
White Bluff	Units 1 and 2	Coal	1,659	57.00%	405	219
Entergy Gulf States Roy S. Nelson	Unit 6	Coal	550	70.00%	403	208
Big Cajun 2	Unit 3	Coal	575	42.00%	228	111
Entergy Mississippi - Independence	Units 1 and 2 and Common Facilities	Coal	1,678	25.00%	227	99
System Energy - Grand Gulf	Unit 1	Nuclear	1,210	90.00%(1)	3,531	1,408
Entergy Power - Independence	Unit 2	Coal	842	14.37%	76	31
	Common Facilities	Coal		7.18%	5	3

(1)Includes an 11.5% leasehold interest held by System Energy. System Energy's Grand Gulf 1 lease obligations are discussed in Note 10 to the financial statements.

### Project Development Costs

Entergy capitalizes costs incurred in developing projects after achieving certain milestones that indicate that completion of the project is probable. These costs include salaries, incremental indirect costs and amounts paid to outside parties for such expenses as legal, engineering, accounting, and other incremental direct costs. Capitalized project development costs are transferred to construction in progress during the construction phase and to electric plant after commencement of operations. Capitalized costs are amortized over the life of operational projects or charged to expense if management determines that the costs are not recoverable through operations of the project.

### Income Taxes

Entergy Corporation and its subsidiaries file a U.S. consolidated federal income tax return. Income taxes are allocated to the subsidiaries in proportion to their contribution to consolidated taxable income. SEC regulations require that no Entergy subsidiary pay more taxes than it would have paid if a separate income tax return had been filed. In accordance with SFAS 109, "Accounting for Income Taxes," deferred income taxes are recorded for all temporary differences between the book and tax basis of assets and liabilities, and for certain credits available for carryforward.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Investment tax credits are deferred and amortized based upon the average useful life of the related property, in accordance with ratemaking treatment.

### Reacquired Debt

The premiums and costs associated with reacquired debt of the domestic utility companies and System Energy (except that portion allocable to the deregulated operations of Entergy Gulf States) are being amortized over the life of the related new issuances, in accordance with ratemaking treatment.

### Cash and Cash Equivalents

Entergy considers all unrestricted highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

## Investments

Entergy applies the provisions of SFAS 115, "Accounting for Investments for Certain Debt and Equity Securities," in accounting for investments in decommissioning trust funds. As a result, Entergy has recorded on the consolidated balance sheet \$128 million of additional value in its decommissioning trust funds. This increase represents the amount by which the fair value of the securities held in such funds exceeds the amounts deposited plus the earnings on the deposits. In accordance with the regulatory treatment for decommissioning trust funds, the domestic utility companies and System Energy have recorded an offsetting amount in unrealized gains on investment securities as a regulatory liability in other deferred credits.

Decommissioning trust funds for Pilgrim do not receive regulatory treatment. Accordingly, unrealized gains recorded on the assets in Pilgrim's trust funds are recognized as a separate component of shareholders' equity because these assets are classified as available for sale.

## Foreign Currency Translation

All assets and liabilities of Entergy's foreign subsidiaries are translated into U.S. dollars at the exchange rate in effect at the end of the period. Revenues and expenses are translated at average exchange rates prevailing during the period. The resulting translation adjustments are reflected in a separate component of shareholders' equity. Current exchange rates are used for U.S. dollar disclosures of future obligations denominated in foreign currencies.

## Earnings per Share

The average number of common shares outstanding for the presentation of diluted earnings per share was greater by approximately 1,960,858 shares in 2000, 199,000 shares in 1999, and 176,000 shares in 1998, than the number of such shares for the presentation of basic earnings per share due to Entergy's stock option and other stock compensation plans discussed more thoroughly in Note 5 to the financial statements.

Options to purchase approximately 5,205,000 and 149,000 shares of common stock at various prices were outstanding at the end of 1999 and 1998, respectively, but were not included in the computation of diluted earnings per share because the exercise prices were greater than the average market price of the common shares at the end of each of the years presented. At the end of 2000, all outstanding options, totaling 11,468,316, were included in the computation of diluted earnings per share as a result of the average market price of the common shares being greater than the exercise prices.

## Application of SFAS 71

The domestic utility companies and System Energy currently account for the effects of regulation pursuant to SFAS 71, "Accounting for the Effects of Certain Types of Regulation." This statement applies to the financial statements of a rate-regulated enterprise that meet three criteria. The enterprise must have rates that (i) are approved by the regulator; (ii) are cost-based; and (iii) can be charged to and collected from customers. These criteria may also be applied to separable portions of a utility's business, such as the generation or transmission functions, or to specific classes of customers. If an enterprise meets these criteria, it may capitalize costs that would otherwise be charged to expense if the rate actions of its regulator make it probable that those costs will be recovered in future revenue. Such capitalized costs are reflected as regulatory assets in the accompanying financial statements. A significant majority of Entergy's regulatory assets, net of related regulatory and deferred tax liabilities, earn a return on investment during their recovery periods. SFAS 71 requires that rate-regulated enterprises assess the probability of recovering their regulatory assets at each balance sheet date. When an enterprise concludes that recovery of a regulatory asset is no longer probable, the regulatory asset must be removed from the entity's balance sheet.

SFAS 101, "Accounting for the Discontinuation of Application of FASB Statement No. 71," specifies how an enterprise that ceases to meet the criteria for application of SFAS 71 for all or part of its operations should report that event in its financial statements. In general, SFAS 101 requires that the enterprise report the discontinuation of the application of SFAS 71 by eliminating from its balance sheet all regulatory assets and liabilities related to the applicable segment. Additionally, if it is determined that a regulated enterprise is no longer recovering all of its costs and therefore no longer qualifies for SFAS 71 accounting, it is possible that an impairment may exist that could require further write-offs of plant assets.

EITF 97-4: "Deregulation of the Pricing of Electricity - Issues Related to the Application of FASB Statements No. 71 and 101" specifies that SFAS 71 should be discontinued at a date no later than when the effects of a transition to competition plan for all or a portion of the entity subject to such plan are reasonably determinable. Additionally, EITF 97-4 promulgates that regulatory assets to be recovered through cash flows derived from another portion of the entity that continues to apply SFAS 71 should not be written off; rather, they should be considered regulatory assets of the segment that will continue to apply SFAS 71.

As described in "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS," management believes that definitive outcomes have not yet been determined regarding transition to competition in any of Entergy's jurisdictions. Therefore, the regulated operations of the domestic utility companies and System Energy continue to apply SFAS 71. Arkansas and Texas have enacted retail open access laws, but Entergy believes that significant issues remain to be addressed by Arkansas and Texas

regulators, and the enacted laws do not provide sufficient detail to reasonably determine the impact on Entergy Arkansas' and Entergy Gulf States' regulated operations.

### Transition to Competition Liabilities

In conjunction with the transition to competition of the electric utility industry in certain jurisdictions in which the domestic utility companies operate, regulatory mechanisms have been established to mitigate potential stranded costs. These mechanisms include the transition cost account at Entergy Arkansas, which is discussed further in Note 2 to the financial statements. Also included is a provision in the Texas transition legislation that allows depreciation on transmission and distribution assets to be directed toward generation assets. The liabilities recorded as a result of these mechanisms are classified as "transition to competition" deferred credits.

### Domestic Operating Company Deregulated Operations

Entergy Gulf States does not apply regulatory accounting principles to its wholesale jurisdiction, steam department, Louisiana retail deregulated portion of River Bend, and the 30% interest in River Bend formerly owned by Cajun. The Louisiana retail deregulated portion of River Bend is operated under a deregulated asset plan representing a portion (approximately 24%) of River Bend plant costs, generation, revenues, and expenses established under a 1992 LPSC order. The plan allows Entergy Gulf States to sell the electricity from the deregulated assets to Louisiana retail customers at 4.6 cents per KWH or off-system at higher prices, with certain provisions for sharing such incremental revenue above 4.6 cents per KWH between ratepayers and shareholders.

The results of these deregulated operations before interest charges for the years ended December 31, 2000, 1999, and 1998 are as follows (in thousands):

	2000	1999	1998
Operating revenues	\$200,023	\$166,509	
\$178,303			
Operating expenses			
Fuel, operating, and maintenance	141,822	126,917	
137,579			
Depreciation	36,158	35,141	
39,497			
-----			
Total operating expense	177,980	162,058	
177,076			
Income tax expense	8,278	628	
1,154			
-----			
Net income from deregulated utility operations	\$13,765	\$3,823	
\$73			
=====			

The net investment associated with these deregulated operations as of December 31, 2000 and 1999 was approximately \$822 million and \$835 million, respectively.

### Impairment of Long-Lived Assets

Entergy periodically reviews long-lived assets whenever events or changes in circumstances indicate that recoverability of these assets is uncertain. Generally, the determination of recoverability is based on the net cash flows expected to result from such operations and assets. Projected net cash flows depend on the future operating costs associated with the assets, the efficiency and availability of the assets and generating units, and the future market and price for energy over the remaining life of the assets.

Assets regulated under traditional cost-of-service ratemaking, and thereby subject to SFAS 71 accounting, are generally not subject to impairment because this form of regulation assures that all allowed costs are subject to recovery. However, certain deregulated assets and other operations of the domestic utility companies totaling approximately \$1.5 billion (pre-tax) could be affected in the future. Those assets include

Entergy Arkansas' and Entergy Louisiana's retained shares of Grand Gulf 1, Entergy Gulf States' Louisiana deregulated asset plan, the Texas jurisdictional abeyed portion of the River Bend plant and the portion of River Bend transferred from Cajun, and wholesale operations. Additionally, as noted above, the discontinuation of SFAS 71 regulatory accounting principles would require that Entergy review the affected assets for impairment.

### **Derivative Financial Instruments and Commodity Derivatives**

As a part of its overall risk management strategy, Entergy uses a variety of derivative financial instruments and commodity derivatives, including interest rate swaps and natural gas and electricity futures, forwards, and options.

Entergy accounts for derivative financial instruments used to mitigate interest rate risk in accordance with hedge accounting. Gains or losses from rate swaps used for such purposes that are sold or terminated are deferred and amortized over the remaining life of the debt instrument being hedged by the interest rate swap. If the debt instrument being hedged by the interest rate swaps is extinguished, any gain or loss attributable to the swap would be recognized in the period of the transaction. Additional information concerning Entergy's interest rate swaps outstanding as of December 31, 2000 is included in Note 7 to the financial statements.

Entergy's power marketing and trading business engages in price risk management activities for trading purposes. To conduct these activities, the business uses futures, forwards, swaps, and options, and uses the mark- to-market method of accounting. Under the mark-to-market method of accounting, forwards, futures, swaps, options, and other financial instruments with third parties are reflected at market value in the balance sheets. Changes in the assets and liabilities from these instruments (resulting primarily from newly originated transactions and the impact of price movements) are recognized currently in the statements of income. The market prices used to value these transactions reflect management's best estimate considering various factors including closing exchange and over- the-counter quotations, time value, and volatility factors underlying the commitments.

### **New Accounting Pronouncements**

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which was implemented effective January 1, 2001. This statement requires that all derivatives be recognized in the balance sheet, either as assets or liabilities, measured at fair value. The changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. For fair-value hedge transactions in which Entergy is hedging changes in an asset's, liability's, or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash-flow hedge transactions in which Entergy is hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings.

Entergy utilizes derivative financial instruments primarily for the following purposes:

- o trading activity in its power marketing and trading business;
- o to ensure adequate power supplies and to mitigate certain risks in the domestic utility business; and
- o to hedge cash flows for various transactions in its competitive businesses.

The implementation of SFAS 133 did not materially impact the power marketing and trading business, as its derivative portfolio is already marked-to-market under the provisions of EITF 98-10, "Measuring the Value of Energy-Related Contracts". Effective January 1, 2001, Entergy recorded a net-of-tax cumulative-effect-type adjustment of approximately \$18.0 million reducing accumulated other comprehensive income to recognize at fair value all derivative instruments that are designated as cash-flow hedging instruments, primarily for interest rate swaps and foreign currency forward contracts related to Entergy's competitive businesses.

The FASB's Derivatives Implementation Group (DIG) is considering a number of issues affecting the power industry. Entergy's interpretation of these issues in its initial implementation of SFAS 133 is based on management's application of existing accounting literature. To the extent that the DIG ultimately interprets these issues differently than Entergy, Entergy's financial statements could be materially affected, although the amount of the possible effect cannot be quantified at this time.

## **NOTE 2. RATE AND REGULATORY MATTERS**

### **Electric Industry Restructuring**

#### **Arkansas**

(Entergy Corporation and Entergy Arkansas)

In April 1999, the Arkansas legislature enacted a law providing for competition in the electric utility industry through retail open access as of January 1, 2002. With retail open access, generation operations would become a competitive business, but transmission and distribution operations will continue to be regulated either by federal or state regulatory commissions. In November 2000, the APSC issued a report to the General Assembly on the status of deregulation implementation and recommended that the deregulation statute remain as passed in 1999 except that the target date for retail open access be delayed until no sooner than October 1, 2003 and no later than October 1, 2005. The investor-owned utilities in Arkansas signed a settlement agreement that supported the recommendation. During the 2001 legislative session, the General Assembly passed an amendment to the deregulation statute to adopt the APSC recommendation to amend the target date for retail open access. The amendment was signed into law by the governor in February 2001. Besides delaying the target date, the amendment includes two new criteria that will allow the APSC to delay the retail open access date beyond the October 1, 2003 target. The additional criteria that could cause further delay include:

- o most customers would not have a reasonable opportunity to realize net benefits, specifically including relative price benefits for residential and small business customers; or
- o demonstrably effective market structures are not in place, particularly a regional transmission organization or insufficient generation and transmission capacity.

Other provisions of the currently enacted law:

- o require utilities to separate (unbundle) their costs into generation, transmission, distribution, and customer service functions;
- o require customer service functions to be further unbundled into competitive and regulated services based on the APSC's determination that billing services be competitive as of retail open access;
- o require operation of transmission facilities by an organization independent from the generation, distribution, and retail operations;
- o provide for the determination of and mitigation measures for generation market power, which could require generation asset divestitures or other mitigation measures;
- o allow for recovery of stranded and transition costs if the costs are approved by the APSC;
- o allow for the securitization of approved stranded costs; and
- o freeze residential and small business customer rates for three years by utilities that will recover stranded costs and one year for other utilities.

Entergy Arkansas filed separate generation, transmission, distribution, and customer service rates with the APSC in December 1999 and also filed notice of its intent to recover stranded costs. Should utilities that have filed notice of stranded cost recovery determine that, due to the delay in retail open access, stranded cost recovery is not required, notice of intent to withdraw from seeking stranded cost recovery must be filed by December 31, 2001. Entergy Arkansas' unbundled rates were based on the cost-of-service study that formed the basis of the rates included in the 1997 settlement agreement. In October 2000, a settlement agreement was filed settling all outstanding issues except one rate design issue. In December 2000, the APSC approved the unbundled rates as filed, approved the October 2000 settlement agreement, and ordered compliance tariffs be filed within 60 days. Bundled rates will continue to be effective until six months prior to retail open access.

The APSC and various participants in the industry, including Entergy Arkansas, are involved in the ongoing process of implementing the legislation through various rulemaking and other proceedings. Some rulemakings were suspended in late 2000 in anticipation of a delay in the target date for retail open access. In compliance with the provisions of the deregulation law and as a result of rulemakings concluded in 2000, Entergy Arkansas has:

- o filed a functional, but not corporate, unbundling plan with the APSC in August 2000. The functional unbundling plan initially establishes separate business units for distribution, generation, and a new retail energy service provider. The plan contemplates the transfer of transmission assets to the Transco discussed herein. The functional unbundling plan is tentative because the regulatory requirements to implement the retail open access law have not been finalized, and changes to the plan are possible;
- o filed a compliance plan in October 2000 detailing the specific procedures to ensure that the affiliate rules are implemented;
- o filed unbundled compliance tariffs in February 2001;
- o filed a market power study in October 2000 in accordance with the guidelines adopted by the APSC. The study included both wholesale generation and retail markets and examined vertical and horizontal market power issues. Due to the delay in retail open access, Entergy Arkansas will file an updated study in 2001 reflecting any changes in generation supply in the study region;
- o agreed to file the stranded cost proceedings following the market power proceeding; and
- o participated in various rulemakings related to standard service package offerings, the declaration of billing services as a competitive service, electronic data exchange, consumer education, and affiliate rules.

In June 2000, the APSC declared that billing would become a competitive service at the beginning of retail open access. In December 2000, the APSC issued an order requiring utilities to file further customer service costs from the competitive services costs. In May 2001, Entergy Arkansas will file further unbundled customer service rates to separate those costs associated with those billing services that were declared competitive as of retail open access from those customer services still regulated by the APSC.

In December 2000, Entergy Arkansas filed an application for approval to transfer Entergy Arkansas' transmission assets to an independent

company (Transco). This transfer of transmission assets is to comply with establishing independent transmission operations in accordance with federal and state deregulation requirements. Entergy's Transco proposal is discussed in "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS - Open Access Transmission and Entergy's Transco Proposal".

## Texas

(Entergy Corporation and Entergy Gulf States)

In June 1999, the Texas legislature enacted a law providing for competition in the electric utility industry through retail open access. The law provides for retail open access by most investor-owned electric utilities, including Entergy Gulf States, on January 1, 2002. With retail open access, generation and a new retail electric provider operation will be competitive businesses, but transmission and distribution operations will continue to be regulated. The new retail electric provider will be the primary point of contact with customers. The provisions of the new law:

- o require a rate freeze through December 31, 2001 with rates reduced by 6% beyond that for residential and small commercial customers of most incumbent utilities except Entergy Gulf States, whose rates are exempt from the 6% reduction requirement. These rates to residential and small commercial customers are known as the "Price to Beat", and they may be adjusted periodically after January 1, 2002 for fuel and purchased power costs according to PUCT rules;
- o require utilities to charge the Price to Beat rates through 2004, or until 40% of customers in the jurisdiction have chosen an alternative supplier, whichever comes first. However, the Price to Beat rates must continue to be made available through 2006;
- o require utilities to submit a plan to separate (unbundle) their generation, transmission and distribution, and retail electric provider functions, which Entergy Gulf States filed in January 2000 as discussed below;
- o require utilities to comply with a code of conduct to ensure that utilities do not allow affiliates to have a business advantage over competitors;
- o require operation in a non-discriminatory manner of transmission and distribution facilities by an organization independent from the generation and retail operations by the time competition is implemented;
- o allow for recovery of stranded costs incurred in purchasing power and providing electric generation service if the costs are approved by the PUCT;
- o allow securitization of regulatory assets and PUCT-approved stranded costs;
- o provide for the determination of and mitigation measures for generation market power; and
- o required utilities to file separated cost data and proposed transmission, distribution, and competition transition tariffs by April 1, 2000.

Entergy Gulf States filed its business separation plan with the PUCT in January 2000 to separate its functions, and amended that plan in June and December 2000. The plan provides that, by January 2002, Entergy Gulf States will be divided into a Texas distribution company, a Texas transmission company, a Texas generation company, at least two Texas retail electricity providers, and a Louisiana company that will encompass distribution, generation, transmission, and retail operations. In July 2000, the PUCT issued an interim order approving the amended business separation plan. The plan provides that the Louisiana company would retain the liability for all debt obligations of Entergy Gulf States and that the property of the Texas companies would be released from the lien of Entergy Gulf States' mortgage. Except for the Texas retail electric providers, each of the Texas companies would assume a portion of Entergy Gulf States' debt obligations, which assumptions would not act to release the Louisiana company's obligations. Except for the Texas retail electric providers, each of the Texas companies would also grant a lien on its properties in favor of the Louisiana company to secure its obligations to the Louisiana company in respect of the assumed obligations. In addition, under the plan, Entergy Gulf States will refinance or retire the Texas companies' portion of existing debt by the end of 2004. Regulatory approvals from FERC, the SEC, and the LPSC, and final approval from the PUCT will be required before the business separation plan can be implemented. Remaining business separation issues in Texas subsequent to the July 2000 interim order will be addressed in the cost unbundling proceeding before the PUCT.

The LPSC has opened a docket to identify the changes in corporate structure of Entergy Gulf States, and their potential impact on Louisiana retail ratepayers, resulting from restructuring in Texas and Arkansas. Entergy Gulf States filed testimony in that proceeding in August 2000. The LPSC staff filed testimony in that proceeding in October 2000 criticizing Entergy Gulf States' proposal, particularly the part related to the Texas portion of generation assets being transferred to an unregulated entity. Entergy Gulf States filed rebuttal testimony in December 2000. A procedural schedule has not been set.

Beginning January 1, 2002, the market power measures in the open access law will prohibit Entergy Gulf States from owning and controlling more than 20% of the installed generation capacity located in, or capable of delivering electricity to, a "power region", which is defined as a distinct region of NERC. In seeking PUCT approval of the Merger, Entergy and FPL Group are required to demonstrate that the merged company will not exceed this threshold. However, all the implications of this limit are uncertain for Entergy Gulf States and Entergy. It is possible that Entergy Gulf States could decide to divest some of its generation assets or seek to reduce transmission constraints if Entergy Gulf States is found to have generation market power in excess of this limit. The legislation also requires affected utilities to sell at auction entitlements to at least 15% of their installed generation capacity in Texas at least 60 days before January 1, 2002. The obligation to auction capacity entitlements continues for up to 60 months after January 1, 2002, or until 40% of current customers have chosen an alternative supplier, whichever comes first.

The PUCT and various participants in the industry are currently in the process of implementing the legislation through various rulemaking and other proceedings. The Provider of Last Resort (POLR) rule was approved by the PUCT in October 2000, requiring that such a provider exist in every area of the state and setting up the process by which such a provider will be selected and its services priced. The PUCT received bids from retail electric providers seeking to become the POLR in each area in January 2001. The PUCT has stated its preference that the POLR not be the retail electric provider that is affiliated with the incumbent utility in the area. However, depending on the outcome of the bidding process, Entergy Gulf States' affiliate retail electric provider may be required to provide POLR service in Entergy Gulf States' service territory. This may have a material financial impact on the Entergy Gulf States retail electric provider depending on the terms and prices eventually approved by the PUCT for POLR service.

On March 31, 2000, pursuant to the Texas restructuring legislation, Entergy Gulf States filed cost data with the PUCT for its unbundled business functions and proposed tariffs for its unbundled distribution utility. In the filing, Entergy Gulf States is seeking approval for recovery of the following, among other things:

- o the unbundled distribution utility's cost of service; and
- o a ten-year nonbypassable charge to recover estimated stranded costs and a nonbypassable charge to recover nuclear decommissioning costs.

Also included in the proceeding is consideration of the treatment of the 30% share of River Bend acquired from Cajun, which Entergy Gulf States treats as an asset not subject to regulation by the PUCT.

On March 6, 2001, Entergy Gulf States filed with the PUCT a non-unanimous settlement agreement in the unbundled cost proceeding that establishes the distribution revenue requirement. The settlement agreement is between Entergy Gulf States, the PUCT Staff, and other parties. Pursuant to a generic rule prescribed by the PUCT, Entergy Gulf States' allowed return on equity will be 11.25%. The generic capital structure prescribed by the PUCT is 60% debt and 40% equity. Also in the settlement agreement, the parties agree that Entergy Gulf States' stranded costs and benefits are \$0, and no charge to recover stranded costs will be implemented. A rider to recover nuclear decommissioning costs will be implemented. Hearings before the PUCT on approval of the settlement are scheduled to begin in April 2001. Management cannot predict the timing or outcome of this proceeding.

## **Louisiana**

(Entergy Corporation, Entergy Gulf States, and Entergy Louisiana)

In March 1999, the LPSC deferred making a decision on whether competition in the electric industry is in the public interest. However, the LPSC staff, outside consultants, and counsel were directed to work together to analyze and resolve issues related to competition and then recommend a plan for its implementation to be considered by the LPSC. In January 2001, a draft response was circulated among interested parties. It is expected that, after a comment period, a final staff response will be presented to the LPSC in April 2001.

See above under "Texas" for discussion of the LPSC proceeding considering Entergy Gulf States' business separation plan.

## **Mississippi**

(Entergy Corporation and Entergy Mississippi)

In May 2000, after two years of studies and hearings, the MPSC announced that it was suspending its docket studying the opening of the state's retail electricity markets to competition. The MPSC based its decision on its finding that competition could raise the electric rates paid by residential and small commercial customers. The final decision regarding the introduction of retail competition ultimately lies with the Mississippi Legislature, which is holding its 2001 session from January through March. Management cannot predict when, or if, Mississippi will deregulate its retail electricity market, but does not expect it to occur before 2003.

## **New Orleans**

(Entergy Corporation and Entergy New Orleans)

Entergy New Orleans filed an electric transition to competition plan in September 1997. This plan is similar to plans that were filed by the other domestic utility companies. No procedural schedule has been established for consideration of that plan by the Council.

In October 1998, the Council began proceedings to determine if natural gas retail competition is in the public interest. Advisors to the Council issued a final report that proposed various pilot programs and found that retail gas open access is not in the public interest at this time. The Council accepted an offer of settlement from Entergy New Orleans in this matter that allows for a voluntary pilot program for a limited number of large industrial non-jurisdictional gas customers.

## **Retail Rate Proceedings**

## **Filings with the APSC (Entergy Corporation and Entergy Arkansas)**

Entergy Arkansas is operating under the terms of a settlement agreement approved by the APSC in December 1997 that provides for the following:

- o accelerated payment of Entergy Arkansas' Grand Gulf purchased power obligation in an amount totaling \$165.3 million over the period from January 1999 to June 2004;
- o collecting earnings in excess of an 11% return on equity in a transition cost account to offset stranded costs when retail access is implemented;
- o a rate freeze until at least July 1, 2001; and
- o rate decreases totaling \$200 million over the two-year period 1998- 1999. The net income effect from the rate reductions was approximately \$22 million.

In June 2000, Entergy Arkansas filed an application to continue the stranded cost mitigation efforts agreed upon in the settlement agreement including the funding of a transition cost account and the accelerated amortization of the Grand Gulf obligation. In December 2000, the APSC approved a settlement agreement that directed Entergy Arkansas to do the following:

- o seek FERC approval for the cessation of the accelerated payment of the Grand Gulf purchased power obligation as of July 1, 2001, and approval was applied for in February 2001; and
- o continue the collection of excess earnings in a transition cost account at least through 2002.

Entergy Arkansas' 2000 operating expenses reflect reserves of \$4.4 million (\$2.7 million net of taxes) to record the final determination of 1999 excess earnings. Interest of \$5.2 million (\$3.2 million net of taxes) was also recorded in the transition cost account for 2000. As of December 31, 2000, the transition cost account balance was \$119.6 million. Entergy Arkansas applied \$17.5 million (\$10.7 million net of tax) of 2000 excess earnings recorded in the third quarter 2000 against 2000 ice storm damage expenses. For additional information on the December 2000 ice storms in Arkansas, refer to "December 2000 Ice Storms" discussed below.

In March 2000, Entergy Arkansas filed its annually redetermined energy cost rate with the APSC in accordance with the energy cost recovery rider formula and special circumstances agreement. The filing reflected that an increase was warranted to collect an under-recovery of energy costs for 1999. The increased energy cost rate is effective April 2000 through March 2001.

In October 2000, the APSC ordered Entergy Arkansas to cease collection of funds to decommission ANO 1 and 2 for the calendar year 2001. Based on anticipated approval of Entergy's application with the NRC to extend the license of ANO 1 by 20 years, the APSC concluded that the funds previously collected will be sufficient to decommission the units. This decision will be reviewed annually and reflected in Entergy Arkansas' filing of its annual determination of the nuclear decommissioning rate rider.

## **Filings with the PUCT and Texas Cities**

### **Rate Proceedings (Entergy Corporation and Entergy Gulf States)**

In June 1999, the PUCT approved a settlement agreement that Entergy Gulf States entered into in February 1999. The settlement agreement resolved Entergy Gulf States' 1996 and 1998 rate proceedings and all of the settling parties' pending appeals in other matters, except for the appeal in the River Bend abeyed cost recovery proceeding discussed below. The Office of Public Utility Counsel, an intervenor in the proceeding, has appealed certain aspects of this settlement to Travis County District Court. Entergy Gulf States cannot predict the impact of the appeal.

The settlement agreement provides for the following:

- o an annual \$4.2 million base rate reduction, effective March 1, 1999, which is in addition to the annual \$69 million base rate reduction (net of River Bend accounting order deferrals) in the PUCT's second order on rehearing in October 1998;
- o a methodology for semi-annual revisions of the fixed fuel factor through December 2001 based on the market price of natural gas;
- o a base rate freeze through June 1, 2000. The Texas restructuring law extends the base rate freeze through December 2001;
- o amortization of the remaining River Bend accounting order deferrals as of January 1, 1999, over three years on a straight-line basis, and the accounting order deferrals will not be recognized in any subsequent base rate case or stranded cost calculation;
- o the dismissal of all pending appeals of the settling parties relating to Entergy Gulf States' proceedings with the PUCT, except the River Bend abeyed plant costs appeal discussed below; and
- o the potential recovery in the River Bend abeyed plant costs appeal is limited to \$115 million net plant in service as of January 1, 2002, less depreciation over the remaining life of the plant beginning January 1, 2002 through the date the plant costs are included in rate base, and any such recovery will not be used to increase rates above the level agreed to in the settlement agreement (see "Recovery of River Bend Costs" in this note for further discussion).

As a result of the settlement agreement, in June 1999, Entergy Gulf States:

- o removed from its balance sheet a \$207.3 million deferred asset and the associated provision recorded for unrecovered purchased power costs and deferred revenue from NISCO, which had no net income impact on Entergy Gulf States;
- o removed the reserve recorded in December 1997 for River Bend plant costs held in abeyance and reduced the plant asset, resulting in other income of \$4.8 million; and
- o removed the \$93.9 million reserve recorded in 1998 for the amortization of River Bend accounting order deferrals to reflect the three-year amortization schedule detailed in the agreement. The income impact of this removal was largely offset by an increase in the rate of amortization of the accounting order deferrals.

In June 1999, the PUCT instituted a proceeding to consider the final adjustment of the rate refunds ordered as a result of Entergy Gulf States' November 1996 rate case. These refunds were required to occur over the fourteen-month period from August 1998 through September 1999. The PUCT issued an order in July 1999 adopting a calculation methodology which required Entergy Gulf States to refund an additional \$25 million. This refund was recorded as a reduction in operating revenues. The PUCT approved the final refund and concluded the proceeding in June 2000.

### **Recovery of River Bend Costs (Entergy Corporation and Entergy Gulf States)**

In March 1998, the PUCT disallowed recovery of \$1.4 billion of company-wide abeyed River Bend plant costs which have been held in abeyance since 1988. Entergy Gulf States appealed the PUCT's decision on this matter to the Travis County District Court in Texas. In June 1999, subsequent to the settlement agreement discussed above, Entergy Gulf States removed the reserve for River Bend plant costs held in abeyance and reduced the value of the plant asset. The settlement agreement limits potential recovery of the remaining plant asset, less depreciation, to \$115 million, beginning January 1, 2002 through the date the plant costs are included in rate base, and any such recovery will not be used to increase rates above the level as agreed to in the settlement agreement. The settlement agreement also prohibits Entergy Gulf States from acting on its appeal until January 1, 2002. Based on advice of counsel, management believes that it is probable that the matter will be remanded again to the PUCT for a further ruling on the prudence of the abeyed plant costs and it is reasonably possible that some portion of these costs will be added to the net book value of the River Bend plant for regulatory purposes. However, no assurance can be given that additional reserves or write-offs will not be required in the future.

### **PUCT Fuel Cost Review (Entergy Corporation and Entergy Gulf States)**

In September 1998, Entergy Gulf States filed an application with the PUCT for an increase in its fixed fuel factor and for a surcharge to Texas retail customers for the cumulative under-recovery of fuel and purchased power costs. The PUCT issued an order in December 1998 approving the implementation of a revised fuel factor and fuel and purchased power surcharge that would result in recovery of \$112.1 million of under-recovered fuel costs, inclusive of interest, over a 24-month period. These increases were implemented in the first billing cycle in February 1999. North Star Steel Texas, Inc. has appealed the PUCT's order to the State District Court in Travis County, Texas. Entergy Gulf States cannot predict the outcome of this appeal.

Based on the settlement agreement discussed above, Entergy Gulf States adopted a methodology for calculating its fixed fuel factor based on the market price of natural gas. This calculation and any necessary adjustments began semi-annually as of March 1, 1999 and are scheduled to continue until December 2001, unless otherwise ordered by the PUCT. The calculation for the factor that was implemented in September 2000 showed that the fuel factor should be increased. This fuel factor increase was approved by the PUCT in August 2000. The amounts collected under Entergy Gulf States' fixed fuel factor are the subject of fuel reconciliation proceedings before the PUCT, including a fuel reconciliation case filed by Entergy Gulf States in January 2001. In connection with the implementation of restructuring in Texas, Entergy Gulf States anticipates that it will file a final fuel reconciliation in March 2003 for the period ending December 31, 2001.

Entergy Gulf States filed a fuel reconciliation case in July 1999 reconciling approximately \$731 million (after excluding approximately \$14 million related to Cajun issues to be handled in a subsequent proceeding) of fuel and purchased power costs incurred from July 1996 to February 1999. In February 2000, Entergy Gulf States reached a settlement with all but one of the parties to the proceeding. The settlement reduced Entergy Gulf States' requested surcharge in the reconciliation filing from \$14.7 million to \$2.2 million. In April 2000, the PUCT approved this settlement allowing Entergy Gulf States to recover the \$2.2 million surcharge beginning with the April 2000 billing cycle and continuing until January 2001.

In September 1999, Entergy Gulf States filed an application with the PUCT requesting an interim fuel surcharge to collect under-recovered fuel and purchased power expenses incurred from March 1999 through July 1999. In December 1999, the PUCT approved the collection of \$33.9 million over a five-month period beginning January 2000. An administrative appeal of the interim fuel surcharge was filed by certain cities in Travis County District Court. Entergy Gulf States cannot predict the outcome of this appeal. The fuel and purchased power expenses contained in this surcharge are subject to the current fuel reconciliation proceeding.

In September 2000, Entergy Gulf States requested an interim surcharge to collect the under-recovered fuel and purchased power expenses,

including accrued interest, incurred from August 1999 through July 2000. In December 2000, the PUCT issued an order approving Entergy Gulf States' request for the collection of \$79.0 million over an eleven-month period beginning February 2001.

In January 2001, Entergy Gulf States filed a fuel reconciliation case covering the period from March 1, 1999 to August 31, 2000. Entergy Gulf States is reconciling approximately \$583 million of fuel and purchased power costs. As part of this filing, Entergy Gulf States requested the collection of \$28 million plus interest of under-recovered fuel and purchased power costs.

In March 2001, Entergy Gulf States filed an application with the PUCT requesting an interim surcharge to collect under-recovered fuel and purchased power expenses incurred from September 2000 through January 2001. Entergy Gulf States is requesting the recovery of \$82 million, plus interest, from July through December 2001. The request is currently pending before the PUCT and an order is expected by June 2001. The fuel and purchased power expenses contained in this surcharge will be subject to future fuel reconciliation proceedings.

## **Filings with the LPSC**

### **Annual Earnings Reviews (Entergy Corporation and Entergy Gulf States)**

In June 2000, the LPSC approved a settlement between Entergy Gulf States and the LPSC staff to refund \$83 million, including interest, resolving refund issues in Entergy Gulf States' second, third, fourth, and fifth post-merger earnings reviews filed with the LPSC in May 1995, 1996, 1997, and 1998, respectively. The refund was made over a three-month period beginning July 2000.

Although refund issues in the third, fourth, and fifth post-merger earnings reviews were resolved by the June 2000 settlement, certain prospective issues remained in dispute following the settlement. On remand from the Louisiana Supreme Court in the third earnings review, Entergy Gulf States' allowed return on common equity was reset at 10.83%. The fourth earnings review is currently on appeal at the Nineteenth Judicial District Court. A final decision from the LPSC in the fifth earnings review is expected in the first or second quarter of 2001.

In May 1999, Entergy Gulf States filed its sixth required post-merger earnings analysis with the LPSC. Hearings were held in February and June 2000. The timing of a final decision in the proceeding is not certain.

In May 2000, Entergy Gulf States filed its seventh required post-merger earnings analysis with the LPSC. This filing will be subject to review by the LPSC, which may result in a change in rates. Entergy Gulf States also is proposing that the allowed return on common equity be increased to 11.60%. Hearings are scheduled for April 2001.

### **Formula Rate Plan Filings (Entergy Corporation and Entergy Louisiana)**

In May 1997, Entergy Louisiana made its second annual performance-based formula rate plan filing with the LPSC for the 1996 test year. This filing resulted in a total rate reduction of approximately \$54.5 million, which was implemented in July 1997. At the same time, rates were reduced by an additional \$0.7 million and by an additional \$2.9 million effective March 1998. Upon completion of the hearing process in December 1998, the LPSC issued an order requiring an additional rate reduction and refund, although the resulting amounts were not quantified. Entergy Louisiana has appealed this order and obtained a preliminary injunction pending a final decision on appeal.

In April 1999, Entergy Louisiana submitted its fourth annual performance-based formula rate plan filing for the 1998 test year. A rate reduction of \$15.0 million was implemented effective August 1, 1999. In May 2000, the LPSC ordered a \$6.4 million refund. This refund was made in July 2000.

In May 2000, Entergy Louisiana submitted its fifth annual performance-based formula rate plan filing for the 1999 test year. As a result of this filing, Entergy Louisiana implemented a \$24.8 million base rate reduction in August 2000. Entergy Louisiana is proposing to increase prospectively the allowed return on common equity from 10.5 % to 11.6%, which, if approved, would reduce the amount of any rate reduction implemented. This filing will be subject to review by the LPSC. A procedural schedule has not yet been established by the LPSC.

As approved by the LPSC, Entergy Louisiana will continue its annual performance-based formula rate plan filings for an additional year with a filing to be made in April 2001.

### **Fuel Adjustment Clause Litigation (Entergy Corporation and Entergy Louisiana)**

In May 1998, a group of ratepayers filed a complaint against Entergy Corporation, Entergy Power, and Entergy Louisiana in state court in Orleans Parish purportedly on behalf of all Entergy Louisiana ratepayers. The plaintiffs seek treble damages for alleged injuries arising from alleged violations by the defendants of Louisiana's antitrust laws in connection with the costs included in fuel filings with the LPSC and passed through to ratepayers. Among other things, the plaintiffs allege that Entergy Louisiana improperly introduced certain costs into the calculation of the fuel charges, including high-cost electricity imprudently purchased from its affiliates and high-cost gas imprudently purchased from independent third party suppliers. In addition, plaintiffs seek to recover interest and attorneys' fees. Plaintiffs also requested that the LPSC initiate a review of Entergy Louisiana's monthly fuel adjustment charge filings and force restitution to ratepayers of all costs that the plaintiffs

allege were improperly included in those fuel adjustment filings. A few parties have intervened in the LPSC proceeding. In direct testimony, plaintiffs purport to quantify many of their claims for the period 1989 through 1998 in an amount totaling \$544 million, plus interest.

Entergy Louisiana has reached an agreement in principle with the LPSC staff for the settlement of the matter before the LPSC and has executed a definitive agreement with the plaintiffs for the settlement of the matter before the LPSC and the state court. The LPSC approved the settlement agreement following a fairness hearing before an ALJ in November 2000. Plaintiffs have sought class certification and approval of the settlement by the state court, and a hearing on those issues is scheduled for April 2001.

Under the terms of the settlement agreement, Entergy Louisiana agrees to refund to customers approximately \$72 million to resolve all claims arising out of or relating to Entergy Louisiana's fuel adjustment clause filings from January 1, 1975 through December 31, 1999, except with respect to purchased power and associated costs included in the fuel adjustment clause filings for the period May 1 through September 30, 1999. Entergy Louisiana previously provided reserves for the refund. Under the terms of the settlement, Entergy Louisiana also consents to future fuel cost recovery under a long-term gas contract based on a formula that would likely result in an under-recovery of actual costs under that contract for the remainder of its term, which runs through 2013. The future under-recovery cannot be precisely estimated at this time because it will depend upon factors that are not certain, such as the price of gas and the amount of gas purchased under the long-term contract. In recent years, Entergy Louisiana has made purchases under that contract totaling from \$91 million to \$121 million annually. Had the proposed settlement terms been applicable to such purchases, the under-recoveries would have ranged from \$4 million to \$9 million per year.

## **Filings with the MPSC**

### **Formula Rate Plan Filings (Entergy Corporation and Entergy Mississippi)**

In March 2000, Entergy Mississippi submitted its annual performance- based formula rate plan for the 1999 test year. The filing indicated that no change in rate levels was warranted and the current rate levels remain in effect.

In March 1999, Entergy Mississippi submitted its annual performance- based formula rate plan filing for the 1998 test year. In April 1999, the MPSC approved a prospective rate reduction of \$13.3 million, effective May 1999. In June 1999, Entergy Mississippi revised its March 1999 filing to include a portion of refinanced long-term debt not included in the original filing. This revision resulted in an additional rate reduction of approximately \$1.5 million, effective July 1999.

### **MPSC Fuel Cost Review (Entergy Corporation and Entergy Mississippi)**

In December 2000, the MPSC approved an increase in Entergy Mississippi's energy cost recovery rider to collect the under-recovered fuel and purchased power costs incurred as of September 30, 2000. The recovery of \$136.7 million, plus carrying charges, will occur over a 24- month period effective with the first billing cycle of January 2001. As approved by the MPSC, Entergy Mississippi will be making quarterly energy cost recovery filings beginning in January 2001 to reflect under-recovered fuel and purchased power costs from the second prior calendar quarter.

## **Filings with the Council**

### **1997 Settlement (Entergy Corporation and Entergy New Orleans)**

Entergy New Orleans submitted its cost of service and revenue requirement filing in September 1997 to the Council. In connection with this filing, Entergy New Orleans filed a settlement agreement with the Council, which was approved in November 1998. The settlement agreement required the following:

- o base rate reductions for Entergy New Orleans' electric customers of \$7.1 million effective January 1, 1999, \$3.2 million effective October 1, 1999, and \$16.1 million effective October 1, 2000;
- o a base rate reduction for Entergy New Orleans' gas customers of \$1.9 million effective January 1999; and
- o no base rate increases prior to October 1, 2001.

### **Natural Gas (Entergy Corporation and Entergy New Orleans)**

The Council held hearings in May 1999 regarding the prudence of Entergy New Orleans' natural gas purchasing practices. Entergy New Orleans made an offer to settle this matter in conjunction with the offer to settle the gas retail open access issue, and the offer was accepted by the Council. Management has provided adequate reserves for the outcome of this proceeding.

### **Fuel Adjustment Clause Litigation (Entergy Corporation and Entergy New Orleans)**

In April 1999, a group of ratepayers filed a complaint against Entergy New Orleans, Entergy Corporation, Entergy Services, and Entergy Power in state court in Orleans Parish purportedly on behalf of all Entergy New Orleans ratepayers. The plaintiffs seek treble damages for alleged

injuries arising from the defendants' alleged violations of Louisiana's antitrust laws in connection with certain costs passed on to ratepayers in Entergy New Orleans' fuel adjustment filings with the Council. In particular, plaintiffs allege that Entergy New Orleans improperly included certain costs in the calculation of fuel charges and that Entergy New Orleans imprudently purchased high-cost fuel from other Entergy affiliates. Plaintiffs allege that Entergy New Orleans and the other defendant Entergy companies conspired to make these purchases to the detriment of Entergy New Orleans' ratepayers and to the benefit of Entergy's shareholders, in violation of Louisiana's antitrust laws. Plaintiffs also seek to recover interest and attorneys' fees. Exceptions to the plaintiffs' allegations were filed by Entergy, asserting, among other things, that jurisdiction over these issues rests with the Council and FERC. If necessary, at the appropriate time, Entergy will also raise its defenses to the antitrust claims. At present, the suit in state court is stayed by stipulation of the parties.

Plaintiffs also filed this complaint with the Council in order to initiate a review by the Council of the plaintiffs' allegations and to force restitution to ratepayers of all costs they allege were improperly and imprudently included in the fuel adjustment filings. Discovery has begun in the proceedings before the Council. In April 2000, testimony was filed on behalf of the plaintiffs in this proceeding. The testimony asserts, among other things, that Entergy New Orleans and other defendants have engaged in fuel procurement and power purchasing practices that could have resulted in New Orleans customers being overcharged by more than \$59 million over a period of years. However, it is not clear precisely what periods and damages are being alleged. Entergy intends to defend this matter vigorously, both in court and before the Council. Hearings will be held in October 2001. The ultimate outcome of the lawsuit and the Council proceeding cannot be predicted at this time.

**Purchased Power for Summer 2000 (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)**

The domestic utility companies filed applications with the APSC, the LPSC, the MPSC, and the Council to approve the sale of power by Entergy Gulf States from its unregulated, undivided 30% interest in River Bend formerly owned by Cajun to the other domestic utility companies during the summer of 2000. In addition, Entergy Gulf States and Entergy Louisiana filed an application with the LPSC for authorization to purchase capacity and electric power from third parties for the summer of 2000. The commissions and Council approved the applications, with a reservation of their right to review the prudence of the purchases and the appropriate categorization of the costs as either capacity or energy charges for purposes of recovery.

The LPSC reviewed the purchases and found that Entergy Louisiana's and Entergy Gulf States' costs were prudently incurred, but decided that approximately 34% of the costs should be categorized as capacity charges, and therefore should be recovered through base rates and not through the fuel adjustment clause. In November 2000, the LPSC ordered refunds of \$11.1 million for Entergy Louisiana and \$3.6 million for Entergy Gulf States, for which adequate reserves have been made. These costs categorized as capacity charges will be included in the costs of service used to determine the base rates of those companies.

### **River Bend Cost Deferrals (Entergy Corporation and Entergy Gulf States)**

Entergy Gulf States was amortizing \$182 million of River Bend operating and purchased power costs, depreciation, and accrued carrying charges over a 20-year period. In accordance with the June 1999 Texas settlement agreement discussed above, Entergy Gulf States reduced these deferred costs by \$93.9 million, for which adequate reserves had been recorded. Entergy Gulf States also was allowed to amortize the remainder of the accelerated balance as of January 1, 1999, over three years on a straight-line basis ending December 31, 2001.

### **Grand Gulf 1 Deferrals and Retained Shares**

(Entergy Corporation and Entergy Arkansas)

Under the settlement agreement entered into with the APSC in 1985 and amended in 1988, Entergy Arkansas retains 22% of its 36% share of Grand Gulf 1-related costs and recovers the remaining 78% of its share in rates. In the event that Entergy Arkansas is not able to sell its retained share to third parties, it may sell such energy to its retail customers at a price equal to its avoided energy cost, which is currently less than Entergy Arkansas' cost of energy from its retained share.

(Entergy Corporation and Entergy Louisiana)

In a series of LPSC orders, court decisions, and agreements from late 1985 to mid-1988, Entergy Louisiana was granted rate relief with respect to costs associated with Entergy Louisiana's share of capacity and energy from Grand Gulf 1, subject to certain terms and conditions. Entergy Louisiana retains and does not recover from retail ratepayers, 18% of its 14% share of the costs of Grand Gulf 1 capacity and energy and recovers the remaining 82% of its share in rates. Entergy Louisiana is allowed to recover through the fuel adjustment clause 4.6 cents per KWH for the energy related to its retained portion of these costs. Non-fuel operation and maintenance costs for Grand Gulf 1 are recovered through Entergy Louisiana's base rates. Alternatively, Entergy Louisiana may sell such energy to nonaffiliated parties at prices above the fuel adjustment clause recovery amount, subject to the LPSC's approval.

(Entergy Corporation and Entergy New Orleans)

Under various rate settlements with the Council in 1986, 1988, and 1991, Entergy New Orleans agreed to absorb and not recover from ratepayers a total of \$96.2 million of its Grand Gulf 1 costs. Entergy New Orleans was permitted to implement annual rate increases in decreasing amounts each year through 1995, and to defer certain costs and related carrying charges for recovery on a schedule extending from 1991 through 2001. As of December 31, 2000, the uncollected balance of Entergy New Orleans' deferred costs was \$11 million.

### **FERC Settlement (Entergy Corporation and System Energy)**

In November 1994, FERC approved an agreement settling a long-standing dispute involving income tax allocation procedures of System Energy. In accordance with the agreement, System Energy will refund a total of approximately \$62 million, plus interest, to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans through June 2004. System Energy also reclassified from utility plant to other deferred debits approximately \$81 million of other Grand Gulf 1 costs. Although such costs are excluded from rate base, System Energy is amortizing and recovering these costs over a 10-year period. Interest on the \$62 million refund and the loss of the return on the \$81 million of other Grand Gulf 1 costs will reduce Entergy's and System Energy's net income by approximately \$10 million annually.

### **Proposed Rate Increase**

(System Energy)

System Energy applied to FERC in May 1995 for a \$65.5 million rate increase. The request sought changes to System Energy's rate schedule, including increases in the revenue requirement associated with decommissioning costs, the depreciation rate, and the rate of return on common equity. The request also includes a proposed change in the accounting recognition of nuclear refueling outage costs from that of expensing those costs as incurred to the deferral and amortization method described in Note 1 to the financial statements. In December 1995, System Energy implemented the \$65.5 million rate increase, subject to refund, for which a portion has been reserved. After holding hearings in 1996, a FERC ALJ found that portions of System Energy's request should be rejected, including a proposed increase in return on common equity from 11% to 13% and a requested change in decommissioning cost methodology. The ALJ recommended a decrease in the return on common equity from 11% to 10.8%. Other portions of System Energy's request for a rate increase were approved by the ALJ.

After a hearing, FERC issued an order in July 2000 in the proceeding. FERC affirmed the ALJ's adoption of a 10.8% return on equity, but modified the return to reflect changes in capital market conditions since the ALJ's decision. FERC adjusted the rate of return to 10.58% for the period December 1995 to the date of FERC's decision, and prospectively adjusted the rate of return to 10.94% from the date of FERC's decision. FERC's decision also changed other aspects of System Energy's proposed rate schedule, including the depreciation rate and decommissioning costs and their methodology.

System Energy has provided reserves for a potential refund to the rate level of the initial ALJ decision, including interest. Management has analyzed the effect of FERC's decision, and, given the reserve in place, has concluded that a refund to the FERC decision rate level is not expected to have a material adverse effect on Entergy's, System Energy's, or the domestic utility companies' results of operations. System Energy has filed a request for rehearing of FERC's order, which defers any refunds until after further FERC action.

(Entergy Mississippi)

Entergy Mississippi's allocation of the proposed System Energy wholesale rate increase is \$21.6 million annually. In July 1995, Entergy Mississippi filed a schedule with the MPSC that defers the retail recovery of the System Energy rate increase. The deferral plan, which was approved by the MPSC, began in December 1995, the effective date of the System Energy rate increase, and will end after the issuance of a final order by FERC. Under this plan, the deferral period was anticipated to have ended by September 1998, and the deferred amount would have been amortized over 48 months beginning in October 1998. Entergy Mississippi filed a revised deferral plan with the MPSC in August 1998 that provided for recovery, effective with October 1998 billings, of \$11.8 million of the System Energy rate increase that was approved by the FERC ALJ's initial decision in July 1996. The \$11.8 million was being amortized over the original 48-month period, which began in October 1998. In August 2000, as a result of the July 2000 FERC Order and Entergy's request for rehearing, Entergy Mississippi filed a second revised deferral plan with the MPSC that provides for a one year suspension of the recovery of the ALJ amount deferred prior to October 1998. The amount of System Energy's proposed increase in excess of the \$11.8 million will also continue to be deferred until the issuance of a final order by FERC, or October 2002, whichever occurs first. These deferred amounts, plus carrying charges, will be amortized over a 36-month period beginning in October 2002.

(Entergy New Orleans)

Entergy New Orleans' allocation of the proposed System Energy wholesale rate increase is \$11.1 million annually. In February 1996, Entergy New Orleans filed a plan with the Council to defer 50% of the amount of the System Energy rate increase. The deferral began in February 1996 and will end after the issuance of a final order by FERC.

### **Grand Gulf Accelerated Recovery Tariff**

(Entergy Arkansas)

In April 1998, FERC approved the Grand Gulf Accelerated Recovery Tariff (GGART) that Entergy Arkansas filed as part of the settlement agreement that the APSC approved in December 1997. The GGART was designed to allow Entergy Arkansas to pay down a portion of its Grand Gulf purchased power obligation in advance of the implementation of retail access in Arkansas. The GGART provides for the acceleration of \$165.3 million of its obligation over the period January 1, 1999 through June 30, 2004. In December 2000, the APSC approved an amendment to the settlement agreement that directed Entergy Arkansas to seek FERC approval for the cessation of the GGART as of July 1, 2001. The settlement agreement with the APSC is discussed above in "Filings with the APSC".

(Entergy Mississippi)

In September 1998, FERC approved the GGART for Entergy Mississippi's allocable portion of Grand Gulf, which was filed with FERC in August 1998. The GGART provides for the acceleration of Entergy Mississippi's Grand Gulf purchased power obligation in an amount totaling \$221.3 million over the period October 1, 1998 through June 30, 2004.

#### **December 2000 Ice Storms (Entergy Arkansas)**

In mid- and late December 2000, two separate ice storms left 226,000 and 212,500 Arkansas customers, respectively, without electric power in its service area. The storms were the most severe natural disasters ever to affect Entergy Arkansas, causing damage to transmission and distribution lines, equipment, poles, and facilities. Of the \$195 million of estimated storm-related costs, approximately \$23 million were capitalized in 2000. Entergy Arkansas has applied 2000 excess earnings to offset some of these costs, and Entergy Arkansas intends to seek approval from the APSC for recovery of the remaining storm-related costs. Historically, the APSC has allowed recovery of costs associated with the restoration of service from storms and other natural disasters.

#### **NOTE 3. INCOME TAXES**

Income tax expenses for 2000, 1999, and 1998 consist of the following (in thousands):

2000	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Current:							
Federal	\$291,616	\$51,042	\$42,587	\$83,369	(\$24,598)	\$10,530	\$132,725
Foreign	11,555	-	-	-	-	-	-
State	51,293	9,694	6,737	12,926	(3,615)	1,706	19,750
Total	354,464	60,736	49,324	96,295	(28,213)	12,236	152,475
Deferred -- net	150,018	46,365	61,779	22,111	52,581	(129)	(67,509)
Investment tax credit adjustments -- net	(25,561)	(6,589)	(7,500)	(5,761)	(1,500)	(510)	(3,703)
Recorded income tax expense	\$478,921	\$100,512	\$103,603	\$112,645	\$22,868	\$11,597	\$81,263
1999							
Current:							
Federal	\$452,568	\$25,811	\$64,991	\$115,180	(\$660)	\$13,238	\$121,733
Foreign	27,730	-	-	-	-	-	-
State	65,834	5,780	11,669	22,675	131	2,923	18,979
Total	546,132	31,591	76,660	137,855	(529)	16,161	140,712
Deferred -- net	(153,304)	26,335	13,513	(9,953)	19,566	(2,615)	(77,173)
Investment tax credit adjustments -- net	(36,161)	(3,914)	(15,008)	(5,534)	(1,500)	(516)	(9,688)
Recorded income tax expense	\$356,667	\$54,012	\$75,165	\$122,368	\$17,537	\$13,030	\$53,851
1998							
Current:							
Federal	\$235,979	\$68,814	\$43,729	\$69,551	\$34,984	\$15,010	\$91,107
Foreign	28,156	-	-	-	-	-	-
State	67,163	14,853	17,218	12,643	5,541	2,530	14,378
Total	331,298	83,667	60,947	82,194	40,525	17,540	105,485
Deferred -- net	(109,474)	(7,153)	(90,314)	32,506	(10,983)	(6,993)	(24,745)
Investment tax credit adjustments -- net	44,911	(5,140)	61,140	(5,596)	(1,511)	(505)	(3,477)
Recorded income tax expense	\$266,735	\$71,374	\$31,773	\$109,104	\$28,031	\$10,042	\$77,263

Total income taxes differ from the amounts computed by applying the statutory income tax rate to income before taxes. The reasons for the differences for the years 2000, 1999, and 1998 are (amounts in thousands):

	2000	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$416,443	\$83,147	\$99,380	\$96,363	\$21,644	\$9,840	\$61,253
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	47,504	11,571	14,421	11,389	2,239	824	7,060
Depreciation	49,741	16,098	4,791	10,810	1,346	1,441	15,255
Amortization of investment tax credits	(23,783)	(5,112)	(7,664)	(5,520)	(1,500)	(507)	(3,480)
Flow-through/permanent differences	(18,495)	(5,596)	(10,032)	(1,623)	(825)	(401)	(18)
US tax on foreign income	1,472	-	-	-	-	-	-
Other -- net	6,039	404	2,707	1,226	(36)	400	1,193
Total income taxes	\$478,921	\$100,512	\$103,603	\$112,645	\$22,868	\$11,597	\$81,263
Effective Income Tax Rate	40.3%	42.3%	36.5%	40.9%	37.0%	41.2%	46.4%
	1999	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$333,093	\$43,164	\$70,058	\$109,948	\$20,693	\$11,196	\$47,678
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	49,487	6,949	18,805	13,741	1,982	1,930	6,080
Depreciation	49,460	18,429	4,718	9,577	(1,093)	2,232	15,597
Amortization of investment tax credits	(29,015)	(5,132)	(6,642)	(5,532)	(1,500)	(518)	(9,691)
Flow-through/permanent differences	(8,042)	(5,250)	(2,795)	(1,191)	(284)	(272)	27
US tax benefit on foreign income	(9,584)	-	-	-	-	-	-
Benefit of Entergy Corporation expenses	-	(3,341)	(4,046)	(4,053)	(1,936)	(754)	(4,552)
Change in valuation allowance	(46,315)	-	-	-	-	-	-
Other -- net	17,583	(807)	(4,933)	(122)	(325)	(784)	(1,288)
Total income taxes	\$356,667	\$54,012	\$75,165	\$122,368	\$17,537	\$13,030	\$53,851
Effective Income Tax Rate	37.5%	43.8%	37.6%	39.0%	29.7%	40.7%	39.5%
	1998	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$368,327	\$63,814	\$27,358	\$101,007	\$31,734	\$9,162	\$64,309
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	37,494	9,289	7,744	9,156	3,053	831	7,421
Depreciation	40,578	6,497	11,099	8,147	(686)	888	14,633
Amortization of investment tax credits	(21,285)	(5,136)	(5,061)	(5,592)	(1,512)	(504)	(3,480)
Flow-through/permanent differences	(3,570)	1,078	(4,404)	(848)	149	(187)	(18)
US tax on foreign income	108,194	-	-	-	-	-	-
Non-taxable gain on sale of foreign assets	(20,283)	-	-	-	-	-	-
Change in UK statutory rate	(31,703)	-	-	-	-	-	-
Foreign subsidiary basis difference	(58,235)	-	-	-	-	-	-
Reduced rate on gain on sale of foreign assets	(56,712)	-	-	-	-	-	-
Non-deductible franchise fees	7,315	-	-	-	-	-	-
Interest on perpetual instruments	(5,467)	-	-	-	-	-	-
Benefit of Entergy Corporation expenses	-	(5,212)	(4,948)	(3,947)	(2,386)	(629)	(4,999)
Change in valuation allowance	(106,636)	-	-	-	-	-	-
Other -- net	8,718	1,044	(15)	1,181	(2,321)	481	(603)
Total income taxes	\$266,735	\$71,374	\$31,773	\$109,104	\$28,031	\$10,042	\$77,263
Effective Income Tax Rate	25.3%	39.1%	40.6%	37.8%	30.9%	38.4%	42.1%

Significant components of net deferred tax liabilities as of December 31, 2000 and 1999 are as follows (in thousands):

2000	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
<b>Deferred Tax Liabilities:</b>							
Net regulatory assets/(liabilities)	(\$1,193,795)	(\$197,577)	(\$448,460)	(\$249,983)	(\$32,968)	\$9,755	(\$274,562)
Plant-related basis differences	(3,073,388)	(536,667)	(1,034,502)	(746,275)	(216,102)	(65,066)	(413,200)
Rate deferrals	(159,147)	(17,554)	(1,594)	-	(111,044)	(28,955)	-
Other	(223,095)	(132,928)	(9,971)	(60,390)	(4,052)	(2,682)	(17,019)
<b>Total</b>	<b>(4,649,425)</b>	<b>(884,726)</b>	<b>(1,494,527)</b>	<b>(1,056,648)</b>	<b>(364,166)</b>	<b>(86,948)</b>	<b>(704,781)</b>
<b>Deferred Tax Assets:</b>							
Accumulated deferred investment tax credit	168,841	34,626	44,526	45,173	7,424	2,852	34,240
Capital loss carryforwards	39,091	-	-	-	-	-	-
Foreign tax credits	98,468	-	-	-	-	-	-
Sale and leaseback	229,169	-	-	103,200	-	-	125,969
Removal cost	105,842	872	27,101	65,690	203	11,976	-
Unbilled revenues	25,790	-	13,143	-	4,845	7,802	-
Pension-related items	27,554	-	7,874	7,889	(2,335)	6,217	2,926
Rate refund	152,408	-	25,607	35,803	-	-	123,306
Reserve for regulatory adjustments	117,437	-	117,437	-	-	-	-
Transition cost accrual	43,568	43,568	-	-	-	-	-
Other	259,938	34,642	49,688	20,986	-	7,804	25,187
Valuation allowance	(93,413)	-	-	-	-	-	-
<b>Total</b>	<b>1,174,693</b>	<b>113,708</b>	<b>285,376</b>	<b>278,741</b>	<b>10,137</b>	<b>36,651</b>	<b>311,628</b>
<b>Net deferred tax liability</b>	<b>(\$3,474,732)</b>	<b>(\$771,018)</b>	<b>(\$1,209,151)</b>	<b>(\$777,907)</b>	<b>(\$354,029)</b>	<b>(\$50,297)</b>	<b>(\$393,153)</b>

1999	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
<b>Deferred Tax Liabilities:</b>							
Net regulatory assets/(liabilities)	(\$1,268,257)	(\$229,555)	(\$432,256)	(\$278,289)	(\$32,048)	\$4,480	(\$300,589)
Plant-related basis differences	(3,041,135)	(533,375)	(1,013,110)	(749,257)	(220,827)	(62,104)	(452,083)
Rate deferrals	(77,652)	(6,168)	(3,128)	-	(44,214)	(24,142)	-
Other	(201,958)	(77,812)	(15,157)	(24,741)	(9,214)	(7,718)	(22,412)
<b>Total</b>	<b>(4,589,002)</b>	<b>(846,910)</b>	<b>(1,463,651)</b>	<b>(1,052,287)</b>	<b>(306,303)</b>	<b>(89,484)</b>	<b>(775,084)</b>
<b>Deferred Tax Assets:</b>							
Accumulated deferred investment tax credit	178,153	37,211	46,851	47,390	7,997	3,048	35,656
Net operating loss carryforwards	2,137	-	2,137	-	-	-	-
Capital loss carryforwards	62,754	-	-	-	-	-	-
Foreign tax credits	116,701	-	-	-	-	-	-
Alternative minimum tax credit	40,658	-	40,658	-	-	-	-
Sale and leaseback	230,690	-	-	107,184	-	-	123,506
Removal cost	108,572	943	26,848	66,786	1,994	12,001	-
Unbilled revenues	40,761	-	21,161	17,618	(1,183)	3,165	-
Pension-related items	32,734	-	10,810	9,509	(1,508)	8,064	2,883
Rate refund	142,984	-	45,781	20,270	-	1,347	102,422
Reserve for regulatory adjustments	124,078	-	124,078	-	-	-	-
Transition cost accrual	43,127	43,127	-	-	-	-	-
FERC Settlement	12,638	-	-	-	-	-	12,638
Other	161,074	13,358	18,485	3,760	-	7,118	8,872
Valuation allowance	(91,039)	-	-	-	-	-	-
<b>Total</b>	<b>1,206,022</b>	<b>94,639</b>	<b>336,809</b>	<b>272,517</b>	<b>7,300</b>	<b>34,743</b>	<b>285,977</b>
<b>Net deferred tax liability</b>	<b>(\$3,382,980)</b>	<b>(\$752,271)</b>	<b>(\$1,126,842)</b>	<b>(\$779,770)</b>	<b>(\$299,003)</b>	<b>(\$54,741)</b>	<b>(\$489,107)</b>

The valuation allowance is provided primarily against foreign tax credit carryforwards, which can be utilized against future United States taxes on foreign source income. If these carryforwards are not utilized, they will expire between 2001 and 2004.

At December 31, 2000, unremitted earnings of foreign subsidiaries were approximately \$58.7 million. Since it is Entergy's intention to indefinitely reinvest these earnings, no U.S. taxes have been provided. Upon distribution of these earnings in the form of dividends or otherwise, Entergy could be subject to U.S. income taxes (subject to foreign tax credits) and withholding taxes payable to various foreign countries.

**NOTE 4. LINES OF CREDIT AND RELATED SHORT-TERM BORROWINGS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

The short-term borrowings of the domestic utility companies and System Energy are limited to amounts authorized by the SEC. The current

limits authorized are effective through November 30, 2001. In addition to borrowing from commercial banks, Entergy companies are authorized to borrow from the Entergy System Money Pool (money pool). The money pool is an inter-company borrowing arrangement designed to reduce the domestic utility companies' dependence on external short-term borrowings. Borrowings from the money pool and external borrowings combined may not exceed the SEC authorized limits. The following are the SEC-authorized limits and borrowings from the money pool for the domestic utility companies and System Energy as of December 31, 2000 (there were no borrowings outstanding from external sources):

Outstanding Borrowings	Authorized	
		(In Millions)
Entergy Arkansas	\$235	\$30.7
Entergy Gulf States	340	-
Entergy Louisiana	225	-
Entergy Mississippi	103	33.3
Entergy New Orleans	35	5.7
System Energy	140	-
	-----	-----
Total	\$1,078	\$69.7
	=====	=====

Other Entergy companies have SEC authorization to borrow from Entergy Corporation through the money pool and from external sources in an aggregate principal amount up to \$265 million. These Entergy companies had \$153.2 million outstanding as of December 31, 2000 borrowed from the money pool. Some of these borrowings are restricted as to use and are collateralized by certain assets.

In May 2000, Entergy Corporation amended its 364-day bank credit facility, increasing the capacity from \$250 million to \$500 million, of which \$387 million was outstanding as of December 31, 2000. The weighted- average interest rate on Entergy's outstanding borrowings as of December 31, 2000 and 1999 was 7.43% and 7.48%, respectively. The commitment fee for this facility is currently 0.15% of the line amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior debt ratings of the domestic utility companies. There is further discussion of commitments for long-term financing arrangements in Note 7 to the financial statements. Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi each obtained 364-day credit facilities in 2001, and the lines have been fully drawn. Entergy Arkansas will primarily use the proceeds to pay for costs incurred in the December 2000 ice storms. Entergy Louisiana and Entergy Mississippi will use the proceeds for general corporate purposes and working capital needs. The facilities have variable interest rates and the average commitment fee is 0.13%. The amounts and dates obtained for the facilities follow:

Company	Amount of Facility	Date Obtained
Entergy Arkansas 2001	\$ 63 million	January 31,
Entergy Louisiana 2001	\$ 30 million	January 31,
Entergy Mississippi 2001	\$ 25 million	February 2,

In 2001, Entergy, Entergy Mississippi, and Entergy New Orleans requested an increase from the SEC in their current authorized short-term borrowing limits, which includes borrowings through the money pool. The increases requested are as follows:

Limit	Company	Current Limit	Requested
million	Entergy Mississippi	\$ 103 million	\$ 160
million	Entergy New Orleans	\$ 35 million	\$ 100
million	Other Entergy subsidiaries	\$ 265 million	\$ 420

The request will increase the current SEC authorized short-term borrowing limits for the domestic utility companies and System Energy, which are effective through November 30, 2001, from \$1.078 billion to \$1.2 billion.

**NOTE 5. PREFERRED, PREFERENCE, AND COMMON STOCK (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)**

The number of shares authorized and outstanding, and dollar value of preferred and preference stock for Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans as of December 31, 2000, and 1999 were:

	Shares Authorized and Outstanding		2000		Call Price Per Share as of December 31, 2000
	2000	1999	2000	1999	
			(Dollars in Thousands)		
Entergy Arkansas Preferred Stock					
Without sinking fund:					
Cumulative, \$100 par value					
4.32% Series	70,000	70,000	\$ 7,000	\$ 7,000	\$103.65
4.72% Series	93,500	93,500	9,350	9,350	107.00
4.56% Series	75,000	75,000	7,500	7,500	102.83
4.56% 1965 Series	75,000	75,000	7,500	7,500	102.50
6.08% Series	100,000	100,000	10,000	10,000	102.83
7.32% Series	100,000	100,000	10,000	10,000	103.17
7.80% Series	150,000	150,000	15,000	15,000	103.25
7.40% Series	200,000	200,000	20,000	20,000	102.80
7.88% Series	150,000	150,000	15,000	15,000	103.00
Cumulative, \$0.01 par value:					
\$1.96 Series (a)	600,000	600,000	15,000	15,000	25.00
	-----	-----	-----	-----	
Total without sinking fund	1,613,500	1,613,500	\$116,350	\$116,350	
	=====	=====	=====	=====	

	Shares Authorized and Outstanding		2000		1999		Call Price Per Share as of December 31, 2000
	2000	1999	(Dollars in Thousands)				
Entergy Gulf States Preferred and Preference Stock							
Preference Stock							
Cumulative, without par value							
7% Series (a)(b)	-	6,000,000	\$ -	\$150,000			
Preferred Stock							
Authorized 6,000,000, \$100 par value, cumulative							
Without sinking fund:							
4.40% Series	51,173	51,173	\$ 5,117	\$ 5,117	\$108.00		
4.50% Series	5,830	5,830	583	583	105.00		
4.40%-1949 Series	1,655	1,655	166	166	103.00		
4.20% Series	9,745	9,745	975	975	102.82		
4.44% Series	14,804	14,804	1,480	1,480	103.75		
5.00% Series	10,993	10,993	1,099	1,099	104.25		
5.08% Series	26,845	26,845	2,685	2,685	104.63		
4.52% Series	10,564	10,564	1,056	1,056	103.57		
6.08% Series	32,829	32,829	3,283	3,283	103.34		
7.56% Series	312,329	350,000	31,233	35,000	101.80		
Total without sinking fund	476,767	514,438	\$ 47,677	\$ 51,444			
With sinking fund:							
Adjustable Rate - A, 7.02%(c)	132,024	144,000	\$ 13,202	\$ 14,400	\$100.00		
Adjustable Rate - B, 7.03%(c)	175,562	202,500	17,556	20,250	100.00		
Total with sinking fund	307,586	346,500	\$ 30,758	\$ 34,650			
Fair Value of Preference Stock and Preferred Stock with sinking fund (e)			\$ 29,475	\$183,357			

	Shares Authorized and Outstanding		2000		1999		Call Price Per Share as of December 31, 2000
	2000	1999	(Dollars in Thousands)				
Entergy Louisiana Preferred Stock							
Without sinking fund:							
Cumulative, \$100 par value							
4.96% Series	60,000	60,000	\$ 6,000	\$ 6,000	\$104.25		
4.16% Series	70,000	70,000	7,000	7,000	104.21		
4.44% Series	70,000	70,000	7,000	7,000	104.06		
5.16% Series	75,000	75,000	7,500	7,500	104.18		
5.40% Series	80,000	80,000	8,000	8,000	103.00		
6.44% Series	80,000	80,000	8,000	8,000	102.92		
7.84% Series	100,000	100,000	10,000	10,000	103.78		
7.36% Series	100,000	100,000	10,000	10,000	103.36		
Cumulative, \$25 par value:							
8.00% Series	1,480,000	1,480,000	37,000	37,000	25.00		
Total without sinking fund	2,115,000	2,115,000	\$100,500	\$100,500			
With sinking fund:							
8.00% Series (d)	350,000	350,000	35,000	35,000	-		
Total with sinking fund	350,000	350,000	\$ 35,000	\$ 35,000			
Fair Value of Preferred Stock with sinking fund (e)			\$ 34,300	\$ 35,364			

	Shares Authorized and Outstanding		2000 1999		Call Price Per Share as of December 31, 2000
	2000	1999	(Dollars in Thousands)		
Entergy Mississippi Preferred Stock Without sinking fund:					
Cumulative, \$100 par value					
4.36% Series	59,920	59,920	\$ 5,992	\$ 5,992	\$103.86
4.56% Series	43,887	43,888	4,389	4,389	107.00
4.92% Series	100,000	100,000	10,000	10,000	102.88
7.44% Series	100,000	100,000	10,000	10,000	102.81
8.36% Series	200,000	200,000	20,000	20,000	100.00
Total without sinking fund	503,807	503,808	\$ 50,381	\$ 50,381	

	Shares Authorized and Outstanding		2000 1999		Call Price Per Share as of December 31, 2000
	2000	1999	(Dollars in Thousands)		
Entergy New Orleans Preferred Stock Without sinking fund:					
Cumulative, \$100 par value					
4.75% Series	77,798	77,798	\$ 7,780	\$ 7,780	\$105.00
4.36% Series	60,000	60,000	6,000	6,000	104.57
5.56% Series	60,000	60,000	6,000	6,000	102.59
Total without sinking fund	197,798	197,798	\$ 19,780	\$ 19,780	

	Shares Authorized and Outstanding		2000 1999		Call Price Per Share as of December 31, 2000
	2000	1999	(Dollars in Thousands)		
Entergy Corporation Subsidiary's Preference Stock (a)(b)	-	6,000,000	\$ -	\$150,000	
Subsidiaries' Preferred Stock Without sinking fund	4,906,872	4,944,544	\$334,688	\$338,455	
With sinking fund	657,586	696,500	\$ 65,758	\$ 69,650	
Fair Value of Preference Stock and Preferred Stock with sinking fund (e)			\$ 63,775	\$218,721	

(a) The total dollar value represents the liquidation value of \$25 per share.

(b) These series became mandatorily redeemable on July 15, 2000.

(c) Represents weighted-average annualized rates for 2000.

(d) This series is not redeemable as of December 31, 2000, but becomes mandatorily redeemable on November 1, 2001.

(e) Fair values were determined using bid prices reported by dealer markets and by nationally recognized investment banking firms. There is

additional disclosure of fair value of financial instruments in Note 15 to the financial statements.

Changes in the preferred stock, with and without sinking fund, and preference stock of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy Mississippi during the last three years were:

	Number of Shares		
	2000	1999	1998
Preference stock retirements			
Entergy Gulf States	(6,000,000)	-	-
Preferred stock retirements			
Entergy Arkansas			
\$100 par value	-	(200,000)	
(50,000)			
\$25 par value	-	(81,085)	
(160,000)			
Entergy Gulf States			
\$100 par value	(76,585)	(258,471)	
(84,812)			
Entergy Louisiana			
\$100 par value	-	(500,000)	-

Cash sinking fund requirements and mandatory redemptions for the next five years for preferred stock outstanding as of December 31, 2000, are as follows:

	Entergy	Entergy Gulf States (In Thousands)	Entergy Louisiana
2001	\$38,450	\$ 3,450	
	\$35,000		
2002	3,450	3,450	-
2003	3,450	3,450	-
2004	3,450	3,450	-
2005	3,450	3,450	-

Entergy Gulf States has the annual non-cumulative option to redeem, at par, additional amounts of certain series of its outstanding preferred stock.

Under the terms of the Merger Agreement, Entergy will use its commercially reasonable efforts to purchase in open market transactions \$430 million of its common stock prior to the close of the Merger. As of December 31, 2000, Entergy has repurchased 4.2 million shares for an aggregate amount of \$145.6 million after the signing of the Merger Agreement. Prior to the date of the Merger Agreement, Entergy had been repurchasing shares under two Board authorizations. In October 1998, the Board approved a plan for the repurchase of Entergy common stock through December 31, 2001 to fulfill the requirements of various compensation and benefit plans. This stock repurchase plan provided for open market purchases of up to 5 million shares for an aggregate consideration of up to \$250 million. In July 1999, the Board approved the commitment of up to an additional \$750 million for the repurchase of Entergy common stock through December 31, 2001. Shares were repurchased on a discretionary basis. Prior to the date of the Merger Agreement, Entergy had repurchased 25.3 million shares for an aggregate amount of \$652.5 million under these two Board authorizations.

Entergy Corporation reissues treasury shares to meet the requirements of the Stock Plan for Outside Directors (Directors' Plan), the Equity Ownership Plan of Entergy Corporation and Subsidiaries (Equity Ownership Plan), and certain other stock benefit plans. The Directors' Plan awards to nonemployee directors a portion of their compensation in the form of a fixed number of shares of Entergy Corporation previously repurchased common stock. Shares awarded under the Directors' Plan were 5,650 during 2000; 11,400 during 1999; and 5,100 during 1998.

During 2000, Entergy Corporation issued 89,425 shares of its previously repurchased common stock to satisfy stock options exercised and stock purchases under the Equity Ownership Plan. In addition, Entergy Corporation received proceeds of \$2.0 million from the issuance of 89,894 shares of common stock under its dividend reinvestment and stock purchase plan during 2000.

The Equity Ownership Plan grants stock options, equity awards, and incentive awards to key employees of the domestic utility companies. The costs of equity and incentive awards are charged to income over the period of the grant or restricted period, as appropriate. In 2000, \$14 million was charged to compensation expense. Stock options are granted at exercise prices not less than market value on the date of grant. The options granted prior to 1999 were generally exercisable six months from the date of grant, with the exception of 40,000 options granted on December 1, 1998, which became exercisable on January 1, 2000. The majority of options granted in 2000 and 1999 will become exercisable in equal amounts on each of the first three anniversaries of the date of grant. Options are not exercisable beyond ten years from the date of the grant.

In April 2000, the Board authorized the establishment of the Equity Awards Plan in substantially the same form as the Equity Ownership Plan. Equity awards and incentive awards earned under this plan will be in the form of performance units, which are equal to the cash value of shares of Entergy Corporation common stock at the time of payment. Performance units will earn the cash equivalent of the dividends paid during the performance period applicable to each plan. Beginning January 2001, most stock options will be granted under the Equity Awards Plan. Stock options under this plan will be granted on the same general terms as stock options granted under the Equity Ownership Plan.

Entergy does not recognize compensation expense for stock options issued with exercise prices at market value on the date of grant. The impact on Entergy's net income for each of the years 2000, 1999, and 1998 would have been \$19.0 million, \$15.5 million, and \$278,000, respectively, had compensation cost for the stock options been recognized based on the fair value of options at the grant date for awards under the option plan. The impact on earnings per share for each of the years 2000 and 1999 would have been a reduction of \$.08 and \$.06, respectively. The impact on earnings per share for 1998 would have been less than \$.01 per share.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following stock option weighted-average assumptions:

	2000	1999	1998
Stock price volatility	24.4%	20.3%	
20.9%			
Expected term in years	5	5	5
Risk-free interest rate	6.6%	4.7%	
5.1%			
Dividend yield	5.2%	4.0%	
5.4%			
Dividend payment	\$1.20	\$1.20	
\$1.58			

Stock option transactions are summarized as follows:

	2000		1999		1998	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Beginning-of-year balance	5,493,882	\$29.48	901,639	\$26.21	1,176,308	\$25.12
Options granted	7,219,134	22.98	5,228,189	29.88	125,000	29.46
Options exercised	(920,077)	28.26	(213,084)	23.69	(350,169)	23.37
Options forfeited	(324,623)	28.29	(422,862)	30.38	(49,500)	28.56
End-of-year balance	11,468,316	\$25.52	5,493,882	\$29.48	901,639	\$26.21
Options exercisable at year-end	1,641,062		601,307		861,639	
Weighted average fair value of options on date of grant	\$4.30		\$4.72		\$4.11	

The following table summarizes information about stock options outstanding as of December 31, 2000:

Range of Exercise Prices	As of 12/31/00	Options Outstanding		Options Exercisable	
		Weighted-Avg Remaining Contractual Life-Yrs.	Weighted-Avg. Exercise Price	Number Exercisable at 12/31/00	Weighted-Avg. Exercise Price
\$18 - \$30	11,032,956	9.1	\$25.28	1,466,774	\$29.00
\$30 - \$40	435,360	7.5	\$31.57	174,288	\$32.58
\$18 - \$40	11,468,316	9.1	\$25.52	1,641,062	\$29.38

Near the end of January 2001, an additional 3,274,774 options became exercisable with a weighted average exercise price of \$25.32.

To meet the requirements of the Employee Stock Investment Plan (ESIP), the SEC had authorized Entergy Corporation to issue or acquire, through March 31, 2000, up to 2,000,000 shares of its common stock to be held as treasury shares. The ESIP was authorized through the 1999 plan year ending March 31, 2000 and was not renewed for the 2000 plan year. Entergy Corporation could issue either treasury shares or previously authorized but unissued shares to satisfy ESIP requirements. Under the terms of the ESIP, employees could choose each year to have up to 10% of their regular annual salary (not to exceed \$25,000) withheld to purchase the Company's common stock at a purchase price equal to 85% of the lower of the market value on the first or last business day of the plan year ending March 31. Under the plan, the number of subscribed shares was 382,878 in 2000; 285,505 in 1999; and 294,108 in 1998.

The fair value of ESIP shares granted was estimated on the date of the grant using the Black-Scholes option-pricing model with expected ESIP weighted-average assumptions:

	2000	1999	1998
Stock price volatility	35.6%	20.9%	
24.1%			
Expected term in years	1	1	1
Risk-free interest rate	5.9%	4.6%	
5.1%			
Dividend yield	5.9%	4.3%	
6.1%			
Dividend payment	\$1.20	\$1.20	
\$1.80			

The weighted-average fair value of those purchase rights granted was \$3.39, \$5.90, and \$6.32 in 2000, 1999, and 1998 respectively. The impact on, or (benefit) to Entergy's net income would have been \$1 million, (\$3,086), and (\$256,000) in 2000, 1999, and 1998, respectively, had compensation cost for the ESIP been determined based on the fair value at the grant date for awards under the ESIP. The impact on earnings per share for each of the years would have been less than \$.01 per share.

Entergy sponsors the Savings Plan of Entergy Corporation and Subsidiaries (Savings Plan). The Savings Plan is a defined contribution plan covering eligible employees of Entergy and its subsidiaries who have completed certain service requirements. The Savings Plan provides that the employing Entergy subsidiary may make matching contributions to the plan in an amount equal to 50% of the participant's basic contribution, up to 6% of their salary, in shares of Entergy Corporation common stock. Entergy's subsidiaries' contributions to the Savings Plan, and any income thereon, are invested in shares of Entergy Corporation common stock. Effective January 1, 2001, participants in the Savings Plan may direct their matching contributions from the employing Entergy subsidiary in an amount equal to 50% of the employee's contribution to other investment funds. Employees who continue to direct their company-matching contributions to the purchase of shares of Entergy Corporation common stock will receive matching contributions in the amount of 75% of their basic contribution, which is limited to 6% of their

salary. Entergy's subsidiaries contributed \$16.1 million in 2000, \$14.5 million in 1999, and \$13.6 million in 1998 to the Savings Plan.

**NOTE 6. COMPANY-OBLIGATED REDEEMABLE PREFERRED SECURITIES**

(Entergy Arkansas, Entergy Louisiana, Entergy Gulf States)

Entergy Arkansas Capital I, Entergy Louisiana Capital I, and Entergy Gulf States Capital I (Trusts) were established as financing subsidiaries of Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States, respectively, for the purpose of issuing common and preferred securities. The Trusts issue Cumulative Quarterly Income Preferred Securities (Preferred Securities) to the public and issue common securities to their parent companies. Proceeds from such issues are used to purchase junior subordinated deferrable interest debentures (Debentures) from the parent company. The Debentures held by each Trust are its only assets. Each Trust uses interest payments received on the Debentures owned by it to make cash distributions on the Preferred Securities.

Trusts	Date Of Issue	Preferred Securities Issued	Common Securities Issued	Interest Rate Securities/ Debentures	Trust's Investment in Debentures	Fair Market Value of Preferred Securities at 12-31-00
		(In Millions)			(In Millions)	
Arkansas Capital I	8-14-96	\$60.0	\$1.9	8.50%	\$61.9	\$57.6
Louisiana Capital I	7-16-96	\$70.0	\$2.2	9.00%	\$72.2	\$70.0
Gulf States Capital I	1-28-97	\$85.0	\$2.6	8.75%	\$87.6	\$83.3

The Preferred Securities of the Trusts mature in the years 2045 and 2046. The Preferred Securities are redeemable at 100% of their principal amount at the option of Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States beginning in 2001 and 2002, or earlier under certain limited circumstances, including the loss of the tax deduction arising out of the interest paid on the Debentures. Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States have, pursuant to certain agreements, fully and unconditionally guaranteed payment of distributions on the Preferred Securities issued by their respective trusts. Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States are the owners of all of the common securities of their individual Trusts, which constitute 3% of each Trust's total capital.

**NOTE 7. LONG - TERM DEBT (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

Long-term debt as of December 31, 2000 was:

Maturities		Interest Rates		Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
From	To	From	To							
Mortgage Bonds										
2001	2005	5.800%	8.500%	\$2,455,109	\$455,000	\$1,001,750	\$338,359	\$400,000	\$55,000	\$205,000
2006	2010	6.450%	8.000%	365,000	100,000		115,000	80,000	70,000	
2011	2026	7.000%	8.940%	954,950	260,000	444,950	115,000	60,000	75,000	
Governmental Obligations (a)										
2010	2020	5.450%	9.000%	591,635	214,200	377,435				
2021	2030	4.850%	8.000%	1,051,750	72,000	102,000	415,120	46,030		416,600
Saltend Project Credit Facility, avg rate 6.70% due 2014										
				581,938						
Damhead Creek Project Credit Facility, avg rate 6.55% due 2016										
				507,194						
Note Payable to NYPA non-interest bearing, due 2001-2015										
				744,405						
Long-Term DOE Obligation (Note 9)										
				144,316	144,316					
Waterford 3 Lease Obligation 7.45% (Note 10)										
				330,306			330,306			
Grand Gulf Lease Obligation 7.02% (Note 10)										
				462,534						
Other Long-Term Debt										
				23,596	621	9,581				
Unamortized Premium and Discount - Net										
				(16,425)	(6,325)	(4,087)	(2,001)	(1,563)	(969)	(1,480)
-----										
Total Long-Term Debt				8,196,308	1,239,812	1,931,629	1,311,784	584,467	199,031	1,082,654
Less Amount Due Within One Year				464,215	100	122,750	35,088	-	-	151,800
-----										
Long-Term Debt Excluding Amount Due Within One Year				\$7,732,093	\$1,239,712	\$1,808,879	\$1,276,696	\$584,467	\$199,031	\$930,854
=====										
Fair Value of Long-Term Debt (b)				\$7,342,810	\$1,104,206	\$2,013,249	\$1,003,426	\$592,697	\$202,525	\$593,170
=====										

Long-term debt as of December 31, 1999 was:

Maturities		Interest Rates		Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
From	To	From	To							
Mortgage Bonds										
2000	2004	5.800%	8.250%	\$1,642,109	\$240,000	\$603,750	\$288,359	\$280,000	\$25,000	\$205,000
2005	2010	6.450%	8.000%	578,000	215,000	98,000	115,000	80,000	70,000	
2011	2026	7.000%	8.940%	954,950	260,000	444,950	115,000	60,000	75,000	
Governmental Obligations (a)										
2000	2010	5.450%	8.250%	22,315	220	22,095				
2011	2020	5.600%	9.000%	569,535	214,200	355,335				
2021	2030	4.850%	8.000%	1,051,750	72,000	102,000	415,120	46,030	416,600	
Debentures										
2000	2000	7.380%	7.800%	75,000						75,000
Saltend Project Credit Facility, avg rate 6.93% due 2014										
				578,681						
Damhead Creek Project Credit Facility, avg rate 5.98% due 2016										
				342,929						
EP Edegel, Inc. Note Payable, 7.7%, due 2000										
				67,000						
Long-Term DOE Obligation (Note 9)										
				136,088	136,088					
Waterford 3 Lease Obligation 7.45% (Note 10)										
				330,306			330,306			
Grand Gulf Lease Obligation 7.02% (Note 10)										
				465,480						
Other Long-Term Debt										
				10,391	620	9,771				
Unamortized Premium and Discount - Net										
				(17,396)	(7,107)	(4,320)	(1,934)	(1,564)	(917)	(1,554)
-----										
Total Long-Term Debt				6,807,138	1,131,021	1,631,581	1,261,851	464,466	169,083	1,160,526
Less Amount Due Within One Year				194,555	220	-	116,388	-	-	77,947
-----										
Long-Term Debt Excluding Amount Due Within One Year				\$6,612,583	\$1,130,801	\$1,631,581	\$1,145,463	\$464,466	\$169,083	\$1,082,579
=====										
Fair Value of Long-Term Debt (b)				\$5,815,189	\$966,559	\$1,651,415	\$934,404	\$446,168	\$163,131	\$664,902
=====										

(a) Consists of pollution control bonds, certain series of which are secured by non-interest bearing first mortgage bonds.

(b) The fair value excludes lease obligations, long-term DOE obligations, and other long-term debt and includes debt due within one year. It is determined using bid prices reported by dealer markets and by nationally recognized investment banking firms.

On January 31, 2001, Entergy Mississippi issued \$70 million of 6.25% Series First Mortgage Bonds due February 1, 2003. Proceeds of the issuance will be used for general corporate purposes, including the retirement of short-term indebtedness incurred from money pool borrowings for capital expenditures and working capital needs.

On February 23, 2001, Entergy New Orleans issued \$30 million of 6.65% Series First Mortgage Bonds due March 1, 2004. Proceeds of the issuance will be used for general corporate purposes, including the retirement of short-term indebtedness incurred from money pool borrowings for capital expenditures and working capital needs.

The annual long-term debt maturities (excluding lease obligations) and annual cash sinking fund requirements for debt outstanding as of December 31, 2000, for the next five years are as follows:

	Entergy (a)	Entergy Arkansas	Entergy Gulf States (b)	Entergy Louisiana (c) (In Thousands)	Entergy Mississippi	Entergy New Orleans	System Energy
2001	\$430,927	-	\$122,750	\$18,700	-	-	\$135,000
2002	667,348	\$85,000	150,000	169,660	\$ 65,000	-	70,000
2003	1,086,379	255,000	339,000	150,000	185,000	\$25,000	-
2004	583,647	-	292,000	-	150,000	-	-
2005	365,200	115,000	98,000	-	-	30,000	-

(a) Not included are other sinking fund requirements of approximately \$40.9 million annually, which may be satisfied by cash or by certification of property additions at the rate of 167% of such requirements.

(b) Not included are other sinking fund requirements of approximately \$39.9 million annually, which may be satisfied by cash or by certification of property additions at the rate of 167% of such requirements.

(c) Not included are other sinking fund requirements of approximately \$1.0 million annually, which may be satisfied by cash or by certification of property additions at the rate of 167% of such requirements.

EPDC maintains a credit facility of BPS45 million (\$67.2 million) to finance the acquisition of the Damhead Creek Project, to assist in the financing of the Saltend project, and for general corporate purposes in connection with the acquisition and development of power generation, distribution or transmission facilities. No cash advances were outstanding under this facility at December 31, 2000 and 1999. The interest rate on the facility was 6.55% and 5.88% as of December 31, 2000 and 1999, respectively. The commitment fee is 0.17% of the undrawn amount. As of December 31, 2000, EPDC had BPS40.3 million (\$60.2 million) of letters of credit outstanding under the credit facility to support project commitments on the Saltend and Damhead Creek projects and for other development purposes. In February 2001, after the Damhead Creek project reached commercial operation, EPDC paid its equity commitment of BPS36.1 million (\$53.9 million) on the project and cancelled the letter of credit securing that commitment. The amount of letters of credit outstanding under this facility was therefore reduced to BPS4.2 million (\$6.3 million).

Saltend Cogeneration Company Limited (SCCL), an indirect wholly-owned subsidiary of EPDC, maintains a BPS402.8 million (\$601.4 million) non-recourse senior credit facility. This facility provides term loan facilities, cost overrun and working capital facilities, and contingent letter of credit and guarantee facilities to finance the construction and operation of the Saltend power plant. Borrowings under the senior credit facility are repayable over a 15-year period that began December 31, 2000. In addition, SCCL maintains a BPS68.2 million (\$101.8 million) subordinated credit facility, which was drawn August 31, 2000. SCCL used the proceeds from the subordinated credit facility to repay a portion of the senior credit facility. The subordinated credit facility is repayable over a 10-year period that began December 31, 2000. All of the assets of SCCL are pledged as collateral under these two credit facilities. Under the facilities, SCCL's ability to make distributions of dividends, loans, or advances to EPDC is restricted by, among other things, the requirement to pay permitted project costs, make debt repayments, and maintain cash reserves.

In February 1998, SCCL entered into 15-year interest rate swap agreements for 85% of the debt outstanding under the bridge and term loan portion of its senior credit facility on an average fixed-rate basis of 6.44%. At December 31, 2000, SCCL had outstanding interest rate swap agreements totalling a notional amount of BPS296.9 million (\$443.3 million). The mark-to-market valuation of the interest rate swap agreements at December 31, 2000, was a net liability of BPS11.1 million (\$16.6 million).

Damhead Finance LDC (DFLDC), an indirect wholly-owned subsidiary of EPDC, maintains a BPS463.4 million (\$691.9 million) non-recourse

senior credit facility. The facility provides bridge and term loan facilities, cost overrun and working capital facilities, and contingent letters of credit and guarantee facilities to finance the construction and operation of the Damhead Creek power plant. Borrowings under the senior credit facility are repayable over a fifteen-year period beginning December 31, 2001. DFLDC also maintains a BPS36.1 million (\$53.9 million) subordinated credit facility, which was drawn in February 2001. DFLDC used the proceeds from the subordinated credit facility to repay a portion of the senior credit facility. The subordinated credit facility is payable over a ten-year period beginning December 31, 2001. After EPDC paid its equity commitment in February 2001, an equity bridge facility of BPS35.8 million (\$53.5 million) under the senior credit facility was repaid. All of the assets of DFLDC are pledged as collateral under the senior credit facility and the subordinated credit facility. DFLDC's ability to make distributions of dividends, loans, or advances to EPDC is restricted by, among other things, the requirement to pay permitted project costs, make debt repayments, and maintain cash reserves.

In 2000, a subsidiary of DFLDC entered into 10-year interest rate swap agreements with an average fixed rate of 6.52% for approximately 80.9% of the debt outstanding under the bridge and senior term loan portion of the senior credit facility. At December 31, 2000, the interest rate swap agreements outstanding totalled a notional amount of BPS277.6 million (\$414.5 million). The mark-to-market valuation of the interest rate swap agreements at December 31, 2000, was a net liability of BPS12.3 million (\$18.4 million).

In November 2000, Entergy's domestic non-utility nuclear business purchased the FitzPatrick and Indian Point 3 power plants in a seller-financed transaction. Entergy issued notes to NYPA with seven annual installments of approximately \$108 million commencing one year from the date of the closing, and eight annual installments of \$20 million commencing eight years from the date of the closing. These notes do not have a stated interest rate.

**NOTE 8. DIVIDEND RESTRICTIONS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy)**

Provisions within the Articles of Incorporation or pertinent indentures and various other agreements relating to the long-term debt and preferred stock of certain of Entergy Corporation's subsidiaries restrict the payment of cash dividends or other distributions on their common and preferred stock. Additionally, PUHCA prohibits Entergy Corporation's subsidiaries from making loans or advances to Entergy Corporation. As of December 31, 2000, Entergy Arkansas and Entergy Mississippi had restricted retained earnings unavailable for distribution to Entergy Corporation of \$199.3 million and \$15.8 million, respectively. In 2000, Entergy Corporation received dividend payments and returns of capital totaling \$918.3 million from subsidiaries.

Under the Merger Agreement, Entergy can continue to pay dividends at existing levels with increases permitted up to 5% over the amount of the previous twelve-month period. In October 2000 and January 2001, the Board declared quarterly dividends of \$0.315 per share on Entergy's common stock. This dividend level is an increase of 5% over the dividend level for the twelve-month period prior to the Merger Agreement.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

Capital Requirements and Financing (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

For the years 2001 through 2003, Entergy plans to spend \$8.2 billion in a capital investment plan focused on improving service at the domestic utility companies and growing the global power development and domestic non-utility nuclear businesses. It is estimated that \$2.6 billion will be spent by the domestic utility companies, \$3.6 billion by the global power development business, and \$2.0 billion by the domestic non-utility nuclear business. The capital investment plan is subject to modification based on the ongoing effects of transition to competition planning, the ability to recover regulated utility costs in rates, and the proposed business combination with FPL Group. Additionally, the plan is contingent upon the ability to access the capital necessary to finance the planned expenditures, and significant borrowings may be necessary to implement these capital spending plans. Capital expenditures (including nuclear fuel but excluding AFUDC) for Entergy are estimated at \$3.2 billion in 2001, \$2.5 billion in 2002, and \$2.6 billion in 2003. Included in these totals are estimated construction expenditures for the domestic utility companies and System Energy as follows:

Total	2001	2002	2003
	(In Millions)		
Entergy Arkansas \$702	\$297	\$200	\$205
Entergy Gulf States \$729	\$293	\$216	\$220
Entergy Louisiana \$565	\$222	\$175	\$168
Entergy Mississippi \$388	\$147	\$128	\$113
Entergy New Orleans \$147	\$53	\$46	\$48
System Energy \$67	\$41	\$14	\$12

The domestic utility companies will mainly focus their planned spending on distribution and transmission projects that will support continued reliability improvements and transitioning to a more competitive environment.

The global power development business will mainly focus its planned spending on several merchant power plant projects either under construction or in the planning stages in the U.S. and Europe, including the purchase of gas turbines scheduled for delivery in 2001 through 2004 under an option to purchase obtained from GE Power Systems.

The domestic non-utility nuclear business will mainly focus its planned spending on the acquisition of U.S. nuclear power plants from other utilities, including the anticipated purchase in 2001, pending regulatory approvals, of the 957 MW Indian Point 2 nuclear power plant located in Westchester County, New York.

Entergy will also require \$2.4 billion during the period 2001-2003 to meet long-term debt and preferred stock maturities and cash sinking fund requirements. Entergy plans to meet these requirements primarily with internally generated funds and cash on hand, supplemented by proceeds from the issuance of debt, outstanding credit facilities, and project financing. Certain domestic utility companies and System Energy may also continue the reacquisition or refinancing of all or a portion of certain outstanding series of preferred stock and long-term debt. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES" for additional discussion of Entergy's capital spending plans.

#### **Sales Warranties and Indemnities (Entergy Corporation)**

In the Entergy London and CitiPower sales transactions, Entergy or its subsidiaries made certain warranties to the purchasers. These warranties include representations regarding litigation, accuracy of financial accounts, and the adequacy of existing tax provisions. Notice of a claim on the CitiPower warranties must have been given by December 2000, and Entergy's potential liability is limited to A\$100 million (\$56 million). Notice of a claim on the Entergy London warranties had to be given for certain items by December 1999, and for the tax warranties, must be given by June 30, 2001. Entergy's liability is limited to BPS1.4 billion (\$2.1 billion) on certain tax warranties and BPS140 million (\$209 million) on the remaining warranties relating to the Entergy London sale. No such notices have been received. Entergy has also agreed to maintain the net asset value of the subsidiary that sold Entergy London at \$700 million through June 30, 2001. Management periodically reviews reserve levels for these warranties and believes it has adequately provided for the ultimate resolution of such matters as of December 31, 2000.

#### **Fuel Purchase Agreements**

(Entergy Arkansas and Entergy Mississippi)

Entergy Arkansas has long-term contracts for the supply of low-sulfur coal to White Bluff and Independence (which is also 25% owned by Entergy Mississippi). These contracts, which expire in 2002 and 2011, respectively, provide for approximately 85% of Entergy Arkansas' expected annual coal requirements. Additional requirements are satisfied by spot market purchases.

(Entergy Gulf States)

Entergy Gulf States has a contract for a supply of low-sulfur coal for Nelson Unit 6, which should be sufficient to satisfy the fuel requirements at Nelson Unit 6 through 2010. Effective April 1, 2000, Louisiana Generating LLC assumed ownership of Cajun's interest in the Big Cajun

generating facilities. The management of Louisiana Generating LLC has advised Entergy Gulf States that it has executed coal supply and transportation contracts that should provide an adequate supply of coal for the operation of Big Cajun 2, Unit 3 for the foreseeable future.

(Entergy Louisiana)

In June 1992, Entergy Louisiana agreed to a 20-year natural gas supply contract. Entergy Louisiana agreed to purchase natural gas in annual amounts equal to approximately one-third of its projected annual fuel requirements for certain generating units. Annual demand charges associated with this contract are estimated to be \$7.2 million. Such charges aggregate \$87 million for the years 2001 through 2012.

(Entergy Corporation)

Entergy's global power development business has entered into gas supply contracts at the project level to supply up to 100% of the gas requirements for the Saltend and Damhead Creek power plants located in the UK. Both contracts have 15-year terms and include a take-or-pay obligation for approximately 75% of the gas requirement for each plant.

### Sales Agreements/Power Purchases

(Entergy Gulf States)

In 1988, Entergy Gulf States entered into a joint venture with a primary term of 20 years with Conoco, Inc., Citgo Petroleum Corporation, and Vista Chemical Company (collectively the Industrial Participants). Under this joint venture, Entergy Gulf States' Nelson Units 1 and 2 were sold to NISCO, a partnership consisting of the Industrial Participants and Entergy Gulf States. The Industrial Participants supply the fuel for the units, while Entergy Gulf States operates the units at the discretion of the Industrial Participants and purchases the electricity produced by the units. Entergy Gulf States purchased electricity from the joint venture totaling \$62.8 million in 2000, \$51.4 million in 1999, and \$57.5 million in 1998.

(Entergy Louisiana)

Entergy Louisiana has an agreement extending through the year 2031 to purchase energy generated by a hydroelectric facility known as the Vidalia project. Entergy Louisiana made payments under the contract of approximately \$58.6 million in 2000, \$70.3 million in 1999, and \$77.8 million in 1998. If the maximum percentage (94%) of the energy is made available to Entergy Louisiana, current production projections would require estimated payments of approximately \$88.8 million in 2001, and a total of \$3.4 billion for the years 2002 through 2031. Entergy Louisiana currently recovers the costs of the purchased energy through its fuel adjustment clause.

(Entergy Corporation)

In the purchase transaction with Boston Edison, Entergy entered into firm power purchase agreements with Boston Edison and other utilities that expire at the end of 2004. One hundred percent of Pilgrim's output is committed to those parties through 2001, and that commitment decreases to 50% by 2003. In the purchase transaction with NYPA, Entergy entered into firm power purchase agreements with NYPA that expire at the end of 2004. The Indian Point 3 power purchase agreement is for 100% of the plant's output. The FitzPatrick power purchase agreement is for 100% of the plant's output through 2003 and approximately 45% of the plant's output in 2004.

System Fuels (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The domestic utility companies that are owners of System Fuels have made loans to System Fuels to finance its fuel procurement, delivery, and storage activities. The following loans outstanding to System Fuels as of December 31, 2000 mature in 2008:

Owner 2000	Ownership Percentage	Loan Outstanding at December 31,
Entergy Arkansas	35%	\$11.0 million
Entergy Louisiana	33%	\$14.2 million
Entergy Mississippi	19%	\$ 5.5 million
Entergy New Orleans	13%	\$ 3.3 million

Nuclear Insurance (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy)

The Price-Anderson Act limits public liability of a nuclear plant owner for a single nuclear incident to approximately \$9.5 billion. Protection for this liability is provided through a combination of private insurance (currently \$200 million each for Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, System Energy, and Entergy's domestic non-utility nuclear business) and an industry assessment program. Under the assessment program, the maximum payment requirement for each nuclear incident would be \$88.1 million per reactor, payable at a rate of \$10 million per licensed reactor per incident per year. Entergy has eight licensed reactors, including Pilgrim, Indian Point 3, and FitzPatrick. As a co-licensee of Grand Gulf 1 with System Energy, SMEPA would share 10% of this obligation. In addition, each owner/licensee of Entergy's eight nuclear units participates in a private insurance program that provides coverage for worker tort claims filed for bodily injury caused by radiation exposure. The program provides for a maximum assessment of approximately \$24.8 million for the eight nuclear units in the event that losses exceed accumulated reserve funds.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, System Energy, and Entergy's domestic non-utility nuclear business are also members of certain insurance programs that provide coverage for property damage, including decontamination and premature decommissioning expense, to members' nuclear generating plants. As of December 31, 2000, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy were each insured against such losses up to \$2.3 billion. Entergy's domestic non-utility nuclear business is insured for \$1.115 billion in property damages under these insurance programs. In addition, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy's domestic non-utility nuclear business are members of an insurance program that covers certain replacement power and business interruption costs incurred due to prolonged nuclear unit outages. Under the property damage and replacement power/business interruption insurance programs, these Entergy subsidiaries could be subject to assessments if losses exceed the accumulated funds available to the insurers. As of December 31, 2000, the maximum amounts of such possible assessments were: Entergy Arkansas - \$12.0 million; Entergy Gulf States - \$9.4 million; Entergy Louisiana - \$10.7 million; Entergy Mississippi - \$0.7 million; Entergy New Orleans - \$0.3 million; System Energy - \$9.6 million, and Entergy's domestic non-utility nuclear business - \$25.3 million. Under its agreement with System Energy, SMEPA would share in System Energy's obligation.

Entergy maintains property insurance for each of its nuclear units in excess of the NRC's minimum requirement for nuclear power plant licensees of \$1.06 billion per site. NRC regulations provide that the proceeds of this insurance must be used, first, to render the reactor safe and stable, and second, to complete decontamination operations. Only after proceeds are dedicated for such use and regulatory approval is secured would any remaining proceeds be made available for the benefit of plant owners or their creditors.

Spent Nuclear Fuel and Decommissioning Costs (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy)

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, System Energy, and Entergy's domestic non-utility nuclear business provide for estimated future disposal costs for spent nuclear fuel in accordance with the Nuclear Waste Policy Act of 1982. The affected Entergy companies entered into contracts with the DOE, whereby the DOE will furnish disposal service at a cost of one mill per net KWH generated and sold after April 7, 1983, plus a one-time fee for generation prior to that date. Entergy Arkansas is the only Entergy company that generated electricity with nuclear fuel prior to that date and has recorded a liability as of December 31, 2000 of approximately \$144 million for the one-time fee. The fees payable to the DOE may be adjusted in the future to assure full recovery. Entergy's domestic non-utility nuclear business has accepted assignment of the Pilgrim, FitzPatrick, and Indian Point 3 spent fuel disposal contracts with the DOE previously held by Boston Edison and NYPA. Boston Edison and NYPA have paid or retained liability for the fees for all generation prior to the purchase dates of those plants. Entergy considers all costs incurred for the disposal of spent nuclear fuel, except accrued interest, to be proper components of nuclear fuel expense. Provisions to recover such costs have been or will be made by the domestic utility companies in applications to regulatory authorities.

Delays have occurred in the DOE's program for the acceptance and disposal of spent nuclear fuel at a permanent repository. Considerable uncertainty exists regarding the time frame under which the DOE will begin to accept spent fuel from Entergy facilities for storage or disposal.

Pending DOE acceptance and disposal of spent nuclear fuel, the owners of nuclear plants are responsible for their own spent fuel storage. Current on-site spent fuel storage capacity at Grand Gulf 1 and River Bend is estimated to be sufficient until approximately 2005 and 2003, respectively. The spent fuel pool at Waterford 3 was recently expanded through the replacement of the existing storage racks with higher density storage racks. This expansion should provide sufficient storage for Waterford 3 until after 2010. An ANO storage facility using dry casks began operation in 1996 and was expanded in 2000. Current on-site spent fuel storage capacity at ANO, including the current expansion, is estimated to be sufficient until approximately 2002. This facility will be further expanded as required. The spent fuel storage facility at Pilgrim is licensed to provide enough storage capacity until approximately 2012. FitzPatrick has sufficient spent fuel storage capacity until 2002, and additional dry cask storage capacity is being constructed that will provide sufficient storage capacity through 2004. FitzPatrick will begin accepting dry casks this year. Indian Point 3 currently has sufficient spent fuel storage capacity until approximately 2010.

During 2000, a contract was signed with a spent fuel storage provider to develop on-site dry cask storage capacity for ANO, River Bend, and potentially Grand Gulf. This additional capacity will meet the spent fuel storage requirements for those plants through at least 2005. In addition, a contract is in place to provide dry cask storage capacity for FitzPatrick through at least 2003, with further extensions possible.

Total approved decommissioning costs for rate recovery purposes as of December 31, 2000, for the domestic utility companies' nuclear power plants, excluding the co-owner share of Grand Gulf 1, are as follows:

	Total Estimated Approved Decommissioning Costs (In Millions)
ANO 1 and ANO 2 (based on a 1998 cost study reflecting 1997 dollars)	\$813.1
River Bend - Louisiana (based on a 1996 cost study reflecting 1996 dollars)	419.0
River Bend - Texas (based on a 1996 cost study reflecting 1996 dollars)	385.2
Waterford 3 (based on a 1994 updated study in 1993 dollars)	320.1
Grand Gulf 1 (based on a 1994 cost study using 1993 dollars)	365.9
	-----
	\$2,303.3
	=====

Entergy Arkansas filed a request with the NRC for a 20-year life extension for ANO 1 in February 2000. In October 2000, the APSC ordered Entergy Arkansas to reflect 20-year license extensions in its determination of the ANO 1 and ANO 2 decommissioning revenue requirements for rates to be effective January 1, 2001. Entergy Arkansas will not recover decommissioning costs in 2001 for ANO 1 and 2 based on the assumption that the licenses will be extended and that the existing decommissioning trust funds, together with their expected future earnings, will meet the estimated decommissioning costs.

Entergy Louisiana prepared a decommissioning cost update for Waterford 3 in 1999 and produced a revised decommissioning cost update of \$481.5 million. This cost update was filed with the LPSC in the third quarter of 2000.

In the Texas retail jurisdiction in a case filed with the PUCT in March 2000, Entergy Gulf States included River Bend decommissioning costs of \$481.5 million based on a 1999 cost update amount of \$525.8 million. PUCT substantive rules for rate requests for decommissioning limit the allowance for contingencies to ten percent, although the actual estimate employs greater contingency amounts. In LPSC rate reviews filed in May 1999 and 2000, Entergy Gulf States included decommissioning costs based on a 1998 update of \$562.7 million and a 1999 update of \$525.8 million, respectively. The decommissioning liability for the 30 percent share of River Bend formerly owned by Cajun was funded by a transfer of \$132 million to the River Bend Decommissioning Trust at the completion of Cajun's bankruptcy proceedings.

System Energy was previously recovering amounts through rates sufficient to fund \$198 million (in 1989 dollars) of its Grand Gulf 1 decommissioning costs. System Energy included updated decommissioning costs (based on the 1994 study) in its pending rate increase filing with FERC. Rates requested in this proceeding were placed into effect in December 1995, subject to refund. In July 2000, FERC issued an order approving a lower decommissioning cost than what was requested by System Energy. System Energy filed a motion for rehearing, which has been granted, and System Energy continues to collect decommissioning revenue at the requested level. A 1999 decommissioning cost update of \$540.8 million for Grand Gulf has not yet been filed with FERC.

As part of the Pilgrim purchase, Boston Edison funded a \$471.3 million decommissioning trust fund, which was transferred to Entergy's domestic non-utility nuclear business. After a favorable tax determination regarding the trust fund, Entergy returned \$43 million of the trust fund to Boston Edison. Based on cost estimates provided by an outside consultant, Entergy believes that Pilgrim's decommissioning fund will be adequate to cover future decommissioning costs for the Pilgrim plant without any additional deposits to the trust.

For the Indian Point 3 and FitzPatrick plants purchased in 2000, NYPA retains the decommissioning trusts and the decommissioning liability. NYPA and Entergy executed decommissioning agreements, which specify their respective obligations with respect to decommissioning. NYPA has the right, but not the obligation, to require Entergy to assume the decommissioning liability provided the corresponding decommissioning trust, up to a specified level, is assigned to Entergy. If the decommissioning liability is retained by NYPA, Entergy will perform the decommissioning of the plants at a price equal to the lesser of a pre-specified level or the amount in the respective trusts. Entergy believes that amounts available to it under either scenario are sufficient to cover the future decommissioning costs without any additional contributions to the trusts.

Entergy periodically reviews and updates estimated decommissioning costs. Although Entergy is presently under-recovering for Grand Gulf, Waterford 3, and River Bend based on the above estimates, applications have been and will continue to be made to the appropriate regulatory authorities to reflect projected decommissioning costs in rates.

Entergy amounts recovered in rates are deposited in trust funds and reported at market value based upon market quotes or as determined by widely used pricing services. These trust fund assets largely offset the accumulated decommissioning liability that is recorded as accumulated depreciation for Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana, and are recorded as deferred credits for System Energy and Entergy's domestic non-utility nuclear business. The liability associated with the trust funds received from Cajun with the transfer of Cajun's

30% share of River Bend is also recorded as a deferred credit by Entergy Gulf States.

The cumulative liabilities and actual decommissioning expenses recorded in 2000 by Entergy were as follows:

Cumulative 2000 Cumulative Liabilities as of 2000 Trust Decommissioning Liabilities as of

2000	December 31, 1999	Earnings	Expenses	December 31,
		(In Millions)		
ANO 1 and ANO 2	\$271.7	\$7.8	\$3.8	\$283.3
River Bend	203.5	5.8	6.2	215.5
Waterford 3	83.0	4.5	10.4	97.9
Grand Gulf 1	129.4	4.7	18.9	153.0
Pilgrim	434.8	- (a)	19.2	454.0
	-----	-----	-----	-----
	\$1,122.4	\$22.8	\$58.5	\$1,203.7
	=====	=====	=====	=====

(a) Trust earnings on the decommissioning trust fund for Pilgrim are recorded as income and, therefore, are not included in the decommissioning liability.

In 1999 and 1998, ANO's decommissioning expense was \$10.7 million and \$15.6 million, respectively; River Bend's decommissioning expense was \$7.6 million and \$3.4 million, respectively; Waterford 3's decommissioning expense was \$8.8 million in both years; and Grand Gulf 1's decommissioning expense was \$18.9 million in both years. Pilgrim's decommissioning expense was \$6.8 million for 1999. The actual decommissioning costs may vary from the estimates because of regulatory requirements, changes in technology, and increased costs of labor, materials, and equipment.

The EPA Act contains a provision that assesses domestic nuclear utilities with fees for the decontamination and decommissioning of the DOE's past uranium enrichment operations. The decontamination and decommissioning assessments are being used to set up a fund into which contributions from utilities and the federal government will be placed. Annual assessments (in 2000 dollars), which will be adjusted annually for inflation, are for 15 years and are approximately \$4.0 million for Entergy Arkansas, \$1.0 million for Entergy Gulf States, \$1.5 million for Entergy Louisiana, and \$1.7 million for System Energy. At December 31, 2000, six years of assessments were remaining. DOE fees are included in other current liabilities and other non-current liabilities and, as of December 31, 2000, recorded liabilities were \$23.9 million for Entergy Arkansas, \$4.2 million for Entergy Gulf States, \$9.1 million for Entergy Louisiana, and \$8.8 million for System Energy. Regulatory assets in the financial statements offset these liabilities. FERC requires that utilities treat these assessments as costs of fuel as they are amortized and recover these costs through rates in the same manner as other fuel costs.

## Environmental Issues

(Entergy Arkansas)

Entergy Arkansas has received notices from the EPA and the Arkansas Department of Environmental Quality (ADEQ) alleging that Entergy Arkansas, along with others, may be a potentially responsible party (PRP) for clean-up costs associated with a site in Arkansas. As of December 31, 2000, a remaining recorded liability of approximately \$5.0 million existed related to the cleanup of that site.

(Entergy Gulf States)

Entergy Gulf States has been designated as a PRP for the cleanup of certain hazardous waste disposal sites. Entergy Gulf States is currently negotiating with the EPA and state authorities regarding the cleanup of these sites. Several class action and other suits have been filed in state and federal courts seeking relief from Entergy Gulf States and others for damages caused by the disposal of hazardous waste and for asbestos-related disease allegedly resulting from exposure on Entergy Gulf States' premises. While the amounts at issue in the clean-up efforts and suits may be substantial, Entergy Gulf States believes that its results of operations and financial condition will not be materially adversely affected by the outcome of the suits. As of December 31, 2000, a remaining provision of \$16.8 million existed relating to the cleanup of the remaining sites at which the EPA has designated Entergy Gulf States as a PRP.

(Entergy Louisiana and Entergy New Orleans)

During 1993, the LDEQ issued new rules for solid waste regulation, including regulation of wastewater impoundments. Entergy Louisiana and

Entergy New Orleans have determined that certain of their power plant wastewater impoundments were affected by these regulations and have chosen to upgrade or close them. As a result, a remaining recorded liability in the amount of \$5.8 million for Entergy Louisiana and \$0.5 million for Entergy New Orleans existed at December 31, 2000 for wastewater upgrades and closures. Completion of this work is pending LDEQ approval.

### **City Franchise Ordinances (Entergy New Orleans)**

Entergy New Orleans provides electric and gas service in the City of New Orleans pursuant to franchise ordinances. These ordinances contain a continuing option for the city to purchase Entergy New Orleans' electric and gas utility properties. A resolution to study the advantages for ratepayers that might result from an acquisition of these properties has been filed in a committee of the Council. The committee has deferred consideration of that resolution until May 2001. The full Council must approve the resolution to commence such a study before it can become effective.

### **Waterford 3 Lease Obligations (Entergy Louisiana)**

On September 28, 1989, Entergy Louisiana entered into three identical transactions for the sale and leaseback of undivided interests (aggregating approximately 9.3%) in Waterford 3. In July 1997, Entergy Louisiana caused the lessors to issue \$307.6 million aggregate principal amount of Waterford 3 Secured Lease Obligation Bonds, 8.76% Series due 2017, to refinance the outstanding bonds originally issued to finance the purchase of the undivided interests by the lessors. The lease payments were reduced to reflect the lower interest costs. Upon the occurrence of certain events, Entergy Louisiana may be obligated to pay amounts sufficient to permit the termination of the lease transactions and may be required to assume the outstanding bonds issued to finance, in part, the lessors' acquisition of the undivided interests in Waterford 3.

### **Employment Litigation (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans)**

Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans are defendants in numerous lawsuits filed by former employees asserting that they were wrongfully terminated and/or discriminated against on the basis of age, race, and/or sex. Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans are vigorously defending these suits and deny any liability to the plaintiffs. However, no assurance can be given as to the outcome of these cases.

### **Grand Gulf 1-Related Agreements**

#### **Capital Funds Agreement (Entergy Corporation and System Energy)**

Entergy Corporation has agreed to supply System Energy with sufficient capital to (i) maintain System Energy's equity capital at an amount equal to a minimum of 35% of its total capitalization (excluding short-term debt), and (ii) permit the continued commercial operation of Grand Gulf 1 and pay in full all indebtedness for borrowed money of System Energy when due. In addition, under supplements to the Capital Funds Agreement assigning System Energy's rights as security for specific debt of System Energy, Entergy Corporation has agreed to make cash capital contributions to enable System Energy to make payments on such debt when due.

System Energy has entered into agreements with Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans whereby they are obligated to purchase their respective entitlements of capacity and energy from System Energy's 90% ownership and leasehold interest in Grand Gulf 1, and to make payments that, together with other available funds, are adequate to cover System Energy's operating expenses. System Energy would have to secure funds from other sources, including Entergy Corporation's obligations under the Capital Funds Agreement, to cover any shortfalls from payments received from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans under these agreements.

#### **Unit Power Sales Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

System Energy has agreed to sell all of its 90% owned and leased share of capacity and energy from Grand Gulf 1 to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans in accordance with specified percentages (Entergy Arkansas-36%, Entergy Louisiana-14%, Entergy Mississippi-33%, and Entergy New Orleans-17%) as ordered by FERC. Charges under this agreement are paid in consideration for the purchasing companies' respective entitlement to receive capacity and energy and are payable irrespective of the quantity of energy delivered so long as the unit remains in commercial operation. The agreement will remain in effect until terminated by the parties and the termination is approved by FERC, most likely upon Grand Gulf 1's retirement from service. Monthly obligations for payments under the agreement are approximately \$19 million for Entergy Arkansas, \$7 million for Entergy Louisiana, \$17 million for Entergy Mississippi, and \$9 million for Entergy New Orleans.

#### **Availability Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans are individually obligated to make payments or

subordinated advances to System Energy in accordance with stated percentages (Entergy Arkansas-17.1%, Entergy Louisiana-26.9%, Entergy Mississippi-31.3%, and Entergy New Orleans-24.7%) in amounts that, when added to amounts received under the Unit Power Sales Agreement or otherwise, are adequate to cover all of System Energy's operating expenses as defined, including an amount sufficient to amortize the cost of Grand Gulf 2 over 27 years. (See Reallocation Agreement terms below.) System Energy has assigned its rights to payments and advances to certain creditors as security for certain obligations. Since commercial operation of Grand Gulf 1, payments under the Unit Power Sales Agreement have exceeded the amounts payable under the Availability Agreement. Accordingly, no payments under the Availability Agreement have ever been required. If Entergy Arkansas or Entergy Mississippi fails to make its Unit Power Sales Agreement payments, and System Energy is unable to obtain funds from other sources, Entergy Louisiana and Entergy New Orleans could become subject to claims or demands by System Energy or its creditors for payments or advances under the Availability Agreement (or the assignments thereof) equal to the difference between their required Unit Power Sales Agreement payments and their required Availability Agreement payments.

#### Reallocation Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans entered into the Reallocation Agreement relating to the sale of capacity and energy from Grand Gulf and the related costs, in which Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans agreed to assume all of Entergy Arkansas' responsibilities and obligations with respect to Grand Gulf under the Availability Agreement. FERC's decision allocating a portion of Grand Gulf 1 capacity and energy to Entergy Arkansas supersedes the Reallocation Agreement as it relates to Grand Gulf 1. Responsibility for any Grand Gulf 2 amortization amounts has been individually allocated (Entergy Louisiana- 26.23%, Entergy Mississippi-43.97%, and Entergy New Orleans-29.80%) under the terms of the Reallocation Agreement. However, the Reallocation Agreement does not affect Entergy Arkansas' obligation to System Energy's lenders under the assignments referred to in the preceding paragraph. Entergy Arkansas would be liable for its share of such amounts if Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans were unable to meet their contractual obligations. No payments of any amortization amounts will be required so long as amounts paid to System Energy under the Unit Power Sales Agreement, including other funds available to System Energy, exceed amounts required under the Availability Agreement, which is expected to be the case for the foreseeable future.

#### Reimbursement Agreement (System Energy)

In December 1988, System Energy entered into two separate, but identical, arrangements for the sale and leaseback of an approximate aggregate 11.5% ownership interest in Grand Gulf 1. In connection with the equity funding of the sale and leaseback arrangements, letters of credit are required to be maintained to secure certain amounts payable for the benefit of the equity investors by System Energy under the leases. The current letters of credit are effective until March 20, 2003.

Under the provisions of a bank letter of credit reimbursement agreement, System Energy has agreed to a number of covenants relating to the maintenance of certain capitalization and fixed charge coverage ratios. System Energy agreed, during the term of the reimbursement agreement, to maintain its equity at not less than 33% of its adjusted capitalization (defined in the reimbursement agreement to include certain amounts not included in capitalization for financial statement purposes). In addition, System Energy must maintain, with respect to each fiscal quarter during the term of the reimbursement agreement, a ratio of adjusted net income to interest expense (calculated, in each case, as specified in the reimbursement agreement) of at least 1.60 times earnings. As of December 31, 2000, System Energy's equity approximated 42.76% of its adjusted capitalization, and its fixed charge coverage ratio for 2000 was 2.47.

#### Litigation (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

In addition to those discussed above, Entergy and the domestic utility companies are involved in a number of legal proceedings and claims in the ordinary course of their business. While management is unable to predict the outcome of such litigation, it is not expected that the ultimate resolution of these matters will have a material adverse effect on results of operations, cash flows, or financial condition of these entities.

### NOTE 10. LEASES

#### General

As of December 31, 2000, Entergy had capital leases and non-cancelable operating leases for equipment, buildings, vehicles, and fuel storage facilities (excluding nuclear fuel leases and the sale and leaseback transactions) with minimum lease payments as follows:

Capital Leases

Year	Entergy		
	Entergy	Arkansas	Gulf States
	(In Thousands)		
2001	\$23,677	\$9,645	\$11,853
2002	19,415	9,645	9,720
2003	19,415	9,645	9,720
2004	19,415	9,645	9,720
2005	10,380	9,610	720
Years thereafter	15,519	13,667	1,800
Minimum lease payments	107,821	61,857	43,533
Less: Amount representing interest	29,664	20,811	8,663
Present value of net minimum lease payments	\$78,157	\$41,046	\$34,870

Operating Leases

Year	Entergy			Entergy
	Entergy	Arkansas	Gulf States	
Louisiana	(In Thousands)			
2001	\$86,573	\$28,127	\$22,130	
\$12,213				
2002	72,408	24,440	18,653	
11,175				
2003	58,730	14,384	17,032	
10,103				
2004	53,977	13,423	16,408	
9,076				
2005	44,170	11,551	14,565	
5,502				
Years thereafter	82,430	13,636	22,309	
3,107				
Minimum lease payments	\$398,288	\$105,561	\$111,097	
\$51,176				

Rental expense for Entergy's leases (excluding nuclear fuel leases and the Grand Gulf 1 and Waterford 3 sale and leaseback transactions) amounted to approximately \$53.3 million, \$65.2 million, and \$69.4 million, in 2000, 1999, and 1998, respectively. These amounts include \$18.9 million, \$23.9 million, and \$19.4 million, respectively, for Entergy Arkansas; \$18.9 million, \$19.2 million, and \$18.1 million, respectively, for Entergy Gulf States; and \$7.9 million, \$13.1 million, and \$13.3 million, respectively, for Entergy Louisiana. In addition to the above rental expense, Entergy Arkansas and Entergy Gulf States railcar operating lease payments, which are recorded in fuel expense, amounted to approximately \$13.7 million and \$2.7 million, respectively, for each of the years 2000, 1999, and 1998. The railcar lease payments are recorded as fuel expense in accordance with regulatory treatment.

Nuclear Fuel Leases (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, System Energy)

As of December 31, 2000, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy each had arrangements to lease nuclear fuel in an aggregate amount up to \$135 million, \$115 million, \$90 million, and \$100 million, respectively. As of December 31, 2000, the unrecovered cost base of Entergy Arkansas', Entergy Gulf States', Entergy Louisiana's, and System Energy's nuclear fuel leases amounted to

approximately \$107.0 million, \$57.5 million, \$63.9 million, and \$49.3 million, respectively. The lessors finance the acquisition and ownership of nuclear fuel through loans made under revolving credit agreements, the issuance of commercial paper, and the issuance of intermediate-term notes. The credit agreements for Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy have termination dates of November 2003, November 2003, January 2002, and November 2003, respectively. Such termination dates may be extended from time to time with the consent of the lenders. The intermediate-term notes issued pursuant to these fuel lease arrangements have varying maturities through March 15, 2002. It is expected that additional financing under the leases will be arranged as needed to acquire additional fuel, to pay interest, and to pay maturing debt. However, if such additional financing cannot be arranged, the lessee in each case must repurchase sufficient nuclear fuel to allow the lessor to meet its obligations.

Lease payments are based on nuclear fuel use. The table below represents the total nuclear fuel lease payments (principal and interest) as well as the separate interest component charged to operations by the domestic utility companies and System Energy in 2000, 1999, and 1998:

	2000	1999	1998	Lease Payments	Interest	Payments	Interest	Payments	Interest
	(In Millions)								
Entergy Arkansas	\$42.7	\$5.5	\$48.6	\$5.6	\$50.5				
\$4.9									
Entergy Gulf States	54.3	6.1	31.4	1.8	36.1				
3.1									
Entergy Louisiana	30.5	3.1	29.7	3.7	36.8				
3.9									
System Energy	31.2	5.2	28.1	3.4	35.4				
4.7									
-----									
Total	\$158.7	\$19.9	\$137.8	\$14.5	\$158.8				
\$16.6									
=====									

## Sale and Leaseback Transactions

### Waterford 3 Lease Obligations (Entergy Louisiana)

In 1989, Entergy Louisiana sold and leased back 9.3% of its interest in Waterford 3 for the aggregate sum of \$353.6 million. The lease has an approximate term of 28 years. The lessors financed the sale-leaseback through the issuance of Waterford 3 Secured Lease Obligation Bonds. The lease payments made by Entergy Louisiana are sufficient to service the debt.

In 1994, Entergy Louisiana did not exercise its option to repurchase the 9.3% interest in Waterford 3. As a result, Entergy Louisiana issued \$208.2 million of non-interest bearing first mortgage bonds as collateral for the equity portion of certain amounts payable under the lease.

In 1997, the lessors refinanced the outstanding bonds used to finance the purchase of Waterford 3 at lower interest rates, which reduced the annual lease payments.

Upon the occurrence of certain events, Entergy Louisiana may be obligated to assume the outstanding bonds used to finance the purchase of the unit and to pay an amount sufficient to withdraw from the lease transaction. Such events include lease events of default, events of loss, deemed loss events, or certain adverse "Financial Events." "Financial Events" include, among other things, failure by Entergy Louisiana, following the expiration of any applicable grace or cure period, to maintain (i) total equity capital (including preferred stock) at least equal to 30% of adjusted capitalization, or (ii) a fixed charge coverage ratio of at least 1.50 computed on a rolling 12 month basis.

As of December 31, 2000, Entergy Louisiana's total equity capital (including preferred stock) was 48.7% of adjusted capitalization and its fixed charge coverage ratio for 2000 was 3.32.

As of December 31, 2000, Entergy Louisiana had future minimum lease payments (reflecting an overall implicit rate of 7.45%) in connection with the Waterford 3 sale and leaseback transactions, which are recorded as long-term debt, as follows (in thousands):

2001  
\$40,909  
2002  
39,246  
2003  
59,709  
2004  
31,739  
2005  
14,554  
Years thereafter  
426,136

-----  
Total  
612,293  
Less: Amount representing interest  
281,987

-----  
Present value of net minimum lease payments  
\$330,306

=====

#### **Grand Gulf 1 Lease Obligations (System Energy)**

In December 1988, System Energy sold 11.5% of its undivided ownership interest in Grand Gulf 1 for the aggregate sum of \$500 million. Subsequently, System Energy leased back its interest in the unit for a term of 26-1/2 years. System Energy has the option of terminating the lease and repurchasing the 11.5% interest in the unit at certain intervals during the lease. Furthermore, at the end of the lease term, System Energy has the option of renewing the lease or repurchasing the 11.5% interest in Grand Gulf 1.

System Energy is required to report the sale-leaseback as a financing transaction in its financial statements. For financial reporting purposes, System Energy expenses the interest portion of the lease obligation and the plant depreciation. However, operating revenues include the recovery of the lease payments because the transactions are accounted for as a sale and leaseback for ratemaking purposes. Until 2004, the total of interest and depreciation expense exceeds the corresponding revenues realized. Consistent with a recommendation contained in a FERC audit report, System Energy recorded as a net deferred asset the difference between the recovery of the lease payments and the amounts expensed for interest and depreciation and is recording this difference as a deferred asset on an ongoing basis. The amount of this deferred asset was \$100.8 million and \$104.5 million as of December 31, 2000 and 1999, respectively.

As of December 31, 2000, System Energy had future minimum lease payments (reflecting an implicit rate of 7.02%), which are recorded as long-term debt as follows (in thousands):

2001  
\$46,803  
2002  
53,827  
2003  
48,524  
2004  
36,133  
2005  
52,253  
Years thereafter  
522,529

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Total  
760,069  
Less: Amount representing interest  
297,535

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Present value of net minimum lease payments  
\$462,534

=====

**NOTE 11. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

**Pension Plans**

Entergy has five postretirement benefit plans, "Entergy Corporation Retirement Plan for Non-Bargaining Employees", "Entergy Corporation Retirement Plan for Bargaining Employees," "Entergy Corporation Retirement Plan II for Non-Bargaining Employees", Entergy Corporation Retirement Plan II for Bargaining Employees," and "Entergy Corporation Retirement Plan III" covering substantially all of its domestic employees. Except for the Entergy Corporation Retirement Plan III, the pension plans are noncontributory and provide pension benefits that are based on employees' credited service and compensation during the final years before retirement. The Entergy Corporation Retirement Plan III includes a mandatory employee contribution of 3% of earnings during the first 10 years of plan participation, and allows voluntary contributions from 1% to 10% of earnings for a limited group of employees. Entergy Corporation and its subsidiaries fund pension costs in accordance with contribution guidelines established by the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code of 1986, as amended. The assets of the plans include common and preferred stocks, fixed-income securities, interest in a money market fund, and insurance contracts.

Total 2000, 1999, and 1998 pension cost of Entergy Corporation and its subsidiaries, including amounts capitalized, included the following components (in thousands):

2000	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$37,130	\$8,125	\$6,051	\$4,710	\$2,314	\$1,138	\$2,140
Interest cost on projected benefit obligation	108,782	31,128	25,135	18,287	11,268	3,591	2,430
Expected return on assets	(145,717)	(38,571)	(41,322)	(28,588)	(15,341)	(2,710)	(3,014)
Amortization of transition asset	(9,740)	(2,336)	(2,387)	(2,823)	(1,250)	(180)	(319)
Amortization of prior service cost	12,953	1,701	1,896	805	669	262	59
Recognized net (gain)/loss	(8,576)	(200)	(7,204)	(1,849)	(292)	247	(96)
Net pension cost (income)	(\$5,168)	(\$153)	(\$17,831)	(\$9,458)	(\$2,632)	\$2,348	\$1,200

1999	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$39,327	\$8,723	\$6,531	\$4,948	\$2,278	\$997	\$2,334
Interest cost on projected benefit obligation	104,591	29,457	24,757	17,950	10,810	3,296	3,017
Expected return on assets	(130,535)	(34,784)	(37,170)	(25,629)	(13,815)	(2,601)	(3,738)
Amortization of transition asset	(9,740)	(2,336)	(2,387)	(2,808)	(1,250)	(195)	(482)
Amortization of prior service cost	11,362	1,227	1,434	558	480	165	64
Net pension cost (income)	\$15,005	\$2,287	(\$6,835)	(\$4,981)	(\$1,497)	\$1,662	\$1,195

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1998	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$45,470	\$7,428	\$5,448	\$4,148	\$1,913	\$818	\$2,494
Interest cost on projected benefit obligation	192,132	27,919	24,564	16,845	10,362	3,020	3,265
Expected return on assets	(233,058)	(31,119)	(32,506)	(22,526)	(12,335)	(2,083)	(3,979)
Amortization of transition asset	(9,740)	(2,336)	(2,387)	(2,808)	(1,250)	(195)	(597)
Amortization of prior service cost	11,459	1,227	1,434	558	480	259	80
Net pension cost (income)	\$6,263	\$3,119	(\$3,447)	(\$3,783)	(\$830)	\$1,819	\$1,263

The funded status of Entergy's various pension plans as of December 31, 2000 and 1999 was (in thousands):

2000	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Change in Projected Benefit Obligation (PBO)							
Balance at 1/1/00	\$1,499,601	\$424,554	\$348,217	\$256,949	\$153,262	\$46,042	\$43,262
Service cost	37,130	8,125	6,051	4,710	2,314	1,138	2,140
Interest cost	108,782	31,128	25,135	18,287	11,268	3,591	2,430
Amendment	18,376	5,321	5,166	3,139	2,129	1,220	11
Actuarial (gain)/loss	(32,916)	(3,455)	(6,134)	(7,077)	(901)	1,739	(10,810)
Benefits paid	(85,185)	(24,565)	(25,620)	(16,643)	(9,906)	(2,239)	(138)
Acquisitions	56,884	-	-	-	-	-	-
Balance at 12/31/00	\$1,602,672	\$441,108	\$352,815	\$259,365	\$158,166	\$51,491	\$36,895
Change in Plan Assets							
Fair value of assets at 1/1/00	\$1,965,178	\$518,262	\$563,597	\$389,755	\$207,475	\$31,370	\$56,442
Actual return on plan assets	(40,047)	(9,637)	(15,720)	(10,685)	(3,781)	2,576	(19,389)
Employer contributions	3,083	-	-	-	-	-	-
Employee contributions	86	-	-	-	-	-	-
Benefits paid	(85,185)	(24,565)	(25,620)	(16,643)	(9,906)	(2,239)	(138)
Fair value of assets at 12/31/00	\$1,843,115	\$484,060	\$522,257	\$362,427	\$193,788	\$31,707	\$36,915
Funded status	\$240,443	\$42,952	\$169,442	\$103,062	\$35,622	(\$19,784)	\$20
Unrecognized transition asset	(10,094)	(2,336)	-	(2,792)	(1,250)	-	(1,262)
Unrecognized prior service cost	44,223	14,822	13,050	6,572	4,915	2,241	364
Unrecognized net (gain)/loss	(328,642)	(77,710)	(192,154)	(88,761)	(35,234)	9,402	(7,219)
Prepaid/(accrued) pension cost	(\$54,070)	(\$22,272)	(\$9,662)	\$18,081	\$4,053	(\$8,141)	(\$8,097)

1999	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Change in Projected Benefit Obligation (PBO)							
Balance at 1/1/99	\$1,553,251	\$435,638	\$377,288	\$261,858	\$158,778	\$47,881	\$44,876
Service cost	39,327	8,723	6,531	4,948	2,277	997	2,334
Interest cost	104,591	29,457	24,757	17,950	10,810	3,296	3,017
Actuarial (gain)	(126,715)	(25,915)	(35,000)	(11,638)	(9,038)	(4,663)	(6,294)
Benefits paid	(80,580)	(23,349)	(25,359)	(16,169)	(9,565)	(1,469)	(671)
Acquisitions	9,727	-	-	-	-	-	-
Balance at 12/31/99	\$1,499,601	\$424,554	\$348,217	\$256,949	\$153,262	\$46,042	\$43,262
Change in Plan Assets							
Fair value of assets at 1/1/99	\$1,791,192	\$473,353	\$513,365	\$356,663	\$192,438	\$28,927	\$48,910
Actual return on plan assets	241,460	68,258	74,249	49,260	24,602	2,668	8,203
Employer contributions	13,106	-	1,343	-	-	1,244	-
Benefits paid	(80,580)	(23,349)	(25,360)	(16,168)	(9,565)	(1,469)	(671)
Fair value of assets at 12/31/99	\$1,965,178	\$518,262	\$563,597	\$389,755	\$207,475	\$31,370	\$56,442
Funded status	\$465,577	\$93,708	\$215,380	\$132,806	\$54,213	(\$14,672)	\$13,180
Unrecognized transition asset	(17,446)	(4,671)	(2,387)	(5,615)	(2,501)	(180)	(2,829)
Unrecognized prior service cost	30,092	11,203	9,780	4,238	3,455	1,282	696
Unrecognized net (gain)/loss	(483,741)	(122,663)	(250,266)	(122,806)	(53,747)	7,776	(16,495)
Prepaid/(accrued) pension cost	(\$5,518)	(\$22,423)	(\$27,493)	\$8,623	\$1,420	(\$5,794)	(\$5,448)

## Other Postretirement Benefits

Entergy also provides health care and life insurance benefits for retired employees. Substantially all domestic employees may become eligible for these benefits if they reach retirement age while still working for Entergy.

Effective January 1, 1993, Entergy adopted SFAS 106, which required a change from a cash method to an accrual method of accounting for postretirement benefits other than pensions. At January 1, 1993, the actuarially determined accumulated postretirement benefit obligation (APBO) earned by retirees and active employees was estimated to be approximately \$241.4 million and \$128 million for Entergy (other than Entergy Gulf States) and for Entergy Gulf States, respectively. Such obligations are being amortized over a 20-year period which began in 1993.

Entergy Arkansas, the portion of Entergy Gulf States regulated by the PUCT, Entergy Mississippi, and Entergy New Orleans have received regulatory approval to recover SFAS 106 costs through rates. Entergy Arkansas began recovery in 1998, pursuant to an APSC order. This order also allowed Entergy Arkansas to amortize a regulatory asset (representing the difference between SFAS 106 costs and cash expenditures for other postretirement benefits incurred for a five-year period that began January 1, 1993) over a period of 15 years beginning in January 1998.

The LPSC ordered the portion of Entergy Gulf States regulated by the LPSC and Entergy Louisiana to continue the use of the pay-as-you-go method for ratemaking purposes for postretirement benefits other than pensions. However, the LPSC retains the flexibility to examine individual companies' accounting for postretirement benefits to determine if special exceptions to this order are warranted.

Pursuant to regulatory directives, Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, the portion of Entergy Gulf States regulated by the PUCT, and System Energy fund postretirement benefit obligations collected in rates. System Energy is funding on behalf of Entergy Operations postretirement benefits associated with Grand Gulf

1. Entergy Louisiana and Entergy Gulf States continue to recover a portion of these benefits regulated by the LPSC and FERC on a pay-as-you-go basis. The assets of the various postretirement benefit plans other than pensions include common stocks, fixed-income securities, and a money market fund.

Total 2000, 1999, and 1998, postretirement benefit costs of Entergy Corporation and its subsidiaries, including amounts capitalized and deferred, included the following components (in thousands):

2000	Entergy Energy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$18,252	\$4,395	\$3,147	\$2,405	\$1,236	\$667	\$998
Interest cost on APBO	34,022	7,945	8,346	5,073	2,714	3,012	788
Expected return on assets	(10,566)	(2,196)	(3,682)	-	(1,696)	(1,661)	(811)
Amortization of transition obligation	17,874	3,954	5,803	2,971	1,502	2,678	220
Amortization of prior service cost	520	123	161	71	44	45	12
Recognized net (gain)	(3,070)	-	(1,803)	(30)	-	(561)	(8)
Net postretirement benefit cost	\$57,032	\$14,221	\$11,972	\$10,490	\$3,800	\$4,180	\$1,199

1999	Entergy Energy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$16,950	\$3,952	\$3,227	\$2,140	\$1,009	\$512	\$982
Interest cost on APBO	29,467	6,596	8,206	4,234	2,167	2,699	631
Expected return on assets	(8,208)	(1,309)	(2,980)	-	(1,634)	(1,425)	(522)
Amortization of transition obligation	17,874	3,954	5,803	2,971	1,502	2,678	222
Amortization of prior service cost	44	-	44	-	-	-	-
Recognized net (gain)	(1,452)	-	(393)	(227)	(69)	(616)	(8)
Net postretirement benefit cost	\$54,675	\$13,193	\$13,907	\$9,118	\$2,975	\$3,848	\$1,305

1998	Entergy Energy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$13,878	\$3,325	\$2,553	\$1,776	\$862	\$432	\$871
Interest cost on APBO	28,443	6,519	8,103	4,089	2,085	2,714	652
Expected return on assets	(5,260)	(215)	(2,385)	-	(1,059)	(1,155)	(446)
Amortization of transition obligation	17,874	3,954	5,803	2,971	1,502	2,678	262
Amortization of prior service cost	44	-	44	-	-	-	-
Recognized net (gain)	(3,501)	-	(1,216)	(686)	(264)	(1,024)	(79)
Net postretirement benefit cost	\$51,478	\$13,583	\$12,902	\$8,150	\$3,126	\$3,645	\$1,260

The funded status of Entergy's postretirement plans as of December 31, 2000 and 1999 was (in thousands):

2000	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Change in APBO							
Balance at 1/1/00	\$429,772	\$95,656	\$118,295	\$61,156	\$31,133	\$38,363	\$9,546
Service cost	18,252	4,395	3,147	2,405	1,236	667	998
Interest cost	34,022	7,945	8,346	5,073	2,714	3,012	788
Amendment	5,691	1,471	1,406	848	524	536	139
Actuarial (gain)/loss	34,759	13,486	(3,845)	8,551	6,060	3,891	1,104
Benefits paid	(33,238)	(8,286)	(8,525)	(5,312)	(2,673)	(4,336)	(585)
Acquisitions	18,498	-	-	-	-	-	-
Balance at 12/31/00	\$507,756	\$114,667	\$118,824	\$72,721	\$38,994	\$42,133	\$11,990
Change in Plan Assets							
Fair value of assets at 1/1/00	\$120,208	\$22,205	\$39,045	\$-	\$19,614	\$23,716	\$9,549
Actual return on plan assets	3,719	808	1,448	-	422	584	288
Employer contributions	52,339	18,116	12,440	5,312	4,294	6,253	2,403
Benefits paid	(33,238)	(8,286)	(8,525)	(5,312)	(2,673)	(4,336)	(585)
Acquisitions	10	-	-	-	-	-	-
Fair value of assets at 12/31/00	\$143,038	\$32,843	\$44,408	\$-	\$21,657	\$26,217	\$11,655
Funded status	(\$364,718)	(\$81,824)	(\$74,416)	(\$72,721)	(\$17,337)	(\$15,916)	(\$335)
Unrecognized transition obligation	137,669	47,436	69,641	35,662	18,023	32,149	2,673
Unrecognized prior service cost	5,506	1,348	1,580	777	480	491	127
Unrecognized net (gain)/loss	18,900	7,933	(24,311)	(3,467)	2,217	(8,341)	(2,018)
Prepaid/(accrued) postretirement benefit asset/(liability)	(\$202,643)	(\$25,107)	(\$27,506)	(\$39,749)	\$3,383	\$8,383	\$447
1999							
Change in APBO							
Balance at 1/1/99	\$444,509	\$101,856	\$124,431	\$63,449	\$32,404	\$40,838	\$9,087
Service cost	16,950	3,952	3,227	2,140	1,009	512	982
Interest cost	29,467	6,596	8,206	4,234	2,167	2,699	631
Actuarial (gain)	(40,202)	(10,375)	(10,287)	(4,924)	(2,131)	(2,098)	(882)
Benefits paid	(25,881)	(6,373)	(7,282)	(3,743)	(2,316)	(3,588)	(272)
Acquisitions	4,929	-	-	-	-	-	-
Balance at 12/31/99	\$429,772	\$95,656	\$118,295	\$61,156	\$31,133	\$38,363	\$9,546
Change in Plan Assets							
Fair value of assets at 1/1/99	\$89,579	\$11,774	\$31,510	\$-	\$18,759	\$20,380	\$7,156
Actual return on plan assets	7,134	1,278	3,403	-	150	1,476	548
Employer contributions	43,576	15,526	11,414	3,743	3,021	5,448	2,117
Benefits paid	(25,881)	(6,373)	(7,282)	(3,743)	(2,316)	(3,588)	(272)
Acquisitions	5,800	-	-	-	-	-	-
Fair value of assets at 12/31/99	\$120,208	\$22,205	\$39,045	\$-	\$19,614	\$23,716	\$9,549
Funded status	(\$309,564)	(\$73,451)	(\$79,250)	(\$61,156)	(\$11,519)	(\$14,647)	\$3
Unrecognized transition obligation	149,141	51,390	75,444	38,633	19,525	34,827	2,893
Unrecognized prior service cost	335	-	335	-	-	-	-
Unrecognized net (gain)	(19,374)	(6,941)	(24,503)	(12,048)	(5,117)	(13,870)	(3,653)
Prepaid/(accrued) postretirement benefit asset/(liability)	(\$179,462)	(\$29,002)	(\$27,974)	(\$34,571)	\$2,889	\$6,310	(\$757)

The assumed health care cost trend rate used in measuring the APBO of Entergy was 7.5% for 2001, gradually decreasing each successive year until it reaches 5.0% in 2006 and beyond. A one percentage-point change in the assumed health care cost trend rate for 2000 would have the following effects (in thousands):

of	2000	Increase in the APBO	Increase in the sum of service cost and interest cost	Decrease in the APBO	Decrease in the sum of service cost and interest cost
Entergy (\$5,743)		\$42,378	\$6,981	(\$35,809)	
Entergy Arkansas (\$1,193)		\$9,233	\$1,445	(\$7,820)	
Entergy Gulf States (\$1,112)		\$10,171	\$1,343	(\$8,619)	
Entergy Louisiana (\$675)		\$5,543	\$814	(\$4,702)	
Entergy Mississippi (\$355)		\$3,037	\$428	(\$2,575)	
Entergy New Orleans (\$260)		\$2,693	\$308	(\$2,319)	
System Energy (\$222)		\$1,243	\$272	(\$1,032)	

The significant actuarial assumptions used in determining the pension PBO and the SFAS 106 APBO for 2000, 1999, and 1998 were as follows:

	2000	1999
1998		
Weighted-average discount rate 6.75%	7.50%	7.50%
Weighted-average rate of increase in future compensation levels 4.60%	4.60%	4.60%
Expected long-term rate of return on plan assets:		
Taxable assets	5.50%	5.50%
5.50%		
Non-taxable assets	9.00%	9.00%
9.00%		

Entergy's pension transition assets are being amortized over the greater of the remaining service period of active participants or 15 years and its SFAS 106 transition obligations are being amortized over 20 years.

## NOTE 12. ACQUISITIONS AND DISPOSITIONS (Entergy Corporation)

### Asset Acquisitions

#### Indian Point 3 and FitzPatrick

On November 21, 2000, Entergy's domestic non-utility nuclear business acquired from NYPA the 825 MW James A. FitzPatrick nuclear power plant near Oswego, New York, and the 980 MW Indian Point 3 nuclear power plant located in Westchester County, New York, in exchange for \$50 million at closing and notes to NYPA with payments totaling \$906 million. Entergy will also be required to make certain additional payments to NYPA in the event that the plants' license lives are extended, or in the event that the acquisition of Indian Point 2 is ultimately consummated.

The acquisition encompassed the nuclear plants, materials and supplies, and nuclear fuel, as well as the assumption of \$123.7 million in liabilities. The purchase agreement provides that NYPA will retain the decommissioning obligations and related trust funds through the original

license expiration date (approximately 2015). At that time, NYPA is required either to transfer the decommissioning liability to Entergy along with a specified amount in the decommissioning trust funds, or to retain Entergy to perform decommissioning services for a specified price that may be limited by the amount in the trust. The purchase agreement also provides that NYPA will purchase a substantial majority of the output of the units at specified prices through 2004.

The acquisition was accounted for using the purchase method. The results of operations of Indian Point 3 and FitzPatrick subsequent to November 21, 2000 have been included in Entergy's consolidated statements of income. The purchase price has been allocated to the acquired assets, including identifiable intangible assets, and liabilities assumed based on their estimated fair values on the purchase date. Intangible assets are being amortized straight-line over the remaining lives of the plants.

### Pilgrim Nuclear Station

On July 13, 1999, Entergy's domestic non-utility nuclear business acquired the 670 MW Pilgrim Nuclear Station located in Plymouth, Massachusetts, from Boston Edison. The acquisition included the plant, real estate, materials and supplies, and nuclear fuel, for a total purchase price of \$81 million. The purchase price was funded with a portion of the proceeds from the sales of non-regulated businesses. As part of the Pilgrim purchase, Boston Edison funded a \$471 million decommissioning trust fund, which was transferred to an Entergy subsidiary. Based on a favorable tax determination regarding the trust fund, Entergy returned \$43 million of the trust fund to Boston Edison.

### Business Dispositions

As part of the new strategic plan adopted by Entergy in August 1998, Entergy sold several businesses during 1998, including the following:

Business Sale	Pre-tax Gain (Loss) on  (In Millions)
London Electricity	\$327
CitiPower (a)	38
Efficient Solutions, Inc.	(69)

(a) The gain on the CitiPower sale reflects a \$7.6 million favorable adjustment to the final sale price in January 1999.

In keeping with this plan, in January 1999, Entergy disposed of its security monitoring subsidiary, Entergy Security, Inc. at a minimal gain. Several telecommunication businesses were sold in June 1999, also at small gains.

The results of operations of these businesses are included in Entergy's consolidated statements of income through their respective dates of sale. Gains and losses arising from sales of businesses are included in "Other Income, Gain (loss) on sale of assets - net" in that statement.

### NOTE 13. TRANSACTIONS WITH AFFILIATES (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The domestic utility companies purchase electricity from and/or sell electricity to the other domestic utility companies, System Energy, and Entergy Power (in the case of Entergy Arkansas) under rate schedules filed with FERC. In addition, the domestic utility companies and System Energy purchase fuel from System Fuels; receive management, technical, advisory, operating, and administrative services from Entergy Services; and receive management, technical, and operating services from Entergy Operations. Pursuant to SEC rules under PUHCA, these transactions are on an "at cost" basis.

As described in Note 1 to the financial statements, all of System Energy's operating revenues consist of billings to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.

The tables below contain the various affiliate transactions among the domestic utility companies and System Energy (in millions).

#### Intercompany Revenues

Entergy Entergy Entergy Entergy Entergy System Arkansas Gulf States Louisiana Mississippi New Orleans Energy

2000	\$255.3	\$93.7	\$20.8	\$88.1	\$31.6
\$656.7					
1999	\$189.2	\$38.4	\$27.3	\$68.3	\$14.2
\$620.0					
1998	\$162.0	\$16.7	\$16.7	\$88.3	\$11.0
\$602.4					

### Intercompany Operating Expenses

Entergy Entergy Entergy Entergy Entergy System Arkansas Gulf States Louisiana Mississippi New Orleans Entergy  
(1)

2000	\$387.9	\$513.9	\$388.5	\$388.2	\$177.0
\$10.1					
1999	\$357.5	\$436.7	\$294.3	\$315.6	\$182.5
9.8					\$
1998	\$353.7	\$419.7	\$269.0	\$338.1	\$194.9
9.8					\$

(1)Includes \$47.3 million in 2000, \$15.8 million in 1999, and \$18.8 million in 1998 for power purchased from Entergy Power.

### Operating Expenses Paid or Reimbursed to Entergy Operations

System	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana
Energy			
2000	\$163.0	\$116.0	\$113.2
\$92.6			
1999	\$179.2	\$110.9	\$113.8
\$91.3			
1998	\$167.5	\$114.2	\$125.0
\$92.7			

### NOTE 14. BUSINESS SEGMENT INFORMATION (Entergy Corporation and Entergy New Orleans)

Entergy's reportable segments as of December 31, 2000 are domestic utility and power marketing and trading. Entergy's operating segments below the quantitative threshold for separate disclosure principally include global power development and the domestic non-utility nuclear businesses. They are reported in the "All Other" column along with the parent, Entergy Corporation, and other business activities, which are principally the gains or losses on the sales of businesses. Entergy's international electric distribution businesses, Entergy London and CitiPower, were sold in December 1998. These businesses would have been a reportable segment had they been held as of December 31, 1998, and financial information regarding them is also provided below for 1998.

Domestic utility provides retail electric service in portions of Arkansas, Louisiana, Mississippi, and Texas, and provides natural gas utility service in portions of Louisiana. Entergy's power marketing and trading segment markets wholesale electricity, gas, other generating fuels, and electric capacity, and markets financial instruments to third parties. Entergy's operating segments are strategic business units managed separately due to their different operating and regulatory environments.

Entergy's segment financial information is as follows (in thousands):

	Domestic Utility and System Energy	Power Marketing and Trading*	Entergy London*	CitiPower*	All Other*	Eliminations	Consolidated
2000							
Operating revenues	\$7,401,598	\$2,131,342	\$ -	\$ -	\$547,066	(\$63,858)	\$10,016,148
Deprec, amort. & decomm.	770,144	6,286	-	-	9,179	-	785,609
Amort. of rate deferrals	30,392	-	-	-	-	-	30,392
Interest income	57,795	10,071	-	-	103,691	(8,507)	163,050
Interest charges	515,156	6,073	-	-	45,518	(9,317)	557,430
Income taxes	435,667	26,385	-	-	16,869	-	478,921
Net income	618,263	19,642	-	-	73,010	-	710,915
Total assets	20,680,764	728,406	-	-	4,709,553	(553,496)	25,565,227
1999							
Operating revenues	\$6,414,623	\$2,249,274	\$ -	\$ -	\$143,146	(\$33,815)	\$8,773,228
Deprec, amort. & decomm.	732,182	5,212	-	-	7,475	-	744,869
Amort. of rate deferrals	115,627	-	-	-	-	-	115,627
Interest income	49,556	4,408	-	-	93,177	(3,540)	143,601
Interest charges	536,543	2,006	-	-	20,592	(3,540)	555,601
Income taxes	351,448	(3,228)	-	-	8,447	-	356,667
Net income (loss)	553,525	(491)	-	-	41,992	-	595,026
Total assets	18,941,603	460,063	-	-	3,762,115	(193,841)	22,969,940
1998							
Operating revenues	\$6,310,543	\$2,854,980	\$1,911,875	\$303,245	\$150,297	(\$36,168)	\$11,494,772
Deprec, amort. & decomm.	763,818	5,058	126,586	28,444	61,023	-	984,929
Amort. of rate deferrals	237,302	-	-	-	-	-	237,302
Interest income	49,271	7,689	9,033	-	35,417	(822)	100,588
Interest charges	548,299	122	182,479	80,586	21,851	(822)	832,515
Income taxes	331,931	(8,216)	4,589	-	(61,569)	-	266,735
Net income (loss)	528,498	(15,540)	117,749	3,103	151,819	-	785,629
Total assets	19,727,666	359,626	-	-	2,783,732	(34,330)	22,836,694

Businesses marked with \* are referred to as the "competitive businesses," with the exception of the parent company, Entergy Corporation, which is also included in the "All Other" column. Eliminations are primarily intersegment activity. Products and Services

In addition to retail electric service, Entergy New Orleans supplies natural gas services in the City of New Orleans. Revenue from these two services is disclosed in Entergy New Orleans' Income Statements.

#### Geographic areas

For the years ended December 31, 2000, 1999, and 1998, Entergy did not derive material revenues from outside of the United States, other than from Entergy London and CitiPower, which are noted above.

Long-lived assets as of December 31 were as follows (in thousands):

	2000	1999	1998
Domestic \$14,863,488	\$15,476,794	\$14,751,166	
Foreign 465,094	1,019,831	749,590	
-----	-----	-----	
Consolidated \$15,328,582	\$16,496,625	\$15,500,756	
=====	=====	=====	

#### NOTE 15. RISK MANAGEMENT AND FAIR VALUES (Entergy Corporation)

##### Commodity Derivatives

Entergy uses a variety of commodity derivatives, including natural gas and electricity futures, forwards, and options, as a part of its overall risk management strategy.

The power marketing and trading business engages in the trading of commodity instruments and, therefore, experiences net open positions. The business manages open positions with policies that limit its exposure to market risk and require daily reporting to management of potential financial exposure. These policies include statistical risk tolerance limits using historical price movements to calculate a value at risk measurement. The weighted-average life of the business' commodity risk portfolio was less than 18 months at December 31, 2000 and less than 12 months at December 31, 1999.

At December 31, 2000 and 1999, the power marketing and trading business had outstanding absolute notional contract quantities as follows (power volumes in thousands of megawatt hours, natural gas volumes in thousands of British thermal units):

	2000	1999
Energy Commodities:		
Power	116,513	
23,015		
Natural gas	657,463	
1,075,660		

Market risk is the potential loss that Entergy may incur as a result of changes in the market or fair value of a particular instrument or commodity. All financial and commodity-related instruments, including derivatives, are subject to market risk. Entergy's exposure to market risk is determined by a number of factors, including the size, duration, composition, and diversification of positions held, as well as market volatility and liquidity. For instruments such as options, the time period during which the option may be exercised and the relationship between the current market price of the underlying instrument and the option's contractual strike or exercise price also affect the level of market risk. The most significant factor influencing the overall level of market risk to which Entergy is exposed is its use of hedging techniques to mitigate such risk. Entergy manages market risk by actively monitoring compliance with stated risk management policies as well as monitoring the effectiveness of its hedging policies and strategies. Entergy's risk management policies limit the amount of total net exposure and rolling net exposure during the stated periods. These policies, including related risk limits, are regularly assessed to ensure their appropriateness given Entergy's objectives.

The New York Mercantile Exchange (Exchange) guarantees futures and option contracts traded on the Exchange, which assures nominal credit risk. On all other transactions described above, Entergy is exposed to credit risk in the event of nonperformance by the counterparties. For each counterparty, Entergy analyzes the financial condition prior to entering into an agreement, establishes credit limits, and monitors the appropriateness of these limits on an ongoing basis. In some circumstances, Entergy requires letters of credit or parental guarantees. Entergy also uses netting arrangements whenever possible to mitigate Entergy's exposure to counterparty risk. Netting arrangements enable Entergy to net certain assets and liabilities by counterparty.

The change in market value of Exchange-traded futures and options contracts requires daily cash settlement in margin accounts with brokers. Swap contracts and most other over-the-counter instruments are generally settled at the expiration of the contract term and may be subject to margin requirements with the counterparty.

Entergy's principal markets for power and natural gas marketing services are utilities and industrial end-users located throughout the United States and the UK. The power marketing and trading business has a concentration of receivables due from those customers. These industry concentrations may affect the power marketing and trading business' overall credit risk, either positively or negatively, in that changes in economic, industry, regulatory, or other conditions may similarly affect certain customers. Trade receivables are generally not collateralized. However, Entergy analyzes customers' credit positions prior to extending credit, establishes credit limits, and monitors the appropriateness of these limits on an ongoing basis.

## Fair Values

### Commodity Instruments

Fair value estimates of the power marketing and trading business' commodity instruments are made at discrete points in time based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment; therefore, actual results may differ from these estimates. At December 31, 2000 and 1999, the fair values of the power marketing and trading business' energy-related commodity contracts used for trading purposes were as follows:

Liabilities	2000		1999	
	Assets	Liabilities	Assets	
	(In Thousands)			
Commodity Instruments:				
Natural Gas	\$362,221	\$343,726	\$ 44,675	\$ 39,361
Electricity	\$260,969	\$219,721	\$190,850	\$130,209

## Financial Instruments

The estimated fair value of Entergy's financial instruments is determined using bid prices reported by dealer markets and by nationally recognized investment banking firms. The estimated fair value of derivative financial instruments is based on market quotes of the applicable interest rates. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. In addition, gains or losses realized on financial instruments held by regulated businesses may be reflected in future rates and therefore do not accrue to the benefit or detriment of stockholders.

Entergy considers the carrying amounts of financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments. In addition, Entergy does not expect that performance of its obligations will be required in connection with certain off-balance sheet commitments and guarantees considered financial instruments. For these reasons, and because of the related-party nature of these commitments and guarantees, determination of fair value is not considered practicable. Additional information regarding financial instruments and their fair values is included in Notes 4, 5, 6, and 7 to the financial statements.

### NOTE 16. ENTERGY-FPL GROUP MERGER (Entergy Corporation)

On July 30, 2000, Entergy Corporation and FPL Group entered into a Merger Agreement providing for a business combination that will result in the creation of a new company. For accounting purposes, the Merger will be recorded under the purchase method of accounting as an acquisition of Entergy by FPL Group. Each outstanding share of FPL Group common stock will be converted into the right to receive one share of the new company's common stock, and each outstanding share of Entergy Corporation common stock will be converted into the right to receive 0.585 of a share of the new company's common stock. It is expected that FPL Group's shareholders will own approximately 57% of the common equity of the new company and Entergy's shareholders will own approximately 43%. The Merger Agreement generally allows Entergy to continue business in the ordinary course consistent with past practice and contains certain restrictions on Entergy's capital activities, including restrictions on the issuance of securities, capital expenditures, dispositions, incurrence or guarantee of indebtedness, and trading or marketing of energy. Entergy generally will be permitted to take actions pursuant to restructuring legislation in the domestic utility companies' jurisdictions of operation and to reorganize its transmission business. Under certain circumstances, if the Merger Agreement is terminated, a termination fee of \$215 million may be payable by one of the parties. The Merger Agreement may be terminated if the Merger is not consummated by April 30, 2002, unless automatically extended until October 30, 2002 under certain circumstances. Both the FPL Group and Entergy Boards of Directors unanimously approved the Merger, and the shareholders of Entergy Corporation and FPL Group have approved the Merger. The Merger is conditioned upon, among other things, the receipt of required regulatory approvals of various local, state, and federal regulatory agencies and commissions, including the SEC and FERC. Entergy has filed for approval of the Merger in all of its state and local regulatory jurisdictions (Arkansas, Louisiana, Mississippi, Texas, and New Orleans), and at FERC, the SEC, and the NRC. In their filing with the SEC, Entergy and FPL Group requested to remain in existence as intermediate holding companies after the Merger is consummated. The objective of Entergy and FPL Group is to consummate the Merger by late 2001.

### NOTE 17. QUARTERLY FINANCIAL DATA (UNAUDITED) (Entergy Corporation,

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The business of the domestic utility companies and System Energy is subject to seasonal fluctuations with the peak periods occurring during the third quarter. Operating results for the four quarters of 2000 and 1999 were:

## Operating Revenue

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)							
2000:							
First Quarter	\$1,811,492	\$346,877	\$483,231	\$346,820	\$182,775	\$119,742	\$157,089
Second Quarter	2,137,788	447,823	586,386	448,067	215,606	136,651	159,389
Third Quarter	3,431,555	548,156	817,152	722,175	297,966	200,861	169,114
Fourth Quarter	2,635,313	419,779	624,471	545,375	241,024	183,036	171,157
1999:							
First Quarter	\$1,639,922	\$311,969	\$423,819	\$352,135	\$182,443	\$106,056	\$140,617
Second Quarter	2,316,404	387,191	546,543	505,601	194,637	121,287	159,505
Third Quarter	3,064,535	488,801	676,076	576,956	267,159	163,140	163,801
Fourth Quarter	1,752,367	353,933	480,770	371,902	188,580	117,305	156,109

## Operating Income (Loss)

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)							
2000:							
First Quarter	\$286,604	\$76,759	\$50,435	\$46,513	\$13,214	\$6,372	\$74,440
Second Quarter	433,538	82,931	125,033	102,587	28,784	15,087	66,895
Third Quarter	593,837	93,917	190,136	178,889	36,295	32,136	67,580
Fourth Quarter	231,602	56,413	47,685	44,371	15,470	(14,209)	61,830
1999:							
First Quarter	\$203,435	\$32,160	\$61,032	\$65,989	\$12,220	\$749	\$53,837
Second Quarter	363,951	60,212	61,586	179,278	20,630	22,089	68,695
Third Quarter	597,595	113,570	160,784	172,052	42,519	28,622	71,199
Fourth Quarter	86,673	(10,541)	37,596	2,823	12,716	(8,924)	69,705

## Net Income (Loss)

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)							
2000:							
First Quarter	\$108,410	\$35,314	\$10,757	\$11,191	\$4,295	\$1,817	\$25,786
Second Quarter	245,773	38,978	60,815	46,687	13,503	7,217	21,786
Third Quarter	306,689	43,922	97,325	94,167	17,611	17,593	23,709
Fourth Quarter	50,043	18,833	11,446	10,634	3,564	(10,109)	22,464
1999:							
First Quarter	\$72,906	\$11,011	\$13,437	\$21,487	\$3,015	\$(1,535)	\$700
Second Quarter	209,758	28,929	17,022	93,371	8,222	11,695	29,483
Third Quarter	296,158	58,021	80,921	88,680	23,212	15,581	24,042
Fourth Quarter	16,204	(28,648)	13,620	(11,768)	7,139	(6,780)	28,147

## Earnings per Average Common Share (Entergy Corporation)

Diluted	2000		1999 Basic and
	Basic	Diluted	
First Quarter	\$0.42	\$0.42	\$0.25
Second Quarter	\$1.04	\$1.04	\$0.81
Third Quarter	\$1.35	\$1.34	\$1.16
Fourth Quarter	\$0.19	\$0.17	\$0.03

**Item 9. Changes In and Disagreements With Accountants On Accounting and Financial Disclosure.**

No event that would be described in response to this item has occurred with respect to Entergy, System Energy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, or Entergy New Orleans.

**PART III**

**Item 10. Directors and Executive Officers of the Registrants (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

All officers and directors listed below held the specified positions with their respective companies as of the date of filing this report.

Name	Age	Position	Period
ENTERGY ARKANSAS, INC.			
Directors			
Hugh T. McDonald	42	President and Chief Executive Officer of Entergy Arkansas	2000-Present
		Director of Entergy Arkansas	2000-Present
		Senior Vice President, Retail of Entergy Services, Inc.	1999-2000
		Director, Regulatory Affairs - TX of Entergy Gulf States	1995-1999
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	

Officers

C. Gary Clary	56	Senior Vice President - Human Resources and Administration of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1998-Present
		Vice President - Human Resources and Administration of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1997-1998
		Director - System Human Resources of Entergy Services	1993-1996
John Thomas Kennedy	41	Vice President - State Governmental Affairs of Entergy Arkansas	2000-Present
		Attorney at Law, Russellville, Arkansas	1985-2000
James T. Pickens	63	Vice President - Public Affairs of Entergy Arkansas	2000-Present
		Director of State Governmental & External Affairs of Entergy Arkansas	1990-2000
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Joseph T. Henderson		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Nathan E. Langston		See information under the Entergy Corporation Officers Section in Part I.	
Hugh T. McDonald		See information under the Entergy Arkansas Directors Section above.	
Steven C. McNeal		See information under the Entergy Corporation Officers Section in Part I.	
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	

Each director and officer of the applicable Entergy company is elected yearly to serve by the unanimous consent of the sole stockholder, Entergy Corporation, at its annual meeting.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Information called for by this item concerning the directors and officers of Entergy Corporation is set forth in the Proxy Statement of Entergy Corporation to be filed in connection with its Annual Meeting of Stockholders to be held on May 11, 2001, under the heading "Section 16(a) Beneficial Ownership Reporting Compliance", which information is incorporated herein by reference.

#### Item 11. Executive Compensation

##### ENTERGY CORPORATION

Information called for by this item concerning the directors and officers of Entergy Corporation is set forth in the Proxy Statement under the headings "Executive Compensation Tables", "General Information About Nominees", "Director Compensation", and "Comparison of Five Year Cumulative Total Return", all of which information is incorporated herein by reference.

##### ENTERGY ARKANSAS, ENTERGY GULF STATES, ENTERGY LOUISIANA, ENTERGY MISSISSIPPI, ENTERGY NEW ORLEANS, AND SYSTEM ENERGY

##### Summary Compensation Table

The following table includes the Chief Executive Officer and the four other most highly compensated executive officers in office as of December 31, 2000 at Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy (collectively, the "Named Executive Officers"). This determination was based on total annual base salary and bonuses from all Entergy sources earned by each officer for the year 2000. See Item 10, "Directors and Executive Officers of the Registrants," for information on the principal positions of the Named Executive Officers in the table below.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy

As shown in Item 10, most Named Executive Officers are employed by several Entergy companies. Because it would be impracticable to allocate such officers' salaries among the various companies, the table below includes the aggregate compensation paid by all Entergy companies.

Name	Year	Annual Compensation	Awards	Payouts	Long-Term Compensation			
					Restricted Stock Awards (c)	Securities Underlying Options shares	(a) LTIP Payouts	(b) All Other Comp.
E. Renae Conley CEO-Entergy Louisiana	2000	\$282,642	\$280,000	\$41,573				\$8,559
CEO-LA-Entergy Gulf States	1999	215,000	344,934	29,662	\$84,188 (c) (d)	7,500	\$181,109	7,747
Joseph F. Domino CEO-TX-Entergy Gulf States	2000	\$235,358	\$180,732	\$51,399	(c)	20,000 shares	\$142,314	\$7,084
	1999	223,569	200,210	7,072	(c)	13,487	0	6,838
	1998	164,011	39,492	4,558	(c)	0	0	5,409
Frank F. Gallaher	2000	\$416,390	\$504,642	\$127,484	(c)	34,500 shares	\$328,084	\$13,910
	1999	401,161	303,855	38,496	(c)	39,500	0	13,545
	1998	382,829	280,747	89,137	(c)	2,500	0	12,396
Donald C. Hintz	2000	\$570,096	\$743,000	\$104,399	(c)	175,000 shares	\$1,181,837	\$26,516
	1999	535,713	495,000	76,188	(c)	272,000	0	22,156
	1998	423,379	310,571	28,508	(c)	2,500	0	14,236
Jerry D. Jackson (e)	2000	\$458,223	\$554,214	\$58,758	(c)	58,500 shares	\$1,181,575	\$15,162
	1999	442,809	403,554	39,670	(c)	94,000	0	15,497
	1998	408,456	348,156	59,630	(c)	2,500	0	13,849
J. Wayne Leonard	2000	\$836,538	\$1,190,000	\$11,646	(c)	330,600 shares	\$2,410,413	\$ 0
	1999	771,938	840,000	2,570	(c)	255,000	0	0
	1998	412,843	1,145,416	65,787	\$796,860 (c) (d)	0	0	18,125
Hugh T. McDonald CEO-Entergy Arkansas	2000	\$209,400	\$165,000	\$53,808	(c)	34,600 shares	\$172,773	\$54,878
	1999	181,704	176,267	438	(c)	14,700	0	5,429
	1998	131,880	47,788	0	(c)	0	0	0
Daniel F. Packer CEO-Entergy New Orleans	2000	\$219,432	\$167,382	\$16,433	(c)	20,000 shares	\$196,929	\$6,658
	1999	211,055	127,920	10,517	(c)	16,750	0	6,583
	1998	170,326	123,513	54,208 (f)	(c)	0	0	4,018
Carolyn C. Shanks CEO-Entergy Mississippi	2000	\$231,193	\$182,530	\$2,594	(c)	20,000 shares	\$104,241	\$4,858
	1999	208,931	133,950	2,549	(c)	11,050	0	4,800
	1998	144,798	41,394	3,901	(c)	0	0	4,340
C. John Wilder	2000	\$468,392	\$619,370	\$148,540	(c)	87,700 shares	\$953,006	\$13,919
	1999	445,191	406,693	119,878	(c)	52,500	0	20,035
	1998	201,413	513,106	7,255	\$758,560 (c) (d)	0	0	3,300
Thomas J. Wright (e)	2000	\$298,180	\$343,883	\$186,470 (f)	(c)	35,000 shares	\$196,929	\$32,921
	1999	263,120	225,458	159,653 (f)	(c)	18,999	0	32,356
	1998	234,361	757,045 (g)	519,610 (f)	(c)	0	0	20,833
Jerry W. Yelverton CEO-System Energy	2000	\$408,846	\$510,000	\$4,197	\$201,875 (c) (d)	58,900 shares	\$503,482	\$12,732
	1999	363,997	328,500	8,036	(c)	49,400	0	11,286
	1998	282,410	184,959	22,068	(c)	1,250	0	8,886

(a) Amounts include the value of restricted shares that vested in 2000 (see note (c) below) under Entergy's Equity Ownership Plan.

(b) Includes the following:

(1) 2000 benefit accruals under the Defined Contribution Restoration Plan as follows: Ms. Conley \$3,459; Mr. Domino \$2,044; Mr. Gallaher \$8,810; Mr. Hintz \$13,618; Mr. Jackson \$10,269; Mr. McDonald \$1,183; Mr. Packer \$1,558; Mr. Wilder \$9,393; Mr. Wright \$2,340; and Mr. Yelverton \$7,816.

(2) 2000 employer contributions to the System Savings Plan as follows: Ms. Conley \$5,100; Mr. Domino \$5,040; Mr. Gallaher \$5,100; Mr. Hintz \$4,882; Mr. Jackson \$4,893; Mr. McDonald \$5,100; Mr. Packer \$5,100; Ms. Shanks \$4,858; Mr. Wilder \$4,526; Mr. Wright \$5,100; and Mr. Yelverton \$4,916.

(3) 2000 reimbursements for moving expenses as follows: Mr. Hintz \$8,016; Mr. McDonald \$48,595; and Mr. Wright \$25,481.

(c) Restricted unit awards (equivalent to shares of Entergy Corporation common stock) in 2000 are reported under the "Long-Term Incentive Plan Awards" table, and reference is made to this table for information on the aggregate number of restricted units awarded during 2000 and the vesting schedule for such units. At December 31, 2000, the number and value of the aggregate restricted unit holdings were as follows: Ms. Conley 8,700 units, \$368,119; Mr. Domino 3,100 units, \$131,169; Mr. Gallaher 11,800 units, \$499,288; Mr. Hintz 28,500 units, \$1,205,906; Mr. Jackson 12,700 units, \$537,369; Mr. Leonard 58,000 units, \$2,454,125; Mr. McDonald 3,700 units, \$156,556; Mr. Packer 3,100 units, \$131,169; Ms. Shanks 3,100 units, \$131,169; Mr. Wilder 21,367 units, \$904,091; Mr. Wright 7,500 units, \$317,344; and Mr. Yelverton 22,700 units, \$960,494. Accumulated dividends are paid on restricted units when vested. The value of restricted unit holdings as of December 31, 2000

is determined by multiplying the total number of units held by the closing market price of Entergy Corporation common stock on the New York Stock Exchange Composite Transactions on December 31, 2000 (\$42.3125 per share). The value of stock for which restrictions were lifted in 2000, and the applicable portion of accumulated cash dividends, are reported in the LTIP payouts column in the above table.

(d) Restricted units were granted to the following individuals in addition to those granted under the Long Term Incentive Plan. Ms. Conley was granted 3,000 units in 1999. The units will vest incrementally over a three-year period that began in 2000, based on continued service with Entergy Corporation. Accumulated dividends will be paid. Mr. Leonard and Mr. Wilder were granted 30,000 and 26,000 restricted units, respectively, in 1998. Restricted units awarded vest incrementally over a three-year period that began in 1999, based on continued service with Entergy Corporation. Restrictions are lifted annually. Accumulated dividends will not be paid on Mr. Leonard's units and 21,000 units of Mr. Wilder's restricted units when vested. Accumulated dividends will be paid on 5,000 units of Mr. Wilder's restricted units. Mr. Yelverton was granted 10,000 units in 2000. Restrictions will be lifted on 3,000 units in 2001 and 2002, and the remaining 4,000 units in 2003. Accumulated dividends will not be paid. The value these individuals may realize is dependent upon both the number of units that vest and the future market price of Entergy Corporation common stock.

(e) Mr. Jackson is the former Chief Executive Officer of Entergy Gulf States, LA and Entergy Louisiana. Mr. Wright is the former Chief Executive Officer of Entergy Arkansas.

(f) Includes living expenses, including taxes and housing, for Mr. Packer of approximately \$24,000 in 1998. Includes closing costs for a home purchase for Mr. Wright of approximately \$34,000 in 2000 and approximately \$30,000 in 1999 and \$465,000 in 1998 related to various overseas living expenses associated with Mr. Wright's assignments in London and Australia.

(g) Includes approximately \$596,000 of performance bonus for service years 1996-1998. A portion of the bonus was paid during 1999 with the remaining amount paid in 2000.

### Option Grants in 2000

The following table summarizes option grants during 2000 to the Named Executive Officers. The absence, in the table below, of any Named Executive Officer indicates that no options were granted to such officer.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy

Name	Number of Securities Underlying Options Granted (a)	Individual Grants		Expiration Date	Potential Realizable Value	
		% of Total Options Granted to Employees in 2000	Exercise Price (per share) (a)		at Assumed Annual Rates of Stock Price Appreciation for Option Term(b)	5%
E. Renae Conley	20,000	0.3%	\$23.00	1/27/10	\$ 289,292	\$ 733,122
Joseph F. Domino	20,000	0.3%	23.00	1/27/10	289,292	733,122
Frank F. Gallaher	34,500	0.5%	23.00	1/27/10	499,028	1,264,635
Donald C. Hintz	175,000	2.4%	23.00	1/27/10	2,531,301	6,414,813
Jerry D. Jackson	58,500	0.8%	23.00	1/27/10	846,178	2,144,380
J. Wayne Leonard	330,600	4.6%	23.00	1/27/10	4,781,989	12,118,499
Hugh T. McDonald	34,600	0.5%	23.00	1/27/10	500,474	1,268,300
Daniel F. Packer	20,000	0.3%	23.00	1/27/10	289,292	733,122
Carolyn C. Shanks	20,000	0.3%	23.00	1/27/10	289,292	733,122
C. John Wilder	87,700	1.2%	23.00	1/27/10	1,268,543	3,214,738
Thomas J. Wright	35,000	0.5%	23.00	1/27/10	506,260	1,282,963
Jerry W. Yelverton	58,900	0.8%	23.00	1/27/10	851,964	2,159,043

(a) Options were granted on January 27, 2000, pursuant to the Equity Ownership Plan. All options granted on this date have an exercise price equal to the closing price of Entergy Corporation common stock on the New York Stock Exchange Composite Transactions on January 27, 2000. These options will vest incrementally over a three-year period beginning in 2001.

(b) Calculation based on the market price of the underlying securities assuming the market price increases over a ten-year option period and assuming annual compounding. The column presents estimates of potential values based on simple mathematical assumptions. The actual value, if any, a Named Executive Officer may realize is dependent upon the market price on the date of option exercise.

Aggregated Option Exercises in 2000 and December 31, 2000 Option Values

The following table summarizes the number and value of all unexercised options held by the Named Executive Officers. The absence, in the table below, of any Named Executive Officer indicates that no options are held by such officer.

Name	Shares Acquired on Exercise	Value Realized (a)	Number of Securities Underlying Unexercisable Option as of December 31, 2000		Value of Unexercised In-the-Money Options as of December 31, 2000(b)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
E. Renae Conley	-	\$ -	2,500	25,000	\$35,625	\$457,500
Joseph F. Domino	-	-	5,995	28,992	83,844	497,526
Frank F. Gallaher	34,000	566,563	24,166	60,834	309,054	992,165
Donald C. Hintz	-	-	119,000	383,000	1,676,688	5,873,688
Jerry D. Jackson	71,525	960,091	11,719	121,167	68,780	1,905,285
J. Wayne Leonard	-	-	85,000	500,600	1,051,875	8,488,463
Hugh T. McDonald	-	-	4,899	44,401	68,749	805,751
Daniel F. Packer	-	-	5,583	31,167	69,090	524,442
Carolyn C. Shanks	3,683	44,196	-	27,367	-	477,417
C. John Wilder	-	-	17,500	122,700	216,563	2,126,831
Thomas J. Wright	-	-	6,332	47,667	78,359	832,692
Jerry W. Yelverton	-	-	24,716	91,834	330,376	1,545,065

(a) Based on the difference between the closing price of Entergy Corporation's common stock on the New York Stock Exchange Composite Transactions on the exercise date and the option exercise price.

(b) Based on the difference between the closing price of Entergy Corporation's common stock on the New York Stock Exchange Composite Transactions on December 31, 2000, and the option exercise price.

### Long-Term Incentive Plan Awards in 2000

The following Table summarizes the awards of restricted units (equivalent to shares of Entergy Corporation common stock) granted under the Equity Ownership Plan in 2000 to the Named Executive Officers.

Name	Number of Units	Performance Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans (# of units) (a) (b)		
			Threshold	Target	Maximum
E. Renae Conley	6,700	1/1/00-12/31/02	2,300	4,517	6,700
Joseph F. Domino	3,100	1/1/00-12/31/02	1,100	2,100	3,100
Frank F. Gallaher	11,800	1/1/00-12/31/02	4,000	7,917	11,800
Donald C. Hintz	28,500	1/1/00-12/31/02	9,500	19,000	28,500
Jerry D. Jackson	12,700	1/1/00-12/31/02	4,300	8,500	12,700
J. Wayne Leonard	48,000	1/1/00-12/31/02	16,000	32,000	48,000
Hugh T. McDonald	3,700	1/1/00-12/31/02	1,300	2,503	3,700
Daniel F. Packer	3,100	1/1/00-12/31/02	1,100	2,100	3,100
Carolyn C. Shanks	3,100	1/1/00-12/31/02	1,100	2,100	3,100
C. John Wilder	12,700	1/1/00-12/31/02	4,300	8,500	12,700
Thomas J. Wright	7,500	1/1/00-12/31/02	2,500	5,000	7,500
Jerry W. Yelverton	12,700	1/1/00-12/31/02	4,300	8,500	12,700

(a) Restricted units awarded will vest at the end of a three-year period, subject to the attainment of approved performance goals for Entergy. Restrictions are lifted based upon the achievement of the cumulative result of these goals for the performance period. The value any Named Executive Officer may realize is dependent upon both the number of units that vest and the future market price of Entergy Corporation common stock.

(b) The threshold, target, and maximum levels correspond to the achievement of 50%, 100%, and 150%, respectively, of Equity Ownership Plan goals. Achievement of a threshold, target, or maximum level would result in the award of the number of units indicated in the respective column. Achievement of a level between these three specified levels would result in the award of a number of units calculated by means of interpolation.

### Pension Plan Tables

**Retirement Income Plan Table**

Annual Covered Compensation	Years of Service				
	15	20	25	30	35
\$100,000	\$22,500	\$30,000	\$37,500	\$45,000	\$52,500
200,000	45,000	60,000	75,000	90,000	105,000
300,000	67,500	90,000	112,500	135,000	157,500
400,000	90,000	120,000	150,000	180,000	210,000
500,000	112,500	150,000	187,500	225,000	262,500
650,000	146,250	195,000	243,750	292,500	341,250
950,000	213,750	285,000	356,250	427,500	498,750

All of the Named Executive Officers participate in a Retirement Income Plan, a defined benefit plan, that provides a benefit for employees at retirement from Entergy based upon (1) generally all years of service beginning at age 21 through termination, with a forty-year maximum, multiplied by (2) 1.5%, multiplied by (3) the final average compensation. Final average compensation is based on the highest consecutive 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is a lifetime annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts. The amount of the Named Executive Officers' annual compensation covered by the plan as of December 31, 2000, is represented by the salary column in the Summary Compensation Table above.

The credited years of service under the Retirement Income Plan, as of December 31, 2000, for the following Named Executive Officers is as follows: Ms. Conley 1; Mr. Domino 30; Mr. Gallaher 31; Mr. Jackson 21; Mr. Leonard 2; Mr. McDonald 18; Mr. Packer 18; Ms. Shanks 17; Mr. Wright 31; and Mr. Yelverton 21. The credited years of service under the Retirement Income Plan, as of December 31, 2000 for the following Named Executive Officers, as a result of entering into supplemental retirement agreements, is as follows: Mr. Hintz 29 and Mr. Wilder 17.

The maximum benefit under the Retirement Income Plan is limited by Sections 401 and 415 of the Internal Revenue Code of 1986, as amended; however, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy have elected to participate in the Pension Equalization Plan sponsored by Entergy Corporation. Under this plan, certain executives, including the Named Executive Officers, would receive an additional amount equal to the benefit that would have been payable under the Retirement Income Plan, except for the Sections 401 and 415 limitations discussed above.

In addition to the Retirement Income Plan discussed above, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy participate in the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries and the Post-Retirement Plan of Entergy Corporation and Subsidiaries. Participation is limited to one of these two plans and is at the invitation of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy. The participant may receive from the appropriate Entergy company a monthly benefit payment not in excess of .025 (under the Supplemental Retirement Plan) or .0333 (under the Post-Retirement Plan) times the participant's average basic annual salary (as defined in the plans) for a maximum of 120 months. Mr. Hintz, Mr. Packer and Mr. Yelverton have entered into a Supplemental Retirement Plan participation contract, and Mr. Gallaher, Mr. Jackson, and Mr. Wright have entered into Post-Retirement Plan participation contracts. Current estimates indicate that the annual payments to each Named Executive Officer under the above plans would be less than the payments to that officer under the System Executive Retirement Plan discussed below.

**System Executive Retirement Plan Table (1)**

Annual Covered Compensation	Years of Service				
	10	15	20	25	30+
\$ 200,000	\$60,000	\$90,000	\$100,000	\$110,000	
\$120,000					
300,000	90,000	135,000	150,000	165,000	
180,000					
400,000	120,000	180,000	200,000	220,000	
240,000					
500,000	150,000	225,000	250,000	275,000	
300,000					
600,000	180,000	270,000	300,000	330,000	
360,000					
700,000	210,000	315,000	350,000	385,000	
420,000					
1,000,000	300,000	450,000	500,000	550,000	
600,000					

(1) Covered pay includes the average of the highest three years of annual base pay and incentive awards earned by the executive during the ten years immediately preceding his retirement. Benefits shown are based on a target replacement ratio of 50% based on the years of service and covered compensation shown. The benefits for 10, 15, and 20 or more years of service at the 45% and 55% replacement levels would decrease (in the case of 45%) or increase (in the case of 55%) by the following percentages: 3.0%, 4.5%, and 5.0%, respectively.

In 1993, Entergy Corporation adopted the System Executive Retirement Plan (SERP). This plan was amended in 1998. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy are participating employers in the SERP. The SERP is an unfunded defined benefit plan offered at retirement to certain senior executives, which would currently include all the Named Executive Officers. Participating executives choose, at retirement, between the retirement benefits paid under provisions of the SERP or those payable under the Supplemental Retirement Plan or the Post-Retirement Plan discussed above. The plan was amended in 1998 to provide that covered pay is the average of the highest three years annual base pay and incentive awards earned by the executive during the ten years immediately preceding his retirement. Benefits paid under the SERP are calculated by multiplying the covered pay times target pay replacement ratios (45%, 50%, or 55%, dependent on job rating at retirement) that are attained, according to plan design, at 20 years of credited service. The target ratios are increased by 1% for each year of service over 20 years, up to a maximum of 30 years of service. In accordance with the SERP formula, the target ratios are reduced for each year of service below 20 years. The credited years of service under this plan are identical to the years of service for Named Executive Officers (other than Mr. Jackson, Mr. Thompson, and Mr. Yelverton) disclosed above in the section entitled "Pension Plan Tables-Retirement Income Plan Table". Mr. Jackson, Mr. Thompson, and Mr. Yelverton have 27 years, 19 years, and 31 years, respectively, of credited service under this plan.

The amended plan provides that a single employee receives a lifetime annuity and a married employee receives the reduced benefit with a 50% surviving spouse annuity. Other actuarially equivalent options are available to each retiree. SERP benefits are offset by any and all defined benefit plan payments from Entergy. SERP benefits are not subject to Social Security offsets.

Eligibility for and receipt of benefits under any of the executive plans described above are contingent upon several factors. The participant must agree, without the specific consent of the Entergy company for which such participant was last employed, not to take employment after retirement with any entity that is in competition with, or similar in nature to, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy or any affiliate thereof. Eligibility for benefits is forfeitable for various reasons, including violation of an agreement with Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, certain resignations of employment, or certain terminations of employment without Company permission.

In addition to the Retirement Income Plan discussed above, Entergy Gulf States provides, among other benefits to officers, an Executive Income Security Plan for key managerial personnel. The plan provides participants with certain retirement, disability, termination, and survivors' benefits. To the extent that such benefits are not funded by the employee benefit plans of Entergy Gulf States or by vested benefits payable by the participants' former employers, Entergy Gulf States is obligated to make supplemental payments to participants or their survivors. The plan provides that upon the death or disability of a participant during his employment, he or his designated survivors will receive (i) during the first year following his death or disability an amount not to exceed his annual base salary, and (ii) thereafter for a number of years until the participant attains or would have attained age 65, but not less than nine years, an amount equal to one-half of the participant's annual base salary. The plan also provides supplemental retirement benefits for life for participants retiring after reaching age 65 equal to one-half of the participant's average final compensation rate, with one-half of such benefit upon the death of the participant being payable to a surviving spouse for life.

Entergy Gulf States amended and restated the plan effective March 1, 1991, to provide such benefits for life upon termination of employment of a participating officer or key managerial employee without cause (as defined in the plan) or if the participant separates from employment for good reason (as defined in the plan), with 1/2 of such benefits to be payable to a surviving spouse for life. Further, the plan was amended to provide medical benefits for a participant and his family when the participant separates from service. These medical benefits generally continue until the participant is eligible to receive medical benefits from a subsequent employer; but in the case of a participant who is over 50 at the time of separation and was participating in the plan on March 1, 1991, medical benefits continue for life. By virtue of the 1991 amendment and restatement, benefits for a participant under such plan cannot be modified once he becomes eligible to participate in the plan. Mr. Domino is a participant in this plan.

Upon completion of the merger with FPL Group, benefits already accrued under Entergy's System Executive Retirement Plan, Post-Retirement Plan, Supplemental Retirement Plan and Pension Equalization Plan will be funded in an irrevocable trust, the assets of which may be used only to pay benefits under such plans and become fully vested if the participant is involuntarily terminated without "cause" or terminates employment for "good reason" (as such terms are, respectively, defined in such plans), and (b) all amounts credited to participants' accounts under Entergy's Deferred Compensation Plan will be funded in an irrevocable trust, the assets of which may be used only to pay amounts under such agreements (unless Entergy becomes insolvent, in which case the assets in the trust will be available to satisfy the claims of creditors) (a "rabbi trust").

### **Compensation of Directors**

For information regarding compensation of the directors of Entergy Corporation, see the Proxy Statement under the heading "Director Compensation", which information is incorporated herein by reference. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy currently have no non-employee directors, and none of the current directors of these companies are compensated for their responsibilities as director.

Retired non-employee directors of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans with a minimum of five years of service on the respective Boards of Directors are paid \$200 a month for a term of years corresponding to the number of years of active service as directors. Retired non-employee directors with over ten years of service receive a lifetime benefit of \$200 a month. Years of service as an advisory director are included in calculating this benefit. System Energy has no retired non-employee directors.

Retired non-employee directors of Entergy Gulf States receive retirement benefits under a plan in which all directors who served continuously for a period of years will receive a percentage of their retainer fee in effect at the time of their retirement for life. The retirement benefit is 30 percent of the retainer fee for service of not less than five nor more than nine years, 40 percent for service of not less than ten nor more than fourteen years, and 50 percent for fifteen or more years of service. For those directors who retired prior to the retirement age, their benefits are reduced. The plan also provides disability retirement and optional hospital and medical coverage if the director has served at least five years prior to the disability. The retired director pays one-third of the premium for such optional hospital and medical coverage and Entergy Gulf States pays the remaining two-thirds. Years of service as an advisory director are included in calculating this benefit.

### **Executive Retention and Employment Agreements and Change-in-Control Arrangements**

#### **Entergy Gulf States**

As a result of the Merger, Entergy Gulf States is obligated to pay benefits under the Executive Income Security Plan to those persons who were participants at the time of the Merger and who later terminated their employment under circumstances described in the plan. For additional description of the benefits under the Executive Income Security Plan, see the "Pension Plan Tables-System Executive Retirement Plan Table" section noted above.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy

In connection with the proposed merger between Entergy and FPL Group, Inc., Entergy has entered into retention agreements with its executive officers. In addition, WCB Holding Corp., a new company formed by Entergy and FPL Group, has entered into an employment agreement with Mr. Leonard.

Retention Agreement with Mr. Leonard - Entergy has entered into a retention agreement with Mr. Leonard which provides that upon a termination of employment prior to the earlier to occur of the termination of the merger agreement with FPL Group or the effective date of the employment agreement between Mr. Leonard and WCB Holding (see "Employment Agreement with Mr. Leonard" below) (a) by Entergy without "cause" or by Mr. Leonard for "good reason", as such terms are defined in the agreement, other than a termination of employment described in the next paragraph, or (b) by reason of Mr. Leonard's death or disability:

o Entergy will pay to him a lump sum cash severance payment equal to three times the sum of Mr. Leonard's base salary and target annual incentive award;

- o Entergy will pay to him a pro rata annual incentive award, based on an assumed maximum annual achievement of applicable performance goals;
- o his supplemental retirement benefit will fully vest, will be determined as if he had remained employed with Entergy until the attainment of age 55, and will commence upon his attainment of age 55;
- o he will be entitled to immediate payment of performance awards, based upon an assumed target achievement of applicable performance goals;
- o all of his stock options will become fully vested and will remain outstanding for their full ten-year term; and
- o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur.

If Mr. Leonard's employment is terminated by Entergy prior to the earlier of completion of the merger with FPL Group or termination of the merger agreement with FPL Group upon the determination of the Board that for reasons other than "cause" and in the best interests of Entergy's shareholders in connection with the completion of the merger with FPL Group, it is necessary that Mr. Leonard no longer serve as Chief Executive Officer of Entergy:

- o Entergy will pay to him a lump sum severance payment equal to five times the sum of his base salary and maximum annual incentive award;
- o Entergy will pay to him a pro rata annual incentive award, based on an assumed maximum achievement of applicable performance goals;
- o his supplemental retirement benefit will fully vest, will be determined as if he had remained employed with Entergy until the attainment of age 55, and will commence upon his attainment of age 55;
- o he will be entitled to immediate payment of performance awards, based upon an assumed maximum achievement of applicable performance goals;
- o all of his stock options will become fully vested and will remain outstanding for their full ten-year term; and
- o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur.

If Mr. Leonard's employment is terminated by Entergy for "cause" at any time, or by Mr. Leonard without "good reason" and without Entergy's permission prior to his attainment of age 55, Mr. Leonard will forfeit his supplemental retirement benefit. If Mr. Leonard's employment is terminated by Mr. Leonard without "good reason" with the Entergy's permission prior to his attainment of age 55, Mr. Leonard will be entitled to a supplemental retirement benefit, reduced by 6.5% for each year that the termination date precedes his attainment of age 55, payable commencing upon Mr. Leonard's attainment of age 62. If Mr. Leonard's employment is terminated by Mr. Leonard without "good reason" following his attainment of age 55, Mr. Leonard will be entitled to his full supplemental retirement benefit. The amounts payable under the agreement will be funded in a rabbi trust.

Additionally, the Board of Directors has approved a grant to Mr. Leonard of 200,000 restricted stock units pursuant to Entergy's Equity Ownership Plan. 50,000 of the restricted stock units (without dividends) will vest on each of December 31, 2001, December 31, 2002, December 31, 2003 and December 31, 2004. In addition, the restricted stock units will vest upon the termination of Mr. Leonard's employment by Entergy without "cause" or by Mr. Leonard for "good reason" (as defined in the retention agreement between Mr. Leonard and Entergy).

Retention Agreement with Mr. Gallaher - Entergy has entered into a retention agreement with Mr. Gallaher which provides that upon termination of employment prior to the earlier of the termination of the merger agreement with FPL Group or the second anniversary of the completion of the merger with FPL Group (a) by Mr. Gallaher for "good reason" or by Entergy without "cause", as such terms are defined in the agreement or (b) by reason of Mr. Gallaher's death or disability:

- o Entergy will pay to him a lump sum cash severance payment equal to four times the sum of his base salary and maximum annual incentive award;
- o Entergy will pay to him a pro rata annual incentive award, based on an assumed maximum achievement of applicable performance goals;
- o he will be entitled to immediate payment of performance awards, based upon an assumed maximum achievement of applicable performance goals;
- o all of his stock options will become fully vested and will remain outstanding for their full ten-year term;
- o he may elect to receive either a lump sum supplemental retirement benefit equal to \$3.8 million or the benefit he would have earned under the

terms of the SERP applicable to individuals who became participants on or after March 25, 1998;

- o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur; and

- o the amounts payable under the agreement will be funded in a rabbi trust.

Retention agreement with Mr. Hintz - Entergy has entered into a retention agreement with Mr. Hintz which provides that Mr. Hintz will be paid an initial retention payment of approximately \$2.8 million on the date on which the merger with FPL Group is completed and an additional retention payment of approximately \$2.3 million on the second anniversary of the completion of the merger with FPL Group if he remains employed on each of those dates. The agreement also provides that upon termination of employment prior to the earlier of the termination of the merger agreement with FPL Group or the second anniversary of the completion of the merger with FPL Group (a) by Mr. Hintz for "good reason" or by Entergy without "cause", as such terms are defined in the agreement or (b) by reason of Mr. Hintz's death or disability:

- o Entergy will pay to him a lump sum cash severance payment equal to \$2.8 million if such termination occurs prior to completion of the merger of FPL Group or equal to \$2.3 million if such termination occurs following completion of the merger with FPL Group;

- o Entergy will pay to him a pro rata annual incentive award, based on an assumed maximum achievement of applicable performance goals, if such termination occurs following completion of the merger with FPL Group;

- o he will be entitled to immediate payment of performance awards based upon an assumed target achievement of applicable performance goals, if such termination occurs prior to completion of the merger, or based upon an assumed maximum achievement of applicable performance goals, if such termination occurs following completion of the merger with FPL Group;

- o all of his stock options will become fully vested and will remain outstanding for their full ten-year term;

- o he will be entitled to receive a supplemental retirement benefit that, when combined with Mr. Hintz's SERP benefit, equals the benefit he would have earned under the terms of the SERP as in effect immediately prior to March 25, 1998;

- o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur; and

- o the amounts payable under the agreement will be funded in a rabbi trust.

Retention Agreement with Mr. Jackson - Entergy has entered into a retention agreement with Mr. Jackson which provides that upon termination of employment (a) by him for "good reason" or by Entergy without "cause", as such terms are defined in the agreement, or by reason of his death or disability, in each case prior to the earlier of completion of the merger with FPL Group or termination of the merger agreement with FPL Group or (b) for any reason following completion of the merger with FPL Group:

- o Entergy will pay to him a lump sum cash severance payment equal to four times the sum of his base salary and maximum annual incentive award;

- o Entergy will pay to him a pro rata annual incentive award, based on an assumed maximum achievement of applicable performance goals;

- o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur;

- o he will be entitled to immediate payment of performance awards, based upon an assumed maximum achievement of applicable performance goals;

- o he may elect to receive either a lump sum supplemental retirement benefit equal to (a) \$4.3 million or (b) the benefit that he would have earned under the terms of the SERP applicable to individuals who became participants on or after March 25, 1998;

- o all of his stock options will become fully vested and will remain outstanding for their full ten-year term; and

- o the amounts payable under the agreements will be funded in a rabbi trust.

Retention Agreement with Mr. Wilder - Entergy has entered into a retention agreement with Mr. Wilder which provides that upon termination of employment (a) by Mr. Wilder for "good reason" or by Entergy without "cause", as such terms are defined in the agreement, in each case prior to the termination of the merger agreement with FPL Group or prior to the second anniversary of the completion of the merger with FPL Group, (b) by reason of Mr. Wilder's death or disability prior to the termination of the merger agreement with FPL Group or prior to the second anniversary of the completion of the merger with FPL Group or (c) for any reason following the second anniversary of the completion of the merger with FPL Group:

o Entergy will pay to him a lump sum cash severance payment equal to four times the sum of his base salary and maximum annual incentive award;

o Entergy will pay to him a pro rata annual incentive award, based on an assumed maximum achievement of applicable performance goals;

o except in the case of a termination by reason of death or disability, he will continue to be employed as a Special Project Coordinator at an annual base salary of \$200,000, and will continue to participate in all of Entergy's benefit plans, until the earliest of (a) his attainment of age 55 (at which time he will be deemed eligible to retire under Entergy's plans then in effect), (b) his employment with a company listed in the Fortune Global 500 Index or (c) his employment with any company that has a conflict of interest policy that would prohibit his continued employment with Entergy;

o Entergy will credit him with 15 additional years of service under Entergy's supplemental retirement plan and he may elect to receive either (a) approximately \$1.9 million in a cash lump sum in full settlement of all nonqualified retirement benefits or (b) the benefit that he would have earned under the terms of the SERP applicable to individuals who became participants on or after March 25, 1998 (which amount he may elect to receive upon completion of the merger with FPL Group);

o he will be entitled to immediate payment of performance awards, based upon an assumed maximum achievement of applicable performance goals;

o all of his stock options will become fully vested and will remain outstanding for their full ten-year term; and

o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur.

If Mr. Wilder terminates his employment for any reason following shareholder approval of the merger with FPL Group but prior to the completion of the merger, Entergy will pay to him a lump sum cash severance payment equal to three times the sum of his base salary and target annual incentive award and a "gross-up" payment in respect of any excise taxes he might incur.

If Mr. Wilder terminates employment without good reason and other than on account of death or disability, on or after the completion of the merger and before the second anniversary of the completion of the merger with FPL Group:

o Entergy will pay to him a lump sum cash severance payment equal to three times the sum of his base salary and target annual incentive award;

o Entergy will pay to him a pro rata annual incentive award, based on an assumed maximum achievement of applicable performance goals;

o he will continue to be employed as a Special Project Coordinator at an annual base salary of \$200,000, and will continue to participate in all of Entergy's benefit plans, until the earliest of (a) his attainment of age 55 (at which time he will be deemed eligible to retire under Entergy's plans then in effect), (b) his employment with a company listed in the Fortune Global 500 Index or (c) his employment with any company that has a conflict of interest policy that would prohibit his continued employment with Entergy;

o Entergy will credit him with 15 additional years of service under Entergy's supplemental retirement plan and he may elect to receive either (a) approximately \$1.9 million in a cash lump sum in full settlement of all nonqualified retirement benefits or (b) the benefit that he would have earned under the terms of the SERP applicable to individuals who became participants on or after March 25, 1998 (which amount he may elect to receive upon completion of the merger with FPL Group);

o he will be entitled to immediate payment of performance awards, based upon an assumed target achievement of applicable performance goals;

o all of his stock options will become fully vested and will remain outstanding for their full ten-year term;

o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur; and

o the amounts payable under the agreement will be funded in a rabbi trust.

Retention Agreement with Mr. Yelverton - Entergy has entered into a retention agreement with Mr. Yelverton which provides that he will be paid cash retention payments of \$680,000 on each of the first three anniversaries of the completion of the merger with FPL Group if he remains employed on each of those dates. The agreement also provides that upon termination of employment prior to the earlier of the termination of the merger agreement or the third anniversary of the completion of the merger with FPL Group (a) by Mr. Yelverton for "good reason" or by Entergy without "cause", as such terms are defined in the agreement or (b) by reason of Mr. Yelverton's death or disability:

o Entergy will pay him a lump sum cash severance payment equal to the remaining unpaid portion of the cash retention payments;

o he will be entitled to immediate payment of performance awards, based upon an assumed target achievement of applicable performance goals;

- o all of his stock options will become fully vested and will remain outstanding for their full ten-year term;
- o Entergy will pay to him a "gross-up" payment in respect of any excise taxes he might incur; and
- o the amounts payable under the agreement will be funded in a rabbi trust.

Employee Retention Bonus Plan - Ms. Conley, Mr. Domino, Mr. McDonald, Mr. Packer and Ms. Shanks are participants in the Employee Retention Bonus Plan of Entergy and its Subsidiaries. Under the Plan, he or she will be paid (a) on the date on which the merger with FPL Group is completed, an initial retention payment of one time his or her annual base salary and (b) on the first anniversary of the completion of the merger with FPL Group, an additional retention payment of one time his or her annual base salary. Each of them must remain employed on each of those dates and satisfy certain other conditions. Upon termination of employment by any of them for "good reason" or by Entergy without "cause", as such terms are defined in the Plan,

- (a) if prior to closing of the merger with FPL Group, then he or she would receive both payments on date on which the merger is completed, or
- (b) if after the closing of the merger with FPL Group, he or she would receive the remaining payment upon termination of employment. In the event of death or disability before the closing of the merger with FPL Group, each of them or their beneficiary would receive one time his or her annual base salary and in the event of death or disability after the closing of the merger with FPL Group, each of them or their beneficiary would receive the remaining payment. If the merger is terminated, each of them would receive one-half of his or her annual base salary.

Employment Agreement with Mr. Leonard - WCB Holding has entered into an employment agreement with Mr. Leonard pursuant to which Mr. Leonard will serve as Chief Executive Officer and President of WCB Holding. Pursuant to WCB Holding's By-laws, during a specified period following the consummation of the merger with FPL Group (until the earlier of (a) a vacancy on WCB Holding's Board of Directors with respect to a director designated by FPL Group which follows the first anniversary of the consummation of the merger and (b) the third annual shareholder meeting of WCB Holding which occurs following the calendar year in which the merger is consummated), Mr. Leonard may be removed or replaced from his positions with WCB Holding (and any person other than Mr. Leonard may be elected to such positions) only upon the affirmative vote of at least two-thirds of WCB Holding's entire Board of Directors. The agreement is for an initial three-year term commencing upon consummation of the merger with FPL Group, with opportunity for extension. The agreement also provides the following:

- o During the first year following the merger, Mr. Leonard's compensation will be determined by the compensation committee of the WCB Holding Board of Directors based on competitive practices for the chief executive officer of companies of comparable size and standing, but in no event will Mr. Leonard's base salary, annual incentive compensation, long-term incentives, fringe benefits, and eligibility to participate in all savings and retirement plans, practices, policies and programs be less favorable than that of Mr. Broadhead, currently Chairman and Chief Executive Officer of FPL Group, and also designated to be the Chairman of the Board of WCB Holdings. Mr. Broadhead's annual base salary will be no less than \$1,050,000, his annual incentive compensation target will be no less than 75% of base salary, and his long-term incentive compensation target will be no less than 185% of base salary.

- o Thereafter, Mr. Leonard's base salary and additional compensation will be reviewed by the compensation committee of WCB Holding for possible increase at least annually during the term of his employment.

- o Mr. Leonard will participate in supplemental executive plans, agreements and arrangements such that the aggregate value of retirement benefits available to Mr. Leonard and his beneficiaries at the end of his employment with WCB Holding will not be less than that to which he would have been entitled had he remained in Entergy's employment for the same period of time under his current arrangements with Entergy.

If Mr. Leonard's employment is involuntarily terminated without "cause" or if he terminates for "good reason", as such terms are defined in his employment agreement, Mr. Leonard will be entitled to receive, in lieu of benefits, a cash severance payment equal to three times the sum of his Annual Base Salary and Highest Bonus, as such terms are defined in the agreement, continued benefits for three additional years, certain additional benefits and a "gross-up" payment in respect of any excise taxes he might incur.

### **Personnel Committee Interlocks and Insider Participation**

The compensation of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy executive officers was set by the Personnel Committee of Entergy Corporation's Board of Directors, composed solely of Directors of Entergy Corporation.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management**

Entergy Corporation owns 100% of the outstanding common stock of registrants Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy. The information with respect to persons known by Entergy Corporation to be beneficial owners of more than 5% of Entergy Corporation's outstanding common stock is included under the heading "Stockholders Who Own at Least Five Percent" in the Proxy Statement, which information is incorporated herein by reference. Other than the Merger Agreement with FPL Group, the registrants know of no contractual arrangements that may, at a subsequent date, result in a change in control of any of the

registrants.

As of December 31, 2000, the directors, the Named Executive Officers, and the directors and officers as a group for Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, respectively, beneficially owned directly or indirectly common stock of Entergy Corporation as indicated:

Name Ownership(c)	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a) Sole Voting and Investment Power		Other Beneficial
Entergy Corporation			
Maureen S. Bateman*	300		-
W. Frank Blount*	6,834		-
George W. Davis*	1,500		-
Norman C. Francis*	2,500		-
Frank F. Gallaher**	7,640		24,166
Donald C. Hintz**	3,536		119,000
Jerry D. Jackson**	22,960		11,719
J. Wayne Leonard***	13,065		85,000
Robert v.d. Luft*	15,052		85,000
Kathleen A. Murphy*	1,300(b)		-
Paul W. Murrill*	2,704		-
James R. Nichols*	8,859		-
William A. Percy, III*	550		-
Dennis H. Reilley*	600		-
Wm. Clifford Smith*	9,485		-
Bismark A. Steinhagen*	9,647		-
C. John Wilder**	9,017		17,500
All directors and executive officers	137,171		367,326

	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a) Sole Voting and Investment Power		Other Beneficial
Name Ownership(c)			
Entergy Arkansas			
Donald C Hintz***	3,536		119,000
Jerry D. Jackson***	22,960		11,719
J. Wayne Leonard**	13,065		85,000
Hugh T. McDonald***	3,475		4,899
C. John Wilder***	9,017		17,500
Thomas J. Wright**(d)	15,332(b)		6,332
All directors and executive officers	105,303		281,224
Entergy Gulf States			
E. Renae Conley***	220		2,500
Joseph F. Domino***	6,917		5,995
Frank F. Gallaher**	7,640		24,166
Donald C. Hintz***	3,536		119,000
Jerry D. Jackson***(d)	22,960		11,719
J. Wayne Leonard**	13,065		85,000
C. John Wilder***	9,017		17,500
All directors and executive officers	104,687		284,238
Entergy Louisiana			
E. Renae Conley***	220		2,500
Frank F. Gallaher**	7,640		24,166
Donald C. Hintz***	3,536		119,000
Jerry D. Jackson***(d)	22,960		11,719
J. Wayne Leonard**	13,065		85,000
C. John Wilder***	9,017		17,500
All directors and executive officers	97,020		278,243

Name Ownership(c)	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a) Sole Voting and Investment Power		Other Beneficial
Entergy Mississippi			
Donald C. Hintz***	3,536		119,000
Jerry D. Jackson***	22,960		11,719
J. Wayne Leonard**	13,065		85,000
Carolyn C. Shanks***	3,708		-
C. John Wilder***	9,017		17,500
All directors and executive officers	89,639		269,993
Entergy New Orleans			
Donald C. Hintz***	3,536		119,000
Jerry D. Jackson***	22,960		11,719
J. Wayne Leonard**	13,065		85,000
Daniel F. Packer***	2,858		5,583
C. John Wilder***	9,017		17,500
All directors and executive officers	86,470		275,576
System Energy			
Donald C. Hintz***	3,536		119,000
Jerry D. Jackson**	22,960		11,719
J. Wayne Leonard**	13,065		85,000
C. John Wilder***	9,017		17,500
Jerry W. Yelverton***	8,349		24,716
All directors and executive officers	72,639		270,543

\* Director of the respective Company \*\* Named Executive Officer of the respective Company \*\*\* Director and Named Executive Officer of the respective Company

(a) Based on information furnished by the respective individuals. Except as noted, each individual has sole voting and investment power. The number of shares of Entergy Corporation common stock owned by each individual and by all directors and executive officers as a group does not exceed one percent of the outstanding Entergy Corporation common stock.

(b) Includes 1,000 shares for Ms. Murphy in which she has joint ownership. Includes 5,171 shares for Mr. Wright in which he has joint ownership and 1,793 shares in which he has custodial ownership.

(c) Other Beneficial Ownership includes, for the Named Executive Officers, shares of Entergy Corporation common stock in the form of unexercised stock options awarded pursuant to the Equity Ownership Plan.

(d) Mr. Wright is the former Chief Executive Officer and a former director of Entergy Arkansas. Mr. Jackson is the former Chief Executive Officer of Entergy Gulf States, LA and Entergy Louisiana.

### Item 13. Certain Relationships and Related Transactions

During 2000, T. Baker Smith & Son, Inc. performed land-surveying services for, and received payments of approximately \$427,014 from Entergy companies. Mr. Wm. Clifford Smith, a director of Entergy Corporation, is President of T. Baker Smith & Son, Inc. Mr. Smith's children own 100% of the voting stock of T. Baker Smith & Son, Inc.

See Item 10, "Directors and Executive Officers of the Registrants," for information on certain relationships and transactions required to be reported under this item.

Other than as provided under applicable corporate laws, Entergy does not have policies whereby transactions involving executive officers and directors are approved by a majority of disinterested directors. However, pursuant to the Entergy Corporation Code of Conduct, transactions involving an Entergy company and its executive officers must have prior approval by the next higher reporting level of that individual, and transactions involving an Entergy company and its directors must be reported to the secretary of the appropriate Entergy company.

## PART IV

### Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)1. Financial Statements and Independent Auditors' Reports for Entergy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy are listed in the Index to Financial Statements (see pages 41 and 42)

(a)2. Financial Statement Schedules

Reports of Independent Accountants on Financial Statement Schedules (see page 241)

Financial Statement Schedules are listed in the Index to Financial Statement Schedules (see page S-1)

(a)3. Exhibits

Exhibits for Entergy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy are listed in the Exhibit Index (see page E-

1). Each management contract or compensatory plan or arrangement required to be filed as an exhibit hereto is identified as such by footnote in the Exhibit Index.

(b) Reports on Form 8-K

#### **Entergy Corporation and Entergy Louisiana**

A Current Report on Form 8-K, dated October 19, 2000, was filed with the SEC on October 19, 2000, reporting information under Item 5. "Other Events" and Item 7. "Financial Statements, Pro Forma Financial Statements and Exhibits".

#### **Entergy Corporation**

A Current Report on Form 8-K, dated December 15, 2000, was filed with the SEC on December 15, 2000, reporting information under Item 5. "Other Events" and Item 7. "Financial Statements, Pro Forma Financial Statements and Exhibits".

#### **Entergy Corporation**

A Current Report on Form 8-K, dated January 9, 2001, was filed with the SEC on January 9, 2001, reporting information under Item 7. "Financial Statements, Pro Forma Financial Statements and Exhibits" and Item 9. "Regulation FD Disclosure".

#### **Entergy Corporation**

A Current Report on Form 8-K, dated February 1, 2001, was filed with the SEC on February 1, 2001, reporting information under Item 7. "Financial Statements, Pro Forma Financial Statements and Exhibits" and Item 9. "Regulation FD Disclosure".

**ENTERGY CORPORATION**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**ENTERGY CORPORATION**

*By /s/ Nathan E. Langston  
Nathan E. Langston, Vice President  
and  
Chief Accounting Officer*

Date: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

**Signature Title Date**

*/s/ Nathan E. Langston  
Nathan E. Langston Vice President and Chief Accounting Officer March 16,  
2001  
(Principal Accounting Officer)*

J. Wayne Leonard (Chief Executive Officer and Director; Principal Executive Officer); Robert v.d. Luft (Chairman of the Board and Director); C. John Wilder (Executive Vice President and Chief Financial Officer; Principal Financial Officer); Maureen S. Bateman, W. Frank Blount, George W. Davis, Norman C. Francis, Thomas F. McLarty, III, Kathleen A. Murphy, Paul W. Murrill, James R. Nichols, William A. Percy, II, Dennis H. Reilley, Wm. Clifford Smith, and Bismark A. Steinhagen (Directors).

*By: /s/ Nathan E. Langston March 16,  
2001  
(Nathan E. Langston, Attorney-in-fact)*

**ENTERGY ARKANSAS, INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**ENTERGY ARKANSAS, INC.**

*By /s/ Nathan E. Langston  
Nathan E. Langston, Vice  
President  
and Chief Accounting Officer*

Date: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

**Signature Title Date**

*/s/ Nathan E. Langston  
Nathan E. Langston Vice President and Chief Accounting Officer March 16,  
2001  
(Principal Accounting Officer)*

Hugh T. McDonald (Chairman of the Board, President, Chief Executive Officer, and Director; Principal Executive Officer); C. John Wilder (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Donald C. Hintz and Jerry D. Jackson (Directors).

*By: /s/ Nathan E. Langston March 16,  
2001  
(Nathan E. Langston, Attorney-in-fact)*

**ENTERGY GULF STATES, INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**ENTERGY GULF STATES, INC.**

*By /s/ Nathan E. Langston  
Nathan E. Langston, Vice  
President  
and Chief Accounting Officer*

Date: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

**Signature Title Date**

*/s/ Nathan E. Langston  
Nathan E. Langston Vice President and Chief March 16,  
2001  
Accounting Officer  
(Principal Accounting Officer)*

Joseph F. Domino (Chairman of the Board, President, Chief Executive Officer-Texas, and Director; Principal Executive Officer); E. Renae Conley (President, Chief Executive Officer-Louisiana, and Director; Principal Executive Officer); C. John Wilder (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Donald C. Hintz and Jerry D. Jackson (Directors).

*By: /s/ Nathan E. Langston March 16,  
2001  
(Nathan E. Langston, Attorney-in-fact)*

**ENTERGY LOUISIANA, INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**ENTERGY LOUISIANA, INC.**

*By /s/ Nathan E. Langston  
Nathan E. Langston, Vice  
President  
and Chief Accounting Officer*

Date: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

**Signature Title Date**

*/s/ Nathan E. Langston  
Nathan E. Langston Vice President and Chief March 16,  
2001  
Accounting Officer  
(Principal Accounting Officer)*

E. Renae Conley (Chairman of the Board, President, Chief Executive Officer, and Director; Principal Executive Officer); C. John Wilder (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Donald C. Hintz and Jerry D. Jackson (Directors).

*By: /s/ Nathan E. Langston March 16,  
2001  
(Nathan E. Langston, Attorney-in-fact)*

**ENTERGY MISSISSIPPI, INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**ENTERGY MISSISSIPPI, INC.**

*By /s/ Nathan E. Langston  
Nathan E. Langston, Vice  
President  
and Chief Accounting Officer*

Date: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

**Signature Title Date**

*/s/ Nathan E. Langston  
Nathan E. Langston Vice President and Chief March 16,  
2001  
Accounting Officer  
(Principal Accounting Officer)*

Carolyn C. Shanks (Chairman of the Board, President, Chief Executive Officer, and Director; Principal Executive Officer); C. John Wilder (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Donald C. Hintz and Jerry D. Jackson (Directors).

*By: /s/ Nathan E. Langston March 16,  
2001  
(Nathan E. Langston, Attorney-in-fact)*

**ENTERGY NEW ORLEANS, INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**ENTERGY NEW ORLEANS, INC.**

*By /s/ Nathan E. Langston  
Nathan E. Langston, Vice  
President  
and Chief Accounting Officer*

Date: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

**Signature Title Date**

*/s/ Nathan E. Langston  
Nathan E. Langston Vice President and Chief Accounting Officer March 16,  
2001  
(Principal Accounting Officer)*

Daniel F. Packer (Chairman of the Board, President, Chief Executive Officer, and Director; Principal Executive Officer); C. John Wilder (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Donald C. Hintz and Jerry D. Jackson (Directors).

*By: /s/ Nathan E. Langston  
2001  
(Nathan E. Langston, Attorney-in-fact)*

*March 16,*

**SYSTEM ENERGY RESOURCES, INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**SYSTEM ENERGY RESOURCES, INC.**

*By /s/ Nathan E. Langston  
Nathan E. Langston, Vice  
President  
and Chief Accounting Officer*

Date: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

**Signature Title Date**

*/s/ Nathan E. Langston  
Nathan E. Langston Vice President and Chief March 16,  
2001  
Accounting Officer  
(Principal Accounting Officer)*

Jerry W. Yelverton (Chairman of the Board, President, Chief Executive Officer, and Director; Principal Executive Officer); C. John Wilder (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); and Donald C. Hintz (Director).

*By: /s/ Nathan E. Langston  
2001  
(Nathan E. Langston, Attorney-in-fact)*

*March 16,*

**EXHIBIT 23(a)**

**CONSENT OF INDEPENDENT ACCOUNTANTS**

We hereby consent to the incorporation by reference in Post- Effective Amendment Nos. 2, 3, 4A, and 5A on Form S-8 and their related prospectuses to the registration statement on Form S-4 (No. 33-54298), the registration statements on Form S-8 (Nos. 333-75097 and 333-55692) and the registration statements and related prospectuses on Form S-3 (Nos. 333-02503 and 333-22007) of Entergy Corporation of our reports dated February 1, 2001, relating to the financial statements and financial statement schedules, which appear in this Form 10-K.

We hereby consent to the incorporation by reference in the registration statements and the related prospectuses on Form S- 3 (Nos. 33-50289, 333-00103, 333-05045 and 333-39018) of Entergy Arkansas, Inc. of our reports dated February 1, 2001, relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

We hereby consent to the incorporation by reference in the registration statements and the related prospectuses on Form S- 3 (Nos. 33-49739, 33-51181 and 333-60957), on Form S-8 (Nos. 2- 76551 and 2-98011) and on Form S-2 (No. 333-17911), of Entergy Gulf States, Inc. of our reports dated February 1, 2001, relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

We hereby consent to the incorporation by reference in the registration statements and the related prospectuses on Form S- 3 (Nos. 33-46085, 33-39221, 33-50937, 333-00105, 333-01329, 333- 03567 and 333-93683) of Entergy Louisiana, Inc. of our reports dated February 1, 2001, relating to the financial statements and financial statement schedule, which appear in this Form 10- K.

We hereby consent to the incorporation by reference in the registration statements and the related prospectuses on Form S- 3 (Nos. 33-53004, 33-55826, 33-50507, 333-64023 and 333-53554) of Entergy Mississippi, Inc. of our reports dated February 1, 2001, relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

We hereby consent to the incorporation by reference in the registration statements and the related prospectuses on Form S- 3 (Nos. 33-57926, 333-00255 and 333-95599) of Entergy New Orleans, Inc. of our reports dated February 1, 2001, relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

We hereby consent to the incorporation by reference in the registration statements and the related prospectuses on Form S- 3 (Nos. 33-47662, 33-61189 and 333-06717) of System Energy Resources, Inc. of our report dated February 1, 2001, relating to the financial statements, which appears in this Form 10-K.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana  
March 14, 2001

## Report of Independent Accountants on Financial Statement Schedules

To the Board of Directors and Shareholders of Entergy Corporation:

Our audits of the consolidated financial statements of Entergy Corporation and the financial statements of Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc. and Entergy New Orleans, Inc. (which reports and financial statements are included in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 14(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related financial statements.

**PricewaterhouseCoopers LLP**

New Orleans, Louisiana  
February 1, 2001

## INDEX TO FINANCIAL STATEMENT SCHEDULES

Schedule		Page
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	Statements of Income - For the Years Ended December 31, 2000, 1999, and 1998	S-2
	Statements of Cash Flows - For the Years Ended December 31, 2000, 1999, and 1998	S-3
	Balance Sheets, December 31, 2000 and 1999	S-4
	Statements of Retained Earnings, Comprehensive Income, and Paid-In Capital for the Years Ended December 31, 2000, 1999, and 1998	S-5
II	Valuation and Qualifying Accounts 2000, 1999 and 1998:	
	Entergy Corporation and Subsidiaries	S-6
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S-10		
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Schedules other than those listed above are omitted because they are not required, not applicable, or the required information is shown in the financial statements or notes thereto.

Columns have been omitted from schedules filed because the information is not applicable.

**ENTERGY CORPORATION**

**SCHEDULE I - FINANCIAL STATEMENTS OF ENTERGY CORPORATION  
STATEMENTS OF INCOME**

	For the Years Ended December 31,		
	2000	1999	1998
	(In Thousands)		
Income:			
Equity in income of subsidiaries	\$698,243	\$651,977	\$822,758
Interest on temporary investments	12,273	5,703	2,536
Total	710,516	657,680	825,294
Expenses and Other Deductions:			
Administrative and general expenses	25,146	85,815	77,296
Income taxes (credit)	(15,212)	12,524	
Taxes other than income	661	739	1,325
Interest	20,627	6,143	14,451
Total	31,222	105,221	86,225
Total	710,516	657,680	825,294
Net Income	\$679,294	\$552,459	\$739,069

See Entergy Corporation and Subsidiaries Notes to Financial Statements in Part II, Item 8.

ENTERGY CORPORATION

SCHEDULE I - FINANCIAL STATEMENTS OF ENTERGY CORPORATION  
STATEMENTS OF CASH FLOWS

	Year to Date December 31,		
	2000	1999	1998
	(In Thousands)		
<b>Operating Activities:</b>			
Net income	\$679,294	\$552,459	\$739,069
Noncash items included in net income:			
Equity in earnings of subsidiaries	(698,243)	(651,977)	(822,758)
Deferred income taxes	(9,014)	(15,237)	(1,997)
Depreciation	962	1,438	2,069
Changes in working capital:			
Receivables	2,013	198	(21,033)
Payables	(13,822)	17,256	357
Other working capital accounts	98,489	(83,711)	26,683
Common stock dividends received from subsidiaries	314,300	532,300	488,500
Other	(11,694)	68,276	36,948
	-----	-----	-----
Net cash flow provided by operating activities	362,285	421,002	447,838
	-----	-----	-----
<b>Investing Activities:</b>			
Investment in subsidiaries	194,665	237,121	(96,383)
Capital expenditures	(360)	(604)	(212)
Other	(1,000)	9,328	-
	-----	-----	-----
Net cash flow provided by (used in) investing activities	193,305	245,845	(96,595)
	-----	-----	-----
<b>Financing Activities:</b>			
Changes in short-term borrowings	267,000	(165,500)	99,500
Advances to subsidiaries	(32,833)	(32,261)	(33,000)
Common stock dividends paid	(271,019)	(291,483)	(373,441)
Repurchase of common stock	(550,206)	(245,004)	(2,964)
Issuance of common stock	41,908	15,320	19,340
	-----	-----	-----
Net cash flow used in financing activities	(545,150)	(718,928)	(290,565)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	10,440	(52,081)	60,678
Cash and cash equivalents at beginning of period	16,493	68,574	7,896
	-----	-----	-----
Cash and cash equivalents at end of period	\$26,933	\$16,493	\$68,574
	=====	=====	=====
See Entergy Corporation and Subsidiaries Notes to Financial Statements in Part II, Item 8.			

**ENTERGY CORPORATION**

**SCHEDULE I - FINANCIAL STATEMENTS OF ENTERGY CORPORATION  
BALANCE SHEETS**

December 31,  
2000 1999  
(In Thousands)

**ASSETS**

Current Assets:

Cash and cash equivalents:

Temporary cash investments - at cost,  
which approximates market

\$26,933                      \$16,493

Total cash and cash equivalents

26,933                      16,493

Accounts receivable:

Associated companies

117,019                      177,501

Interest receivable

154                              93

Other

1,858                          1,937

Total

145,964                      196,024

Investment in Wholly-owned Subsidiaries

7,310,589                      7,114,525

Deferred Debits and Other Assets

58,571                          50,357

Total

\$7,515,124                      \$7,360,906

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current Liabilities:

Notes payable

\$387,000                      \$120,000

Accounts payable:

Associated companies

2,206                              2,165

Other

3,964                              17,786

Taxes accrued

13,123                              9,142

Other current liabilities

10,542                              6,399

Total

416,835                      155,492

Deferred Credits and Noncurrent Liabilities

93,588                          80,989

Shareholders' Equity:

Common stock, \$.01 par value, authorized

500,000,000 shares; issued 248,094,614 shares

in 2000 and 247,082,345 shares in 1999

2,481                              2,471

Paid-in capital

4,660,483                      4,636,163

Retained earnings

3,190,640                      2,786,467

Cumulative foreign currency translation adjustment

(73,998)

(68,782)

Less cost of treasury stock (28,490,031 shares in

2000 and 8,045,434 shares in 1999)

774,905                          231,894

Total common shareholders' equity

7,004,701                      7,124,425

Total

\$7,515,124                      \$7,360,906

See Entergy Corporation and Subsidiaries Notes to  
Financial Statements in Part II, Item 8.



ENTERGY CORPORATION

SCHEDULE I - FINANCIAL STATEMENTS OF ENTERGY CORPORATION  
STATEMENTS OF RETAINED EARNINGS, COMPREHENSIVE INCOME, AND PAID-IN CAPITAL

	2000	For the Years Ended December 31,			1998
		1999			
		(In Thousands)			
RETAINED EARNINGS					
Retained Earnings - Beginning of period	\$2,786,467		\$2,526,888		\$2,157,912
Add - Earnings applicable to common stock	679,294	\$679,294	552,459	\$552,459	739,069
Deduct:					
Dividends declared on common stock	275,929		294,352		369,498
Capital stock and other expenses	(807)		(1,472)		595
	-----		-----		-----
Total	275,122		292,880		370,093
	-----		-----		-----
Retained Earnings - End of period	\$3,190,639		\$2,786,467		\$2,526,888
	=====		=====		=====
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):					
Balance at beginning of period	(\$68,782)		(\$46,739)		(\$69,817)
Foreign currency translation adjustments	(5,216)	(5,216)	(22,043)	(22,043)	23,078
	-----		-----		-----
Balance at end of period	(\$73,998)		(\$68,782)		(\$46,739)
	-----		-----		-----
Comprehensive Income		\$674,078		\$530,416	\$762,147
		=====		=====	=====
PAID-IN CAPITAL					
Paid-in Capital - Beginning of period	\$4,636,163		\$4,630,609		\$4,613,572
Add:					
Common stock issuances related to stock plans	24,320		5,554		17,037
	-----		-----		-----
Paid-in Capital - End of period	\$4,660,483		\$4,636,163		\$4,630,609
	=====		=====		=====

See Entergy Corporation and Subsidiaries Notes to Financial Statements in part II, item 8.



ENTERGY CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
 Years Ended December 31, 2000, 1999, and 1998  
 (In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Income	Other	Balance at End of
			Changes Deductions from Provisions (Note 1)	
Period				
Year ended December 31, 2000				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$9,507 =====	\$17,550 =====	\$17,110 =====	\$9,947 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$(33,267)	\$66,866	\$141,950	\$(108,351)
Injuries and damages (Note 2)	34,309	16,785	15,959	35,135
Environmental	37,793	9,084	9,694	37,183
Total	\$38,835 =====	\$92,735 =====	\$167,603 =====	\$(36,033) =====
Year ended December 31, 1999				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$10,300 =====	\$19,349 =====	\$20,142 =====	\$9,507 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$(14,846)	\$35,208	\$53,629	\$(33,267)
Injuries and damages (Note 2)	28,162	25,162	19,015	34,309
Environmental	35,857	11,344	9,408	37,793
Total	\$49,173 =====	\$71,714 =====	\$82,052 =====	\$38,835 =====
Year ended December 31, 1998				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$9,800 =====	\$16,451 =====	\$15,951 =====	\$10,300 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$23,422	\$28,838	\$67,106	\$(14,846)
Injuries and damages (Note 2)	26,484	17,960	16,282	28,162
Environmental	36,368	7,596	8,107	35,857
Total	\$86,274 =====	\$54,394 =====	\$91,495 =====	\$49,173 =====

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.





ENTERGY ARKANSAS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
 Years Ended December 31, 2000, 1999, and 1998  
 (In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Income	Other	Balance at End of
			Changes Deductions from Provisions (Note 1)	
Period				
Year ended December 31, 2000				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,768	\$3,840	\$3,941	\$1,667
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$858	\$35,521	\$116,676	\$(80,297)
Injuries and damages (Note 2)	3,253	1,322	1,423	3,152
Environmental	4,934	4,082	1,880	7,136
	-----	-----	-----	-----
Total	\$9,045	\$40,925	\$119,979	\$(70,009)
	=====	=====	=====	=====
Year ended December 31, 1999				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,753	\$4,175	\$4,160	\$1,768
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$7,600	\$18,306	\$25,048	\$858
Injuries and damages (Note 2)	4,618	2,502	3,867	3,253
Environmental	4,894	3,132	3,092	4,934
	-----	-----	-----	-----
Total	\$17,112	\$23,940	\$32,007	\$9,045
	=====	=====	=====	=====
Year ended December 31, 1998				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,799	\$3,848	\$3,894	\$1,753
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$858	\$18,805	\$12,063	\$7,600
Injuries and damages (Note 2)	4,798	3,144	3,324	4,618
Environmental	4,753	1,470	1,329	4,894
	-----	-----	-----	-----
Total	\$10,409	\$23,419	\$16,716	\$17,112
	=====	=====	=====	=====

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.





ENTERGY GULF STATES, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
 Years Ended December 31, 2000, 1999, and 1998  
 (In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Income	Other	Balance at End of
			Changes Deductions from Provisions (Note 1)	
Period				
Year ended December 31, 2000				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,828	\$4,757	\$4,454	\$2,131
	=====	=====	=====	=====
Accumulated Provisions				
Not Deducted from Assets--				
Property insurance	\$(3,452)	\$4,486	\$6,732	\$(5,698)
Injuries and damages (Note 2)	8,684	6,538	5,816	9,406
Environmental	24,445	1,844	5,618	20,671
	-----	-----	-----	-----
Total	\$29,677	\$12,868	\$18,166	\$24,379
	=====	=====	=====	=====
Year ended December 31, 1999				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,735	\$4,271	\$4,178	\$1,828
	=====	=====	=====	=====
Accumulated Provisions				
Not Deducted from Assets--				
Property insurance	\$(4,184)	\$4,486	\$3,754	\$(3,452)
Injuries and damages (Note 2)	4,759	9,810	5,885	8,684
Environmental	22,309	4,187	2,051	24,445
	-----	-----	-----	-----
Total	\$22,884	\$18,483	\$11,690	\$29,677
	=====	=====	=====	=====
Year ended December 31, 1998				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,791	\$3,169	\$3,225	\$1,735
	=====	=====	=====	=====
Accumulated Provisions				
Not Deducted from Assets--				
Property insurance	\$4,317	\$5,583	\$14,084	\$(4,184)
Injuries and damages (Note 2)	5,339	4,634	5,214	4,759
Environmental	23,789	3,058	4,538	22,309
	-----	-----	-----	-----
Total	\$33,445	\$13,275	\$23,836	\$22,884
	=====	=====	=====	=====

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.





ENTERGY LOUISIANA, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
 Years Ended December 31, 2000, 1999, and 1998  
 (In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Income	Other Changes Deductions from Provisions (Note 1)	Balance at End of
Year ended December 31, 2000				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$1,615 =====	\$4,603 =====	\$4,447 =====	\$1,771 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$(24,089)	\$11,900	\$14,851	\$(27,040)
Injuries and damages (Note 2)	12,452	3,889	4,758	11,583
Environmental	7,022	2,132	1,361	7,793
Total	\$(4,615) =====	\$17,921 =====	\$20,970 =====	\$(7,664) =====
Year ended December 31, 1999				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$1,164 =====	\$4,797 =====	\$4,346 =====	\$1,615 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$(17,825)	\$6,680	\$12,944	\$(24,089)
Injuries and damages (Note 2)	13,124	7,038	7,710	12,452
Environmental	7,236	1,059	1,273	7,022
Total	\$2,535 =====	\$14,777 =====	\$21,927 =====	\$(4,615) =====
Year ended December 31, 1998				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$1,157 =====	\$1,919 =====	\$1,912 =====	\$1,164 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$581	\$2,930	\$21,336	\$(17,825)
Injuries and damages (Note 2)	9,944	9,263	6,083	13,124
Environmental	7,599	668	1,031	7,236
Total	\$18,124 =====	\$12,861 =====	\$28,450 =====	\$2,535 =====

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.





ENTERGY MISSISSIPPI, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
 Years Ended December 31, 2000, 1999, and 1998  
 (In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Income	Other	Balance at End of
			Changes Deductions from Provisions (Note 1)	
Period				
Year ended December 31, 2000				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$886	\$2,635	\$2,477	\$1,044
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$(16,356)	\$14,956	\$3,365	\$(4,765)
Injuries and damages (Note 2)	6,849	1,579	1,734	6,694
Environmental	594	418	501	511
	-----	-----	-----	-----
Total	\$(8,913)	\$16,953	\$5,600	\$2,440
	=====	=====	=====	=====
Year ended December 31, 1999				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,217	\$2,106	\$2,437	\$886
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$(11,543)	\$5,736	\$10,549	\$(16,356)
Injuries and damages (Note 2)	3,796	2,950	(103)	6,849
Environmental	704	895	1,005	594
	-----	-----	-----	-----
Total	\$(7,043)	\$9,581	\$11,451	\$(8,913)
	=====	=====	=====	=====
Year ended December 31, 1998				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$931	\$2,747	\$2,461	\$1,217
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$2,179	\$1,520	\$15,242	\$(11,543)
Injuries and damages (Note 2)	4,662	(437)	429	3,796
Environmental	227	900	423	704
	-----	-----	-----	-----
Total	\$7,068	\$1,983	\$16,094	\$(7,043)
	=====	=====	=====	=====

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.





ENTERGY NEW ORLEANS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
 Years Ended December 31, 2000, 1999, and 1998  
 (In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Income	Other Changes Deductions from Provisions (Note 1)	Balance at End of
Year ended December 31, 2000				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$846 =====	\$1,715 =====	\$1,791 =====	\$770 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$9,772	\$3	\$326	\$9,449
Injuries and damages (Note 2)	3,071	3,457	2,228	4,300
Environmental	798	608	334	1,072
Total	\$13,641 =====	\$4,068 =====	\$2,888 =====	\$14,821 =====
Year ended December 31, 1999				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$761 =====	\$1,936 =====	\$1,851 =====	\$846 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$11,106	\$-	\$1,334	\$9,772
Injuries and damages (Note 2)	1,865	2,862	1,656	3,071
Environmental	714	2,071	1,987	798
Total	\$13,685 =====	\$4,933 =====	\$4,977 =====	\$13,641 =====
Year ended December 31, 1998				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$711 =====	\$- =====	\$(50) =====	\$761 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$15,487	\$-	\$4,381	\$11,106
Injuries and damages (Note 2)	1,741	1,356	1,232	1,865
Environmental	-	1,500	786	714
Total	\$17,228 =====	\$2,856 =====	\$6,399 =====	\$13,685 =====

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.



## EXHIBIT INDEX

The following exhibits indicated by an asterisk preceding the exhibit number are filed herewith. The balance of the exhibits have heretofore been filed with the SEC, respectively, as the exhibits and in the file numbers indicated and are incorporated herein by reference. The exhibits marked with a (+) are management contracts or compensatory plans or arrangements required to be filed herewith and required to be identified as such by Item 14 of Form 10-K. Reference is made to a duplicate list of exhibits being filed as a part of this Form 10-K, which list, prepared in accordance with Item 102 of Regulation S-T of the SEC, immediately precedes the exhibits being physically filed with this Form 10-K.

(3) (i) Articles of Incorporation

Entergy Corporation

(a) 1 -- Certificate of Incorporation of Entergy Corporation dated December 31, 1993 (A-1(a) to Rule 24 Certificate in 70-8059).

### System Energy

(b) 1 -- Amended and Restated Articles of Incorporation of System Energy and amendments thereto through April 28, 1989 (A-1(a) to Form U-1 in 70-5399).

### Entergy Arkansas

(c) 1 -- Amended and Restated Articles of Incorporation of Entergy Arkansas effective November 12, 1999 (3(i)(c)1 to Form 10-K for the year ended December 31, 1999 in 1- 10764).

### Entergy Gulf States

(d) 1 -- Restated Articles of Incorporation of Entergy Gulf States effective November 17, 1999 (3(i)(d)1 to Form 10-K for the year ended December 31, 1999 in 1-27031).

### Entergy Louisiana

(e) 1 -- Amended and Restated Articles of Incorporation of Entergy Louisiana effective November 15, 1999 (3(a) to Form S-3 in 333-93683).

### Entergy Mississippi

(f) 1 -- Amended and Restated Articles of Incorporation of Entergy Mississippi effective November 12, 1999 (3(i)(f)1 to Form 10-K for the year ended December 31, 1999 in 0- 320).

### Entergy New Orleans

(g) 1 -- Amended and Restated Articles of Incorporation of Entergy New Orleans effective November 15, 1999 (3(a) to Form S-3 in 333-95599).

(3) (ii) By-Laws

(a) -- By-Laws of Entergy Corporation as amended January 29, 1999, and as presently in effect (4.2 to Form S-8 in File No. 333-75097).

(b) -- By-Laws of System Energy effective July 6, 1998, and as presently in effect (3(f) to Form 10-Q for the quarter ended June 30, 1998 in 1-9067).

(c) -- By-Laws of Entergy Arkansas effective November 26, 1999, and as presently in effect (3(ii)(c) to Form 10-K for the year ended December 31, 1999 in 1-10764).

(d) -- By-Laws of Entergy Gulf States effective November 26, 1999, and as presently in effect (3(ii)(d) to Form 10- K for the year ended

December 31, 19991-27031).

(e) -- By-Laws of Entergy Louisiana effective November 26, 1999, and as presently in effect (3(b) to Form S-3 in File No. 333-93683).

(f) -- By-Laws of Entergy Mississippi effective November 26, 1999, and as presently in effect (3(ii)(f) to Form 10-K for the year ended December 31, 1999 in 0-320).

(g) -- By-Laws of Entergy New Orleans effective November 30, 1999, and as presently in effect (3(b) to Form S-3 in File No. 333-95599).

#### (4) Instruments Defining Rights of Security Holders, Including Indentures

### Entergy Corporation

(a) 1 -- See (4)(b) through (4)(g) below for instruments defining the rights of holders of long-term debt of System Energy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans.

(a) 2 -- Second Amended and Restated Credit Agreement, dated as of May 18, 2000, among Entergy, the Banks (The Bank of New York, The Chase Manhattan Bank, Citibank, N.A., ABN AMRO Bank N.V., The Bank of Nova Scotia, Bank One, N.A., Bayerische Landesbank Girozentrale, The Royal Bank of Scotland PLC, Barclays Bank PLC, Credit Agricole Indosuez, The Industrial Bank of Japan, KBC Bank NV, Union Bank of California, N.A., Westdeutsche Landesbank Girozentrale, and Mellon Bank, N.A.) and Citibank, N.A., as Agent (4(b) to Form 10-Q for the quarter ended June 30, 2000 in 1-11299).

### System Energy

(b) 1 -- Mortgage and Deed of Trust, dated as of June 15, 1977, as amended by twenty-one Supplemental Indentures (A-1 in 70-5890 (Mortgage); B and C to Rule 24 Certificate in 70-5890 (First); B to Rule 24 Certificate in 70-6259 (Second); 20(a)-5 to Form 10-Q for the quarter ended June 30, 1981 in 1-3517 (Third); A-1(e)-1 to Rule 24 Certificate in 70-6985 (Fourth); B to Rule 24 Certificate in 70-7021 (Fifth); B to Rule 24 Certificate in 70-7021 (Sixth); A-3(b) to Rule 24 Certificate in 70-7026 (Seventh); A-3(b) to Rule 24 Certificate in 70-7158 (Eighth); B to Rule 24 Certificate in 70-7123 (Ninth); B-1 to Rule 24 Certificate in 70-7272 (Tenth); B-2 to Rule 24 Certificate in 70-7272 (Eleventh); B-3 to Rule 24 Certificate in 70-7272 (Twelfth); B-1 to Rule 24 Certificate in 70-7382 (Thirteenth); B-2 to Rule 24 Certificate in 70-7382 (Fourteenth); A-2(c) to Rule 24 Certificate in 70-7946 (Fifteenth); A-2(c) to Rule 24 Certificate in 70-7946 (Sixteenth); A-2(d) to Rule 24 Certificate in 70-7946 (Seventeenth); A-2(e) to Rule 24 Certificate dated May 4, 1993 in 70-7946 (Eighteenth); A-2(g) to Rule 24 Certificate dated May 6, 1994 in 70-7946 (Nineteenth); A-2(a)(1) to Rule 24 Certificate dated August 8, 1996 in 70-8511 (Twentieth); and A-2(a)(2) to Rule 24 Certificate dated August 8, 1996 in 70-8511 (Twenty-first)).

(b) 2 -- Facility Lease No. 1, dated as of December 1, 1988, between Meridian Trust Company and Stephen M. Carta (Steven Kaba, successor), as Owner Trustees, and System Energy (B-2(c)(1) to Rule 24 Certificate dated January 9, 1989 in 70-7561), as supplemented by Lease Supplement No. 1 dated as of April 1, 1989 (B-22(b) (1) to Rule 24 Certificate dated April 21, 1989 in 70-7561) and Lease Supplement No. 2 dated as of January 1, 1994 (B-3(d) to Rule 24 Certificate dated January 31, 1994 in 70-8215).

(b) 3 -- Facility Lease No. 2, dated as of December 1, 1988 between Meridian Trust Company and Stephen M. Carta (Steven Kaba, successor), as Owner Trustees, and System Energy (B-2(c)(2) to Rule 24 Certificate dated January 9, 1989 in 70-7561), as supplemented by Lease Supplement No. 1 dated as of April 1, 1989 (B-22(b) (2) to Rule 24 Certificate dated April 21, 1989 in 70-7561) and Lease Supplement No. 2 dated as of January 1, 1994 (B-4(d) Rule 24 Certificate dated January 31, 1994 in 70-8215).

(b) 4 -- Indenture (for Unsecured Debt Securities), dated as of September 1, 1995, between System Energy Resources, Inc., and Chemical Bank (B-10(a) to Rule 24 Certificate in 70-8511).

### Entergy Arkansas

(c) 1 -- Mortgage and Deed of Trust, dated as of October 1, 1944, as amended by fifty-five Supplemental Indentures (7(d) in 2-5463 (Mortgage); 7(b) in 2-7121 (First); 7(c) in 2-7605 (Second); 7(d) in 2-8100 (Third); 7(a)-4 in 2-8482 (Fourth); 7(a)-5 in 2-9149 (Fifth); 4(a)-6 in 2-9789 (Sixth); 4(a)-7 in 2-10261 (Seventh); 4(a)-8 in 2-11043 (Eighth); 2(b)-9 in 2-11468 (Ninth); 2(b)-10 in 2-15767 (Tenth); D in 70-3952 (Eleventh); D in 70-4099 (Twelfth); 4(d) in 2-23185 (Thirteenth); 2(c) in 2-24414 (Fourteenth); 2(c) in 2-25913 (Fifteenth); 2(c) in 2-28869 (Sixteenth); 2(d) in 2-28869 (Seventeenth); 2(c) in 2-35107 (Eighteenth); 2(d) in 2-36646 (Nineteenth); 2(c) in 2-39253 (Twentieth); 2(c) in 2-41080 (Twenty-first); C-1 to Rule 24 Certificate in 70-5151 (Twenty-second); C-1 to Rule 24 Certificate in 70-5257 (Twenty-third); C to Rule 24 Certificate in 70-5343 (Twenty-fourth); C-1 to Rule 24 Certificate in 70-5404 (Twenty-fifth); C to Rule 24 Certificate in 70-5502 (Twenty-sixth); C-1 to Rule 24 Certificate in 70-5556 (Twenty-seventh); C-1 to Rule 24 Certificate in 70-5693 (Twenty-eighth); C-1 to Rule 24 Certificate in 70-6078

(Twenty-ninth); C-1 to Rule 24 Certificate in 70-6174 (Thirtieth); C-1 to Rule 24 Certificate in 70-6246 (Thirty-first); C-1 to Rule 24 Certificate in 70-6498 (Thirty-second); A-4b-2 to Rule 24 Certificate in 70-6326 (Thirty-third); C-1 to Rule 24 Certificate in 70-6607 (Thirty-fourth); C-1 to Rule 24 Certificate in 70-6650 (Thirty-fifth); C-1 to Rule 24 Certificate dated December 1, 1982 in 70-6774 (Thirty-sixth); C-1 to Rule 24 Certificate dated February 17, 1983 in 70-6774 (Thirty-seventh); A-2(a) to Rule 24 Certificate dated December 5, 1984 in 70-6858 (Thirty-eighth); A-3(a) to Rule 24 Certificate in 70-7127 (Thirty-ninth); A-7 to Rule 24 Certificate in 70-7068 (Fortieth); A-8(b) to Rule 24 Certificate dated July 6, 1989 in 70-7346 (Forty-first); A-8(c) to Rule 24 Certificate dated February 1, 1990 in 70-7346 (Forty-second); 4 to Form 10-Q for the quarter ended September 30, 1990 in 1-10764 (Forty-third); A-2(a) to Rule 24 Certificate dated November 30, 1990 in 70-7802 (Forty-fourth); A-2(b) to Rule 24 Certificate dated January 24, 1991 in 70-7802 (Forty-fifth); 4(d)(2) in 33-54298 (Forty-sixth); 4(c)(2) to Form 10-K for the year ended December 31, 1992 in 1-10764 (Forty-seventh); 4(b) to Form 10-Q for the quarter ended June 30, 1993 in 1-10764 (Forty-eighth); 4(c) to Form 10-Q for the quarter ended June 30, 1993 in 1-10764 (Forty-ninth); 4(b) to Form 10-Q for the quarter ended September 30, 1993 in 1-10764 (Fiftieth); 4(c) to Form 10-Q for the quarter ended September 30, 1993 in 1-10764 (Fifty-first); 4(a) to Form 10-Q for the quarter ended June 30, 1994 in 1-10764 (Fifty-second); C-2 to Form U5S for the year ended December 31, 1995 (Fifty-third); C-2(a) to Form U5S for the year ended December 31, 1996 (Fifty-fourth); and 4(a) to Form 10-Q for the quarter ended March 31, 2000 in 1-10764 (Fifty-fifth)).

(c) 2 -- Indenture for Unsecured Subordinated Debt Securities relating to Trust Securities between Entergy Arkansas and Bank of New York (as Trustee), dated as of August 1, 1996 (filed as Exhibit A-1(a) to Rule 24 Certificate dated August 26, 1996 in 70-8723).

(c) 3 -- Amended and Restated Trust Agreement of Entergy Arkansas Capital I, dated as of August 14, 1996 (filed as Exhibit A-3(a) to Rule 24 Certificate dated August 26, 1996 in 70-8723).

(c) 4 -- Guarantee Agreement between Entergy Arkansas (as Guarantor) and The Bank of New York (as Trustee), dated as of August 14, 1996, with respect to Entergy Arkansas Capital I's obligations on its 8 1/2% Cumulative Quarterly Income Preferred Securities, Series A (filed as Exhibit A-4(a) to Rule 24 Certificate dated August 26, 1996 in 70-8723).

### **Entergy Gulf States**

(d) 1 -- Indenture of Mortgage, dated September 1, 1926, as amended by certain Supplemental Indentures (B-a-I-1 in Registration No. 2-2449 (Mortgage); 7-A-9 in Registration No. 2-6893 (Seventh); B to Form 8-K dated September 1, 1959 (Eighteenth); B to Form 8-K dated February 1, 1966 (Twenty-second); B to Form 8-K dated March 1, 1967 (Twenty-third); C to Form 8-K dated March 1, 1968 (Twenty-fourth); B to Form 8-K dated November 1, 1968 (Twenty-fifth); B to Form 8-K dated April 1, 1969 (Twenty-sixth); 2-A-8 in Registration No. 2-66612 (Thirty-eighth); 4-2 to Form 10-K for the year ended December 31, 1984 in 1-27031 (Forty-eighth); 4-2 to Form 10-K for the year ended December 31, 1988 in 1-27031 (Fifty-second); 4 to Form 10-K for the year ended December 31, 1991 in 1-27031 (Fifty-third); 4 to Form 8-K dated July 29, 1992 in 1-27031 (Fifth-fourth); 4 to Form 10-K dated December 31, 1992 in 1-27031 (Fifty-fifth); 4 to Form 10-Q for the quarter ended March 31, 1993 in 1-27031 (Fifty-sixth); 4-2 to Amendment No. 9 to Registration No. 2-76551 (Fifty-seventh); 4(b) to Form 10-Q for the quarter ended March 31, 1999 in 1-27031 (Fifty-eighth); and A-2(a) to Rule 24 Certificate dated June 23, 2000 in 70-8721 (Fifty-ninth)).

(d) 2 -- Indenture, dated March 21, 1939, accepting resignation of The Chase National Bank of the City of New York as trustee and appointing Central Hanover Bank and Trust Company as successor trustee (B-a-1-6 in Registration No. 2-4076).

(d) 3 -- Trust Indenture for 9.72% Debentures due July 1, 1998 (4 in Registration No. 33-40113).

(d) 4 -- Indenture for Unsecured Subordinated Debt Securities relating to Trust Securities, dated as of January 15, 1997 (A-11(a) to Rule 24 Certificate dated February 6, 1997 in 70-8721).

(d) 5 -- Amended and Restated Trust Agreement of Entergy Gulf States Capital I dated January 28, 1997 of Series A Preferred Securities (A-13(a) to Rule 24 Certificate dated February 6, 1997 in 70-8721).

(d) 6 -- Guarantee Agreement between Entergy Gulf States, Inc. (as Guarantor) and The Bank of New York (as Trustee) dated as of January 28, 1997 with respect to Entergy Gulf States Capital I's obligation on its 8.75% Cumulative Quarterly Income Preferred Securities, Series A (A-14(a) to Rule 24 Certificate dated February 6, 1997 in 70-8721).

### **Entergy Louisiana**

(e) 1 -- Mortgage and Deed of Trust, dated as of April 1, 1944, as amended by fifty-five Supplemental Indentures (7(d) in 2-5317 (Mortgage); 7(b) in 2-7408 (First); 7(c) in 2-8636 (Second); 4(b)-3 in 2-10412 (Third); 4(b)-4 in 2-12264 (Fourth); 2(b)-5 in 2-12936 (Fifth); D in 70-3862 (Sixth); 2(b)-7 in 2-22340 (Seventh); 2(c) in 2-24429 (Eighth); 4(c)-9 in 2-25801 (Ninth); 4(c)-10 in 2-26911 (Tenth); 2(c) in 2-28123 (Eleventh); 2(c) in 2-34659 (Twelfth); C to Rule 24 Certificate in 70-4793 (Thirteenth); 2(b)-2 in 2-38378 (Fourteenth); 2(b)-2 in 2-39437 (Fifteenth); 2(b)-2 in 2-42523 (Sixteenth); C to Rule 24 Certificate in 70-5242 (Seventeenth); C to Rule 24

Certificate in 70-5330 (Eighteenth); C-1 to Rule 24 Certificate in 70-5449 (Nineteenth); C-1 to Rule 24 Certificate in 70-5550 (Twentieth); A-6(a) to Rule 24 Certificate in 70-5598 (Twenty-first); C-1 to Rule 24 Certificate in 70-5711 (Twenty-second); C-1 to Rule 24 Certificate in 70-5919 (Twenty-third); C-1 to Rule 24 Certificate in 70-6102 (Twenty-fourth); C-1 to Rule 24 Certificate in 70-6169 (Twenty-fifth); C-1 to Rule 24 Certificate in 70-6278 (Twenty-sixth); C-1 to Rule 24 Certificate in 70-6355 (Twenty-seventh); C-1 to Rule 24 Certificate in 70-6508 (Twenty-eighth); C-1 to Rule 24 Certificate in 70-6556 (Twenty-ninth); C-1 to Rule 24 Certificate in 70-6635 (Thirtieth); C-1 to Rule 24 Certificate in 70-6834 (Thirty-first); C-1 to Rule 24 Certificate in 70-6886 (Thirty-second); C-1 to Rule 24 Certificate in 70-6993 (Thirty-third); C-2 to Rule 24 Certificate in 70-6993 (Thirty-fourth); C-3 to Rule 24 Certificate in 70-6993 (Thirty-fifth); A-2(a) to Rule 24 Certificate in 70-7166 (Thirty-sixth); A-2(a) in 70-7226 (Thirty-seventh); C-1 to Rule 24 Certificate in 70-7270 (Thirty-eighth); 4(a) to Quarterly Report on Form 10-Q for the quarter ended June 30, 1988 in 1-8474 (Thirty-ninth); A-2(b) to Rule 24 Certificate in 70-7553 (Fortieth); A-2(d) to Rule 24 Certificate in 70-7553 (Forty-first); A-3(a) to Rule 24 Certificate in 70-7822 (Forty-second); A-3(b) to Rule 24 Certificate in 70-7822 (Forty-third); A-2(b) to Rule 24 Certificate in 70-7822 (Forty-fourth); A-3(c) to Rule 24 Certificate in 70-7822 (Forty-fifth); A-2(c) to Rule 24 Certificate dated April 7, 1993 in 70-7822 (Forty-sixth); A-3(d) to Rule 24 Certificate dated June 4, 1993 in 70-7822 (Forty-seventh); A-3(e) to Rule 24 Certificate dated December 21, 1993 in 70-7822 (Forty-eighth); A-3(f) to Rule 24 Certificate dated August 1, 1994 in 70-7822 (Forty-ninth); A-4(c) to Rule 24 Certificate dated September 28, 1994 in 70-7653 (Fiftieth); A-2(a) to Rule 24 Certificate dated April 4, 1996 in 70-8487 (Fifty-first); A-2(a) to Rule 24 Certificate dated April 3, 1998 in 70-9141 (Fifty-second); A-2(b) to Rule 24 Certificate dated April 9, 1999 in 70-9141 (Fifty-third); A-3(a) to Rule 24 Certificate dated July 6, 1999 in 70-9141 (Fifty-fourth); and A-2(c) to Rule 24 Certificate dated June 2, 2000 in 70-9141 (Fifty-fifth).

(e) 2 -- Facility Lease No. 1, dated as of September 1, 1989, between First National Bank of Commerce, as Owner Trustee, and Entergy Louisiana (4(c)-1 in Registration No. 33-30660).

(e) 3 -- Facility Lease No. 2, dated as of September 1, 1989, between First National Bank of Commerce, as Owner Trustee, and Entergy Louisiana (4(c)-2 in Registration No. 33-30660).

(e) 4 -- Facility Lease No. 3, dated as of September 1, 1989, between First National Bank of Commerce, as Owner Trustee, and Entergy Louisiana (4(c)-3 in Registration No. 33-30660).

(e) 5 -- Indenture for Unsecured Subordinated Debt Securities relating to Trust Securities, dated as of July 1, 1996 (A-14(a) to Rule 24 Certificate dated July 25, 1996 in 70-8487).

(e) 6 -- Amended and Restated Trust Agreement of Entergy Louisiana Capital I dated July 16, 1996 of Series A Preferred Securities (A-16(a) to Rule 24 Certificate dated July 25, 1996 in 70-8487).

(e) 7 -- Guarantee Agreement between Entergy Louisiana, Inc. (as Guarantor) and The Bank of New York (as Trustee) dated as of July 16, 1996 with respect to Entergy Louisiana Capital I's obligation on its 9% Cumulative Quarterly Income Preferred Securities, Series A (A-19(a) to Rule 24 Certificate dated July 25, 1996 in 70-8487).

### **Entergy Mississippi**

(f) 1 -- Mortgage and Deed of Trust, dated as of February 1, 1988, as amended by sixteen Supplemental Indentures (A-2(a)-2 to Rule 24 Certificate in 70-7461 (Mortgage); A-2(b)-2 in 70-7461 (First); A-5(b) to Rule 24 Certificate in 70-7419 (Second); A-4(b) to Rule 24 Certificate in 70-7554 (Third); A-1(b)-1 to Rule 24 Certificate in 70-7737 (Fourth); A-2(b) to Rule 24 Certificate dated November 24, 1992 in 70-7914 (Fifth); A-2(e) to Rule 24 Certificate dated January 22, 1993 in 70-7914 (Sixth); A-2(g) to Form U-1 in 70-7914 (Seventh); A-2(i) to Rule 24 Certificate dated November 10, 1993 in 70-7914 (Eighth); A-2(j) to Rule 24 Certificate dated July 22, 1994 in 70-7914 (Ninth); A-2(l) to Rule 24 Certificate dated April 21, 1995 in 70-7914 (Tenth); A-2(a) to Rule 24 Certificate dated June 27, 1997 in 70-8719 (Eleventh); A-2(b) to Rule 24 Certificate dated April 16, 1998 in 70-8719 (Twelfth); A-2(c) to Rule 24 Certificate dated May 12, 1999 in 70-8719 (Thirteenth); A-3(a) to Rule 24 Certificate dated June 8, 1999 in 70-8719 (Fourteenth); A-2(d) to Rule 24 Certificate dated February 24, 2000 in 70-8719 (Fifteenth); and A-2(a) to Rule 24 Certificate dated February 9, 2001 in 70-9757 (Sixteenth)).

### **Entergy New Orleans**

(g) 1 -- Mortgage and Deed of Trust, dated as of May 1, 1987, as amended by eight Supplemental Indentures (A-2(c) to Rule 24 Certificate in 70-7350 (Mortgage); A-5(b) to Rule 24 Certificate in 70-7350 (First); A-4(b) to Rule 24 Certificate in 70-7448 (Second); 4(f)4 to Form 10-K for the year ended December 31, 1992 in 0-5807 (Third); 4(a) to Form 10-Q for the quarter ended September 30, 1993 in 0-5807 (Fourth); 4(a) to Form 8-K dated April 26, 1995 in 0-5807 (Fifth); 4(a) to Form 8-K dated March 22, 1996 in 0-5807 (Sixth); 4(b) to Form 10-Q for the quarter ended June 30, 1998 in 0-5807 (Seventh); and 4(d) to Form 10-Q for the quarter ended June 30, 2000 in 0-5807 (Eighth)).

(10) Material Contracts

### **Entergy Corporation**

- (a) 1 -- Agreement, dated April 23, 1982, among certain System companies, relating to System Planning and Development and Intra-System Transactions (10(a)1 to Form 10-K for the year ended December 31, 1982 in 1-3517).
- (a) 2 -- Middle South Utilities (now Entergy Corporation) System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).
- (a) 3 -- Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).
- (a) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).
- (a) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).
- (a) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-41080).
- (a) 7 -- Amendment, dated January 1, 1972, to Service Agreement with Entergy Services (5(a)-6 in 2-43175).
- (a) 8 -- Amendment, dated April 27, 1984, to Service Agreement with Entergy Services (10(a)-7 to Form 10-K for the year ended December 31, 1984, in 1-3517).
- (a) 9 -- Amendment, dated August 1, 1988, to Service Agreement with Entergy Services (10(a)-8 to Form 10-K for the year ended December 31, 1988, in 1-3517).
- (a) 10-- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(a)-9 to Form 10-K for the year ended December 31, 1990, in 1-3517).
- (a) 11-- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 for the year ended December 31, 1994 in 1-3517).
- (a) 12-- Availability Agreement, dated June 21, 1974, among System Energy and certain other System companies (B to Rule 24 Certificate dated June 24, 1974 in 70-5399).
- (a) 13-- First Amendment to Availability Agreement, dated as of June 30, 1977 (B to Rule 24 Certificate dated June 24, 1977 in 70-5399).
- (a) 14-- Second Amendment to Availability Agreement, dated as of June 15, 1981 (E to Rule 24 Certificate dated July 1, 1981 in 70-6592).
- (a) 15-- Third Amendment to Availability Agreement, dated as of June 28, 1984 (B-13(a) to Rule 24 Certificate dated July 6, 1984 in 70-6985).
- (a) 16-- Fourth Amendment to Availability Agreement, dated as of June 1, 1989 (A to Rule 24 Certificate dated June 8, 1989 in 70-5399).
- (a) 17-- Eighteenth Assignment of Availability Agreement, Consent and Agreement, dated as of September 1, 1986, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (C-2 to Rule 24 Certificate dated October 1, 1986 in 70-7272).
- (a) 18-- Nineteenth Assignment of Availability Agreement, Consent and Agreement, dated as of September 1, 1986, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (C-3 to Rule 24 Certificate dated October 1, 1986 in 70-7272).
- (a) 19-- Twenty-sixth Assignment of Availability Agreement, Consent and Agreement, dated as of October 1, 1992, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-2(c) to Rule 24 Certificate dated November 2, 1992 in 70-7946).
- (a) 20-- Twenty-seventh Assignment of Availability Agreement, Consent and Agreement, dated as of April 1, 1993, with United States Trust Company of New York and Gerard F. Ganey as Trustees (B-2(d) to Rule 24 Certificate dated May 4, 1993 in 70-7946).
- (a) 21-- Twenty-ninth Assignment of Availability Agreement, Consent and Agreement, dated as of April 1, 1994, with United States Trust Company of New York and Gerard F. Ganey as Trustees (B-2(f) to Rule 24 Certificate dated May 6, 1994 in 70-7946).
- (a) 22-- Thirtieth Assignment of Availability Agreement, Consent and Agreement, dated as of August 1, 1996, among System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans, and United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-2(a) to Rule 24 Certificate dated August 8, 1996 in 70-8511).
- (a) 23-- Thirty-first Assignment of Availability Agreement, Consent and Agreement, dated as of August 1, 1996, among System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and United States Trust Company of New York and

Gerard F. Ganey, as Trustees (B-2(b) to Rule 24 Certificate dated August 8, 1996 in 70-8511).

- (a) 24-- Thirty-second Assignment of Availability Agreement, Consent and Agreement, dated as of December 27, 1996, among System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and The Chase Manhattan Bank (B-2(a) to Rule 24 Certificate dated January 13, 1997 in 70-7561).
- (a) 25-- Thirty-third Assignment of Availability Agreement, Consent and Agreement, dated as of December 20, 1999, among System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and The Chase Manhattan Bank (B-2(b) to Rule 24 Certificate dated March 3, 2000 in 70-7561).
- (a) 26-- Capital Funds Agreement, dated June 21, 1974, between Entergy Corporation and System Energy (C to Rule 24 Certificate dated June 24, 1974 in 70-5399).
- (a) 27-- First Amendment to Capital Funds Agreement, dated as of June 1, 1989 (B to Rule 24 Certificate dated June 8, 1989 in 70-5399).
- (a) 28-- Eighteenth Supplementary Capital Funds Agreement and Assignment, dated as of September 1, 1986, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (D-2 to Rule 24 Certificate dated October 1, 1986 in 70-7272).
- (a) 29-- Nineteenth Supplementary Capital Funds Agreement and Assignment, dated as of September 1, 1986, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (D-3 to Rule 24 Certificate dated October 1, 1986 in 70-7272).
- (a) 30-- Twenty-sixth Supplementary Capital Funds Agreement and Assignment, dated as of October 1, 1992, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-3(c) to Rule 24 Certificate dated November 2, 1992 in 70-7946).
- (a) 31-- Twenty-seventh Supplementary Capital Funds Agreement and Assignment, dated as of April 1, 1993, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-3(d) to Rule 24 Certificate dated May 4, 1993 in 70-7946).
- (a) 32-- Twenty-ninth Supplementary Capital Funds Agreement and Assignment, dated as of April 1, 1994, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-3(f) to Rule 24 Certificate dated May 6, 1994 in 70-7946).
- (a) 33-- Thirtieth Supplementary Capital Funds Agreement and Assignment, dated as of August 1, 1996, among Entergy Corporation, System Energy and United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-3(a) to Rule 24 Certificate dated August 8, 1996 in 70- 8511).
- (a) 34-- Thirty-first Supplementary Capital Funds Agreement and Assignment, dated as of August 1, 1996, among Entergy Corporation, System Energy and United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-3(b) to Rule 24 Certificate dated August 8, 1996 in 70- 8511).
- (a) 35-- Thirty-second Supplementary Capital Funds Agreement and Assignment, dated as of December 27, 1996, among Entergy Corporation, System Energy and The Chase Manhattan Bank (B-1(a) to Rule 24 Certificate dated January 13, 1997 in 70-7561).
- (a) 36-- Thirty-third Supplementary Capital Funds Agreement and Assignment, dated as of December 20, 1999, among Entergy Corporation, System Energy and The Chase Manhattan Bank (B-3(b) to Rule 24 Certificate dated March 3, 2000 in 70-7561).
- (a) 37-- First Amendment to Supplementary Capital Funds Agreements and Assignments, dated as of June 1, 1989, by and between Entergy Corporation, System Energy, Deposit Guaranty National Bank, United States Trust Company of New York and Gerard F. Ganey (C to Rule 24 Certificate dated June 8, 1989 in 70-7026).
- (a) 38-- First Amendment to Supplementary Capital Funds Agreements and Assignments, dated as of June 1, 1989, by and between Entergy Corporation, System Energy, United States Trust Company of New York and Gerard F. Ganey (C to Rule 24 Certificate dated June 8, 1989 in 70-7123).
- (a) 39-- First Amendment to Supplementary Capital Funds Agreement and Assignment, dated as of June 1, 1989, by and between Entergy Corporation, System Energy and Chemical Bank (C to Rule 24 Certificate dated June 8, 1989 in 70-7561).
- (a) 40-- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).
- (a) 41-- Joint Construction, Acquisition and Ownership Agreement, dated as of May 1, 1980, between System Energy and SMEPA (B-1(a) in 70-6337), as amended by Amendment No. 1, dated as of May 1, 1980 (B-1(c) in 70-6337) and Amendment No. 2, dated as of October 31, 1980 (1 to Rule 24 Certificate dated October 30, 1981 in 70-6337).

- (a) 42-- Operating Agreement dated as of May 1, 1980, between System Energy and SMEPA (B(2)(a) in 70-6337).
- (a) 43-- Assignment, Assumption and Further Agreement No. 1, dated as of December 1, 1988, among System Energy, Meridian Trust Company and Stephen M. Carta, and SMEPA (B-7(c)(1) to Rule 24 Certificate dated January 9, 1989 in 70-7561).
- (a) 44-- Assignment, Assumption and Further Agreement No. 2, dated as of December 1, 1988, among System Energy, Meridian Trust Company and Stephen M. Carta, and SMEPA (B-7(c)(2) to Rule 24 Certificate dated January 9, 1989 in 70-7561).
- (a) 45-- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B(3)(a) in 70-6337).
- (a) 46-- Grand Gulf Unit No. 2 Supplementary Agreement, dated as of February 7, 1986, between System Energy and SMEPA (10(aaa) in 33-4033).
- (a) 47-- Compromise and Settlement Agreement, dated June 4, 1982, between Texaco, Inc. and Entergy Louisiana (28(a) to Form 8-K dated June 4, 1982 in 1-3517).
- +(a) 48-- Post-Retirement Plan (10(a)37 to Form 10-K for the year ended December 31, 1983 in 1-3517).
- (a) 49-- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (10(a)-39 to Form 10-K for the year ended December 31, 1982 in 1-3517).
- (a) 50-- First Amendment to Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984 in 1-3517).
- (a) 51-- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (a) 52-- Middle South Utilities Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).
- (a) 53-- First Amendment, dated January 1, 1990, to the Middle South Utilities Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-2 to Form U5S for the year ended December 31, 1989).
- (a) 54-- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).
- (a) 55-- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).
- (a) 56-- Fourth Amendment dated April 1, 1997 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-5 to Form U5S for the year ended December 31, 1996).
- (a) 57-- Guaranty Agreement between Entergy Corporation and Entergy Arkansas, dated as of September 20, 1990 (B-1(a) to Rule 24 Certificate dated September 27, 1990 in 70-7757).
- (a) 58-- Guarantee Agreement between Entergy Corporation and Entergy Louisiana, dated as of September 20, 1990 (B-2(a) to Rule 24 Certificate dated September 27, 1990 in 70-7757).
- (a) 59-- Guarantee Agreement between Entergy Corporation and System Energy, dated as of September 20, 1990 (B-3(a) to Rule 24 Certificate dated September 27, 1990 in 70- 7757).
- (a) 60-- Loan Agreement between Entergy Operations and Entergy Corporation, dated as of September 20, 1990 (B-12(b) to Rule 24 Certificate dated June 15, 1990 in 70-7679).
- (a) 61-- Loan Agreement between Entergy Power and Entergy Corporation, dated as of August 28, 1990 (A-4(b) to Rule 24 Certificate dated September 6, 1990 in 70-7684).
- (a) 62-- Loan Agreement between Entergy Corporation and Entergy Systems and Service, Inc., dated as of December 29, 1992 (A-4(b) to Rule 24 Certificate in 70-7947).
- +(a) 63-- Executive Financial Counseling Program of Entergy Corporation and Subsidiaries (10(a) 52 to Form 10-K for the year ended

December 31, 1989 in 1-3517).

+(a) 64-- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989 in 1-3517).

+(a) 65-- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate dated May 24, 1991 in 70-7831).

+(a) 66-- Amendment No. 1 to the Equity Ownership Plan of Entergy Corporation and Subsidiaries (10(a) 71 to Form 10- K for the year ended December 31, 1992 in 1-3517).

+(a) 67-- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).

+(a) 68-- Retired Outside Director Benefit Plan (10(a)63 to Form 10-K for the year ended December 31, 1991 in 1-3517).

+(a) 69-- Agreement between Entergy Corporation and Jerry D. Jackson. (10(a) 67 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(a) 70-- Supplemental Retirement Plan (10(a) 69 to Form 10- K for the year ended December 31, 1992 in 1-3517).

+(a) 71-- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a)53 to Form 10-K for the year ended December 31, 1989 in 1-3517).

+(a) 72-- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a) 72 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(a) 73-- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries, as amended (10(a) 74 to Form 10-K for the year ended December 31, 1992 in 1- 3517).

(a) 74-- Agreement and Plan of Reorganization Between Entergy Corporation and Gulf States Utilities Company, dated June 5, 1992 (1 to Current Report on Form 8-K dated June 5, 1992 in 1-3517).

+(a) 75-- Amendment to Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 81 to Form 10-K for the year ended December 31, 1993 in 1-11299).

+(a) 76-- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

+(a) 77-- Letter of Intent regarding the Employment of Wayne Leonard (10-(a)78 to Form 10-K for the year ended December 31, 1998 in 1-11299).

+(a) 78-- Letter to John Wilder offering Employment (10(b)62 to Form 10-K for the year ended December 31, 1998 in 1- 9067).

+(a) 79-- Agreement between Entergy Corporation and Donald C. Hintz effective July 29, 1999 (10(a)80 to Form 10-K for the year ended December 31, 1999 in 1-11299).

(a) 80-- Agreement and Plan of Merger dated as of July 30, 2000, among FPL Group, Inc., Entergy Corporation, WCB Holding Corp., Ranger Acquisition Corp. and Ring Acquisition Corp (2.1 to Form 8-K dated July 31, 2000 in 1-11299).

\*+(a)81 -- Retention Agreement effective November 21, 2000 between J. Wayne Leonard and Entergy Corporation.

\*+(a)82 -- Retention Agreement effective July 29, 2000 between Frank F. Gallaher and Entergy Corporation.

\*+(a)83 -- Retention Agreement effective July 29, 2000 between C. Gary Clary and Entergy Corporation.

\*+(a)84 -- Retention Agreement effective July 29, 2000 between Jerry D. Jackson and Entergy Corporation.

\*+(a)85 -- Retention Agreement effective July 29, 2000 between Donald C. Hintz and Entergy Corporation.

\*+(a)86 -- Retention Agreement effective July 29, 2000 between Michael G. Thompson and Entergy Corporation.

\*+(a)87 -- Retention Agreement effective January 22, 2001 between Richard J. Smith and Entergy Services, Inc.

\*+(a)88 -- Retention Agreement effective January 25, 2001 between Horace Webb and Entergy Services, Inc.

\*+(a)89 -- Retention Agreement effective July 29, 2000 between Jerry W. Yelverton and Entergy Corporation.

\*+(a)90 -- Retention Agreement effective July 29, 2000 between C. John Wilder and Entergy Corporation.

\*+(a)91-- Employment Retention Bonus Plan of Entergy Corporation and Subsidiaries dated July 30, 2000.

+(a) 92 -- Employment Agreement by and between WCB Holding Corporation and J. Wayne Leonard dated as of July 30, 2000 (99.3 to Form 8-K dated July 31, 2000 in 1-11299).

+(a) 93 -- Employment Agreement by and between WCB Holding Corporation and James L. Broadhead dated as of July 30, 2000 (99.2 to Form 8-K dated July 31, 2000 in 1-11299).

(a) 94-- Agreement of Limited Partnership of Entergy-Koch, LP among EKLP, LLC, EK Holding I, LLC, EK Holding II, LLC and Koch Energy, Inc. dated January 31, 2001 (filed under confidentiality request).

## **System Energy**

(b) 1 through

(b) 14-- See 10(a)-12 through 10(a)-25 above.

(b) 15 through

(b) 28-- See 10(a)-26 through 10(a)-39 above.

(b) 29-- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

(b) 30-- Joint Construction, Acquisition and Ownership Agreement, dated as of May 1, 1980, between System Energy and SMEPA (B-1(a) in 70-6337), as amended by Amendment No. 1, dated as of May 1, 1980 (B-1(c) in 70-6337) and Amendment No. 2, dated as of October 31, 1980 (1 to Rule 24 Certificate dated October 30, 1981 in 70-6337).

(b) 31-- Operating Agreement, dated as of May 1, 1980, between System Energy and SMEPA (B(2)(a) in 70-6337).

(b) 32- Amended and Restated Installment Sale Agreement, dated as of February 15, 1996, between System Energy and Claiborne County, Mississippi (B-6(a) to Rule 24 Certificate dated March 4, 1996 in 70-8511).

(b) 33-- Loan Agreement, dated as of October 15, 1998, between System Energy and Mississippi Business Finance Corporation (B-6(b) to Rule 24 Certificate dated November 12, 1998 in 70-8511).

(b) 34-- Loan Agreement, dated as of May 15, 1999, between System Energy and Mississippi Business Finance Corporation (B-6(c) to Rule 24 Certificate dated June 8, 1999 in 70-8511).

(b) 35-- Facility Lease No. 1, dated as of December 1, 1988, between Meridian Trust Company and Stephen M. Carta (Stephen J. Kaba, successor), as Owner Trustees, and System Energy (B-2(c)(1) to Rule 24 Certificate dated January 9, 1989 in 70-7561), as supplemented by Lease Supplement No. 1 dated as of April 1, 1989 (B-22(b) (1) to Rule 24 Certificate dated April 21, 1989 in 70-7561) and Lease Supplement No. 2 dated as of January 1, 1994 (B-3(d) to Rule 24 Certificate dated January 31, 1994 in 70- 8215).

(b) 36-- Facility Lease No. 2, dated as of December 1, 1988 between Meridian Trust Company and Stephen M. Carta (Stephen J. Kaba, successor), as Owner Trustees, and System Energy (B-2(c)(2) to Rule 24 Certificate dated January 9, 1989 in 70-7561), as supplemented by Lease Supplement No. 1 dated as of April 1, 1989 (B-22(b) (2) to Rule 24 Certificate dated April 21, 1989 in 70-7561) and Lease Supplement No. 2 dated as of January 1, 1994 (B-4(d) Rule 24 Certificate dated January 31, 1994 in 70- 8215).

(b) 37-- Assignment, Assumption and Further Agreement No. 1, dated as of December 1, 1988, among System Energy, Meridian Trust Company and Stephen M. Carta, and SMEPA (B-7(c)(1) to Rule 24 Certificate dated January 9, 1989 in 70-7561).

(b) 38-- Assignment, Assumption and Further Agreement No. 2, dated as of December 1, 1988, among System Energy, Meridian Trust Company and Stephen M. Carta, and SMEPA (B-7(c)(2) to Rule 24 Certificate dated January 9, 1989 in 70-7561).

(b) 39-- Collateral Trust Indenture, dated as of January 1, 1994, among System Energy, GG1B Funding Corporation and Bankers Trust Company, as Trustee (A-3(e) to Rule 24 Certificate dated January 31, 1994 in 70-8215), as supplemented by Supplemental Indenture No. 1

dated January 1, 1994, (A-3(f) to Rule 24 Certificate dated January 31, 1994 in 70-8215).

(b) 40-- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B(3)(a) in 70-6337).

(b) 41-- Grand Gulf Unit No. 2 Supplementary Agreement, dated as of February 7, 1986, between System Energy and SMEPA (10(aaa) in 33-4033).

(b) 42-- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (10(a)-39 to Form 10-K for the year ended December 31, 1982 in 1-3517).

(b) 43-- First Amendment to the Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984 in 1-3517).

(b) 44-- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(b) 45-- Fuel Lease, dated as of February 24, 1989, between River Fuel Funding Company #3, Inc. and System Energy (B-1(b) to Rule 24 Certificate dated March 3, 1989 in 70-7604).

(b) 46-- System Energy's Consent, dated January 31, 1995, pursuant to Fuel Lease, dated as of February 24, 1989, between River Fuel Funding Company #3, Inc. and System Energy (B-1(c) to Rule 24 Certificate dated February 13, 1995 in 70-7604).

(b) 47-- Sales Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (D to Rule 24 Certificate dated June 26, 1974 in 70-5399).

(b) 48-- Service Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (E to Rule 24 Certificate dated June 26, 1974 in 70-5399).

(b) 49-- Partial Termination Agreement, dated as of December 1, 1986, between System Energy and Entergy Mississippi (A-2 to Rule 24 Certificate dated January 8, 1987 in 70-5399).

(b) 50-- Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).

(b) 51-- First Amendment, dated January 1, 1990 to the Middle South Utilities Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-2 to Form U5S for the year ended December 31, 1989).

(b) 52-- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).

(b) 53-- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

(b) 54-- Service Agreement with Entergy Services, dated as of July 16, 1974, as amended (10(b)-43 to Form 10-K for the year ended December 31, 1988 in 1-9067).

(b) 55-- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(b)-45 to Form 10-K for the year ended December 31, 1990 in 1-9067).

(b) 56-- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a) -11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(b) 57-- Operating Agreement between Entergy Operations and System Energy, dated as of June 6, 1990 (B-3(b) to Rule 24 Certificate dated June 15, 1990 in 70-7679).

(b) 58-- Guarantee Agreement between Entergy Corporation and System Energy, dated as of September 20, 1990 (B-3(a) to Rule 24 Certificate dated September 27, 1990 in 70-7757).

(b) 59-- Amended and Restated Reimbursement Agreement, dated as of December 1, 1988 as amended and restated as of December 20, 1999, among System Energy Resources, Inc., The Bank of Tokyo-Mitsubishi, Ltd., as Funding Bank and The Chase Manhattan Bank, as administrating bank, Union Bank of California, N.A., as documentation agent, and the Banks named therein, as Participating Banks (B-

1(b) to Rule 24 Certificate dated March 3, 2000 in 70- 7561).

+ (b) 60-- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).

### **Entergy Arkansas**

(c) 1 -- Agreement, dated April 23, 1982, among Entergy Arkansas and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982 in 1-3517).

(c) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)2 in 2-41080).

(c) 3 -- Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(c) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(c) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(c) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-41080).

(c) 7 -- Amendment, dated January 1, 1972, to Service Agreement with Entergy Services (5(a)- 6 in 2-43175).

(c) 8 -- Amendment, dated April 27, 1984, to Service Agreement, with Entergy Services (10(a)- 7 to Form 10-K for the year ended December 31, 1984 in 1-3517).

(c) 9 -- Amendment, dated August 1, 1988, to Service Agreement with Entergy Services (10(c)- 8 to Form 10-K for the year ended December 31, 1988 in 1-10764).

(c) 10-- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(c)-9 to Form 10-K for the year ended December 31, 1990 in 1-10764).

(c) 11-- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(c) 12 through

(c) 25-- See 10(a)-12 through 10(a)-25 above.

(c) 26-- Agreement, dated August 20, 1954, between Entergy Arkansas and the United States of America (SPA)(13(h) in 2-11467).

(c) 27-- Amendment, dated April 19, 1955, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-2 in 2-41080).

(c) 28-- Amendment, dated January 3, 1964, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-3 in 2-41080).

(c) 29-- Amendment, dated September 5, 1968, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-4 in 2-41080).

(c) 30-- Amendment, dated November 19, 1970, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-5 in 2-41080).

(c) 31-- Amendment, dated July 18, 1961, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-6 in 2-41080).

(c) 32-- Amendment, dated December 27, 1961, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-7 in 2-41080).

(c) 33-- Amendment, dated January 25, 1968, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-8 in 2-41080).

(c) 34-- Amendment, dated October 14, 1971, to the United States of America (SPA) Contract, dated August 20, 1954

(5(d)-9 in 2-43175).

(c) 35-- Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-10 in 2-60233).

(c) 36-- Agreement, dated May 14, 1971, between Entergy Arkansas and the United States of America (SPA) (5(e) in 2-41080).

(c) 37-- Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated May 14, 1971 (5(e)-1 in 2-60233).

(c) 38-- Contract, dated May 28, 1943, Amendment to Contract, dated July 21, 1949, and Supplement to Amendment to Contract, dated December 30, 1949, between Entergy Arkansas and McKamie Gas Cleaning Company; Agreements, dated as of September 30, 1965, between Entergy Arkansas and former stockholders of McKamie Gas Cleaning Company; and Letter Agreement, dated June 22, 1966, by Humble Oil & Refining Company accepted by Entergy Arkansas on June 24, 1966 (5(k)-7 in 2-41080).

(c) 39-- Agreement, dated April 3, 1972, between Entergy Services and Gulf United Nuclear Fuels Corporation (5(l)-3 in 2-46152).

(c) 40-- Fuel Lease, dated as of December 22, 1988, between River Fuel Trust #1 and Entergy Arkansas (B-1(b) to Rule 24 Certificate in 70-7571).

(c) 41-- White Bluff Operating Agreement, dated June 27, 1977, among Entergy Arkansas and Arkansas Electric Cooperative Corporation and City Water and Light Plant of the City of Jonesboro, Arkansas (B-2(a) to Rule 24 Certificate dated June 30, 1977 in 70-6009).

(c) 42-- White Bluff Ownership Agreement, dated June 27, 1977, among Entergy Arkansas and Arkansas Electric Cooperative Corporation and City Water and Light Plant of the City of Jonesboro, Arkansas (B-1(a) to Rule 24 Certificate dated June 30, 1977 in 70-6009).

(c) 43-- Agreement, dated June 29, 1979, between Entergy Arkansas and City of Conway, Arkansas (5(r)-3 in 2-66235).

(c) 44-- Transmission Agreement, dated August 2, 1977, between Entergy Arkansas and City Water and Light Plant of the City of Jonesboro, Arkansas (5(r)-3 in 2-60233).

(c) 45-- Power Coordination, Interchange and Transmission Service Agreement, dated as of June 27, 1977, between Arkansas Electric Cooperative Corporation and Entergy Arkansas (5(r)-4 in 2-60233).

(c) 46-- Independence Steam Electric Station Operating Agreement, dated July 31, 1979, among Entergy Arkansas and Arkansas Electric Cooperative Corporation and City Water and Light Plant of the City of Jonesboro, Arkansas and City of Conway, Arkansas (5(r)-6 in 2-66235).

(c) 47-- Amendment, dated December 4, 1984, to the Independence Steam Electric Station Operating Agreement (10(c) 51 to Form 10-K for the year ended December 31, 1984 in 1-10764).

(c) 48-- Independence Steam Electric Station Ownership Agreement, dated July 31, 1979, among Entergy Arkansas and Arkansas Electric Cooperative Corporation and City Water and Light Plant of the City of Jonesboro, Arkansas and City of Conway, Arkansas (5(r)-7 in 2-66235).

(c) 49-- Amendment, dated December 28, 1979, to the Independence Steam Electric Station Ownership Agreement (5(r)-7(a) in 2-66235).

(c) 50-- Amendment, dated December 4, 1984, to the Independence Steam Electric Station Ownership Agreement (10(c) 54 to Form 10-K for the year ended December 31, 1984 in 1-10764).

(c) 51-- Owner's Agreement, dated November 28, 1984, among Entergy Arkansas, Entergy Mississippi, other co-owners of the Independence Station (10(c) 55 to Form 10-K for the year ended December 31, 1984 in 1-10764).

(c) 52-- Consent, Agreement and Assumption, dated December 4, 1984, among Entergy Arkansas, Entergy Mississippi, other co-owners of the Independence Station and United States Trust Company of New York, as Trustee (10(c) 56 to Form 10-K for the year ended December 31, 1984 in 1-10764).

(c) 53-- Power Coordination, Interchange and Transmission Service Agreement, dated as of July 31, 1979, between Entergy Arkansas and City Water and Light Plant of the City of Jonesboro, Arkansas (5(r)-8 in 2-66235).

(c) 54-- Power Coordination, Interchange and Transmission Agreement, dated as of June 29, 1979, between City of Conway, Arkansas and

Entergy Arkansas (5(r)-9 in 2-66235).

(c) 55-- Agreement, dated June 21, 1979, between Entergy Arkansas and Reeves E. Ritchie ((10)(b)-90 to Form 10-K for the year ended December 31, 1980 in 1-10764).

(c) 56-- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

+ (c) 57-- Post-Retirement Plan (10(b) 55 to Form 10-K for the year ended December 31, 1983 in 1-10764).

(c) 58-- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans

(10(a) 39 to Form 10-K for the year ended December 31, 1982 in 1-3517).

(c) 59-- First Amendment to Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984 in 1-3517).

(c) 60-- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(c) 61-- Contract For Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste, dated June 30, 1983, among the DOE, System Fuels and Entergy Arkansas (10(b)-57 to Form 10-K for the year ended December 31, 1983 in 1-10764).

(c) 62-- Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).

(c) 63-- First Amendment, dated January 1, 1990, to the Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-2 to Form U5S for the year ended December 31, 1989).

(c) 64-- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).

(c) 65-- Third Amendment dated January 1, 1994, to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

(c) 66-- Assignment of Coal Supply Agreement, dated December 1, 1987, between System Fuels and Entergy Arkansas (B to Rule 24 letter filing dated November 10, 1987 in 70-5964).

(c) 67-- Coal Supply Agreement, dated December 22, 1976, between System Fuels and Antelope Coal Company (B-1 in 70-5964), as amended by First Amendment (A to Rule 24 Certificate in 70-5964); Second Amendment (A to Rule 24 letter filing dated December 16, 1983 in 70-5964); and Third Amendment (A to Rule 24 letter filing dated November 10, 1987 in 70-5964).

(c) 68-- Operating Agreement between Entergy Operations and Entergy Arkansas, dated as of June 6, 1990 (B-1(b) to Rule 24 Certificate dated June 15, 1990 in 70-7679).

(c) 69-- Guaranty Agreement between Entergy Corporation and Entergy Arkansas, dated as of September 20, 1990 (B-1(a) to Rule 24 Certificate dated September 27, 1990 in 70-7757).

(c) 70-- Agreement for Purchase and Sale of Independence Unit 2 between Entergy Arkansas and Entergy Power, dated as of August 28, 1990 (B-3(c) to Rule 24 Certificate dated September 6, 1990 in 70-7684).

(c) 71-- Agreement for Purchase and Sale of Ritchie Unit 2 between Entergy Arkansas and Entergy Power, dated as of August 28, 1990 (B-4(d) to Rule 24 Certificate dated September 6, 1990 in 70-7684).

(c) 72-- Ritchie Steam Electric Station Unit No. 2 Operating Agreement between Entergy Arkansas and Entergy Power, dated as of August 28, 1990 (B-5(a) to Rule 24 Certificate dated September 6, 1990 in 70-7684).

(c) 73-- Ritchie Steam Electric Station Unit No. 2 Ownership Agreement between Entergy Arkansas and Entergy Power, dated as of August 28, 1990 (B-6(a) to Rule 24 Certificate dated September 6, 1990 in 70-7684).

(c) 74-- Power Coordination, Interchange and Transmission Service Agreement between Entergy Power and Entergy Arkansas, dated as of August 28, 1990 (10(c)-71 to Form 10-K for the year ended December 31, 1990 in 1-10764).

- + (c) 75-- Executive Financial Counseling Program of Entergy Corporation and Subsidiaries (10(a)52 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (c) 76-- Entergy Corporation Annual Incentive Plan (10(a)54 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (c) 77-- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate dated May 24, 1991 in 70-7831).
- + (c) 78-- Amendment No. 1 to the Equity Ownership Plan of Entergy Corporation and Subsidiaries (10(a)71 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (c) 79-- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- + (c) 80-- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (c) 81-- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a)53 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (c) 82-- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a)72 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (c) 83-- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries, as amended (10(a)74 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (c) 84-- Summary Description of Retired Outside Director Benefit Plan. (10(c) 90 to Form 10-K for the year ended December 31, 1992 in 1-10764).
- + (c) 85-- Amendment to Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 81 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- + (c) 86-- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- (c) 87-- Loan Agreement dated June 15, 1993, between Entergy Arkansas and Independence Country, Arkansas (B-1 (a) to Rule 24 Certificate dated July 9, 1993 in 70- 8171).
- (c) 88-- Installment Sale Agreement dated January 1, 1991, between Entergy Arkansas and Pope Country, Arkansas (B-1 (b) to Rule 24 Certificate dated January 24, 1991 in 70- 7802).
- (c) 89-- Installment Sale Agreement dated November 1, 1990, between Entergy Arkansas and Pope Country, Arkansas (B-1 (a) to Rule 24 Certificate dated November 30, 1990 in 70- 7802).
- (c) 90-- Loan Agreement dated June 15, 1994, between Entergy Arkansas and Jefferson County, Arkansas (B-1(a) to Rule 24 Certificate dated June 30, 1994 in 70-8405).
- (c) 91-- Loan Agreement dated June 15, 1994, between Entergy Arkansas and Pope County, Arkansas (B-1(b) to Rule 24 Certificate in 70-8405).
- (c) 92-- Loan Agreement dated November 15, 1995, between Entergy Arkansas and Pope County, Arkansas (10(c) 96 to Form 10-K for the year ended December 31, 1995 in 1- 10764).
- (c) 93-- Agreement as to Expenses and Liabilities between Entergy Arkansas and Entergy Arkansas Capital I, dated as of August 14, 1996 (4(j) to Form 10-Q for the quarter ended September 30, 1996 in 1-10764).
- (c) 94-- Loan Agreement dated December 1, 1997, between Entergy Arkansas and Jefferson County, Arkansas (10(c)100 to Form 10-K for the year ended December 31, 1997 in 1-10764).

### **Entergy Gulf States**

- (d) 1 -- Guaranty Agreement, dated July 1, 1976, between Entergy Gulf States and American Bank and Trust Company (C and D to Form 8-K dated August 6, 1976 in 1-27031).
- (d) 2 -- Lease of Railroad Equipment, dated as of December 1, 1981, between The Connecticut Bank and Trust Company as Lessor and Entergy

Gulf States as Lessee and First Supplement, dated as of December 31, 1981, relating to 605 One Hundred-Ton Unit Train Steel Coal Porter Cars (4- 12 to Form 10-K for the year ended December 31, 1981 in 1- 27031).

(d) 3 -- Guaranty Agreement, dated August 1, 1992, between Entergy Gulf States and Hibernia National Bank, relating to Pollution Control Revenue Refunding Bonds of the Industrial Development Board of the Parish of Calcasieu, Inc. (Louisiana) (10-1 to Form 10-K for the year ended December 31, 1992 in 1-27031).

(d) 4 -- Guaranty Agreement, dated January 1, 1993, between Entergy Gulf States and Hancock Bank of Louisiana, relating to Pollution Control Revenue Refunding Bonds of the Parish of Pointe Coupee (Louisiana) (10-2 to Form 10- K for the year ended December 31, 1992 in 1-27031).

(d) 5 -- Deposit Agreement, dated as of December 1, 1983 between Entergy Gulf States, Morgan Guaranty Trust Co. as Depository and the Holders of Depository Receipts, relating to the Issue of 900,000 Depository Preferred Shares, each representing 1/2 share of Adjustable Rate Cumulative Preferred Stock, Series E-\$100 Par Value (4-17 to Form 10-K for the year ended December 31, 1983 in 1- 27031).

(d) 6 -- Agreement effective February 1, 1964, between Sabine River Authority, State of Louisiana, and Sabine River Authority of Texas, and Entergy Gulf States, Central Louisiana Electric Company, Inc., and Louisiana Power & Light Company, as supplemented (B to Form 8-K dated May 6, 1964, A to Form 8-K dated October 5, 1967, A to Form 8-K dated May 5, 1969, and A to Form 8-K dated December 1, 1969 in 1-27031).

(d) 7 -- Joint Ownership Participation and Operating Agreement regarding River Bend Unit 1 Nuclear Plant, dated August 20, 1979, between Entergy Gulf States, Cajun, and SRG&T; Power Interconnection Agreement with Cajun, dated June 26, 1978, and approved by the REA on August 16, 1979, between Entergy Gulf States and Cajun; and Letter Agreement regarding CEPCO buybacks, dated August 28, 1979, between Entergy Gulf States and Cajun (2, 3, and 4, respectively, to Form 8-K dated September 7, 1979 in 1-27031).

(d) 8 -- Ground Lease, dated August 15, 1980, between Statmont Associates Limited Partnership (Statmont) and Entergy Gulf States, as amended (3 to Form 8-K dated August 19, 1980 and A-3-b to Form 10-Q for the quarter ended September 30, 1983 in 1-27031).

(d) 9 -- Lease and Sublease Agreement, dated August 15, 1980, between Statmont and Entergy Gulf States, as amended (4 to Form 8-K dated August 19, 1980 and A-3-c to Form 10-Q for the quarter ended September 30, 1983 in 1- 27031).

(d) 10-- Lease Agreement, dated September 18, 1980, between BLC Corporation and Entergy Gulf States (1 to Form 8-K dated October 6, 1980 in 1-27031).

(d) 11-- Joint Ownership Participation and Operating Agreement for Big Cajun, between Entergy Gulf States, Cajun Electric Power Cooperative, Inc., and Sam Rayburn G&T, Inc, dated November 14, 1980 (6 to Form 8-K dated January 29, 1981 in 1-27031); Amendment No. 1, dated December 12, 1980 (7 to Form 8-K dated January 29, 1981 in 1-27031); Amendment No. 2, dated December 29, 1980 (8 to Form 8-K dated January 29, 1981 in 1-27031).

(d) 12-- Agreement of Joint Ownership Participation between SRMPA, SRG&T and Entergy Gulf States, dated June 6, 1980, for Nelson Station, Coal Unit #6, as amended (8 to Form 8- K dated June 11, 1980, A-2-b to Form 10-Q for the quarter ended June 30, 1982; and 10-1 to Form 8-K dated February 19, 1988 in 1-27031).

(d) 13-- Agreements between Southern Company and Entergy Gulf States, dated February 25, 1982, which cover the construction of a 140-mile transmission line to connect the two systems, purchase of power and use of transmission facilities (10-31 to Form 10-K for the year ended December 31, 1981 in 1-27031).

+ (d) 14-- Executive Income Security Plan, effective October 1, 1980, as amended, continued and completely restated effective as of March 1, 1991 (10-2 to Form 10-K for the year ended December 31, 1991 in 1-27031).

(d) 15-- Transmission Facilities Agreement between Entergy Gulf States and Mississippi Power Company, dated February 28, 1982, and Amendment, dated May 12, 1982 (A-2-c to Form 10-Q for the quarter ended March 31, 1982 in 1- 27031) and Amendment, dated December 6, 1983 (10-43 to Form 10-K for the year ended December 31, 1983 in 1- 27031).

(d) 16-- Lease Agreement dated as of June 29, 1983, between Entergy Gulf States and City National Bank of Baton Rouge, as Owner Trustee, in connection with the leasing of a Simulator and Training Center for River Bend Unit 1 (A-2-a to Form 10-Q for the quarter ended June 30, 1983 in 1-27031) and Amendment, dated December 14, 1984 (10-55 to Form 10-K for the year ended December 31, 1984 in 1- 27031).

(d) 17-- Participation Agreement, dated as of June 29, 1983, among Entergy Gulf States, City National Bank of Baton Rouge, PruFunding, Inc. Bank of the Southwest National Association, Houston and Bankers Life Company, in connection with the leasing of a Simulator and Training Center of River Bend Unit 1 (A-2-b to Form 10-Q for the quarter ended June 30, 1983 in 1-27031).

(d) 18-- Tax Indemnity Agreement, dated as of June 29, 1983, between Entergy Gulf States and PruFunding, Inc., in connection with the leasing of a Simulator and Training Center for River Bend Unit I (A-2-c to Form 10-Q for the quarter ended June 30, 1993 in 1-27031).

(d) 19-- Agreement to Lease, dated as of August 28, 1985, among Entergy Gulf States, City National Bank of Baton Rouge, as Owner Trustee, and Prudential Interfunding Corp., as Trustor, in connection with the leasing of improvement to a Simulator and Training Facility for River Bend Unit I (10-69 to Form 10-K for the year ended December 31, 1985 in 1-27031).

(d) 20-- First Amended Power Sales Agreement, dated December 1, 1985 between Sabine River Authority, State of Louisiana, and Sabine River Authority, State of Texas, and Entergy Gulf States, Central Louisiana Electric Co., Inc., and Louisiana Power and Light Company (10-72 to Form 10-K for the year ended December 31, 1985 in 1- 27031).

+(d) 21-- Deferred Compensation Plan for Directors of Entergy Gulf States and Varibus Corporation, as amended January 8, 1987, and effective January 1, 1987 (10-77 to Form 10-K for the year ended December 31, 1986 in 1- 27031). Amendment dated December 4, 1991 (10-3 to Amendment No. 8 in Registration No. 2-76551).

+(d) 22-- Trust Agreement for Deferred Payments to be made by Entergy Gulf States pursuant to the Executive Income Security Plan, by and between Entergy Gulf States and Bankers Trust Company, effective November 1, 1986 (10-78 to Form 10-K for the year ended December 31, 1986 in 1- 27031).

+(d) 23-- Trust Agreement for Deferred Installments under Entergy Gulf States' Management Incentive Compensation Plan and Administrative Guidelines by and between Entergy Gulf States and Bankers Trust Company, effective June 1, 1986 (10-79 to Form 10-K for the year ended December 31, 1986 in 1-27031).

+(d) 24-- Nonqualified Deferred Compensation Plan for Officers, Nonemployee Directors and Designated Key Employees, effective December 1, 1985, as amended, continued and completely restated effective as of March 1, 1991 (10-3 to Amendment No. 8 in Registration No. 2-76551).

+(d) 25-- Trust Agreement for Entergy Gulf States' Nonqualified Directors and Designated Key Employees by and between Entergy Gulf States and First City Bank, Texas-Beaumont, N.A. (now Texas Commerce Bank), effective July 1, 1991 (10-4 to Form 10-K for the year ended December 31, 1992 in 1-27031).

(d) 26-- Lease Agreement, dated as of June 29, 1987, among GSG&T, Inc., and Entergy Gulf States related to the leaseback of the Lewis Creek generating station (10-83 to Form 10-K for the year ended December 31, 1988 in 1- 27031).

(d) 27-- Nuclear Fuel Lease Agreement between Entergy Gulf States and River Bend Fuel Services, Inc. to lease the fuel for River Bend Unit 1, dated February 7, 1989 (10-64 to Form 10-K for the year ended December 31, 1988 in 1- 27031).

(d) 28-- Trust and Investment Management Agreement between Entergy Gulf States and Morgan Guaranty and Trust Company of New York (the "Decommissioning Trust Agreement) with respect to decommissioning funds authorized to be collected by Entergy Gulf States, dated March 15, 1989 (10-66 to Form 10-K for the year ended December 31, 1988 in 1-27031).

(d) 29-- Amendment No. 2 dated November 1, 1995 between Entergy Gulf States and Mellon Bank to Decommissioning Trust Agreement (10(d) 31 to Form 10-K for the year ended December 31, 1995 in 1-27031).

(d) 30-- Credit Agreement, dated as of December 29, 1993, among River Bend Fuel Services, Inc. and Certain Commercial Lending Institutions and CIBC Inc. as Agent for the Lenders (10(d) 34 to Form 10-K for year ended December 31, 1994 in 1-27031).

(d) 31-- Amendment No. 1 dated as of January 31, to Credit Agreement, dated as of December 31, 1993, among River Bend Fuel Services, Inc. and certain commercial lending institutions and CIBC Inc. as agent for Lenders (10(d) 33 to Form 10-K for the year ended December 31, 1995 in 1- 27031).

(d) 32-- Partnership Agreement by and among Conoco Inc., and Entergy Gulf States, CITGO Petroleum Corporation and Vista Chemical Company, dated April 28, 1988 (10-67 to Form 10-K for the year ended December 31, 1988 in 1- 27031).

+(d) 33-- Gulf States Utilities Company Executive Continuity Plan, dated January 18, 1991 (10-6 to Form 10-K for the year ended December 31, 1990 in 1-27031).

+(d) 34-- Trust Agreement for Entergy Gulf States' Executive Continuity Plan, by and between Entergy Gulf States and First City Bank, Texas-Beaumont, N.A. (now Texas Commerce Bank), effective May 20, 1991 (10-5 to Form 10-K for the year ended December 31, 1992 in 1-27031).

(d) 35-- Gulf States Utilities Board of Directors' Retirement Plan, dated February 15, 1991 (10-8 to Form 10-K for the year ended December 31, 1990 in 1-27031).

(d) 36-- Gulf States Utilities Company Employees' Trustee Retirement Plan effective July 1, 1955 as amended, continued and completely restated effective January 1, 1989; and Amendment No.1 effective January 1, 1993 (10-6 to Form 10-K for the year ended December 31, 1992 in 1- 27031).

(d) 37-- Agreement and Plan of Reorganization, dated June 5, 1992, between Entergy Gulf States and Entergy Corporation (2 to Form 8-K dated June 8, 1992 in 1- 27031).

(d) 38-- Gulf States Utilities Company Employee Stock Ownership Plan, as amended, continued, and completely restated effective January 1, 1984, and January 1, 1985 (A to Form 11-K dated December 31, 1985 in 1-27031).

(d) 39-- Trust Agreement under the Gulf States Utilities Company Employee Stock Ownership Plan, dated December 30, 1976, between Entergy Gulf States and the Louisiana National Bank, as Trustee (2-A to Registration No. 2- 62395).

(d) 40-- Letter Agreement dated September 7, 1977 between Entergy Gulf States and the Trustee, delegating certain of the Trustee's functions to the ESOP Committee (2-B to Registration Statement No. 2-62395).

(d) 41-- Gulf States Utilities Company Employees Thrift Plan as amended, continued and completely restated effective as of January 1, 1992 (28-1 to Amendment No. 8 to Registration No. 2-76551).

(d) 42-- Restatement of Trust Agreement under the Gulf States Utilities Company Employees Thrift Plan, reflecting changes made through January 1, 1989, between Entergy Gulf States and First City Bank, Texas-Beaumont, N.A., (now Texas Commerce Bank ), as Trustee (2-A to Form 8-K dated October 20, 1989 in 1-27031).

(d) 43-- Operating Agreement between Entergy Operations and Entergy Gulf States, dated as of December 31, 1993 (B-2(f) to Rule 24 Certificate in 70-8059).

(d) 44-- Guarantee Agreement between Entergy Corporation and Entergy Gulf States, dated as of December 31, 1993 (B-5(a) to Rule 24 Certificate in 70-8059).

(d) 45-- Service Agreement with Entergy Services, dated as of December 31, 1993 (B-6(c) to Rule 24 Certificate in 70-8059).

(d) 46-- Assignment, Assumption and Amendment Agreement to Letter of Credit and Reimbursement Agreement between Entergy Gulf States, Canadian Imperial Bank of Commerce and Westpac Banking Corporation (10(d) 58 to Form 10-K for the year ended December 31, 1993 in 1-27031).

(d) 47-- Third Amendment, dated January 1, 1994, to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

(d) 48-- Agreement as to Expenses and Liabilities between Entergy Gulf States and Entergy Gulf States Capital I, dated as of January 28, 1997 (10(d)52 to Form 10-K for the year ended December 31, 1996 in 1-27031).

(d) 49-- Refunding Agreement dated as of May 1, 1998 between Entergy Gulf States and Parish of Iberville, State of Louisiana (B-3(a) to Rule 24 Certificate dated May 29, 1998 in 70-8721).

(d) 50-- Refunding Agreement dated as of May 1, 1998 between Entergy Gulf States and Industrial Development Board of the Parish of Calcasieu, Inc. (B-3(b) to Rule 24 Certificate dated January 29, 1999 in 70-8721).

(d) 51-- Refunding Agreement (Series 1999-A) dated as of September 1, 1999 between Entergy Gulf States and Parish of West Feliciana, State of Louisiana (B-3(c) to Rule 24 Certificate dated October 8, 1999 in 70-8721).

(d) 52-- Refunding Agreement (Series 1999-B) dated as of September 1, 1999 between Entergy Gulf States and Parish of West Feliciana, State of Louisiana (B-3(d) to Rule 24 Certificate dated October 8, 1999 in 70-8721).

(d) 53-- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).

## **Entergy Louisiana**

(e) 1 -- Agreement, dated April 23, 1982, among Entergy Louisiana and certain other System companies, relating to System Planning and

Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(e) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(e) 3 -- Amendment, dated as of February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(e) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(e) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(e) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-42523).

(e) 7 -- Amendment, dated as of January 1, 1972, to Service Agreement with Entergy Services (4(a)-6 in 2-45916).

(e) 8 -- Amendment, dated as of April 27, 1984, to Service Agreement with Entergy Services (10(a) 7 to Form 10-K for the year ended December 31, 1984 in 1-3517).

(e) 9 -- Amendment, dated as of August 1, 1988, to Service Agreement with Entergy Services (10(d)-8 to Form 10-K for the year ended December 31, 1988 in 1-8474).

(e) 10-- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(d)-9 to Form 10-K for the year ended December 31, 1990 in 1-8474).

(e) 11-- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(e) 12 through

(e) 25-- See 10(a)-12 through 10(a)-25 above.

(e) 26-- Fuel Lease, dated as of January 31, 1989, between River Fuel Company #2, Inc., and Entergy Louisiana (B-1(b) to Rule 24 Certificate in 70-7580).

(e) 27-- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

(e) 28-- Compromise and Settlement Agreement, dated June 4, 1982, between Texaco, Inc. and Entergy Louisiana (28(a) to Form 8-K dated June 4, 1982 in 1-8474).

+ (e) 29-- Post-Retirement Plan (10(c)23 to Form 10-K for the year ended December 31, 1983 in 1-8474).

(e) 30-- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (10(a) 39 to Form 10-K for the year ended December 31, 1982 in 1-3517).

(e) 31-- First Amendment to the Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984 in 1-3517).

(e) 32-- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(e) 33-- Middle South Utilities, Inc. and Subsidiary Companies Intercompany Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).

(e) 34-- First Amendment, dated January 1, 1990, to the Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated January 1, 1990 (D-2 to Form U5S for the year ended December 31, 1989).

(e) 35-- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).

(e) 36-- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

- (e) 37-- Contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste, dated February 2, 1984, among DOE, System Fuels and Entergy Louisiana (10(d)33 to Form 10-K for the year ended December 31, 1984 in 1-8474).
- (e) 38-- Operating Agreement between Entergy Operations and Entergy Louisiana, dated as of June 6, 1990 (B-2(c) to Rule 24 Certificate dated June 15, 1990 in 70-7679).
- (e) 39-- Guarantee Agreement between Entergy Corporation and Entergy Louisiana, dated as of September 20, 1990 (B-2(a), to Rule 24 Certificate dated September 27, 1990 in 70-7757).
- + (e) 40-- Executive Financial Counseling Program of Entergy Corporation and Subsidiaries (10(a) 52 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (e) 41-- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (e) 42-- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate dated May 24, 1991 in 70-7831).
- + (e) 43-- Amendment No. 1 to the Equity Ownership Plan of Entergy Corporation and Subsidiaries (10(a) 71 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e) 44-- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- + (e) 45-- Supplemental Retirement Plan (10(a) 69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e) 46-- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 53 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (e) 47-- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a) 72 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e) 48-- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries (10(a) 74 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e) 49-- Summary Description of Retired Outside Director Benefit Plan (10(c)90 to Form 10-K for the year ended December 31, 1992 in 1-10764).
- + (e) 50-- Amendment to Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 81 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- + (e) 51-- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- (e) 52-- Installment Sale Agreement, dated July 20, 1994, between Entergy Louisiana and St. Charles Parish, Louisiana (B-6(e) to Rule 24 Certificate dated August 1, 1994 in 70-7822).
- (e) 53-- Installment Sale Agreement, dated November 1, 1995, between Entergy Louisiana and St. Charles Parish, Louisiana (B-6(a) to Rule 24 Certificate dated December 19, 1995 in 70-8487).
- (e) 54-- Refunding Agreement (Series 1999-A), dated as of June 1, 1999, between Entergy Louisiana and Parish of St. Charles, State of Louisiana (B-6(a) to Rule 24 Certificate dated July 6, 1999 in 70-9141).
- (e) 55-- Refunding Agreement (Series 1999-B), dated as of June 1, 1999, between Entergy Louisiana and Parish of St. Charles, State of Louisiana (B-6(b) to Rule 24 Certificate dated July 6, 1999 in 70-9141).
- (e) 56-- Refunding Agreement (Series 1999-C), dated as of October 1, 1999, between Entergy Louisiana and Parish of St. Charles, State of Louisiana (B-11(a) to Rule 24 Certificate dated October 15, 1999 in 70-9141).
- (e) 57-- Agreement as to Expenses and Liabilities between Entergy Louisiana, Inc. and Entergy Louisiana Capital I dated July 16, 1996 (4(d) to Form 10-Q for the quarter ended June 30, 1996 in 1-8474).

## **Entergy Mississippi**

- (f) 1 -- Agreement dated April 23, 1982, among Entergy Mississippi and certain other System companies, relating to System Planning and

Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982 in 1-3517).

(f) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(f) 3 -- Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(f) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(f) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(f) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (D in 37-63).

(f) 7 -- Amendment, dated January 1, 1972, to Service Agreement with Entergy Services (A to Notice, dated October 14, 1971 in 37-63).

(f) 8 -- Amendment, dated April 27, 1984, to Service Agreement with Entergy Services (10(a) 7 to Form 10-K for the year ended December 31, 1984 in 1-3517).

(f) 9 -- Amendment, dated as of August 1, 1988, to Service Agreement with Entergy Services (10(e) 8 to Form 10-K for the year ended December 31, 1988 in 0-320).

(f) 10-- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(e) 9 to Form 10-K for the year ended December 31, 1990 in 0-320).

(f) 11-- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(f) 12 through

(f) 25-- See 10(a)-12 - 10(a)-25above.

(f) 26-- Installment Sale Agreement, dated as of June 1, 1974, between Entergy Mississippi and Washington County, Mississippi (B-2(a) to Rule 24 Certificate dated August 1, 1974 in 70-5504).

(f) 27-- Amended and Restated Installment Sale Agreement, dated as of April 1, 1994, between Entergy Mississippi and Warren County, Mississippi (B-6(a) to Rule 24 Certificate dated May 4, 1994 in 70-7914).

(f) 28-- Amended and Restated Installment Sale Agreement, dated as of April 1, 1994, between Entergy Mississippi and Washington County, Mississippi, (B-6(b) to Rule 24 Certificate dated May 4, 1994 in 70-7914).

(f) 29-- Refunding Agreement, dated as of May 1, 1999, between Entergy Mississippi and Independence County, Arkansas (B-6(a) to Rule 24 Certificate dated June 8, 1999 in 70-8719).

(f) 30-- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B-3(a) in 70-6337).

(f) 31-- Amendment, dated December 4, 1984, to the Independence Steam Electric Station Operating Agreement (10(c) 51 to Form 10-K for the year ended December 31, 1984 in 0-375).

(f) 32-- Amendment, dated December 4, 1984, to the Independence Steam Electric Station Ownership Agreement (10(c) 54 to Form 10-K for the year ended December 31, 1984 in 0-375).

(f) 33-- Owners Agreement, dated November 28, 1984, among Entergy Arkansas, Entergy Mississippi and other co-owners of the Independence Station (10(c) 55 to Form 10-K for the year ended December 31, 1984 in 0-375).

(f) 34-- Consent, Agreement and Assumption, dated December 4, 1984, among Entergy Arkansas, Entergy Mississippi, other co-owners of the Independence Station and United States Trust Company of New York, as Trustee (10(c) 56 to Form 10-K for the year ended December 31, 1984 in 0-375).

(f) 35-- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

+(f) 36-- Post-Retirement Plan (10(d) 24 to Form 10-K for the year ended December 31, 1983 in 0-320).

- (f) 37-- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans (10(a) 39 to Form 10-K for the year ended December 31, 1982 in 1-3517).
- (f) 38-- First Amendment to the Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984 in 1-3517).
- (f) 39-- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (f) 40-- Sales Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (D to Rule 24 Certificate dated June 26, 1974 in 70-5399).
- (f) 41-- Service Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (E to Rule 24 Certificate dated June 26, 1974 in 70-5399).
- (f) 42-- Partial Termination Agreement, dated as of December 1, 1986, between System Energy and Entergy Mississippi (A-2 to Rule 24 Certificate dated January 8, 1987 in 70-5399).
- (f) 43-- Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).
- (f) 44-- First Amendment dated January 1, 1990 to the Middle South Utilities Inc. and Subsidiary Companies Intercompany Tax Allocation Agreement (D-2 to Form U5S for the year ended December 31, 1989).
- (f) 45-- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).
- (f) 46-- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).
- + (f) 47-- Executive Financial Counseling Program of Entergy Corporation and Subsidiaries (10(a) 52 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (f) 48-- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (f) 49-- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate dated May 24, 1991 in 70-7831).
- + (f) 50-- Amendment No. 1 to the Equity Ownership Plan of Entergy Corporation and Subsidiaries (10(a)71 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (f) 51-- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- + (f) 52-- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (f) 53-- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a)53 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (f) 54-- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a)72 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (f) 55-- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries, as amended (10(a)74 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (f) 56-- Summary Description of Retired Outside Director Benefit Plan (10(c)-90 to Form 10-K for the year ended December 31, 1992 in 1-10764).
- + (f) 57-- Amendment to Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 81 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- + (f) 58-- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

## Entergy New Orleans

- (g) 1 -- Agreement, dated April 23, 1982, among Entergy New Orleans and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a)-1 to Form 10-K for the year ended December 31, 1982 in 1-3517).
- (g) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).
- (g) 3 -- Amendment dated as of February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).
- (g) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).
- (g) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).
- (g) 6 -- Service Agreement with Entergy Services dated as of April 1, 1963 (5(a)-5 in 2-42523).
- (g) 7 -- Amendment, dated as of January 1, 1972, to Service Agreement with Entergy Services (4(a)-6 in 2-45916).
- (g) 8 -- Amendment, dated as of April 27, 1984, to Service Agreement with Entergy Services (10(a)7 to Form 10-K for the year ended December 31, 1984 in 1-3517).
- (g) 9 -- Amendment, dated as of August 1, 1988, to Service Agreement with Entergy Services (10(f)-8 to Form 10-K for the year ended December 31, 1988 in 0-5807).
- (g) 10-- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(f)-9 to Form 10-K for the year ended December 31, 1990 in 0-5807).
- (g) 11-- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for year ended December 31, 1994 in 1-3517).
- (g) 12 through
- (g) 25-- See 10(a)-12 - 10(a)-25 above.
- (g) 26-- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).
- + (g) 27-- Post-Retirement Plan (10(e) 22 to Form 10-K for the year ended December 31, 1983 in 1-1319).
- (g) 28-- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (10(a) 39 to Form 10-K for the year ended December 31, 1982 in 1-3517).
- (g) 29-- First Amendment to the Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984 in 1-3517).
- (g) 30-- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (g) 31-- Transfer Agreement, dated as of June 28, 1983, among the City of New Orleans, Entergy New Orleans and Regional Transit Authority (2(a) to Form 8-K dated June 24, 1983 in 1-1319).
- (g) 32-- Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).
- (g) 33-- First Amendment, dated January 1, 1990, to the Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-2 to Form U5S for the year ended December 31, 1989).
- (g) 34-- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).
- (g) 35-- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

- + (g) 36-- Executive Financial Counseling Program of Entergy Corporation and Subsidiaries (10(a)52 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (g) 37-- Entergy Corporation Annual Incentive Plan (10(a)54 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (g) 38-- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate dated May 24, 1991 in 70-7831).
- + (g) 39-- Amendment No. 1 to the Equity Ownership Plan of Entergy Corporation and Subsidiaries (10(a)71 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (g) 40-- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- + (g) 41-- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (g) 42-- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a)53 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (g) 43-- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a)72 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (g) 44-- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries, as amended (10(a)74 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (g) 45-- Summary Description of Retired Outside Director Benefit Plan (10(c)-90 to Form 10-K for the year ended December 31, 1992 in 1-10764).
- + (g) 46-- Amendment to Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 81 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- + (g) 47-- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

(12) Statement Re Computation of Ratios

- \*(a) Entergy Arkansas's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- \*(b) Entergy Gulf States' Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- \*(c) Entergy Louisiana's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- \*(d) Entergy Mississippi's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- \*(e) Entergy New Orleans' Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- \*(f) System Energy's Computation of Ratios of Earnings to Fixed Charges, as defined.

\*(21) Subsidiaries of the Registrants

(23) Consents of Experts and Counsel

- \*(a) The consent of PricewaterhouseCoopers LLP is contained herein at page 240.

\*(24) Powers of Attorney

\* Filed herewith.

+ Management contracts or compensatory plans or arrangements.



RETENTION AGREEMENT

THIS AGREEMENT, executed on November 21, 2000 effective as of October 27, 2000, by and between Entergy Corporation, a Delaware corporation ("Company"), and J. Wayne Leonard ("Executive"), which agreement shall govern the terms and conditions of Executive's employment until such time as the Employment Agreement between Executive and WCB Holding Corporation dated as of July 30, 2000 shall become effective, except as specifically provided herein;

WHEREAS, Executive is currently employed by Entergy Services, Inc., a System employer, and serves in the position of Chief Executive Officer of Company;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(A) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsections 3.4 and 3.6, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the Three-Times Severance Payment or Five-Times Severance Payment previously paid to him pursuant to subsections 3.4 and 3.6, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary(ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsection 3.1, in no event shall Executive and his beneficiary(ies) be entitled to payments and benefits under more than one such subsection.

3.1 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

### 3.2 Termination of Employment by Executive Without Good Reason.

(a) On or After Attainment of Age 55. If Executive's employment with the System is terminated for any reason, other than termination by Company for Cause, Executive shall be entitled to the Supplemental Retirement Benefit without Company permission.

(b) Without Company-Permission - Prior to Attainment of Age 55. If Executive should terminate his Employment with the System without Good Reason and without Company permission at any time prior to his attainment of age 55, he shall forfeit all rights to a Supplemental Retirement Benefit. Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

(c) With Company Permission - Prior to Attainment of Age 55. If Executive should terminate his Employment with the System without Good Reason, but with Company permission, at any time prior to his attainment of age 55, he shall be entitled to the Supplemental Retirement Benefit, but reduced at the annual rate of

6.5% per year for each year Executive's Date of Termination precedes the date of his attainment of age

55. Such reduced Supplemental Retirement Benefit shall become payable upon Executive's attainment of age 62 (or upon Executive's prior death, to his surviving spouse, if applicable). In addition, Executive shall be entitled to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.3 Termination of Employment by Company For Cause at Any Time. If Company should terminate Executive's employment with the System for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits. Executive shall forfeit all rights to the Supplemental Retirement Benefit.

3.4 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination that is not a Merger-Related Termination, then Executive shall be entitled to Normal Post-Termination Compensation and Benefits, Executive's Accrued Obligations, EAIP Bonus Award, Three-Times Severance Payment, Target LTIP Award and Other EOP Awards. In addition, Executive shall: (a) immediately vest in the Supplemental Retirement Benefit (determined as if Executive had remained employed with the System until attainment of age 55), subject, however to the forfeiture and repayment provisions of Section 2.2(A) and (B) of this Agreement, and (b) be entitled to elect a benefit commencement date without the consent of the Company, which shall be on the first day of any month following Executive's attainment of age 55.

3.5 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability prior to the earlier of the Closing or termination of the Merger Agreement, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of death) shall receive Executive's Accrued Obligations, Normal Post-Termination Compensation and Benefits, EAIP Bonus Award, Three-Times Severance Payment, Target LTIP Award and Other EOP Awards.

In addition, in the event of Executive's death at any time prior to termination of his System employment, or after Executive's retirement but before his Supplemental Retirement Benefit income commencement date, his surviving spouse, if any, shall be entitled to a Supplemental Retirement Benefit death benefit payable monthly for her lifetime, and commencing as of the first day of the month next following the later of: (a) the date on which Executive would have attained age 55 had he lived, or (b) the date of Executive's death. The amount of each such monthly benefit shall be in the same amount as the spouse would have received after Executive's subsequent death if he had not died on his actual date of death but instead had: (v) separated from System Company service on his date of death; (w) survived to age 55; (x) retired at age 55 with the same Final Monthly Earnings as of his date of death; (y) elected the 50% joint and survivor annuity form of payment; and (z) then died immediately thereafter.

If Executive becomes Disabled at any time prior to termination of his System employment, then for purposes of determining his eligibility for a Supplemental Retirement Benefit, Executive shall be treated as if he remained employed by the System for any year for which Executive receives monthly disability payments under the Company's sponsored long-term disability plan then in effect.

3.6 Merger Related Termination. If Executive's employment is terminated due to a Merger Related Termination prior to the earlier of the Closing or termination of the Merger Agreement, then Executive shall be entitled to Normal Post-Termination Compensation and Benefits, Executive's Accrued Obligations, EAIP Bonus Award, Five-Times Severance Payment, Maximum LTIP Award and Other EOP Awards. In addition, Executive shall: (a) immediately vest in the Supplemental Retirement Benefit (determined as if Executive had remained employed with the System until attainment of age 55), subject, however to the forfeiture and repayment provisions of Section 2.2(A) and (B) of this Agreement, and

(b) be entitled to elect a benefit commencement date without the consent of the Company, which shall be on the first day of any month following Executive's attainment of age 55.

### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Rabbi Trust: Timing of Payments. No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event December 31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. Except as otherwise provided under the terms of this Agreement with respect to Executive's Supplemental Retirement Benefit, the payments provided in Sections 3 and 4 hereof shall be made no later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6. Legal Fees. Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. Superseded Agreements and Benefits. This Agreement supercedes any other agreements or representations, oral or otherwise, express or

implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including, but not limited to the March 13, 1998 letter agreement between Executive and Company, as amended through the Amendment to Employment Agreement execution by Executive on March 27, 2000 (and by Entergy Corporation on April 26, 2000), and any other offers or agreements preceding execution of this Agreement, but with the exception of the agreement dated July 30, 2000 between Executive and the Merged Entity, which agreement shall supersede and replace this Agreement on the date of Closing of the Ring-Ranger Merger Agreement, with the exception of the Supplemental Retirement Benefit in

Section 16.30, which section shall remain in full force and effect, and with the exception of any compensation, equity or equity-based benefits that remain unfulfilled at Closing and are not assumed under the agreement dated July 30, 2000 between Executive and the Merged Entity. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

## 8. Termination Procedures and Compensation During Dispute.

8.1 Notice of Termination. Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of

Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 Date of Termination. "Date of Termination," shall mean

(i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9. No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (except as otherwise provided in subsection 16.30 and subsection 2.2 (A) and (B)).

## 10. Successors: Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing

the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:	If to Executive:
Michael G. Thompson	J. Wayne Leonard
General Counsel, Entergy Corporation	81 English Turn
Drive	
639 Loyola Avenue	New Orleans, LA
70131	
New Orleans, LA 70113-3 125	

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. Settlement of Disputes; Arbitration.

15.1 All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

15.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.19 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits, payable to Executive through the later of the Date of Termination or the Service Bridge under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of

Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof.

16.4 Base Amount shall have the meaning set forth in section 280G(b) (3) of the Code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i), (ii), and (iii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists; and (z) no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring-Ranger Merger Agreement or (ii) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six

(6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13 EAJP shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14 EAIP Bonus Award shall mean the product of (1) the maximum annual bonus opportunity under the EAIP for the year in which the Date of Termination occurs and (2) a fraction, the numerator of which is the number of days in the fiscal year that includes the Date of Termination and that are prior to the Date of Termination, and the denominator of which is 365.

16.15 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.16 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.17 Executive shall mean the individual named in the first paragraph of this Agreement.

16.18 Final Monthly Compensation shall mean "Final Monthly Compensation" as defined under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, as in effect on the date of this Agreement and as applicable to individuals who became participants in such Plan after March 25, 1998.

16.19 Five-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to five times the sum of (i) Executive's Annual Base Salary and (u) Executive's highest maximum annual bonus opportunity under the LAIP for any fiscal year ending after the date hereof, which Five-Times Severance Payment shall in no event be less than \$10,200,000.00. The Five-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.20 Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent), prior to the earlier of the termination of the Merger Agreement or such time as the Employment Agreement between Executive and WCB Holding Corporation dated as of July 30,2000 shall become effective, of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (E), (F), or (G) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) the substantial reduction or alteration in the nature or status of Executive's duties or responsibilities from those in effect on the date of this Agreement, other than an insubstantial and inadvertent act that is remedied by Company promptly after receipt of notice thereof given by Executive and other than any such alteration primarily attributable to the fact that Company may no longer be a public company;

(B) a reduction by Company in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Company's business to an extent substantially consistent with Executive's present business travel obligations;

(D) the failure by Company to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Company, within seven (7) days of the date such compensation is due;

(E) the failure by Company to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by Company to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(F) the failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Company's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Company to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Company in accordance with Company's normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(G) any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section

8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.21 Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.22LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

16.23Maximum LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the maximum pay out level under the long term incentive program with respect to such performance periods.

16.24Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof

16.25Merger-Related Termination shall mean a termination of Executive's employment by Company prior to the Closing and prior to the termination of the Merger Agreement upon determination by the Board of Directors of Company that for reasons other than Cause and in the best interests of the shareholders in connection with the consummation of the Merger, it is necessary that Executive no longer serve in the position of Chief Executive Officer of Company.

16.26Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.27Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

16.28Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date. "Other EOP Awards" shall include, without limitation, those restricted shares (since converted to restricted units) granted to Executive by Company pursuant to letter agreement dated March 13, 1998, to the extent such restrictions have not yet lifted.

16.29Qualifying Termination shall mean a termination of Executive's employment prior to the earlier of the termination of the Merger Agreement or such time as the Employment Agreement between Executive and WCB Holding Corporation dated as of July 30, 2000 shall become effective (i) by Executive for Good Reason, or (ii) by Company other than for Cause.

16.30Supplemental Retirement Benefit, in the event Executive remains employed with the System through his attainment of age 55, shall mean a supplemental retirement benefit calculated as a single life annuity for the life of Executive only, commencing at Executive's attainment of age 55 and equal to:

(A) sixty percent (60%) of his Final Monthly Compensation; less

(B) the amount of any benefit (expressed in the form of a single life annuity) which Executive earned (i) under any other qualified or non-qualified defined benefit retirement income or pension plan, trust, or other arrangement sponsored by any System Company, or (ii) under any the qualified defined benefit pension plan sponsored by Cinergy, or their successor or assigns, regardless of whether Executive receives a paid up benefit or a cash payment under such plans in lieu thereof. For purposes of this paragraph 16.30(B), the Cinergy offset shall be as follows:

Executive's Age Lifetime At Retirement	Monthly Cinergy Offset
55	\$7,717.64
56	\$8,147.26
57	\$8,575.59
58	\$9,432.25
59	\$10,290.19
60	\$11,148.14
61	\$12,004.80

62 or later \$12,862.74

The monthly benefit calculated above shall be paid for the life of Executive and thereafter 50% of such monthly benefit amount shall be paid to Executive's surviving spouse, if any, for her remaining lifetime.

Executive may choose among an actuarial equivalent single-sum distribution or the optional forms of payment set forth in the System Executive Retirement Plan of Entergy Corporation and Subsidiaries as in effect prior to March 25, 1998, subject, however, to the terms and conditions set forth in such Plan for electing an optional form of payment.

The Supplemental Retirement Benefit under this Agreement supercedes and replaces any non-qualified supplemental retirement benefits that might otherwise be provided to Executive under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, the Pension Equalization Plan of Entergy Corporation and Subsidiaries, the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries, and the Post-Retirement Plan of Entergy Corporation and Subsidiaries, and as a result of any supplemental credited service previously granted Executive under such plans, and as a result of any subsidized supplemental retirement benefits previously granted Executive by agreement dated March 13, 1998.

16.31 System shall mean Company and all other System Companies.

16.32 System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% or more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity.

16.33 Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.34 Three-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to three times the sum of (i) Executive's Annual Base Salary and (ii) Executive's target annual bonus opportunity under the EAIP for any fiscal year ending after the date hereof, which Three-Times Severance Payment shall in no event be less than \$4,335,000.00. The Three-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.35 Total Payments shall mean those payments so described in Section 4.1 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of October 27, 2000 in accordance with the Resolution of the Board of Directors of Entergy Corporation of that same date.

*ENTERGY CORPORATION*

*By: /s/ Michael G. Thompson  
Michael G. Thompson  
General Counsel and Secretary  
Officer,*

*EXECUTIVE*

*/s/ J. Wayne Leonard  
J. Wayne Leonard  
Chief Executive  
  
Entergy Corporation*

**RETENTION AGREEMENT**

THIS AGREEMENT, executed on October 23, 2000, and effective as of July 29, 2000, by and between Entergy Corporation, a Delaware corporation (Company), and Frank F. Gallaher (Executive").

WHEREAS, Executive is currently employed by, and serves in the position of President, Fossil Operations and Transmission of, Entergy Services, Inc., a System employer;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(A) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsection 3.3, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections; provided that this subsection

2.2(A) shall not apply to Executive during any period in which Executive is employed by TRANSCO.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements

(i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the Four-Times Severance Payment previously paid to him pursuant to subsection 3.3, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsection; provided that this subsection 2.2 (B) shall not apply to Executive during any period in which Executive is employed by TRANSCO.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary(ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsection 3.1, in no event shall Executive and his beneficiary(ies) be entitled to payments and benefits under more than one such subsection.

3.1 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

3.2 Termination of Employment by Company For Cause, or by Executive Without Good Reason, at Any Time. If Company should terminate Executive's employment with the System for Cause at any time or if Executive should terminate his System employment without Good Reason at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.3 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall be entitled to (a) either the Service Bridge or Normal Post-Termination Compensation and Benefits and (b) receive Executive's Accrued Obligations, Supplemental Retirement Benefit (in accordance with Executive's election), EAIP Bonus Award, Four-Times Severance Payment, Maximum LTIP Award and Other EOP Awards. However, as a condition of receipt of the Four-Times Severance Payment, the Chief Executive Officer of Company may require Executive to remain employed for a period of time not to extend beyond the Closing, such employment to be on substantially the same terms and conditions as in effect on the date of execution of this Agreement. In the event Executive is entitled to the Service Bridge, Normal Post-Termination Compensation and Benefits shall be due at the conclusion of the Service Bridge.

3.4 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability prior to the earlier of termination of the Merger Agreement or the second anniversary of Closing, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of death) shall receive Executive's Accrued Obligations, EAIP Bonus Award, Normal Post-Termination Compensation and Benefits, Four-Times Severance Payment, Supplemental Retirement Benefit (in accordance with the election of Executive or his beneficiary, if applicable), Maximum LTIP Award and Other EOP Awards. The benefits provided under this subsection shall be reduced by the benefits provided to Executive prior to his death or Disability under any other subsection of this Agreement, with the exception of subsection 3.1.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b) (2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b) (4) (A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b) (1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b) (4) (B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d) (3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b) (2) (B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Rabbi Trust: Timing of Payments. No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event on December

31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made no later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with

Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274(b) (2) (B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b) (2) (B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6. Legal Fees. Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. Superseded Agreements and Benefits. This Agreement supercedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including any term sheets, offers, or agreements preceding execution of this Agreement. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

#### 8. Termination Procedures and Compensation During Dispute.

8.1 Notice of Termination. Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 Date of Termination. "Date of Termination," shall mean (i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given). Solely for purposes of determining Executive's "Date of Termination" for any reason other than termination of the Service Bridge, Executive's employment shall be considered terminated, even though he receives the Service Bridge.

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was

participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9.No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (other than (i) as otherwise provided in subsection 2.2 (A) and (B) and (ii) offsets in accordance with the provisions of the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, should Executive be entitled to and elect to receive the Supplemental Retirement Benefit in accordance with subsection 16.29(b)).

#### 10. Successors: Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:

J. Wayne Leonard  
Chief Executive Officer, Entergy Corporation  
639 Loyola Avenue  
70471  
New Orleans, LA 70113-3125

If to Executive:

Frank F. Gallaher  
811 Tete L'ours  
Mandeville, LA

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. Settlement of Disputes; Arbitration.

15.1 All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

15.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.19 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits, payable to Executive through the later of the Date of Termination or the Service Bridge under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof.

16.4 Base Amount shall have the meaning set forth in section 280G(b) (3) of the Code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses (i), (ii), (iii) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring-Ranger Merger Agreement or (ii) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six (6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13 EAIP shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14 EAIP Bonus Award shall mean the product of (1) the maximum annual bonus opportunity under the EAIP for the year in which the Date of Termination occurs and (2) a fraction, the numerator of which is the number of days in the fiscal year that includes the Date of Termination and that are prior to the Date of Termination, and the denominator of which is 365.

16.15 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.16 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.17 Executive shall mean the individual named in the first paragraph of this Agreement.

16.18 Four-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to four times the sum of (i) Executive's Annual Base Salary and (ii) Executive's highest maximum annual bonus opportunity under the EAIP for any fiscal year ending after the date hereof, which Four-Times Severance Payment shall in no event be less than \$3,700,708.00. The Four-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.19 Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (E),(F), or (G) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) the substantial reduction or alteration in the nature or status of Executive's duties or responsibilities from those in effect on the date of this Agreement, other than an insubstantial and inadvertent act that is remedied by Company promptly after receipt of notice thereof given by Executive and other than any such alteration primarily attributable to the fact that Company may no longer be a public company;

(B) a reduction by Company in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Company's business to an extent substantially consistent with Executive's present business travel obligations;

(D) the failure by Company to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Company, within seven (7) days of the date such compensation is due;

(E) the failure by Company to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by Company to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(F) the failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Company's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Company to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Company in accordance with Company's

normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(G) any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.20Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.21LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

16.22Maximum LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the maximum pay out level under the long term incentive program with respect to such performance periods.

16.23Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

16.24Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.25Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

16.26Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

16.27Qualifying Termination shall mean a termination of Executive's employment (i) by Executive for Good Reason prior to the earlier of the termination of the Merger Agreement or the second anniversary of Closing, (ii) by Company other than for Cause prior to the earlier of termination of the Merger Agreement or the second anniversary of Closing.

16.28Service Bridge shall mean, in the event Executive should lose his position (on the date of this Agreement) prior to February 28, 2001 (other than for Cause), Executive's continuation of active System employment at the same compensation and benefit level as prior to the loss of such position, with continued eligibility to participate in all executive plans and programs under their terms and conditions, through February 28, 2001. Further, at the conclusion of the Service Bridge, Executive shall be eligible for retiree benefits, if any, under Company's plans as in effect on such date or from time to time thereafter.

16.29Supplemental Retirement Benefit shall mean, at Executive's election at the earlier of Closing or Date of Termination, either (a) a lump sum cash payment equal to \$3,769,808.00, which represents payment in lieu of non-qualified supplemental retirement benefits earned prior to the Closing under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, the Pension Equalization Plan of Entergy Corporation and Subsidiaries, the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries, and the Post-Retirement Plan of Entergy Corporation and Subsidiaries, and any supplemental credited service granted Executive under such plans, or (b) the benefit available to Executive under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, under the terms and conditions of that plan applicable to individuals who became participants on or after March 25, 1998, without reduction of such amount by the benefit Executive is entitled to receive under any benefit plan of any prior employer, provided, however, that Executive shall not require permission under the plan or otherwise to retire and commence receipt of benefit payments.

16.30System shall mean Company and all other System Companies.

16.31System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% or more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity.

16.32 Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.33 Total Payments shall mean those payments so described in Section 4.1 hereof.

16.34 TRANSCO shall mean the independent transmission company that will be formed in accordance with Federal Energy Regulatory Commission Order No. 2000 and that will operate the transmission assets of the operating companies of Company.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of July 29, 2000 in accordance with the July 29, 2000 Resolution of the Board of Directors of Entergy Corporation.

*ENTERGY CORPORATION*

*EXECUTIVE*

*By: /s/ J. Wayne Leonard  
J. Wayne Leonard  
Chief Executive Officer  
Operations*

*/s/ Frank F. Gallaher  
Frank F. Gallaher  
President, Fossil  
and Transmission  
Entergy Services, Inc.*

**RETENTION AGREEMENT**

THIS AGREEMENT, executed on October 1, 2000, and effective as of July 29, 2000, by and between Entergy Corporation, a Delaware corporation ("Company"), and C. Gary Clary ("Executive").

WHEREAS, Executive is currently employed by Entergy Services, Inc., a System employer, and serves in the position of Senior Vice-President, Human Resources and Administration of Entergy Services, Inc.;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(A) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsections 3.3 and 3.4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the Three-Times Severance Payment or the Four-Times Severance Payment previously paid to him pursuant to subsections 3.3 and 3.4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary(ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsection 3.1, in no event shall Executive and his beneficiary(ies) be entitled to payments and benefits under more than one such subsection.

3.1 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

3.2 Termination of Employment by Company For Cause at Any Time. If Company should terminate Executive's employment with the System

for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.3 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall be entitled to Normal Post-Termination Compensation and Benefits, Executive's Accrued Obligations, EAIP Bonus Award, Four-Times Severance Payment, Supplemental Retirement Benefit (in accordance with Executive's election), Maximum LTIP Award and Other EOP Awards. However, as a condition of receipt of the Four-Times severance Payment, the Chief Executive Officer of Company may require Executive to remain employed for a period of time not to extend beyond the Closing, such employment to be on substantially the same terms and conditions as in effect on the date of execution of this Agreement.

3.4 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability prior to the earlier of the Closing or termination of the Merger Agreement, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of death) shall receive Executive's Accrued Obligations, EAIP Bonus Award, Normal Post-Termination Compensation and Benefits, Four-Times Severance Payment, Supplemental Retirement Benefit (in accordance with the election of Executive or his beneficiary, if applicable), Maximum LTIP Award and Other EOP Awards.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b) (2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b) (4) (A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b) (1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 250G(b) (4) (B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles or sections 280G(d) (3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b) (2) (B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Rabbi Trust; Timing of Payments. No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event on December 31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made no later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder

of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6. Legal Fees. Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. Superceded Agreements and Benefits. This Agreement supercedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including, but not limited to, the Term Sheet executed by J. Wayne Leonard on September 29, 2000, and any other term sheets, offers, or agreements preceding execution of this Agreement. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

#### 8. Termination Procedures and Compensation During Dispute.

8.1 Notice of Termination. Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition 01 Cause herein, and specifying the particulars thereof in detail.

8.2 Date of Termination. Date of Termination shall mean (i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9. No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another

employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (other than (i) as otherwise provided in subsection 2.2 (A) and (B) and (ii) offsets in accordance with the provisions of the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, should Executive be entitled to and elect to receive the Supplemental Retirement Benefit in accordance with subsection 16.27(b)).

#### 10.Successors: Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11.Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:  
Michael G. Thompson  
General Counsel, Entergy Corporation  
Boulevard  
639 Loyola Avenue  
New Orleans, LA 70113-3 125

If to Executive:  
C. Gary Clary  
48 Versailles  
  
New Orleans, LA 70125

12.Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretations construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13.Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14.Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

#### 15.Settlement of Disputes; Arbitration.

15.1All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

15.2Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the

metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.19 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits payable to Executive through the Date of Termination under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof.

16.4 Base Amount shall have the meaning set forth in section 280G(b) (3) of the Code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated), in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses (i), (ii), (iii) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring-Ranger Merger Agreement or (ii) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the

System for a period of six (6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13EAIP shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14EAIP Bonus Award shall mean the product of (1) the maximum annual bonus opportunity under the EAIP for the year in which the Date of Termination occurs and (2) a fraction, the numerator of which is the number of days in the fiscal year that includes the Date of Termination and that are prior to the Date of Termination, and the denominator of which is 365.

16.15EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.16Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.17Executive shall mean the individual named in the first paragraph of this Agreement.

16.18Four-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to four times the sum of (i) Executive's Annual Base Salary and (ii) Executive's highest maximum annual bonus opportunity under the EAIP for any fiscal year ending after the date hereof, which Four-Times Severance Payment shall in no event be less than \$ 2,166,344.00. The Four-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.19Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (A), (E), (F), or (G) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) any adverse change in Executive's titles, authority, duties, responsibilities or reporting lines as compared with those in effect on the date hereof;

(B) a reduction by Company in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Company's business to an extent substantially consistent with Executive's present business travel obligations;

(D) the failure by Company to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Company, within seven (7) days of the date such compensation is due;

(E) the failure by Company to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by Company to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(F) the failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Company's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Company to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Company in accordance with Company's normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(G) any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that

Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.20Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.21LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

16.22Maximum LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the maximum pay out level under the long term incentive program with respect to such performance periods.

16.23Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.24Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

16.25Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

16.26Qualifvin2 Termination shall mean a termination of Executive's employment (i) by Executive for Good Reason prior to the Closing and prior to the termination of the Merger Agreement, (ii) by Company other than for Cause prior to the Closing and prior to the termination of the Merger Agreement, and (iii) for any reason on or after the Closing.

16.27Supplemental Retirement Benefit shall mean, at Executive's election at the earlier of Closing or Date of Termination, either (a) a lump sum cash payment equal to \$2,242,583.00, which represents payment in lieu of non-qualified supplemental retirement benefits earned prior to the Closing under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, the Pension Equalization Plan of Entergy Corporation and Subsidiaries, the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries, and the Post-Retirement Plan of Entergy Corporation and Subsidiaries, and any supplemental credited service granted Executive under such plans, or (b) the benefit available to Executive under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, under the terms and conditions of that plan applicable to individuals who became participants on or after March 25, 1998, including the adjusted System employment date of December 27, 1973 provided in Executive's Participant Application for the plan, provided, however, that Executive shall not require permission under the plan or otherwise to retire and commence receipt of benefit payments.

16.28System shall mean Company and all other System Companies.

16.29System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% or more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity.

16.30Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.31Total Payments shall mean those payments so described in Section 4.1 hereof.

16.32Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of July 29, 2000 in accordance with the July 29, 2000 Resolution of the Board of Directors of Entergy Corporation.

ENTERGY CORPORATION

EXECUTIVE

By: /s/ J. Wayne Leonard  
J. Wayne Leonard  
Chief Executive Officer  
Vice-President,

/s/ C. Gary Clary  
C. Gary Clary  
Senior

Human Resources and  
Administration for  
Entergy Services,

Inc.

**RETENTION AGREEMENT**

THIS AGREEMENT, executed on October 11, 2000, and effective as of July 29, 2000, by and between Entergy Corporation, a Delaware corporation ("Company"), and Jerry D. Jackson ("Executive").

WHEREAS, Executive is currently employed by Entergy Services, Inc., a System employer, and serves in the position of Group President, Utility Operations of Company;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(A) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsections 3.3 and 3.4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the Three-Times Severance Payment or the Four-Times Severance Payment previously paid to him pursuant to subsections 3.3 and 3.4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary(ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsection 3.1, in no event shall Executive and his beneficiary(ies) be entitled to payments and benefits under more than one such subsection.

3.1 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

3.2 Termination of Employment by Company For Cause at Any Time. If Company should terminate Executive's employment with the System

for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.3 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall be entitled to Normal Post-Termination Compensation and Benefits, Executive's Accrued Obligations, EAIP Bonus Award, Four-Times Severance Payment, Supplemental Retirement Benefit (in accordance with Executive's election), Maximum LTIP Award and Other EOP Awards. However, as a condition of receipt of the Four-Times Severance Payment, the Chief Executive Officer of Company may require Executive to remain employed for a period of time not to extend beyond the Closing, such employment to be on substantially the same terms and conditions as in effect on the date of execution of this Agreement.

3.4 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability prior to the earlier of the Closing or termination of the Merger Agreement, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of death) shall receive Executive's Accrued Obligations, EAIP Bonus Award, Normal Post-Termination Compensation and Benefits, Four-Times Severance Payment, Supplemental Retirement Benefit (in accordance with the election of Executive or his beneficiary, if applicable), Maximum LTIP Award and Other EOP Awards.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b) (2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b) (4) (A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b) (1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b) (4) (B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d) (3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b) (2) (B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Rabbi Trust: Timing of Payments. No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Event on December 31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made no later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder

of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274(b) (2) (B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b) (2)(B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6. Legal Fees. Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. Superceded Agreements and Benefits. This Agreement supercedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including, but not limited to, the Term Sheet executed by J. Wayne Leonard on September 29, 2000, and any other term sheets, offers, or agreements preceding execution of this Agreement. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

#### 8. Termination Procedures and Compensation During Dispute.

8.1 Notice of Termination. Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 Date of Termination. `Date of Termination, shall mean

(i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen

(15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9. No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit

provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (other than (i) as otherwise provided in subsection 2.2 (A) and (B) and (ii) offsets in accordance with the provisions of the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, should Executive be entitled to and elect to receive the Supplemental Retirement Benefit in accordance with subsection 16.27(b)).

#### 10. Successors; Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:	If to Executive:
Michael G. Thompson	Jerry D. Jackson
General Counsel, Entergy Corporation	1505 Nashville
Avenue	
639 Loyola Avenue	New Orleans, LA
70115	
New Orleans, LA 70113-3125	

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretation construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

#### 15. Settlement of Disputes; Arbitration.

15.1 All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty

(60) days after notification by the Committee that Executive's claim has been denied.

15.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.19 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits payable to Executive through the Date of Termination under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof.

16.4 Base Amount shall have the meaning set forth in section 280G(b) (3) of the Code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated), in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses (i),(ii), (iii) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring- Ranger Merger Agreement or (ii) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six

(6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13 EAIP shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14 EAIP Bonus Award shall mean the product of (1) the maximum annual bonus opportunity under the EAIP for the year in which the Date of Termination occurs and (2) a fraction, the numerator of which is the number of days in the fiscal year that includes the Date of Termination and that are prior to the Date of Termination, and the denominator of which is 365.

16.15 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.16 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.17 Executive shall mean the individual named in the first paragraph of this Agreement.

16.18 Four-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to four times the sum of (i) Executive's Annual Base Salary and (ii) Executive's highest maximum annual bonus opportunity under the EAIP for any fiscal year ending after the date hereof, which Four-Times Severance Payment shall in no event be less than \$4,064,236.00. The Four-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.19 Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (A), (E), (F), or (G) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) any adverse change in Executive's titles, authority, duties, responsibilities or reporting lines as compared with those in effect on the date hereof;

(B) a reduction by Company in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Company's business to an extent substantially consistent with Executive's present business travel obligations;

(D) the failure by Company to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Company, within seven (7) days of the date such compensation is due;

(E) the failure by Company to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by Company to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(F) the failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Company's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Company to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Company in accordance with Company's normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(G) any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section

8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.20Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.21LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

16.22Maximum LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the maximum pay out level under the long term incentive program with respect to such performance periods.

16.23Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.25Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

16.26Qualifying Termination shall mean a termination of Executive's employment (i) by Executive for Good Reason prior to the Closing and prior to the termination of the Merger Agreement, (ii) by Company other than for Cause prior to the Closing and prior to the termination of the Merger Agreement, and (iii) for any reason on or after the Closing.

16.27Supplemental Retirement Benefit shall mean, at Executive's election at the earlier of Closing or Date of Termination, either (a) a lump sum cash payment equal to \$4,345,354.00, which represents payment in lieu of non-qualified supplemental retirement benefits earned prior to the Closing under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, the Pension Equalization Plan of Entergy Corporation and Subsidiaries, the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries, and the Post- Retirement Plan of Entergy Corporation and Subsidiaries, and any supplemental credited service granted Executive under such plans, or (b) the benefit available to Executive under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, under the terms and conditions of that plan applicable to individuals who became participants on or after March 25, 1998, including the adjusted System employment date of April 7, 1973 provided in Executive's Participant Application for the plan, provided, however, that Executive shall not require permission under the plan or otherwise to retire and commence receipt of benefit payments.

16.28System shall mean Company and all other System Companies.

16.29System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% or more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity.

16.30Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.31Total Payments shall mean those payments so described in Section 4.1 hereof.

16.32Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of July 29, 2000 in accordance with the July 29, 2000 Resolution of the Board of Directors of Entergy Corporation.

**ENERGY CORPORATION EXECUTIVE**

By: /s/ J. Wayne Leonard  
J. Wayne Leonard  
Chief Executive Officer  
Operations

/s/ Jerry D. Jackson  
Jerry D. Jackson  
Group President, Utility  
Operations, Inc.

**RETENTION AGREEMENT**

THIS AGREEMENT, executed on October 21, 2000, and effective as of July 29, 2000, by and between Entergy Corporation, a Delaware corporation ("Company"), and Donald C. Hintz ("Executive").

WHEREAS, Executive is currently employed by Entergy Services, Inc., a System employer, and serves in the position of President of Company;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(A) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsections 3.1 and 3.5, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the First Retention Bonus or the Second Retention Bonus previously paid to him pursuant to subsections 3.1 and 3.5, and Executive shall have no further entitlement to receive any additional payments or benefits under and of such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary (ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsections 3.1 and 3.2, in no event shall Executive and his beneficiary (ies) be entitled to payments and benefits under more than one such subsection.

3.1 Retention Payments. If at the date of Closing, Executive assumes the employment position offered to him by the surviving merged entity, Executive shall receive the First Retention Bonus at the date of Closing. If Executive remains employed in such System employment position or in any subsequent System employment position offered to him by the surviving merged entity through and including the second anniversary of the Closing, then Executive shall receive the Second Retention Bonus at the second anniversary date.

3.2 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the

commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

3.3 Termination of Employment by Company For Cause at Any Time. If Company should terminate Executive's employment with the System for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.4 Termination of Employment by Executive Without Good Reason at Any Time. If Executive terminates employment with the System without Good Reason, Executive shall be entitled to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits. Executive shall also receive the Supplemental Retirement Benefit if his resignation is either after his attainment of age 65 or with his System employer's permission.

3.5 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall be entitled to the following benefits:

(A) If the Qualifying Termination should occur before the earlier of the termination of the Merger Agreement or the Closing, then Executive shall receive Executive's Accrued Obligations, Supplemental Retirement Benefit, Target LTIP Award, Other BOP Awards, Normal Post-Termination Compensation and Benefits, and First Retention Bonus. Payment of the First Retention Bonus shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

(B) If the Qualifying Termination should occur during the period beginning the day after the Closing through and including the second anniversary of the Closing, then Executive shall receive Executive's Accrued Obligations, Supplemental Retirement Benefit, EAIP Bonus Award, Normal Post-Termination Compensation and Benefits, Second Retention Bonus, Maximum LTIP Award and Other EOP Awards. Payment of the Second Retention Bonus shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

3.6 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability:

(A) before the earlier of the termination of the Merger Agreement or the Closing, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of Executive's death) shall receive Executive's Accrued Obligations, Normal Post-Termination Compensation and Benefits, Target LTIP Award, Other EOP Awards, First Retention Bonus, and (in the event of Executive's death) Executive's surviving spouse shall receive the death benefit associated with Executive's Supplemental Retirement Benefit, but only to the extent not already received by or on behalf of Executive.

(B) on or after the Closing and before the second anniversary of the Closing, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of death) shall receive Executive's Accrued Obligations, EAIP Bonus Award, Normal Post-Termination Compensation and Benefits, Second Retention Bonus, Maximum LTIP Award, Other EOP Awards, and (in the event of Executive's death) Executive's surviving spouse shall receive the death benefit associated with Executive's Supplemental Retirement Benefit, but only to the extent not already received by or on behalf of Executive.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code,

(ii) all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be

determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Rabbi Trust; Timing of Payments. No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event on December 31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made not later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). Notwithstanding any provision of this

Section 5 to the contrary, if Executive is entitled to receive the First Retention Bonus or the Second Retention Bonus in accordance with subsection 3.1, such benefit shall be payable under the circumstances described in subsection 3.1, without regard to termination of employment. In addition, if Executive (or his surviving spouse) is entitled to receive the Supplemental Retirement Benefit, such benefit shall be payable in accordance with the form of benefit elected by the Executive, or payable to the surviving spouse, in accordance with the terms and conditions of the System Executive Continuity Plan of Entergy Corporation and Subsidiaries, as applicable to Executive on the date of this Agreement.

6. Legal Fees. Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. Superseded Agreements and Benefits. This Agreement supercedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including, but not limited to, the Employment Agreement dated July 29, 1999, and as amended April 4, 2000, and any other term sheets or offers preceding execution of this Agreement. Notwithstanding the foregoing, this Agreement does not supercede Executive's Deferred Compensation Agreement dated December 31, 1990, and as amended on May 20, 1997, nor the terms and conditions of Executive's participation in the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, the Pension Equalization Plan of Entergy Corporation and Subsidiaries, and the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

8. Termination Procedures and Compensation During Dispute.

8.1 Notice of Termination. Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of

Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 Date of Termination. "Date of Termination," shall mean

(i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9.No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (other than (i) as otherwise provided in subsection 2.2 (A) and (B)) and (ii) offsets to the Supplemental Retirement Benefit in accordance with the provisions of the System Executive Retirement Plan of Entergy Corporation and Subsidiaries.

10. Successors: Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:  
J. Wayne Leonard  
Chief Executive Officer, Entergy Corporation  
639 Loyola Avenue  
70131  
New Orleans, LA 70113-3 125

If to Executive:  
Donald C. Hintz  
37 English Turn Drive  
New Orleans Louisiana,

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. Settlement of Disputes: Arbitration.

15.1 All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

15.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.19 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits payable to Executive through the Date of Termination under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof.

16.4 Base Amount shall have the meaning set forth in section 280G(b)(3) of the Code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental

illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to fully support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses (i),(ii), (iii) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring- Ranger Merger Agreement or (ii) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six (6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13 EAIP shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14 EAIP Bonus Award shall mean the product of (1) the maximum annual bonus opportunity under the EAIP for the year in which the Date of Termination occurs and (2) a fraction, the numerator of which is the number of days in the fiscal year that includes the Date of Termination and that are prior to the Date of Termination, and the denominator of which is 365.

16.15 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.16 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.17 Executive shall mean the individual named in the first paragraph of this Agreement.

16.18 First Retention Bonus shall mean a lump sum cash retention payment of \$2,772,000.00.

16.19 Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (B) (F), (G), or (H) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) for the period through and including the date of Closing, the substantial reduction or alteration in the nature or status of Executive's duties or responsibilities from those in effect on the date of this Agreement, other than an insubstantial and inadvertent act that is remedied by

Company promptly after receipt of notice thereof given by Executive and other than any such alteration primarily attributable to the fact that Company may no longer be a public company;

(B) following the date of Closing, the failure of Company to provide Executive with a position in the surviving merged entity of Group President, Nuclear Operations, or such other position the responsibilities of which include, at a minimum, the oversight of generation operations, including fossil and nuclear, of the surviving merged entity, and (1) the employment location of which shall be, at the discretion of the Chief Executive Officer of the surviving merged entity, not more than 20 miles from (a) Executive's principal place of employment on the date hereof or (b) Company's nuclear operations headquarters in Jackson, Mississippi, or (c) the corporate headquarters of the Merged Entity (or of any other party (or parent thereof) to the Merger Agreement), except for required travel on Company's business to an extent substantially consistent with Executive's present business travel, and (2) with relocation and interim living allowances no less than those available to Company's executives (or to FPL Group's executives, (or the executives of any other party (or parent thereof) to the Merger Agreement), if higher) as in effect on the date hereof, in the event relocation is required consistent with this subsection;

(C) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Company's business to an extent substantially consistent with Executive's present business travel obligations, provided, however, that this paragraph (C) shall not apply in the event Executive is provided a position in the surviving merged entity in accordance with (B) above;

(D) a reduction by Company in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(E) the failure by Company to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Company, within seven (7) days of the date such compensation is due;

(F) the failure by Company to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by Company to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(G) the failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Company's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Company to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Company in accordance with Company's normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(H) any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.20 Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.21 LTIP shall mean the Long Term Incentive Program of the BOP, or any successor or replacement long-term incentive program.

16.22 Maximum LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the maximum pay out level under the long term incentive program with respect to such performance periods.

16.23 Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

16.24 Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.25 Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

16.26 Other BOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted, including, but not limited to any non-vested stock options granted to Executive under the EOP by Employment Agreement dated July 29, 1999 and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

16.27 Qualifying Termination shall mean a termination of Executive's employment (i) by Executive for Good Reason; or (ii) by Company other than for Cause.

16.28 Second Retention Bonus shall mean a lump sum cash retention payment of \$2,310,000.00

16.29 Supplemental Retirement Benefit shall mean a supplemental benefit provided under this Agreement that, in combination with the benefits provided under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, as amended and restated effective January 1, 2000 ("SERP") in accordance with Executive's SERP Participant Application, shall provide the benefits (i.e., retirement benefits, survivor benefits, or pre-retirement death benefits) that would have been payable to Executive (or Executive's Joint Annuitant or Beneficiary in the event of Executive's death) under the SERP if the terms of the System Executive Retirement Plan of Entergy Corporation and Subsidiaries as in effect immediately prior to March 25, 1998 ("Prior SERP") had remained in effect. Subject to the terms and conditions of this Agreement, if Executive satisfies all of the provisions of the SERP necessary for SERP benefits to be payable to, or on behalf of Executive, then Executive shall be entitled to have his SERP benefits supplemented by this Agreement. If Executive is terminated for Cause or otherwise causes a forfeiture of benefits to occur for one or more of the reasons set forth in the SERP, the Supplemental Retirement Benefit shall be forfeited by Executive.

16.30 System shall mean Company and all other System Companies.

16.31 System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% or more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity, which term shall include the Merged Entity after the Closing.

16.32 Target LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the target pay out level under the long term incentive program with respect to such performance periods.

16.33 Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.34 Total Payments shall mean those payments so described in Section 4.1 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of July 29, 2000 in accordance with the July 29, 2000 Resolution of the Board of Directors of Entergy Corporation.

*ENTERGY CORPORATION*

*EXECUTIVE*

*By: /s/ J. Wayne Leonard  
Hintz  
J. Wayne Leonard  
Chief Executive Officer*

*/s/ Donald C.  
Donald C. Hintz  
President,  
Entergy*

*Corporation*

**RETENTION AGREEMENT**

THIS AGREEMENT, executed on October 11, 2000, and effective as of July 29, 2000, by and between Entergy Corporation, a Delaware corporation ("Company"), and Michael G. Thompson (Executive)

WHEREAS, Executive is currently employed by Entergy Services, Inc., a System employer, and serves in the position of Senior Vice-President, General Counsel and Secretary of Company;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(A) For a period of two years following the Date of Termination, Executive shall Not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsections 3.3 and 3.4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the Three-Times Severance Payment or the Four-Times Severance Payment previously paid to him pursuant to subsections 3.3 and 3.4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary(ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsections 3.1 and 3.4, in no event shall Executive and his beneficiary(ies) be entitled to payments and benefits under more than one such subsection.

3.1 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

3.2 Termination of Employment by Company For Cause at Any Time. If Company should terminate Executive's employment with the System for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.3 Qualifying Termination. If Executives employment is terminated due to a Qualifying Termination, then Executive shall be entitled to (a) either the Service Bridge or Normal Post-Termination Compensation and Benefits and (b) receive Executive's Accrued Obligations, Supplemental Retirement Benefit (in accordance with Executive's election), EAIP Bonus Award, Four-Times Severance Payment, Maximum LTIP Award and Other BOP Awards. In the event Executive is entitled to the Service Bridge, Normal Post-Termination Compensation and Benefits shall be due at the conclusion of the Service Bridge.

3.4 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability prior to the termination of the Merger Agreement, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of death) shall receive Executive's Accrued Obligations, EAIP Bonus Award, Normal Post-Termination Compensation and Benefits, Four-Times Severance Payment, Supplemental Retirement Benefit (in accordance with the election of Executive or his beneficiary, if applicable), Maximum LTIP Award and Other EOP Awards. The benefits provided under this subsection shall be reduced by the benefits provided to Executive prior to his death or Disability under any other subsection of this Agreement, with the exception of subsection 3.1.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b) (2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b) (4) (A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b) (I) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b) (4) (B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d) (3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b) (2) (B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Rabbi Trust; Timing of Payments. No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event on December 31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made no later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay

to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274(b) (2) (B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b) (2) (B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6. Legal Fees. Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. Superceded Agreements and Benefits. This Agreement supercedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including, but not limited to, the Term Sheet executed by J. Wayne Leonard on September 29, 2000, and any other term sheets, offers, or agreements preceding execution of this Agreement. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

#### 8. Termination Procedures and Compensation During Dispute.

8.1 Notice of Termination. Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 Date of Termination. "Date of Termination," shall mean

(i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given). Solely for purposes of determining Executive's "Date of Termination" for any reason other than termination of the Service Bridge, Executive's employment shall be considered terminated, even though he receives the Service Bridge.

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section

8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued

Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9.No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (other than (i) as otherwise provided in subsection 2.2 (A) and (B) and (ii) offsets in accordance with the provisions of the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, should Executive be entitled to and elect to receive the Supplemental Retirement Benefit in accordance with subsection 16.27(b)).

#### 10. Successors; Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:  
J. Wayne Leonard  
Chief Executive Officer, Entergy Corporation  
639 Loyola Avenue  
70447  
New Orleans, LA 70113-3 125

If to Executive:  
Michael G. Thompson  
830 Brewster Road  
Madisonville, LA

12.Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

#### 15. Settlement of Disputes; Arbitration.

15.1All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the

specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty

(60) days after notification by the Committee that Executive's claim has been denied.

15.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.19 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executives Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits, including four (4) weeks of paid vacation per calendar year, payable to Executive through the later of the Date of Termination or the Service Bridge under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof.

16.4 Base Amount shall have the meaning set forth in section 280G(b) (3) of the Code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses (i),(ii), (iii) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring- Ranger Merger Agreement or (ii) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to

perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six (6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13 EAIP shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14 EAIP Bonus Award shall mean the product of (1) the maximum annual bonus opportunity under the EAIP for the year in which the Date of Termination occurs and (2) a fraction, the numerator of which is the number of days in the fiscal year that includes the Date of Termination and that are prior to the Date of Termination, and the denominator of which is 365.

16.15 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.16 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.17 Executive shall mean the individual named in the first paragraph of this Agreement.

16.18 Four-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to four times the sum of (i) Executive's Annual Base Salary and (ii) Executive's highest maximum annual bonus opportunity under the EAIP for any fiscal year ending after the date hereof, which Four-Times Severance Payment shall in no event be less than \$ 2,826,440.00. The Four-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.19 Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (A), (E),(F), or (G) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) any adverse change in Executive's titles, authority, duties, responsibilities or reporting lines as compared with those in effect on the date hereof;

(B) a reduction by Company in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Company's business to an extent substantially consistent with Executive's present business travel obligations;

(D) the failure by Company to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Company, within seven (7) days of the date such compensation is due;

(E) the failure by Company to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by Company to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(F) the failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Company's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Company to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Company in accordance with Company's normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(G) any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.20 Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.21 LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

16.22 Maximum LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the maximum pay out level under the long term incentive program with respect to such performance periods.

16.23 Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.24 Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

16.25 Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

16.26 Qualifying Termination shall mean a termination of Executive's employment (i) by Executive for Good Reason prior to the Closing and prior to the termination of the Merger Agreement, (ii) by Company other than for Cause prior to the Closing and prior to the termination of the Merger Agreement, and (iii) for any reason on or after the Closing.

16.27 Service Bridge shall mean, in the event Executive should lose his General Counsel position prior to December 31, 2001 (other than for Cause), Executive's continuation of active System employment at the same compensation and benefit level as prior to the loss of such position, with continued eligibility to participate in all executive plans and programs under their terms and conditions, through December 31, 2001. Further, at the conclusion of the Service Bridge, Executive shall be eligible for retiree benefits, if any, under Company's plans as in effect on such date or from time to time thereafter.

16.28 Supplemental Retirement Benefit shall mean, at Executive's election at the earlier of Closing or Date of Termination, either (a) a lump sum cash payment equal to \$2,939,009.00, which represents payment in lieu of non-qualified supplemental retirement benefits earned prior to the Closing under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, the Pension Equalization Plan of Entergy Corporation and Subsidiaries, the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries, and the Post-Retirement Plan of Entergy Corporation and Subsidiaries, and any supplemental credited service granted Executive under such plans, or (b) the benefit available to Executive under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, under the terms and conditions of that plan applicable to individuals who became participants on or after March 25, 1998, including the adjusted System employment date of December 31, 1981, provided in Executive's Participant Application for the plan, without reduction of such amount by the benefit Executive is entitled to receive under any benefit plan of any prior employer, provided, however, that Executive shall not require permission under the plan or otherwise to retire and commence receipt of benefit payments.

16.29 System shall mean Company and all other System Companies.

16.30 System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% of more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity.

16.31 Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.32 Total Payments shall mean those payments so described in Section 4.1 hereof.

16.33 Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of July 29, 2000 in accordance with the July 29, 2000 Resolution of the Board of Directors of Entergy Corporation.

*ENTERGY CORPORATION*

*EXECUTIVE*

*By: /s/ J. Wayne Leonard  
Thompson*

*J. Wayne Leonard  
Chief Executive Officer*

*/s/ Michael G.*

*Michael G. Thompson  
Senior Vice-President  
and General Counsel  
Entergy Corporation*

## RETENTION AGREEMENT

This Agreement ("Agreement") is entered into between Entergy Services, Inc. ("Employer"), a Delaware corporation having its offices in New Orleans, Louisiana, and Richard J. Smith ("Executive"), an individual residing in New Orleans, Louisiana. The effective date of this Agreement shall be the date upon which both parties have executed this Agreement, whether in multiple originals or otherwise ("Effective Date").

WHEREAS, Executive is currently employed by Employer, a System employer, and serves in the position of President, Retail Operations;

WHEREAS, Entergy Corporation ("Company") has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Employer wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the service Executive will provide to Employer and other System Companies, the employment of Executive by Employer or by any other System Company, the intended benefits to the System and Executive as a result thereof, and the mutual promises, covenants and obligations herein contained, including new promises and additional consideration. Employer and Executive agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Employer and Executive covenant as follows:

2.1 Employer's Covenants. In order to induce Executive to remain within the System, Employer agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Employer, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(a) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Executive's System Company employer) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is

(i) with an entity listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or

(ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph

(a) of subsection 2.2, Executive shall repay to Executive's System Company employer, within 5 business days of Executive's System Company employer's written request therefor, any amounts previously paid to him pursuant to subsections 3.1 and 3.5, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(b) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or

(ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (b) of this subsection 2.2, Executive shall repay to Executive's System Company employer, within 5 business days of Executive's System Company employer's written request therefor, any amounts previously paid to him pursuant to subsections 3.1 and 3.5, and Executive shall have no further entitlement to receive any additional payments or benefits under and of such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary(ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsections 3.1 and 3.2, in no event shall Executive and his beneficiary(ies) be entitled to payments and benefits under more than one such subsection.

3.1 Retention Payments. If at the first anniversary of the Closing, Executive remains employed by the surviving merged entity, Executive shall receive payment of one-third of the Retention Bonus at such first anniversary date. If Executive remains employed by the surviving merged

entity through and including the second anniversary of the Closing, then Executive shall receive payment of one-half of the remaining unpaid Retention Bonus at such second anniversary date. If Executive remains employed by the surviving merged entity through and including the third anniversary of the Closing, then Executive shall receive payment of the remaining unpaid Retention Bonus at such third anniversary date.

3.2 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Executive's System employer during such period, until Executive's employment is terminated by his System employer for Disability.

3.3 Termination of Employment For Cause at Any Time. If Executive's employment with the System should be terminated for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.4 Termination of Employment by Executive Without Good Reason at Any Time. If Executive terminates employment with the System without Good Reason, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.5 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall receive Executive's Accrued Obligations, Target LTIP Award, Other BOP Awards, Normal Post-Termination Compensation and Benefits, and any remaining unpaid Retention Bonus. Payment of the Retention Bonus shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

3.6 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability before the earlier of the termination of the Merger Agreement or the third anniversary of the Closing, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of Executive's death) shall receive Executive's Accrued Obligations, Target LTIP Award, Other EOP Awards, Normal Post-Termination Compensation and Benefits, and any remaining unpaid Retention Bonus.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Executive's System Company employer shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Executive's System Company employers independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Executive's System Company employer, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of

which cannot be determined at the time of the Gross-Up Payment), Executive's System Company employer shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Executive's System Company employer shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. **Rabbi Trust: Timing of Payments.** No later than 180 days from the execution of this Agreement, Executive's System Company employer may deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event on the Effective Date of this Agreement. Executive's System Company employer may deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made not later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Executive's System Company employer shall pay to Executive on such day an estimate, as determined in good faith by Executive's System Company employer, or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Executive's System Company employer fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Executive's System Company employer to Executive, payable on the fifth business day after demand by Executive's System Company employer (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, Executive's System Company employer shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Executive's System Company employer has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). Notwithstanding any provision of this Section 5 to the contrary, if Executive is entitled to receive payment of a portion of the Retention Bonus in accordance with subsection 3.1, such benefit shall be payable under the circumstances described in subsection 3.1, without regard to termination of employment.

6. **Legal Fees.** Executive's System Company employer also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Executive's System Company employer reasonably may require.

7. **Superseded Agreements and Benefits.** This Agreement does not supercede the terms and conditions of Executive's participation in the System Executive Retirement Plan of Entergy Corporation and Subsidiaries and the Pension Equalization Plan of Entergy Corporation and Subsidiaries. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

8. **Termination Procedures and Compensation During Dispute.**

8.1 **Notice of Termination.** Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section

8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (a) or (b) of Section 14.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the terminating employer's board of directors at a meeting of such board of directors which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before that board) finding that, in the good faith opinion of the board, Executive was guilty of conduct set forth in clause (a) or (b) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 **Date of Termination.** "Date of Termination," shall mean (a) if Executive's Employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (b) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Executive's System Company employer, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Executive's System Company employer shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9. No Mitigation. Executive's System Company employer agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Executive's System Company employer pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Executive's System Company employer, or otherwise (other than as otherwise provided in subsection 2.2 (a) and (b)).

#### 10. Successors: Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Executive's System Company employer, Executive's System Company employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Executive's System Company employer to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Executive's System Company employer would be required to perform it if no such succession had taken place. Failure of Executive's System Company employer to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Executive's System Company employer in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination,

except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

#### 11. Settlement of Disputes: Arbitration.

11.1 All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

11.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 14.6 and 14.16 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

#### 12. Protection of Information.

12.1Position of Confidence. Executive acknowledges that his employment with Employer or any other System Company has placed him in a position to have access to or develop trade secrets or confidential information of any one or all of the System Companies and has placed Executive in a position to develop business good will on behalf of any one or all of the System Companies.

12.2Information Obtained During Employment. All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which were or are conceived, made, developed, or acquired by Executive, individually or in conjunction with others, during Executive's employment with any System Company employer, whether during business hours or otherwise and whether at the work site or otherwise, which relate to System Company business, products, or services (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks) shall be disclosed to Employer or other System Company employer and are and shall be such employer's sole and exclusive property. All documents, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps and all other writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, and inventions are and shall be the sole and exclusive property of the Executive's System Company employer. Upon termination of Executive's employment with his System Company employer, for any reason, Executive shall promptly deliver the items referenced in this Section and all copies thereof, to his last System Company employer.

12.3Confidentiality. Executive will not, at any time during or after Executive's employment with any System Company employer, make any unauthorized disclosure of any confidential business information or trade secrets of any System Company, or make any use thereof, except in the carrying out of Executive's employment responsibilities under this Agreement. As a result of Executive's employment under this Agreement, Executive may, from time to time, have access to, or knowledge of, confidential business information or trade secrets of third parties, such as customers, suppliers, partners, or joint venturers of Employer or other System Companies, and Executive agrees to preserve and protect the confidentiality of such third party confidential information and trade secrets to the same extent, and on the same basis, as Employer's confidential business information and trade secrets.

12.4Terms of the Agreement. Executive understands and acknowledges that the terms and conditions of this Agreement constitute confidential information. Executive shall keep confidential the terms of this Agreement and shall not disclose this confidential information to anyone other than Executive's attorneys, tax advisors, or as required by law.

12.5Assignment of Rights. Executive agrees to and hereby does assign to Executive's System Company employer all rights in and to all inventions, business plans, work models or procedures, whether patentable or not, which are made or conceived solely or jointly by Executive at any time during Executive's System Company employment or with the use of any System Company time and materials. Executive will disclose to such System Company all facts known to Executive concerning such matters and, at the System Company's expense, do everything reasonably practicable to aid it in obtaining and enforcing proper legal protection for, and vesting System Company in title to, such matters. Both during Executive's employment and thereafter, Executive shall assist Employer and its nominee, at any time, in the protection of Employer's worldwide right, title, and interest in and to information, ideas, concepts, improvements, discoveries, and inventions, and its copyrighted works, including, without limitation, the execution of all formal assignment documents requested by Employer or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States or foreign countries.

12.6Breach. Executive acknowledges and understands that Executive's breach of any provision of this Section would constitute a material breach of this Agreement and could subject Executive to disciplinary action, including, without limitation, termination of employment for Cause. Executive acknowledges that money damages would be an insufficient remedy for any breach of this Section by Executive, and Employer or any other System Company employer shall be entitled to enforce the provisions of this Section by terminating any payments then owing to Executive under this Agreement and/or to seek specific performance and injunctive relief as remedies for a breach or threatened breach of this Section. In the event of any breach or threatened breach of the confidentiality provisions of this Agreement, Executive acknowledges that irreparable injury could result to Employer and agrees that Employer shall be entitled to a temporary restraining order or injunction, without bond, restraining Executive from violating the confidentiality provisions of this Agreement, in addition to any other relief to which Company may be entitled. Such remedies shall not be deemed the exclusive remedies for a breach of this Section, but shall be in addition to all remedies available at law or in equity.

### 13.Additional Provisions.

13.1Representations and Warranties. Executive and Employer represent and warrant that neither is under a restriction or obligation inconsistent with the execution of this Agreement or the performance of either party's obligations hereunder and neither knows of any reason why the performance due under this Agreement should be hindered in any way.

13.2Continuing Obligations. Termination of the employment relationship shall not terminate those obligations imposed by this Agreement, which are continuing in nature, including, without limitation, Executive's continuing obligations of confidence, Executive's continuing obligations with respect to business opportunities that were entrusted to Executive during the employment relationship, and specifically Executive's obligations under Section 12 of this Agreement.

13.3Notices. Any notice required under this Agreement shall be in writing and deemed received (a) on the date delivered if hand-delivered, or (b) on the fifth business day after being deposited in the mail, first class, registered or certified, return receipt requested, with proper postage prepaid, and shall be addressed as follows, unless changed otherwise by any party in accordance with the notice provisions of this Section:

If to a System Company,  
addressed in care of:

with copy to:

Michael G. Thompson, Esq.  
General Counsel  
Human

Gary C. Clary  
Senior Vice-President,

639 Loyola Avenue, 26th Floor Resources and Administration New Orleans, LA 70113 639 Loyola Avenue, 14th Floor New Orleans, LA 70113

If to Executive, addressed as follows:

Richard J. Smith  
199 English Turn Drive  
New Orleans, LA 70131

13.4Binding Agreement. Upon its Effective Date, this Agreement is binding upon Executive (and his or her heirs) and Employer (and its successors, agents, heirs or assigns). Executive expressly acknowledges the right of Employer to assign this Agreement and Executive's employment to any successor entity.

13.5Nonassignability. This Agreement or the right to receive benefits hereunder may not be assigned, encumbered or alienated by Executive in any manner.

13.6Applicable Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Louisiana.

13.7Headings. Section headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

13.8No Waiver. Failure of either party to give notice of any breach by the other party of, or failure to require compliance with, any condition or provision of this Agreement shall not be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

13.9No Inducements. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to such subject matters, which is not embodied herein.

13.10 Modifications and Waivers. No provision of this Agreement may be modified, amended or waived except in a writing signed by both parties. The waiver by either party of a breach of any provision of this Agreement shall not operate to waive any subsequent breach of the Agreement.

13.11 Severability. Should any part of this Agreement be found to be invalid or in violation of law, such part shall be of no force and effect and the rest of this Agreement shall survive as valid and enforceable to the fullest extent permitted by law.

14.Definitions. For purposes of this Agreement, the following terms shall have the meanings hereinafter indicated, except as otherwise set forth in the Agreement or unless a different meaning is plainly required by the context in which the term is used:

14.1Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits payable to Executive through the Date of Termination under the terms of Employer's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

14.2Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time on or after the Effective Date of this Agreement.

14.3Auditor shall have the meaning set forth in Section 4.2 hereof.

14.4Base Amount shall have the meaning set forth in section 280G(b)(3) of the Code.

14.5Board shall mean the Board of Directors of Company.

14.6Cause for termination by Executive's System Company employer of Executive's employment shall mean:

(a) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Executive's System Company employer's board, which demand specifically identifies the manner in which the board believes that Executive has not substantially performed Executive's duties; or

(b) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or

(c) a material violation by Executive of any agreement Executive has with a System Company, including, without limitation, violation of Section 12 of this Agreement; or

(d) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to fully support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (d) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process.

For purposes of clauses (a) and (b) of this definition,

(x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Executive's System Company employer that Cause exists shall be given effect unless Executive's System Company employer establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses (a), (b), (c) and (d) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Executive's System Company employer unless said acts were unknown to Executive's System Company employer's management and involved the commission of a felony injurious to a System Company.

14.7Closing shall mean the earlier to occur of (a) consummation of the transactions contemplated by the Ring- Ranger Merger Agreement or (b) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

14.8Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

14.9 Committee shall mean (a) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (b) in the event that fewer than three individuals are available from the group specified in clause (a) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (b)).

14.10Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

14.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

14.12 Disability shall be deemed the reason for the

termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six (6) consecutive months, Executive's System Company employer shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days

after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

14.13 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

14.14 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

14.15 Executive shall mean the individual named in the first paragraph of this Agreement.

14.16 Good Reason for termination by Executive's System Company employer of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Executive's System Company employer, or failure by Executive's System Company employer to act, unless, in the case of any act or failure to act described in paragraph (b) (f), (g), or (h) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice

of Termination given in respect thereof:

(a) for the period through and including the date of Closing, the substantial reduction or alteration in the nature or status of Executive's duties or responsibilities from those in effect on the date of this Agreement, other than an insubstantial and inadvertent act that is remedied by Executive's System Company employer promptly after receipt of notice thereof given by Executive and other than any such alteration primarily attributable to the fact that Executive's System Company employer may no longer be a public company;

(b) following the date of Closing, the failure of Executive's System Company employer to provide Executive with a position in the successor entity at the level of Senior Vice-President or above and with compensation comparable to that of other senior executives at Executive's position, and (i) the employment location of which shall be, at the discretion of the Chief Executive Officer of the surviving merged entity, not more than 20 miles from (A) Executive's principal place of employment on the date hereof, or (b) the corporate headquarters of the Merged Entity (or of any other party (or parent thereof) to the Merger Agreement), except for required travel on Executive's System Company employer's business to an extent substantially consistent with Executive's present business travel, and (ii) with relocation and interim living allowances no less than those available to Executive's System Company employer's executives (or to FPL Group's executives, (or the executives of any other party (or parent thereof) to the Merger Agreement), if higher) as in effect on the date hereof, in the event relocation is required consistent with this subsection;

(c) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Executive's System Company employer's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Executive's System Company employer's business to an extent substantially consistent with Executive's present business travel obligations, provided, however, that this paragraph (c) shall not apply in the event Executive is provided a position in the successor entity in accordance with (b) above;

(d) a reduction by Executive's System Company employer in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(e) the failure by Executive's System Company employer to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Executive's System Company employer, within seven

(7) days of the date such compensation is due;

(f) the failure by Executive's System Company employer to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or

alternative plan) has been made with respect to such plan, or the failure by Executive's System Company employer to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(g) the failure by Executive's System Company employer to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Executive's System Company employer's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Executive's System Company employer which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Executive's System Company employer to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Executive's System Company employer in accordance with Executive's System Company employer's normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(h) any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Executive's System Company employer establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

14.17 Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

14.18 LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term

incentive program.

14.19 Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

14.20 Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Executive's System Company employer's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

14.21 Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

14.22 Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTTP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted, and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

14.23 Qualifying Termination shall mean a termination of Executive's employment (a) by Executive for Good Reason at any time prior to the earlier of termination of the Merger Agreement or the third anniversary date of the Closing; or (b) by Executive's System Company employer other than for Cause at any time prior to the earlier of termination of the Merger Agreement or the third anniversary date of the Closing.

14.24 Retention Bonus shall mean a total cash amount of \$1,575,000.00.

14.25 System shall mean Company and all other System Companies.

14.26 System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% or more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity, which term shall include the Merged Entity after the Closing.

14.27 Target LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTLIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the target pay out level under the long term incentive program with respect to such performance periods.

14.28 Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

14.29 Total Payments shall mean those payments so described in Section 4.1 hereof.

IN WITNESS WHEREOF, Employer and Executive have duly executed this Agreement on the dates indicated below, which Agreement may be executed in multiple originals, to be effective on the Effective Date herein provided.

ACCEPTED BY EMPLOYER:  
Entergy Services, Inc.  
By its Duly Authorized Agent:

ACCEPTED BY EXECUTIVE:

/s/ C. Gary Clary  
C. Gary Clary  
Sr. Vice-President, Human Resources  
and Administration  
2001.  
Executed this \_\_\_ day of \_\_\_ 2001.

/s/ Richard J. Smith  
Richard J. Smith  
Executed this \_\_\_ day of \_\_\_

## RETENTION AGREEMENT

This Agreement ("Agreement") is entered into between Entergy Services, Inc. ("Employer"), a Delaware corporation having its offices in New Orleans, Louisiana, and Horace S. Webb ("Executive"), an individual residing in New Orleans, Louisiana. The effective date of this Agreement shall be the date upon which both parties have executed this Agreement, whether in multiple originals or otherwise ("Effective Date").

WHEREAS, Executive is currently employed by Employer, a System employer, and serves in the position of Senior Vice President, External Affairs;

WHEREAS, Entergy Corporation ("Company") has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp.. dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Employer desires to advance the interests of the System by encouraging the continued attention and dedication of Executive to his assigned duties, without distraction, prior to the consummation of the transactions contemplated by the Ring- Ranger Merger Agreement;

WHEREAS, Executive and Employer agree that this Agreement supercedes any other System Company employment offers, agreements or contracts Executive may have received or entered into prior to the execution of this Agreement, which prior offers, agreements or contracts Executive acknowledges are without effect, except as otherwise explicitly provided in this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, Employer and Executive agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section of this Agreement, except as otherwise set forth in the Agreement or unless a different meaning is plainly required by the context in which the term is used.

2. Covenants Summarized. Employer and Executive covenant as follows:

2.1 Employer's Covenants. In order to induce Executive to remain within the System, Employer agrees, under the conditions described herein, to pay Executive the compensation and benefits described herein upon the circumstances described in Sections 3 and 4 of this Agreement. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Employer, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

A. For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Executive's System Company employer) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is

(i) with an entity listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or

(ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph A of subsection 2.2, Executive shall repay to Executive's System Company employer, within 5 business days of Executive's System Company employer's written request therefor, any amounts previously paid to him pursuant to Section 4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsection.

B. For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements

(i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph B of this subsection 2.2, Executive shall repay to Executive's System Company employer, within 5 business days of Executive's System Company employer's written request therefor, any amounts previously paid to him pursuant to Section 4, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

3. Termination Other than Because of a Qualifying Event.

3.1 Forfeiture. Upon the occurrence of any one of the following events, Executive shall not be entitled to compensation and benefits that might otherwise have

become payable to Executive under this Agreement, and Executive shall forfeit any and all future bonuses or other

incentive compensation not yet paid to Executive at the date of such event:

A. Executive voluntarily resigns his employment (other than for the purpose of transferring to another System Company) without Good Reason, in which case Executive shall be entitled to any monthly base salary that was earned by Executive prior to his resignation but not yet paid to Executive; or

B. Executive is terminated by Executive's System Company employer for Cause, which termination shall be immediately effective upon the giving of notice thereof to Executive, or at such later time as the notice may specify; or

C. Executive's System employment terminates prior to a Qualifying Termination because of either Executive's death or because Executive becomes disabled so as to entitle Executive to benefits under Executive's System Company employer's long-term disability plan or, if Executive is not eligible to participate in such plan, then Executive is permanently and totally unable to perform Executive's duties for Executive's System Company employer as a result of any medically determinable physical or mental impairment as supported by a written medical opinion to the foregoing effect by a physician selected by the employer, in which case Executive or his estate (in the event of death) shall receive any monthly base salary that was earned by Executive prior to his death or disability but not yet paid to Executive.

3.2 Sole Remedy. In the event of a termination event described in this Section 3, Executive's rights as outlined in this Section 3 are (i) Executive's sole and exclusive rights against Executive's System Company employer or any other System Company under this Agreement and (ii) the sole and exclusive liability to Executive by any System Company employer or other employer under this Agreement, in contract, tort, or otherwise, for any termination of the employment relationship. Executive covenants not to lodge against Executive's System Company employer or any other System Company any claim, demand, or cause of action based on termination of the employment relationship for any monies allegedly due under this Agreement other than those specified in this Section 3.

4. Qualifying Termination. The following provisions shall apply in the event Executive's System employment ends because of a Qualifying Termination.

4.1 Compensation and Benefits. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall be entitled to the following, provided, however, that to the extent Executive has received or is receiving any of the compensation or benefits described under this Section 4 of this Agreement, such compensation and benefits shall not be duplicated:

**A. Normal Post-Termination Compensation and Benefits; and**

B. Executive's Accrued Obligations, Three-Times Severance Payment, Supplemental Retirement Benefit, Target LTIIP Award, and Other EOP Awards.

4.2 Gross-Up Payment. If any of the payments or benefits received or to be received by Executive (whether pursuant to Section 4 of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Executive's System Company employer shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

A. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Executive's System Company employer's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment,

Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

B. In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Executive's System Company employer, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Executive's System Company employer shall make an additional

Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Executive's System Company employer shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

4.3 Legal Fees. In the event of a Qualifying Termination, Executive's System Company employer also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by Section 4 of this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Executive's System Company employer reasonably may require.

5. Rabbi Trust; Timing of Payments. No later than 180 days from the execution of this Agreement, Executive's System Company employer may deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor to be necessary to pay all amounts that would be due under Section 4 of this Agreement if Executive experienced a Qualifying Termination event on the Effective Date of this Agreement. Executive's System Company employer may deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under Section 4 of this Agreement. The payments provided in Section 4 hereof shall be made no later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Executive's System Company employer shall pay to Executive on such day an estimate, as determined in good faith by Executive's System Company employer or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Executive's System Company employer fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Executive's System Company employer to Executive, payable on the fifth business day after demand by Executive's System Company employer (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under Section 4 of this Agreement, Executive's System Company employer shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Executive's System Company employer has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6. Forfeiture of Compensation and Benefits. In addition to the provisions of subsection 2.2 of this Agreement, the benefits that become payable, or in which Executive vests, solely upon a Qualifying Termination, shall nonetheless be subject to forfeiture and repayment under the conditions outlined in this Section 6, as follows:

A. without Executive's System Company employer's permission, Executive removes, copies, or fails to return, if he has already removed, any property belonging to one or all of the System Companies, including, but not limited to, the original or any copies of any records, computer files or disks, reports, notes, documents, files, audio or video tapes, papers of any kind, or equipment provided by any one or all of the System Companies or created using property of or for the benefit of one or all of the System Companies;

B. during Executive's employment and for 2 years thereafter.

other than as authorized by a System Company or as required by law or as necessary for Executive to perform his duties for a System Company employer, Executive shall disclose to any person or entity any non-public data or information concerning any System Company, in which case Executive shall be required to repay any compensation and benefits previously received by him under Section 4 of this Agreement. Disclosure

of information pursuant to subpoena, judicial process, or request of a governmental authority shall not be deemed a violation of this provision, provided that Executive gives the System Company immediate notice of any such subpoena or request and fully cooperates with any action by System Company to object to, quash, or limit such request; or

C.Executive engages in any employment (without the prior written consent of Executive's System Company employer) either individually or with any person, corporation, governmental agency or body, or other entity in competition with, or similar in nature to, any business conducted by any System Company at any time within two (2) years commencing upon termination of employment, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such two- (2-) year period, in which case Executive shall be required to repay any compensation and benefits previously received by him under Section 4 of this Agreement.

7. Claim of Good Reason or Cause for Termination. With the exception of a determination of Cause in accordance with paragraph F.6. of Section 22 of this Agreement, for purposes of any determination under Article 4 of this Agreement regarding the existence of Good Reason or Cause for a Qualifying Termination, any position taken by Executive shall be presumed correct unless Executive's System Company employer establishes by clear and convincing evidence to the Committee that such position is not correct.

#### 8. Settlement of Disputes; Arbitration.

8.1 All claims by Executive for benefits under Section 4 of this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under Section 4 of this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

8.2 Any further dispute or controversy arising under or in connection with Section 4 of this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in Section 7 or, if applicable, paragraph F.6. of Section 22 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with Section 4 of this Agreement.

8.3 Notwithstanding any other provision to the contrary, as a condition of receipt of the benefits under this Section 4, the Chief Executive Officer of Company may require Executive to remain employed for a period of time not to extend beyond the Closing, such employment to be on substantially the same terms and conditions as in effect on the date of execution of this Agreement.

9. Benefit Plans & Arrangements. Except as otherwise provided in subsection 9.2 and in Section 10 of this Agreement, the benefits provided under this Agreement shall in no way alter or affect the terms and conditions of any Company or other System Company sponsored employee benefit plans in which Executive may already participate, and Executive's eligibility to participate in any such qualified or non-qualified employee benefit plans and any welfare benefit plans shall continue to be determined in accordance with the terms and conditions of such plans, as may be amended from time to time.

9.1 Unless specifically provided for in a written plan document properly adopted pursuant to such plan, none of the benefits or arrangements described in this Agreement shall be secured or funded in any way, and each shall instead constitute an unfunded and unsecured promise to pay money in the future exclusively from the general assets of Executive's System Company employer.

9.2 Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the Continuity Plan and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans. Further, the Supplemental Retirement Benefit represents payment in lieu of all non- qualified supplemental retirement benefits to which Executive might otherwise be entitled under the PEP, other non-qualified plans, and any supplemental credited service granted Executive under the PEP or such other non- qualified plans, and by electing to receive the Supplemental Retirement Benefit, Executive hereby expressly waives any rights to benefits under the PEP, other non-qualified plans, and any supplemental credited service granted Executive under the PEP or such other non- qualified plans. Executive shall not require permission to retire and commence receipt of benefit payments.

10. Offset. In addition to the specific offset provisions of this Agreement and those of the PEP and Continuity Plan, in all cases, the compensation and cash severance benefits payable to Executive under this Agreement upon termination of the employment relationship shall be offset against any amounts to which Executive may otherwise be entitled under any and all severance plans, or programs or policies of the terminating employer. Provided, however, that the Supplemental Retirement Benefit payable in accordance with the terms of this Agreement shall not be subject to this offset provision, and shall only be subject to the applicable offset provisions under the PEP used in calculating

Executive's Supplemental Retirement Benefit.

11. Successors.

11.1 In addition to any obligations imposed by law upon any successor to Executive's System Company employer, Executive's System Company employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Executive's System Company employer to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Executive's System Company employer would be required to perform it if no such succession had taken place. Failure of Executive's System Company employer to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Executive's System Company employer in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

11.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die after the occurrence of a Qualifying Event and while any amount would still be payable to Executive hereunder if Executive had continued to live (other than amounts which, by their terms, terminate upon the death of Executive), all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

12. Provisions of Referenced Plans. To the extent this Agreement references or incorporates provisions of any other System Company plan and (a) such other plan is amended, supplemented, modified or terminated during the two-year period commencing on the date of a Potential Change in Control and (b) such amendment, supplementation, modification or termination adversely affects any benefit under this Plan, whether it be in the method of calculation or otherwise, then for purposes of this Agreement, the parties shall rely upon the version of such other plan in existence immediately prior to any such amendment, supplementation, modification or termination, unless such change is agreed to in writing and signed by the parties, or by their legal representatives and successors.

13. Notices. Any notice required under this Agreement shall be in writing and deemed received (a) on the date delivered if hand-delivered, or (b) on the fifth business day after being deposited in the mail, first class, registered or certified, return receipt requested, with proper postage prepaid, and shall be addressed as follows, unless changed otherwise by any party in accordance with the notice provisions of this Section:

If to a System Company, addressed in care of:with copy to:

Michael G. Thompson, Esq.  
General Counsel  
639 Loyola Avenue, 26th Floor  
New Orleans, LA 70113  
Floor

Gary C. Clary  
Senior Vice-President, Human  
Resources and Administration  
639 Loyola Avenue, 14th  
New Orleans, LA 70113

If to Executive, addressed as follows:

Horace S. Webb  
31 Cypress Point Lane  
New Orleans, LA 70131

14. Binding Agreement. Upon its Effective Date, this Agreement is binding upon Executive (and his or her heirs) and Employer (and its successors, agents, heirs or assigns). Executive expressly acknowledges the right of Employer to assign this Agreement and Executive's employment to any successor entity.

15. Nonassignability. This Agreement or the right to receive benefits hereunder may not be assigned, encumbered or alienated by Executive in any manner.

16. Applicable Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Delaware.

17. Headings. Section headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

18. No Waiver. Failure of either party to give notice of any breach by the other party of, or failure to require compliance with, any condition or

provision of this Agreement shall not be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

19. No Inducements. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to such subject matters, which is not embodied herein, and that no agreement, statement, or promise relating to the System Company employment of Executive that is not contained in this Agreement shall be valid or binding.

20. Modifications and Waivers. This Agreement contains the entire understanding between Executive and Employer relating to System Company employment, unless otherwise specifically provided as in the case of written company policies promulgated by, and in the applicable written benefit plans and programs of, Company or any other System Company. No provision of this Agreement may be modified, amended or waived except in a writing signed by both parties. The waiver by either party of a breach of any provision of this Agreement shall not operate to waive any subsequent breach of the Agreement.

21. Severability. Should any part of this Agreement be found to be invalid or in violation of law, such part shall be of no force and effect and the rest of this Agreement shall survive as valid and enforceable to the fullest extent permitted by law.

22. Definitions. For purposes of this Agreement, the following terms shall have the meanings hereinafter indicated, except as otherwise set forth in the Agreement or unless a different meaning is plainly required by the context in which the term is used.

A. "Accrued Obligations" shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits payable to Executive through the Date of Termination under the terms of Employer's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

B. "Annual Base Salary" shall mean the highest rate of annual base salary payable to Executive by the System at any time on or after the Effective Date of this Agreement.

C. "Auditor" shall have the meaning set forth in paragraph A of subsection 4.2 of this Agreement.

D. "Base Amount" shall have the meaning set forth in section 280G(b)(3) of the Code.

E. "Board" shall mean the Board of Directors of Company.

F. "Cause" for termination by Executive's System Company employer of Executive's employment shall mean:

1. willful and continuing failure by Executive to substantially perform Executive's duties (other than such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive) that has not been cured within thirty (30) days after a written demand for substantial performance is delivered to the Executive by the Executive's System Company employer's board, which demand specifically identifies the manner in which the board believes that the Executive has not substantially performed Executive's duties; or

2. the willful engaging by the Executive in conduct which is demonstrably and materially injurious to any System Company, monetarily or otherwise; or

3. conviction of or entrance of a plea of guilty or nolo contendere to a felony or other crime which has or may have a material adverse affect on Executive's ability to carry out Executive's duties or upon the reputation of any System Company; or

4. a material violation by Executive of any agreement Executive has with a System Company, including, without limitation, violation of Section 6 this Agreement; or

5. unauthorized disclosure by Executive of the confidences of any System Company; or

6. Executive's willful failure, as determined by J. Wayne

Leonard, the Company's Chief Executive Officer as of the date hereof, to support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company

directives; provided, however, that it shall not be Cause for termination under this clause for Executive, in good faith, to discuss with members of the Board, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process.

For purposes of clauses 1 and 2 of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company.

G."Closing" shall mean the earlier to occur of (1) consummation of the transactions contemplated by the Ring- Ranger Merger Agreement or (2) the occurrence of a "Change in Control" (as defined in the Continuity Plan in effect on the date hereof).

H."Code" shall mean the Internal Revenue Code of 1986. as amended from time to time.

I."Committee" shall mean (1) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (2) in the event that fewer than three individuals are available from the group specified in clause (1) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (2)).

J."Company" shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

K."Continuity Plan" shall mean the System Executive Continuity Plan of Entergy Corporation and Subsidiaries.

L."Date of Termination" shall mean the date specified in the Notice of Termination (which in the case of termination by the System Company employer, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

M."EAIP" shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

N."Effective Date" shall mean the date upon which both parties have executed this Agreement.

O."EOP" shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

P."Excise Tax" shall mean any excise tax imposed under section 4999 of the Code.

Q."Good Reason" shall mean the occurrence, without the Executive's express written consent, of any of the following events:

1.the substantial reduction or alteration in the nature or status of Executive's duties or responsibilities from those in effect on the date immediately preceding the Effective Date of this Agreement, other than an insubstantial and inadvertent act that is remedied by Executive's System Company employer promptly after receipt of notice thereof given by Executive and other than any such alteration primarily attributable to the fact that Entergy Corporation may no longer be a public company;

2.a reduction of five percent (5%) or more in Executive's base salary as in effect on the date immediately preceding the Effective Date of this Agreement, which shall be calculated exclusive of any bonuses, overtime, or other special payments, but including the amount, if any, Executive elects to defer under: (i) a cash or deferred arrangement qualified under Code Section 401(k); (ii) a cafeteria plan under Code Section 125; (iii) the Executive Deferred Compensation Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan; and (iv) any other nonqualified deferred compensation plan, agreement, or arrangement in which Executive may hereafter participate or be a party;

3.requiring Executive to be based at a location outside of the continental United States and other than his primary work location as it existed on the date immediately preceding the Effective Date of this Agreement, except for required travel on business of any System Company to an extent substantially consistent with Executive's present business obligations;

4.failure by Executive's System Company employer to continue in effect any compensation plan in which Executive participates immediately prior to the Effective Date of this Agreement which is material to Executive's total compensation, including but not limited to compensation plans in effect, including stock option, restricted stock, stock appreciation right, incentive compensation, bonus and other plans or any substitute plans adopted prior to the Effective Date of this Agreement, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by Executive's System Company employer to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Effective Date

of this Agreement;

5. failure by Executive's System Company employer to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Executive's System Company employer's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive was participating immediately prior to the Effective Date of this Agreement, the taking of any other action by Executive's System Company employer which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive immediately prior to the Effective Date of this Agreement. or the failure by Executive's System Company employer to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with the System in accordance with Executive's System Company employer's normal vacation policy in effect immediately prior to the Effective Date of this Agreement; or

6. any purported termination of Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of this Agreement; for purposes of this Agreement, no such purported termination shall be effective in depriving Executive of the right to terminate employment for Good Reason.

Executive's right to terminate his employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason.

R. "Gross-Up Payment" shall have the meaning set forth in subsection 4.2 of this Agreement.

S. "LTIP" shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

T. "Merger Agreement" shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Continuity Plan as in effect on the date hereof.

U. "Merger Termination Date" shall mean the date on which the Ring-Ranger Merger Agreement is terminated in accordance with its terms.

V. "Normal Post-Termination Compensation and Benefits" shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Executive's System Company employer's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

W. "Notice of Termination" shall mean a notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the terminating employer's board of directors at a meeting of such board of directors which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before that board) finding that, in the good faith opinion of the board, Executive was guilty of conduct set forth in the definition of Cause herein, and specifying the particulars thereof in detail.

X. "Other EOP Awards" shall mean the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP) granted under the EOP, as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted.

Y. "PEP" shall mean the Pension Equalization Plan of Entergy Corporation and Subsidiaries.

Z. "Potential Change in Control" shall have the meaning of such term as defined in the Continuity Plan, which definition is hereby incorporated into this Agreement by reference.

AA. "Qualifying Termination" shall mean a termination of Executive's employment (i) by Executive for Good Reason at any time prior to the earlier of termination of the Merger Agreement or the second anniversary date of the Closing; or (ii) by Executive's System Company employer other than for Cause at any time prior to the earlier of termination of the Merger Agreement or the second anniversary date of the Closing.

BB. "Ring-Ranger Closing Date" shall mean the date of closing of the Ring-Ranger Merger Agreement.

CC. "Ring-Ranger Merger Agreement" shall mean the Agreement and Plan of Merger by and among FPL Group, Inc., Entergy Corporation, WCB Holding Corp., Ranger Acquisition Corp. and Ring Acquisition Corp. dated as of July 30, 2000.

DD. "Supplemental Retirement Benefit" shall mean a benefit equal to the PEP benefit payable to Executive, as calculated under the terms of the PEP and Executive's PEP Participant Application, which terms and provisions are hereby incorporated by reference, but with the following

adjustments to the calculation of the benefit otherwise payable under the PEP: (i) Executive shall be entitled to a terminated vested benefit; (ii) Executive shall be entitled to the present value of the terminated vested benefit, payable in a lump sum in accordance with Section 5 of this Agreement; (iii) the benefit shall be calculated by applying the 1983 General Accounting Mortality Table and a 6.15% discount rate; and (iv) the value of the benefit shall in no event be less than ONE MILLION ONE HUNDRED TEN THOUSAND SEVEN HUNDRED THIRTY-FOUR DOLLARS AND NO CENTS (\$1,110,734.00).

EE. "System" shall mean Company and all other System Companies.

FF. "System Company(ies)" shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% of more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity.

GG. "Target LTIP Award" shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the target pay out level under the LTIP with respect to such performance periods.

HH. "Tax Counsel" shall have the meaning set forth in paragraph A of subsection 4.2 of this Agreement.

II. "Three-Times Severance Payment" shall mean a lump sum cash payment equal to three times the sum of (1) Executive's Annual Base Salary and (2) Executive's highest maximum annual bonus opportunity under the EAIP for any fiscal year ending after the Effective Date. The Three-Times Severance Payment shall in no event be less than TWO MILLION ONE HUNDRED EIGHTY-FOUR THOUSAND DOLLARS and NO CENTS (\$2,184,000.00). The Three-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

JJ. "Total Payments" shall mean those payments described in subsection 4.2 of this Agreement.

IN WITNESS WHEREOF, Employer and Executive have duly executed this Agreement on the dates indicated below, which Agreement may be executed in multiple originals, to be effective on the Effective Date.

ACCEPTED BY EMPLOYER:  
Entergy Services, Inc.  
by its Duly Authorized Agent:

/s/ C. Gary Clary  
C. Gary Clary  
Senior Vice-President, Human

Resources and Administration  
Executed this \_\_\_ day of \_\_\_\_, 2001.

ACCEPTED BY EXECUTIVE:

/s/ Horace S. Webb  
Horace S. Webb  
Social Security No.

Executed this \_\_\_ day of \_\_\_\_, 2001.

**RETENTION AGREEMENT**

THIS AGREEMENT, executed on October 30, 2000 and effective as of July 29, 2000, by and between Entergy Corporation, a Delaware corporation ("Company"), and Jerry W. Yelverton ("Executive").

WHEREAS, Executive is currently employed by, and serves in the position of President and Chief Executive Officer of Entergy Operations, Inc., a System employer;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company.

2.2 Executive's Covenants. Executive agrees to the following:

(A) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsections 3.1 and 3.5, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the Retention Bonus previously paid to him pursuant to subsections 3.1 and 3.5, and Executive shall have no further entitlement to receive any additional payments or benefits under and of such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary (ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsections 3.1 and 3.2, in no event shall Executive and his beneficiary (ies) be entitled to payments and benefits under more than one such subsection.

3.1 Retention Payments. If at the first anniversary of the Closing, Executive remains employed by the surviving merged entity, Executive shall receive payment of one-third of the Retention Bonus at such first anniversary date. If Executive remains employed by the surviving merged entity through and including the second anniversary of the Closing, then Executive shall receive payment of one-half of the remaining unpaid Retention Bonus at such second anniversary date. If Executive remains employed by the surviving merged entity through and including the third anniversary of the Closing, then Executive shall receive payment of the remaining unpaid Retention Bonus at such third anniversary date.

3.2 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or

benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

3.3 Termination of Employment by Company For Cause at Any Time. If Company should terminate Executive's employment with the System for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.4 Termination of Employment by Executive Without Good Reason at Any Time. If Executive terminates employment with the System without Good Reason, Executive shall be entitled to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits. In addition, if Executive terminates his employment after March 1, 2001, and provided Executive gives Company at least three months advance notice of such intention to retire, Executive shall have Company's permission to retire for purposes of receiving benefits under the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries and under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, subject, to the forfeiture provisions contained therein.

3.5 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall receive Executive's Accrued Obligations, Target LTIP Award, Other EOP Awards, Normal Post-Termination Compensation and Benefits, and any remaining unpaid Retention Bonus. Payment of the Retention Bonus shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

3.6 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability before the earlier of the termination of the Merger Agreement or the third anniversary of the Closing, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of Executive's death) shall receive Executive's Accrued Obligations, Target LTIP Award, Other EOP Awards, Normal Post-Termination Compensation and Benefits, and any remaining unpaid Retention Bonus.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b) (2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b) (4) (A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b) (I) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b) (4) (B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d) (3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 12

74(b) (2) (B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by

Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. **Rabbi Trust; Timing of Payments.** No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event on December 31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made not later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274(b) (2) (B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b) (2)(B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). Notwithstanding any provision of this Section 5 to the contrary, if Executive is entitled to receive payment of a portion of the Retention Bonus in accordance with subsection 3.1, such benefit shall be payable under the circumstances described in subsection 3.1, without regard to termination of employment.

6. **Legal Fees.** Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. **Superseded Agreements and Benefits.** This Agreement supercedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including, but not limited to, the Retention Agreement dated July 12, 2000, and any other term sheets or offers preceding execution of this Agreement. Notwithstanding the foregoing, this Agreement does not supersede the terms and conditions of Executive's participation in the System Executive Retirement Plan of Entergy Corporation and Subsidiaries and the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries (except for guaranteed Company permission to retire under either plan if the conditions set forth in Section 3.4 of this Agreement are satisfied). Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

8. **Termination Procedures and Compensation During Dispute.**

8.1 **Notice of Termination.** Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 **Date of Termination.** "Date of Termination," shall mean

(i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9.No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (other than (i) as otherwise provided in subsection 2.2 (A) and (B)).

10. Successors: Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:  
J. Wayne Leonard  
Chief Executive Officer, Entergy Corporation  
639 Loyola Avenue  
39110  
New Orleans, LA 70113-3 125

If to Executive:  
Jerry W. Yelverton  
102 Bristol Court  
Madison, Mississippi

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. Settlement of Disputes; Arbitration.

15.1 All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

15.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.16 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits payable to Executive through the Date of Termination under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof.

16.4 Base Amount shall have the meaning set forth in section 280G(b) (3) of the Code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the willful and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to fully support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses

(i),(ii), (iii) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring-Ranger Merger Agreement or (ii)

the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six (6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.15 Executive shall mean the individual named in the first paragraph of this Agreement.

16.16 Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (B) (F), (G), or (H) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) for the period through and including the date of Closing, the substantial reduction or alteration in the nature or status of Executive's duties or responsibilities from those in effect on the date of this Agreement, other than an insubstantial and inadvertent act that is remedied by Company promptly after receipt of notice thereof given by Executive and other than any such alteration primarily attributable to the fact that Company may no longer be a public company;

(B) following the date of Closing, the failure of Company to provide Executive with a position in the surviving merged entity, the responsibilities of which include, at a minimum, nuclear operational responsibilities as of the date of this Agreement for Company's current nuclear operations, and (1) the employment location of which shall be, at the discretion of the Chief Executive Officer of the surviving merged entity, not more than 20 miles from (a) Executive's principal place of employment on the date hereof, or (b) Company's nuclear operations headquarters in Jackson, Mississippi, or (c) the corporate headquarters of the Merged Entity (or of any other party (or parent thereof) to the Merger Agreement), except for required travel on Company's business to an extent substantially consistent with Executive's present business travel, and (2) with relocation and interim living allowances no less than those available to Company's executives (or to FPL Group's executives, (or the executives of any other party (or parent thereof) to the Merger Agreement), if higher) as in effect on the date hereof, in the event relocation is required consistent with this subsection;

(C) the relocation of Executive's principal place of employment to a location more than 20 miles from Executive's principal place of employment on the date hereof or Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on Company's business to an extent substantially consistent with Executive's present business travel obligations, provided, however, that this paragraph (C) shall not apply in the event Executive is provided a position in the surviving merged entity in accordance with (B) above;

(D) a reduction by Company in Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(E) the failure by Company to pay to Executive any portion of Executive's current compensation, or to pay to Executive any portion of an installment of deferred compensation under any deferred compensation program of Company, within seven (7) days of the date such compensation is due;

(F) the failure by Company to continue in effect any compensation plan in which Executive participates on or after the date hereof which is material to Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan)

has been made with respect to such plan, or the failure by Company to continue Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of Executive's participation relative to other participants, as existed on the date hereof (or as the same may be improved after the date hereof);

(G)the failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any of Company's pension, savings, life insurance, medical, health and accident, or disability plans in which Executive participates on or after the date hereof, the taking of any other action by Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive on or after the date hereof, or the failure by Company to provide Executive with the number of paid vacation days to which Executive is entitled on the basis of years of service with Company in accordance with Company's normal vacation policy in effect on the date hereof (or as the same may be improved after the date hereof); or

(H)any purported termination of Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective. Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.17Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.18LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

16.19Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

16.20Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.21Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

16.22Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted, including, but not limited to the restricted units granted to Executive under the EOP by Retention Agreement dated July 12, 2000, and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

16.23Qualifying Termination shall mean a termination of Executive's employment (i) by Executive for Good Reason at any time prior to the earlier of termination of the Merger Agreement or the third anniversary date of the Closing; or (ii) by Company other than for Cause at any time prior to the earlier of termination of the Merger Agreement or the third anniversary date of the Closing.

16.24Retention Bonus shall mean a total cash amount of \$2,040,000.00.

16.25System shall mean Company and all other System Companies.

16.26System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% or more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity, which term shall include the Merged Entity after the Closing.

16.27Target LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the target pay out level under the long term incentive program with respect to such performance periods.

16.28Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.29 Total Payments shall mean those payments so described in Section 4.1 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of July 29, 2000 in accordance with the July 29, 2000 Resolution of the Board of Directors of Entergy Corporation.

*ENTERGY CORPORATION*

*EXECUTIVE*

*By: /s/ J. Wayne Leonard  
J. Wayne Leonard  
Chief Executive Officer*

*/s/ Jerry W. Yelverton  
Jerry W. Yelverton  
President and Chief  
Executive Officer,  
Entergy Operations,*

*Inc.*

**RETENTION AGREEMENT**

THIS AGREEMENT, executed on October 11, 2000, and effective as of July 29, 2000, by and between Entergy Corporation, a Delaware corporation ("Company"), and C. John Wilder ("Executive").

WHEREAS, Executive is currently employed by Entergy Services, Inc., a System employer, and serves in the position of Chief Financial Officer of Company;

WHEREAS, Company has entered into an Agreement and Plan of Merger, by and among Company, FPL Group, Inc., WCB Holding Corp. (the "Merged Entity"), Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000 (the "Ring-Ranger Merger Agreement");

WHEREAS, Company wishes to encourage Executive to remain employed by a System employer and provide services to the System; and

WHEREAS, Executive wishes to remain in the employ of a System employer and to provide services to the System;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Covenants Summarized. Company and Executive covenant as follows:

2.1 Company's Covenants. In order to induce Executive to remain within the System, Company agrees, under the conditions described herein, to pay Executive the payments and benefits described herein upon the circumstances described in Sections 3, 4, 5 and 6 below. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Executive and Company, Executive shall not have any right to be retained in the employ of any System Company. Executive's Covenants. Executive agrees to the following:

2.2 Executive's Covenants. Executive agrees to the following.

(A) For a period of two years following the Date of Termination, Executive shall not engage in any employment or other activity (without the prior written consent of Company) either in his individual capacity or together with any other person, corporation, governmental agency or body, or other entity, that is (i) listed in the Standard & Poor's Electric Index or the Dow Jones Utilities Index; or (ii) in competition with, or similar in nature to, any business conducted by any System Company at any time during such period, where such competing employer is located in, or servicing in any way customers located in, those parishes and counties in which any System Company services customers during such period. In the event of any violation by Executive of this paragraph (A) of subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts previously paid to him pursuant to subsections 3.4, 3.5, 3.6 and 3.7, and Executive shall have no further entitlement to receive any additional payments or benefits under such subsections.

(B) For a period of two years following the Date of Termination, Executive agrees not to take any action or make any statement, written or oral, to any current or former employee of any System Company, or to any other person, which disparages any System Company, its management, directors or shareholders, or its practices, or which disrupts or impairs their normal operations, including actions or statements (i) that would harm the reputation of any System Company with its clients, suppliers, employees or the public; or (ii) that would interfere with existing or prospective contractual or employment relationships with any System Company or its clients, suppliers or employees. In the event of any violation by Executive of this paragraph (B) of this subsection 2.2, Executive shall repay to Company, within 5 business days of Company's written request therefor, any amounts in respect of the Three- Times Severance Payment or the Four-Times Severance Payment previously paid to him pursuant to subsections 3.4, 3.5, 3.6 and 3.7, and Executive shall have no further entitlement to receive any additional payments or benefits under and of such subsections.

3. Compensation Upon Certain Events. This Section 3 sets forth the entitlement of Executive or his beneficiary (ies) to certain payments and benefits under specified circumstances described in each subsection, and, with the exception of subsections 3.1 and 3.7, in no event shall Executive and his beneficiary (ies) be entitled to payments and benefits under more than one such subsection.

3.1 Physical or Mental Illness. During any period that Executive fails to perform Executive's full-time duties within the System as a result of incapacity due to physical or mental illness, his System employer shall pay Executive's full salary to Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to Executive under the terms of any compensation or benefit plan, program or arrangement (other than Company's short- or long-term disability plan, as applicable) maintained by Company during such period, until Executive's employment is terminated by his System employer for Disability.

3.2 Termination of Employment by Company For Cause at Any Time. If Company should terminate Executive's employment with the System for Cause at any time, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.3 Termination of Employment by Executive Without Good Reason Before Shareholder Approval. If Executive terminates employment with the System without Good Reason before approval by Company shareholders of the transactions contemplated by the Merger Agreement, Executive shall be entitled only to Executive's Accrued Obligations and Normal Post-Termination Compensation and Benefits.

3.4 Termination of Employment by Executive Without Good Reason On or After Shareholder Approval But Before Closing. If Executive terminates employment with the System without Good Reason on or after approval by Company shareholders of the transactions contemplated by the Merger Agreement but before the Closing, Executive shall be entitled only to Executive's Accrued Obligations, Normal Post-Termination Compensation and Benefits, and Three-Times Severance Payment.

3.5 Termination of Employment by Executive Without Good Reason, or Acceptance of Special Project Coordinator Position, On or After Closing But Before Second Anniversary of Closing. If Executive terminates employment with the System without Good Reason, and other than on account of death or Disability, on or after the Closing but before the second anniversary of the Closing, then Executive shall be entitled to (a) either the Special Project Coordinator Position or Normal Post-Termination Compensation and Benefits and (b) receive Executive's Accrued Obligations, Supplemental Retirement Benefit (in accordance with Executive's election), EAIP Bonus Award, Three-Times Severance Payment, and Target LTIP Award and Other EOP Awards. Notwithstanding any provision of this Agreement to the contrary, should Executive remain in System employ through the Closing, he shall receive payment of the Supplemental Retirement Benefit (if Executive elects to receive such benefit in accordance with subsection 16.28 (a)) on the date of the Closing, which payment shall not prejudice Executive's right to receive the other benefits described in this Section upon the occurrence of the events described in each other subsection.

3.6 Qualifying Termination. If Executive's employment is terminated due to a Qualifying Termination, then Executive shall be entitled to (a) either the Special Project Coordinator Position or Normal Post-Termination Compensation and Benefits and (b) receive Executive's Accrued Obligations, Supplemental Retirement Benefit (in accordance with Executive's election), EAIP Bonus Award, Four Times Severance Payment, Maximum LTIP Award and Other EOP Awards. Notwithstanding any provision of this Agreement to the contrary, should Executive remain in System employ through the Closing, he shall receive payment of the Supplemental Retirement Benefit (if Executive elects to receive such benefit in accordance with subsection 16.28(a)) on the date of the Closing, which payment shall not prejudice Executive's right to receive the other benefits described in this subsection upon occurrence of a Qualifying Termination.

3.7 Termination On Account of Death or Disability. If Executive's employment should terminate on account of death or Disability prior to the termination of the Merger Agreement, Executive or his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (in the event of death) shall receive Executive's Accrued Obligations, EAIP Bonus Award, Normal Post-Termination Compensation and Benefits, Four-Times Severance Payment, Supplemental Retirement Benefit (in accordance with the election of Executive or his beneficiary, if applicable), Maximum LTIP Award and Other EOP Awards. Benefits provided under this subsection shall be reduced by the benefits provided to Executive prior to his death or Disability under any other subsection of this Agreement, with the exception of subsection 3.1.

#### 4. Gross-Up Payment.

4.1 Regardless of whether Executive becomes entitled to any payments or benefits under this Agreement, if any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with any System Company) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

4.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b) (2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Closing, Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b) (4) (A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b) (1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b) (4) (B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d) (3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date

of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 4), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

4.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, Executive shall repay to Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b) (2) (B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. Executive and Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Rabbi Trust; Timing of Payments. No later than 180 days from the execution of this Agreement, Company shall deposit in the Trust for Deferred Payments of Entergy Corporation and Subsidiaries ("Trust") an amount as determined by the Auditor (as defined in Section 4.2) to be necessary to pay all amounts that would be due under this Agreement if Executive experienced a Qualifying Termination event on December 31, 2000. Company shall deposit such additional amounts as determined by the Auditor from time to time to be necessary to pay amounts due under the Agreement. The payments provided in Sections 3 and 4 hereof shall be made not later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, Company shall pay to Executive on such day an estimate, as determined in good faith by Executive or, in the case of payments under Section 4 hereof, in accordance with

Section 4 hereof, of the minimum amount of such payments to which Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent Company fails to make such payments when due) at 120% of the rate provided in section 1274 (b) (2) (B) of the Code) as soon as the amount thereof can be determined, but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by Company to Executive, payable on the fifth business day after demand by Company (together with interest at 120% of the rate provided in section 1274(b)

(2) (B) of the Code). At the time that payments are made under this Agreement, Company shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). Notwithstanding any provision of this Section 5 to the contrary, if Executive elects to receive the Supplemental Retirement Benefit in accordance with subsection 16.28(a), such benefit shall be payable at the Closing under the circumstances described in subsections 3.5 and 3.6, unless paid prior to the Closing in accordance with Section 3 and this Section 5.

6. Legal Fees. Company also shall pay to Executive all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Any such payments shall be made within five (5) business days after delivery of Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Company reasonably may require.

7. Superceded Agreements and Benefits. This Agreement supercedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by Executive or any System Company, including, but not limited to, the June 4, 1998 letter agreement, as amended March 20, 2000, the Term Sheet executed by J. Wayne Leonard on September 29, 2000, and any other term sheets or offers preceding execution of this Agreement. Notwithstanding any other provision to the contrary, Executive acknowledges that benefits provided under this Agreement are in lieu of participation in, and any payment that might otherwise have been payable under, the System Executive Continuity Plan of Entergy Corporation and Subsidiaries and any other System severance or retention plan, and Executive hereby waives any right to participate in such plans.

## 8. Termination Procedures and Compensation During Dispute.

8.1 Notice of Termination. Any purported termination of Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause pursuant to clauses (i) or (ii) of Section 16.6 is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to Executive and an opportunity for

Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

8.2 Date of Termination. "Date of Termination," shall mean (i) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such thirty (30) day period), and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given). Solely for purposes of determining Executive's "Date of Termination" for any reason other than his termination of employment in the Special Project Coordinator Position, Executive's employment shall be considered terminated, even though he accepts the Special Project Coordinator Position.

8.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 8.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by Executive only if such notice is given in good faith and Executive pursues the resolution of such dispute with reasonable diligence.

8.4 Compensation During Dispute. If a purported termination occurs and the Date of Termination is extended in accordance with Section 8.3 hereof, Company shall continue to pay Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue Executive as a participant in all compensation, benefit and insurance plans in which Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 8.3 hereof. Amounts paid under this Section 8.4 are in addition to all other amounts due under this Agreement (other than Executive's Accrued Obligations) and shall not be offset against or reduce any other amounts due under this Agreement.

9.No Mitigation. Company agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by Company pursuant to Sections 3, 4, or 6 hereof or Section 8.4 hereof. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Company, or otherwise (other than (i) as otherwise provided in subsection 2.2 (A) and (B) and (ii) offsets in accordance with the provisions of the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, should Executive be entitled to and elect to receive the Supplemental Retirement Benefit in accordance with subsection 16.28 (b)).

## 10. Successors; Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to Company, Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession had taken place. Failure of Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to experience a Qualifying Termination, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

10.2 This Agreement shall insure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts which, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, to the following address shown below or thereafter to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to Company:  
Michael G. Thompson  
General Counsel, Entergy Corporation  
639 Loyola Avenue  
70471  
New Orleans, LA 70113-3125

If to Executive:  
C. John Wilder  
221 Evangeline  
Mandeville, LA

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. Settlement of Disputes; Arbitration.

15.1 All claims by Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to Executive for a review of the decision denying a claim and shall further allow Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that Executive's claim has been denied.

15.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the metropolitan area in which Executive resides on the Date of Termination (or the date that the Merger Agreement is terminated, as applicable) in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in subsections 16.6 and 16.19 of this Agreement shall be applied by the arbitrator(s). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, Executive shall be entitled to seek specific performance of Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

16.1 Accrued Obligations shall mean Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, together with all unpaid compensation and benefits payable to Executive through the Date of Termination under the terms of Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

16.2 Annual Base Salary shall mean the highest rate of annual base salary payable to Executive by the System at any time after July 29, 2000, the date on which the Board authorized the Chief Executive Officer of Company to enter this Agreement with Executive.

16.3 Auditor shall have the meaning set forth in Section 4.2 hereof. Base Amount shall have the meaning set forth in section 280G(b) (3) of the Code.

16.4 Base amount shall have the meaning set forth in section 280(b)(3) of the code.

16.5 Board shall mean the Board of Directors of Company.

16.6 Cause for termination by Company of Executive's employment shall mean (i) the and continued failure by Executive to substantially perform Executive's System duties (other than any such failure resulting from Executive's incapacity due to physical or mental illness or any

such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by Executive pursuant to Section 8.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to Executive by the Board, which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; (ii) the willful engaging by Executive in conduct which is demonstrably and materially injurious to a System Company, monetarily or otherwise, and which results in a conviction of or entrance of a plea of guilty or nolo contendere to a felony; or (iii) Executive's willful failure, as determined by J. Wayne Leonard, the Company's Chief Executive Officer as of the date hereof, to fully support and use Executive's best efforts to facilitate the consummation of the transactions contemplated by the Merger Agreement (until the Merger Agreement may be terminated) in accordance with Company directives; provided, however, that it shall not be Cause for termination under this clause (iii) for Executive, in good faith, to discuss with members of the Board of Directors, the Chief Executive Officer of Company, or peer senior executives of Company, Executive's concerns with, suggestions regarding, or proposed improvements to, the merger implementation process. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the System; and (y) in the event of a dispute concerning the application of this provision, no claim by Company that Cause exists shall be given effect unless Company establishes to the Committee (and to the arbitrators) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Cause exists. For purposes of clauses (i), (ii), (iii) of this definition, no acts of Executive that occurred before execution of this Agreement shall be deemed justification for a Cause claim by Company unless said acts were unknown to Company management and involved the commission of a felony injurious to a System Company.

16.7 Closing shall mean the earlier to occur of (i) consummation of the transactions contemplated by the Ring-Ranger Merger Agreement or (ii) the occurrence of a "Change in Control" (as defined in Company's Executive Continuity Plan in effect on the date hereof).

16.8 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

16.9 Committee shall mean (i) the individuals who, on the date hereof, constitute the Personnel Committee of the Board, plus (ii) in the event that fewer than three individuals are available from the group specified in clause (i) above for any reason, such individuals as may be appointed by the individual or individuals so available (including for this purpose any individual or individuals previously so appointed under this clause (ii)).

16.10 Company shall mean Entergy Corporation and shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16.11 Date of Termination shall have the meaning set forth in Section 8.2 hereof.

16.12 Disability shall be deemed the reason for the termination by a System employer of Executive's employment, if, as a result of Executive's

incapacity due to physical or mental illness, Executive shall have been absent from the full-time performance of Executive's duties with the System for a period of six (6) consecutive months, Company shall have given Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

16.13 EAIP shall mean Executive Annual Incentive Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.14 EAIP Bonus Award shall mean the product of (1) the maximum annual bonus opportunity under the EAIP for the year in which the Date of Termination occurs and (2) a fraction, the numerator of which is the number of days in the fiscal year that includes the Date of Termination and that are prior to the Date of Termination, and the denominator of which is 365.

16.15 EOP shall mean the Equity Ownership Plan of Entergy Corporation and Subsidiaries, or any successor or replacement plan.

16.16 Excise Tax shall mean any excise tax imposed under section 4999 of the Code.

16.17 Executive shall mean the individual named in the first paragraph of this Agreement.

16.18 Four-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to four times the sum of (i) Executive's Annual Base Salary and (ii) Executive's highest maximum annual bonus opportunity under the EAIP for any fiscal year ending after the date hereof, which Four-Times Severance Payment shall in no event be less than \$4,175,380.00. The Four-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.19 Good Reason for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts by Company, or failure by Company to act, unless, in the case of any act or failure to act described in paragraph (A), (B) (F), (G), or (H) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(A) prior to the Closing, any adverse change in Executive's titles, authority, duties, responsibilities or reporting lines as compared with those in effect on the date hereof;

(B) following the Closing, the failure of Company to provide Executive with the position of Chief Financial Officer of the Merged Entity, (1) with authority, duties, and responsibilities typically associated with such

position

and, in no event, less than those in effect for the Chief Financial Officer of FPL Group (or of any other party (or parent thereof) to the Merger Agreement) prior to the Closing, and (2) the employment location of which shall be

Notice of Termination satisfying the requirements of Section 8.1 hereof; for purposes of this Agreement, no such purported termination shall be effective.

Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by Executive that Good Reason exists shall be presumed to be correct unless Company establishes to the Committee (and to the arbitrator(s) in the event of arbitration of a dispute or controversy hereunder) by clear and convincing evidence that Good Reason does not exist.

16.20 Gross-Up Payment shall have the meaning set forth in Section 4.1 hereof.

16.21 LTIP shall mean the Long Term Incentive Program of the EOP, or any successor or replacement long-term incentive program.

16.22 Maximum LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the maximum pay out level under the long term incentive program with respect to such performance periods.

16.23 Normal Post-Termination Compensation and Benefits shall mean Executive's normal post-termination compensation and benefits as such payments become due, and determined under, and paid in accordance with, Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

16.24 Notice of Termination shall have the meaning set forth in Section 8.1 hereof.

16.25 Other EOP Awards shall mean (a) the vesting of, and lapse of restrictions on, all restricted shares, stock options, and other awards (excluding awards under the LTIP), as applicable, granted to Executive prior to the Date of Termination, to the extent such shares, options or other awards have not already vested or restrictions thereon have not yet lifted and (b) the extension of the period during which stock options shall be exercisable for the remainder of the ten-year term extending from the grant date.

16.26 Qualifying Termination shall mean a termination of Executive's employment (i) by Executive for Good Reason at any time prior to the termination of the Merger Agreement; (ii) by Company other than for Cause at any time prior to the termination of the Merger Agreement; and (iii) for any reason following the second anniversary of the Closing.

16.27 Special Project Coordinator Position shall mean active employment of Executive as a Special Project Coordinator with a System employer at an annual base salary of \$200,000.00 and with eligibility to participate in all System plans and programs, in accordance with their terms and conditions, available to other non-management System employees, although Executive shall not accrue additional vacation time in such position. While in the Special Project Coordinator Position, Executive will not be required to perform more than 10 hours of service for the System in any calendar month.

(A) Executive's employment in the Special Project Coordinator Position shall terminate upon the earlier of (1) Executive's attainment of age 55 (such termination immediately effective without need of Notice of Termination) or (2) Executive becomes a management employee of any company listed in the Fortune Global 500 Index; or (3) Executive becomes a management employee of any company that has a conflict of interest policy or practice that would prohibit Executive's System employment.

(B) Upon termination of Executive's Special Project Coordinator Position, Executive shall be entitled to Normal Post-Retirement Compensation and Benefits. Further, if Executive serves in the Special Project Coordinator Position until his attainment of age 55, Executive shall be eligible for retiree benefits, if any, under Company's plans as in effect on such date or from time to time thereafter.

16.28 Supplemental Retirement Benefit shall mean, at Executive's election at the earlier of Closing or Date of Termination, either (a) a lump sum cash payment equal to \$1,934,610, which represents payment in lieu of non-qualified supplemental retirement benefits earned prior to the Closing under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, the Pension Equalization Plan of Entergy Corporation and Subsidiaries, the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries, and the Post-Retirement Plan of Entergy Corporation and Subsidiaries, and any supplemental credited service granted Executive under such plans, or (b) the benefit available to Executive under the System Executive Retirement Plan of Entergy Corporation and Subsidiaries, under the terms and conditions of that plan applicable to individuals who became participants on or after March 25, 1998, provided, however, that (i) in computing such benefit Executive shall be entitled to have his years of Benefit Service (as defined under the Entergy Corporation Retirement Plan for Non-Bargaining Employees) commence on July 6, 1983 and continue for the duration of his employment in the Special Project Coordinator Position, if applicable, with such benefit amount (in the form of a single life annuity) reduced by the benefit Executive is entitled to receive under the defined benefit pension plan of Royal Dutch Shell, or its successors or assigns, (as indicated in Executive's Participant Application for the

Pension Equalization Plan of Entergy Corporation and Subsidiaries) and further offset by such other qualified and non-qualified defined benefit retirement, income or pension plans sponsored by Company; and (ii) Executive shall become immediately vested in such benefit at age 55 and shall not require permission under the plan or otherwise to retire at age 55 and commence receipt of benefit payments. Any future non-qualified supplemental retirement benefits available under any System non-qualified supplemental retirement benefit plans in which Executive may become a participant after the Closing shall be offset by this Supplemental Retirement Benefit.

16.29 System shall mean Company and all other System Companies.

16.30 System Company(ies) shall mean Company and any other corporation 80% or more of whose stock (based on voting power or value) is owned directly or indirectly by Company and any partnership or trade or business which is 80% of more controlled, directly or indirectly, by Company, and any successor to the business and/or assets of any such entity.

16.31 Target LTIP Award shall mean the number of performance shares or performance share units, as applicable, that Executive shall be entitled to receive under the LTIP with respect to any performance period (as defined in the applicable program or plan) that includes the Date of Termination, such number to be determined as if Executive satisfied the remaining performance requirements and was entitled to the target pay out level under the long term incentive program with respect to such performance periods.

16.32 Tax Counsel shall have the meaning set forth in Section 4.2 hereof.

16.33 Three-Times Severance Payment shall mean the payment of a lump sum retention payment, in cash, equal to three times the sum of (i) Executive's Annual Base Salary and (ii) Executive's target annual bonus opportunity under the EAIP for any fiscal year ending after the date hereof, which Three-Times Severance Payment shall in no event be less than \$2, 277,480.00. The Three-Times Severance Payment shall be in lieu of any further salary payments to Executive for periods subsequent to the Date of Termination (if any) and in lieu of any retention, severance, termination or similar benefit otherwise payable to Executive under any plan, program, arrangement or agreement of or with any System Company.

16.34 Total Payments shall mean those payments so described in Section 4.1 hereof.

16.35 Merger Agreement shall mean the Ring-Ranger Merger Agreement or any other agreement, the consummation of the transactions contemplated by which would constitute a "Change in Control" under the Company's Executive Continuity Plan, as in effect on the date hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and effective as of July 29, 2000 in accordance with the July 29, 2000 Resolution of the Board of Directors of Entergy Corporation.

*ENERGY CORPORATION*

*EXECUTIVE*

*By: /s/ J. Wayne Leonard  
J. Wayne Leonard  
Chief Executive Officer  
Officer,*

*/s/ C. John Wilder  
C. John Wilder  
Chief Financial  
Entergy Corporation*

**EMPLOYEE RETENTION BONUS PLAN  
OF ENERGY CORPORATION AND SUBSIDIARIES**

In accordance with the July 29, 2000 authorization of the Board of Directors of Entergy Corporation and pursuant to Section 4.02(i) of the Entergy Corporation Disclosure Letter in respect of the Agreement and Plan of Merger by and among FPL Group, Inc., Entergy Corporation, WCB Holding Corp., Ranger Acquisition Corp. and Ring Acquisition Corp. dated as of July 30, 2000, Entergy Corporation establishes this Employee Retention Bonus Plan of Entergy Corporation and Subsidiaries (the "Plan"), effective November 1, 2000.

**PURPOSES**

The purpose of this Plan is to provide certain employees with incentive to remain in the employ of a System employer. The Plan is established and is intended to constitute a bonus program within the meaning of U.S. Department of Labor Regulation Section 2510.3-2(c) and not an "employee benefit plan" as defined in Labor Regulation Section 2510.3-2(c).

**ARTICLE I**

**DEFINITIONS**

The following terms when capitalized in the Plan shall have the designated meaning unless a different meaning is plainly required by the context in which the term is used:

1.01 "Administrator" shall mean (a) as of the Effective Date, the committee composed of C. Gary Clary and Darrell A. Guidroz; and (b) any successor Administrator appointed in accordance with this Section. In the event that either individual designated in (a) of this Section should cease to be a System employee for any reason, the remaining individual shall serve as Administrator. Should such sole Administrator thereafter cease to be a System employee, he shall designate a successor Administrator of the Plan; in the absence of such designation, those individuals comprising the Personnel Committee, as established by the Board and as constituted on the Effective Date, shall be the successor Administrator.

1.02 "Agreement" shall mean the agreement each Participant executes and initials on each page evidencing the offer of a Retention Bonus to Participant and Participant's acceptance of the offer under the terms and conditions of such agreement and this Plan, which agreement shall be substantially in the form attached hereto as Exhibit A and, to be effective, must be signed and initialed on each page by Eligible Employee and returned to the Administrator within the time period established by the Administrator. The Administrator, in its sole discretion, may waive any defects in form.

1.03 "Base Pay" shall mean, for any Participant, the total salary or wage for one year's service, divided by twelve, under the monthly, semi-monthly, bi-weekly, daily or hourly base rates in effect on the date Participant executes the Agreement or, if higher, in effect at any time thereafter through and including the date of Closing, except as otherwise provided in this Section

1.03. Base Pay shall include any amounts contributed by the Participant to any retirement plan of the Company which, pursuant to Section 401(k) of the Internal Revenue Code, are not included in gross income of the Participant in the taxable year in which such contributions are made, and shall include any amounts contributed by the Participant to any welfare benefit plans maintained by a System Company through a reduction in the Participant's compensation which pursuant to Section 125 of the Internal Revenue Code, are not included in the gross income of the Participant for the taxable year in which such amounts are contributed, but shall exclude overtime earnings, bonus or other incentive payments, or any special or extra compensation paid to a Participant. Notwithstanding the foregoing, for purposes of determining a Participant's Retention Bonus under Section

3.03(b), Participant's Base Pay shall be determined as in effect on the date Participant executes the Agreement or, if higher, in effect at any time thereafter through and including the date of termination of the Merger Agreement.

1.04 "Beneficiary" shall mean the surviving spouse of Participant or, if Participant does not have a surviving spouse, Beneficiary shall mean any individual or entity so designated by Participant, or, if Participant does not have a surviving spouse and does not designate a beneficiary hereunder, or if the designated beneficiary predeceases Participant, Beneficiary shall mean Participant's estate.

1.05 "Board" shall mean the Board of Directors of Entergy Corporation.

1.06 "Cause" shall mean (a) willful and continuing failure by Participant to substantially perform Participant's duties (other than such failure resulting from Participant's incapacity due to physical or mental illness or any such actual or anticipated failure after Participant provides written notification to Administrator of Good Reason termination by Participant or notification to Participant's System employer of resignation of employment for reasons that would constitute Good Reason under this Plan) that has not been cured within 30 days after a written demand for substantial performance is delivered to Participant by his or her System employer, which demand specifically identifies the manner in which the System employer believes that Participant has not substantially performed Participant's duties; (b) Participant's engagement in one or more

acts of embezzlement, theft, larceny, fraud or dishonesty; (c) Participant's violation of one or more System policies applicable to Participant's System employment, the violation of which warrants termination under the terms of such policies; or (d) Participant's conviction or entrance of a plea of guilty or nolo contendere to a felony or to a crime involving fraud or dishonesty.

1.07 "Claims Administrator" shall mean the Administrator or its delegee responsible for administering claims for benefits under the Plan.

1.08 "Claims Appeal Administrator" shall mean the Administrator or its delegee responsible for administering appeals from the denial or partial denial of claims for benefits under the Plan.

1.09 "Closing" shall mean the closing of the transactions contemplated by the Merger Agreement.

1.10 "Company" shall mean Entergy Corporation and any successor or assign as contemplated in Section 6.03 of this Plan.

1.11 "Disability" shall mean if, as a result of Participant's incapacity due to physical or mental illness occurring after Shareholder Approval, (a) Participant shall have been absent from the full-time performance of Participant's duties with his System employer for a period of six (6) consecutive months and Participant is entitled to benefits under Participant's System employer's long-term disability plan or (b) if Participant is not eligible to participate in such plan, then Participant is permanently and totally unable to perform Participant's duties for his or her System employer as a result of any medically determinable physical or mental impairment as supported by a written medical opinion to the foregoing effect by a physician selected by the Administrator.

1.12 "Effective Date" shall mean November 1, 2000.

1.13 "Eligible Employee" shall mean those System employees described in Section 2.01 of the Plan.

1.14 "Favorable Resolution" shall mean final resolution, by the Administrator or otherwise, of a claim for Plan benefits filed by Participant or Beneficiary in accordance with Article V of the Plan and determined in favor of Participant or Beneficiary.

1.15 "First Anniversary" shall mean the first anniversary of the date of Closing.

1.16 "Good Reason" shall be deemed to exist under the following circumstances:

(a) A reduction in Participant's Base Pay as of the Effective Date or, if higher, Participant's Base Pay in effect at any time after the Effective Date;

(b) As a condition of continued employment, Participant is required to work at a location which will increase his or her present commute from his or her residence by more than 50 miles each way, in which case Good Reason shall not be deemed to exist until the date the Participant is required to report to the new location. Required travel on business of any System Company to an extent substantially consistent with Participant's business obligations as of the Effective Date shall not constitute Good Reason under this subsection.

1.17 "Merger Agreement" shall mean the Agreement and Plan of Merger among the Company, FPL Group, Inc., WCB Holding Corp., Ranger Acquisition Corp. and Ring Acquisition Corp., dated as of July 30, 2000.

1.18 "Participant" shall mean an Eligible Employee selected by the Administrator to participate in Plan and who fulfills the requirements for participation in this Plan, including those set forth in Section 2.03.

1.19 "Payment Event" shall mean an event described in Section 3.03.

1.20 "Plan" shall mean this Employee Retention Bonus Plan of Entergy Corporation and Subsidiaries.

1.21 "Qualifying Termination" shall mean a termination of Participant's System employment after Shareholder Approval (a) by Participant's employer without Cause or (b) by Participant for Good Reason. A Participant's claim for benefits as the result of a Qualifying Termination shall be filed with the Administrator in accordance with Article V of the Plan.

1.22 "Release" shall mean the waiver and release agreement in a form acceptable to Administrator in its sole discretion. Among other things, the Release will irrevocably and unconditionally release Participant's employer, its current, future or former parent company, associated companies, affiliates, and subsidiaries, and their respective current, former or future employees, officers, directors, shareholders, agents and fiduciaries from all known or unknown claims, causes of action, liens, demands and obligations that Eligible Employee may have at the time of execution of the Release, including, without limitation, claims under the Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866, the Civil Rights Act of 1991, and any executive orders which prohibit discrimination based on race, marital status, sexual orientation, color, national origin, religion, or sex; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act of 1967 and the Rehabilitation Act of 1973; the WARN Act; the Family and Medical Leave Act of 1993; the

Age Discrimination in Employment Act, 29 U.S.C. 621 et seq. and Executive Order 11161, which prohibit age discrimination in employment; the Employee Retirement and Income Security Act of 1974; and any other federal, state, or local executive order, statute, regulation, or law of any other type. Administrator shall distribute the Release to Participant for consideration, and Participant shall have at least 21 days to consider the Release prior to execution, although Participant may execute the Release prior to the expiration of such 21-day period. The effective date of the Release shall be on the eighth day following execution and only if Participant or Beneficiary does not revoke the Release within seven days of execution in the manner specified in the Release.

1.23 "Retention Bonus" shall mean the cash bonus payable to a Participant pursuant to this Plan, as described in Section 3.01 and as designated in each Participant's Agreement.

1.24 "Shareholder Approval" shall mean approval by Company's shareholders of the transactions contemplated in the Merger Agreement.

1.25 "System" shall mean Entergy Corporation, all other System Companies, and any successors thereto as contemplated in Section 6.03 of this Plan.

1.26 "System Company" shall mean (a) Entergy Corporation and any corporation eighty percent (80%) or more of whose stock (based on voting power or value) is owned, directly or indirectly, by Entergy Corporation; (b) any partnership or trade or business which is eighty percent (80%) or more controlled, directly or indirectly, by Entergy Corporation; (c) any entity in which an entity described in (a) or (b) of this Section has a significant equity interest as determined by the Administrator; and (d) any successor to any entity described in (a), (b), or (c) of this Section as contemplated in Section 6.03 of this Plan.

## **ARTICLE II**

### **PARTICIPATION**

2.01 Eligibility. Only active, full-time System employees are eligible to become Participants in the Plan.

2.02 Participant Selection. The Administrator shall determine, in its sole discretion, those Eligible Employees who will be invited to participate in the Plan and the level of participation of such individuals based on an assessment of the Eligible Employee job function, after consultation with the appropriate business leaders or otherwise, as follows:

(a) An Eligible Employee may be designated a Level I Participant if the Administrator determines in its sole discretion that the Eligible Employee's management ability or technical skill, knowledge, or leadership is critical to System operations and to the completion of the transactions contemplated by the Merger Agreement.

(b) An Eligible Employee may be designated a Level II Participant if the Administrator determines in its sole discretion that the Eligible Employee performs a function critical to either the continuation of System operations or to the completion of the transactions contemplated by the Merger Agreement.

(c) An Eligible Employee may be designated a Level III Participant if the Administrator determines the Eligible Employee is important to the completion of the transactions contemplated by the Merger Agreement.

The Administrator's selection of Participants and designation as Level I, Level II, or Level III Participants shall be final, binding, and conclusive on the date such selections and designations are made.

2.03 Participation. The Administrator shall invite those Eligible Employees selected in accordance with Section 2.02 to participate in the Plan and advise them of the conditions governing participation and entitlement to Plan benefits by delivering to them the Agreement, the terms of which are hereby incorporated by reference. To be eligible for Plan benefits, those Eligible Employees invited to participate must file with the Administrator, within the time period established by the Administrator, an executed Agreement. A Participant's entitlement to benefits shall be determined in accordance with Article III of the Plan.

## **ARTICLE III**

### **BENEFITS AND TERMS OF PAYMENT**

3.01 Retention Bonus Amounts. The Administrator shall determine a Participant's potential Retention Bonus and shall designate such amount in the Agreement, in accordance with the following:

(a) Level I Participants may receive a Retention Bonus of up to 24 months of Base Pay.

(b) Level II Participants may receive a Retention Bonus of up to 18 months of Base Pay.

(c) Level III Participants may receive a Retention Bonus of up to 12 months of Base Pay.

The Administrator's determination of each Participant's potential Retention Bonus amount as stated in the Agreement shall be final, binding, and conclusive. Participant's entitlement to all or part of the Retention Bonus shall be determined in accordance with the remainder of Article III of the Plan.

3.02 Conditions Precedent to Plan Benefits. A Participant's or Beneficiary's entitlement to Plan benefits shall be determined in accordance with the terms and conditions of the Plan and, subject to Section 5.02(i), shall be conditioned on the following:

- (a) Participant's selection by the Administrator;
- (b) Participant's execution and return to the Administrator of the Agreement within the time period established by the Administrator;
- (c) Participant's compliance with the terms of the Agreement;
- (d) The occurrence of a Payment Event;
- (e) Participant's continued active System employment through and until the applicable Payment Event;
- (f) For Payment Events other than those described in Section 3.03(a) and Section 3.03(b) of the Plan, Participant's or Beneficiary's timely submission of a claim for Plan benefits in accordance with Section 5.04 of the Plan and Favorable Resolution;
- (g) Participant's timely execution of, return of, and failure to revoke the Release;
- (h) If benefits are payable because of a Participant's death, Beneficiary's timely execution of, return of, and failure to revoke the Release.

3.03 Payment Upon Certain Events. Subject to Sections 3.02, this Section 3.03 sets forth the entitlement of a Participant to certain payments, subject to applicable tax and other required withholding, under circumstances specified in each subsection. In no event shall a Participant be entitled to receive any Plan benefits if Shareholder Approval does not occur. In addition, a Participant shall not be entitled to receive more than the full amount of Participant's Retention Bonus under this Plan.

(a) General Payment Events of Closing and the First Anniversary. Except as otherwise provided in Section 3.03(c) or 3.03(d), a Participant's Retention Bonus shall be payable as follows:

- (1) Participant shall be entitled to receive one-half (1/2) of Participant's Retention Bonus on the later of (i) the date of Closing or (ii) within fifteen (15) days following the effective date of the Release.
- (2) Participant shall be entitled to receive the remaining one-half (1/2) of Participant's Retention Bonus on the later of (i) the First Anniversary or (ii) within fifteen (15) days following the effective date of the Release.

(b) Merger Termination. If the Merger Agreement is terminated for any reason after Shareholder Approval, each Participant shall receive a single-sum cash payment equal to 25% of Participant's Retention Bonus, which amount shall be paid within fifteen (15) days following the later of (i) the date of termination of the Merger Agreement or (ii) the effective date of the Release, except as otherwise provided in Section 3.03(c) or Section 3.03(d). In the event of payment because of termination of the Merger Agreement, no further payments shall be due a Participant under the Plan.

(c) Death or Disability:

- (1) In the event of a Participant's Disability or death after Shareholder Approval but prior to the date of Closing, Participant (or his Beneficiary in the event of Participant's death) shall be entitled to receive one-half (1/2) of Participant's Retention Bonus on the later of (i) the date of Closing; (ii) within fifteen (15) days following the effective date of the Release; or (iii) within fifteen (15) days following Favorable Resolution; provided, however, that in the event of a termination of the Merger Agreement, Plan benefits shall be in the amount set forth in Section 3.03(b) and payment shall be on the later of fifteen (15) days following
  - (iv) the termination of the Merger Agreement; (v) the effective date of the Release; or (vi) Favorable Resolution.
- (2) In the event of a Participant's Disability or death on or after the date of Closing, but prior to the First Anniversary, Participant (or his Beneficiary in the event of Participant's death) shall be entitled to receive the remaining one-half (1/2) of Participant's Retention Bonus within fifteen (15) days following the later of (i) the effective date of the Release or (ii) Favorable Resolution.

(d) Qualifying Termination:

- (1) If a Participant should experience a Qualifying Termination prior to the Closing, Participant shall receive the full amount of Participant's Retention Bonus on the later of (i) the date of Closing; (ii) within fifteen (15) days following the effective date of the Release; or (iii) within fifteen (15) days following Favorable Resolution; provided, however, that in the event of a termination of the Merger Agreement, Plan benefits shall be in the amount as set forth in Section 3.03(b) and payment shall be on the later of fifteen (15) days following
  - (iv) the termination of the Merger Agreement; (v) the effective date of the Release; or (vi) Favorable Resolution.

(2) If Participant should experience a Qualifying Termination on or after the date of Closing, Participant shall receive the remainder of his Retention Bonus within fifteen (15) days following the later of (i) the effective date of the Release or (ii) Favorable Resolution.

3.04 Payments. Payment of amounts due under the Plan shall be provided to Participant in the same manner (direct deposit or by internal mail delivery) as Participant receives his regular paycheck or by mail at the last known address of Participant in the possession of his System employer, at the discretion of the Administrator. In the event payment under the Plan is due to Beneficiary, Beneficiary shall provide Administrator with the address to which payment should be directed, failing which Administrator shall provide payment to Beneficiary at the address indicated in the claim for benefits filed by Beneficiary. Federal income taxes shall be withheld from any payments under this Agreement and the Plan at the rate of 28% (or such other rate as may be applicable to supplemental wages), in addition to all other withholdings required by law.

3.05 Requirement of Waiver and Release. As a condition to each payment under the Plan or the Agreement, Participant (or Beneficiary, as applicable) shall execute, return to Administrator, and fail to revoke a Release, prior to such payment. Prior to execution of the Release, Participants will have at least 21 days within which to consider the Release, although the Release may be executed prior to expiration of the 21-day period of consideration. Any changes in the offer to participate in the Plan, whether material or immaterial, including any changes in the Release, shall not restart the 21- day period of consideration of the Release, but in no event shall Participant be given less than 7 days to revoke the Release after execution and submission. In the event the Release is determined to be invalid or unenforceable for any reason, Participant (or Beneficiary) shall not be entitled to payment under the Agreement or the Plan and must return any sums received under the Plan or the Agreement unless Participant (or Beneficiary) executes, returns and fails to revoke an enforceable Release.

3.06 Other Benefits. Nothing contained in the Plan shall preclude a Participant from receiving, in addition to any benefits provided under this Plan, any payments under any agreement between a Participant and any System Company or under any employee benefit plan or program established by Company or any other System Company, including, without limitation, any early retirement or voluntary severance program implemented by a Participant's System employer. However nothing provided in this Plan or the Agreement shall entitle a Participant to any benefits under any other employee benefit plan or program of a System Company other than in accordance with the terms and provisions of such employee benefit plans or programs. Any Retention Bonus payable in accordance with the terms and conditions of this Plan shall be in addition to, and not in lieu of, any severance payments due to a Participant pursuant to any severance plan or agreement applicable to such Participant. Any Retention Bonus payable under this Plan shall not be considered compensation for purposes of any other benefit plan; provided, however, that the Retention Bonus shall be considered compensation for purposes of the Executive Deferred Compensation Plan of Entergy Corporation and Subsidiaries.

3.07 Other Retention Arrangements. The terms of the Plan shall supercede any and all prior oral or written communications, negotiations, commitments, and understandings with respect to retention benefits offered in connection with the transactions contemplated by the Merger Agreement and render such agreements, negotiations, commitments, and understandings null and void. In the event of payment under the Plan, Participant shall not be entitled to further or additional payments in conjunction with any retention benefits and shall waive all claims associated with any entitlement to additional retention payments. Notwithstanding anything to the contrary in this Section, this provision shall not apply to any benefits to which a Participant is entitled under any other System Company employee benefit or retention plan or program in effect prior to the public announcement of the Merger Agreement or under any written retention agreement between Eligible Employee and a System Company, offered to and accepted by Eligible Employee prior to the public announcement of the Merger Agreement.

3.08 Incompetent. If a Participant shall be or become physically or mentally incompetent to receive benefits under this Plan, the Administrator, in its sole and absolute discretion, may direct payment of such benefits in one or more of the following ways:  
(a) directly to such Participant in the case of physical incompetence; (b) to Participant's legal guardian or conservator;  
(c) to Participant's spouse or to any person charged with his support, to be expended for his benefit. The decision of the Administrator shall be final and binding upon all parties in interest. Any such payment shall completely discharge all obligations under the Plan and the Agreement.

3.09 Confidentiality. A Participant shall be required to acknowledge that the terms and conditions of the Plan and his Agreement are confidential. A Participant shall not disclose, publicize, or discuss any of the terms or conditions of this Plan or his Agreement (and related agreements) with anyone, except his or her spouse, attorney, accountant, supervisor, or as required by law. In the event a Participant discloses this Plan or his Agreement (or related agreements) or any of their terms or conditions to his or her spouse, attorney, accountant, or supervisor, it shall be Participant's duty to advise said individual(s) of the confidential nature of this Plan and his Agreement (and related agreements) and to direct them not to disclose, publicize, or discuss any of the terms or conditions of this Plan (or related agreements) with any other person. If Participant discloses, publicizes, or discusses any of the terms or conditions of this Plan or his Agreement (or related agreements) with any other person, except his spouse, attorney, accountant, or supervisor, Participant will forfeit the right to Participant's Retention Bonus.

## ARTICLE IV

### SOURCE OF PAYMENTS

4.01 Unfunded Plan. All rights of a Participant, Beneficiary or any other person or entity having or claiming a right to payments under this Plan shall be entirely unfunded, and nothing in this Plan shall be construed to give such person or entity any right, title, interest, or claim in or to any specific asset, fund, reserve, account or property of any kind whatsoever, owned by a System Company, or in which a System Company may have any right, title or interest now or in the future.

4.02 Employer Liability. At its own discretion, a System Company may purchase such insurance or annuity contracts or other types of investments as it deems desirable in order to accumulate the necessary funds to provide for the future benefit payments under the Plan. However, (a) a System Company shall be under no obligation to fund the benefits provided under this Plan; (b) the investment of System Company funds credited to a special account established hereunder shall not be restricted in any way; and (c) such funds may be available for any purpose the System Company may choose. Nothing stated herein shall prohibit a System Company from adopting or establishing a trust or other means as a source for paying any obligations created hereunder provided, however, any and all rights that any such Participants shall have with respect to any such trust or other fund shall be governed by the terms thereof.

4.03 Establishment of Trust. Notwithstanding any provisions of this Article IV to the contrary, the Company or any other System Company may make contributions to a trust intended to qualify as a "grantor trust" under the Internal Revenue Code, in such amounts and at such times as it or they shall determine in its or their complete discretion. The trust contemplated by this Section is not intended to cause Participants to realize current income on amounts contributed thereto, and the trust shall be so interpreted.

## ARTICLE V

### PLAN ADMINISTRATION

5.01 Administration of Plan. The Administrator shall operate and administer the Plan and, as such, shall have the authority as Administrator to exercise the powers and discretion conferred on it by the Plan, including the right to delegate any function to a specified person or persons. The Administrator shall discharge its duties for the exclusive benefit of the Participants and their Beneficiaries.

5.02 Powers of the Administrator. The Administrator and any of its delegees shall administer the Plan in accordance with its terms and shall have all powers, authority, and discretion necessary or proper for such purpose. In furtherance of this duty, the Administrator shall have the sole and exclusive power and discretion to make factual determinations, construe and interpret the Plan, including the intent of the Plan and any ambiguous, disputed or doubtful provisions of the Plan. Further, any individual serving in the capacity as Administrator shall be authorized to take any actions authorized under this Plan and the Agreement, including, without limitation, execution of the Agreement. All findings, decisions, or determinations of any type made by the Administrator, including factual determinations and any interpretation or construction of the Plan or Agreement, shall be final and binding on all parties and shall not be disturbed unless the Administrator's decisions are arbitrary and capricious. The Administrator shall be the sole judge of the standard of proof required in any claim for benefits and/or in any question of eligibility for a benefit. By way of example, the Administrator shall have the sole and exclusive power and discretion:

- (a) to adopt such rules and regulations as it shall deem desirable or necessary for the administration of the Plan on a consistent and uniform basis;
- (b) to interpret the Plan including, without limitation, the power to use Administrator's sole and exclusive discretion to construe and interpret (1) the Plan, (2) the intent of the Plan, and (3) any ambiguous, disputed or doubtful provisions of the Plan;
- (c) to determine all questions arising in the administration of the Plan including, but not limited to, the power and discretion to determine the rights or eligibility of any employee, Participant, Beneficiary or other claimant to receive under the Plan;
- (d) to require such information as the Administrator may reasonably request from any employee, Participant, Beneficiary or other claimant as a condition for receiving any benefit under the Plan;
- (e) to grant and/or deny any and all claims for benefits, and construe any and all issues of Plan interpretation and/or fact issues relating to eligibility for benefits;
- (f) to compute the amount and determine the manner and timing of any benefits payable under the Plan;
- (g) to execute or deliver any instrument or make any payment on behalf of the Plan;
- (h) to employ one or more persons to render advice with respect to any of the Administrator's responsibilities under the Plan;
- (i) to accelerate payments to Participants under the Plan;
- (j) to direct the System employer concerning all payments that shall be made pursuant to the terms of the Plan; and

(k) to make findings of fact, to resolve disputed fact issues, and to make determinations based on the facts and evidence contained in the administrative record developed during the claims review procedure.

For any acts not specifically enumerated above, when applying, construing, or interpreting any and all Plan provisions and/or fact questions presented in claims for benefits, the Administrator shall have the same discretionary powers as enumerated above.

**5.03 Claims Administration.** The Administrator may appoint and, in its sole discretion, remove a Claims Administrator and/or Claims Appeal Administrator to administer claims for benefits under the Plan in accordance with its terms, and, pursuant to section 5.02, such delegees shall have all powers, authority, and discretion necessary or proper for such purpose. In the absence of such appointment, the Administrator shall be the Claims Administrator and Claims Appeal Administrator.

**5.04 Filing Benefit Claims.** Any claim asserting entitlement to a benefit under the Plan must be asserted within ninety (90) days after the event giving rise to the claim by sending written notice of the claim to the Claims Administrator, in accordance with Section 7.01. The written notice of the claim must be accompanied by any and all documents, materials, or other evidence allegedly supporting the claim for benefits. If the claim is granted, the claimant will be so notified in writing by the Claims Administrator.

**5.05 Denial or Partial Denial of Benefit Claims.** If the Claims Administrator denies a claim for benefits in whole or part, the Claims Administrator shall notify the claimant in writing of the decision within ninety (90) days after the Claims Administrator has received the claim. In the Claim Administrator's sole discretion, the Claims Administrator may extend the time to decide the claim for an additional ninety (90) days, by giving written notice of the need for such an extension any time prior to the expiration of the initial ninety-day period. The Claims Administrator, in its sole discretion, reserves the right to request specific information from the claimant, and reserves the right to have the claimant examined or tested by person(s) employed or compensated by the Plan. If the claim is denied or partially denied, the Claims Administrator shall provide the claimant with written notice stating:

(a) the specific reasons for the denial of the claim and reference to any pertinent plan provisions on which the denial is based;

(b) if applicable, a description of any additional material or information necessary for claimant to perfect the claim and an explanation of why such material or information is necessary; and

(c) an explanation of the claims review appeal procedure including the name and address of the person or committee to whom any appeal should be directed.

**5.06 Appeal of Claims That Are Denied or Partially Denied.** The claimant may request review of the Claims Administrator's denial or partial denial of a claim for Plan benefits. Such request must be made in writing within sixty (60) days after claimant has received notice of the Claims Administrator's decision and shall include with the written request for an appeal any and all documents, materials, or other evidence which claimant believes supports his or her claim for benefits. The written request for an appeal, together with all documents, materials, or other evidence which claimant believes supports his or her claim for benefits should be addressed to the Claims Administrator, who will be responsible for submitting the appeal for review to the Claims Appeal Administrator.

**5.07 The Appeal Process.** The Claims Administrator will submit the appeal to the Claims Appeal Administrator for review of the denial or partial denial of the claim. Within sixty (60) days after the receipt of claimant's appeal, claimant will be notified of the final decision of the Claims Appeal Administrator, unless, in the Claims Appeal Administrator's sole discretion, circumstances require an extension of this period for up to an additional sixty (60) days. If such an extension is required, the Claims Appeal Administrator shall notify claimant of this extension in writing before the expiration of the initial 60-day period. During the appeal, the Claims Appeal Administrator, in its sole discretion, reserves the right to request specific information from the claimant, and reserves the right to have the claimant examined or tested by person(s) employed or compensated by the Plan. The final decision of the Claims Appeal Administrator shall set forth in writing the facts and plan provisions upon which the decision is based. All decisions of the Claims Appeal Administrator are final and binding on all employees, Participants, their Beneficiaries, or other claimants.

**5.10 Judicial Proceedings for Benefits.** No claimant may file suit in court to obtain benefits under the Plan without first completely exhausting all stages of the claims review process set forth in this Article V of the Plan. In any event, no legal action seeking Plan benefits may be commenced or maintained against the Plan more than ninety (90) days after the Claims Appeal Administrator's decision on appeal.

## **ARTICLE VI**

### **AMENDMENT AND TERMINATION**

**6.01 General.** This Plan document and Exhibits A and B set forth all of the provisions of the Plan, and shall supersede any and all prior oral or written negotiations, commitments, understandings and writing with respect to retention benefits for Participants. The Board shall have the right, in its absolute discretion, at any time and from time to time, to modify or amend, in whole or in part, any or all of the provisions of this Plan, or suspend or terminate it entirely, subject to the provisions of Section 6.02 hereof. The provisions of this Article VI shall survive a

termination of the Plan unless such termination is agreed to by the Participants.

6.02 Restrictions on Amendment or Termination. Any amendment or modification to, or the termination of, the Plan shall be subject to the following restrictions:

(a) No amendment, modification, suspension or termination of the Plan (1) will be effective after the Closing; (2) may reduce the amount of benefits or adversely affect the manner of payment of benefits of any Participant or Beneficiary then receiving benefits in accordance with the terms of Article III; or (3) may adversely affect the rights of any Participant or Beneficiary with respect to any Retention Bonus already awarded; provided, however, that any amendment, modification, suspension or termination shall be effective if such is agreed to in writing and signed by the affected Participant or Beneficiary and by the Plan Administrator, or by their legal representatives and successors; and

(b) No provision of this Plan may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the affected Participant and by the Plan Administrator, or by their legal representatives and successors.

6.03 Successors. Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of its business and/or assets to expressly assume and agree to perform this Plan in the same manner the Plan would be performed if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Plan and shall entitle each Participant to compensation from the Company in the same amount and on the same terms as they would be entitled hereunder if terminated for Good Reason, except, for the purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the effective date of termination. Any successor or surviving entity that assumes or otherwise adopts this Plan as contemplated in this Section 6.03 shall succeed to all the rights, powers and duties of the Company and the Board hereunder, subject to the restrictions on amendment or termination of the Plan as set forth in Section 6.02.

## ARTICLE VII

### MISCELLANEOUS

7.01 Notices. Any notices or claims for benefits to Administrator under the Plan or the Agreement shall be in writing; shall be deposited in the mail, first class, registered or certified, return receipt requested, with proper postage prepaid; and shall be addressed as follows, unless changed otherwise by the Administrator in a writing addressed to Participant at the last known address in the possession of Participant's System employer:

Plan Administrator  
Messrs. C. Gary Clary & Darrell A. Guidroz Human Resources and  
Administration  
639 Loyola Avenue, 14th Floor  
New Orleans, LA 70113

Any notices or claims decisions Administrator is required to provide under the Plan or the Agreement shall be in writing; shall be deposited in the mail, first class, registered or certified, return receipt requested, with proper postage prepaid; and shall be addressed to Participant at the last known address in the possession of Participant's System employer. However, payments shall be made in the manner provided in Section 3.04.

7.02 Plan Provisions Control. The terms and conditions of the Plan shall be incorporated into the Agreement. In the event of a conflict between the provisions of the Plan and the Agreement, the provisions of the Plan shall control.

7.03 No Alienation. No Participant shall have any right to assign, pledge, hypothecate, anticipate or in any way create a lien upon any amounts payable hereunder. No amounts payable hereunder shall be subject to assignment or transfer or otherwise be alienable, either by voluntary or involuntary act or by operation of law, except as may be otherwise required by law in connection with marital dissolution or child support obligations, or be subject to attachment, execution, garnishment, sequestration or other seizure under any legal, equitable or other process.

7.04 No Mitigation. If Participant's employment with his System employer terminates, Participant is not required to seek other employment or to attempt in any way to reduce any amounts payable to Participant pursuant to Article III of the Plan. Further, the amount of any payment or benefit provided for under this Plan shall not be reduced by any compensation earned by Participant as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Participant to the System, or otherwise.

7.05 Indemnification. To the extent not covered by insurance, or if there is a failure to provide full insurance coverage for any reason, and to the extent permissible under applicable laws and regulations, the System employers agree to hold harmless and indemnify Administrator and its members against any and all claims and causes of action by or on behalf of any and all parties whomsoever, and all losses therefrom, including, without limitation, costs of defense and attorneys' fees, based upon or arising out of any act or omission relating to or in connection with the Plan and Trust other than losses resulting from any such person's fraud or willful misconduct.

7.06 No Right to Employment. Nothing in this Plan or the Agreement shall be deemed to give any person the right to be retained in the service of the System, be deemed to interfere with the right of a System employer to discharge any person, or in any other way to constitute a contract of employment.

7.07 Gender and Number. The masculine pronoun whenever used in the Plan shall include the feminine. Similarly, the feminine pronoun whenever used in the Plan shall include the masculine as the context or facts may require. Whenever any words are used herein in the singular, they shall be construed as if they were also used in the plural in all cases where the context so applies.

7.08 Captions. The captions of this Plan are not part of the provisions of the Plan and shall have no force and effect.

7.09 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

7.10 Controlling Law. The administration of the Plan shall be governed by the laws of the State of Delaware, without regard to the conflict of law principles of any state. Any persons or corporations who now are or shall subsequently become parties to the Plan shall be deemed to consent to this provision.

Entergy Arkansas, Inc.  
 Computation of Ratios of Earnings to Fixed Charges and  
 Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1996	1997	1998	1999	2000
Fixed charges, as defined:					
Total Interest Charges	\$106,716	\$104,165	\$96,685	\$97,023	\$101,600
Interest applicable to rentals	19,121	17,529	15,511	17,289	16,449
	-----				
Total fixed charges, as defined	125,837	121,694	112,196	114,312	118,049
Preferred dividends, as defined (a)	24,731	16,073	16,763	17,836	13,479
	-----				
Combined fixed charges and preferred dividends, as defined	\$150,568	\$137,767	\$128,959	\$132,148	\$131,528
	=====				
Earnings as defined:					
Net Income	\$157,798	\$127,977	\$110,951	\$69,313	\$137,047
Add:					
Provision for income taxes:					
Total	84,445	59,220	71,374	54,012	100,512
Fixed charges as above	125,837	121,694	112,196	114,312	118,049
	-----				
Total earnings, as defined	\$368,080	\$308,891	\$294,521	\$237,637	\$355,608
	=====				
Ratio of earnings to fixed charges, as defined	2.93	2.54	2.63	2.08	3.01
	=====				
Ratio of earnings to combined fixed charges and preferred dividends, as defined	2.44	2.24	2.28	1.80	2.70
	=====				

-----  
 (a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Entergy Gulf States, Inc.  
 Computation of Ratios of Earnings to Fixed Charges and  
 Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1996	1997	1998	1999	2000
Fixed charges, as defined:					
Total Interest charges	\$193,890	\$180,073	\$178,220	\$153,034	\$158,949
Interest applicable to rentals	14,887	15,747	16,927	16,451	18,307
	-----				
Total fixed charges, as defined	208,777	195,820	195,147	169,485	177,256
Preferred dividends, as defined (a)	48,690	30,028	32,031	29,355	15,742
	-----				
Combined fixed charges and preferred dividends, as defined	\$257,467	\$225,848	\$227,178	\$198,840	\$192,998
	=====				
Earnings as defined:					
Income (loss) from continuing operations before extraordinary items and the cumulative effect of accounting changes	(\$3,887)	\$59,976	\$46,393	\$125,000	\$180,343
Add:					
Income Taxes	102,091	22,402	31,773	75,165	103,603
Fixed charges as above	208,777	195,820	195,147	169,485	177,256
	-----				
Total earnings, as defined (b)	\$306,981	\$278,198	\$273,313	\$369,650	\$461,202
	=====				
Ratio of earnings to fixed charges, as defined	1.47	1.42	1.40	2.18	2.60
	=====				
Ratio of earnings to combined fixed charges and preferred dividends, as defined	1.19	1.23	1.20	1.86	2.39
	=====				

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

(b) Earnings for the year ended December 31, 1994, for GSU were not adequate to cover fixed charges combined fixed charges and preferred dividends by \$144.8 million and \$197.1 million, respectively.

Entergy Louisiana, Inc.  
 Computation of Ratios of Earnings to Fixed Charges and  
 Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1996	1997	1998	1999	2000
Fixed charges, as defined:					
Total Interest	\$132,412	\$128,900	\$122,890	\$117,247	\$111,743
Interest applicable to rentals	10,601	9,203	9,564	9,221	6,458
	-----				
Total fixed charges, as defined	143,013	138,103	132,454	126,468	118,201
Preferred dividends, as defined (a)	28,234	22,103	20,925	16,006	16,102
	-----				
Combined fixed charges and preferred dividends, as defined	\$171,247	\$160,206	\$153,379	\$142,474	\$134,303
	=====				
Earnings as defined:					
Net Income	\$190,762	\$141,757	\$179,487	\$191,770	\$162,679
Add:					
Provision for income taxes:					
Total Taxes	118,559	98,965	109,104	122,368	112,645
Fixed charges as above	143,013	138,103	132,454	126,468	118,201
	-----				
Total earnings, as defined	\$452,334	\$378,825	\$421,045	\$440,606	\$393,525
	=====				
Ratio of earnings to fixed charges, as defined	3.16	2.74	3.18	3.48	3.33
	=====				
Ratio of earnings to combined fixed charges and preferred dividends, as defined	2.64	2.36	2.75	3.09	2.93
	=====				

-----  
 (a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Entergy Mississippi, Inc.  
 Computation of Ratios of Earnings to Fixed Charges and  
 Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1996	1997	1998	1999	2000
Fixed charges, as defined:					
Total Interest	\$48,007	\$45,274	\$40,927	\$38,840	\$44,877
Interest applicable to rentals	2,165	1,947	1,864	2,261	1,596
	-----				
Total fixed charges, as defined	50,172	47,221	42,791	41,101	46,473
Preferred dividends, as defined (a)	7,610	5,123	4,878	4,878	5,347
	-----				
Combined fixed charges and preferred dividends, as defined	\$57,782	\$52,344	\$47,669	\$45,979	\$51,820
	=====				
Earnings as defined:					
Net Income	\$79,210	\$66,661	\$62,638	\$41,588	\$38,973
Add:					
Provision for income taxes:					
Total income taxes	41,107	26,744	28,031	17,537	22,868
Fixed charges as above	50,172	47,221	42,791	41,101	46,473
	-----				
Total earnings, as defined	\$170,489	\$140,626	\$133,460	\$100,226	\$108,314
	=====				
Ratio of earnings to fixed charges, as defined	3.40	2.98	3.12	2.44	2.33
	=====				
Ratio of earnings to combined fixed charges and preferred dividends, as defined	2.95	2.69	2.80	2.18	2.09
	=====				

-----  
 (a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Energy New Orleans, Inc.  
 Computation of Ratios of Earnings to Fixed Charges and  
 Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1996	1997	1998	1999	2000
Fixed charges, as defined:					
Total Interest	\$16,304	\$15,287	\$14,792	\$14,680	\$15,891
Interest applicable to rentals	831	911	1,045	1,281	1,008
	-----				
Total fixed charges, as defined	17,135	16,198	15,837	15,961	16,899
Preferred dividends, as defined (a)	1,549	1,723	1,566	1,566	1,643
	-----				
Combined fixed charges and preferred dividends, as defined	\$18,684	\$17,921	\$17,403	\$17,527	\$18,542
	=====				
Earnings as defined:					
Net Income	\$26,776	\$15,451	\$16,137	\$18,961	\$16,518
Add:					
Provision for income taxes:					
Total	16,216	12,142	10,042	13,030	11,597
Fixed charges as above	17,135	16,198	15,837	15,961	16,899
	-----				
Total earnings, as defined	\$60,127	\$43,791	\$42,016	\$47,952	\$45,014
	=====				
Ratio of earnings to fixed charges, as defined	3.51	2.70	2.65	3.00	2.66
	=====				
Ratio of earnings to combined fixed charges and preferred dividends, as defined	3.22	2.44	2.41	2.74	2.43
	=====				

-----  
 (a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

(b) Earnings for the twelve months ended December 31, 1991 include the \$90 million effect of the 1991 NOPSI Settlement.

System Energy Resources, Inc.  
 Computation of Ratios of Earnings to Fixed Charges and  
 Ratios of Earnings to Fixed Charges

	1996	1997	1998	1999	2000
Fixed charges, as defined:					
Total Interest	\$143,720	\$128,653	\$116,060	\$147,982	\$118,519
Interest applicable to rentals	6,223	6,065	5,189	3,871	5,753
	-----				
Total fixed charges, as defined	\$149,943	\$134,718	\$121,249	\$151,853	\$124,272
	=====				
Earnings as defined:					
Net Income	\$98,668	\$102,295	\$106,476	\$82,375	\$93,745
Add:					
Provision for income taxes:					
Total	82,121	74,654	77,263	53,851	81,263
Fixed charges as above	149,943	134,718	121,249	151,853	124,272
	-----				
Total earnings, as defined	\$330,732	\$311,667	\$304,988	\$288,079	\$299,280
	=====				
Ratio of earnings to fixed charges, as defined	2.21	2.31	2.52	1.90	2.41
	=====				

## Exhibit 21

The seven registrants, Entergy Corporation, System Energy Resources, Inc., Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc., are listed below:

	State or Other Jurisdiction of Incorporation
Entergy Corporation	Delaware
System Energy Resources, Inc. (a)	Arkansas
Entergy Arkansas, Inc. (a)	Arkansas
Entergy Gulf States, Inc. (a)	Texas
Entergy Louisiana, Inc. (a)	Louisiana
Entergy Mississippi, Inc. (a)	
Mississippi	
Entergy New Orleans, Inc. (a)	Louisiana

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(a) Entergy Corporation owns all of the Common Stock of System Energy Resources, Inc., Entergy Arkansas Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc.

**Exhibit 24**

February 21, 2001

TO: Nathan E. Langston  
John M. Adams, Jr.

Re: Power of Attorney; 2000 Form 10-K

Entergy Corporation, referred to herein as the Company, will file with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 2000 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

The Company and the undersigned persons, in their respective capacities as directors and/or officers of the Company, as specified in Attachment I, do each hereby make, constitute and appoint Nathan Langston and John M. Adams, Jr. and each of them, their true and lawful Attorneys (with full power of substitution) for each of the undersigned and in his or her name, place and stead to sign and cause to be filed with the Securities and Exchange Commission the aforementioned Annual Report on Form 10-K and any amendments thereto.

Yours very truly,

**ENTERGY CORPORATION**

*By: /s/ J. Wayne Leonard  
J. Wayne Leonard  
Chief Executive  
Officer  
and Director*

*/s/ Maureen S. Bateman*  
Maureen S. Bateman  
Director

*/s/ W. Frank Blount*  
W. Frank Blount  
Director

*/s/ George W. Davis*  
George W. Davis  
Director

*/s/ Norman C. Francis*  
Norman C. Francis  
Director

*/s/ J. Wayne Leonard*  
J. Wayne Leonard  
Chief Executive Officer  
Director

*/s/ Robert v.d. Luft*  
Robert v. d. Luft  
Chairman of the Board  
Director

*/s/ Thomas F. McLarty, III*  
Thomas F. McLarty, III  
Director

*/s/ Kathleen A. Murphy*  
Kathleen A. Murphy  
Director

*/s/ Paul W. Murrill*  
Paul W. Murrill  
Director

*/s/ James R. Nichols*  
James R. Nichols  
Director

*/s/ William A. Percy, II*  
William A. Percy, II  
Director

*/s/ Dennis H. Reilley*  
Dennis H. Reilley  
Director

*/s/ Wm. Clifford Smith*  
Steinhagen  
Wm. Clifford Smith  
Director

*/s/ Bismark A.*  
Bismark A. Steinhagen  
Director

*/s/ C. John Wilder*  
C. John Wilder  
Executive Vice President and  
Chief Financial Officer

## ATTACHMENT I

### **Entergy Corporation**

Chief Executive Officer and Director - J. Wayne Leonard (principal executive officer)

Executive Vice President and Chief Financial Officer - C. John Wilder  
(principal financial officer)

Directors - Maureen S. Bateman, W. Frank Blount, George W. Davis, Norman C. Francis, J. Wayne Leonard, Robert v.d. Luft, Thomas F. McLarty, III, Kathleen A. Murphy, Paul W. Murrill, James R. Nichols, William A. Percy, II, Dennis H. Reilley, Wm. Clifford Smith, Bismark A. Steinhagen.

February 21, 2001

TO: Nathan E. Langston  
John M. Adams, Jr.

Re: Power of Attorney; 2000 Form 10-K

Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and System Energy Resources, Inc. (collectively referred to herein as the Companies) will each file with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 2000 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

The Companies and the undersigned person, in their respective capacities as directors and/or officers of the Companies, as specified in Attachment I, do each hereby make, constitute and appoint Nathan Langston and John M. Adams, Jr. and each of them, their true and lawful Attorneys (with full power of substitution) for each of the undersigned and in his or her name, place and stead to sign and cause to be filed with the Securities and Exchange Commission the aforementioned Annual Report on Form 10-K and any amendments thereto.

Yours very truly,

ENTERGY ARKANSAS, INC. (hereinafter "EAI") ENTERGY GULF STATES, INC. (hereinafter "EGSI") ENTERGY LOUISIANA, INC. (hereinafter "ELI") ENTERGY MISSISSIPPI, INC. (hereinafter "EMI") ENTERGY NEW ORLEANS, INC. (hereinafter "ENOI") SYSTEM ENERGY RESOURCES, INC. (hereinafter "SERI")

*/s/ Hugh T. McDonald*  
HUGH T. McDONALD  
Chairman, President, and Chief  
Executive Officer of Entergy  
Gulf  
Arkansas, Inc.

*/s/ E. Renae Conley*  
E. RENAE CONLEY  
President and Chief Executive  
Officer - Louisiana of Entergy  
States, Inc. and Chairman,  
President and Chief Executive  
Officer of Entergy Louisiana, Inc.

*/s/ Joseph F. Domino*  
JOSEPH F. DOMINO  
Chairman, President and Chief  
Executive Officer - Texas  
of Entergy Gulf States, Inc.

*/s/ Carolyn C. Shanks*  
CAROLYN C. SHANKS  
Chairman, President, and Chief  
Executive Officer  
of Entergy Mississippi, Inc.

*/s/ Daniel F. Packer*  
DANIEL F. PACKER  
Chairman, President, and Chief  
Executive Officer  
of Entergy New Orleans, Inc.

*/s/ Jerry W. Yelverton*  
JERRY W. YELVERTON  
Chairman, President, and Chief  
Executive Officer  
of System Energy Resources, Inc.

*/s/ Joseph F. Domino  
Joseph F. Domino  
Director, Chairman of the  
Board, President and Chief  
Chief  
Executive Officer-Texas of  
EGSI*

*/s/ Carolyn C. Shanks  
Carolyn C. Shanks  
Director, Chairman of the  
Board, President and  
Executive Officer of EMI*

*/s/ Donald C. Hintz  
Donald C. Hintz  
Director of EAI, EGSI,  
ELI, EMI, ENOI and SERI  
Chief*

*/s/ Hugh T. McDonald  
Hugh T. McDonald  
Director, Chairman of the  
Board, President and  
Executive Officer of EAI*

*/s/ Jerry D. Jackson  
Jerry D. Jackson  
Director, of EAI, EGSI,  
ELI, EMI & ENOI  
Chief*

*/s/ Jerry W. Yelverton  
Jerry W. Yelverton  
Director, Chairman of the  
Board, President and  
Executive Officer of SERI*

*/s/ Daniel F. Packer  
Daniel F. Packer  
Director, Chairman of the  
Board, President and Chief  
Executive Officer of ENOI*

*/s/ C. John Wilder  
C. John Wilder  
Director, Executive Vice  
President and Chief  
Financial Officer of EAI,  
EGSI, ELI, EMI, ENOI and  
SERI*

*/s/ E. Renae Conley  
E. Renae Conley  
Director of ELI and EGSI,  
Chairman of the Board,  
President and Chief  
Executive Officer of ELI,  
President and Chief  
Executive Officer -  
Louisiana of EGSI*

## ATTACHMENT I

### **Entergy Arkansas, Inc.**

Chairman of the Board, President and Chief Executive Officer - Hugh T. McDonald (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Hugh T. McDonald, Donald C. Hintz and C. John Wilder and Jerry D. Jackson

### **Entergy Gulf States, Inc.**

Chairman of the Board, President and Chief Executive Officer- Texas - Joseph F. Domino (principal executive officer); President and Chief Executive Officer-Louisiana - E. Renae Conley, (principal executive officer), Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Jerry D. Jackson, Joseph F. Domino, Donald C. Hintz, C. John Wilder and E. Renae Conley

### **Entergy Louisiana, Inc.**

Chairman of the Board, President and Chief Executive Officer - E. Renae Conley (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Donald C. Hintz, Jerry D. Jackson, C. John Wilder and E. Renae Conley

### **Entergy Mississippi, Inc.**

Chairman of the Board, President and Chief Executive Officer - Carolyn C. Shanks (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Donald C. Hintz, Carolyn C. Shanks, C. John Wilder and Jerry D. Jackson

### **Entergy New Orleans, Inc.**

Chairman of the Board, President and Chief Executive Officer - Daniel F. Packer (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Donald C. Hintz, Daniel F. Packer, C. John Wilder and Jerry D. Jackson

### **System Energy Resources, Inc.**

Chairman of the Board, President and Chief Executive Officer - Jerry W. Yelverton (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

**Directors - Donald C. Hintz, C. John Wilder and Jerry W. Yelverton**

# End of Filing