

**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, 1996**

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) 529-5262	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
1-2703	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) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 529-5262	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) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 529-5262	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

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**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 - 235,117,712 Shares outstanding at February 28, 1997	New York Stock Exchange, Inc. Chicago Stock Exchange Incorporated Pacific Stock Exchange Incorporated
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 \$8.80 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. New York Stock Exchange, Inc.
	Preference Stock, Cumulative, without Par Value \$1.75 Dividend Series	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, Inc.	12.64% Preferred Stock, Cumulative, \$25 Par Value	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, \$25 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 X 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 \$6.2 billion based on the reported last sale price of such stock on the New York Stock Exchange on February 28, 1997. Entergy Corporation is 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 9,

1997, are incorporated by reference into Part 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.

Investors are cautioned that forward-looking statements contained herein with respect to the revenues, earnings, competitive performance, or other prospects for the business of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy, or their affiliated companies may be influenced by factors that could cause actual outcomes an  be materially different than projected.

Such factors include, but are not limited to, the effects of weather, the performance of generating units, fuel prices, and



## 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	Arkansas Nuclear One Steam Electric Generating Station (nuclear), owned by Entergy Arkansas
ANO 1	Unit No. 1 of ANO
ANO 2	Unit No. 2 of ANO
APB	Accounting Principles Board
APSC	Arkansas Public Service Commission
Availability Agreement amended, Entergy New	Agreement, dated as of June 21, 1974, as among System Energy and Entergy Arkansas, Louisiana, Entergy Mississippi, and Entergy Orleans, and the assignments thereof
Cajun	Cajun Electric Power Cooperative, Inc.
Capital Funds Agreement amended, and	Agreement, dated as of June 21, 1974, as between System Energy and Entergy Corporation, the assignments thereof
CitiPower	CitiPower Ltd.
City of New Orleans or City	New Orleans, Louisiana
Council	Council of the City of New Orleans, Louisiana
D.C. Circuit of	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
domestic utility companies Entergy New	Entergy Arkansas, Entergy Gulf States, Louisiana, Entergy Mississippi, and Entergy Orleans, collectively
EPA	Environmental Protection Agency
EPAct	Energy Policy Act of 1992
Entergy and	Entergy Corporation and its various direct and indirect subsidiaries
Entergy Arkansas &	Entergy Arkansas, Inc., formerly Arkansas Power & Light Company

Entergy Corporation Entergy Corporation, a Delaware corporation, successor to Entergy Corporation, a Florida corporation

**Entergy Enterprises Entergy Enterprises, Inc.**

Entergy Gulf States Entergy Gulf States, Inc., formerly Gulf States Utilities Company (including wholly owned subsidiaries - Varibus Corporation, GSG&T, Inc., Prudential Oil & Gas, Inc., and Southern Gulf Railway Company)  
Entergy Louisiana Entergy Louisiana, Inc., formerly Louisiana Power & Light Company

Entergy Mississippi Entergy Mississippi, Inc., formerly Mississippi Power & Light Company

Entergy New Orleans Entergy New Orleans, Inc., formerly New Orleans Public Service Inc.

**Entergy Operations Entergy Operations, Inc.**

Entergy Power Entergy Power, Inc.  
Entergy Services Entergy Services, Inc.  
EPMC Entergy Power Marketing Corporation  
ETHC Entergy Technology Holding Company  
EWG Exempt Wholesale Generator  
FASB Financial Accounting Standards Board  
FERC Federal Energy Regulatory Commission  
FUCO Foreign Utility Company  
G&R General and Refunding  
Grand Gulf Station Grand Gulf Steam Electric Generating (nuclear), owned 90% by System Energy  
Grand Gulf 1 Unit No. 1 of Grand Gulf  
Grand Gulf 2 Unit No. 2 of Grand Gulf  
Independence owned Independence Steam Electric Station (coal), 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 11% by Entergy Power  
IRS Internal Revenue Service  
kWh kilowatt-hour(s)

## London Electricity London Electricity plc

LPSC	Louisiana Public Service Commission
MCF	1,000 cubic feet of gas
Merger on States and	The combination transaction, consummated December 31, 1993, by which Entergy Gulf became a subsidiary of Entergy Corporation and Entergy Corporation became a Delaware corporation
MPSC	Mississippi Public Service Commission
MW	Megawatt(s)
Nelson Unit 6 Electric Gulf	Unit No. 6 (coal) of the Nelson Steam Generating Station, owned 70% by Entergy States
NISCO	Nelson Industrial Steam Company
1991 NOPSI Settlement among Alliance	Agreement, retroactive to October 4, 1991, Entergy New Orleans, the Council, and the

for Affordable Energy, Inc. (local consumer advocate group), which settled certain Grand Gulf 1 prudence issues and certain litigation related to the resolution adopted by the Council on February 4, 1988, disallowing Entergy New Orleans' recovery of \$135 million of previously deferred Grand Gulf 1-related costs

### 1994 NOPSI

Settlement between which a and the NRC PRP entity of PUCT PUHCA as PURPA Rate Cap electric the of settlement the be	Settlement effective January 1, 1995, Entergy New Orleans and the Council in Entergy New Orleans agreed to implement permanent reduction in electric and gas rates resolve disputes with the Council in interpretation of the 1991 NOPSI Settlement Nuclear Regulatory Commission Potentially Responsible Party (a person or that may be responsible for remediation environmental contamination) Public Utility Commission of Texas Public Utility Holding Company Act of 1935, amended Public Utility Regulatory Policies Act The level of Entergy Gulf States' retail base rates in effect at December 31, 1993, for Louisiana retail jurisdiction, and the level such rates in effect prior to the agreement with the PUCT on July 21, 1994, for Texas retail jurisdiction, which may not exceeded before December 31, 1998
Reallocation Agreement 13, Arkansas, Entergy the	1981 Agreement, superseded in part by a June 1985 decision of FERC, among Entergy Entergy Louisiana, Entergy Mississippi, New Orleans, and System Energy relating to sale of capacity and energy from Grand Gulf
Ritchie 2 Electric	Unit No. 2 of the R. E. Ritchie Steam Generating Station (gas/oil)
River Bend Station	River Bend Steam Electric Generating (nuclear), owned 70% by Entergy Gulf States
RUS Rural	Rural Utility Services (formerly the Electrification Administration or "REA")
SEC	Securities and Exchange Commission
SFAS Standards, Standards	Statement of Financial Accounting promulgated by the Financial Accounting Board



## PART I

### Item 1. Business

#### BUSINESS OF ENTERGY

##### General

Entergy Corporation is a Delaware corporation which, through its direct and indirect subsidiaries, engages in the domestic and foreign electric utility business, other domestic energy-related enterprises, and telecommunications-based businesses. It has no significant assets other than the stock of its subsidiaries. Entergy Corporation is registered as a public utility holding company under PUHCA. As such, Entergy Corporation and its various direct and indirect subsidiaries (with the exception of its EWG, FUCO, and ETHC subsidiaries) are subject to the broad regulatory provisions of PUHCA. PUHCA historically has limited the operations of registered holding companies to a single, integrated public utility system and functionally related activities.

##### Domestic Operations and Investments

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, 1996, these utility companies provided retail electric service to approximately 2.4 million customers in portions of the states of Arkansas, Louisiana, Mississippi, Tennessee, 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 these domestic utility companies is subject to seasonal fluctuations, with the peak period occurring during the third quarter of each year. During 1996, these domestic utility companies' combined electric sales as a percentage of total electric sales were: residential - 26.5%; commercial - 19.9%; and industrial - 41.5%. Electric revenues from these sectors as a percentage of total electric revenues were:

residential - 35.3%; commercial - 24.4%; and industrial - 30.8%. Sales to governmental and municipal sectors and to nonaffiliated utilities accounted for the balance of energy sales. The major industrial customers of these companies are in the chemical processing, petroleum refining, paper products, and food products industries. The retail rates and services of Entergy's domestic retail utility subsidiaries are regulated by state and/or local utility regulatory bodies.

Entergy Corporation owns directly all of the common stock of Entergy Power, a Delaware corporation and domestic power producer that owns 725 MW of fossil-fueled generating assets located in Arkansas. Entergy Power markets electric capacity and energy in the wholesale market. 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 the Grand Gulf nuclear plant. System Energy sells 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 (see "CAPITAL REQUIREMENTS AND FUTURE FINANCING - Certain System Financial and Support Agreements - Unit Power Sales Agreement," below). Both Entergy Power's and System Energy's wholesale power sales are subject to the jurisdiction of FERC.

Entergy Services, Inc., a Delaware corporation wholly-owned by Entergy Corporation, provides general executive, advisory, administrative, accounting, legal, engineering, and other services primarily to the domestic utility companies of Entergy Corporation, but also to Entergy Enterprises. 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 Services and Entergy Operations provide their services to Entergy's domestic retail electric utility subsidiaries, generally at cost, pursuant to service agreements approved by the SEC under PUHCA.

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 subsidiary incorporated in Louisiana that implements and/or maintains certain programs to procure, deliver, and store fuel supplies for those companies and for Entergy Gulf States.

Entergy Gulf States has wholly-owned subsidiaries that (i) 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 for the purpose of transporting coal for use as boiler fuel at Entergy Gulf States' Nelson Unit 6 generating facility.

Entergy Enterprises is a wholly-owned nonutility subsidiary of Entergy Corporation incorporated under Louisiana law, which invests in and develops energy-related projects and businesses. Entergy Enterprises, directly or through subsidiaries, markets energy-related expertise, products, and services to third parties and provides services to certain nonutility companies owned by Entergy. Services provided to third-parties include (i) energy management; (ii) management, operations and maintenance services for fossil and nuclear generating plants; and (iii) energy efficient lighting, heating, and cooling systems.

Entergy Power Marketing Corporation, a Delaware corporation, is a wholly-owned subsidiary of Entergy Corporation that is in the business of marketing electricity and generating fuels to third parties. It has applied to the SEC for authority to deal in a wide range of energy commodities and related financial products.

During 1996, Entergy entered into several telecommunications-based businesses, including primarily security monitoring firms operating in North and South Carolina, Alabama, and Florida. These businesses are owned through Entergy Technology Holding Company, a wholly-owned Delaware subsidiary of Entergy Corporation. Entergy Technology Holding Company intends to engage in a variety of telecommunications based enterprises that are exempt from regulation under PUHCA.

### Foreign Operations and Investments

Since 1993, Entergy Corporation has directly or indirectly acquired interests in a number of foreign utility businesses. Entergy Corporation's indirect wholly-owned Australian subsidiary, CitiPower, was acquired in 1996. CitiPower is principally engaged in the electric distribution business in Melbourne, Australia, where it serves approximately 238,000 retail customers. Entergy Corporation also indirectly owns a 5% interest in Edesur, S.A., which is the retail electric distribution company for about 1.9 million customers in Buenos Aires, Argentina. In addition, on February 7, 1997, Entergy Corporation acquired a controlling stock interest in London Electricity plc, a regional electric company that is principally engaged in the distribution of electricity for approximately 2 million customers in and around London, England. London Electricity also engages in other business activities, including ownership of an interest in a 1,000 MW gas-fired combined cycle generating station and several private electric distribution systems.

Other foreign electric generation and transmission assets in which Entergy Corporation owns an interest are set forth below:

Investment Ownership	Percent
Argentina - Costanera, 1,260 MW	6%
Argentina - Costanera, expansion, 220 MW	10%
Pakistan - Hub River, 1,292 MW	7%
Peru - Edegel - 793 MW	21%
Argentina - Transener (transmission 5,000 miles)	10%

As of December 31, 1996, Entergy Corporation had a net investment of \$812 million in equity capital in businesses other than its domestic retail utility businesses. Entergy Corporation continues to seek opportunities to expand its domestic and foreign businesses that are not regulated by domestic state and local utility regulatory authorities. Entergy Corporation's continued acquisition of and investments in certain foreign and domestic businesses is subject to regulation (including the effect of exemptive provisions) under PUHCA.

International operations are subject to the risks inherent in conducting business abroad, including possible nationalization or expropriation, price and currency exchange controls, limitations on foreign participation in local energy-related enterprises, and other restrictions. Changes in the relative value of currencies occur from time to time and their effects may be favorable or unfavorable on the results of operations and statement of cash flows. In addition, there are exchange control restrictions in certain countries related to the repatriation of earnings.

### Selected Data

Selected domestic customer and sales data for 1996 are summarized in the following tables:

Area Served		Customers as of December 31, 1996	
		Electric	Gas
Entergy Arkansas	Portions of Arkansas and Tennessee	614,748	-
Entergy Gulf States	Portions of Texas and Louisiana	629,583	87,384
Entergy Louisiana	Portions of Louisiana	617,378	-
Entergy Mississippi	Portions of Mississippi	375,456	-
Entergy New Orleans	City of New Orleans, except Algiers, which is provided electric service by Entergy Louisiana	188,913	151,528
Total		2,426,078	238,912
		=====	=====

#### 1996 - Selected Electric Energy Sales Data

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Total (a)
(Millions of kWh)							
Electric Department:							
Sales to retail customers	17,134	31,551	30,843	11,272	5,526	-	96,326
Sales for resale:							
- Affiliates	10,471	656	143	1,368	66	8,302	-
- Others	6,720	2,148	982	521	212	-	10,583
Total	34,325	34,355	31,968	13,161	5,804	8,302	106,909
Steam Department:							
- Sales to steam products customer	-	1,826	-	-	-	-	1,826
TOTAL	34,325	36,181	31,968	13,161	5,804	8,302	108,735
=====							
Average use per residential customer (kWh)	11,497	14,673	14,579	13,613	11,696	-	13,455
=====							

(a) Includes the effect of intercompany eliminations.

Entergy New Orleans sold 18,192,798 MCF of natural gas to retail customers in 1996. Revenues from natural gas operations for each of the three years in the period ended December 31, 1996, were material for Entergy New Orleans, but not material for Entergy (see "INDUSTRY SEGMENTS" below for a description of Entergy New Orleans' business segments).

Entergy Gulf States sold 7,325,289 MCF of natural gas to retail customers in 1996. Revenues from natural gas operations for each of the three years in the period ended December 31, 1996, were not material for Entergy Gulf States.

See "ENTERGY CORPORATION AND SUBSIDIARIES SELECTED FINANCIAL DATA - - FIVE-YEAR COMPARISON," and "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON OF 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, 1996, Entergy had 13,363 employees as follows:

Full-time:  
     Entergy Corporation  
 -  
     Entergy Arkansas  
 1,455  
     Entergy Gulf States  
 1,566  
     Entergy Louisiana  
 756  
     Entergy Mississippi  
 742  
     Entergy New Orleans  
 328  
     System Energy  
 -  
     Entergy Operations  
 3,728  
     Entergy Services  
 2,940  
     Other subsidiaries  
 1,713  
  
 -----  
     Total Full-time  
 13,228  
     Part-time  
 135  
  
 -----  
     Total Entergy  
 13,363  
  
 =====

## Competition

Refer to "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS" for a detailed discussion of competitive challenges Entergy faces in the utility industry, including the recent filings of the domestic utility companies with their respective state and local regulatory authorities addressing transition to competition.

## CAPITAL REQUIREMENTS AND FUTURE FINANCING

Construction expenditures for the domestic utility companies and System Energy (including environmental expenditures, which are immaterial, and AFUDC, but excluding nuclear fuel) for the period 1997-1999 are estimated as follows:

Total	1997	1998	1999
		(In Millions)	
Entergy Arkansas \$541	\$159	\$186	\$196
Entergy Gulf States 437	140	147	150
Entergy Louisiana 300	102	99	99
Entergy Mississippi 197	63	66	68
Entergy New Orleans 84	27	28	29
System Energy 63	19	21	23

With the exception of Entergy Arkansas, no significant construction costs are expected in connection with the domestic utility companies' generating facilities. Projected construction expenditures for the replacement of ANO 2's steam generators are included in Entergy Arkansas' estimated figures above. See Note 9 for additional information. Actual construction costs may vary from these estimates because of a number of factors, including changes in load growth estimates, changes in environmental regulations, modifications to nuclear units to meet regulatory requirements, increasing costs of labor, equipment and materials, and cost of capital. In addition to construction expenditure requirements, Entergy must meet scheduled long-term debt and preferred stock maturities and cash sinking fund requirements. See Notes 4, 5, 6, and 7 for further capital requirements and financing information.

Entergy Corporation's primary capital requirements are to invest periodically in, or make loans to, its subsidiaries and to invest in new enterprises. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES," for additional discussion of Entergy Corporation's current and future planned investments in its subsidiaries and financial sources for such investments. The principal source of funds for Entergy Corporation is dividend distributions from its subsidiaries. Certain events, such as the River Bend issues discussed in Notes 2 and 9, could limit the amount of these distributions. Substantial write-offs or charges resulting from adverse rulings in this matter could adversely affect Entergy Gulf States' ability to pay dividends.

### Certain System 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 and energy from System Energy's 90% ownership and leasehold interests in Grand Gulf 1 (and the related costs) to Entergy Arkansas (36%), Entergy Louisiana (14%), Entergy Mississippi (33%), and Entergy New Orleans (17%). Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans make payments to System Energy for their respective entitlements 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 payments from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. Payments made by Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans under the Unit Power Sales Agreement are generally recovered through rates. 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. See Note 2 for further information regarding 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. It also provided that System Energy 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 available 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.

Under the Availability Agreement, as amended to date:

- the obligations of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans for payments for Grand Gulf 1 became effective upon commercial operation of Grand Gulf 1 on July 1, 1985;
- the sale of capacity and energy generated by Grand Gulf is governed by the Unit Power Sales Agreement;
- 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 rather than in the month the write-off was recognized on System Energy's books; and
- 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%.

As noted above, the Unit Power Sales Agreement provides for different allocation percentages for sales of capacity and energy from Grand Gulf 1. However, the allocation percentages under the Availability Agreement 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 by Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans to System Energy 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 under "Sale and Leaseback Transactions - Grand Gulf 1 Lease Obligations (System Energy)." 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 (if, for example, 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 shall make payments directly to System Energy. However, if there is an event of default, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans must make those payments 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. Other aspects of the Availability Agreement, including the obligations of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans to make subordinated advances, are subject to the jurisdiction of the SEC under PUHCA, whose approval has been obtained. 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.

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. Accordingly, no payments under the Availability Agreement by Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans have ever been required. In the event such payments were required, the ability of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans to recover from their customers amounts paid under the Availability Agreement, or under the assignments thereof, would depend upon the outcome of rate proceedings before state and local regulatory authorities. In view of the controversies that arose over the allocation of capacity and energy from Grand Gulf 1 pursuant to the Unit Power Sales Agreement, opposition to full recovery would be likely and the outcome of such proceedings, should they occur, is not predictable.

The Availability 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 Availability Agreement.

#### **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 under any circumstances.

Entergy Corporation has entered into various supplements to the Capital Funds Agreement, and 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 (System Energy)." 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 domestic utility companies' retail rates are regulated by state and/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 System 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.

On December 12, 1995, System Energy implemented a \$65.5 million rate increase, subject to refund. Refer to Note 2 for a discussion of the rate increase request filed by System Energy with FERC.

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

The domestic utility companies engage 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.

In connection with the Merger, FERC approved certain rate schedule changes to integrate Entergy Gulf States into the System Agreement. Certain commitments were also adopted to assure that the ratepayers of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans will not be allocated higher costs. Such commitments included: (i) a tracking mechanism to protect these companies from certain unexpected increases in fuel costs; (ii) the exclusion of Entergy Gulf States from the distribution of profits from power sales contracts entered into prior to the Merger; (iii) a methodology to estimate the cost of capital in future FERC proceedings; and (iv) a stipulation that these companies be insulated from certain direct effects on capacity equalization payments if Entergy Gulf States should acquire Cajun's 30% share in River Bend. See "Regulation - Other Regulation and Litigation," for information on appeals of FERC Merger orders and related pending rate schedule changes.

In the December 15, 1993, order approving the Merger, FERC also initiated a new proceeding to consider whether the System Agreement permits certain out-of-service generating units to be included in reserve equalization calculations under Service Schedule MSS-1 of that agreement. In connection with this proceeding, the LPSC and the MPSC submitted testimony seeking retroactive refunds for Entergy Louisiana and Entergy Mississippi (estimated at \$22.6 million and \$13.2 million, respectively). The FERC staff subsequently submitted testimony concluding that Entergy's treatment was reasonable. However, because it concluded that Entergy's treatment violated the tariff, FERC maintained that refunds of approximately \$7.2 million should be ordered. Entergy submitted testimony on September 23, 1994, describing the potential impacts (not including interest) on Service Schedule MSS- 1 calculations if extended reserve shutdown units were not included in the MSS-1 calculations during the period 1987 through 1993. Under such a theory, Entergy Louisiana and Entergy Mississippi would have been

overbilled by \$10.6 and \$8.8 million respectively, and Entergy Arkansas and Entergy New Orleans would have been underbilled by \$6.3 and \$13.1 million respectively. The amounts potentially subject to refund will continue to accrue while the case is pending.

On March 3, 1995, a FERC ALJ issued an opinion holding that the practice of including the out-of-service units in the reserve equalization calculations during the period 1987 through 1993 was not permitted by Service Schedule MSS-1 and, therefore, constituted a violation of the System Agreement. However, the ALJ found that the violation was in good faith and had benefited the customers of Entergy as a whole. Accordingly, the ALJ recommended that no retroactive refunds should be ordered. The ALJ also held that the System Agreement should be amended to allow out-of-service units to be included in reserve equalization as proposed in an offer of settlement filed by Entergy on February 16, 1994. The ALJ's opinion is subject to review by FERC. If FERC concurs with the finding that the System Agreement was violated, it would have the discretion to order that refunds be made. If that were to occur, certain domestic utility companies may be required to refund some or all of the amount by which they were underbilled pursuant to the System Agreement. The domestic utility companies cannot determine at this time whether they would be authorized to recover through retail rates any amounts associated with refunds that might be ordered by FERC in this proceeding. The matter remains pending before FERC.

On March 14, 1995, the LPSC filed a complaint with FERC alleging that the System Agreement results in unjust and unreasonable rates and requested that FERC order a hearing on this matter. The LPSC contended that the failure of the System Agreement to exclude curtailable load from the determination of a domestic utility company's responsibility for reserve equalization and transmission equalization costs results in an unjust and unreasonable cost allocation to the domestic utility companies that does not cause these costs to be incurred, and also results in cross-subsidization among the domestic utility companies. Further, the LPSC alleged that the mechanism by which the domestic utility companies purchase energy under the System Agreement results in unjust and unreasonable rates because it does not permit domestic utility companies that engage in real time pricing to be charged the marginal cost of the energy generated for the real time pricing customer. In May 1995, the LPSC amended its original complaint, asserting that the System Agreement should be revised to exclude curtailable load from the cost allocation determination due to conflicts with federal policies under PURPA and with Entergy's system planning philosophy. On August 5, 1996, FERC dismissed the LPSC's complaint and amended complaint. On September 30, 1996, FERC granted the LPSC's request for rehearing, solely for the purpose of affording FERC additional time for consideration of the matters raised on rehearing.

In June 1995, the APSC filed a complaint with FERC alleging that, because of changed circumstances, FERC's allocation of nuclear decommissioning costs is no longer just and reasonable. The APSC proposed that the System Agreement be amended to provide a new schedule that would equalize nuclear decommissioning costs according to load responsibility among the pre-Merger domestic utility companies. On December 17, 1996, the APSC notified FERC that it was withdrawing its complaint. The withdrawal became effective when FERC issued an order accepting the withdrawal on January 29, 1997.

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

On August 2, 1991, Entergy Services, as agent for Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Power, submitted to FERC (i) proposed tariffs that, subject to certain conditions, would provide to electric utilities "open access" to Entergy's integrated transmission system, and (ii) rate schedules providing for sales of wholesale power at market-based rates. FERC approved the filing in August 1992, and various parties filed appeals with the D.C. Circuit. The case was remanded to FERC in July 1994 for further proceedings. On October 31, 1994, Entergy Services, as agent for Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, filed revised transmission tariffs. On January 6, 1995, FERC issued an order accepting the tariffs for filing and made them effective, subject to refund. These tariffs provide both point-to-point and network transmission service, and are intended to provide "comparability of service" over the Entergy transmission network. In that order, FERC also ordered that Entergy Power's market pricing authority be investigated, thereby making Entergy Power's market price rate schedules subject to refund. An order in the market price rate investigation is expected to be issued in 1997. Entergy expects that no refunds relating to market base rates will be required.

On March 29, 1995, FERC issued a supplemental notice of proposed rulemaking (Mega-NOPR) which would require public utilities to provide non-discriminatory open access transmission service to wholesale customers, and which would also provide guidance on the recovery of wholesale and retail stranded costs. Under the proposal, public utilities would be required to file transmission tariffs for both point-to-point and network service. Model transmission tariffs were included in the proposal. With regard to pending proceedings, including Entergy's tariff proceeding, FERC directed the parties to proceed with their cases while taking into account FERC's views expressed in the proposed rule. Hearings relating to Entergy Services' open access tariffs concluded on February 22, 1996, and an initial decision was issued by the ALJ on May 21, 1996. The initial decision and offers of partial settlement discussed below are now pending before FERC awaiting a final decision.

In September 1995 and January 1996, Entergy Services filed offers of partial settlement accepting certain provisions of the transmission tariffs contained in the Mega-NOPR and resolving certain rate issues. The remaining rate and tariff issues will be resolved as part of FERC's rulemaking in the Mega-NOPR, or after scheduled hearings. In August 1995, EPMC filed an application for permission to make market-based sales, but subsequently asked that action not be taken on that request until the open access transmission service proceeding discussed above is resolved. On December 13, 1995, Entergy Services filed revised transmission tariffs in a separate proceeding proposing terms and conditions for open access transmission service that are substantially identical to the terms and conditions contained in the Mega-NOPR transmission tariffs with rates to be the same as those determined in the pending proceeding. On February 14, 1996, FERC accepted for filing the revised

transmission tariffs subject to the outcome of the pending proceeding and conditionally accepted EPMC's application for market-based sales. Subsequently, FERC accepted EPMC's application without condition.

In an April 1996 FERC order (Order No. 888), FERC issued its final rule on open access, nondiscriminatory transmission, and stranded costs. In July 1996, in response to this FERC order, Entergy Services filed, on behalf of the domestic utility companies, its open access pro forma tariff. This tariff, which supersedes the tariffs previously filed, is currently pending before FERC with respect to the rates for transmission service. The rates set forth in the July 1996 tariff are subject to the outcome of FERC action on the May 21, 1996 initial decision and the offers of partial settlement. On January 29, 1997, FERC accepted the non-rate terms and conditions of the July 1996 tariff, subject to limited modifications.

## **Retail Rate Matters**

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. The deferral period in which costs are incurred but not currently recovered has expired for all of these programs, and Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans are now recovering those costs that were previously deferred.

Entergy Gulf States is involved in several rate proceedings involving, among other things, recovery of costs associated with River Bend. Some rate relief has been received, but Entergy Gulf States has been unable to obtain recognition in rates for a substantial portion of its River Bend investment. Recovery of certain costs was disallowed while other costs were deferred for future recovery, held in abeyance pending further regulatory action, or treated as investments in deregulated assets. Rate proceedings and appeals relating to these issues are ongoing as discussed in "Entergy Gulf States" below.

As a means of minimizing the need for retail rate increases, Entergy is committed to containing costs to the greatest degree practicable. In accordance with this retail rate policy, some domestic utility companies have agreed to retail rate caps and/or rate freezes for specified periods of time.

The retail regulatory philosophy is shifting in some jurisdictions from traditional cost-of-service regulation to incentive-rate regulation. Management believes incentive and performance-based rate plans encourage efficiencies and productivity while permitting utilities and their customers to share in the resulting benefits. Entergy Mississippi and Entergy Louisiana have implemented incentive rate plans. Recognizing that many industrial customers have energy alternatives, Entergy continues to work with these customers to address their needs. In certain cases, competitive prices are negotiated using variable-rate designs.

Entergy has initiated proceedings with its state and local regulators regarding an orderly transition to a more competitive market for electricity. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS," for a discussion of the transition to competition filings made by Entergy Mississippi, Entergy Gulf States, Entergy Louisiana, and Entergy Arkansas with their state and local regulators.

Least Cost Integrated Resource Planning (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

Entergy continues to utilize integrated resource planning, also known as least cost planning, in order to compete more effectively in both retail and wholesale markets. Integrated resource planning is the development of integrated supply and demand side strategies to meet future electricity demands reliably, at the lowest possible cost, and in a more competitive manner.

In the fourth quarter of 1995, the domestic utility companies provided to their retail regulators (the APSC, the Council, the LPSC, the MPSC, and the PUCT) a new integrated resource plan, ("IRP"), for informational purposes only. The new IRP provides for a flexible resource strategy to meet Entergy's additional resource requirements over the next ten years. The integrated resource planning provides for the utilization of capacity currently in extended reserve shutdown to meet additional load growth, but also provides the flexibility to rely on short-term power purchases, upgrades to existing nuclear capacity, or cogeneration when these resources are more economical.

## **Entergy Arkansas**

### **Rate Freeze**

In connection with the settlement of various issues related to the Merger, Entergy Arkansas agreed that it will not request any general retail rate increase that would take effect before November 3, 1998, except for certain instances. See Note 2 for a discussion of the rate freeze as well as other aspects of the settlement agreement between Entergy Arkansas and the APSC.

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

Under the settlement agreement entered into with the APSC in 1985 and amended in 1988, Entergy Arkansas agreed to retain a portion of its Grand Gulf 1-related costs, recover a portion of such costs currently, and defer a portion of such costs for future recovery. In 1996 and subsequent years, Entergy Arkansas retains 22% of its 36% interest in Grand Gulf 1 costs and recovers the remaining 78%. Deferrals ceased in 1990, and Entergy Arkansas is recovering a portion of the previously deferred costs each year through 1998. As of December 31, 1996, the balance of deferred costs was \$228 million. Entergy Arkansas is permitted to recover on a current basis the incremental costs of financing the unrecovered deferrals.

Entergy Arkansas has the right to sell capacity and energy from its retained share of Grand Gulf 1 to third parties and to sell such energy to its retail customers at a price equal to Entergy Arkansas' avoided energy cost. Proceeds of sales to third parties of Entergy Arkansas' retained share of Grand Gulf 1 capacity and energy accrue to the benefit of Entergy Arkansas' stockholder.

## **Fuel Adjustment Clause**

Entergy Arkansas' retail rate schedules include a fuel adjustment clause to recover the excess cost of fuel and purchased power incurred in the second prior month. The fuel adjustment clause also contains a nuclear reserve fund provision designed to cover the cost of replacement energy during refueling outages at ANO, and an incentive provision that rewards or penalizes Entergy Arkansas depending on the performance of ANO.

## **Entergy Gulf States**

### **Rate Cap and Other Merger-Related Rate Agreements**

In 1993, the LPSC and the PUCT approved separate regulatory proposals, which included the implementation of a five-year Rate Cap on Entergy Gulf States' retail electric base rates in the respective states, and provisions for passing fuel and nonfuel savings created by the Merger to the customers. See Note 2 for a discussion of the Rate Cap as well as other aspects of the settlement agreement between Entergy Gulf States and the LPSC and the PUCT.

### **Recovery of River Bend Costs**

Entergy Gulf States deferred approximately \$369 million of River Bend operating and purchased power costs, depreciation, and accrued carrying charges, pursuant to a 1986 PUCT accounting order. Approximately \$182 million of these costs are being amortized over a 20-year period, and the remaining \$187 million was written off in the first quarter of 1996 in accordance with SFAS 121, as discussed below. As of December 31, 1996, the unamortized balance of the remaining costs was \$117 million. Entergy Gulf States deferred approximately \$400.4 million of similar costs pursuant to a 1986 LPSC accounting order, of which approximately \$40 million was unamortized as of December 31, 1996, and are being amortized over a 10-year period ending in February 1998.

In accordance with a phase-in plan approved by the LPSC, Entergy Gulf States deferred \$294 million of its River Bend costs related to the period February 1988 through February 1991. Entergy Gulf States has amortized \$225 million through December 31, 1996. The remainder of \$69 million will be recovered in 1997 and early 1998.

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

In 1988, the PUCT granted Entergy Gulf States a permanent increase in annual revenues of \$59.9 million resulting from the inclusion in rate base of approximately \$1.6 billion of company-wide River Bend plant investment and approximately \$182 million of related Texas retail jurisdiction deferred River Bend costs (Allowed Deferrals). At the same time, the PUCT disallowed as imprudent \$63.5 million of company-wide River Bend plant costs and placed in abeyance, with no finding as to prudence, approximately \$1.4 billion of company-wide River Bend plant investment and approximately \$157 million of Texas retail jurisdiction deferred River Bend operating and carrying costs (Abeyed Deferrals).

The PUCT's order has been the subject of several appellate proceedings, culminating in an appeal to the Texas Supreme Court (Supreme Court). On January 31, 1997, the Supreme Court issued an opinion reversing the PUCT's order and remanding the case to the PUCT for further proceedings. The Supreme Court found that the PUCT had prejudiced Gulf States' rights by attempting to defer a ruling on the abeyed plant costs and incorrectly determined the amount of federal income tax expense that should have been allowed in rates. The Supreme Court ruled that the PUCT could choose either to conduct hearings and take further evidence or to decide the case on the original evidence. On February 18, 1997, the Texas Office of Public Utility Counsel filed a motion for rehearing of the Supreme Court's decision, arguing that the Supreme Court's remand should have instructed the PUCT as to how the case should be dealt with on remand. Entergy Gulf States filed a brief in opposition to the motion for rehearing on February 25, 1997. Entergy Gulf States believes that it is unlikely that the Supreme Court will grant the motion for rehearing. No procedural schedule has yet been issued by the PUCT concerning the case on remand.

As of December 31, 1996, the River Bend plant costs disallowed for retail ratemaking purposes in Texas and the River Bend plant costs held in abeyance totaled (net of taxes and depreciation) approximately \$12 million and \$266 million, respectively. The Allowed Deferrals were approximately \$77 million, net of taxes and amortization, as of December 31, 1996. Entergy Gulf States estimates it has collected approximately \$204 million of revenues as of December 31, 1996, as a result of the originally ordered rate treatment by the PUCT of these deferred costs. If recovery of the Allowed Deferrals is not upheld, future refunds could be required and future revenues based upon the Allowed Deferrals could also be lost. However, management believes that it is probable that the Allowed Deferrals will continue to be recovered in rates.

As a result of the application of SFAS 121, Entergy Gulf States wrote off Abeyed Deferrals of \$169 million, net of tax, effective January 1, 1996. In light of the continuing proceedings before the PUCT and the courts (including the January 31, 1997 decision of the Texas Supreme Court), Entergy Gulf States has made no write-offs or reserves for the River Bend plant-related costs. At this time, management and legal counsel are unable to predict the amount of the abeyed and previously disallowed River Bend plant costs that may ultimately be allowed in Entergy Gulf States' Texas retail rates.

In prior proceedings involving other utilities, the PUCT has held that the original cost of nuclear power plants will be recoverable in electric rates to the extent those costs were prudently incurred. Entergy Gulf States has previously filed with the PUCT a cost reconciliation study prepared by Sandlin Associates, management consultants with expertise in the cost analysis of nuclear power plants, which supports the reasonableness of the River Bend costs held in abeyance by the PUCT. This reconciliation study determined that approximately 82% of the River Bend cost increase above the amount included by the PUCT in rate base was a result of changes in federal nuclear safety requirements, and provided other support for the remainder of the abeyed amounts. In particular, there have been four other rate proceedings in Texas involving nuclear power plants. Disallowed investment in the plants ranged from 0% to 15%. Each case was unique, and the disallowances in each were made for different reasons. Appeals of two of these PUCT decisions are currently pending. Based upon the PUCT's prior decisions, management believes that River Bend construction costs were prudently incurred and that it is reasonably possible that it will recover through rates, or otherwise through means such as a deregulated asset plan, all or substantially all of the abeyed River Bend plant costs. In the event of an adverse ruling in this case, an after-tax write off, as of December 31, 1996, of up to \$278 million could be required.

### **NISCO Unrecovered Costs**

In 1986, the PUCT ordered that the purchased power costs from NISCO in excess of Entergy Gulf States' avoided costs be disallowed. The PUCT disallowance resulted in approximately \$12 million to \$15 million of unrecovered purchased power costs on an annual basis, which Entergy Gulf States continued to expense as the costs were incurred. In April 1991, the Texas Supreme Court, on the appeal of such order, ordered the PUCT to allow Entergy Gulf States to recover purchased power payments in excess of its avoided cost in future proceedings if Entergy Gulf States established to the PUCT's satisfaction that the payments were reasonable and necessary expenses.

In January 1992, Entergy Gulf States applied to the PUCT for a new fixed fuel factor and requested a final reconciliation of fuel and purchased power costs incurred between December 1, 1986 and September 30, 1991. Entergy Gulf States proposed to recover net under-recoveries and interest (including under-recoveries related to NISCO) over a twelve-month period. In June 1993, the PUCT concluded that the purchased power payments made to NISCO in excess of Entergy Gulf States' avoided cost were not reasonably incurred. In October 1993, Entergy Gulf States appealed the PUCT's order to the Travis County District Court where the matter is still pending. As of December 31, 1996, Entergy Gulf States has expensed \$140.8 million of unrecovered purchased power costs and deferred revenue pending the appeal to the District Court. No assurance can be given as to the timing or outcome of the appeal.

### **Retail Rate Proceedings**

Refer to Note 2 for a discussion of additional retail rate proceedings which have been resolved during the current year and/or are currently outstanding in the regulatory jurisdictions in which Entergy Gulf States operates.

### **Fuel Recovery**

Entergy Gulf States' Texas rate schedules include a fixed fuel factor to recover fuel and purchased power costs not recovered in base rates. The fixed factor may be revised every six months in accordance with a schedule set by the PUCT for each utility. To the extent actual costs vary from the fixed factor, refunds or surcharges are required or permitted, respectively. Fuel costs are also subject to reconciliation proceedings every three years. Entergy Gulf States' Louisiana electric rate schedules include a fuel adjustment clause to recover the cost of fuel and purchased power costs in the second prior month, adjusted by a surcharge for deferred fuel expense arising from the monthly reconciliation of actual fuel cost incurred with fuel revenues billed to customers. See Note 2 for a discussion of the LPSC fuel cost reviews.

Entergy Gulf States' Louisiana gas rates include a purchased gas adjustment to recover the cost of purchased gas.

### **Steam Customer Contract**

In August 1996, Entergy Gulf States entered into agreements with its only steam customer whereby a generating facility will be leased to such customer beginning in August 1997, the expiration date of the previous contract. As a result of these arrangements, Entergy Gulf States'

annualized revenues are expected to decrease by approximately \$33 million, and its net income is expected to be reduced by approximately \$15 million annually. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - SIGNIFICANT FACTORS AND KNOWN TRENDS," for a further discussion.

## **Entergy Louisiana**

### **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 Waterford 3 and Entergy Louisiana's share of capacity and energy from Grand Gulf 1, subject to certain terms and conditions. With respect to Waterford 3, Entergy Louisiana was granted an increase aggregating \$170.9 million over the period 1985- 1988, and Entergy Louisiana agreed to permanently absorb, and not recover from retail ratepayers, \$284 million of its investment in the unit and to defer \$266 million of its costs related to the years 1985- 1988 to be recovered from April 1988 through June 1997. As of December 31, 1996, Entergy Louisiana's unrecovered deferral balance was \$5.7 million.

With respect to Grand Gulf 1, Entergy Louisiana agreed to retain, and not recover from retail ratepayers, 18% of its 14% share, or approximately 2.52%, of the costs of Grand Gulf 1's capacity and energy. 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**

In June 1995, in conjunction with the LPSC's rate review, a performance-based formula rate plan previously proposed by Entergy Louisiana was approved with certain modifications. See Note 2 for a discussion of Entergy Louisiana's performance-based formula rate plan.

### **Fuel Adjustment Clause**

Entergy Louisiana's rate schedules include a fuel adjustment clause to recover the cost of fuel and purchased power in the second prior month. The fuel adjustment also includes a surcharge for deferred fuel expense arising from the monthly reconciliation of actual fuel cost incurred with fuel revenues billed to customers.

## **Entergy Mississippi**

### **Retail Rate Proceedings**

Refer to Note 2 for a discussion of the retail rate proceedings which have been resolved during the current year and/or are currently outstanding in the regulatory jurisdictions in which Entergy Mississippi operates.

### **Rate Freeze**

In connection with the settlement of various issues related to the Merger, Entergy Mississippi agreed that it will not request any general retail rate increase to take effect before November 3, 1998, except for certain instances. See Note 2 for a discussion of the rate freeze as well as other aspects of the settlement agreement between Entergy Mississippi and the MPSC.

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

The MPSC granted Entergy Mississippi an annual base rate increase of approximately \$326.5 million in connection with its allocated share of Grand Gulf 1 costs. The MPSC also provided for the deferral of a portion of such costs that were incurred each year through 1992, and recovery of these deferrals over a period of six years ending in 1998. As of December 31, 1996, the uncollected balance of Entergy Mississippi's deferred costs was approximately \$247 million. Entergy Mississippi is permitted to recover the carrying charges on all deferred amounts on a current basis.

### **Formula Rate Plan**

Under a formulary incentive-rate plan (Formula Rate Plan) effective March 25, 1994, Entergy Mississippi's earned rate of return is calculated automatically every 12 months and compared to and adjusted against a benchmark rate of return (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. Refer to Note 2 for a discussion of the formula rate plan filing for the 1995 test year. The formula rate plan filing for the 1996 test year will be filed in March 1997.

## **Fuel Adjustment Clause**

Entergy Mississippi's rate schedules include a fuel adjustment clause that recovers changes in the cost of fuel and purchased power. The monthly fuel adjustment rate is based on projected sales and costs for the month, adjusted for differences between actual and estimated costs and kWh sales for the second prior month.

## **Entergy New Orleans**

### **Earnings Analysis Filings**

Refer to Note 2 for a discussion of the earnings analysis filings which have been resolved during the current year and/or are currently outstanding in the regulatory jurisdiction in which Entergy New Orleans operates.

### **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, 1996, the uncollected balance of Entergy New Orleans' deferred costs was \$136 million. The 1994 NPSI Settlement did not affect the scheduled Grand Gulf 1 phase-in rate increases.

## **Fuel Adjustment Clause**

Entergy New Orleans' electric rate schedules include a fuel adjustment clause to recover the cost of fuel in the second prior month, adjusted by a surcharge for deferred fuel expense arising from the monthly reconciliation of actual fuel incurred with fuel cost revenues billed to customers. The adjustment, on a monthly basis, also includes the difference between nonfuel Grand Gulf 1 costs paid by Entergy New Orleans and the estimate of such costs provided in Entergy New Orleans' Grand Gulf 1 rate settlements. Entergy New Orleans' gas rate schedules include an adjustment to reflect gas costs in excess of those collected in base rates, adjusted by a surcharge similar to that included in the electric fuel adjustment clause.

## **Regulation**

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

### **PUHCA**

As a public utility holding company registered under PUHCA, Entergy Corporation and its various direct and indirect subsidiaries (with the exception of its EWG, FUCO, and ETHC subsidiaries) are subject to the broad regulatory provisions of PUHCA. Except with respect to investments in certain domestic power projects, foreign utility company projects, and telecommunication projects, PUHCA limits the operations of a registered holding company system to a single, integrated public utility system, plus additional systems and businesses.

Entergy Corporation and other electric utility holding companies have supported legislation in the United States Congress which would 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 already performed by FERC and state and local regulators. In June 1995, the SEC adopted a report proposing options for the repeal or significant modification of PUHCA and proposed rule changes that would reduce the regulations governing utility holding companies. One rule change adopted as a result of such proposals eliminated the requirement to receive prior authorization for capital contributions made by a parent company to its nonutility subsidiary companies and for financing its nonutility subsidiary companies. Such rule was appealed to the D.C. Circuit by the City of New Orleans, and the appeal was subsequently denied in January 1996.

### **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 licensing of certain hydroelectric projects, the transmission and wholesale sale of electric energy in interstate commerce, and certain other activities, including accounting policies and practices. Such regulation includes jurisdiction over the rates charged by System Energy for capacity and energy provided to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans from Grand Gulf 1.

Entergy Arkansas holds a license for two hydroelectric projects (70 MW) that was renewed on July 2, 1980. This license, granted by FERC, expires in February 2003.

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, operation of nuclear plants is intensively 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 a portion 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. Revised safety requirements promulgated by the NRC have, in the past, necessitated substantial capital expenditures at these nuclear plants, and additional such 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 the plant sites. For further information concerning spent fuel disposal contracts with the DOE, schedules for initial shipments of spent nuclear fuel, current on-site storage capacity, and costs of providing additional on-site storage, see Note 9.

## **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 its own waste, and states may participate in regional compacts to fulfill their responsibilities jointly. The States of Arkansas and Louisiana participate in the Central Interstate Low Level Radioactive Waste Compact (Central States Compact), and the State of Mississippi participates in the Southeast Low Level Radioactive Waste Compact (Southeast Compact). Two disposal sites are currently operating in the United States, but only one site, the Barnwell Disposal Facility (Barnwell), located in South Carolina and operated by the Southeast Compact, is open to out-of-region generators. The availability of Barnwell provides only temporary relief from low-level radioactive waste storage and does not alleviate the need to develop new disposal capacity.

Both the Central States Compact and the Southeast Compact are working to establish additional disposal sites. Entergy, along with other waste generators, funds the development costs for new disposal facilities. To date, Entergy's expenditures for the development of new disposal facilities total approximately \$50 million. Future levels of expenditures are difficult to predict. The current schedule for the site development in both the Central States Compact and the Southeast Compact projects that the new facilities will not be operational before 2000. Due to the political and emotional nature of siting low-level radioactive waste disposal facilities, future delays can be anticipated. 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 from ratepayers portions of their estimated decommissioning costs for ANO, River Bend, Waterford 3, and Grand Gulf 1, respectively. These amounts are deposited in trust funds that, 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, and applications are periodically made to appropriate regulatory authorities to reflect in rates any future changes in projected decommissioning costs. For additional information with respect to decommissioning costs for ANO, River Bend, Waterford 3, and Grand Gulf 1, see Note 9.

The EPA Act 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, adjusted for inflation, up to a total of \$2.25 billion over approximately 15 years, for decontamination and decommissioning of enrichment facilities. In accordance with the EPA Act, contributions to decontamination and decommissioning funds are recovered through rates in the same manner as other fuel costs. See Note 9 for the estimated annual contributions by Entergy for decontamination and decommissioning fees.

## **Nuclear Insurance**

The Price-Anderson Act limits public liability for a single nuclear incident to approximately \$8.92 billion. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy have protection with respect to this liability through a combination of private insurance and an industry assessment program, and also have insurance for property damage, costs of replacement power, and other risks relating to nuclear generating units. For a discussion of insurance applicable to the nuclear programs of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy, see Note 9.

## **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, and the other Grand Gulf 1 and River Bend co-owners, have retained their ownership interests in their respective nuclear generating units. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy have also retained their associated capacity and energy entitlements, and pay directly or reimburse Entergy Operations at cost for its operation of the units.

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

Entergy Operations has made periodic inspections and repairs on ANO 2's steam generators. In October 1996, Entergy Corporation's Board of Directors authorized Entergy Operations to negotiate a contract, with appropriate cancellation provisions, for the fabrication and replacement of the steam generators at ANO 2. Entergy Operations estimates the cost of fabrication and replacement of the steam generators to be approximately \$150 million. A letter of intent for the fabrication has been signed by Entergy Operations, which includes a commitment for not more than \$3.2 million, and a contract is expected to be entered into in 1997. If the contract to purchase the steam generators is not canceled, the steam generators will be installed during a planned refueling outage in 2000. See Note 9 for additional information.

### **River Bend (Entergy Corporation and Entergy Gulf States)**

In connection with the Merger, Entergy Gulf States filed two applications with the NRC in January 1993 to amend the River Bend operating license. The applications sought the NRC's consent to the Merger and to a change in the licensed operator of the facility from Entergy Gulf States to Entergy Operations. The NRC Staff issued the two license amendments for River Bend, which were effective immediately upon consummation of the Merger. On February 14, 1994, Cajun filed with the D.C. Circuit petitions for review of the two license amendments for River Bend. In March 1995, the D.C. Circuit ordered that the original NRC order and license amendments be set aside, and remanded the case to the NRC for further consideration. Subsequently, the NRC affirmed its original findings and reissued the two license amendments. Cajun and the Arkansas Cities and Cooperative filed petitions for review of those NRC orders with the D. C. Circuit. Pursuant to the Cajun Settlement, on an unopposed motion of the parties to the proceedings before the D.C. Circuit, the D.C. Circuit ordered that the cases be removed from the calendar for oral argument and held in abeyance pending a further order of the court. The two license amendments are in full force and effect.

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 and the Tennessee Public Service Commission (TPSC). APSC regulation includes the authority to set rates, determine reasonable and adequate service, fix the value of property used and useful, require proper accounting, control leasing, control the acquisition or sale of any public utility plant or property constituting an operating unit or system, set rates of depreciation, issue certificates of convenience and necessity and certificates of environmental compatibility and public need, and control the issuance and sale of securities. Regulation by the TPSC includes the authority to set standards of service and rates for service to customers in the state, require proper accounting, control the issuance and sale of securities, and issue certificates of convenience and necessity.

Entergy Gulf States is subject to the jurisdiction of the municipal authorities of incorporated cities in Texas as to retail rates and services within their boundaries, with appellate jurisdiction over such matters residing in the PUCT. Entergy Gulf States is also subject to regulation by the PUCT as to retail rates and services in rural areas, certification of new generating plants, and extensions of service into new areas. Entergy Gulf States is subject to regulation by the LPSC as to electric and gas service, rates and charges, certification of generating facilities and power or capacity purchase contracts, depreciation, accounting, and other matters.

Entergy Louisiana is subject to regulation by the LPSC as to electric service, rates and charges, certification of generating facilities and power or capacity purchase contracts, depreciation, accounting, and other matters. Entergy Louisiana is also subject to the jurisdiction of the Council with respect to such matters within Algiers.

Entergy Mississippi is subject to regulation as to service, service areas, facilities, and retail rates by the MPSC. Entergy Mississippi is also subject to regulation by the APSC as to the certificate of environmental compatibility and public need for the Independence Station.

Entergy New Orleans is subject to regulation by the Council as to electric and gas service, rates and charges, standards of service, depreciation, accounting, issuance of certain securities, and other matters.

## **Franchises**

Entergy Arkansas holds exclusive franchises to provide electric service in approximately 300 incorporated cities and towns in Arkansas. These franchises are unlimited in duration and continue until such a time when the municipalities purchase the utility property. In Arkansas, franchises are considered to be contracts and, therefore, are terminable upon breach of the contract.

Entergy Gulf States holds non-exclusive franchises, permits, or certificates of convenience and necessity to provide electric and gas service in approximately 55 incorporated villages, cities, and towns in Louisiana and approximately 63 incorporated cities and towns in Texas. Entergy Gulf States ordinarily holds 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 has received from the PUCT a certificate of convenience and necessity to provide electric service to areas within 21 counties in eastern Texas.

Entergy Louisiana holds non-exclusive franchises to provide electric service in approximately 116 incorporated villages, cities, and towns. Most of these municipal franchises have 25-year terms, although six municipalities have granted Entergy Louisiana 60-year franchises. Entergy Louisiana also supplies electric service in approximately 353 unincorporated communities, all of which are located in parishes in which Entergy Louisiana 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 in western Mississippi, which include a number of municipalities. 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, which state, among other things, that the City has a continuing option to purchase Entergy New Orleans' electric and gas utility properties.

System Energy has no distribution franchises. Its business is currently limited to wholesale power sales.

## **Environmental Regulation**

### **General**

In the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters, the facilities and operations of Entergy are subject to regulation by various federal, state, and local authorities. Entergy believes that its affected subsidiaries are in substantial compliance with environmental regulations currently applicable to their respective facilities and operations. Because environmental regulations are subject to change, the ultimate compliance costs to Entergy cannot be precisely estimated. However, management currently estimates that ultimate capital expenditures for environmental compliance purposes, including those discussed in "Clean Air Legislation," below, will not be material for Entergy as a whole.

### **Clean Air Legislation**

The Clean Air Act Amendments of 1990 (the Act) set up three programs that affect Entergy: an acid rain program for control of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>), an ozone nonattainment area program for control of NO<sub>x</sub> and volatile organic compounds, and an operating permits program for administration and enforcement of these and other Clean Air Act programs.

Under the acid rain program, no additional control equipment is expected to be required by Entergy to control SO<sub>2</sub>. The Act provides "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 will be required to possess allowances for SO<sub>2</sub> emissions from affected generating units. All Entergy generating units are classified as "Phase II" units under the Act and are subject to SO<sub>2</sub> allowance requirements beginning in the year 2000. Based on operating history, the domestic utility companies have been allocated more allowances than are currently necessary for normal operations. Management believes that it will be able to operate its units efficiently without installing scrubbers or purchasing allowances from outside sources, and that one or more of the domestic utility companies may have excess allowances.

Control equipment may eventually be required for NO<sub>x</sub> reductions due to the ozone nonattainment status of the areas served by Entergy Gulf States in and around Beaumont and Houston, Texas. Texas environmental authorities are studying the causes of ozone pollution and have deferred NO<sub>x</sub> controls on power plants until at least 1999. If Texas decides to regulate NO<sub>x</sub>, the cost of such control equipment for the affected Entergy Gulf States plants is estimated at \$10.4 million through the year 2000.

## Other Environmental Matters

The provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), authorize the EPA and, indirectly, the states to require generators and certain transporters of certain hazardous substances released from or at a site, and the owners or operators of any such site, to clean-up the site or reimburse such clean-up costs. CERCLA has been interpreted to impose joint and several liability on responsible parties. Entergy sent waste materials to various disposal sites over the years. Also, certain operating procedures and maintenance practices, which historically were not subject to regulation, are now regulated by environmental laws. Some of these sites have been the subject of governmental action under CERCLA, as a result of which the domestic utility companies have become involved with site clean-up activities. These companies have participated to various degrees in accordance with their respective potential liabilities in such site clean-ups and have developed experience with clean-up costs. The domestic utility companies have established reserves for such environmental clean-up/restoration activities. In the aggregate, the cost of such remediation is not considered material to these companies or to Entergy.

### Entergy Arkansas

Entergy Arkansas has received notices from time to time from the EPA, the Arkansas Department of Pollution Control and Ecology (ADPC&E), and others alleging that it, along with others, may be a PRP for clean-up costs associated with various sites in Arkansas. Most of these sites are neither owned nor operated by any Entergy company. Contaminants at the sites include polychlorinated biphenyls (PCBs), lead, and other hazardous substances.

At the EPA's request, Entergy Arkansas voluntarily performed stabilization activities at the Benton Salvage site in Saline County, Arkansas. While the EPA has not named PRPs for this site, Entergy Arkansas has attempted to negotiate an agreement with the EPA. Entergy Arkansas and the EPA were unable to reach an agreement satisfactory to both parties. Region 6 EPA initiated its own clean-up of the site in October 1996. Entergy Arkansas does not believe that its potential liability with respect to this site will be material.

Reynolds Metals Company (Reynolds) and Entergy Arkansas notified the EPA in 1989 of possible PCB contamination at two former Reynolds plant sites (Jones Mill and Patterson) in Arkansas to which Entergy Arkansas had supplied power. Subsequently, Entergy Arkansas completed remediation at the substations serving the plant sites at a cost of \$1.7 million. Additional PCB contamination was found in a portion of a drainage ditch that flows from the Patterson facility to the Ouachita River. Reynolds demanded that Entergy Arkansas participate in remediation efforts with respect to the ditch. Entergy Arkansas and independent contractors engaged by Entergy Arkansas conducted an investigation of the ditch contamination and the possible migration of PCBs from the electrical equipment that Entergy Arkansas maintained at the plant. The investigation concluded that none of the contamination was caused by Entergy Arkansas. Entergy Arkansas has thus far expended approximately \$150,000 on investigation of the ditch. In May 1995, Entergy Arkansas was named as a defendant in a suit by Reynolds seeking to recover a share of its costs associated with the clean-up of hazardous substances at the Patterson site. Reynolds alleges that it has spent \$11.2 million to clean-up the site, and that Entergy Arkansas bears some responsibility for PCB contamination at the site. Entergy Arkansas believes that it has no liability for contamination at the Patterson site and is contesting the lawsuit. An August 1997 trial date has been tentatively scheduled.

Entergy Arkansas entered into a Consent Administrative Order, dated February 21, 1991, with the ADPC&E that named Entergy Arkansas as a PRP for the initial stabilization associated with contamination at the Utilities Services, Inc. state Superfund site located near Rison, Arkansas. This site was found to have soil contaminated by PCBs and pentachlorophenol (a wood preservative). Containers and drums that contained PCBs and other hazardous substances were found at the site. Entergy Arkansas' share of total remediation costs is estimated not to exceed \$5.0 million. Entergy Arkansas is attempting to identify and notify other PRPs with respect to this site. Entergy Arkansas has received assurances that the ADPC&E will use its enforcement authority to allocate remediation expenses among Entergy Arkansas and any other PRPs that can be identified. Approximately 20 PRPs have been identified to date. Entergy Arkansas has performed the activities necessary to stabilize the site, at a cost of approximately \$400,000. Entergy Arkansas believes that its potential liability for this site will not be material.

### Entergy Gulf States

Entergy Gulf States has been designated by the EPA as a PRP for the clean-up of certain hazardous waste disposal sites. Entergy Gulf States is currently negotiating with the EPA and state authorities regarding the clean-up 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 (see "Other Regulation and Litigation" below). While the amounts at issue 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, 1996, a remaining recorded liability of \$21.4 million existed relating to the clean-up of seven sites at which Entergy Gulf States has been designated a PRP.

In 1971, Entergy Gulf States purchased property near its Sabine generating station, known as the Bailey site, for possible expansion of cooling water facilities. Entergy Gulf States sold the property in 1984. In October 1984, an abandoned waste site on the property was included on the Superfund National Priorities List (NPL) by the EPA. Entergy Gulf States has pursued negotiations with the EPA and is a member of a task

force with other PRPs for the voluntary clean-up of the waste site. A consent decree has been signed by all PRPs for the voluntary clean-up of the Bailey site. Remediation costs are currently expected to be approximately \$33 million, however, federal and state agencies are still examining potential liabilities associated with natural resource damage. Entergy Gulf States is expected to be responsible for 2.26% of the estimated clean-up cost. This matter is currently under negotiation with the other PRPs and the agencies. Entergy Gulf States does not believe that its remaining responsibility with respect to this site will be material after allowance for the existing provision for clean-up in the amount of \$629,000.

Entergy Gulf States is currently involved in a multi-phased remedial investigation of an abandoned manufactured gas plant (MGP) site, known as the Lake Charles Service Center, located in Lake Charles, Louisiana. The property was the site of an MGP that is believed to have operated 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. Under an order issued by the Louisiana Department of Environmental Quality (LDEQ), which is currently stayed, Entergy Gulf States was required to investigate and, if necessary, take remedial action at the site. Preliminary estimates of remediation costs are approximately \$20 million. On February 13, 1995, the EPA published a proposed rule adding the Lake Charles Service Center to the NPL. Another PRP has been identified and is believed to have had a role in the ownership and operation of the MGP. Negotiations with that company for joint participation and possible remedial action have been held and are expected to continue. Entergy Gulf States has agreed to the terms of the Administrative Order on Consent (AOC) negotiated between Entergy and the EPA. The AOC is expected to be signed by both parties in 1997. Entergy Gulf States does not presently believe that its ultimate responsibility with respect to this site will be material after allowance for the existing provision for clean-up of \$19.8 million.

Entergy Gulf States is currently involved in an initial investigation of an MGP site, known as the Old Jennings Ice Plant, located in Jennings, Louisiana. The MGP site is believed to have operated from approximately 1909-1926. In July 1996, a petroleum-like substance was discovered on the surface soil, a 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 the type of operation that occurred at Jennings. Results of the core sampling are not final, but limited amounts of contamination were found on-site. Entergy Gulf States does not presently believe that its ultimate responsibility with respect to this site will be material. The amount of the existing provision for clean-up is \$500,000.

Entergy Gulf States along with Entergy Louisiana has been named as a PRP for an abandoned waste oil recycling plant site in Livingston Parish, Louisiana, known as Combustion, Inc., which is included on the NPL. Although most surface remediation has been completed, additional studies related to residual groundwater contamination are expected to continue in 1997. Entergy Gulf States and Entergy Louisiana have been named as defendants in a class action lawsuit lodged against a group of PRPs associated with the site. (For information regarding litigation in connection with the Combustion, Inc. site, see "Other Regulation and Litigation" below.) Entergy Gulf States does not presently believe that its ultimate responsibility with respect to this site will be material.

Entergy Gulf States received notification in 1992 from the EPA of potential liability with respect to a site in Iota, Louisiana. This site was the depository of a variety of wastes, including medical and chemical wastes. During 1996, Entergy Gulf States paid approximately \$45,000 to the EPA to settle its liability for this site.

Entergy Gulf States, along with Entergy Arkansas and Entergy Louisiana, has been notified of its potential liability with respect to the Benton Salvage site located in Saline County, Arkansas. Although Entergy Gulf States and Entergy Louisiana have had minor involvement in the Benton Salvage site, no remediation is expected to be required by these companies. See "Entergy Arkansas" above for a discussion of the Benton Salvage site.

### **Entergy Louisiana, Entergy New Orleans, and System Energy**

Entergy Louisiana, Entergy New Orleans, and System Energy have received notices from the EPA and/or the states of Louisiana and Mississippi that one or more of them may be a PRP for disposal sites that are neither owned nor operated by any Entergy subsidiary. In response to such notices, the sites discussed below have been remediated:

- Entergy Louisiana, along with Entergy Arkansas and Entergy Gulf States, was notified in 1990 of its potential liability relating to the Benton Salvage site located in Saline County, Arkansas. Although Entergy Gulf States and Entergy Louisiana have been involved in the Benton Salvage site, their contributions are considered minor. Therefore, no remediation action is required by these companies. See "Entergy Arkansas" above for a discussion of the Benton Salvage site.

- The EPA named Entergy Louisiana and System Energy as two of the 44 PRPs for the Disposal Systems, Inc. site in Mississippi. The State of Mississippi has indicated that it intends to have the PRPs conduct a clean-up of the Disposal Systems, Inc. site but has not yet taken formal action. Entergy Louisiana has settled its involvement in this matter with the EPA. The State of Mississippi is continuing to evaluate whether additional remediation measures are necessary. However, further remediation costs at the site are not expected to be material.

- From 1992 to 1994, Entergy Louisiana performed site assessments and remedial activities at three retired power plants, known as the Homer, Jonesboro, and Thibodaux municipal sites, previously owned and operated by Louisiana municipalities. Entergy Louisiana purchased the power

plants as part of the acquisition of municipal electric systems after operating them for the last few years of their useful lives. The site assessments indicated some subsurface contamination from fuel oil. In December 1994, Entergy Louisiana completed all remediation work at Homer to the LDEQ's satisfaction and the LDEQ granted "No Further Action" status in February 1995. All remediation activities at the Jonesboro Plant were completed in May 1996. Remediation of the Thibodaux site is expected to be completed in 1998. The costs incurred through December 31, 1996 for the Homer, Jonesboro, and Thibodaux sites are \$22,000, \$156,000, and \$125,000, respectively. Remaining costs for both Homer and Jonesboro sites are considered immaterial. Significant remedial activities are ongoing at the Thibodaux site.

There are certain disposal sites for which Entergy Louisiana and Entergy New Orleans have been named by the EPA as PRPs for associated clean-up costs, but management believes no liability exists in connection with these sites for Entergy Louisiana and Entergy New Orleans. Such Louisiana sites include Combustion Inc., an abandoned waste oil recycling plant site located in Livingston Parish (involving at least 70 PRPs, including Entergy Gulf States), and the Dutchtown site (also included on the NPL and involving 57 PRPs). Entergy Louisiana has found no evidence of its involvement in the Combustion Inc. site. (For information regarding litigation in connection with the Livingston Parish site, see "Other Regulation and Litigation," below). With respect to the Dutchtown site, Entergy New Orleans believes it has no liability because the material it sent to this site was not a hazardous substance.

During 1993, the LDEQ issued new rules for solid waste regulation, including regulation of waste water impoundments. Entergy Louisiana has determined that certain of its power plant waste water impoundments were affected by these regulations and has chosen to upgrade or close them. As a result, a remaining recorded liability in the amount of \$6.7 million existed at December 31, 1996, for waste water upgrades and closures to be completed by the end of 1997. Cumulative expenditures relating to the upgrades and closures of waste water impoundments were \$7.1 million as of December 31, 1996.

## **Other Regulation and Litigation**

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

In July and August 1992, applications were filed with FERC, the LPSC, the PUCT, and the SEC under PUHCA, seeking authorization of various aspects of the Merger. In January 1993, Entergy Gulf States filed two applications with the NRC seeking approval of the change in ownership of Entergy Gulf States and an amendment to the operating license for River Bend to reflect its operation by Entergy Operations. All regulatory approvals were obtained in 1993 and the Merger was consummated on December 31, 1993.

FERC's orders approving the Merger were appealed to the D.C. Circuit by Entergy Services, the City, the Arkansas Electric Energy Consumers (AEEC), the APSC, Cajun, the MPSC, the American Forest and Paper Association, the State of Mississippi, the City of Benton and other cities, and Occidental Chemical Corporation (Occidental). 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 Entergy 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 the issues of 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 anticompetitive impacts of the Merger.

On November 18, 1994, the D. C. Circuit denied motions filed by Cajun, Occidental, and AEEC for a remand to FERC and a partial summary grant of the petitions for review. At the same time, the D.C. Circuit ordered that the cases be held in abeyance pending FERC's issuance of (i) a final order on remand in the proceedings on Entergy's transmission tariff (see discussion of tariff case in "RATE MATTERS AND REGULATION - Rate Matters - Wholesale Rate Matters - Open Access Transmission" above), and (ii) a final order on competition issues in the proceedings on the Merger.

On December 30, 1993, Entergy Services submitted to FERC tariff revisions to comply with FERC's order dated December 15, 1993, approving the Merger. On February 4, 1994, the APSC and AEEC filed with FERC a joint protest to the compliance filing, alleging that Entergy should be required to insulate the ratepayers of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans from all litigation liabilities related to Entergy Gulf States' River Bend nuclear facility. In its May 17, 1994, order on rehearing, FERC addressed Entergy's commitment to insulate the customers of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans against liability resulting from certain litigation involving River Bend. In response to FERC's clarification of Entergy's commitment, Entergy Services filed a new compliance filing on June 16, 1994. APSC and AEEC subsequently filed protests questioning the adequacy of Entergy's June 16, 1994, compliance filing. FERC has not yet acted on the compliance filings.

Requests for rehearing of the SEC order approving the Merger were filed with the SEC by Houston Industries Incorporated and its subsidiary Houston Lighting & Power Company on December 28, 1993, and petitions for review seeking to set aside the SEC order were filed with the D.C. Circuit by these parties and by Cajun in February 1994. The matter was subsequently remanded by the D.C. Circuit to the SEC for further consideration in light of developments at FERC relating to Entergy's transmission tariffs. On December 6, 1996, pursuant to a settlement with Entergy Gulf States, Houston Industries Incorporated and Houston Lighting & Power Company withdrew their petitions for review of the SEC order.

## **Employment Litigation**

Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans are defendants in numerous lawsuits described below that have been filed by former employees asserting that they were wrongfully terminated and/or discriminated against due to 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.

(Entergy Corporation and Entergy Arkansas)

Entergy Corporation and Entergy Arkansas are defendants in five suits filed in federal court on behalf of a total of approximately 62 plaintiffs who claim they were illegally terminated from their jobs due to discrimination on the basis of age or race. One of these suits seeks class certification. A trial date is scheduled in March 1997 for one suit comprised of 29 plaintiffs, and a trial date is scheduled in May 1997 for another suit comprised of 18 plaintiffs. Trial dates have not been set in the other suits.

(Entergy Corporation and Entergy Gulf States)

Entergy Corporation and Entergy Gulf States are defendants in lawsuits involving approximately 176 plaintiffs filed in state court in Texas by former employees who claim that they lost their jobs as a result of the Merger. The plaintiffs in these cases have asserted various claims, including discrimination on the basis of age, race, and/or sex. The court has preliminarily ruled that each plaintiff's claim should be tried separately. The first case is scheduled for trial in June 1997.

(Entergy Corporation, Entergy Gulf States, and Entergy Louisiana)

Entergy Corporation, Entergy Gulf States and Entergy Louisiana are defendants in a suit filed in federal court in Louisiana by approximately 39 plaintiffs who claim, among other things, they were wrongfully discharged from their employment on the basis of their age. No trial date has been set for this case.

(Entergy Louisiana and Entergy New Orleans)

Entergy Louisiana and Entergy New Orleans are defendants in a suit filed in state court in Louisiana by 110 plaintiffs who seek to certify a class on behalf of all employees who allegedly were terminated or required to resign on the basis of age. The court has set a hearing for certification of the class for March 13, 1997; no trial date has been set. Entergy Louisiana and/or Entergy New Orleans also are defendants in approximately 27 other suits filed in federal or state court by plaintiffs who claim they were wrongfully discharged on the basis of age, race, or sex.

### **Asbestos and Hazardous Waste Suits**

(Entergy Gulf States and Entergy Louisiana)

A number of plaintiffs who allegedly suffered damage or injury, or are survivors of persons who died, allegedly as a result of exposure to "hazardous toxic waste" that emanated from a site in Livingston Parish, sued Entergy Gulf States and approximately 70 other defendants, including Entergy Louisiana, in 17 suits filed in the Livingston Parish, Louisiana District Court (State District Court). The plaintiffs alleged that the defendants generated, transported, or participated in the storage of such wastes at the facility, which was previously operated as a waste oil recycling facility. These State District Court suits, which seek damages in total amounts ranging from \$1 million to \$10 billion and are now consolidated in a class action, and three federal suits in three states other than Louisiana involving issues arising from the same facility, have been removed and transferred, respectively, to the U.S. District Court for the Middle District of Louisiana. Entergy Gulf States settled all claims against it in the suits and the settlements were approved by court order on February 7, 1996. Entergy Louisiana received preliminary approval of a settlement of all claims against it in the suits for approximately \$2.3 million. A court date for the fairness hearing to approve the settlement has not been set.

(Entergy Gulf States)

A total of 23 suits have been filed on behalf of approximately 4,255 plaintiffs in state and federal courts in Jefferson County, Texas. These suits seek 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. All of the plaintiffs in such suits are also suing Entergy Gulf States and all other defendants on a conspiracy count. It is not yet known how many of the plaintiffs in the suits discussed above worked on Entergy Gulf States' premises. There have been numerous asbestos-related law suits filed in the District Court of Calcasieu Parish in Lake Charles, Louisiana, on behalf of approximately 200 plaintiffs naming numerous defendants including Entergy Gulf States. The suits allege that each plaintiff contracted an asbestos-related disease from exposure to asbestos insulation products on the premises of such defendants. Settlements of the Jefferson County suits involving approximately 1,800 plaintiffs and Calcasieu Parish suits involving approximately 91 plaintiffs are in the process of being consummated. In May 1996, the majority of remaining cases in Calcasieu Parish involving approximately 70 plaintiffs were settled for an immaterial amount; there are approximately 40 cases still pending. Entergy Gulf States' share of the settlements of these cases was not material to its financial position or results of operations.

## Cajun - River Bend Litigation (Entergy Corporation and Entergy Gulf States)

Entergy Gulf States and Cajun, respectively, own 70% and 30% undivided interests in River Bend (operated by Entergy Gulf States), and 42% and 58% undivided interests in Big Cajun 2, Unit 3 (operated by Cajun). These relationships have spawned a number of long-standing disputes and claims between the parties. An agreement setting forth terms for the resolution of all such disputes was reached by Entergy Gulf States, the Cajun bankruptcy trustee, and the RUS, and was approved by the United States District Court for the Middle District of Louisiana (District Court) on August 26, 1996 (Cajun Settlement). The terms include, but are not limited to, the following: (i) Cajun's interest in River Bend will be turned over to the RUS, which will have the option to retain the interest, sell it to a third party, or transfer it to Entergy Gulf States at no cost; (ii) Cajun will set aside a total of \$125 million for its share of the decommissioning costs of River Bend; (iii) Cajun will transfer certain transmission assets to Entergy Gulf States; (iv) Cajun will settle transmission disputes and be released from claims for payment under transmission arrangements with Entergy Gulf States as discussed under "Cajun - Transmission Service" below; (v) all funds paid by Entergy Gulf States into the registry of the District Court will be returned to Entergy Gulf States; (vi) Cajun will be released from its unpaid past, present, and future liability for River Bend costs and expenses; and (vii) all litigation between Cajun and Entergy Gulf States will be dismissed. On September 6, 1996, the Committee of Unsecured Creditors in the Cajun bankruptcy proceeding filed a Notice of Appeal to the United States Court of Appeals for the Fifth Circuit (Fifth Circuit), objecting that the order approving the Cajun Settlement was separate from the approval of a plan of reorganization and, therefore, improper. The Cajun Settlement is subject to this appeal and approvals by the appropriate regulatory agencies. Entergy Gulf States expects to make filings with FERC and the SEC seeking approval for the transfer of certain Cajun transmission assets to Entergy Gulf States. Management believes that it is probable that the Cajun Settlement will ultimately be approved and consummated.

The Cajun Settlement resolved Cajun's civil action instituted in June 1989 against Entergy Gulf States, in which Cajun sought to rescind or terminate the Joint Ownership Participation and Operating Agreement (Operating Agreement) entered into on August 28, 1979, relating to River Bend. In that suit, Cajun also sought to recover its alleged \$1.6 billion investment in the unit plus attorneys' fees, interest, and costs. The Cajun Settlement resolves both the portion of the suit by Cajun to rescind the Operating Agreement and the breach of contract claims.

In 1992, two member cooperatives of Cajun brought an additional independent action to declare the Operating Agreement null and void, based upon Entergy Gulf States' failure to get prior LPSC approval which was alleged to be necessary. Prior to its bankruptcy proceedings, Cajun intervened as a plaintiff in this action. Entergy Gulf States believes the suits are without merit and believes Cajun's claim is mooted by the Cajun Settlement.

On December 21, 1994, Cajun filed a petition in the United States Bankruptcy Court for the Middle District of Louisiana seeking relief under Chapter 11 of the Bankruptcy Code. Proponents of all of the plans of reorganization submitted to the Bankruptcy Court have incorporated the Cajun Settlement as an integral condition to the effectiveness of their plan. The timing and completion of a reorganization plan depends on Bankruptcy Court approval and any required regulatory approvals. The Bankruptcy Court has approved proposals by three groups seeking to acquire the non-nuclear assets of Cajun and has signed an order that establishes rules for how Cajun's creditors will vote on the three plans. On December 16, 1996, the Bankruptcy Court began hearings on the balloting and the plan that will be adopted. The matter remains before the Bankruptcy Court.

See Note 9 for additional information regarding the Cajun litigation, Cajun's bankruptcy proceedings, and related filings.

## Cajun - Transmission Service (Entergy Corporation and Entergy Gulf States)

Entergy Gulf States and Cajun are parties to FERC proceedings relating to transmission service charge disputes. See Note 9 for additional information regarding these FERC proceedings, FERC orders issued as a result of such proceedings, and the potential effects of these proceedings upon Entergy Gulf States.

On December 7, 1993, Cajun filed a complaint in the Middle District of Louisiana alleging that Entergy Gulf States failed to provide Cajun an opportunity to construct certain facilities that allegedly would have reduced its rates under Service Schedule CTOC, and is seeking an order compelling the conveyance of certain facilities and awarding unspecified damages. Entergy Gulf States has moved to dismiss the complaint on the basis, among others, that FERC has already addressed the matter in the proceedings described in Note 9.

## Service Area Dispute

(Entergy Corporation and Entergy Gulf States)

Entergy Gulf States was requested by Cajun and Jefferson Davis Electric Cooperative, Inc. (Jefferson Davis), to provide the transmission of power over Entergy Gulf States' system for delivery to an area near Lake Charles, Louisiana. Cajun and Jefferson Davis filed a suit in federal court in the Western District of Louisiana alleging that Entergy Gulf States breached its obligations under the parties' contract and violated the antitrust laws by refusing to provide the transmission service. Cajun and Jefferson Davis seek an injunction requiring Entergy Gulf States to provide the requested service and unspecified treble damages for Entergy Gulf States' refusal to provide the service. In November 1989, the federal court denied Cajun's and Jefferson Davis' motion for a preliminary injunction. Entergy Gulf States believes this proceeding is resolved

by the Cajun Settlement.

#### (Entergy Corporation and Entergy Mississippi)

On October 11, 1994, twelve Mississippi cities filed a complaint in state court against Entergy Mississippi and eight electric power associations seeking a judgment from the court declaring unconstitutional certain Mississippi statutes that establish the procedure that must be followed before a municipality can acquire the facilities and certificate rights of a utility serving in the municipality. Specifically, the suit requests that the court declare unconstitutional certain 1987 amendments to the Mississippi Public Utilities Act that require that the MPSC cancel a utility's certificate to serve in the municipality before a municipality may acquire a utility's facilities located in the municipality. The suit also requests that the court find that Mississippi municipalities can serve any consumer in the boundaries of the municipality and within one mile thereof. On January 6, 1995, Entergy Mississippi and the other defendants filed motions to dismiss. In October 1995, the state court dismissed the complaint. The plaintiffs have appealed the dismissal to the Mississippi Supreme Court, where it is currently pending.

#### **Taxes Paid Under Protest (Entergy Corporation and Entergy Louisiana)**

Since the mid-1980's, Entergy Louisiana and the tax authorities of St. Charles Parish, Louisiana (Parish), the parish in which Waterford 3 is located, have disputed use taxes paid on nuclear fuel (\$6.5 million through 1996) under protest by Entergy Louisiana. Entergy Louisiana has been successful in lawsuits in the Parish with regard to recovering these taxes, plus interest, and also with regard to Parish lease tax issues pertaining to fuel financing arrangements. In June 1995, Entergy Louisiana received a favorable decision from the Louisiana Fifth Circuit Court of Appeals that confirmed that no such use taxes are due. The Parish and Entergy Louisiana are currently discussing a possible settlement of all pending tax-related litigation including the likely return of the amounts previously paid under protest. The suits by Entergy Louisiana with regard to state use tax paid under protest on nuclear fuel are still pending.

#### Federal Income Tax Audit (Entergy Corporation, Entergy Louisiana, and System Energy)

In August 1994, Entergy received an IRS report covering the federal income tax audit of Entergy Corporation and subsidiaries for the years 1988 - 1990. The report asserts an \$80 million tax deficiency for the 1990 consolidated federal income tax returns related primarily to the utilization of accelerated investment tax credits associated with Waterford 3 and Grand Gulf nuclear plants. Changes to the initial report, made in the IRS appeal process, have reduced the assessment related to the issue by \$22 million to \$58 million. Entergy and the Appeals Officer agreed to pursue a "technical advice" ruling from the IRS National Office to address the remainder of the issue. Entergy Corporation believes there is no material tax deficiency and is confident that a satisfactory resolution of the matter will be achieved.

#### **Panda Energy Corporation Complaint (Entergy Corporation)**

Panda Energy Corporation (Panda) has commenced litigation in the Dallas District Court naming Entergy Corporation, Energy Enterprises, Entergy Power, Entergy Power Asia, Ltd., and Entergy Power Development Corporation as defendants. The allegations against the defendants include, among others, tortious interference with contractual relations, conspiracy, misappropriation of corporate opportunity, unfair competition and fraud, and constructive trust issues. Panda seeks damages of approximately \$4.8 billion, of which \$3.6 billion is claimed in punitive damages. Entergy believes that this litigation is unfounded, but entered into arrangements on April 30, 1996, to settle the matter for \$350,000, subject to revocation by Entergy if the court ruled on the case.

Thereafter, the Dallas District Court entered an order of dismissal because the plaintiff was unable to show any damages and the facts did not support a cause of action against the defendants. As a result, Entergy revoked the \$350,000 settlement agreement. In May of 1996, Panda filed an appeal of the court's order for dismissal. Appeal briefs have been submitted by both parties, but no date has yet been designated for oral argument.

#### Catalyst Technologies, Inc. (Entergy Corporation)

In June 1993, Catalyst Technologies, Inc. (CTI) filed a petition against Electec, Inc. (Electec), the predecessor to Entergy Enterprises. Prior to the filing of the petition, CTI and Electec entered into an agreement whereby CTI was required to raise a specified amount of funding in exchange for the right to acquire Electec's computer software technology marketing rights. CTI alleges that due to actions of Electec, it was unable to secure the necessary funding, and, therefore, was not able to meet the terms of the agreement. The petition alleges breach of contract, breach of the obligation of good-faith and fair dealing, and bad-faith breach of contract against Electec. It was originally believed CTI was claiming damages of approximately \$36 million from Entergy Enterprises. It now appears that CTI will allege damages ranging from \$231 million to \$258 million. Entergy Enterprises' position is that CTI is not entitled to any damages, and that even if damages were sustained, they would not exceed \$600,000. The case is scheduled for a jury trial beginning on July 14, 1997, in Civil District Court for the Parish of Orleans, Louisiana. Entergy Enterprises is vigorously contesting these claims.

### **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:

	Ratios of Earnings to Fixed Charges			
	Years Ended December 31,			
	1992	1993	1994	1995
1996				
Entergy Arkansas	2.28	3.11(b)	2.32	2.56
2.93				
Entergy Gulf States	1.72	1.54	.36(c)	1.86
1.47				
Entergy Louisiana	2.79	3.06	2.91	3.18
3.16				
Entergy Mississippi	2.37	3.79(b)	2.12	2.92
3.54				
Entergy New Orleans	2.66	4.68(b)	1.91	3.93
3.51				
System Energy	2.04	1.87	1.23	2.07
2.21				

	Ratios of Earnings to Combined Fixed Charges and Preferred Dividends			
	Years Ended December 31,			
	1992	1993	1994	1995
1996				
Entergy Arkansas	1.86	2.54(b)	1.97	2.12
2.44				
Entergy Gulf States(a)	1.37	1.21	.29(c)	1.54
1.19				
Entergy Louisiana	2.18	2.39	2.43	2.60
2.64				
Entergy Mississippi	1.97	3.08(b)	1.81	2.51
3.07				
Entergy New Orleans.	2.36	4.12(b)	1.73	3.56
3.22				

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

(b) Earnings for the year ended December 31, 1993, include approximately \$81 million, \$52 million, and \$18 million for Entergy Arkansas, Entergy Mississippi, and Entergy New Orleans, respectively, related to the change in accounting principle to provide for the accrual of estimated unbilled revenues.

(c) Earnings for the year ended December 31, 1994, for Entergy Gulf States were not adequate to cover fixed charges and combined fixed charges and preferred dividends by \$144.8 million and \$197.1 million, respectively.

## INDUSTRY SEGMENTS

### Entergy New Orleans

#### Narrative Description of Entergy New Orleans Industry Segments

##### Electric Service

Entergy New Orleans supplied retail electric service to 188,912 customers as of December 31, 1996. During 1996, 40% of electric operating revenues was derived from residential sales, 39% from commercial sales, 6% from industrial sales, and 15% from sales to governmental and municipal customers.

##### Natural Gas Service

Entergy New Orleans supplied retail natural gas service to 151,528 customers as of December 31, 1996. During 1996, 56% of gas operating revenues was derived from residential sales, 19% from commercial sales, 9% from industrial sales, and 16% from sales to governmental and

municipal customers. (See "FUEL SUPPLY - Natural Gas Purchased for Resale.")

### Selected Financial Information Relating to Industry Segments

For selected financial information relating to Entergy New Orleans' industry segments, see Entergy New Orleans' financial statements and Note 15.

### Employees by Segment

Entergy New Orleans' full-time employees by industry segment as of December 31, 1996, were as follows:

Electric
219
Gas
109
---
Total
328
===

(For further information with respect to Entergy New Orleans' segments, see "PROPERTY.")

### Entergy Gulf States

For the year ended December 31, 1996, 95% of Entergy Gulf States' operating revenues was derived from the electric utility business. Of the remaining operating revenues 3% was derived from the steam business and 2% from the natural gas business.

## PROPERTY

### Generating Stations

The total capability of Entergy's owned and leased generating stations as of December 31, 1996, by company and by fuel type, is indicated below:

Company Hydro	Owned and Leased Capability MW(1)				Gas Turbine and Internal Combustion	
	Total	Fossil	Nuclear			
Entergy Arkansas	4,373 (2)	2,379	1,694	230 (4)	70	
Entergy Gulf States	6,558 (2)	5,828	655	75	-	
Entergy Louisiana	5,423 (2)	4,329	1,075	19	-	
Entergy Mississippi	3,063 (2)	3,052	-	11	-	
Entergy New Orleans	934 (2)	918	-	16	-	
System Energy	1,061	-	1,061	-	-	
Total	21,412 (3)	16,506 (3)	4,485	351	70	

(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.

(2) Excludes the capacity of fossil-fueled generating stations placed on extended reserve as follows: Entergy Arkansas - 506 MW; Entergy Gulf States - 405 MW; Entergy Louisiana - 157 MW; Entergy Mississippi - 73 MW; and Entergy New Orleans - 143 MW. Generating stations that are not expected to be utilized in the near-term to meet load requirements are placed in extended reserve shutdown in order to minimize operating expenses.

(3) Excludes net capability of generating facilities owned by Entergy Power, which owns 725 MW of fossil-fueled capacity.

(4) Includes 188 MW of capacity leased by Entergy Arkansas through 1999.

Load and capacity projections are regularly reviewed in order to coordinate and recommend the location and time of installation of additional generating capacity and of interconnections in light of the availability of power, the location of new loads, and maximum economy to Entergy. Based on load and capability projections and bulk power availability, Entergy has no current plans to install additional generating capacity. When new generation resources are needed, Entergy expects to meet this need by means other than construction of new base load generating capacity. In the meantime, Entergy will meet capacity needs by, among other things, purchasing power in the wholesale power market and/or removing generating stations from extended reserve shutdown.

Under the terms of the System Agreement, certain generating capacity and other power resources are shared among the domestic utility companies. Among other things, the System Agreement provides 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) and an amount 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 (see "RATE MATTERS AND REGULATION - Rate Matters - Wholesale Rate Matters - System Agreement," above, for a discussion of FERC proceedings relating to the System Agreement).

Entergy's business is subject to seasonal fluctuations, with the peak period occurring in the summer months. The 1996 peak demand of 19,444 MW occurred on July 22, 1996. The net capability at the time of peak was 21,127 MW, net of off-system firm sales of 285 MW. The capacity margin at the time of the peak was approximately 8.0% excluding units placed on extended reserve and capacity owned by Entergy Power.

## **Interconnections**

The electric power supply facilities of Entergy consist principally of steam-electric production facilities strategically located with reference to availability of fuel, protection of local loads, and other controlling economic factors. These are interconnected by a transmission system operating at various voltages up to 500 kilovolts. Generally, with the exception of Grand Gulf 1, Entergy Power's capacity and a small portion of Entergy Mississippi's capacity, operating facilities or interests therein are owned by the domestic utility company serving the area in which the facilities are located. However, all of Entergy's generating facilities are centrally dispatched and operated in order to obtain the lowest cost sources of energy with a minimum of investment and the most efficient use of plant.

In addition to the many neighboring utilities with which the domestic utility companies interconnect, the domestic utility companies are members of the Southwest Power Pool, the primary purpose of which is to ensure the reliability and adequacy of the electric bulk power supply in the southwest region of the United States. The Southwest Power Pool is a member of the North American Electric Reliability Council. The domestic utility companies are also members of the Western Systems Power Pool.

## **Gas Property**

As of December 31, 1996, Entergy New Orleans distributed and transported natural gas for distribution solely within the limits of the City of New Orleans through a total of 1,439 miles of gas distribution mains and 40 miles of gas transmission pipelines. Koch Gateway Pipeline Company is a principal supplier of natural gas to Entergy New Orleans, delivering to six of Entergy New Orleans' 14 delivery points.

As of December 31, 1996, the gas properties of Entergy Gulf States were not material to Entergy Gulf States.

## **Titles**

Entergy's generating stations are generally located on properties owned in fee simple. The greater portion of the transmission and distribution lines of the domestic utility companies has been constructed over property of private owners pursuant to easements or on public highways and streets pursuant to appropriate franchises. The rights of each domestic utility company in the realty on which its facilities are located are considered by it to be adequate for its use in the conduct of its business. Minor defects and irregularities customarily found in properties of like size and character exist, but such defects and irregularities do not 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 or to be used in their utility operations.

Substantially all the physical properties owned by each domestic utility company and System Energy, respectively, are subject to the lien of a mortgage and deed of trust 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. In the case of Entergy Louisiana, certain properties are also subject to the liens of second mortgages securing other obligations of Entergy Louisiana. In the case of Entergy Mississippi and Entergy New Orleans, substantially all of their properties and assets are also subject to the second mortgage lien of their respective general and refunding mortgage bond indentures.

### FUEL SUPPLY

The sources of generation and average fuel cost per kWh for the domestic utility companies and System Energy for the years 1994-1996

were:

Cents Year	Natural Gas		Fuel Oil		Nuclear Fuel		Coal	
	% of Gen	Cents per kWh	% of Gen	Cents per kWh	% of Gen	Cents Per kWh	% of Gen	Per kWh
1996	42	2.99	1	3.03	41	.56	16	1.73
1995	50	1.99	-	-	35	.60	15	1.73
1994	44	2.24	1	3.99	39	.60	16	1.82

Actual 1996 and projected 1997 sources of generation for the domestic utility companies and System Energy are:

1997	Natural Gas		Fuel Oil		Nuclear		Coal	
	1996	1997	1996	1997	1996	1997	1996	
Entergy Arkansas 42%	7%	7%	-	-	57%	51%	36%	
Entergy Gulf States 15%	69%	66%	-	-	20%	19%	11%	
Entergy Louisiana	56%	48%	-	-	44%	52%	-	-
Entergy Mississippi 29%	54%	71%	13%	-	-	-	33%	
Entergy New Orleans	99%	100%	1%	-	-	-	-	-
System Energy	-	-	-	-	100%(a)	100%(a)	-	-
Total 20%	42%	39%	1%	-	41%	41%	16%	

(a)Capacity and energy from System Energy's interest in Grand Gulf 1 is allocated as follows: Entergy Arkansas - 36%; Entergy Louisiana - 14%; Entergy Mississippi - 33%; and Entergy New Orleans - 17%.

The balance of generation, which was immaterial, was provided by hydroelectric power.

### Natural Gas

The domestic utility companies have long-term firm and short-term interruptible gas contracts. Long-term firm contracts comprise less than 30% 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. Additional gas requirements are satisfied by short-term contracts and spot-market purchases. 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.

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 regional weather conditions as well as to the prices of other energy sources. Supplies of natural gas are expected to be adequate in 1997. 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 may be disrupted, the domestic utility companies will use alternate fuels, such as oil, or rely on coal and nuclear generation.

## Coal

Entergy Arkansas has long-term contracts with mines in the State of Wyoming for the supply of low-sulfur coal for the White Bluff Steam Electric Generating Station and Independence. These contracts, which expire in 2002 and 2011, provide for approximately 85% of Entergy Arkansas' expected annual coal requirements. Additional requirements are satisfied by annual spot market purchases. Entergy Gulf States has a contract for a supply of low-sulfur Wyoming coal for Nelson Unit 6, which should be sufficient to satisfy the fuel requirements at Nelson Unit 6 through 2010. Cajun has advised Entergy Gulf States that Cajun has contracts that should provide an adequate supply of coal until 1999 for the operation of Big Cajun 2, Unit 3.

## Nuclear Fuel

The nuclear fuel cycle involves the mining and milling of uranium ore to produce a concentrate, the conversion of uranium concentrate to uranium hexafluoride gas, enrichment of that gas, fabrication of nuclear fuel assemblies for use in fueling nuclear reactors, and disposal of the 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 and maintaining inventories of such materials during the various stages of processing. Each of these companies contracts for the fabrication of its own nuclear fuel and purchases the required enriched uranium hexafluoride from System Fuels. The requirements for Entergy Gulf States' River Bend plant are covered by contracts made by Entergy Gulf States. Entergy Operations acts as agent for System Fuels and Entergy Gulf States in negotiating and/or administering nuclear fuel contracts.

In October 1989, System Fuels entered into a revolving credit agreement with a bank that provides up to \$45 million in borrowings to finance its nuclear materials and services inventory. Should System Fuels default on its obligations under its credit agreement, Entergy Arkansas, Entergy Louisiana, and System Energy have agreed to purchase nuclear materials and services under the agreement.

Based upon the planned fuel cycles for Entergy's nuclear units, the following tabulation shows the years through which existing contracts and inventory will provide materials and services:

Disposal	Uranium Concentrate	Acquisition of or Conversion to Uranium Hexafluoride	Enrichment	Fabrication	Spent Fuel
ANO 1	(1)	(1)	(2)	2000	(3)
ANO 2	(1)	(1)	(2)	1999	(3)
River Bend	(1)	(1)	(2)	2001	(3)
Waterford 3	(1)	(1)	(2)	1999	(3)
Grand Gulf 1	(1)	(1)	(2)	2000	(3)

(1) Current contracts will provide a significant percentage of these materials and services through termination dates ranging from 1997- 2001. Additional materials and services required beyond these dates are estimated to be available for the foreseeable future.

(2) Current contracts will provide a significant percentage of these materials and services through approximately 2000.

(3) The Nuclear Waste Policy Act of 1982 provides for the disposal of spent nuclear fuel or high level waste by the DOE.

Entergy will enter into additional arrangements to acquire nuclear fuel beyond the dates shown above. Except as noted above, Entergy cannot predict the ultimate availability or cost of such arrangements at this time.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy currently have arrangements to lease nuclear fuel and related equipment and services in aggregate amounts up to \$125 million, \$70 million, \$80 million, and \$110 million, respectively. As of December 31,

1996, the unrecovered cost base of Entergy Arkansas', Entergy Gulf States', Entergy Louisiana's, and System Energy's nuclear fuel leases amounted to approximately \$79.1 million, \$49.8 million, \$38.2 million, and \$83.6 million, respectively. The lessors finance the acquisition and ownership of nuclear fuel through credit agreements and the issuance of notes. These agreements are subject to annual renewal with, in Entergy Louisiana's and Entergy Gulf States' case, the consent of the lenders. The credit agreements for Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy have been extended and now have termination dates of December 1999, December 1999, January 2000, and February 2000, respectively. The debt securities issued pursuant to these fuel lease arrangements have varying maturities through January 31, 1999. It is expected that the credit agreements will be extended or alternative financing will be secured by each lessor upon the maturity of the current arrangements. If extensions or alternative financing cannot be arranged, the lessee in each case must purchase sufficient nuclear fuel to allow the lessor to retire such borrowings.

### **Natural Gas Purchased for Resale**

Entergy New Orleans has several suppliers of natural gas for resale. Its system is interconnected with three interstate and three intrastate pipelines. Presently, Entergy New Orleans' primary suppliers are Koch Gas Services Company (KGS), an interstate gas marketer, and Bridgeline and Pontchartrain, intrastate pipelines. Entergy New Orleans has a firm gas purchase contract with KGS. The KGS gas supply is transported to Entergy New Orleans pursuant to a transportation service agreement with Koch Gateway Pipeline Company (KGPC). 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 have been subject primarily to weather-related curtailments. However, Entergy New Orleans has experienced no such curtailments.

After 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. KGPC 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 a "No- Notice" type of agreement from Mid Louisiana Gas Company. Abandonment of service by the present supplier would be subject to abandonment proceedings by FERC.

### **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. During 1996, 1995, and 1994, Entergy contributed approximately \$9 million, \$9 million, and \$18 million, respectively, for EPRI and other research programs in which Entergy was involved.

### **Item 2. Properties**

Refer to Item 1. "Business - PROPERTY," for information regarding the properties of the registrants.

### **Item 3. Legal Proceedings**

Refer to Item 1. "Business - RATE MATTERS AND REGULATION," for details of the registrants' material rate proceedings and other regulatory proceedings and litigation that are pending or that terminated in the fourth quarter of 1996.

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

During the fourth quarter of 1996, no matters were submitted to a vote of the security holders of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, or System Energy.

## **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, Chicago, and Pacific Stock Exchanges.

The high and low prices of Entergy Corporation's common stock for each quarterly period in 1996 and 1995 were as follows:

	1996		1995	
	High	Low	High	Low
	(In Dollars)			
First	30 3/8	26 3/8	24 3/4	20
Second	28 1/2	25 1/4	25 1/2	20
7/8				
Third	28 5/8	24 7/8	26 1/8	23
5/8				
Fourth	29	26 3/4	29 1/4	26

Dividends of 45 cents per share were paid on Entergy Corporation's common stock in each of the quarters of 1996 and 1995.

As of February 28, 1997, there were 92,267 stockholders of record of Entergy Corporation.

For information with respect to Entergy Corporation's future ability to pay dividends, refer to Note 8, "DIVIDEND RESTRICTIONS." 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 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 subsidiaries to Entergy Corporation during 1996 and 1995, were as follows:

	1996	1995
	(In Millions)	
Entergy Arkansas	\$142.8	\$
153.4		
Entergy Gulf States	--	
--		
Entergy Louisiana	\$179.2	\$
221.5		
Entergy Mississippi	\$ 79.9	\$
61.7		
Entergy New Orleans	\$ 34.0	\$
30.6		
System Energy	\$112.5	\$
92.8		
Entergy S.A.	\$ 0.7	\$
3.5		
Entergy Transener S.A.	\$ 1.7	\$
2.1		
Entergy Argentina S.A.	\$ 0.3	--
Entergy Argentina S.A. Ltd.	\$ 3.1	--

In February 1997, Entergy Corporation received common stock dividend payments from its subsidiaries totaling \$66.9 million. For information with respect to restrictions that limit the ability of System Energy and the domestic utility companies to pay dividends, see Note 8. In order to improve its capital structure, Entergy Gulf States has not paid common stock dividends since the third quarter of 1994. See "Management's Financial Discussion and Analysis - Liquidity and Capital Resources".

## Item 6. Selected Financial Data

Entergy Corporation.. Refer to information under the heading "ENTERGY CORPORATION AND SUBSIDIARIES SELECTED FINANCIAL DATA - FIVE- YEAR COMPARISON."

Entergy Arkansas. Refer to information under the heading "ENERGY ARKANSAS, INC. SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON."

Entergy Gulf States. Refer to information under the heading "ENERGY GULF STATES, INC. SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON."

Entergy Louisiana. Refer to information under the heading "ENERGY LOUISIANA, INC. SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON."

Entergy Mississippi. Refer to information under the heading "ENERGY MISSISSIPPI, INC. SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON."

Entergy New Orleans. Refer to information under the heading "ENERGY NEW ORLEANS, INC. SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON."

System Energy. Refer to information under the heading "SYSTEM ENERGY RESOURCES, INC. SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON."

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

Entergy Corporation and Subsidiaries. Refer to information under the heading "ENERGY CORPORATION AND SUBSIDIARIES MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES," " - - SIGNIFICANT FACTORS AND KNOWN TRENDS," and "- RESULTS OF OPERATIONS."

Entergy Arkansas. Refer to information under the heading "ENERGY ARKANSAS, INC. MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS."

Entergy Gulf States. Refer to information under the heading "ENERGY GULF STATES, INC. MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS."

Entergy Louisiana. Refer to information under the heading "ENERGY LOUISIANA, INC. MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - - RESULTS OF OPERATIONS."

Entergy Mississippi. Refer to information under the heading "ENERGY MISSISSIPPI, INC. MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS."

Entergy New Orleans. Refer to information under the heading "ENERGY NEW ORLEANS, INC. MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS."

System Energy. Refer to information under the heading "SYSTEM ENERGY RESOURCES, INC. MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS."

#### **Item 8. Financial Statements and Supplementary Data.**

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ENTERGY CORPORATION AND SUBSIDIARIES

REPORT OF MANAGEMENT

The management of Entergy Corporation and 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. Financial information included elsewhere in this report is consistent with the financial statements.

To meet its responsibilities with respect to financial information, management maintains and enforces a system of internal accounting controls that is 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 Conduct, 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 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.

ED LUPBERGER  
Chairman, President, and Chief Executive  
and  
Officer of Entergy Corporation,  
Entergy Arkansas, Entergy Gulf States,  
Entergy Louisiana, Entergy Mississippi,  
and Entergy New Orleans

GERALD D. MCINVALLE  
Executive Vice President  
  
Chief Financial Officer

DONALD C. HINTZ  
President and Chief Executive Officer of System Energy



ENTERGY CORPORATION AND SUBSIDIARIES

AUDIT COMMITTEE CHAIRPERSON'S LETTER

The Entergy Corporation Board of Directors' Audit Committee is comprised of five directors who are not officers of Entergy Corporation: Lucie J. Fjeldstad, Chairperson, Admiral Kinnaird McKee, Eugene H. Owens, Robert D. Pugh, and H. Duke Shackelford. The committee held five meetings during 1996.

The Audit Committee oversees Entergy Corporation's financial reporting process on behalf of the Board of Directors and provides reasonable assurance to the Board that sufficient operating, accounting, and financial controls are in existence and are adequately reviewed by programs of internal and external audits.

The Audit Committee discussed with Entergy's internal auditors and the independent public accountants (Coopers & Lybrand L.L.P.) the overall scope and specific plans for their respective audits, as well as Entergy Corporation's financial statements and the adequacy of Entergy Corporation's internal controls. The committee met, together and separately, with Entergy's internal auditors and independent public accountants, without management present, to discuss the results of their audits, their evaluation of Entergy Corporation's internal controls, and the overall quality of Entergy Corporation's financial reporting. The meetings also were designed to facilitate and encourage private communication between the committee and the internal auditors and independent public accountants.

LUCIE J. FJELDSTAD  
Chairperson, Audit Committee



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

Cash Flow

Net cash flow from operations for Entergy, the domestic utility companies, and System Energy for the years ended December 31, 1996, 1995, and 1994, was as follows:

	1996	1995	1994
	(In Millions)		
Entergy	\$1,458	\$1,426	\$1,558
Entergy Arkansas	\$ 377	\$ 338	\$ 356
Entergy Gulf States	\$ 322	\$ 401	\$ 326
Entergy Louisiana	\$ 352	\$ 385	\$ 368
Entergy Mississippi	\$ 182	\$ 185	\$ 195
Entergy New Orleans	\$ 44	\$ 99	\$ 39
System Energy	\$ 287	\$ 96	\$ 337

The positive cash flow from operations for the domestic utility companies results from continued efforts to streamline operations and to reduce costs, as well as from collections under rate phase-in plans that exceed current cash requirements for the related costs. (In the income statement, these revenue collections are offset by the amortization of previously deferred costs so that there is no effect on net income.) These phase-in plans will continue to contribute to Entergy's cash position over the next several years. Specifically, the Grand Gulf 1 phase-in plans will expire in 1998 for Entergy Arkansas and Entergy Mississippi, and in 2001 for Entergy New Orleans. Entergy Gulf States' phase-in plan for River Bend will expire in 1998, and Entergy Louisiana's phase-in plan for Waterford 3 will expire in June 1997.

Financing Sources

Cash from operations, supplemented by cash on hand, was sufficient to meet substantially all investing and financing requirements of the domestic utility companies, other than early refinancings of existing debt, including capital expenditures, dividends, and debt/preferred stock maturities during 1996. System Energy issued two series of first mortgage bonds in August 1996 totaling \$235 million, of which \$210 million was used to meet a scheduled September 1, 1996, System Energy debt maturity. Entergy's investments in unregulated businesses in 1996 were funded with debt and equity capital.



ENTERGY CORPORATION AND SUBSIDIARIES  
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

In May 1996, Entergy Corporation registered 10 million additional shares of common stock pursuant to a new dividend reinvestment and stock purchase plan, which became effective in July 1996. See Note 5 for further discussion.

Financing Uses

Productive investment by Entergy Corporation is integral to enhancing the long-term value of its common stock. Entergy Corporation has been expanding its investments in business opportunities overseas as well as in the United States. Through the end of 1996, Entergy Corporation had acquired or participated in foreign electric ventures in Australia, Argentina, Chile, Pakistan, and Peru, and had acquired several telecommunications-based businesses in the United States. As of December 31, 1996, Entergy Corporation had a net investment of \$812 million in equity capital in businesses other than its domestic retail utility business. See Note 13 for a discussion of Entergy Corporation's acquisition of CitiPower on January 5, 1996, and Note 16 for Entergy Corporation's acquisition of London Electricity plc on February 7, 1997.

To make capital investments, fund its subsidiaries, and pay dividends, Entergy Corporation will utilize internally generated funds, cash on hand, funds available under its \$300 million credit facility, funds received from its dividend reinvestment and stock purchase plan, and other bank financings if required. See Note 9 for a discussion of capital requirements. Entergy Corporation receives funds through dividend payments from its subsidiaries. During 1996, such dividend payments from subsidiaries totaled \$554.2 million. In order to improve its capital structure, Entergy Gulf States has not paid common stock dividends since the third quarter of 1994. In 1996, Entergy Corporation paid \$405 million of common stock dividends. Declarations of dividends on common stock are made at the discretion of Entergy Corporation's Board of Directors. Management will not recommend future dividend increases  unless such increases are justified by adequate earnings growth of Entergy Corporation and its subsidiaries.



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

Competition and Industry Challenges

The electric utility industry traditionally has operated as a regulated monopoly in which there was little opportunity for direct competition in the provision of electric service. The industry is now undergoing a transition to an environment of increased retail and wholesale competition. The causes of the movement toward competition are numerous and complex. They include legislative and regulatory changes, technological advances, consumer demands, greater availability of natural gas, environmental needs, and other factors. The increasingly competitive environment presents opportunities to compete for new customers, as well as the risk of loss of existing customers. The following issues have been identified by Entergy as its major competitive challenges.

Open Access Transmission

The EPAct addressed a wide range of energy issues and is being implemented by both FERC and state regulators. The EPAct is designed to promote wholesale competition among utility and nonutility generators by amending PUHCA to exempt from regulation a class of EWGs, among others, consisting of utility affiliates and nonutilities that own and operate facilities for the generation and transmission of power for sale at wholesale. The EPAct also gave FERC the authority to order investor-owned utilities to transmit wholesale power and energy to or for wholesale purchasers and sellers. This creates potential for electric utilities and other power producers to gain increased access to the transmission systems of other utilities to facilitate wholesale sales.

In response to the EPAct, FERC commenced a rulemaking on the subject of "stranded costs" in 1994. This rulemaking concerns a regulatory framework for dealing with recovery of costs that were prudently incurred by electric utilities to serve customers under the traditional regulatory framework. These costs may become "stranded" as a result of increased competition. The risk of exposure to stranded costs that may result from competition in the industry will depend



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

In September 1996, FERC issued an order revising the original requirement that open access same-time information service sites and standards of conduct be in place for all transmission providers by November 1, 1996. FERC scheduled a two-step compliance procedure in which the operation of open access same-time information service sites was to begin on a test basis beginning in December 1996, with full commercial operations and compliance with the standards of conduct beginning in January 1997. In January 1997, Entergy Services filed its standards of conduct with FERC, and an open access same-time information site was established.

In response to Order No. 888, Entergy Services filed a request for clarification and rehearing regarding the following four issues: (i) the special nature and treatment of stranded nuclear decommissioning costs; (ii) the reciprocity rules applicable to rural electric cooperatives; (iii) the functional unbundling requirements for registered holding companies; and (iv) the nature of network service. The request for rehearing is currently pending.

#### Transition to Competition Filings

Entergy has initiated discussions with its state and local regulators regarding an orderly transition to a more competitive market for electricity. As discussed in more detail in Note 2, Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana have made filings with their respective state regulators concerning the transition to competition. These filings call for the accelerated recovery of the companies' nuclear investment and nuclear-related purchase obligations over a seven-year period and for the protection of certain classes of ratepayers from possibly unfairly bearing the burden of cost shifting which may result from competition. The majority of the domestic utilities' current net investment in nuclear generation shown in Note 1 is included in the proposals for accelerated recovery filed with state regulators. See Note 2 for a discussion of Entergy Mississippi's August 1996 transition to competition filing with the MPSC.

#### Retail and Wholesale Rate Issues



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

In January 1996, the Council voted to investigate retail utility service competition. Although no date has been set, the investigation will focus on the impact of competition, service unbundling, and utility restructuring on consumers of retail electric and gas utility service in New Orleans.

The PUCT has developed rules that permit greater wholesale electric competition in Texas, as mandated by the Texas legislature in its 1995 session. In January 1997, the PUCT submitted reports to the Texas legislature concerning broader competitive issues such as the unbundling of electric utility operations, market-based pricing, performance-based ratemaking, and the identification and recovery of potential stranded costs as part of the transition to a more competitive electric industry environment. Currently it is uncertain what action, if any, the legislature may take with respect to these issues.

See Note 2 for information related to the LPSC and MPSC generic proceedings on competition.

A number of bills were introduced in Congress during 1996 that called for future deregulation of the electric power industry. Included in these proposals are some that would amend or repeal PUHCA and/or PURPA. Other provisions in some of the bills would give consumers the ability to choose their own electricity service.

On February 20, 1997, the SEC issued new Rule 58 under PUHCA, which will permit registered public utility holding companies to enter into an array of energy-related businesses for which specific approval had previously been required. These businesses include, among other things, management, operations and maintenance contracting for energy-related facilities, energy efficiency contracting, and the sale and servicing of a range of electric appliances and equipment. The rule, which will become effective on March 22, 1997, will permit broader diversification by Entergy into these businesses.

#### Municipalization

In some areas of the country, municipalities (or comparable entities) whose residents are served at retail by an investor-owned utility pursuant to a franchise, are exploring the possibility of establishing new electric distribution systems, or extending existing ones. In some cases, municipalities are also seeking new delivery points in order to serve retail customers, especially large industrial customers, which currently receive service from an investor-owned utility. Where successful, the establishment of a municipal system or the acquisition by a municipal system of a utility's customers could result in the utility's inability to recover costs that it has incurred for the purpose of serving those customers.

#### Industry Consolidation



2002. [EDGAR Online, Inc.](http://www.edgar.gov)

Another factor in making the transition to competition nationwide is the continuing and accelerating trend of utility mergers. A significant trend developing among the more recent merger announcements is the proposed combination of electric utilities and



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

Effects of Alternate Energy Sources on Retail Electric Sales to Industrial and Large Commercial Customers

Many industrial and large commercial customers of the domestic utility companies have cost structures that are energy sensitive. For this reason, these customers are currently exploring, or in the future may explore, available energy alternatives such as fuel switching, cogeneration, self-generation, production shifting, and efficiency measures. To the extent that these customers avail themselves of such options, the domestic utility companies may suffer a loss of load. Accordingly, in an effort to retain such load, certain of the domestic utility companies, Entergy Gulf States and Entergy Louisiana in particular, have negotiated electric service contracts with large industrial and commercial customers with the specific aim of retaining the load represented by these customers. Electric service under such agreements may be provided at tariffed rates lower than would otherwise be applicable.

The results of operations of the domestic utility companies have not thus far been materially adversely affected as a result of the negotiation of retail electric service agreements with industrial and large commercial customers. This is due in large measure to the utilities' success in reducing costs, overall load growth, increasing sales to all customer classes, and the regulatory treatment accorded to negotiated electric service agreements. However, in view of the likelihood of increased competition in the electric utility business in the future, there can be no assurance that the effect of negotiated electric prices for industrial and large commercial customers will not eventually have a negative effect on the results of operations of the domestic utility companies.

During 1995, the Council approved a resolution requiring prior approval of the regulatory treatment of any lost contribution to fixed costs as a result of incentive rate agreements with large industrial or commercial customers entered into for the purposes of retaining those customers. The Council's resolution also requires prior approval of



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

In November 1996, another industrial customer of Entergy Gulf States with an electrical load of approximately 31 MW ceased purchasing electricity from Entergy Gulf States due to the commencement of operations of a cogeneration facility. This is expected to result in an annual revenue loss to Entergy Gulf States of approximately \$5.5 million, and an annual reduction in net income of approximately \$3.3 million.

Domestic and Foreign Investments

Entergy Corporation seeks opportunities to expand its domestic and foreign businesses that are not regulated by domestic state and local regulatory authorities. Such business ventures currently include power development and operations and retail services related to the utility business. Refer to "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES" for a discussion of Entergy Corporation's 1996 investments in domestic and foreign nonregulated businesses. These investments may involve a greater risk than domestically regulated utility enterprises. In 1996, Entergy Corporation's investments in domestic and foreign nonregulated investments reduced consolidated net income by approximately \$25.4 million. While such investments did not have a positive effect on 1996 earnings, management believes they will show profits in the near term.

In an effort to expand into new energy-related businesses, Entergy plans to commercialize the fiber optic telecommunications network that connects system facilities and supports its internal business needs. Entergy will provide long-haul fiber optic capacity to major telecommunications carriers which, in turn, will market that service to third parties. The Telecommunications Act of 1996 permits a company such as Entergy to market such a service, subject to state and local regulatory approval. This law contains an exemption from PUHCA that will permit registered utility holding companies to form and capitalize subsidiaries to engage in telephone, telecommunications, and information service businesses without SEC approval. However, the law requires that such telecommunications subsidiaries file for



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

On January 5, 1996, Entergy Corporation finalized its acquisition of CitiPower, an electric distribution company serving Melbourne, Australia, and surrounding suburbs. The purchase price of CitiPower was approximately \$1.2 billion, of which \$294 million represented an equity investment by Entergy Corporation, and the remainder represented debt that is non-recourse to Entergy Corporation. Entergy Corporation funded the majority of the equity portion of the investment by using \$230 million of its \$300 million line of credit. CitiPower serves approximately 238,000 customers, the majority of which are commercial customers. At the time of the acquisition, CitiPower had 846 employees.

On December 18, 1996, Entergy made a formal cash offer to acquire London Electricity for \$2.1 billion. London Electricity is a regional electric company serving approximately two million customers in the metropolitan area of London, England. The offer was approved by authorities in the United Kingdom and as of February 7, 1997, the offer was made unconditional and Entergy, through an English subsidiary, controlled over 90% of the common shares of London Electricity. Through procedures available under applicable law, Entergy expects to gain control of 100% of the common shares of London Electricity. The acquisition was financed with \$1.7 billion of debt that is non-recourse to Entergy Corporation, and \$392 million of equity provided by Entergy Corporation from available cash and borrowings under its \$300 million line of credit.

In 1996, Entergy made a proposal to develop, finance and construct the Saltend Project, a proposed 1,100 MW gas fired, combined cycle cogeneration plant to be located adjacent to the British Petroleum Company chemical facility in northeast England. The development of the Saltend Project is subject to the negotiation of definitive agreements and obtaining all necessary governmental approvals, which is expected to be accomplished in 1997. The total cost of this project, which would be developed over a period of about two years, currently is estimated to be approximately \$650 million.



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

The increases in 1996 and 1995 net income from deregulated operations were principally due to increased revenues, partially offset by increased depreciation. The future impact of the deregulated utility operations on Entergy and Entergy Gulf States' results of operations and financial position will depend on future operating costs, the efficiency and availability of generating units, and the future market for energy over the remaining life of the assets. The deregulated operations will be subject to the requirements of SFAS 121, as discussed in Note 1, in determining the recognition of any asset impairment.

Property Tax Exemptions

Waterford 3's local property tax exemptions expired in December 1995. In a March 1996 LPSC order, Entergy Louisiana was permitted to defer recovery of the estimated Waterford 3 property tax from January 1996 through June 1996. The order allows for the recovery of the property tax beginning in July 1996 and also for the recovery, from July 1996 through June 1997, of the related deferral. In April 1996, Louisiana authorities assessed 1996 property taxes of \$19.3 million on Waterford 3.

River Bend's local property tax exemptions expired in December 1996. The 1997 property tax is estimated to be approximately \$13.2 million. The tax related to the Texas jurisdiction was included in the rate proceeding filed with the PUCT in November 1996. Entergy Gulf States expects that the LPSC will address the accounting treatment and recovery of River Bend's property taxes related to the Louisiana jurisdiction in conjunction with the fourth required Merger-related earnings review to be filed in May 1997.

Accounting Issues

New Accounting Standard - Entergy adopted SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121) effective January 1, 1996. This standard describes circumstances that may result in assets being impaired and provides criteria for recognition and measurement of asset impairment.

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

The domestic utility companies' and System Energy's financial statements continue to apply SFAS 71 for their regulated operations, except for those portions of Entergy Gulf States' business described in "Deregulated Utility Operations" above. Although discussions with regulatory authorities regarding retail competition have occurred and are expected to continue, management does not expect any definitive outcomes in the foreseeable future, and therefore, the regulated operations continue to apply SFAS 71. See Note 1 for additional discussion of Entergy's application of SFAS 71.

Accounting for Decommissioning Costs - In February 1996, the FASB issued an exposure draft of a proposed SFAS addressing the accounting for decommissioning costs of nuclear generating units as well as liabilities related to the closure and removal of all long-lived assets. See Note 9 for a discussion of proposed changes in the accounting for decommissioning/closure costs and the potential impact of these changes on Entergy.

#### Financial Instruments

Derivative instruments have been used by Entergy on a limited basis. Entergy has a policy that financial derivatives are to be used only to mitigate business risks and not for speculative purposes. See Notes 7 and 9 for additional information concerning Entergy's derivative instruments outstanding as of December 31, 1996.



REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Entergy Corporation

We have audited the accompanying consolidated balance sheets of Entergy Corporation and Subsidiaries as of December 31, 1996 and 1995, and the related statements of consolidated income, retained earnings and paid-in-capital and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Entergy Corporation and Subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the net amount of capitalized costs for River Bend exceed those costs currently being recovered through rates. At December 31, 1996, approximately \$467 million is not currently being recovered through rates. Based upon the regulatory decision on this matter, a write-off of all or a portion of such costs may be required.

As discussed in Note 1 to the consolidated financial statements, at January 1, 1996 the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". Also, as discussed in Note 1 to the consolidated financial statements, in 1996 and 1995



ENTERGY CORPORATION AND SUBSIDIARIES  
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS  
RESULTS OF OPERATIONS

On January 5, 1996, Entergy Corporation finalized its acquisition of CitiPower. In accordance with the purchase method of accounting, the results of operations for 1995 and 1994 of Entergy Corporation and subsidiaries reported in its Statements of Consolidated Income and Cash Flows do not include CitiPower's results of operations. See Note 13 for additional information regarding CitiPower.

Net Income

Consolidated net income decreased in 1996 primarily due to the \$174 million net of tax write-off of River Bend rate deferrals pursuant to SFAS 121 and the one-time recording in 1995 of the cumulative effect of the change in accounting method for incremental nuclear refueling outage maintenance costs at Entergy Arkansas. The effect of these items was partially offset by the reversal of a Cajun-River Bend litigation accrual at Entergy Gulf States. Excluding these items, net income would have increased 17% due to decreased other operation and maintenance expenses for domestic regulated operations as a result of restructuring programs, as discussed in Note 12, and ongoing efficiency improvement programs throughout Entergy.

Consolidated net income increased in 1995 due primarily to increased electric operating revenues, decreased other operation and maintenance expenses, the onetime recording of the cumulative effect of the change in accounting method for incremental nuclear refueling outage maintenance costs at Entergy Arkansas, and decreased interest expense, partially offset by increased income taxes and decreased miscellaneous income - net.

Significant factors affecting the results of operations and causing variances between the years 1996 and 1995, and between the years 1995 and 1994, are discussed under "Revenues and Sales," "Expenses," and "Other" below.

Revenues and Sales

See "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON," following the financial statements, for information on operating revenues by source and kWh sales.



ENTERGY CORPORATION AND SUBSIDIARIES  
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Electric operating revenues increased in 1996 as a result of higher fuel adjustment revenues, which do not affect net income, and an increase in retail energy sales, partially offset by rate reductions at various domestic utility companies. The increase in retail sales is primarily the result of an increase in customers and customer usage.

Electric operating revenues increased in 1995 as a result of an increase in retail energy sales, the effects of the 1994 FERC Settlement, and increased wholesale revenues, partially offset by rate reductions at Entergy Gulf States, Entergy Louisiana, and Entergy New Orleans and lower fuel adjustment revenues. Warmer weather and non-weather related volume growth contributed equally to the increase in retail electric energy sales. The increase in sales for resale was primarily from increased energy sales outside of Entergy's service area. The increase in other revenues was due to the effects of the 1994 FERC Settlement and the 1994 NOPSI Settlement.

Gas operating revenues increased in 1996 due to higher unit purchase prices for gas purchased for resale and colder than normal weather in the first quarter of 1996.

Nonregulated and foreign-energy related business revenues increased in 1996 due primarily to the acquisition of CitiPower. See Note 13 for additional information regarding CitiPower.

Expenses

Operating expenses for 1996 include the operating expenses of CitiPower, which were not included in the prior year financial statements. See Note 13 for additional information regarding CitiPower. Excluding the operating expenses of CitiPower, Entergy's operating expenses increased in 1996. The following discussion excludes the impact of the acquisition of CitiPower.

In 1996, fuel and purchased power expenses increased as a result of higher fuel costs and an increase in energy sales. Other operation and maintenance expenses decreased in 1996 due to lower payroll-related expenses, resulting from restructuring programs as discussed in Note 12, in addition to ongoing operating efficiency improvement

ENTERGY CORPORATION AND SUBSIDIARIES  
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS  
RESULTS OF OPERATIONS

Interest charges decreased in 1995 as a result of the retirement and refinancing of higher cost long-term debt.

Preferred dividend requirements decreased in 1996 and 1995 due to stock redemption activities.

Other

Miscellaneous other income - net decreased in 1996 as a result of the write-off of River Bend rate deferrals pursuant to SFAS 121, as discussed in Note 2, and a decrease in Grand Gulf 1 carrying charges at Entergy Arkansas due to a decline in the deferral balance, partially offset by the Entergy Gulf States' reversal of a Cajun-River Bend litigation accrual. Income tax expense increased due to higher pretax income excluding the River Bend rate deferral write-off and the prior year change in accounting method.

Miscellaneous other income - net decreased in 1995 due primarily to expansion activities in nonregulated businesses. Income tax expense increased in 1995 due to higher pretax income and the effects of the 1994 FERC Settlement.

ENERGY CORPORATION AND SUBSIDIARIES  
STATEMENTS OF CONSOLIDATED INCOME

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands, Except Share Data)		
Electric	\$6,450,940	\$6,088,018	\$5,792,410
Natural gas	134,456	103,992	118,962
Steam products	59,143	49,295	46,559
Nonregulated and foreign energy-related businesses	518,987	45,901	23,889
	-----	-----	-----
Total	7,163,526	6,287,206	5,981,820
	-----	-----	-----
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	1,635,885	1,395,889	1,450,598
Purchased power	704,744	356,596	340,067
Nuclear refueling outage expenses	55,148	84,972	63,979
Other operation and maintenance	1,577,383	1,528,351	1,613,313
Depreciation, amortization, and decommissioning	790,948	695,865	659,142
Taxes other than income taxes	353,270	300,120	284,349
Rate deferrals	(33,874)	-	-
Amortization of rate deferrals	401,301	408,087	399,121
	-----	-----	-----
Total	5,484,805	4,769,880	4,810,569
	-----	-----	-----
Operating Income	1,678,721	1,517,326	1,171,251
	-----	-----	-----
Other Income (Deductions):			
Allowance for equity funds used during construction	9,951	9,629	11,903
Write-off of River Bend rate deferrals	(194,498)	-	-
Miscellaneous - net	137,583	30,993	50,086
	-----	-----	-----
Total	(46,964)	40,622	61,989
	-----	-----	-----
Interest Charges:			
Interest on long-term debt	674,532	633,851	665,541
Other interest - net	49,053	33,749	22,354
Distributions on preferred securities of subsidiary	4,797	-	-
Allowance for borrowed funds used during construction	(8,347)	(8,368)	(9,938)
Preferred and preference dividend requirements of subsidiaries and other	70,536	77,969	81,718
	-----	-----	-----
Total	790,571	737,201	759,675
	-----	-----	-----
Income Before Income Taxes	841,186	820,747	473,565
	-----	-----	-----
Income Taxes	421,159	336,182	131,724
	-----	-----	-----
Income before the Cumulative Effect of Accounting Changes	420,027	484,565	341,841
	-----	-----	-----
Cumulative Effect of Accounting Changes (net of income taxes)	-	35,415	-
	-----	-----	-----
Net Income	\$420,027	\$519,980	\$341,841
	=====	=====	=====
Earnings per average common share before cumulative effect of accounting changes	\$1.83	\$2.13	\$1.49
Earnings per average common share	\$1.83	\$2.28	\$1.49
Dividends declared per common share	\$1.80	\$1.80	\$1.80
Average number of common shares outstanding	229,084,241	227,669,970	228,734,843

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES  
STATEMENTS OF CONSOLIDATED CASH FLOWS

	For the 1996	Years Ended 1995	December 31, 1994
	(In Thousands)		
<b>Operating Activities:</b>			
Net income	\$420,027	\$519,980	\$341,841
Noncash items included in net income:			
Write-off of River Bend rate deferrals	194,498	-	-
Cumulative effect of a change in accounting principle	-	(35,415)	-
Change in rate deferrals/excess capacity-net	423,036	390,177	394,344
Depreciation, amortization, and decommissioning	790,948	695,865	659,142
Deferred income taxes and investment tax credits	76,920	(31,006)	(151,731)
Allowance for equity funds used during construction	(9,951)	(9,629)	(11,903)
Amortization of deferred revenues	-	-	(14,632)
Changes in working capital:			
Receivables	(30,322)	(30,550)	(382)
Fuel inventory	(17,220)	(28,956)	16,993
Accounts payable	4,011	(19,124)	65,776
Taxes accrued	(27,488)	115,250	(25,689)
Interest accrued	7,176	(194)	(15,255)
Other working capital accounts	(121,692)	(85,454)	126,058
Change in other regulatory assets	(85,051)	(3,876)	(33,032)
Decommissioning trust contributions	(52,204)	(37,756)	(24,755)
Provision for estimated losses and reserves	31,063	(37,752)	79,494
Other	(146,238)	24,153	151,649
	-----	-----	-----
Net cash flow provided by operating activities	1,457,513	1,425,713	1,557,918
<b>Investing Activities:</b>			
Construction/capital expenditures	(571,890)	(618,436)	(676,180)
Allowance for equity funds used during construction	9,951	9,629	11,903
Nuclear fuel purchases	(123,929)	(207,501)	(179,932)
Proceeds from sale/leaseback of nuclear fuel	109,980	226,607	128,675
Acquisition of CitiPower	(1,156,112)	-	-
Investment in nonregulated/nonutility properties	(76,091)	(172,814)	(49,859)
Proceeds from sale of Hub River stock	26,955	-	-
Proceeds from sale of Independence 2	39,398	-	-
Proceeds from sale of nonutility property	-	-	26,000
Other	(32,619)	(28,982)	(20,151)
	-----	-----	-----
Net cash flow used in investing activities	(1,774,357)	(791,497)	(759,544)
<b>Financing Activities:</b>			
Proceeds from the issuance of:			
General and refunding mortgage bonds	39,608	109,285	24,534
First mortgage bonds	431,906	-	59,410
Bank notes and other long-term debt	1,066,858	273,542	164,699
Common Stock	118,087	-	-
Preferred securities of subsidiaries' trusts	125,963	-	-
Retirement of:			
First mortgage bonds	(821,575)	(225,800)	(303,800)
General and refunding mortgage bonds	(56,000)	(69,200)	(45,000)
Other long-term debt	(145,110)	(221,043)	(148,962)
Premium and expense on refinancing sale/leaseback bonds	-	-	(48,497)
Repurchase of common stock	-	-	(119,486)
Redemption of preferred stock	(157,503)	(46,564)	(49,091)
Changes in short-term borrowings - net	(24,981)	(126,200)	128,200
Common stock dividends paid	(405,346)	(408,553)	(410,223)
	-----	-----	-----
Net cash flow provided by (used in) financing activities	171,907	(714,533)	(748,216)
	-----	-----	-----
Effect of exchange rates on cash and cash equivalents	50	-	-
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(144,887)	(80,317)	50,158
	-----	-----	-----
Cash and cash equivalents at beginning of period	533,590	613,907	563,749
	-----	-----	-----
Cash and cash equivalents at end of period	\$388,703	\$533,590	\$613,907
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$677,535	\$626,531	\$660,150
Income taxes	\$373,247	\$285,738	\$218,667
Noncash investing and financing activities:			
Capital lease obligations incurred	\$16,358	-	\$88,574
Change in unrealized appreciation (depreciation) of decommissioning trust assets	\$7,803	\$16,614	(\$2,198)
Acquisition of nuclear fuel	\$47,695	-	-

See Notes to Financial Statements.



ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
ASSETS

	December 31,	
	1996	1995
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$34,807	\$42,822
Temporary cash investments - at cost, which approximates market	346,782	490,768
Special deposits	7,114	-
	-----	-----
Total cash and cash equivalents	388,703	533,590
Notes receivable	1,384	6,907
Accounts receivable:		
Customer (less allowance for doubtful accounts of \$9.2 million in 1996 and \$7.1 million in 1995)	324,687	333,343
Other	99,066	59,176
Accrued unbilled revenues	351,429	293,461
Deferred fuel	122,184	25,924
Fuel inventory	139,603	122,167
Materials and supplies - at average cost	339,622	345,330
Rate deferrals	444,543	420,221
Prepayments and other	151,312	175,121
	-----	-----
Total	2,362,533	2,315,240
Other Property and Investments:		
Decommissioning trust funds	357,962	277,716
Nonregulated investments	513,058	372,453
Other	59,053	62,166
	-----	-----
Total	930,073	712,335
Utility Plant:		
Electric	22,811,164	21,698,593
Plant acquisition adjustment - Entergy Gulf States	455,425	471,690
Electric plant under leases	679,991	675,425
Property under capital leases - electric	147,277	145,146
Natural gas	168,143	166,872
Steam products	81,743	77,551
Construction work in progress	401,676	482,950
Nuclear fuel under capital leases	250,651	312,782
Nuclear fuel	112,625	49,100
	-----	-----
Total	25,108,695	24,080,109
Less - accumulated depreciation and amortization	8,885,572	8,259,318
	-----	-----
Utility plant - net	16,223,123	15,820,791
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	399,493	1,033,282
SFAS 109 regulatory asset - net	1,196,041	1,279,495
Unamortized loss on reacquired debt	217,664	224,131
Other regulatory assets	435,652	350,601
Long-term receivables	216,082	224,726
CitiPower license (net of \$15.6 million of amortization)	606,214	-
Other	379,419	305,329
	-----	-----
Total	3,450,565	3,417,564
	-----	-----
TOTAL	\$22,966,294	\$22,265,930
	=====	=====

See Notes to Financial Statements



ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
LIABILITIES AND CAPITALIZATION

	December 31,	
	1996	1995
	(In Thousands)	
<b>Current Liabilities:</b>		
Currently maturing long-term debt	\$345,620	\$558,650
Notes payable	20,686	45,667
Accounts payable	554,558	460,379
Customer deposits	155,534	140,054
Taxes accrued	180,340	207,828
Accumulated deferred income taxes	78,010	72,847
Interest accrued	203,425	195,445
Dividends declared	8,950	12,194
Obligations under capital leases	151,287	151,140
Other	184,157	247,039
	-----	-----
Total	1,882,567	2,091,243
	-----	-----
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	3,770,760	3,777,644
Accumulated deferred investment tax credits	607,641	612,701
Obligations under capital leases	247,360	303,664
Other	1,298,306	1,277,419
	-----	-----
Total	5,924,067	5,971,428
	-----	-----
<b>Long-term debt</b>		
Subsidiaries' preferred stock with sinking fund	7,590,804	6,777,124
Subsidiary's preference stock	216,986	253,460
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	150,000	150,000
	130,000	-
	-----	-----
<b>Shareholders' Equity:</b>		
Subsidiaries' preferred stock without sinking fund	430,955	550,955
Common stock, \$.01 par value, authorized 500,000,000 shares; issued 234,456,457 shares in 1996 and 230,017,485 shares in 1995	2,345	2,300
Paid-in capital	4,320,591	4,201,483
Retained earnings	2,341,703	2,335,579
Cumulative foreign currency translation	21,725	-
Less - treasury stock (1,496,118 shares in 1996 and 2,251,318 in 1995)	45,449	67,642
	-----	-----
Total	7,071,870	7,022,675
	-----	-----
<b>Commitments and Contingencies (Notes 2, 9, 10, and 16)</b>		
TOTAL	\$22,966,294	\$22,265,930
	=====	=====

See Notes to Financial Statements.

ENERGY CORPORATION AND SUBSIDIARIES  
STATEMENTS OF CONSOLIDATED RETAINED EARNINGS AND PAID-IN CAPITAL

	For the 1996	Years Ended December 31, 1995	1994
	(In Thousands)		
Retained Earnings, January 1	\$2,335,579	\$2,223,739	\$2,310,082
Add:			
Net income	420,027	519,980	341,841
Total	2,755,606	2,743,719	2,651,923
Deduct:			
Dividends declared on common stock	412,250	409,801	411,806
Common stock retirements	-	-	13,940
Capital stock and other expenses	1,653	(1,661)	2,438
Total	413,903	408,140	428,184
Retained Earnings, December 31	\$2,341,703	\$2,335,579	\$2,223,739
	=====	=====	=====
Paid-in Capital, January 1	\$4,201,483	\$4,202,134	\$4,223,682
Add:			
Gain (loss) on reacquisition of subsidiaries' preferred stock	1,795	(26)	(23)
Common stock issuances related to stock plans	117,560	(3,002)	-
Total	4,320,838	4,199,106	4,223,659
Deduct:			
Common stock retirements	-	-	22,468
Capital stock discounts and other expenses	247	(2,377)	(943)
Total	247	(2,377)	21,525
Paid-in Capital, December 31	\$4,320,591	\$4,201,483	\$4,202,134
	=====	=====	=====

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1996	1995	1994	1993	1992
		(In Thousands,	Except Per	Share	
		Amounts)			
Operating revenues	\$ 7,163,526	\$ 6,287,206	\$ 5,981,820	\$ 4,475,224	\$ 4,098,332
Income before cumulative effect of a change in accounting principle	\$ 420,027	\$ 484,565	\$ 341,841	\$ 458,089	\$ 437,637
Earnings per share before cumulative effect of accounting changes	\$ 1.83	\$ 2.13	\$ 1.49	\$ 2.62	\$ 2.48
Dividends declared per share	\$ 1.80	\$ 1.80	\$ 1.80	\$ 1.65	\$ 1.45
Return on average common equity	6.41%	8.11%	5.31%	12.58%	10.31%
Book value per share, year-end (2)	\$ 28.51	\$ 28.41	\$ 27.93	\$ 28.27	\$ 24.35
Total assets (2)	\$22,966,294	\$22,265,930	\$22,621,874	\$22,876,697	\$14,239,537
Long-term obligations (1)(2)	\$ 8,335,150	\$ 7,484,248	\$ 7,817,366	\$ 8,177,882	\$ 5,630,505

(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.

(2) 1993 amounts include the effects of the Merger in accordance with the purchase method of accounting for combinations.

	1996	1995	1994	1993	1992
			(In Thousands)		
Electric Operating Revenues:					
Residential	\$2,277,647	\$2,177,348	\$2,127,820	\$1,594,515	\$1,441,628
Commercial	1,573,251	1,491,818	1,500,462	1,071,070	1,008,474
Industrial	1,987,640	1,810,045	1,834,155	1,197,695	1,098,147
Governmental	169,287	154,032	159,840	136,471	127,880
Total retail	6,007,825	5,633,243	5,622,277	3,999,751	3,676,129
Sales for resale	376,011	334,874	293,702	280,505	243,507
Other (1)	67,104	119,901	(123,569)	88,713	96,971
Total	\$6,450,940	\$6,088,018	\$5,792,410	\$4,368,969	\$4,016,607
Billed Electric Energy Sales (Millions of kWh):					
Residential	28,303	27,704	26,231	18,946	17,549
Commercial	21,234	20,719	20,050	13,420	12,928
Industrial	44,340	42,260	41,030	24,889	23,610
Governmental	2,449	2,311	2,233	1,887	1,839
Total retail	96,326	92,994	89,544	59,142	55,926
Sales for resale	10,583	10,471	7,908	8,291	7,979
Total	106,909	103,465	97,452	67,433	63,905

(1)1994 includes the effects of the FERC Settlement, the 1994 NPSI Settlement, and an Entergy Gulf States reserve for rate refund.

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying balance sheets of Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company) as of December 31, 1996 and 1995, and the related statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1996. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1995 the Company changed its method of accounting for incremental nuclear plant outage maintenance costs.

### **COOPERS & LYBRAND L.L.P.**

New Orleans, Louisiana  
February 13, 1997

ENTERGY ARKANSAS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

**Net Income**

Net income decreased in 1996 due primarily to the onetime recording of the cumulative effect of the change in accounting method in 1995 for incremental nuclear refueling outage maintenance costs as discussed in Note 1. Excluding the above mentioned item, net income would have increased \$21.1 million in 1996 principally due to a decrease in other operation and maintenance expenses.

Net income increased in 1995 due primarily to the onetime recording of the cumulative effect of the change in accounting method for incremental nuclear refueling outage maintenance costs. Excluding the above mentioned item, net income for 1995 decreased due to an increase in depreciation, amortization, and decommissioning expenses and income tax expense offset by an increase in revenues from retail energy sales and a decrease in other operation and maintenance expenses.

Significant factors affecting the results of operations and causing variances between the years 1996 and 1995, and between the years 1995 and 1994, are discussed under "Revenues and Sales," "Expenses," and "Other" below.

**Revenues and Sales**

See "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON," following the financial statements, for information on operating revenues by source and kWh sales.

The changes in electric operating revenues for the twelve months ended December 31, 1996, and 1995 are as follows:

Description	Increase/ (Decrease)	
	1996	1995
	(In Millions)	
Change in base revenues (\$3.4)	(\$10.1)	
Rate riders	(5.3)	15.9
Fuel cost recovery	8.0	25.1
Sales volume/weather	19.5	38.2
Other revenue (including unbilled)	(7.1)	9.7
Sales for resale (28.0)	90.2	
	-----	-----
Total	\$95.2	\$57.5
	=====	=====

Electric operating revenues increased for 1996 due primarily to increased sales for resale and retail energy sales. The increase in sales for resale is due to higher generation availability compared to 1995. The increase in retail energy sales resulted from increased customer usage, partially attributable to more severe weather as compared to 1995.

**ENTERGY ARKANSAS, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Electric operating revenues increased for 1995 due primarily to increased retail energy sales and fuel adjustment revenues partially offset by a decrease in sales for resale to associated companies. The increase in sales volume/weather resulted from increased customers and associated usage, while the remainder resulted from warmer weather in the summer months. The decrease in sales for resale to associated companies was caused by changes in generation availability and requirements among the domestic utility companies.

**Expenses**

Operating expenses increased in 1996 because of an increase in fuel, and purchased power expenses, partially offset by reduced amortization of previous rate deferrals and decreased other operation and maintenance expenses. The increase in fuel and purchased power expenses is largely due to an increase in generation and purchases related to the increase in sales for resale. The decrease in other operation and maintenance expenses resulted from lower payroll expenses. Payroll expenses decreased as a result of restructuring costs recorded in 1995 and the resulting decrease in employees.

Operating expenses increased in 1995 because of an increase in depreciation, amortization, and decommissioning expenses, offset by a decrease in other operation and maintenance expenses. Depreciation, amortization, and decommissioning expenses increased primarily due to additions and upgrades at ANO and additions to transmission lines, substations, and other equipment. Also, decommissioning expense increased due to the implementation of the decommissioning rate rider which resulted from the decommissioning study performed in 1994. The decrease in other operation and maintenance expenses is largely due to restructuring costs and storm damage costs recorded in 1994 .

**Other**

Miscellaneous other income - net decreased in 1996 due to reduced Grand Gulf 1 carrying charges as a result of a decline in the deferral balance. Income tax expense increased in 1996 because of higher pretax income.

Income tax expense increased in 1995 primarily due to the write-off in 1994 of investment tax credits in accordance with the FERC Settlement. Income tax expense also increased due to higher pre-tax income in 1995.

ENTERGY ARKANSAS, INC.  
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Revenues	\$1,743,433	\$1,648,233	\$1,590,742
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	257,008	231,619	261,932
Purchased power	432,825	363,199	328,379
Nuclear refueling outage expenses	29,365	31,754	33,107
Other operation and maintenance	358,789	375,059	390,472
Depreciation, amortization, and decommissioning	167,878	162,087	149,878
Taxes other than income taxes	37,688	38,319	33,610
Amortization of rate deferrals	149,730	174,329	166,793
Total	1,433,283	1,376,366	1,364,171
Operating Income	310,150	271,867	226,571
Other Income:			
Allowance for equity funds used during construction	3,886	3,567	4,001
Miscellaneous - net	32,591	46,227	48,049
Total	36,477	49,794	52,050
Interest Charges:			
Interest on long-term debt	98,531	106,853	106,001
Other interest - net	6,257	8,485	4,811
Distributions on preferred securities of subsidiary	1,927	-	-
Allowance for borrowed funds used during construction	(2,330)	(2,424)	(3,674)
Total	104,385	112,914	107,138
Income Before Income Taxes	242,242	208,747	171,483
Income Taxes	84,444	72,082	29,220
Income before the Cumulative Effect of Accounting Changes	157,798	136,665	142,263
Cumulative Effect of Accounting Changes (net of income taxes)	-	35,415	-
Net Income	157,798	172,080	142,263
Preferred Stock Dividend Requirements and Other	16,110	18,093	19,275
Earnings Applicable to Common Stock	\$141,688	\$153,987	\$122,988

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
<b>Operating Activities:</b>			
Net income	\$157,798	\$172,080	\$142,263
Noncash items included in net income:			
Cumulative effect of a change in accounting principle	-	(35,415)	-
Change in rate deferrals/excess capacity-net	139,701	125,504	102,959
Depreciation, amortization, and decommissioning	167,878	162,087	149,878
Deferred income taxes and investment tax credits	(46,026)	(33,882)	(54,080)
Allowance for equity funds used during construction	(3,886)	(3,567)	(4,001)
Changes in working capital:			
Receivables	(4,292)	(39,209)	10,817
Fuel inventory	137	(22,895)	17,359
Accounts payable	(1,112)	55,732	(32,114)
Taxes accrued	14,035	(5,080)	2,226
Interest accrued	(2,615)	(824)	(346)
Other working capital accounts	(7,529)	(28,375)	20,324
Decommissioning trust contributions	(18,961)	(16,702)	(11,581)
Provision for estimated losses and reserves	4,125	2,849	16,617
Other	(22,675)	6,055	(4,744)
	-----	-----	-----
Net cash flow provided by operating activities	376,578	338,358	355,577
	-----	-----	-----
<b>Investing Activities:</b>			
Construction expenditures	(145,529)	(165,071)	(179,116)
Allowance for equity funds used during construction	3,886	3,567	4,001
Nuclear fuel purchases	(26,084)	(41,219)	(40,074)
Proceeds from sale/leaseback of nuclear fuel	25,451	41,832	40,074
	-----	-----	-----
Net cash flow used in investing activities	(142,276)	(160,891)	(175,115)
	-----	-----	-----
<b>Financing Activities:</b>			
Proceeds from issuance of:			
First mortgage bonds	84,256	-	-
Other long-term debt	-	118,662	27,992
Preferred securities of subsidiary trust	58,168	-	-
Retirement of:			
First mortgage bonds	(112,807)	(25,800)	(800)
Other long-term debt	(1,700)	(124,025)	(30,231)
Redemption of preferred stock	(69,624)	(9,500)	(11,500)
Changes in short-term borrowings - net	-	(34,000)	12,605
Dividends paid:			
Common stock	(142,800)	(153,400)	(80,000)
Preferred stock	(17,736)	(18,362)	(19,597)
	-----	-----	-----
Net cash flow used in financing activities	(202,243)	(246,425)	(101,531)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	32,059	(68,958)	78,931
Cash and cash equivalents at beginning of period	11,798	80,756	1,825
Cash and cash equivalents at end of period	\$43,857	\$11,798	\$80,756
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$94,662	\$102,851	\$98,787
Income taxes	\$110,211	\$113,080	\$79,553
Noncash investing and financing activities:			
Capital lease obligations incurred	\$16,358	-	\$47,719
Acquisition of nuclear fuel	\$27,500	-	-
Change in unrealized appreciation of decommissioning trust assets	\$5,968	\$9,128	\$1,361

See Notes to Financial Statements.



ENTERGY ARKANSAS, INC.  
BALANCE SHEETS  
ASSETS

	December 31,	
	1996	1995
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$5,117	\$7,780
Temporary cash investments - at cost, which approximates market:		
Associated companies	17,462	908
Other	21,278	3,110
	-----	-----
Total cash and cash equivalents	43,857	11,798
Accounts receivable:		
Customer (less allowance for doubtful accounts of \$2.3 million in 1996 and \$2.1 million in 1995)	71,144	81,686
Associated companies	45,303	40,577
Other	5,862	6,962
Accrued unbilled revenues	104,764	93,556
Fuel inventory - at average cost	57,319	57,456
Materials and supplies - at average cost	72,976	75,030
Rate deferrals	153,141	131,634
Deferred excess capacity	9,005	11,088
Deferred nuclear refueling outage costs	24,534	32,824
Prepayments and other	7,491	8,974
	-----	-----
Total	595,396	551,585
Other Property and Investments:		
Investment in subsidiary companies - at equity	11,211	11,122
Decommissioning trust fund	203,274	166,832
Other - at cost (less accumulated depreciation)	5,058	5,085
	-----	-----
Total	219,543	183,039
Utility Plant:		
Electric	4,578,728	4,438,519
Property under capital leases	57,869	48,968
Construction work in progress	83,524	119,874
Nuclear fuel under capital lease	79,103	98,691
Nuclear fuel	27,500	-
	-----	-----
Total	4,826,724	4,706,052
Less - accumulated depreciation and amortization	1,976,204	1,846,112
	-----	-----
Utility plant - net	2,850,520	2,859,940
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	75,249	228,390
Deferred excess capacity	-	5,984
SFAS 109 regulatory asset - net	244,767	219,906
Unamortized loss on reacquired debt	56,664	58,684
Other regulatory assets	80,257	68,160
Other	31,421	28,727
	-----	-----
Total	488,358	609,851
	-----	-----
TOTAL	\$4,153,817	\$4,204,415
	=====	=====

See Notes to Financial Statements.



ENTERGY ARKANSAS, INC.  
BALANCE SHEETS  
LIABILITIES AND CAPITALIZATION

	December 31,	
	1996	1995
	(In Thousands)	
<b>Current Liabilities:</b>		
Currently maturing long-term debt	\$32,465	\$28,700
Notes payable	667	667
Accounts payable:		
Associated companies	91,205	42,156
Other	97,589	120,250
Customer deposits	21,800	18,594
Taxes accrued	54,194	40,159
Accumulated deferred income taxes	70,506	48,992
Interest accrued	27,625	30,240
Dividends declared	2,832	4,458
Co-owner advances	33,873	34,450
Deferred fuel cost	6,955	17,837
Obligations under capital leases	53,012	54,697
Other	15,135	26,238
	-----	-----
Total	507,858	467,438
	-----	-----
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	785,994	823,471
Accumulated deferred investment tax credits	108,307	112,890
Obligations under capital leases	83,940	93,574
Other	113,998	116,762
	-----	-----
Total	1,092,239	1,146,697
	-----	-----
Long-term debt	1,255,388	1,281,203
Preferred stock with sinking fund	40,027	49,027
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	60,000	-
<b>Shareholder's Equity:</b>		
Preferred stock without sinking fund	116,350	176,350
Common stock, no par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 1996 and 1995	470	470
Paid-in capital	590,169	590,844
Retained earnings	491,316	492,386
	-----	-----
Total	1,198,305	1,260,050
	-----	-----
Commitments and Contingencies (Note 2, 9, and 10)		
TOTAL	\$4,153,817	\$4,204,415
	=====	=====

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC.  
STATEMENTS OF RETAINED EARNINGS

	For the 1996	Years Ended December 1995	December 31, 1994
	(In Thousands)		
Retained Earnings, January 1	\$492,386	\$491,799	\$448,811
Add:			
Net income	157,798	172,080	142,263
Increase in investment in subsidiary	42	-	-
Total	650,226	663,879	591,074
Deduct:			
Dividends declared:			
Preferred stock	16,110	18,093	19,275
Common stock	142,800	153,400	80,000
Total	158,910	171,493	99,275
Retained Earnings, December 31 (Note 8)	\$491,316	\$492,386	\$491,799

See Notes to Financial Statements.

**ENTERGY ARKANSAS, INC.**

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

	1996	1995	1994	1993	1992
			(In Thousands)		
Operating revenues	\$1,743,433	\$1,648,233	\$ 1,590,742	\$1,591,568	\$ 1,521,129
Income before cumulative effect of accounting changes	\$ 157,798	\$ 136,665	\$ 142,263	\$ 155,110	\$ 130,529
Total assets	\$4,153,817	\$4,204,415	\$ 4,292,215	\$4,334,105	\$ 4,038,811
Long-term obligations (1)	\$1,439,355	\$1,423,804	\$ 1,446,940	\$1,478,203	\$ 1,453,588

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

	1996	1995	1994	1993	1992
			(In Thousands)		
Electric Operating Revenues:					
Residential	\$546,100	\$542,862	\$506,160	\$528,734	\$476,090
Commercial	323,328	318,475	307,296	306,742	291,367
Industrial	364,943	362,854	338,988	336,856	325,569
Governmental	16,989	17,084	16,698	16,670	17,700
	-----	-----	-----	-----	-----
Total retail	1,251,360	1,241,275	1,169,142	1,189,002	1,110,726
Sales for resale					
Associated companies	248,211	178,885	212,314	175,784	203,470
Non-associated companies	207,887	195,844	182,920	203,696	181,558
Other	35,975	32,229	26,366	23,086	25,375
	-----	-----	-----	-----	-----
Total	\$1,743,433	\$1,648,233	\$1,590,742	\$1,591,568	\$1,521,129
	=====	=====	=====	=====	=====
Billed Electric Energy					
Sales (Millions of kWh):					
Residential	6,023	5,868	5,522	5,680	5,102
Commercial	4,390	4,267	4,147	4,067	3,841
Industrial	6,487	6,314	5,941	5,690	5,509
Governmental	234	243	231	230	248
	-----	-----	-----	-----	-----
Total retail	17,134	16,692	15,841	15,667	14,700
Sales for resale					
Associated companies	10,471	8,386	10,591	8,307	10,357
Non-associated companies	6,720	5,066	4,906	5,643	5,056
	-----	-----	-----	-----	-----
Total	34,325	30,144	31,338	29,617	30,113
	=====	=====	=====	=====	=====

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying balance sheets of Entergy Gulf States, Inc. (formerly Gulf States Utilities Company) as of December 31, 1996 and 1995 and the related statements of income (loss), retained earnings and cash flows for each of the three years in the period ended December 31, 1996. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the net amount of capitalized costs for River Bend exceed those costs currently being recovered through rates. At December 31, 1996, approximately \$467 million is not currently being recovered through rates. Based upon the regulatory decision on this matter, a write-off of all or a portion of such costs may be required.

As discussed in Note 1 to the consolidated financial statements, at January 1, 1996 the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of".

### **COOPERS & LYBRAND L.L.P.**

New Orleans, Louisiana  
February 13, 1997

# ENTERGY GULF STATES, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income decreased in 1996 principally due to the \$174 million net of tax write-off of River Bend rate deferrals required by the adoption of SFAS 121. This write-off was partially offset by the third quarter reversal of the Cajun-River Bend litigation accrual. Excluding the River Bend rate deferrals and the Cajun-River Bend litigation accrual, net income for 1996 would have increased slightly due to an increase in electric operating revenue and a decrease in other operation and maintenance expenses.

Net income increased in 1995 principally as the result of an increase in electric operating revenues, a decrease in other operation and maintenance expenses, and an increase in other income. These changes were partially offset by higher income taxes.

Significant factors affecting the results of operations and causing variances between the years 1996 and 1995, and between the years 1995 and 1994, are discussed under "Revenues and Sales," "Expenses," and "Other" below.

#### Revenues and Sales

See "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON," following the financial statements, for information on operating revenues by source and kWh sales.

The changes in electric operating revenues for the twelve months ended December 31, 1996 and 1995, are as follows:

Description	Increase/ (Decrease)	
	1996	1995
	(In Millions)	
Change in base revenues	(\$60.3)	\$32.0
Fuel cost recovery (29.6)	152.0	
Sales volume/weather	65.1	35.0
Other revenue (including unbilled)	12.8	1.1
Sales for resale	(32.6)	31.3
Total	\$137.0	\$69.8
	=====	=====

Electric operating revenues increased in 1996 primarily due to increased fuel adjustment revenues, which do not affect net income, increased customers, and increased customer usage. These increases were partially offset by rate reductions in effect for both Texas and Louisiana retail customers and increased base revenues for 1995, as discussed below. Sales for resale to associated companies decreased as a result of changes in generation availability and requirements among the domestic utility companies.

# ENTERGY GULF STATES, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

Electric operating revenues increased in 1995 primarily due to increased sales volume/weather and higher sales for resale. These increases were partially offset by lower fuel adjustment revenues, which do not affect net income. Base revenues also increased in 1995 as a result of rate refund reserves established in 1994, which were subsequently reduced as a result of an amended PUCT order. The increase in base revenues was partially offset by rate reductions in effect for Texas and Louisiana. Sales volume/weather increased because of warmer than normal summer weather and an increase in usage by all customer classes. Sales for resale increased as a result of changes in generation availability and requirements among the domestic utility companies.

Gas operating revenues and steam operating revenues increased for 1996 primarily due to higher fuel prices and increased usage.

#### Expenses

Operating expenses increased in 1996 as a result of higher fuel expenses, including purchased power, partially offset by lower other operation and maintenance expenses. Fuel and purchase power expenses, taken together, increased because of higher gas prices and increased energy requirements resulting from higher energy sales. Other operation and maintenance expenses decreased primarily due to lower payroll-related expenses associated with restructuring programs accrued for in 1995.

Operating expenses decreased in 1995 as a result of lower other operation and maintenance expenses and purchased power expenses. Other operation and maintenance expenses decreased primarily due to changes made in 1994 for Merger-related costs, restructuring costs, and certain pre-acquisition contingencies including unfunded Cajun-River Bend cost and environmental clean-up cost. Purchased power expenses decreased because of the availability of less expensive gas and nuclear fuel for use in electric generation as well as changes in the generation requirements among the domestic utility companies. Another reason for the decrease in purchased power expenses in 1995 was the recording of a provision for refund of disallowed purchase power expenses in 1994.

#### Other

Other income decreased in 1996 due to the write-off of River Bend rate deferrals pursuant to the adoption of SFAS 121 (see Note 2 for additional information). This decrease was partially offset by the Cajun-River Bend litigation accrual reversal. Income taxes increased primarily due to higher taxable income, which excludes the net effect of the write-off of River Bend rate deferrals and the Cajun-River Bend accrual reversal .

Other miscellaneous income increased in 1995 as the result of certain adjustments made in 1994 related to pre-acquisition contingencies including Cajun-River Bend litigation (see Note 9 for additional information), the write-off of previously disallowed rate deferrals, and plant held for future use. As a result of these charges, income taxes on other income were significantly higher in 1995 compared to 1994.

ENTERGY GULF STATES, INC.  
STATEMENTS OF INCOME (LOSS)

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Revenues:			
Electric	\$1,925,988	\$1,788,964	\$1,719,201
Natural gas	34,050	23,715	31,605
Steam products	59,143	49,295	46,559
	-----	-----	-----
Total	2,019,181	1,861,974	1,797,365
	-----	-----	-----
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	520,065	516,812	517,177
Purchased power	295,960	169,767	192,937
Nuclear refueling outage expenses	8,660	10,607	12,684
Other operation and maintenance	402,719	432,647	505,701
Depreciation, amortization, and decommissioning	206,070	202,224	197,151
Taxes other than income taxes	102,170	102,228	98,096
Amortization of rate deferrals	71,639	66,025	66,416
	-----	-----	-----
Total	1,607,283	1,500,310	1,590,162
	-----	-----	-----
Operating Income	411,898	361,664	207,203
	-----	-----	-----
Other Income (Deductions):			
Allowance for equity funds used during construction	2,618	1,125	1,334
Write-off of plant held for future use	-	-	(85,476)
Write-off of River Bend rate deferrals	(194,498)	-	-
Miscellaneous - net	69,841	22,573	(64,843)
	-----	-----	-----
Total	(122,039)	23,698	(148,985)
	-----	-----	-----
Interest Charges:			
Interest on long-term debt	181,071	191,341	195,414
Other interest - net	12,819	8,884	8,720
Allowance for borrowed funds used during construction	(2,235)	(1,026)	(1,075)
	-----	-----	-----
Total	191,655	199,199	203,059
	-----	-----	-----
Income (Loss) Before Income Taxes	98,204	186,163	(144,841)
	-----	-----	-----
Income Taxes	102,091	63,244	(62,086)
	-----	-----	-----
Net Income (Loss)	(3,887)	122,919	(82,755)
	-----	-----	-----
Preferred Stock Dividend Requirements and Other	28,505	29,643	29,919
	-----	-----	-----
Earnings (Loss) Applicable to Common Stock	(\$32,392)	\$93,276	(\$112,674)
	=====	=====	=====

See Notes to Financial Statements.

ENTERGY GULF STATES, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Activities:			
Net income (loss)	(\$3,887)	\$122,919	(\$82,755)
Noncash items included in net income (loss):			
Write-off of River Bend rate deferrals	194,498	-	-
Change in rate deferrals	72,597	66,025	96,979
Depreciation, amortization, and decommissioning	206,070	202,224	197,151
Deferred income taxes and investment tax credits	101,380	63,231	(62,171)
Allowance for equity funds used during construction	(2,618)	(1,125)	(1,334)
Write-off of plant held for future use	-	-	85,476
Changes in working capital:			
Receivables	3,691	40,193	(72,341)
Fuel inventory	(12,868)	(6,357)	(2,336)
Accounts payable	(26,706)	(4,820)	60,112
Taxes accrued	(1,266)	24,935	(10,378)
Interest accrued	(7,186)	1,510	(4,189)
Reserve for rate refund	-	(56,972)	56,972
Deferred fuel	(68,349)	(24,840)	(431)
Other working capital accounts	(70,775)	(16,079)	34,212
Change in other regulatory assets	(17,303)	7,332	5,522
Decommissioning trust contributions	(5,922)	(8,147)	(3,202)
Provision for estimated losses and reserves	(1,885)	10,119	4,181
Other	(37,116)	(19,394)	24,891
	-----	-----	-----
Net cash flow provided by operating activities	322,355	400,754	326,359
	-----	-----	-----
Investing Activities:			
Construction expenditures	(154,993)	(185,944)	(155,989)
Allowance for equity funds used during construction	2,618	1,125	1,334
Nuclear fuel purchases	(25,124)	(1,425)	(31,178)
Proceeds from sale/leaseback of nuclear fuel	26,523	542	29,386
	-----	-----	-----
Net cash flow used in investing activities	(150,976)	(185,702)	(156,447)
	-----	-----	-----
Financing Activities:			
Proceeds from the issuance of long-term debt	780	2,277	101,109
Retirement of:			
First mortgage bonds	(195,417)	-	-
Other long-term debt	(50,425)	(50,425)	(102,425)
Redemption of preferred and preference stock	(10,179)	(7,283)	(6,070)
Dividends paid:			
Common stock	-	-	(289,100)
Preferred and preference stock	(28,336)	(29,661)	(30,131)
	-----	-----	-----
Net cash flow used in financing activities	(283,577)	(85,092)	(326,617)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(112,198)	129,960	(156,705)
	-----	-----	-----
Cash and cash equivalents at beginning of period	234,604	104,644	261,349
	-----	-----	-----
Cash and cash equivalents at end of period	\$122,406	\$234,604	\$104,644
	=====	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	\$189,962	\$187,918	\$191,850
Income taxes	\$285	\$208	\$251
Noncash investing and financing activities:			
Capital lease obligations incurred	-	-	\$31,178
Change in unrealized appreciation (depreciation) of decommissioning trust assets	\$1,604	\$2,121	(\$915)

See Notes to Financial Statements.



ENTERGY GULF STATES, INC.  
BALANCE SHEETS  
ASSETS

	December 31,	
	1996	1995
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$6,573	\$13,751
Temporary cash investments - at cost, which approximates market:		
Associated companies	45,234	46,336
Other	70,599	174,517
Total cash and cash equivalents	122,406	234,604
Accounts receivable:		
Customer (less allowance for doubtful accounts of \$2.0 million in 1996 and \$1.6 million in 1995)	87,883	110,187
Associated companies	2,777	1,395
Other	30,758	15,497
Accrued unbilled revenues	75,351	73,381
Deferred fuel costs	99,503	31,154
Accumulated deferred income taxes	56,714	43,465
Fuel inventory - at average cost	45,009	32,141
Materials and supplies - at average cost	86,157	91,288
Rate deferrals	105,456	97,164
Prepayments and other	16,321	15,566
Total	728,335	745,842
Other Property and Investments:		
Decommissioning trust fund	41,983	32,943
Other - at cost (less accumulated depreciation)	38,358	28,626
Total	80,341	61,569
Utility Plant:		
Electric	7,112,021	6,942,983
Natural Gas	45,443	45,789
Steam products	81,743	77,551
Property under capital leases	72,800	77,918
Construction work in progress	112,137	148,043
Nuclear fuel under capital lease	49,833	69,853
Total	7,473,977	7,362,137
Less - accumulated depreciation and amortization	2,846,083	2,664,943
Utility plant - net	4,627,894	4,697,194
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	120,158	419,904
SFAS 109 regulatory asset - net	372,817	453,628
Unamortized loss on reacquired debt	54,761	61,233
Other regulatory assets	45,139	27,836
Long-term receivables	216,082	224,727
Other	185,921	169,125
Total	994,878	1,356,453
TOTAL	\$6,431,448	\$6,861,058
	=====	=====

See Notes to Financial Statements.



ENTERGY GULF STATES, INC.  
BALANCE SHEETS  
LIABILITIES AND CAPITALIZATION

	December 31, 1996	1995
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	\$160,865	\$145,425
Accounts payable:		
Associated companies	55,630	31,349
Other	85,541	136,528
Customer deposits	25,572	21,983
Taxes accrued	36,147	37,413
Interest accrued	49,651	56,837
Nuclear refueling reserve	12,354	22,627
Obligations under capital leases	39,110	37,773
Other	18,186	86,653
	-----	-----
Total	483,056	576,588
	-----	-----
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	1,200,935	1,177,144
Accumulated deferred investment tax credits	219,188	208,618
Obligations under capital leases	83,524	108,078
Deferred River Bend finance charges	33,688	58,047
Other	539,752	558,750
	-----	-----
Total	2,077,087	2,110,637
	-----	-----
Long-term debt	1,915,346	2,175,471
Preferred stock with sinking fund	77,459	87,654
Preference stock	150,000	150,000
	-----	-----
Shareholder's Equity:		
Preferred stock without sinking fund	136,444	136,444
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 100 shares in 1996 and 1995	114,055	114,055
Paid-in capital	1,152,689	1,152,505
Retained earnings	325,312	357,704
	-----	-----
Total	1,728,500	1,760,708
	-----	-----
Commitments and Contingencies (Note 2, 9, and 10)		
	-----	-----
TOTAL	\$6,431,448	\$6,861,058
	=====	=====

See Notes to Financial Statements.

ENTERGY GULF STATES, INC  
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Retained Earnings, January 1	\$357,704	\$264,626	\$666,401
Add:			
Net income (loss)	(3,887)	122,919	(82,755)
Total	353,817	387,545	583,646
Deduct:			
Dividends declared:			
Preferred and preference stock	28,336	29,482	29,831
Common stock	-	-	289,100
Preferred and preference stock redemption and other	169	359	89
Total	28,505	29,841	319,020
Retained Earnings, December 31 (Note 8)	\$325,312	\$357,704	\$264,626

See Notes to Financial Statements.

ENTERGY GULF STATES, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1996	1995 (In Thousands)	1994	1993	1992
Operating revenues	\$2,019,181	\$1,861,974	\$1,797,365	\$1,827,620	\$1,773,374
Income (loss) before extraordinary items and the cumulative effect of accounting changes	\$ (3,887)	\$ 122,919	\$ (82,755)	\$ 69,461	\$ 139,413
Total assets	\$6,431,448	\$6,861,058	\$6,843,461	\$7,137,351	\$7,164,447
Long-term obligations (1)	\$2,226,329	\$2,521,203	\$2,689,042	\$2,772,002	\$2,798,768

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

	1996	1995	1994 (In Thousands)	1993	1992
Electric Operating Revenues:					
Residential	\$612,398	\$573,566	\$569,997	\$585,799	\$560,552
Commercial	444,133	412,601	414,929	415,267	400,803
Industrial	685,178	604,688	626,047	650,230	642,298
Governmental	31,023	25,042	25,242	26,118	26,195
Total retail	1,772,732	1,615,897	1,636,215	1,677,414	1,629,848
Sales for resale					
Associated companies	20,783	62,431	45,263	-	-
Non-associated companies	76,173	67,103	52,967	31,898	24,485
Other (1)	56,300	43,533	(15,244)	38,649	40,203
Total	\$1,925,988	\$1,788,964	\$1,719,201	\$1,747,961	\$1,694,536
Billed Electric Energy Sales (Millions of kWh):					
Residential	8,035	7,699	7,351	7,192	6,825
Commercial	6,417	6,219	6,089	5,711	5,474
Industrial	16,661	15,393	15,026	14,294	14,413
Governmental	438	311	297	296	302
Total retail	31,551	29,622	28,763	27,493	27,014
Sales for resale					
Associated companies	656	2,935	1,866	-	-
Non-associated companies	2,148	2,212	1,650	666	540
Total Electric Department	34,355	34,769	32,279	28,159	27,554
Steam Department	1,826	1,742	1,659	1,597	1,722
Total	36,181	36,511	33,938	29,756	29,276

(1) 1994 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.

We have audited the accompanying balance sheets of Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company) as of December 31, 1996 and 1995, and the related statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1996. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

### COOPERS & LYBRAND L.L.P.

New Orleans, Louisiana  
February 13, 1997

ENTERGY LOUISIANA, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

**Net Income**

Net income decreased in 1996 due principally to a decrease in base rate revenues, partially offset by decreases in other operation and maintenance expense and lower interest on long-term debt.

Net income decreased in 1995 due to an April 1995 rate reduction and higher income taxes, partially offset by lower other operation and maintenance expenses.

Significant factors affecting the results of operations and causing variances between the years 1996 and 1995, and between the years 1995 and 1994, are discussed under "Revenues and Sales" and "Expenses" and "Other" below.

**Revenues and Sales**

See "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON," following the financial statements, for information on operating revenues by source and kWh sales.

The changes in operating revenues for the twelve months ended December 31, 1996 and 1995 are as follows:

Description	Increase/ (Decrease)	
	1996	1995
	(In Millions)	
Change in base revenues (\$29.9)	(\$36.4)	
Fuel cost recovery (35.9)	160.2	
Sales volume/weather	19.7	40.7
Other revenue (including unbilled) (23.3)	3.9	
Sales for resale	6.6	12.9
	-----	-----
Total (\$35.5)	\$154.0	
	=====	=====

Operating revenues were higher in 1996 due primarily to higher fuel adjustment revenues, which do not affect net income, and to increased sales of energy, principally caused by modest growth in the number of customers. These increases were partially offset by the impact of base rate reductions ordered in the second quarters of 1995 and 1996, and by a settlement of related rate issues during the fourth quarter of 1995.

Operating revenues were lower in 1995, due primarily to the base rate reduction mentioned above and to lower fuel adjustment revenues, which do not affect net income. This decrease was partially offset by increased customer usage, principally caused by warmer than usual summer weather. The completion of the amortization of proceeds from litigation with a gas supplier in the second quarter of 1994 also contributed to the decrease in other revenue, partially offset by higher sales to non-associated utilities.

**ENTERGY LOUISIANA, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

**Expenses**

Operating expenses increased in 1996 due primarily to increases in fuel and purchased power expenses, higher depreciation, and higher taxes other than income taxes. These increases were partially offset by a decrease in other operation and maintenance expense as a result of restructuring charges recorded in 1995 and by the recording of rate deferrals in 1996, as discussed below. The increase in fuel and purchased power expenses is due to both higher gas costs and increased energy sales. Depreciation expense increased due to capital improvements to transmission lines and substations and due to an increase in the depreciation rate associated with Waterford 3. Taxes other than income taxes increased largely as a result of the expiration of Waterford 3's local property tax exemption in December 1995. This increase was offset for the first six months of 1996 by the recording of the LPSC-approved rate deferral for these taxes as discussed in Note 2.

Operating expenses decreased in 1995 due to decreases in fuel and purchased power expenses, and other operation and maintenance expenses, partially offset by an increase in depreciation. The decrease in fuel expenses is due to lower fuel prices partially offset by an increase in generation. Other operation and maintenance expenses decreased because of lower payroll-related expenses as a result of the restructuring program discussed in Note 12, power plant waste water site closures in 1994, and a court settlement reducing legal expense. Depreciation expense increased due to capital improvements to distribution lines and substations and to an increase in the depreciation rate associated with Waterford 3.

**Other**

Interest charges on long-term debt decreased for 1996, due to the retirement and refinancing of higher-cost long-term debt.

For 1995, income taxes increased due to the write-off in 1994 of deferred investment tax credits in accordance with the 1994 FERC Settlement, a decrease in tax depreciation associated with Waterford 3, and higher pre-tax income.

ENTERGY LOUISIANA, INC.  
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Revenues	\$1,828,867	\$1,674,875	\$1,710,415
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	419,331	300,015	331,422
Purchased power	403,322	351,583	366,564
Nuclear refueling outage expenses	15,885	17,675	18,187
Other operation and maintenance	297,667	311,535	350,854
Depreciation, amortization, and decommissioning	167,779	161,023	151,994
Taxes other than income taxes	72,329	55,867	56,101
Rate deferrals	(10,767)	-	-
Amortization of rate deferrals	26,875	28,422	28,422
Total	1,392,421	1,226,120	1,303,544
Operating Income	436,446	448,755	406,871
Other Income:			
Allowance for equity funds used during construction	862	1,950	3,486
Miscellaneous - net	2,933	2,831	747
Total	3,795	4,781	4,233
Interest Charges:			
Interest on long-term debt	122,604	129,691	129,952
Other interest - net	6,938	7,210	6,494
Distributions on preferred securities of subsidiary	2,870	-	-
Allowance for borrowed funds used during construction	(1,493)	(2,016)	(2,469)
Total	130,919	134,885	133,977
Income Before Income Taxes	309,322	318,651	277,127
Income Taxes	118,560	117,114	63,288
Net Income	190,762	201,537	213,839
Preferred Stock Dividend Requirements and Other	19,947	21,307	23,319
Earnings Applicable to Common Stock	\$170,815	\$180,230	\$190,520

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.  
STATEMENTS OF CASH FLOWS

For the Years Ended December 31,  
1996 1995 1994  
(In Thousands)

Operating Activities:			
Net income	\$190,762	\$201,537	\$213,839
Noncash items included in net income:			
Change in rate deferrals	19,860	28,422	28,422
Depreciation, amortization, and decommissioning	167,779	161,023	151,994
Deferred income taxes and investment tax credits	18,809	2,450	(15,972)
Allowance for equity funds used during construction	(862)	(1,950)	(3,486)
Amortization of deferred revenues	-	-	(14,632)
Changes in working capital:			
Receivables	(4,889)	(8,069)	1,094
Accounts payable	22,838	4,420	(6,811)
Taxes accrued	(11,222)	20,472	(16,970)
Interest accrued	5,047	1,215	846
Other working capital accounts	(26,831)	(16,993)	31,064
Decommissioning trust contributions	(8,790)	(7,493)	(4,815)
Change in other regulatory assets	(6,385)	1,801	1,101
Provision for estimated losses and reserves	3,240	(1,996)	26,780
Other	(17,685)	(182)	(24,833)
	-----	-----	-----
Net cash flow provided by operating activities	351,671	384,657	367,621
	-----	-----	-----
Investing Activities:			
Construction expenditures	(103,187)	(120,244)	(140,669)
Allowance for equity funds used during construction	862	1,950	3,486
Nuclear fuel purchases	-	(44,707)	-
Proceeds from sale/leaseback of nuclear fuel	-	47,293	-
	-----	-----	-----
Net cash flow used in investing activities	(102,325)	(115,708)	(137,183)
	-----	-----	-----
Financing Activities:			
Proceeds from the issuance of:			
First mortgage bonds	113,994	-	-
Other long-term debt	-	16,577	19,946
Preferred securities of subsidiary trust	67,795	-	-
Retirement of:			
First mortgage bonds	(130,000)	(75,000)	(25,000)
Other long-term debt	(270)	(308)	(322)
Redemption of preferred stock	(67,824)	(11,256)	(15,038)
Changes in short-term borrowings - net	(45,393)	49,305	(24,887)
Dividends paid:			
Common stock	(179,200)	(221,500)	(167,100)
Preferred stock	(19,072)	(21,115)	(22,808)
	-----	-----	-----
Net cash flow used in financing activities	(259,970)	(263,297)	(235,209)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(10,624)	5,652	(4,771)
Cash and cash equivalents at beginning of period	34,370	28,718	33,489
	-----	-----	-----
Cash and cash equivalents at end of period	\$23,746	\$34,370	\$28,718
	=====	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	\$118,007	\$128,485	\$128,000
Income taxes	\$125,924	\$96,066	\$96,422
Noncash investing and financing activities:			
Capital lease obligations incurred	-	-	\$9,677
Acquisition of nuclear fuel	\$32,685	-	-
Change in unrealized appreciation (depreciation) of decommissioning trust assets	\$301	\$2,304	(\$1,129)

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.  
BALANCE SHEETS  
ASSETS

	December 31, 1996	1995
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$1,804	\$3,952
Temporary cash investments - at cost, which approximates market	21,942	30,418
	-----	-----
Total cash and cash equivalents	23,746	34,370
Accounts receivable:		
Customer (less allowance for doubtful accounts of \$1.4 million in 1996 and 1995)	73,823	72,328
Associated companies	11,606	8,033
Other	7,053	8,979
Accrued unbilled revenues	63,879	62,132
Deferred fuel costs	18,347	10,200
Accumulated deferred income taxes	1,465	-
Materials and supplies - at average cost	78,449	79,799
Rate deferrals	5,749	25,609
Deferred nuclear refueling outage costs	5,300	21,344
Prepaid income tax	24,651	-
Prepayments and other	10,234	9,118
	-----	-----
Total	324,302	331,912
Other Property and Investments:		
Nonutility property	20,060	20,060
Decommissioning trust fund	50,481	38,560
Investment in subsidiary companies - at equity	14,230	14,230
Other - at cost (less accumulated depreciation)	2,465	1,113
	-----	-----
Total	87,236	73,963
Utility Plant:		
Electric	4,997,456	4,886,898
Property under capital leases	232,582	231,121
Construction work in progress	56,180	87,567
Nuclear fuel under capital lease	38,157	72,864
Nuclear fuel	34,191	1,506
	-----	-----
Total	5,358,566	5,279,956
Less - accumulated depreciation and amortization	1,881,847	1,742,306
	-----	-----
Utility plant - net	3,476,719	3,537,650
Deferred Debits and Other Assets:		
Regulatory assets:		
SFAS 109 regulatory asset - net	295,836	301,520
Unamortized loss on reacquired debt	37,552	39,474
Other regulatory assets	30,320	23,935
Other	27,313	23,069
	-----	-----
Total	391,021	387,998
	-----	-----
TOTAL	\$4,279,278	\$4,331,523
	=====	=====

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.  
BALANCE SHEETS  
LIABILITIES AND CAPITALIZATION

	December 31,	
	1996	1995
	(In Thousands)	
<b>Current Liabilities:</b>		
Currently maturing long-term debt	\$34,275	\$35,260
Notes payable:		
Associated companies	31,066	61,459
Other	-	15,000
Accounts payable:		
Associated companies	73,389	37,494
Other	89,550	69,922
Customer deposits	59,070	56,924
Taxes accrued	7,390	18,612
Accumulated deferred income taxes	-	3,366
Interest accrued	49,249	44,202
Dividends declared	3,489	5,149
Obligations under capital leases	28,000	28,000
Other	4,940	17,397
Total	380,418	392,785
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	831,093	807,278
Accumulated deferred investment tax credits	139,899	145,561
Obligations under capital leases	10,156	43,362
Deferred interest - Waterford 3 lease obligation	16,809	23,947
Other	114,665	116,696
Total	1,112,622	1,136,844
Long-term debt	1,373,233	1,385,171
Preferred stock with sinking fund	92,500	100,009
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	70,000	-
<b>Shareholder's Equity:</b>		
Preferred stock without sinking fund	100,500	160,500
Common stock, \$0.01 par value, authorized 250,000,000 shares; issued and outstanding 165,173,180 shares in 1996 and 1995	1,088,900	1,088,900
Capital stock expense and other	(2,659)	(4,836)
Retained earnings	63,764	72,150
Total	1,250,505	1,316,714
<b>Commitments and Contingencies (Note 2, 9, and 10)</b>		
TOTAL	\$4,279,278	\$4,331,523
	=====	=====
See Notes to Financial Statements.		

ENTERGY LOUISIANA, INC.  
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31, 1996	1995 (In Thousands)	1994
Retained Earnings, January 1	\$72,150	\$113,420	\$89,849
Add:			
Net income	190,762	201,537	213,839
Total	262,912	314,957	303,688
Deduct:			
Dividends declared:			
Preferred stock	17,412	20,775	22,359
Common stock	179,200	221,500	167,100
Capital stock expenses	2,536	532	809
Total	199,148	242,807	190,268
Retained Earnings, December 31 (Note 8)	\$63,764	\$72,150	\$113,420

See Notes to Financial Statements.

**ENTERGY LOUISIANA, INC.**

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

	1996	1995	1994	1993	1992
	(In Thousands)				
Operating revenues	\$1,828,867	\$1,674,875	\$1,710,415	\$ 1,731,541	\$1,553,745
Net income	\$ 190,762	\$ 201,537	\$ 213,839	\$ 188,808	\$ 182,989
Total assets	\$4,279,278	\$4,331,523	\$4,435,439	\$ 4,463,998	\$4,109,148
Long-term obligations (1)	\$1,545,889	\$1,528,542	\$1,530,558	\$ 1,611,436	\$1,622,909

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

	1996	1995	1994	1993	1992
	(In Thousands)				
<b>Electric Operating Revenues:</b>					
Residential	\$609,308	\$583,373	\$577,084	\$572,738	\$518,255
Commercial	374,515	353,582	358,672	345,254	320,688
Industrial	727,505	641,196	659,061	652,574	578,741
Governmental	33,621	31,616	31,679	29,723	27,780
<b>Total retail</b>	<b>1,744,949</b>	<b>1,609,767</b>	<b>1,626,496</b>	<b>1,600,289</b>	<b>1,445,464</b>
<b>Sales for resale</b>					
Associated companies	5,065	1,178	352	4,849	5,454
Non-associated companies	58,685	48,987	36,928	46,414	33,178
Other	20,168	14,943	46,639	79,989	69,649
<b>Total</b>	<b>\$1,828,867</b>	<b>\$1,674,875</b>	<b>\$1,710,415</b>	<b>\$1,731,541</b>	<b>\$1,553,745</b>
=====					
<b>Billed Electric Energy</b>					
<b>Sales (Millions of kWh):</b>					
Residential	7,893	7,855	7,449	7,368	6,996
Commercial	4,846	4,786	4,631	4,435	4,307
Industrial	17,647	16,971	16,561	15,914	15,013
Governmental	457	439	423	398	385
<b>Total retail</b>	<b>30,843</b>	<b>30,051</b>	<b>29,064</b>	<b>28,115</b>	<b>26,701</b>
<b>Sales for resale</b>					
Associated companies	143	44	10	112	204
Non-associated companies	982	1,293	776	1,213	1,101
<b>Total</b>	<b>31,968</b>	<b>31,388</b>	<b>29,850</b>	<b>29,440</b>	<b>28,006</b>
=====					

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying balance sheets of Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company) as of December 31, 1996 and 1995, and the related statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1996. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

### COOPERS & LYBRAND L.L.P.

New Orleans, Louisiana  
February 13, 1997

# ENTERGY MISSISSIPPI, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income increased in 1996 primarily due to reduced other operation and maintenance expenses, partially offset by an increase in income tax expense.

Net income increased in 1995 primarily due to increased revenues and a decrease in other operation and maintenance expenses partially offset by an increase in income tax expense.

Significant factors affecting the results of operations and causing variances between the years 1996 and 1995, and between the years 1995 and 1994, are discussed under "Revenues and Sales," "Expenses," and "Other" below.

#### Revenues and Sales

See "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON," following the financial statements, for information on operating revenues by source and kWh sales.

The changes in electric operating revenues for the twelve months ended December 31, 1996 and 1995, are as follows:

Description	Increase/ (Decrease)	
	1996	1995
	(In Millions)	
Change in base revenues (\$6.1)	(\$2.2)	
Grand Gulf Rate Rider (0.6)	7.1	
Fuel cost recovery	33.6	12.8
Sales volume/weather	8.5	14.9
Other revenue (including unbilled)	(2.1)	5.6
Sales for resale	23.7	3.4
	-----	-----
Total	\$68.6	\$30.0
	=====	=====

Electric operating revenues increased in 1996 primarily due to increases in fuel adjustment revenues, the Grand Gulf 1 rate rider, sales for resale, and retail energy sales. Fuel adjustment revenues increased in response to higher fuel costs. In connection with an annual MPSC review, in October 1995, Entergy Mississippi's Grand Gulf 1 rate rider was adjusted upward as a result of its undercollection of Grand Gulf 1 costs. The fuel adjustment clause and the Grand Gulf 1 rate rider do not affect net income. Sales for resale, specifically sales to associated companies, increased primarily due to changes in the generation requirements and availability among the domestic utility companies. The increase in retail sales volume is primarily due to increased customer usage.

Electric operating revenues increased in 1995 primarily due to an increase in retail and wholesale energy sales and higher fuel adjustment revenues, partially offset by rate reductions. Retail energy sales increased primarily due to the impact of weather and increased customer usage. Fuel adjustment revenues increased in response to higher fuel costs and do not impact net income.

**ENTERGY MISSISSIPPI, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

**Expenses**

Operating expenses increased in 1996 due to an increase in fuel, and purchased power expenses, partially offset by a decrease in other operation and maintenance expenses. Fuel and purchased power expenses increased as a result of higher fuel costs and an increase in energy sales. Other operation and maintenance expenses decreased as a result of lower payroll, contract work, and materials and supplies expenses. Payroll expenses decreased due to restructuring costs recorded in 1995 and the resulting decrease in employees. Contract work and materials and supplies expenses decreased because of the turbine repairs at some of Entergy Mississippi's generating plants in 1995.

Operating expenses decreased in 1995 due primarily to a decrease in other operation and maintenance expenses. Other operation and maintenance expense decreased in 1995 due to 1994 Merger-related costs allocated to Entergy Mississippi and payroll expenses. No significant Merger-related costs were allocated to Entergy Mississippi during 1995. Payroll expenses decreased as a result of the restructuring program announced and accrued for during 1994. In addition, maintenance expenses decreased at various power plants.

**Other**

Income tax expense increased in 1996 as a result of higher pretax income. Income tax expense increased in 1995 due primarily to the 1994 write-off of unamortized deferred investment tax credits and higher pretax income in 1995.

ENTERGY MISSISSIPPI, INC.  
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Revenues	\$958,430	\$889,843	\$859,845
<hr/>			
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	207,116	163,198	164,428
Purchased power	272,812	240,519	235,019
Other operation and maintenance	122,628	144,183	156,954
Depreciation, amortization, and decommissioning	40,313	38,197	36,592
Taxes other than income taxes	43,389	46,019	43,963
Amortization of rate deferrals	107,576	107,339	110,481
	<hr/>		
Total	793,834	739,455	747,437
<hr/>			
Operating Income	164,596	150,388	112,408
<hr/>			
Other Income (Deductions):			
Allowance for equity funds used during construction	1,143	950	1,660
Miscellaneous - net	1,662	3,036	(1,117)
	<hr/>		
Total	2,805	3,986	543
<hr/>			
Interest Charges:			
Interest on long-term debt	44,137	46,998	47,835
Other interest - net	3,870	4,638	4,929
Allowance for borrowed funds used during construction	(923)	(806)	(1,067)
	<hr/>		
Total	47,084	50,830	51,697
<hr/>			
Income Before Income Taxes	120,317	103,544	61,254
<hr/>			
Income Taxes	41,106	34,877	12,475
<hr/>			
Net Income	79,211	68,667	48,779
<hr/>			
Preferred Stock Dividend Requirements and Other	5,010	7,515	7,624
<hr/>			
Earnings Applicable to Common Stock	\$74,201	\$61,152	\$41,155
	<hr/>		

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
<b>Operating Activities:</b>			
Net income	\$79,211	\$68,667	\$48,779
Noncash items included in net income:			
Change in rate deferrals	130,602	114,304	109,105
Depreciation and amortization	40,313	38,197	36,592
Deferred income taxes and investment tax credits	(32,887)	(36,774)	(34,409)
Allowance for equity funds used during construction	(1,143)	(950)	(1,660)
Changes in working capital:			
Receivables	(4,123)	(5,277)	33,154
Fuel inventory	20	(1,901)	3,872
Accounts payable	88	15,553	(8,783)
Taxes accrued	(2,157)	7,818	(3,431)
Interest accrued	(925)	1,457	(2,794)
Other working capital accounts	4,074	(21,108)	13,480
Change in other regulatory assets	(28,573)	1,075	(7,219)
Other	(2,534)	3,882	8,428
	-----	-----	-----
Net cash flow provided by operating activities	181,966	184,943	195,114
<b>Investing Activities:</b>			
Construction expenditures	(85,018)	(79,146)	(121,386)
Allowance for equity funds used during construction	1,143	950	1,660
	-----	-----	-----
Net cash flow used in investing activities	(83,875)	(78,196)	(119,726)
<b>Financing Activities:</b>			
Proceeds from the issuance of:			
General and refunding mortgage bonds	-	79,480	24,534
Other long-term debt	-	-	15,652
Retirement of:			
General and refunding mortgage bonds	(26,000)	(45,000)	(30,000)
First mortgage bonds	(35,000)	(20,000)	(18,000)
Other long-term debt	(15)	(965)	(16,045)
Redemption of preferred stock	(9,876)	(15,000)	(15,000)
Changes in short-term borrowings - net	50,253	(30,000)	18,432
Dividends paid:			
Common stock	(79,900)	(61,700)	(45,600)
Preferred stock	(5,000)	(6,215)	(7,762)
	-----	-----	-----
Net cash flow used in financing activities	(105,538)	(99,400)	(73,789)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(7,447)	7,347	1,599
Cash and cash equivalents at beginning of period	16,945	9,598	7,999
	-----	-----	-----
Cash and cash equivalents at end of period	\$9,498	\$16,945	\$9,598
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$46,769	\$48,617	\$52,737
Income taxes	\$73,687	\$67,746	\$39,000

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.  
BALANCE SHEETS  
ASSETS

	1996	December 31, 1995
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$2,384	\$2,574
Temporary cash investments - at cost, which approximates market:		
Associated companies	-	3,248
Other	-	11,123
Special deposits	7,114	-
	-----	-----
Total cash and cash equivalents	9,498	16,945
Accounts receivable:		
Customer (less allowance for doubtful accounts of \$1.4 million in 1996 and \$1.6 million in 1995)	44,809	46,214
Associated companies	4,382	1,134
Other	2,014	1,967
Accrued unbilled revenues	49,383	47,150
Fuel inventory - at average cost	6,661	6,681
Materials and supplies - at average cost	17,567	19,233
Rate deferrals	142,504	130,622
Prepayments and other	7,434	11,536
	-----	-----
Total	284,252	281,482
Other Property and Investments:		
Investment in subsidiary companies - at equity	5,531	5,531
Other - at cost (less accumulated depreciation)	7,923	5,615
	-----	-----
Total	13,454	11,146
Utility Plant:		
Electric	1,633,484	1,559,955
Construction work in progress	47,373	55,443
	-----	-----
Total	1,680,857	1,615,398
Less - accumulated depreciation and amortization	635,754	613,712
	-----	-----
Utility plant - net	1,045,103	1,001,686
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	104,588	247,072
SFAS 109 regulatory asset - net	11,813	6,445
Unamortized loss on reacquired debt	9,254	10,105
Other regulatory assets	46,309	17,736
Other	6,693	6,311
	-----	-----
Total	178,657	287,669
	-----	-----
TOTAL	\$1,521,466	\$1,581,983
	=====	=====

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.  
BALANCE SHEETS  
LIABILITIES AND CAPITALIZATION

	December 31,	
	1996	1995
	(In Thousands)	
<b>Current Liabilities:</b>		
Currently maturing long-term debt	\$96,015	\$61,015
Notes payable - associated companies	50,253	-
Accounts payable:		
Associated companies	32,878	24,391
Other	23,701	32,100
Customer deposits	26,258	24,339
Taxes accrued	26,482	28,639
Accumulated deferred income taxes	58,634	54,090
Interest accrued	20,909	21,834
Other	3,065	6,875
	-----	-----
Total	338,195	253,283
	-----	-----
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	249,522	278,581
Accumulated deferred investment tax credits	25,422	27,978
Other	19,445	22,515
	-----	-----
Total	294,389	329,074
	-----	-----
Long-term debt	399,054	494,404
Preferred stock with sinking fund	7,000	16,770
	-----	-----
<b>Shareholder's Equity:</b>		
Preferred stock without sinking fund	57,881	57,881
Common stock, no par value, authorized 15,000,000 shares; issued and outstanding 8,666,357 shares in 1996 and 1995	199,326	199,326
Capital stock expense and other	(143)	(218)
Retained earnings	225,764	231,463
	-----	-----
Total	482,828	488,452
	-----	-----
Commitments and Contingencies (Note 2 and 9)		
TOTAL	\$1,521,466	\$1,581,983
	=====	=====

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.  
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Retained Earnings, January 1	\$231,463	\$232,011	\$236,337
Add:			
Net income	79,211	68,667	48,779
Total	310,674	300,678	285,116
Deduct:			
Dividends declared:			
Preferred stock	4,803	5,971	7,404
Common stock	79,900	61,700	45,600
Preferred stock expenses	207	1,544	101
Total	84,910	69,215	53,105
Retained Earnings, December 31 (Note 8)	\$225,764	\$231,463	\$232,011

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1996	1995	1994	1993	1992
	(In Thousands)				
Operating revenues	\$ 958,430	\$ 889,843	\$ 859,845	\$ 883,818	\$ 799,483
Net Income	\$ 79,211	\$ 68,667	\$ 48,779	\$ 69,037	\$ 65,036
Total assets	\$1,521,466	\$1,581,983	\$ 1,637,828	\$ 1,681,992	\$ 1,665,480
Long-term obligations (1)	\$ 406,421	\$ 511,613	\$ 507,555	\$ 563,612	\$ 576,787

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

	1996	1995	1994	1993	1992
	(In Thousands)				
Electric Operating Revenues:					
Residential	\$358,264	\$336,194	\$332,567	\$341,620	\$309,614
Commercial	281,626	262,786	257,154	251,285	236,191
Industrial	185,351	178,466	184,637	182,060	169,977
Governmental	29,093	27,410	27,495	28,530	26,377
	-----	-----	-----	-----	-----
Total retail	854,334	804,856	801,853	803,495	742,159
Sales for resale					
Associated companies	58,749	35,928	37,747	34,640	17,988
Non-associated companies	22,814	21,906	16,728	21,100	19,995
Other	22,533	27,153	3,517	24,583	19,341
	-----	-----	-----	-----	-----
Total	\$958,430	\$889,843	\$859,845	\$883,818	\$799,483
	=====	=====	=====	=====	=====

Billed Electric Energy					
Sales (Millions of kWh):					
Residential	4,355	4,233	4,014	3,983	3,644
Commercial	3,508	3,368	3,151	2,928	2,804
Industrial	3,063	3,044	2,985	2,787	2,631
Governmental	346	336	330	336	318
	-----	-----	-----	-----	-----
Total retail	11,272	10,981	10,480	10,034	9,397
Sales for resale					
Associated companies	1,368	959	1,079	758	253
Non-associated companies	521	692	512	670	937
	-----	-----	-----	-----	-----
Total	13,161	12,632	12,071	11,462	10,587
	=====	=====	=====	=====	=====

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying balance sheets of Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.) as of December 31, 1996 and 1995, and the related statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1996. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

### COOPERS & LYBRAND L.L.P.

New Orleans, Louisiana  
February 13, 1997

# ENTERGY NEW ORLEANS, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income decreased in 1996 primarily due to the rate refund recorded in December 1996, based on the Council's review of Entergy New Orleans' 1996 earnings. The decrease in net income was partially offset by reduced other operating and maintenance expenses.

Net income increased in 1995 principally due to 1994 refunds associated with the 1994 NOPSI Settlement and a decrease in other operation and maintenance expense, partially offset by a permanent rate reduction that took place January 1, 1995.

Significant factors affecting the results of operations and causing variances between the years 1996 and 1995, and between the years 1995 and 1994, are discussed under "Revenues and Sales", "Expenses", and "Other" below.

#### Revenues and Sales

See "SELECTED FINANCIAL DATA-FIVE-YEAR COMPARISON," following the financial statements, for information on electric operating revenues by source and kWh sales.

The changes in electric operating revenues for the twelve months ended December 31, 1996 and 1995 are as follows:

Description	Increase/ (Decrease)	
	1996	1995
Millions)	(In	
Change in base revenues	(\$8.5)	\$7.8
Fuel cost recovery	28.5	
(0.3)		
Sales volume/weather	(4.8)	12.5
Other revenue (including unbilled)	(1.4)	6.1
Sales for resale	(0.5)	3.5
	-----	-----
Total	\$13.3	\$29.6
	=====	=====

In 1996, electric operating revenues increased primarily due to higher fuel adjustment revenues, caused by elevated fuel prices, which do not affect net income. The increase was offset by a rate refund recorded in 1996, as discussed in "Net Income" above, and lower industrial sales attributable to a significant reduction in electricity usage by a large customer. Electric operating revenues increased in 1995 as a result of refunds in 1994 associated with the 1994 NOPSI Settlement and an increase in energy sales. The increase in energy sales in 1995 was primarily due to weather effects on retail sales and an increase in sales for resale.

Gas operating revenues in 1996 increased primarily due to higher gas prices. This increase was offset by the rate refund recorded in 1996, as discussed in "Net Income" above. Gas operating revenues decreased in 1995 primarily due to the rate reduction agreed to in the NOPSI Settlement effective January 1, 1995, and a lower unit purchase price for gas purchased for resale.

**ENTERGY NEW ORLEANS, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

**Expenses**

In 1996, operating expenses increased due to higher fuel expenses, including purchased power, and gas purchased for resale. This increase was offset by reduced amortization of previous rate deferrals, the recording of rate deferrals, and lower other operation and maintenance expenses. Fuel expenses, including gas purchased for resale, increased as a result of significantly higher unit prices. Purchased power increased due to changes in generation availability and requirements among the domestic utility companies. Rate deferrals increased due to the deferral of a portion of the System Energy rate increase being billed to Entergy New Orleans, as discussed in Note 2. Other operation and maintenance expenses decreased primarily due to lower payroll expenses due to restructuring and reduced regulatory commission expenses.

Operating expenses increased in 1995 due primarily to increased amortization of rate deferrals, partially offset by a decrease in fuel and other operation and maintenance expenses. Fuel expenses decreased in 1995 primarily due to a decrease in fuel prices. Other operation and maintenance expenses decreased primarily due to a decrease in maintenance activity and lower payroll expenses. In 1995, the increase in the amortization of rate deferrals is primarily a result of the collection of larger amounts of previously deferred costs under the 1991 NOPSI Settlement, which allowed Entergy New Orleans to record an additional \$90 million of previously incurred Grand Gulf 1-related costs.

**Other**

Income taxes decreased in 1996 due to lower pretax income. Income taxes increased in 1995 as a result of lower pretax income in 1994 due to the 1994 NOPSI Settlement and the write-off of the unamortized balances of deferred investment tax credits pursuant to the FERC Settlement in 1994.

ENERGY NEW ORLEANS, INC.  
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Revenues:			
Electric	\$403,254	\$390,002	\$360,430
Natural gas	101,023	80,276	87,357
Total	504,277	470,278	447,787
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	129,059	102,314	113,735
Purchased power	176,450	145,920	145,935
Other operation and maintenance	71,421	76,510	80,656
Depreciation, amortization, and decommissioning	20,007	19,420	19,275
Taxes other than income taxes	27,388	27,805	27,814
Rate deferrals	(4,866)	(4,392)	-
Amortization of rate deferrals	27,240	31,971	27,009
Total	446,699	399,548	414,424
Operating Income	57,578	70,730	33,363
Other Income:			
Allowance for equity funds used during construction	321	158	331
Miscellaneous - net	1,146	1,639	2,141
Total	1,467	1,797	2,472
Interest Charges:			
Interest on long-term debt	15,268	15,948	17,092
Other interest - net	1,036	1,853	1,179
Allowance for borrowed funds used during construction	(252)	(127)	(247)
Total	16,052	17,674	18,024
Income Before Income Taxes	42,993	54,853	17,811
Income Taxes	16,217	20,467	4,600
Net Income	26,776	34,386	13,211
Preferred Stock Dividend Requirements and Other	965	1,411	1,581
Earnings Applicable to Common Stock	\$25,811	\$32,975	\$11,630

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
<b>Operating Activities:</b>			
Net income	\$26,776	\$34,386	\$13,211
Noncash items included in net income:			
Change in rate deferrals	35,917	31,564	24,106
Depreciation and amortization	20,007	19,420	19,275
Deferred income taxes and investment tax credits	(12,274)	(1,998)	(18,006)
Allowance for equity funds used during construction	(321)	(158)	(331)
Changes in working capital:			
Receivables	832	(5,468)	15,362
Accounts payable	(5,638)	12,566	(19,132)
Taxes accrued	(4,350)	3,225	(2,832)
Interest accrued	214	(131)	(230)
Income tax refund	-	20,172	(20,172)
Other working capital accounts	(5,216)	(4,803)	18,454
Other	(11,941)	(9,500)	8,851
	-----	-----	-----
Net cash flow provided by operating activities	44,006	99,275	38,556
	-----	-----	-----
<b>Investing Activities:</b>			
Construction expenditures	(27,956)	(27,836)	(22,777)
Allowance for equity funds used during construction	321	158	331
	-----	-----	-----
Net cash flow used in investing activities	(27,635)	(27,678)	(22,446)
	-----	-----	-----
<b>Financing Activities:</b>			
Proceeds from the issuance of general and refunding mortgage bonds	39,608	29,805	-
Retirement of:			
First mortgage bonds	(23,250)	-	-
General and refunding mortgage bonds	(30,000)	(24,200)	(15,000)
Redemption of preferred stock	-	(3,525)	(1,500)
Dividends paid:			
Common stock	(34,000)	(30,600)	(33,300)
Preferred stock	(965)	(1,362)	(1,596)
	-----	-----	-----
Net cash flow used in financing activities	(48,607)	(29,882)	(51,396)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(32,236)	41,715	(35,286)
	-----	-----	-----
Cash and cash equivalents at beginning of period	49,746	8,031	43,317
	-----	-----	-----
Cash and cash equivalents at end of period	\$17,510	\$49,746	\$8,031
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$15,357	\$17,187	\$17,707
Income taxes (refund) - net	\$31,870	(\$941)	\$45,984

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.  
BALANCE SHEETS  
ASSETS

	December 31, 1996	1995 (In Thousands)
Current Assets:		
Cash and cash equivalents:		
Cash	\$1,015	\$1,693
Temporary cash investments - at cost, which approximates market:		
Associated companies	7,435	10,860
Other	9,060	37,193
	-----	-----
Total cash and cash equivalents	17,510	49,746
Accounts receivable:		
Customer (less allowance for doubtful accounts of \$0.7 million in 1996 and \$0.5 million in 1995)	27,430	29,168
Associated companies	714	551
Other	1,764	843
Accrued unbilled revenues	17,064	17,242
Deferred electric fuel and resale gas costs	7,290	2,647
Materials and supplies - at average cost	9,904	8,950
Rate deferrals	37,692	35,191
Prepayments and other	7,157	4,529
	-----	-----
Total	126,525	148,867
	-----	-----
Other Property and Investments:		
Investment in subsidiary companies - at equity	3,259	3,259
	-----	-----
Utility Plant:		
Electric	503,061	483,581
Natural gas	122,700	121,083
Construction work in progress	18,247	17,525
	-----	-----
Total	644,008	622,189
Less - accumulated depreciation and amortization	347,790	335,021
	-----	-----
Utility plant - net	296,218	287,168
	-----	-----
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	99,498	137,916
SFAS 109 regulatory asset - net	6,051	6,813
Unamortized loss on reacquired debt	1,647	1,932
Other regulatory assets	15,908	9,204
Other	890	1,047
	-----	-----
Total	123,994	156,912
	-----	-----
TOTAL	\$549,996	\$596,206
	=====	=====

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.  
BALANCE SHEETS  
LIABILITIES AND CAPITALIZATION

	December 31,	
	1996	1995
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	\$12,000	\$38,250
Accounts payable:		
Associated companies	18,757	13,851
Other	14,130	24,674
Customer deposits	18,974	18,214
Taxes accrued	1,204	5,554
Accumulated deferred income taxes	5,584	9,174
Interest accrued	5,325	5,111
Provision for rate refund	19,465	11,870
Other	1,521	6,867
	-----	-----
Total	96,960	133,565
	-----	-----
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	72,895	81,654
Accumulated deferred investment tax credits	7,984	8,618
Accumulated provision for property insurance	15,666	15,666
Other	24,713	29,654
	-----	-----
Total	121,258	135,592
	-----	-----
Long-term debt	168,888	155,958
Shareholders' Equity:		
Preferred stock without sinking fund	19,780	19,780
Common Shareholder's Equity:		
Common stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding 8,435,900 shares in 1996 and 1995	33,744	33,744
Paid-in capital	36,294	36,306
Retained earnings subsequent to the elimination of the accumulated deficit on November 30, 1988	73,072	81,261
	-----	-----
Total	162,890	171,091
	-----	-----
Commitments and Contingencies (Note 2 and 9)		
TOTAL	\$549,996	\$596,206
	=====	=====

See Notes to Financial Statements.

ENTERGY NEW ORLEANS  
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Retained Earnings, January 1	\$81,261	\$78,886	\$100,556
Add:			
Net income	26,776	34,386	13,211
Total	108,037	113,272	113,767
Deduct:			
Dividends declared:			
Preferred stock	965	1,231	1,536
Common stock	34,000	30,600	33,300
Capital stock expenses	-	180	45
Total	34,965	32,011	34,881
Retained Earnings, December 31 (Note 8)	\$73,072	\$81,261	\$78,886

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1996	1995	1994	1993	1992
			(In Thousands)		
Operating revenues	\$504,277	\$470,278	\$447,787	\$514,822	
\$464,879					
Net Income	\$ 26,776	\$ 34,386	\$ 13,211	\$ 36,761	\$
26,424					
Total assets	\$549,996	\$596,206	\$592,894	\$647,605	
\$621,691					
Long-term obligations (1)	\$168,888	\$155,958	\$167,610	\$193,262	
\$165,917					

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

	1996	1995	1994	1993	1992
			(In Thousands)		
Electric Operating Revenues:					
Residential	\$151,577	\$141,353	\$142,013	\$151,423	\$137,668
Commercial	149,649	144,374	162,410	167,788	160,229
Industrial	24,663	22,842	25,422	26,205	23,860
Governmental	58,561	52,880	58,726	61,548	56,023
Total retail	384,450	361,449	388,571	406,964	377,780
Sales for resale					
Associated companies	2,649	3,217	2,061	2,487	3,086
Non-associated companies	9,882	9,864	7,512	9,291	7,234
Other (1)	6,273	15,472	(37,714)	5,088	3,836
Total	\$403,254	\$390,002	\$360,430	\$423,830	\$391,936
Billed Electric Energy					
Sales (Millions of kWh):					
Residential	1,998	2,049	1,896	1,914	1,806
Commercial	2,073	2,079	2,031	1,989	1,977
Industrial	481	537	518	499	457
Governmental	974	983	951	924	888
Total retail	5,526	5,648	5,396	5,326	5,128
Sales for resale					
Associated companies	66	149	92	89	155
Non-associated companies	212	297	202	262	250
Total	5,804	6,094	5,690	5,677	5,533

(1) 1994 includes the effects of the 1994 NOPSI Settlement.

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying balance sheets of System Energy Resources, Inc. as of December 31, 1996 and 1995, and the related statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1996. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1996 the Company changed its method of accounting for incremental nuclear plant outage maintenance costs.

### **COOPERS & LYBRAND L.L.P.**

New Orleans, Louisiana  
February 13, 1997

# SYSTEM ENERGY RESOURCES, INC.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Net Income

Net income increased slightly in 1996 primarily due to lower interest charges attributed to the refinancing of higher-cost debt.

Net income increased in 1995 primarily due to the effect of the FERC Settlement which reduced 1994 net income by \$80.2 million (see Note 2). This was partially offset by revenues being adversely impacted by a lower return on System Energy's decreasing investment in Grand Gulf 1.

Significant factors affecting the results of operations and causing variances between the years 1996 and 1995, and between the years 1995 and 1994, are discussed under "Revenues," "Expenses," and "Other" below.

#### 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 allocable to its investment in Grand Gulf 1.

Operating revenues increased in 1996 due to an increase in other operation and maintenance expenses, and increased depreciation, amortization, and decommissioning expenses offset by a decrease in nuclear refueling outage expenses as discussed in "Expenses" below.

Operating revenues increased in 1995 due primarily to the effect of the FERC Settlement on 1994 revenues as discussed in "Net Income" above and the recovery of increased expenses in connection with a Grand Gulf 1 refueling outage offset by a lower return on System Energy's decreasing investment in Grand Gulf 1. Revenues attributable to the return on investment are expected to continue to decline each year as a result of the depreciation of System Energy's investment in Grand Gulf 1.

#### Expenses

Operating expenses increased in 1996 due primarily to increases in other operation and maintenance expenses, and depreciation, amortization, and decommissioning expenses. Other operation and maintenance expenses increased primarily because of higher waste disposal costs and medical benefit charges for the year. The increase in decommissioning costs and depreciation rates is reflected in the 1995 System Energy FERC rate increase filing, subject to refund (see Note 2). These increases were partially offset by a decrease in nuclear refueling outage expenses. The decrease in nuclear outage expenses was primarily due to the effect of deferring the nuclear refueling outage expenses in the fourth quarter of 1996 rather than recognizing those expenses as incurred (see Note 1). Grand Gulf 1 was on-line for 322 days in 1996 as compared with 285 days in 1995. The increase in the on-line days was primarily due to the unit's shorter eighth refueling outage that lasted from October 19, 1996 to November 30, 1996 (41 days), compared to a 68-day outage in 1995, and to a lesser extent, unplanned outages in 1996 totaling 3 days, compared to 12 days for 1995.

**SYSTEM ENERGY RESOURCES, INC.**

**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATIONS**

Operating expenses increased in 1995 due to higher nuclear refueling outage expenses and higher depreciation, amortization, and decommissioning costs, partially offset by lower fuel expenses as a result of the refueling outage. Grand Gulf 1 was on-line for 285 days in 1995 as compared with 345 days in 1994. The difference in the on-line days was primarily due to the unit's seventh refueling outage that lasted from April 15, 1995, to June 21, 1995 (68 days), and, to a lesser extent, unplanned outages in 1995 totaling 12 days, compared to 20 days in 1994. Depreciation, amortization, and decommissioning costs increased due to a \$4 million increase in amortization (as a result of the reclassification of \$81 million of Grand Gulf 1 costs and the accelerated amortization of the reclassified costs over a ten-year period in accordance with the 1994 FERC Settlement) and \$1 million in decommissioning.

**Other**

Interest expenses decreased in both 1996 and in 1995 due primarily to the retirement and refinancing of higher-cost long-term debt. In 1995, the decrease in interest expense was partially offset by interest associated with the FERC Settlements refunds (See Note 2). Income taxes increased in both 1996 and 1995 due to higher pretax income.

SYSTEM ENERGY RESOURCES, INC.  
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Revenues	\$623,620	\$605,639	\$474,963
<hr style="border-top: 1px dashed black;"/>			
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	43,761	40,262	48,107
Nuclear refueling outage expenses	1,239	24,935	-
Other operation and maintenance	105,453	98,441	96,504
Depreciation, amortization, and decommissioning	128,474	100,747	93,861
Taxes other than income taxes	27,654	27,549	26,637
<hr style="border-top: 1px dashed black;"/>			
Total	306,581	291,934	265,109
<hr style="border-top: 1px dashed black;"/>			
Operating Income	317,039	313,705	209,854
<hr style="border-top: 1px dashed black;"/>			
Other Income:			
Allowance for equity funds used during construction	1,122	1,878	1,090
Miscellaneous - net	5,234	2,492	6,402
<hr style="border-top: 1px dashed black;"/>			
Total	6,356	4,370	7,492
<hr style="border-top: 1px dashed black;"/>			
Interest Charges:			
Interest on long-term debt	135,376	143,020	169,248
Other interest - net	8,344	8,491	7,257
Allowance for borrowed funds used during construction	(1,114)	(1,968)	(1,403)
<hr style="border-top: 1px dashed black;"/>			
Total	142,606	149,543	175,102
<hr style="border-top: 1px dashed black;"/>			
Income Before Income Taxes	180,789	168,532	42,244
<hr style="border-top: 1px dashed black;"/>			
Income Taxes	82,121	75,493	36,837
<hr style="border-top: 1px dashed black;"/>			
Net Income	\$98,668	\$93,039	\$5,407
	=====	=====	=====

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
<b>Operating Activities:</b>			
Net income	\$98,668	\$93,039	\$5,407
Noncash items included in net income:			
Depreciation, amortization, and decommissioning	128,474	100,747	93,861
Deferred income taxes and investment tax credits	48,975	(45,337)	(30,640)
Allowance for equity funds used during construction	(1,122)	(1,878)	(1,090)
Changes in working capital:			
Receivables	3,436	(66,433)	48,411
Accounts payable	560	(18,955)	35,469
Taxes accrued	(4,825)	37,266	14,430
Interest accrued	(2,548)	(4,053)	(8,133)
Other working capital accounts	(13,430)	(21,874)	14,024
Recoverable income taxes	-	-	92,689
Decommissioning trust contributions	(18,531)	(5,414)	(5,157)
FERC Settlement - refund obligation	(4,009)	(3,540)	60,388
Provision for estimated losses and reserves	46,919	3,167	(2,371)
Other	4,290	29,725	19,699
Net cash flow provided by operating activities	286,857	96,460	336,987
<b>Investing Activities:</b>			
Construction expenditures	(29,469)	(21,747)	(20,766)
Allowance for equity funds used during construction	1,122	1,878	1,090
Nuclear fuel purchases	(44,704)	(51,455)	(26,414)
Proceeds from sale/leaseback of nuclear fuel	43,971	52,188	-
Net cash flow used in investing activities	(29,080)	(19,136)	(46,090)
<b>Financing Activities:</b>			
Proceeds from the issuance of:			
First mortgage bonds	233,656	-	59,410
Other long-term debt	133,933	73,343	-
Retirement of:			
First mortgage bonds	(325,101)	(105,000)	(260,000)
Other long-term debt	(92,700)	(45,320)	-
Premium and expenses paid on refinancing sale/leaseback bonds	-	-	(48,436)
Changes in short-term borrowings - net	(2,990)	2,990	-
Common stock dividends paid	(112,500)	(92,800)	(148,300)
Net cash flow used in financing activities	(165,702)	(166,787)	(397,326)
Net increase (decrease) in cash and cash equivalents	92,075	(89,463)	(106,429)
Cash and cash equivalents at beginning of period	240	89,703	196,132
Cash and cash equivalents at end of period	\$92,315	\$240	\$89,703
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for:			
Interest - net of amount capitalized	\$138,483	\$147,492	\$176,503
Income taxes (refund)	\$36,397	\$87,016	(\$39,586)
Noncash investing and financing activities:			
Change in unrealized appreciation (depreciation) of decommissioning trust assets	(\$70)	\$3,061	(\$1,515)

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.  
BALANCE SHEETS  
ASSETS

	December 31, 1996	1995
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$26	\$240
Temporary cash investments - at cost, which approximates market:		
Associated companies	41,600	-
Other	50,689	-
	-----	-----
Total cash and cash equivalents	92,315	240
Accounts receivable:		
Associated companies	71,337	72,458
Other	2,522	4,837
Materials and supplies - at average cost	66,302	67,661
Deferred nuclear refueling outage costs	24,005	-
Prepayments and other	4,929	16,050
	-----	-----
Total	261,410	161,246
	-----	-----
Other Property and Investments:		
Decommissioning trust fund	62,223	40,927
	-----	-----
Utility Plant:		
Electric	2,994,445	2,977,303
Electric plant under leases	447,409	444,305
Construction work in progress	41,362	35,946
Nuclear fuel under capital lease	83,558	71,374
	-----	-----
Total	3,566,774	3,528,928
Less - accumulated depreciation and amortization	974,472	861,752
	-----	-----
Utility plant - net	2,592,302	2,667,176
	-----	-----
Deferred Debits and Other Assets:		
Regulatory assets:		
SFAS 109 regulatory asset - net	264,758	291,181
Unamortized loss on reacquired debt	57,785	52,702
Other regulatory assets	207,214	203,731
Other	15,601	14,049
	-----	-----
Total	545,358	561,663
	-----	-----
TOTAL	\$3,461,293	\$3,431,012
	=====	=====

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.  
BALANCE SHEETS  
LIABILITIES AND CAPITALIZATION

	December 31,	
	1996	1995
	(In Thousands)	
<b>Current Liabilities:</b>		
Currently maturing long-term debt	\$10,000	\$250,000
Notes payable - associated companies	-	2,990
Accounts payable:		
Associated companies	18,245	17,458
Other	18,836	19,063
Taxes accrued	67,823	72,648
Interest accrued	34,195	36,743
Obligations under capital leases	28,000	28,000
Other	2,306	4,211
	-----	-----
Total	179,405	431,113
	-----	-----
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	624,020	602,182
Accumulated deferred investment tax credits	103,647	107,119
Obligations under capital leases	55,558	44,107
FERC Settlement - refund obligation	52,839	56,848
Other	165,517	94,449
	-----	-----
Total	1,001,581	904,705
	-----	-----
Long-term debt	1,418,869	1,219,917
	-----	-----
<b>Common Shareholder's Equity:</b>		
Common stock, no par value, authorized 1,000,000 shares; issued and outstanding 789,350 shares in 1996 and 1995	789,350	789,350
Paid-in capital	-	7
Retained earnings	72,088	85,920
	-----	-----
Total	861,438	875,277
	-----	-----
Commitments and Contingencies (Note 2, 9, and 10)		
TOTAL	\$3,461,293	\$3,431,012
	=====	=====

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.  
STATEMENTS OF RETAINED EARNINGS

	For the 1996	Years Ended December 1995	31, 1994
	(In Thousands)		
Retained Earnings, January 1	\$85,920	\$85,681	\$228,574
Add:			
Net income	98,668	93,039	5,407
Total	184,588	178,720	233,981
Deduct:			
Dividends declared	112,500	92,800	148,300
Retained Earnings, December 31 (Note 8)	\$72,088	\$85,920	\$85,681

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1996	1995	1994	1993	1992
			(In Thousands)		
Operating revenues	\$ 623,620	\$ 605,639	\$ 474,963	\$ 650,768	\$ 723,410
Net income	\$ 98,668	\$ 93,039	\$ 5,407	\$ 93,927	\$ 130,141
Total assets	\$3,461,293	\$3,431,012	\$3,613,359	\$3,891,066	\$3,672,441
Long-term obligations (1)	\$1,474,427	\$1,264,024	\$1,456,993	\$1,536,593	\$1,768,299
Electric energy sales (Millions of kWh)	8,302	7,212	8,653	7,113	7,354

(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 subsidiaries: Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy, Entergy Services, Entergy Operations, Entergy Power, Entergy Enterprises, Entergy Power Operations Corporation, Entergy S.A., Entergy Power Marketing Corporation, Entergy Power Development Corporation, Entergy Technology Holding Company, Entergy Power Edesur Holding LTD, Entergy Transener S.A., and Entergy Power Development International Corporation. A number of these subsidiaries have additional subsidiaries. CitiPower is a subsidiary of Entergy Power Development International Corporation.

All significant intercompany transactions have been eliminated. Entergy Corporation's utility subsidiaries 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.

#### Use of Estimates in the Preparation of Financial Statements

The preparation of Entergy Corporation and its subsidiaries' financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31, 1996 and 1995, and the reported amounts of revenues and expenses during fiscal years 1996, 1995, and 1994. 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 in 1996 financial statements.

#### Revenues and Fuel Costs

Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi generate, transmit, and distribute electricity (primarily to retail customers) in the states of Arkansas, Louisiana, and Mississippi, respectively. Entergy Gulf States generates, transmits, and distributes electricity primarily to retail customers in the States of Texas and Louisiana; distributes gas at retail in the City of Baton Rouge, Louisiana, and vicinity; and also sells steam to a large refinery complex in Baton Rouge. 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 recover operating expenses, depreciation, 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. See Note 2 for a discussion of System Energy's proposed rate increase.

A portion of Entergy Arkansas' and Entergy Louisiana's purchase of power from Grand Gulf has not been included in the determination of the cost of service to retail customers by the APSC and LPSC, respectively, as described in Note 2.

The domestic utility companies accrue estimated revenues for energy delivered since the latest billings.

The domestic utility companies' rate schedules (except Entergy Gulf States' Texas retail rate schedules) include fuel adjustment clauses that allow either current recovery or deferrals of fuel costs until such costs are reflected in the related revenues. Entergy Gulf States' Texas retail rate schedules include a fixed fuel factor approved by the PUCT, which remains in effect until changed as part of a general rate case, fuel reconciliation, or fixed fuel factor filing.

#### 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 of the subsidiaries' mortgage bond indentures.

Utility plant includes the portions of Grand Gulf 1 and Waterford 3 that were sold and currently are leased back. For financial reporting purposes, these sale and leaseback transactions are reflected as financing transactions.

Net electric utility plant in service, by company and functional category, as of December 31, 1996 (excluding owned and leased nuclear fuel, the accumulated provision for decommissioning, and the plant acquisition adjustment related to the Merger), is shown below:

	Production		Transmission	Distribution	Other	Total
	Nuclear	Other				
	(In Millions)					
Entergy Arkansas 2,861	\$ 987	\$ 390	\$ 454	\$ 909	\$ 121	\$
Entergy Gulf States 4,472	2,357	678	449	764	224	
Entergy Louisiana 3,397	2,048	239	331	717	62	
Entergy Mississippi 998	-	221	289	427	61	
Entergy New Orleans 214	-	17	18	161	18	
System Energy 2,468	2,438	-	16	-	14	
Entergy 15,216	7,830	1,632	1,703	3,440	611	

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 Entergy Entergy Entergy System Entergy Arkansas Gulf States Louisiana Mississippi New Orleans Energy

1996	3.0%	3.2%	2.7%	3.0%	2.4%	3.1%
3.3%						
1995	2.9%	3.3%	2.7%	3.0%	2.4%	3.1%
2.9%						
1994	3.0%	3.4%	2.7%	3.0%	2.4%	3.1%
3.0%						

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 only realized in cash through depreciation provisions included in rates.

### Jointly-Owned Generating Stations

Certain Entergy Corporation subsidiaries own undivided interests in several jointly-owned electric generating facilities and record the investments and expenses associated with these generating stations to the extent of their respective ownership interests. As of December 31, 1996, the subsidiaries' investment and accumulated depreciation in each of these generating stations were as follows:

Generating Stations		Fuel Type	Total Megawatt Capability	Ownership	Investment	Accumulated Depreciation (In Thousands)
Entergy Arkansas Independence	Unit 1	Coal	836	31.50%	\$117,515	\$43,646
White Bluff	Common Facilities	Coal		15.75%	29,568	9,921
	Units 1 and 2	Coal	1,660	57.00%	396,403	166,809
Entergy Gulf States River Bend	Unit 1	Nuclear	936	70.00%	3,103,974	746,440
Roy S. Nelson	Unit 6	Coal	550	70.00%	400,221	166,820
Big Cajun 2	Unit 3	Coal	540	42.00%	222,957	86,699
Entergy Mississippi - Independence	Units 1 and 2	Coal	1,678	25.00%	224,814	79,934
System Energy - Grand Gulf	Unit 1	Nuclear	1,179	90.00%(1)	3,429,562	974,472
Entergy Power - Independence	Unit 2	Coal	842	21.50%	121,666	40,585

(1) Includes an 11.5% leasehold interest - See Note 10

### Income Taxes

Entergy Corporation and its subsidiaries file a 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 Corporation 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 rate treatment.

### Acquisition Adjustment

Entergy Corporation, upon completion of the Merger in December 1993, recorded an acquisition adjustment in utility plant in the amount of \$380 million, representing the excess of the purchase price over the historical cost of the Entergy Gulf States net assets acquired. During 1994, Entergy recorded an additional \$124 million of acquisition adjustment related to the resolution of certain preacquisition contingencies and appropriate allocation of purchase price.

The acquisition adjustment is being amortized on a straight-line basis over a 31-year period beginning January 1, 1994, which approximates the remaining average book life of the plant acquired as a result of the Merger. As of December 31, 1996, the unamortized balance of the acquisition adjustment was \$455 million.

Entergy's future net cash flows are expected to be sufficient to recover the amortization of both the Merger acquisition adjustment and the cost of the CitiPower license discussed in Note 13.

### Reacquired Debt

The premiums and costs associated with reacquired debt 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.

### Stock Options - SFAS 123

The FASB issued SFAS 123, "Accounting for Stock-Based Compensation," in October 1995, to be effective for 1996 financial statements. The

provisions of this statement require either (a) adoption for financial reporting purposes; or (b) disclosure of the impact the provisions would have had on financial statements had they been adopted. Entergy has elected the disclosure option. See Note 5 for the disclosures required by SFAS 123.

### Continued 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 meets 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. The amount capitalized is a "regulatory asset." 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 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 a SFAS 121 impairment (see further discussion below) may exist which could require further write-offs of plant assets.

As of December 31, 1996, the majority of the domestic utility companies' and System Energy's operations continue to meet each of the criteria required for the use of SFAS 71 and the companies have recorded significant regulatory assets.

As described in Note 2, during 1996, FERC issued Orders No. 888 and 889 which require utilities to provide open access to their transmission system to promote a more competitive market for wholesale power sales. As also described in Note 2, Entergy Arkansas, Entergy Gulf States, and Entergy Mississippi have filed transition to competition proposals with their regulators which provide, among other things, for accelerated recovery of certain capitalized costs to provide for an orderly transition to a competitive retail power market. In response to these filings, certain regulatory commissions have begun general proceedings to consider retail competition in their jurisdictions.

As the plans have only recently been filed with the regulators, and those regulators have generally deferred action on the plans in lieu of their general proceedings on competition, Entergy cannot, at this time, predict the ultimate outcome of these proceedings. Accordingly, the domestic utility companies and System Energy anticipate that they will continue to meet the criteria for the application of SFAS 71 for the foreseeable future.

### Deregulated Operations

Entergy Gulf States discontinued regulatory accounting principles for its wholesale jurisdiction and its steam department during 1989 and for the Louisiana retail deregulated portion of River Bend in 1991. The results of these deregulated operations (before interest charges) for the years ended December 31, 1996, 1995, and 1994 are as follows:

	1996	1995	1994
	(In Thousands)		
Operating Revenues	\$174,751	\$141,171	\$138,822
Operating Expenses:			
Fuel, operating, and maintenance	119,784	115,799	116,386
Depreciation	31,455	31,129	27,890
Total Operating Expenses	151,239	146,928	144,276
Income taxes (249)	9,598	(6,979)	
Net Income (Loss) From Deregulated (\$5,205)	\$13,914	\$1,222	

Utility Operations =====

## SFAS 121

In March 1995, the FASB issued SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121), which became effective January 1, 1996. This statement describes circumstances that may result in assets (including goodwill such as the Merger acquisition adjustment, discussed above) being impaired. The statement also provides criteria for recognition and measurement of asset impairment. Note 2 describes regulatory assets of \$169 million (net of tax) related to Texas retail deferred River Bend operating and carrying costs which were written off upon the adoption of SFAS 121 in the first quarter of 1996.

Assets which are regulated under traditional cost-of-service ratemaking, and thereby subject to SFAS 71 accounting, are generally not subject to impairment pursuant to SFAS 121, as 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 \$1.6 billion (pre-tax) could be affected by SFAS 121 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 jurisdiction abeyed portion of the River Bend plant, and wholesale jurisdiction and steam department operations. Additionally, all of Entergy's investment in other nonregulated businesses is subject to possible impairment pursuant to SFAS 121.

Entergy periodically reviews these assets and operations 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. Based on current estimates of future cash flows as prescribed under SFAS 121, management anticipates that future revenues from such assets and operations of Entergy will fully recover all related costs.

### Change in Accounting for Nuclear Refueling Outage Costs (Entergy Corporation, Entergy Arkansas, and System Energy)

In December 1995, at the recommendation of FERC, Entergy Arkansas changed its method of accounting for nuclear refueling outage costs. The change, effective January 1, 1995, results in Entergy Arkansas deferring incremental maintenance costs incurred during an outage and amortizing those costs over the operating period immediately following the nuclear refueling outage, which is the period that the charges are billed to customers. Previously, estimated costs of refueling outages were accrued over the period (generally 18 months) preceding each scheduled outage. The effect of the change for the year ended December 31, 1995, was to decrease net income by \$5.1 million (net of income taxes of \$3.3 million) or \$.02 per share. The cumulative effect of the change was to increase net income \$35.4 million (net of income taxes of \$22.9 million) or \$.15 per share. The pro forma effects of the change in accounting for nuclear refueling outages in 1994, assuming the new method was applied retroactively to that year, would have been to decrease net income \$3.2 million (net of income taxes of \$2.1 million), or \$.01 per share.

System Energy filed a rate increase request with FERC in May 1995 (see Note 2), which, among other things, proposed a 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 above with respect to Entergy Arkansas. As described in Note 2, the FERC ALJ issued an initial decision in this proceeding in July 1996, agreeing to the change in recognition of outage costs proposed by System Energy. Accordingly, System Energy deferred the refueling outage costs incurred in the fourth quarter of 1996. As of December 31, 1996, System Energy's current assets included \$24.0 million in deferred nuclear refueling outage costs which will be amortized over the next fuel cycle (approximately 18 months). Amortization of these costs in the fourth quarter of 1996 amounted to \$1.2 million.

This change will have no impact on the net income of either Entergy or System Energy since System Energy will recover the refueling outage costs from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and these companies will, in turn, recover these costs from their ratepayers.

## Financial Instruments

Derivative instruments have been used by Entergy on a limited basis. Entergy has a policy that financial derivatives are to be used only to mitigate business risks and not for speculative purposes. See Notes 7 and 9 for additional information concerning Entergy's derivative instruments outstanding as of December 31, 1996.

## Fair Value Disclosures

The estimated fair value of financial instruments was determined using bid prices reported by dealer markets and by nationally recognized investment banking firms. 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 may be reflected in future rates and not accrue to the benefit 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. Due to this factor, and because of the related-party nature of these commitments and guarantees, determination of fair value is not considered practicable. See Notes 5, 7, and 9 for additional disclosure concerning fair value methodologies.

## **NOTE 2. RATE AND REGULATORY MATTERS**

**Merger-Related Rate Agreements (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)**

In November 1993, Entergy Corporation, Entergy Arkansas, Entergy Mississippi, and Entergy New Orleans entered into separate settlement agreements whereby the APSC, MPSC, and Council agreed to withdraw from the SEC proceeding related to the Merger. In return, Entergy Arkansas, Entergy Mississippi, and Entergy New Orleans agreed, among other things, that their retail ratepayers would be protected from (i) increases in the cost of capital resulting from risks associated with the Merger, (ii) recovery of any portion of the acquisition premium or transactional costs associated with the Merger, (iii) certain direct allocations of costs associated with Entergy Gulf States' River Bend nuclear unit, and (iv) any losses of Entergy Gulf States resulting from resolution of litigation in connection with its ownership of River Bend. Entergy Arkansas and Entergy Mississippi agreed not to request any general retail rate increase that would take effect before November 1998, except for, among other things, increases associated with the recovery of certain Grand Gulf 1-related costs, recovery of certain taxes, and catastrophic events, and in the case of Entergy Arkansas, excess capacity costs and costs related to the adoption of SFAS 106 that were previously deferred. Entergy Mississippi agreed that retail base rates under the formula rate plan would not be increased above November 1, 1993 levels for a period of five years beginning November 9, 1993.

In 1993, the LPSC and the PUCT approved separate regulatory proposals for Entergy Gulf States that include the following elements: (i) a five-year Rate Cap on Entergy Gulf States' retail electric base rates in the respective states, except for force majeure (defined to include, among other things, war, natural catastrophes, and high inflation); (ii) a provision for passing through to retail customers the jurisdictional portion of the fuel savings created by the Merger; and (iii) a mechanism for tracking nonfuel operation and maintenance savings created by the Merger. The LPSC regulatory plan provides that such nonfuel savings will be shared 60% by shareholders and 40% by ratepayers during the eight years following the Merger. The LPSC plan requires annual regulatory filings by the end of each May through the year 2001. The PUCT regulatory plan provides that such savings will be shared equally by shareholders and ratepayers, except that the shareholders' portion will be reduced by \$2.6 million per year on a total company basis in years four through eight. The PUCT plan also requires a series of regulatory filings to ensure that the ratepayers' share of such savings be reflected in rates on a timely basis, the first of which was made in November 1996, as discussed below in Filings with the PUCT and Texas Cities. Subsequent filings are required in November 1998 and in November 2001. In addition, the plan requires Entergy Corporation to hold Entergy Gulf States' Texas retail customers harmless from the effects of the removal by FERC of a 40% cap on the amount of fuel savings Entergy Gulf States may be required to transfer to other domestic utility companies under the FERC tracking mechanism (see below). On January 14, 1994, Entergy Corporation filed a petition for review before the D.C. Circuit seeking review of FERC's deletion of the 40% cap provision in the fuel cost protection mechanism. The matter is currently being held in abeyance.

FERC approved Entergy Gulf States' inclusion in the System Agreement. Commitments were adopted to provide reasonable assurance that the ratepayers of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans will not be allocated higher costs.

### **River Bend (Entergy Corporation and Entergy Gulf States)**

In 1988, the PUCT granted Entergy Gulf States a permanent increase in annual revenues of \$59.9 million resulting from the inclusion in rate base of approximately \$1.6 billion of company-wide River Bend plant investment and approximately \$182 million of related Texas retail jurisdiction deferred River Bend costs (Allowed Deferrals). At the same time, the PUCT disallowed as imprudent \$63.5 million of company-wide River Bend plant costs and placed in abeyance, with no finding as to prudence, approximately \$1.4 billion of company-wide River Bend plant investment and approximately \$157 million of Texas retail jurisdiction deferred River Bend operating and carrying costs (Abeyed Deferrals).

The PUCT's order has been the subject of several appellate proceedings, culminating in an appeal to the Texas Supreme Court (Supreme Court). On January 31, 1997, the Supreme Court issued an opinion reversing the PUCT's order and remanding the case to the PUCT for further proceedings. The Supreme Court found that the PUCT had prejudiced Gulf States' rights by attempting to defer a ruling on the abeyed plant costs and incorrectly determined the amount of federal income tax expense that should have been allowed in rates. The Supreme Court ruled that the PUCT could choose either to conduct hearings and take further evidence or to decide the case on the original evidence. On February 18, 1997, the Texas Office of Public Utility Counsel filed a motion for rehearing of the Supreme Court's decision, arguing that the Supreme Court's remand should have instructed the PUCT as to how the case should be dealt with on remand. Entergy Gulf States filed a brief in opposition to the motion for rehearing on February 25, 1997. Entergy Gulf States believes that it is unlikely that the Supreme Court will grant the motion for rehearing. No procedural schedule has yet been issued by the PUCT concerning the case on remand.

As of December 31, 1996, the River Bend plant costs disallowed for retail ratemaking purposes in Texas and the River Bend plant costs held in abeyance totaled (net of taxes and depreciation) approximately \$12 million and \$266 million, respectively. The Allowed Deferrals were

approximately \$77 million, net of taxes and amortization, as of December 31, 1996. Entergy Gulf States estimates it has collected approximately \$204 million of revenues as of December 31, 1996, as a result of the originally ordered rate treatment by the PUCT of these deferred costs. If recovery of the Allowed Deferrals is not upheld, future refunds could be required and future revenues based upon the Allowed Deferrals could also be lost. However, management believes that it is probable that the Allowed Deferrals will continue to be recovered in rates.

As a result of the application of SFAS 121, Entergy Gulf States wrote off Abeyed Deferrals of \$169 million, net of tax, effective January 1, 1996. In light of the continuing proceedings before the PUCT and the courts (including the January 31, 1997 decision of the Texas Supreme Court), Entergy Gulf States has made no write-offs or reserves for the River Bend plant-related costs. At this time, management and legal counsel are unable to predict the amount of the abeyed and previously disallowed River Bend plant costs that may ultimately be allowed in Entergy Gulf States' Texas retail rates.

In prior proceedings involving other utilities, the PUCT has held that the original cost of nuclear power plants will be recoverable in electric rates to the extent those costs were prudently incurred. Entergy Gulf States has previously filed with the PUCT a cost reconciliation study prepared by Sandlin Associates, management consultants with expertise in the cost analysis of nuclear power plants, which supports the reasonableness of the River Bend costs held in abeyance by the PUCT. This reconciliation study determined that approximately 82% of the River Bend cost increase above the amount included by the PUCT in rate base was a result of changes in federal nuclear safety requirements, and provided other support for the remainder of the abeyed amounts. In particular, there have been four other rate proceedings in Texas involving nuclear power plants. Disallowed investment in the plants ranged from 0% to 15%. Each case was unique, and the disallowances in each were made for different reasons. Appeals of two of these PUCT decisions are currently pending. Based upon the PUCT's prior decisions, management believes that River Bend construction costs were prudently incurred and that it is reasonably possible that it will recover through rates, or otherwise through means such as a deregulated asset plan, all or substantially all of the abeyed River Bend plant costs. In the event of an adverse ruling in this case, a net of tax write-off, as of December 31, 1996, of up to \$278 million could be required.

## **Retail Rate Proceedings**

### **Filings with the APSC (Entergy Corporation and Entergy Arkansas)**

In October 1996, Entergy Arkansas filed a proposal with the APSC designed to achieve an orderly transition to retail electric competition in Arkansas. The proposal includes a rate decrease totaling \$123 million over a three year period beginning in mid-1997 and provides for a universal service charge for customers that remain connected to Entergy Arkansas' electric facilities but choose to purchase their electricity from another source. Although these proposals allow for the complete recovery of the remaining plant investment associated with ANO 1, ANO 2, and Entergy Arkansas' portion of Grand Gulf 1 (excluding the portion retained - see below) as of December 31, 1996, over a seven year period, the NRC operating licenses for these plants permit continued operation until the years 2014, 2018, and 2022, respectively.

### **Filings with the PUCT and Texas Cities (Entergy Corporation and Entergy Gulf States)**

In March 1994, the Texas Office of Public Utility Counsel and certain cities served by Entergy Gulf States instituted an investigation of the reasonableness of Entergy Gulf States' rates. On March 20, 1995, the PUCT ordered a retroactive rate reduction, which was amended, reducing the \$52.9 million annual base rate reduction to an annual level of \$36.5 million. The PUCT's action was based, in part, upon a Texas Supreme Court decision not to require a utility to use the prospective tax benefits generated by disallowed expenses to reduce rates. The May 26, 1995 amended order no longer required Entergy Gulf States to pass such prospective tax benefits on to its customers. The rate refund ordered by the PUCT in its March 20, 1995 order, retroactive to March 31, 1994, was approximately \$61.8 million (including interest) and was refunded to customers in September, October, and November 1995. Entergy Gulf States and other parties have appealed the PUCT order, but no assurance can be given as to the timing or outcome of the appeal.

In December 1995, Entergy Gulf States filed a petition with the PUCT for reconciliation of fuel and purchased power expenses for the period January 1, 1994, through June 30, 1995. Entergy Gulf States believes that there was an under-recovered fuel balance, including interest, of \$22.4 million as of June 1995. Hearings were concluded in October 1996, and on December 18, 1996, the ALJ issued his recommendation which included recovery of approximately \$20 million of the under-recovered fuel balance. A final decision by the PUCT is expected in March 1997.

In accordance with the Merger agreement, Entergy Gulf States filed a rate proceeding with the PUCT in November 1996. In April 1996, certain cities served by Entergy Gulf States (Cities) instituted investigations of the reasonableness of Entergy Gulf States' rates. In May 1996, the Cities agreed to forego their investigation based on the assurance that any rate decrease ordered in the November 1996 filing will be retroactive to June 1, 1996, and will accrue interest until refunded. The agreement further provides that no base rate increase will be retroactive. Included in the November 1996 filing was a proposal to achieve an orderly transition to retail electric competition in Texas, similar to the filing described below that Entergy Gulf States made with the LPSC. This filing with the PUCT will be litigated in four phases as follows: (i) fuel factor/fuel reconciliation phase, of which Entergy Gulf States believes there was an under-recovered fuel balance of \$41.4 million, including interest, for the period July 1, 1995 through June 30, 1996; (ii) revenue requirement phase; (iii) cost allocation/rate design phase; and (iv) competitive issues phase. Hearings on these matters are scheduled to begin in April 1997. No assurance can be given as to the outcome of these hearings.

## **Filings with the LPSC**

(Entergy Corporation and Entergy Gulf States)

### **Annual Earnings Reviews**

In May 1994, Entergy Gulf States filed a required earnings analysis with the LPSC for the test year preceding the Merger (1993). On December 14, 1994, the LPSC ordered a \$12.7 million annual rate reduction for Entergy Gulf States, effective January 1995. Entergy Gulf States received a preliminary injunction from the District Court regarding \$8.3 million of the reduction relating to the earnings effect of a 1994 change in accounting for unbilled revenues. On January 1, 1995, Entergy Gulf States reduced rates by \$4.4 million. Entergy Gulf States filed an appeal of the entire \$12.7 million rate reduction with the District Court, which denied the appeal in July 1995. Entergy Gulf States appealed the order to the Louisiana Supreme Court. The preliminary injunction relating to \$8.3 million of the reduction remained in effect during the appeal. On July 2, 1996, the Louisiana Supreme Court ruled on the appeal. The Court found that the LPSC ruled incorrectly on the treatment of the initial balance of unbilled revenues and the revenue annualization adjustment. As a result, Entergy Gulf States will not be required to refund the \$8.3 million. The case was remanded to the LPSC for further proceedings related to the revenue annualization adjustment, but as a result of a subsequent rate adjustment pursuant to the third required post-Merger earnings analysis discussed below, the remand was moot.

On May 31, 1995, Entergy Gulf States filed its second required post-Merger earnings analysis with the LPSC. Hearings on this review were held in December 1995. On October 4, 1996, the LPSC issued an order requiring a \$33.3 million annual base rate reduction and a \$9.6 million refund. One component of the rate reduction removes from base rates approximately \$13.4 million annually of costs that will be recovered in the future through the fuel adjustment clause. On October 23, 1996, Entergy Gulf States appealed and obtained an injunction to stay this order, except insofar as the order requires the \$13.4 million reduction, which Entergy Gulf States implemented in November 1996. In addition, the LPSC order provides for the recovery of \$6.8 million annually related to certain gas transportation and storage facilities costs. Pursuant to the October 1996 LPSC Settlement, this amount was brought forward to \$8.1 million (see "LPSC Fuel Cost Review" below). This amount will be applied as an offset against whatever refund, if any, may be required by a final judgment in Entergy Gulf States' appeal of the second post-Merger earnings review order.

On May 31, 1996, Entergy Gulf States filed its third required post-Merger earnings analysis with the LPSC. Based on this earnings filing, on June 1, 1996, Entergy Gulf States implemented a \$5.3 million annual rate reduction. Hearings on this filing concluded in February 1997. An additional rate reduction may be required upon the issuance by the LPSC of a final rate order.

### **LPSC Fuel Cost Review**

In November 1993, the LPSC ordered a review of Entergy Gulf States' fuel costs for the period October 1988 through September 1991 (Phase I) based on the number of outages at River Bend and the findings in the June 1993 PUCT fuel reconciliation case. In July 1994, the LPSC ruled in the Phase I fuel review case and ordered Entergy Gulf States to refund approximately \$27.5 million to its customers. Under the order, a refund of \$13.1 million was made through a billing credit on August 1994 bills. In August 1994, Entergy Gulf States appealed the remaining \$14.4 million of the LPSC-ordered refund to the District Court and obtained an injunction with respect to that portion of the refund. On April 15, 1996, the appropriate state District Court affirmed the LPSC decision. Entergy Gulf States has appealed this decision to the Louisiana Supreme Court. In October 1996, Entergy Gulf States reached a settlement with the LPSC on one of the issues presented in this appeal, resulting in a refund to ratepayers of \$5.7 million plus interest. See "October 1996 LPSC Settlement" below. In February 1997, the Louisiana Supreme Court rendered a decision on the remaining \$8.7 million, affirming the LPSC's order insofar as it requires a refund of \$8.2 million plus interest, which Entergy Gulf States will record in 1997, and reversing the LPSC's order insofar as it would have required an additional \$0.5 million refund.

In September 1996, the LPSC completed the second phase of its review of Entergy Gulf States' fuel costs, which covered the period October 1991 through December 1994 (Phase II). On October 7, 1996, the LPSC issued an order requiring a \$34.2 million refund. The ordered refund includes a disallowance of \$14.3 million of capital costs (including interest) related to certain gas transportation and storage facilities, which were recovered through the fuel clause, and which have been refunded pursuant to the October 1996 LPSC Settlement. Entergy Gulf States will be permitted to recover these costs in the future through base rates. On October 23, 1996, Entergy Gulf States appealed and received an injunction to stay this order, except insofar as the order requires the \$14.3 million refund. See "October 1996 LPSC Settlement" below.

### **October 1996 LPSC Settlement**

In October 1996, Entergy Gulf States and the LPSC reached an agreement whereby Entergy Gulf States agreed to (i) refund certain capital costs related to gas transportation and storage facilities that were at issue in the Phase I and Phase II fuel cost reviews and (ii) refund similar costs recovered subsequent to the Phase II fuel cost review. This resulted in a total refund to customers of approximately \$32.1 million, including interest. In the future, Entergy Gulf States will be permitted to recover through base rates the capital costs related to such gas transportation and storage facilities. As a part of the settlement, which covered post-Phase II costs of such facilities in addition to the costs addressed by the LPSC's order for the second post-Merger earnings analysis, Entergy Gulf States will be permitted to recover through base rates \$1.3 million annually in addition to the \$6.8 million annual recovery provided in the order, for a total annual base rate recovery of \$8.1 million. The

settlement provides that this amount will be applied as an offset against whatever refund, if any, may be required by a final judgment in Entergy Gulf States' appeal of the second post-Merger earnings review order.

(Entergy Corporation, Entergy Gulf States, and Entergy Louisiana)

In October 1996, Entergy Gulf States and Entergy Louisiana filed proposals with the LPSC designed to achieve an orderly transition to retail electric competition in Louisiana, while protecting certain classes of ratepayers from possibly unfairly bearing the burden of cost shifting. The proposals do not increase rates for any customer class. However, these proposals do provide for a universal service charge for customers that remain connected to Entergy Gulf States' or Entergy Louisiana's electric facilities but choose to purchase their electricity from another source. In addition, the proposals include a base rate freeze, which would be put into effect for seven years in the Louisiana areas serviced by Entergy Gulf States and Entergy Louisiana. Although these proposals allow for the complete recovery of the remaining plant investment associated with River Bend, Waterford 3, and Entergy Louisiana's portion of Grand Gulf 1 (excluding the portion retained - see below) as of December 31, 1996, over a seven year period, the NRC operating licenses for these plants permit continued operation until the years 2025, 2024, and 2022, respectively.

In February 1997, the LPSC identified certain issues embodied in the Entergy Gulf States and Entergy Louisiana proposals that will be included in those companies' annual rate filings expected to be made on May 31, 1997 and April 15, 1997, respectively, and other issues that now will be included in an ongoing generic regulatory proceeding examining electric industry restructuring.

(Entergy Corporation and Entergy Louisiana)

On June 2, 1995, as a result of a review of the earnings of Entergy Louisiana, a \$49.4 million reduction in base rates was ordered. In the same order, the LPSC adopted for Entergy Louisiana a performance- based formula rate plan. The formula rate plan provides a financial incentive to reduce costs while maintaining high levels of customer satisfaction and system reliability. The plan allows Entergy Louisiana the opportunity to earn a higher rate of return if it improves performance over time. Conversely, if performance declines, the rate of return Entergy Louisiana could earn is lowered. On June 9, 1995, Entergy Louisiana appealed the rate reduction and sought injunctive relief from implementation of \$14.7 million of the reduction. The \$14.7 million portion of the rate reduction represents revenue imputed to Entergy Louisiana as a result of the LPSC's conclusion that the rates charged to three industrial customers were unreasonably low. Subsequently, a request for a \$14.7 million rate increase was filed by Entergy Louisiana. On July 13, 1995, Entergy Louisiana was granted a preliminary injunction by the District Court enjoining \$14.7 million of the rate reduction pending a final decision on appeal. In an order issued on January 31, 1996, the LPSC approved a settlement reducing the \$14.7 million portion of the rate reduction to \$12.35 million. Refunds issued pursuant to this settlement had the effect of implementing the rate reduction effective April 27, 1995, and were made in the months of January and February 1996. The refunds and related interest resulting from the settlement amounted to \$8.9 million. The District Court case discussed above was dismissed as part of the settlement.

On April 15, 1996, Entergy Louisiana made its first annual performance-based formula rate plan filing based on the 1995 test year. On June 19, 1996, the LPSC approved a \$12 million annual reduction in base rates effective July 1, 1996. This reduction was based upon the 1995 test year results under the formula rate plan and reflected the expiration of the Waterford 3 phase-in plan discussed below, which was partially offset by the recovery of the property taxes on Waterford 3 and the related deferral discussed below. Subsequently, additional issues were resolved by means of a settlement conference, increasing the base rate reduction from \$12 million to \$16.5 million. Hearings have been conducted to review Entergy Louisiana's allowed return on equity and to address certain other disputed issues. This may result in an additional rate reduction which would be prospective only. The LPSC's ruling is expected in the second quarter of 1997.

The property tax exemption for Waterford 3 ended in December 1995 and Entergy Louisiana was required to pay \$19.3 million in property taxes to St. Charles Parish for the 1996 tax year. In a March 1996 LPSC order, Entergy Louisiana was permitted to defer the rate recovery of these taxes for the period January 1996 through June 1996. The order allowed for the recovery of the property tax beginning in July 1996, and also for the recovery, from July 1996 through June 1997, of the related deferral. In addition, Entergy Louisiana's phase-in plan for Waterford 3 will expire in June 1997. Entergy Louisiana is recovering deferred costs annually of approximately \$28.4 million.

### **Filings with the MPSC (Entergy Corporation and Entergy Mississippi)**

On March 15, 1996, Entergy Mississippi filed its annual earnings review with the MPSC under its formula rate plan for the 1995 test year. On April 18, 1996, the MPSC issued an order approving and adopting a joint stipulation and placing the prospective rate reduction of \$5.9 million into effect on May 1, 1996.

Entergy Mississippi has initiated discussions with the MPSC regarding an orderly transition to a more competitive market for electricity. In August 1996, Entergy Mississippi filed a proposal with the MPSC for a rate rider to assure recovery of all Grand Gulf costs incurred to serve customers. The rider would maintain current rates for electric service provided by Entergy Mississippi and would apply to customers within Entergy Mississippi's service area who obtain electricity in the future from a source other than Entergy Mississippi. Entergy Mississippi designed this rider to assure that commitments made under the current system of regulation are honored and that cost burdens are not unfairly transferred from departing customers to those who remain on the Entergy Mississippi system. On August 22, 1996, the MPSC remanded this proposal and established a generic docket to consider competition for retail electric service.

## **Filings with the Council (Entergy Corporation and Entergy New Orleans)**

Pursuant to the 1991 NOPSI Settlement, Entergy New Orleans is required to make earnings filings with the Council for the 1995 and 1996 rate years. A review of Entergy New Orleans' earnings for the test year ending September 30, 1995, required Entergy New Orleans to credit customers \$6.2 million over a 12-month period which began in March 1996.

On October 31, 1996, Entergy New Orleans filed with the Council an analysis of its earnings for the test year ended September 30, 1996. Based upon this earnings review, the Council ordered a refund of \$18.4 million which is being credited to customers over a 12 month period which began in February 1997.

On December 19, 1996, the Council ordered an increase in Entergy New Orleans' franchise fee from 2.5% to 5% of gross revenues. The increase in the 1997 franchise fee is estimated to be \$12 million. The franchise fee is collected by Entergy New Orleans as a separate line item on customer bills and is not a component of base rates.

In January 1997, Entergy New Orleans unilaterally proposed to the Council to reduce rates by annual amounts of \$15 million. This offer was accepted by the Council and, effective February 1, 1997, Entergy New Orleans implemented this base rate reduction.

The Council issued a resolution in February 1997 indicating that it will conduct an investigation of the justness and reasonableness of Entergy New Orleans' allowed rate of return, base rates, and adjustment clauses. The Council contemplates a bifurcated review and has established hearing dates in April 1997 on the issue of rate of return. The Council also directed Entergy New Orleans to make a cost of service and revenue requirement filing on May 1, 1997. A procedural schedule has not been set with respect to these other issues.

Pursuant to a settlement reached in February 1997 with the Council as to Entergy New Orleans' deferred integrated resource planning expenses, the Council has conditionally allowed Entergy New Orleans to begin recovering \$5 million, subject to a hearing to determine the prudence of such expenses. Entergy New Orleans has agreed not to seek recovery of the remaining \$6.8 million of expenses incurred.

## **Deregulated Asset Plan (Entergy Corporation and Entergy Gulf States)**

A deregulated asset plan representing an unregulated portion (approximately 25%) of River Bend (plant costs, generation, revenues, and expenses) was established pursuant to a January 1992 LPSC order. The plan allows Entergy Gulf States to sell such generation 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.

### **River Bend Cost Deferrals (Entergy Corporation and Entergy Gulf States)**

Entergy Gulf States deferred approximately \$369 million of River Bend operating and purchased power costs, depreciation, and accrued carrying charges, pursuant to a 1986 PUCT accounting order. Approximately \$182 million of these costs are being amortized over a 20- year period, and the remaining \$187 million was written off in the first quarter of 1996 in accordance with SFAS 121, as discussed above. As of December 31, 1996, the unamortized balance of the remaining costs was \$117 million. Entergy Gulf States deferred approximately \$400.4 million of similar costs pursuant to a 1986 LPSC accounting order, of which approximately \$40 million was unamortized as of December 31, 1996, and is being amortized over a 10-year period ending in February 1998.

In accordance with a phase-in plan approved by the LPSC, Entergy Gulf States deferred \$294 million of its River Bend costs related to the period February 1988 through February 1991. Entergy Gulf States has amortized \$225 million through December 31, 1996. The remainder of \$69 million will be recovered in 1997 and early 1998.

## **Grand Gulf 1 and Waterford 3 Deferrals**

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

Under the settlement agreement entered into with the APSC in 1985 and amended in 1988, Entergy Arkansas agreed to retain a portion of its Grand Gulf 1-related costs, recover a portion of such costs currently, and defer a portion of such costs for future recovery. In 1996 and subsequent years, Entergy Arkansas retains 22% of its 36% interest in Grand Gulf 1 costs and recovers the remaining 78%. The deferrals ceased in 1990, and Entergy Arkansas is recovering a portion of the previously deferred costs each year through 1998. As of December 31, 1996, the balance of deferred costs was \$228 million. Entergy Arkansas is permitted to recover on a current basis the incremental costs of financing the unrecovered deferrals. 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 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 Waterford 3 and Entergy Louisiana's share of capacity and energy from Grand Gulf 1, subject to certain terms and conditions. With respect to Waterford 3, Entergy Louisiana was granted an increase aggregating \$170.9 million over the period 1985- 1988, and agreed to permanently absorb, and not recover from retail ratepayers, \$284 million of its investment in the unit and to defer \$266 million of its costs related to the years 1985-1988 to be recovered from April 1988 through June 1997.

With respect to Grand Gulf 1, in November 1988, Entergy Louisiana agreed to retain and not recover from retail ratepayers, 18% of its 14% share (approximately 2.52%) of the costs of Grand Gulf 1 capacity and energy. 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.

(Entergy Corporation and Entergy Mississippi)

Entergy Mississippi entered into a plan with the MPSC that provides, among other things, for the recovery by Entergy Mississippi, in equal annual installments over ten years beginning October 1, 1988, of all Grand Gulf 1-related costs deferred through September 30, 1988, pursuant to a final order by the MPSC. Additionally, the plan provides that Entergy Mississippi defer, in decreasing amounts, a portion of its Grand Gulf 1-related costs over four years beginning October 1, 1988. These deferrals are being recovered by Entergy Mississippi over a six- year period beginning in October 1992 and ending in September 1998. As of December 31, 1996, the uncollected balance of Entergy Mississippi's deferred costs was approximately \$247 million. The plan also allows for the current recovery of carrying charges on all deferred amounts.

(Entergy Corporation and Entergy New Orleans)

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, 1996, the uncollected balance of Entergy New Orleans' deferred costs was \$136 million.

February 1994 Ice Storm/Rate Rider (Entergy Corporation and Entergy Mississippi)

A February 1994 ice storm left more than 80,000 Entergy Mississippi customers without electric power across the service area. Damage to transmission and distribution lines, equipment, poles, and facilities totaled approximately \$77.2 million, with \$64.6 million of these amounts capitalized as plant-related costs. The remaining balances were recorded as a deferred debit.

Subsequent to a request by Entergy Mississippi for rate recovery, the MPSC approved a stipulation in September 1994 with respect to the recovery of ice storm costs recorded through April 30, 1994. Under the stipulation, Entergy Mississippi implemented an ice storm rate rider, which increased rates approximately \$8 million for a period of five years beginning on September 29, 1994. At the end of the five-year period, the revenue requirement associated with the undepreciated ice storm capitalized costs will be included in Entergy Mississippi's base rates to the extent that this revenue requirement does not result in Entergy Mississippi's rate of return on rate base being above the benchmark rate of return under Entergy Mississippi's formula rate plan. The MPSC approved a second stipulation in September 1995 which allows for a \$2.5 million rate increase for a period of four years beginning September 28, 1995, to recover costs related to the ice storm that were recorded after April 30, 1994. The stipulation also allows for undepreciated ice storm capital costs recorded after April 30, 1994, to be treated as described above.

## **Proposed Rate Increase**

(System Energy)

System Energy filed an application with FERC on May 12, 1995, for a \$65.5 million rate increase. The request seeks 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 with respect to Entergy Arkansas. On December 12, 1995, System Energy implemented a \$65.5 million rate increase, subject to refund. Management has decided to record a reserve for a portion of the rate increase. Hearings on System Energy's request began in January 1996 and were completed in February 1996. On July 11, 1996, the ALJ issued an initial decision in this proceeding that agreed with certain of System Energy's proposals, including the change in accounting for nuclear refueling outage costs, while rejecting a proposed increase in return on common equity and recommending a slight decrease. The ALJ also rejected the proposed change in the decommissioning cost methodology. The decision of the ALJ is preliminary and may be modified in the final decision from FERC which is expected in the first quarter of 1997. Management is unable to predict the final outcome of the rate increase request or the amount of any refunds in excess of reserves that may be required.

(Entergy Mississippi)

Entergy Mississippi's allocation of the proposed System Energy wholesale rate increase is \$21.6 million. In July 1995, Entergy Mississippi filed a schedule with the MPSC that will defer the ultimate amount 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. The deferred rate increase is to be amortized over 48 months beginning October 1998.

(Entergy New Orleans)

Entergy New Orleans' allocation of the proposed System Energy wholesale rate increase is \$9.6 million. In February 1996, Entergy New Orleans filed a plan with the City 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.

### 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 refunded approximately \$61.7 million to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, each of which in turn has made refunds or credits to its customers (except for those portions attributable to Entergy Arkansas' and Entergy Louisiana's retained share of Grand Gulf 1 costs). Additionally, System Energy will refund a total of approximately \$62 million, plus interest, to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans over the period through June 2004. The settlement also required the write-off of certain related unamortized balances of deferred investment tax credits by Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. The settlement reduced Entergy Corporation's consolidated net income for the year ended December 31, 1994, by approximately \$68.2 million, offset by the write-off of the unamortized balances of related deferred investment tax credits of approximately \$69.4 million (\$2.9 million for Entergy Corporation; \$27.3 million for Entergy Arkansas; \$31.5 million for Entergy Louisiana; \$6 million for Entergy Mississippi; and \$1.7 million for Entergy New Orleans). 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 recovering them 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 over the next 8 years.

### NOTE 3. INCOME TAXES

Entergy Corporation's and its subsidiaries' income tax expenses for 1996, 1995, and 1994 consist of the following (in thousands):

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Current:							
Federal	\$272,036	\$108,583	\$ 510	\$ 78,629	\$ 64,358	\$ 23,860	\$ 19,637
State	72,204	21,888	201	21,122	9,635	4,631	13,508
Total	344,240	130,471	711	99,751	73,993	28,491	33,145
Deferred -- net	100,572	(41,261)	106,715	24,656	(29,390)	(11,587)	52,447
Investment tax credit adjustments -- net	(23,653)	(4,766)	(5,335)	(5,847)	(3,497)	(687)	(3,471)
Recorded income tax expense	\$421,159	\$ 84,444	\$102,091	\$118,560	\$ 41,106	\$ 16,217	\$ 82,121
1995							
Current:							
Federal	\$306,910	\$ 87,937	\$ 13	\$ 93,670	\$ 62,436	\$ 19,071	\$108,920
State	60,278	18,027	-	20,994	9,215	3,394	11,910
Total	367,188	105,964	13	114,664	71,651	22,465	120,830
Deferred -- net	13,333	(5,363)	67,703	8,148	(35,224)	(1,364)	(41,871)
Investment tax credit adjustments -- net	(21,478)	(5,658)	(4,472)	(5,698)	(1,550)	(634)	(3,466)
Recorded income tax expense	\$359,043	\$ 94,943	\$ 63,244	\$117,114	\$ 34,877	\$ 20,467	\$ 75,493
Charged to cumulative effect	\$ 22,861	\$ 22,861	\$ -	\$ -	\$ -	\$ -	\$ -

1994	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Current:							
Federal	\$227,046	\$ 64,238	\$ 71	\$ 68,891	\$ 39,505	\$ 19,557	\$ 54,295
State	50,300	19,062	14	10,369	7,379	3,049	13,182
Total	277,346	83,300	85	79,260	46,884	22,606	67,477
Deferred -- net	(54,429)	(17,939)	(57,911)	21,580	(26,763)	(15,674)	(27,375)
Investment tax credit adjustments -- net	(24,739)	(8,814)	(4,260)	(6,048)	(1,673)	(681)	(3,265)
Investment tax credit amortization -FERC Settlement	(66,454)	(27,327)	-	(31,504)	(5,973)	(1,651)	-
Recorded income tax expense	\$131,724	\$ 29,220	\$(62,086)	\$ 63,288	\$ 12,475	\$ 4,600	\$ 36,837

Entergy Corporation's and its subsidiaries' total income taxes differ from the amounts computed by applying the statutory federal income tax rate to income before taxes. The reasons for the differences for the years 1996, 1995, and 1994 are (amounts in thousands):

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$319,103	\$84,785	\$34,371	\$108,262	\$42,111	\$15,048	\$63,626
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	54,801	10,796	19,389	11,535	4,188	1,449	7,444
Depreciation	15,829	(2,102)	(6,305)	6,722	1,604	402	15,508
Rate deferrals - net	1,973	1,115	5,537	(1,829)	(3,430)	580	-
Amortization of investment tax credits	(20,349)	(4,608)	(4,380)	(5,664)	(1,582)	(635)	(3,480)
Flow-through/permanent differences	1,059	(845)	2,792	(449)	(275)	(164)	-
SFAS 121 write-off	48,265	-	48,265	-	-	-	-
Other -- net	478	(4,697)	2,422	(17)	(1,510)	(463)	(977)
Total income taxes	\$421,159	\$84,444	\$102,091	\$118,560	\$41,106	\$16,217	\$82,121
Effective Income Tax Rate	46.2%	34.4%	105.5%	37.6%	34.2%	37.7%	45.4%

1995	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$334,944	\$93,458	\$65,157	\$111,528	\$36,240	\$19,198	\$58,986
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	42,599	11,551	8,375	11,532	3,344	1,971	7,036
Depreciation	1,670	(1,510)	(13,073)	2,693	739	(661)	13,482
Rate deferrals - net	1,699	975	6,240	(2,626)	(3,465)	575	-
Amortization of investment tax credits	(20,549)	(5,658)	(4,475)	(5,711)	(1,548)	(634)	(3,480)
Other -- net	(1,320)	(3,873)	1,020	(302)	(433)	18	(531)
Total income taxes	\$359,043	\$94,943	\$63,244	\$117,114	\$34,877	\$20,467	\$75,493
Effective Income Tax Rate	37.5%	35.5%	34.0%	36.7%	33.7%	37.3%	44.8%

1994	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$194,448	\$60,017	(\$50,694)	\$96,994	\$21,438	\$6,234	\$14,785
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	13,766	7,821	(6,571)	5,147	2,465	456	7,565
Depreciation	9,995	(921)	(8,188)	3,219	1,930	(586)	14,541
Rate deferrals - net	1,435	729	6,551	(2,749)	(3,810)	714	-
Amortization of investment tax credits	(27,337)	(10,220)	(4,472)	(6,305)	(1,674)	(681)	(3,476)
Amortization of investment tax credits - FERC Settlement	(66,454)	(27,327)	-	(31,504)	(5,973)	(1,651)	-
Adjustment of prior year taxes	9,425	(208)	(2,460)	-	(1,954)	(423)	2,947
Other -- net	(3,554)	(671)	3,748	(1,514)	53	537	475
<b>Total income taxes</b>	<b>\$131,724</b>	<b>\$29,220</b>	<b>(\$62,086)</b>	<b>\$63,288</b>	<b>\$12,475</b>	<b>\$4,600</b>	<b>\$36,837</b>
<b>Effective Income Tax Rate</b>	<b>23.7%</b>	<b>17.1%</b>	<b>42.9%</b>	<b>22.9%</b>	<b>20.4%</b>	<b>25.9%</b>	<b>87.2%</b>

Significant components of Entergy Corporation's and its subsidiaries' net deferred tax liabilities as of December 31, 1996 and 1995, are as follows (in thousands):

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
<b>Deferred Tax Liabilities:</b>							
Net regulatory assets/(liabilities)	(\$1,406,921)	(\$287,217)	(\$434,380)	(\$349,667)	(\$21,537)	(\$9,717)	(\$304,403)
Plant-related basis differences	(2,986,993)	(476,364)	(1,016,616)	(716,974)	(185,038)	(50,435)	(512,519)
Rate deferrals	(322,530)	(84,826)	(68,282)	(2,839)	(113,669)	(52,914)	-
Other	(143,792)	(59,592)	(9,243)	(31,433)	(7,604)	(6,193)	(24,917)
<b>Total</b>	<b>(\$4,860,236)</b>	<b>(\$907,999)</b>	<b>(\$1,528,521)</b>	<b>(\$1,100,913)</b>	<b>(\$327,848)</b>	<b>(\$119,259)</b>	<b>(\$841,839)</b>
<b>Deferred Tax Assets:</b>							
Accumulated deferred investment tax credit	210,879	42,450	61,563	53,831	9,724	3,666	39,645
Investment tax credit carryforwards	138,779	-	138,779	-	-	-	-
NOL carryforwards	24,990	-	24,990	-	-	-	-
Alternative minimum tax credit	40,658	-	40,658	-	-	-	-
Sale and leaseback	233,823	-	-	108,390	-	-	125,433
Removal cost	102,268	-	27,391	61,716	2,454	10,707	-
Unbilled revenues	37,692	-	17,824	14,965	(343)	5,246	-
Pension-related items	30,869	-	11,291	8,838	2,008	5,987	2,745
Rate refund	25,409	-	-	-	-	7,077	18,332
FERC Settlement	19,079	-	-	-	-	-	19,079
Other	147,020	9,049	61,804	23,545	5,849	8,097	12,585
<b>Total</b>	<b>\$1,011,466</b>	<b>\$51,499</b>	<b>\$384,300</b>	<b>\$271,285</b>	<b>\$19,692</b>	<b>\$40,780</b>	<b>\$217,819</b>
<b>Net deferred tax liability</b>	<b>(\$3,848,770)</b>	<b>(\$856,500)</b>	<b>(\$1,144,221)</b>	<b>(\$829,628)</b>	<b>(\$308,156)</b>	<b>(\$78,479)</b>	<b>(\$624,020)</b>

1995	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
<b>Deferred Tax Liabilities:</b>							
Net regulatory assets/(liabilities)	(\$1,494,000)	(\$264,166)	(\$512,281)	(\$357,528)	(\$17,147)	(\$10,723)	(\$332,154)
Plant-related basis differences	(3,071,519)	(480,465)	(1,060,241)	(722,680)	(181,792)	(50,820)	(538,215)
Rate deferrals	(467,691)	(131,261)	(104,695)	(12,652)	(157,168)	(61,915)	-
Other	(117,510)	(69,475)	(1,814)	(35,272)	(9,339)	(3,134)	(10,365)
<b>Total</b>	<b>(\$5,150,720)</b>	<b>(\$945,367)</b>	<b>(\$1,679,031)</b>	<b>(\$1,128,132)</b>	<b>(\$365,446)</b>	<b>(\$126,592)</b>	<b>(\$880,734)</b>
<b>Deferred Tax Assets:</b>							
Accumulated deferred investment tax credit	214,505	44,260	58,653	56,008	10,702	3,910	40,973
Investment tax credit carryforwards	167,713	-	167,713	-	-	-	-
Valuation allowance	(44,597)	-	(44,597)	-	-	-	-
NOL carryforwards	151,141	-	151,141	-	-	-	-
Alternative minimum tax credit	130,760	-	39,709	27,409	-	-	63,642
Sale and leaseback	225,620	-	-	105,788	-	-	119,832
Removal cost	97,184	-	25,701	59,148	2,316	10,019	-
Unbilled revenues	42,923	-	22,384	16,850	-	3,689	-
Pension-related items	21,003	-	14,472	-	2,342	4,189	-
Operating provisions	6,795	-	-	-	-	6,795	-
Provision - FASB 5 contingencies	7,250	7,250	-	-	-	-	-
FERC Settlement	19,978	-	-	-	-	459	19,519
Other	259,954	21,394	110,176	52,285	17,415	6,703	34,586
<b>Total</b>	<b>\$1,300,229</b>	<b>\$72,904</b>	<b>\$545,352</b>	<b>\$317,488</b>	<b>\$32,775</b>	<b>\$35,764</b>	<b>\$278,552</b>
<b>Net deferred tax liability</b>	<b>(\$3,850,491)</b>	<b>(\$872,463)</b>	<b>(\$1,133,679)</b>	<b>(\$810,644)</b>	<b>(\$332,671)</b>	<b>(\$90,828)</b>	<b>(\$602,182)</b>

As of December 31, 1996, Entergy has investment tax credit (ITC) carryforwards of \$138.8 million, federal net operating loss (NOL) carryforwards of \$50.8 million, and state NOL carryforwards of \$105.2 million, all related to Entergy Gulf States operations. The ITC carryforwards include the 35% reduction required by the Tax Reform Act of 1986 and may be applied solely against federal income tax liability of Entergy Gulf States and, if not utilized, will expire between 1997 and 2002. At December 31, 1995, the projected amount of ITC carryforwards which would expire unutilized was estimated to be \$44.6 million, which was based upon projections of estimated taxable income of Entergy Gulf States and, accordingly, a valuation reserve was recorded for this amount. At December 31, 1996, management estimated that none of the remaining ITC carryforwards would expire unutilized, and the valuation reserve was eliminated. The alternative minimum tax (AMT) credit carryforwards as of December 31, 1996 were \$40.7 million, all related to Entergy Gulf States operations. This AMT credit can be carried forward indefinitely and may be applied solely against the federal income tax liability of Entergy Gulf States.

In accordance with the System Energy FERC Settlement, the domestic utility companies wrote off \$66.6 million of unamortized deferred investment tax credits in 1994, including \$27.3 million at Entergy Arkansas, \$31.5 million at Entergy Louisiana, \$6.0 million at Entergy Mississippi, and \$1.7 million at Entergy New Orleans.

In August 1994, Entergy received an IRS report covering the federal income tax audit of Entergy Corporation and subsidiaries for the years 1988-90. The report asserted an \$80 million tax deficiency for the 1990 tax return related primarily to the utilization of accelerated investment tax credits associated with the Waterford 3 and Grand Gulf nuclear plants. Changes to the initial report, made in the IRS Appeal process, have reduced the assessment related to the issue by \$22 million to \$58 million. Entergy Corporation and the Appeals Officer agreed to pursue a "Technical Advice" ruling from the IRS National Office to address the remainder of the issue. Entergy Corporation believes there is no material tax deficiency and is confident that a satisfactory resolution of the matter will be achieved.

#### **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)**

In November 1996, SEC authorization was received by Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy increasing short-term borrowing limits to \$235 million, \$340 million, \$225 million, \$103 million, \$35 million, and \$140 million, respectively (for a total of \$1.078 billion). These authorizations are effective through November 30, 2001. Of these companies, Entergy Louisiana and Entergy Mississippi had borrowings outstanding as of December 31, 1996. Entergy Louisiana and Entergy Mississippi had \$31.1 million and \$50.3 million, respectively, of borrowings outstanding under the money pool, an intra-system borrowing arrangement designed to reduce the domestic utility companies' dependence on external short-term borrowings. Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi had undrawn lines of credit as of December 31, 1996, of \$25 million, \$64.2 million, and \$30 million, respectively.

In July 1995, Entergy Corporation received SEC authorization for a \$300 million bank credit facility. Thereafter, a three-year credit agreement was signed with a group of banks in October 1995 to provide up to \$300 million of loans to Entergy Corporation. \$230 million was drawn on this facility for the acquisition of CitiPower in January 1996 and was subsequently repaid throughout the course of the year. See Note 13 for a discussion of the acquisition. As of December 31, 1996, no amounts were outstanding against the facility. In January 1997, Entergy Corporation

filed an amendment with the SEC to increase the authorization from \$300 million to \$500 million.

On September 13, 1996, Entergy Corporation and ETHC obtained a three-year \$100 million bank line of credit that may be increased up to \$300 million and can be drawn by either Entergy Corporation or ETHC (with a guarantee from Entergy Corporation). The proceeds are to be used exclusively for exempt telecommunication investments. As of December 31, 1996, \$20 million borrowed by Entergy Corporation was outstanding under this facility.

Other Entergy companies have SEC authorization to borrow through the money pool, from Entergy Corporation, and from commercial banks in the aggregate principal amounts up to \$265 million, of which \$88.4 million was outstanding as of December 31, 1996. Some of these borrowings are restricted as to use, and are secured by certain assets.

In total, Entergy had short-term commitments in the amount of \$607.6 million as of December 31, 1996, of which \$575.2 million was unused. The weighted-average interest rate on the outstanding borrowings as of December 31, 1996, and December 31, 1995, was 6.10% and 6.35%, respectively. Commitment fees on the lines of credit for Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi are 0.125% of the undrawn amounts. The commitment fees for Entergy Corporation's \$300 million credit facility and ETHC's \$100 million credit facility are currently 0.17%, but can fluctuate depending on the senior debt ratings of the domestic utility companies. See Note 7 for a discussion of commitments for long-term financing arrangements.

**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, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans as of December 31, 1996, and 1995 were:

	Shares		Total		Call Price
	Authorized	and Outstanding	Dollar Value		Per Share as of
	1996	1995	1996	1995	December 31, 1996
	(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	\$103.647
4.72% Series	93,500	93,500	9,350	9,350	\$107.000
4.56% Series	75,000	75,000	7,500	7,500	\$102.830
4.56% 1965 Series	75,000	75,000	7,500	7,500	\$102.500
6.08% Series	100,000	100,000	10,000	10,000	\$102.830
7.32% Series	100,000	100,000	10,000	10,000	\$103.170
7.80% Series	150,000	150,000	15,000	15,000	\$103.250
7.40% Series	200,000	200,000	20,000	20,000	\$102.800
7.88% Series	150,000	150,000	15,000	15,000	\$103.000
Cumulative, \$25 par value:					
8.84% Series	-	400,000	-	10,000	
Cumulative, \$0.01 par value:					
\$2.40 Series (a)	-	2,000,000	-	50,000	-
\$1.96 Series (a)(b)	600,000	600,000	15,000	15,000	-
	-----	-----	-----	-----	
Total without sinking fund	1,613,500	4,013,500	\$116,350	\$176,350	
	=====	=====	=====	=====	
With sinking fund:					
Cumulative, \$100 par value:					
8.52% Series	300,000	350,000	\$30,000	\$35,000	\$104.260
Cumulative, \$25 par value:					
9.92% Series	401,085	561,085	10,027	14,027	\$26.320
	-----	-----	-----	-----	
Total with sinking fund	701,085	911,085	\$40,027	\$49,027	
	=====	=====	=====	=====	
Fair Value of Preferred Stock with sinking fund(d)			\$41,835	\$51,476	
			=====	=====	

	Shares		Total		Call Price Per Share as of December 31, 1996
	Authorized and Outstanding 1996	1995	Dollar Value		
			1996	1995	
(Dollars in Thousands)					
Entergy Gulf States Preferred and Preference Stock					
Preference Stock					
Cumulative, without par value					
7% Series (a)(b)	6,000,000	6,000,000	\$150,000	\$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	350,000	350,000	35,000	35,000	\$101.80
8.52% Series	500,000	500,000	50,000	50,000	\$102.43
9.96% Series	350,000	350,000	35,000	35,000	\$102.64
	-----	-----	-----	-----	
Total without sinking fund	1,364,438	1,364,438	\$136,444	\$136,444	
	=====	=====	=====	=====	
With sinking fund:					
8.80% Series	184,595	204,495	\$18,459	\$20,450	\$100.00
9.75% Series	-	19,543	-	1,954	\$100.00
8.64% Series	140,000	168,000	14,000	16,800	\$101.00
Adjustable Rate - A,7.39%(c)	180,000	192,000	18,000	19,200	\$100.00
Adjustable Rate - B,7.44%(c)	270,000	292,500	27,000	29,250	\$100.00
	-----	-----	-----	-----	
Total with sinking fund	774,595	876,538	\$77,459	\$87,654	
	=====	=====	=====	=====	
Fair Value of Preference Stock and Preferred Stock with sinking fund(d)			\$214,475	\$219,191	
			=====	=====	

	Shares		Total		Call Price Per Share as of December 31, 1996
	Authorized and Outstanding 1996	1995	Dollar Value 1996 1995		
(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
8.56% Series	-	100,000	-	10,000	-
Cumulative, \$25 par value:					
8.00% Series(b)	1,480,000	1,480,000	37,000	37,000	-
9.68% Series	-	2,000,000	-	50,000	-
	-----	-----	-----	-----	
Total without sinking fund	2,115,000	4,215,000	\$100,500	\$160,500	
	=====	=====	=====	=====	
With sinking fund:					
Cumulative, \$100 par value:					
7.00% Series(b)	500,000	500,000	\$50,000	\$50,000	-
8.00% Series(b)	350,000	350,000	35,000	35,000	-
Cumulative, \$25 par value:					
12.64% Series	300,000	600,370	7,500	15,009	\$ 26.58
	-----	-----	-----	-----	
Total with sinking fund	1,150,000	1,450,370	\$92,500	\$100,009	
	=====	=====	=====	=====	
Fair Value of Preferred Stock with sinking fund(d)			\$93,825	\$103,135	
			=====	=====	

	Shares		Total		Call Price Per Share as of December 31, 1996
	Authorized and Outstanding 1996	1995	Dollar Value 1996 1995		
(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	43,888	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 (b)	200,000	200,000	20,000	20,000	-
9.16% Series	75,000	75,000	7,500	7,500	\$104.06
	-----	-----	-----	-----	
Total without sinking fund	578,808	578,808	\$ 57,881	\$ 57,881	
	=====	=====	=====	=====	
With sinking fund:					
Cumulative, \$100 par value:					
9.76% Series	70,000	140,000	\$ 7,000	\$14,000	\$100.00
12.00% Series	-	27,700	-	2,770	-
	-----	-----	-----	-----	
Total with sinking fund	70,000	167,700	\$ 7,000	\$ 16,770	
	=====	=====	=====	=====	
Fair Value of Preferred Stock with sinking fund(d)			\$ 7,000	\$ 16,936	
			=====	=====	

	Shares		Total		Call Price Per Share as of December 31, 1996
	Authorized and Outstanding 1996	1995	Dollar Value		
			1996	1995	
(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	\$104.58
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	
	=====	=====	=====	=====	

Entergy

Subsidiaries' Preference Stock					
(a)(b):	6,000,000	6,000,000	\$150,000	\$150,000	
	=====	=====	=====	=====	
Subsidiaries' Preferred Stock:					
Without sinking fund	5,869,544	10,369,544	\$430,955	\$550,955	
	=====	=====	=====	=====	
With sinking fund	2,695,680	3,405,693	\$216,986	\$253,460	
	=====	=====	=====	=====	

Fair Value of Preference Stock and Preferred Stock with sinking fund(d)			\$357,135	\$390,738	
			=====	=====	

(a) The total dollar value represents the involuntary liquidation value of \$25 per share.

(b) These series are not redeemable as of December 31, 1996.

(c) Represents weighted-average annualized rates for 1996.

(d) Fair values were determined using bid prices reported by dealer markets and by nationally recognized investment banking firms. See Note 1 for additional disclosure of fair value of financial instruments.

Changes in the preferred stock, with and without sinking fund, preference stock, and common stock of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans during the last three years were:

	Number of Shares		
	1996	1995	1994
Preferred stock retirements			
Entergy Arkansas			
\$100 par value	(50,000)	(25,000)	
(45,000)			
\$25 par value	(560,000)	(280,000)	
(280,000)			
\$0.01 par value	(2,000,000)	-	-
Entergy Gulf States			
\$100 par value	(101,943)	(72,834)	
(60,667)			
Entergy Louisiana			
\$100 par value	(100,000)	-	-
\$25 par value	(2,300,370)	(450,211)	
(601,537)			
Entergy Mississippi			
\$100 par value	(97,700)	(150,000)	
(150,000)			
Entergy New Orleans			
\$100 par value	-	(34,495)	
(15,000)			

Cash sinking fund requirements and mandatory redemptions for the next five years for preferred and preference stock, outstanding as of December 31, 1996, are:

Entergy Entergy Entergy Entergy Entergy Arkansas Gulf States Louisiana Mississippi  
(In Thousands)

1997	\$21,216	\$4,500	\$5,966	\$3,750
	\$7,000			
1998	14,225	4,500	5,966	3,759
-				
1999	60,466	4,500	5,966	50,000
-				
2000	160,466	4,500	155,966	-
-				
2001	45,466	4,500	5,966	35,000
-				

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy Mississippi have the annual noncumulative option to redeem, at par, additional amounts of certain series of their outstanding preferred stock.

Entergy Corporation repurchased and retired (returned to authorized but unissued status) 1,230,000 shares of common stock at a cost of \$30.7 million in 1994. There were no stock repurchases in 1995 or 1996.

Entergy Corporation from time to time 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 Plan), and certain other stock benefit plans. Entergy Corporation repurchased in the market 2,805,000 shares of its common stock in 1994 at a cost of \$88.8 million. The Directors' Plan awards nonemployee directors a portion of their compensation in the form of a fixed number of shares of Entergy Corporation common stock. Shares awarded under the Directors' Plan were 6,750, 9,251, and 18,757 during 1996, 1995, and 1994, respectively.

During 1996, Entergy Corporation issued 755,200 shares of its previously repurchased common stock, reducing the amount held as treasury stock by \$22.2 million. Entergy Corporation issued these shares to meet the requirements of its various stock plans. In addition, Entergy Corporation received proceeds of \$118 million from the issuance of 4,438,972 shares of common stock under its new dividend reinvestment and stock purchase plan during 1996.

The Equity Plan grants stock options, equity awards, and incentive awards to key employees of the domestic utility companies. The costs of awards are charged to income over the period of the grant or restricted period, as appropriate. Amounts charged to compensation expense in 1996 were immaterial. Stock options, which comprise 50% of the shares targeted for distribution under the Equity Plan, are granted at exercise prices not less than market value on the date of grant. The options are generally exercisable no less than six months nor more than 10 years after the date of grant.

Entergy sponsors the Employee Stock Ownership Plan of Entergy Corporation and Subsidiaries (ESOP) and the Savings Plan of Entergy Corporation and Subsidiaries (Savings Plan). Both plans are defined contribution plans covering eligible employees of Entergy and its subsidiaries who have completed certain service requirements. Entergy's subsidiaries' contributions to the ESOP and the Savings Plan, and any income thereon, are invested in shares of Entergy Corporation common stock. The allowed contributions to the ESOP are accrued based on the expected utilization of additional investment tax credits in the applicable Federal income tax return of Entergy and its subsidiaries, and on expected voluntary participant contributions. Entergy's subsidiaries contributed \$22.8 million to the ESOP for the year ended December 31, 1995. There were no contributions in the years ended December 31, 1996 and 1994.

The Savings Plan provides that the employing Entergy subsidiary may make matching contributions to the plan in an amount equal to 50 percent of the participant's basic contribution. In 1996, 1995, and 1994, Entergy's subsidiaries contributed \$13.2 million, \$13.2 million, and \$11.7 million, respectively, to the Entergy Savings Plan.

Entergy Gulf States sponsors the Gulf States Utilities Company Employee Stock Ownership Plan (GSU ESOP) and the Gulf States Utilities Company Employees' Thrift Plan (GSU Thrift Plan), which are both defined contribution plans. The GSU ESOP is available to all Entergy Gulf States employees, pre-Merger Entergy Gulf States employees and post-Merger employees of Entergy Operations, whose primary work location is River Bend, upon completion of certain eligibility requirements. All contributions to the plan are invested in shares of Entergy Corporation common stock. Entergy Gulf States makes contributions to the GSU ESOP based on expected utilization of additional investment tax credits in the Entergy Gulf States Federal tax return and on expected participants' contributions. No additional contributions were made to the GSU ESOP during 1996, 1995, and 1994. The GSU Thrift Plan is available to certain Entergy Operations employees whose primary work location is River Bend. Entergy Gulf States makes matching contributions to the GSU Thrift Plan equal to 50 percent of a participant's basic contribution which may be invested, at the participant's discretion, in shares of Entergy Corporation common stock. Entergy Gulf States' contributions to the GSU Thrift Plan for the years ended December 31, 1996, 1995, and 1994 were \$.3 million, \$1.1 million, and \$3.9 million, respectively.

Entergy applies APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for stock options. Accordingly, no compensation cost is required to be recognized for the stock options described above until such options are exercised because the exercise prices are not less than market value on the date of grant. The impact on Entergy's net income and earnings per share would have been immaterial had compensation cost for the stock options been determined based on the fair value at the grant dates for awards under the option plans consistent with the method prescribed by SFAS 123.

In applying the disclosure provisions of SFAS 123, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with expected stock price volatility of 18%, 24%, and 19% in 1996, 1995, and 1994, respectively, and additional assumptions for each of those years as follows: risk-free interest rates of 6%, expected lives of 10 years, and dividends of \$1.80 per share.

Nonstatutory stock option transactions are summarized as follows:

	1996		1995		1994	
	Number of Options	Average Option Price	Number of Options	Average Option Price	Number of Options	Average Option Price
Beginning-of-year balance	457,909	\$25.98	170,409	\$34.86	102,909	\$33.46
Options granted	82,500	29.38	315,000	21.39	67,500	37.00
Options exercised	(7,500)	23.38	(12,500)	23.38	-	-
Options expiring unused	(5,000)	35.88	(15,000)	32.75	-	-
	-----		-----		-----	
End-of-year balance	527,909	\$26.45	457,909	\$25.98	170,409	\$34.86
	=====		=====		=====	
Options exercisable at year-end	277,909		207,909		170,409	
Weighted average fair value of options granted	\$2.67		\$5.48		\$2.45	

The following table summarizes information about stock options outstanding as of December 31, 1996:

Range of Exercise Prices	As of 12/31/96	Options Outstanding		Options Exercisable	
		Weighted-Avg Remaining Contractual Life-Yrs.	Weighted- Avg. Exercise Price	As of 12/31/96	Weighted- Avg. Exercise Price
\$20 - \$30	404,302	8.2	\$23.51	154,302	\$27.77
\$30 - \$40	123,607	6.6	\$36.09	123,607	\$36.09
\$20 - \$40	527,909	7.8	\$26.45	277,909	\$31.47
	=====			=====	

To meet the requirements of the Employee Stock Investment Plan (ESIP), Entergy Corporation is authorized to issue or acquire, through March 31, 1997, up to 2,000,000 shares of its common stock to be held as treasury shares. Under the ESIP, employees may be granted the opportunity to purchase (for up to 10% of their regular annual salary, but not more than \$25,000) common stock at 85% of the market value on the first or last business day of the plan year, whichever is lower. Through this program, employees purchased 247,122 and 329,863 shares for the 1995 and 1994 plan years, respectively. The 1996 plan year runs from April 1, 1996, to March 31, 1997. In February 1997, Entergy received authority from the SEC to extend the ESIP for an additional period of three years ending on March 31, 2000. Under the extended plan, Entergy Corporation may issue either treasury shares or previously authorized but unissued shares.

#### **NOTE 6. COMPANY-OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES**

(Entergy Arkansas)

Entergy Arkansas Capital I (Trust) was established as a financing subsidiary of Entergy Arkansas for the purpose of issuing common and preferred securities. On August 14, 1996, the Trust issued \$60 million in aggregate liquidation preference amount of 8.5% Cumulative Quarterly Income Preferred Securities (Preferred Securities) in a public offering and \$1.9 million of common securities to Entergy Arkansas. The Trust used the proceeds from the sale of the Preferred Securities and the common securities to purchase from Entergy Arkansas 8.5% junior subordinated deferrable interest debentures in the amount of \$61.9 million (Debentures). The Debentures held by the Trust are its only asset and the Trust will use interest payments received on the Debentures to make cash distributions on the Preferred Securities.

The Preferred Securities of the Trust, as well as the Debentures, mature on September 30, 2045. The Preferred Securities are redeemable, however, at the option of Entergy Arkansas beginning in 2001 at 100% of their principal amount, or earlier under certain limited circumstances, including the loss of the tax deduction arising out of the interest paid on the Debentures. Entergy Arkansas has, pursuant to certain agreements taken together, fully and unconditionally guaranteed payment of distributions on the Preferred Securities. Entergy Arkansas is the owner of all of the common securities of the Trust, which constitute 3% of the Trust's total capital.

(Entergy Louisiana)

Entergy Louisiana Capital I (Trust) was established as a financing subsidiary of Entergy Louisiana for the purpose of issuing common and preferred securities. On July 16, 1996, the Trust issued \$70 million in aggregate liquidation preference amount of 9% Cumulative Quarterly Income Preferred Securities (Preferred Securities) in a public offering and \$2.2 million of common securities to Entergy Louisiana. The Trust used the proceeds from the sale of the Preferred Securities and the common securities to purchase from Entergy Louisiana 9% junior subordinated deferrable interest debentures in the amount of \$72.2 million (Debentures). The Debentures held by the Trust are its only asset and the Trust will use interest payments received on the Debentures to make cash distributions on the Preferred Securities.

The Preferred Securities of the Trust, as well as the Debentures, mature on September 30, 2045. The Preferred Securities are redeemable, however, at the option of Entergy Louisiana beginning in 2001 at 100% of their principal amount, or earlier under certain limited circumstances, including the loss of the tax deduction arising out of the interest paid on the Debentures. Entergy Louisiana has, pursuant to certain agreements taken together, fully and unconditionally guaranteed payment of distributions on the Preferred Securities. Entergy Louisiana is the owner of all of the common securities of the Trust, which constitute 3% of the Trust's total capital.

(Entergy Gulf States)

Entergy Gulf States Capital I (Trust) was established as a financing subsidiary of Entergy Gulf States for the purpose of issuing common and preferred securities. On January 28, 1997, the Trust issued \$85 million in aggregate liquidation preference amount of 8.75% Cumulative Quarterly Income Preferred Securities (Preferred Securities) in a public offering and \$2.6 million of common securities to Entergy Gulf States.

The Trust used the proceeds from the sale of the Preferred Securities and the common securities to purchase from Entergy Gulf States 8.75% junior subordinated deferrable interest debentures in the amount of \$87.6 million (Debentures). The Debentures held by the Trust are its only asset and the Trust will use interest payments received on the Debentures to make cash distributions on the Preferred Securities.

The Preferred Securities of the Trust, as well as the Debentures, mature on March 31, 2046. The Preferred Securities are redeemable, however, at the option of Entergy Gulf States beginning in 2002 at 100% of their principal amount, or earlier under certain limited circumstances, including the loss of the tax deduction arising out of the interest paid on the Debentures. Entergy Gulf States has, pursuant to certain agreements taken together, fully and unconditionally guaranteed payment of distributions on the Preferred Securities. Entergy Gulf States is the owner of all of the common securities of the Trust, which constitute 3% of the 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)**

The long-term debt of Entergy Corporation's subsidiaries, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, as of December 31, 1996, was:

Maturities From	To	Interest Rates From	To	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)										
First Mortgage Bonds										
1997	1999	5.375%	11.375%	\$687,000	\$45,000	\$321,000	\$69,000		\$12,000	\$240,000
2000	2004	6.000%	8.250%	1,355,270	180,000	608,750	361,520			205,000
2005	2009	6.650%	7.500%	325,000	215,000	110,000				
2010	2019	9.750%		75,000	75,000					
2020	2026	7.000%	10.000%	1,031,648	376,648	450,000	205,000			
G&R Bonds										
1997	1999	6.950%	11.2%	96,000				96,000		
2000	2023	6.625%	8.800%	525,000				355,000	170,000	
Governmental Obligations (a)										
1997	2008	5.900%	10.000%	108,267	49,655	45,875	11,837	900		
2009	2026	5.950%	9.875%	1,551,235	240,700	435,735	412,170	46,030		416,600
Debentures										
1997	2000	7.380%	9.720%	175,000		100,000				75,000
Long-Term DOE Obligation (Note 9)				117,270	117,270					
Waterford 3 Lease Obligation 8.76% (Note 10)				353,600			353,600			
Grand Gulf Lease Obligation 7.02% (Note 10)				496,480						496,000
Line of Credit, variable rate, due 1998				65,000						
CitiPower Credit Line, avg. rate 8.31% due 2000				921,553						
Other Long-Term Debt				83,411		9,938				
Unamortized Premium and Discount - Net				(30,310)	(11,420)	(5,087)	(5,619)	(2,861)	(1,112)	(4,211)
Total Long-Term Debt				7,936,424	1,287,853	2,076,211	1,407,508	495,069	180,888	1,428,869
Less Amount Due Within One Year				345,620	32,465	160,865	34,275	96,015	12,000	10,000
Long-Term Debt Excluding Amount Due Within One Year				\$7,590,804	\$1,255,388	\$1,915,346	\$1,373,233	\$399,054	\$168,888	\$1,418,869
Fair Value of Long-Term Debt(b)				\$7,087,027	\$1,160,377	\$2,142,389	\$1,104,891	\$503,461	\$175,566	\$982,423

The long-term debt of Entergy Corporation's subsidiaries, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, as of December 31, 1995, was:

Maturities From	To	Interest Rates From	To	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
First Mortgage Bonds										
1996	1999	5%	10.5%	\$1,064,410	\$75,160	\$445,000	\$104,000	\$35,000	\$35,250	\$370,000
2000	2004	6%	9.75%	1,282,320	180,800	670,000	361,520			70,000
2005	2009	6.25%	11.375%	355,319	215,000	120,000				20,319
2010	2014	11.375%		50,000						50,000
2015	2019	9.75%	11.375%	95,000	75,000					20,000
2020	2024	7%	10.375%	1,008,818	373,818	450,000	185,000			
G&R Bonds										
1996	1999	6.95%	11.2%	152,000				122,000	30,000	
2000	2023	6.625%	8.8%	485,000				355,000	170,000	
Governmental Obligations (a)										
1996	1998	5.9%	10%	110,868	51,495	46,300	12,518	915		
2009	2023	5.95%	12.50%	1,551,235	240,700	435,735	412,170	46,030		416,600
Debentures										
1996	1998	9.72%		150,000		150,000				
2000		7.38%		30,000						30,000
Long-Term DOE Obligation (Note 9)										
Waterford 3 Lease Obligation				111,536	117,536					
8.76% (Note 10)				353,600			353,600			
Grand Gulf Lease Obligation										
7.02% (Note 10)				500,000						500,000
Line of Credit, variable rate, due 1998										
				65,000						
Other Long-Term Debt										
				9,156		9,156				
Unamortized Premium and Discount - Net				(38,488)	(13,606)	(5,295)	(8,017)	(3,526)	(1,042)	(7,002)
-----										
Total Long-Term Debt				7,335,774	1,309,903	2,320,896	1,420,431	555,419	194,208	1,469,917
Less Amount Due Within One Year				558,650	28,700	145,425	35,260	61,015	38,250	250,000
-----										
Long-Term Debt Excluding Amount Due Within One Year				\$6,777,124	\$1,281,203	\$2,175,471	\$1,385,171	\$494,404	\$155,958	\$1,219,917
Fair Value of Long-Term Debt(b)				\$6,666,420	\$1,213,511	\$2,416,932	\$1,136,246	\$594,365	\$198,785	\$1,041,581
=====										

(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. See Note 1 for additional information on disclosure of fair value of financial instruments.

The annual long-term debt maturities (excluding lease obligations) and annual cash sinking fund requirements for debt outstanding as of December 31, 1996, for the next five years follow:

	Entergy(a)	Entergy Arkansas(b)	Entergy (c) Gulf States	Entergy(d) Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
1997	\$345,620	\$32,465	\$160,865	\$34,275	\$96,015	\$12,000	\$10,000
1998	311,720	15,510	190,890	35,300	20	-	70,000
1999	233,198	1,025	71,915	238	20	-	160,000
2000	1,098,988	1,245	945	100,225	20	-	75,000
2001	279,210	1,535	123,725	18,925	25	-	135,000

(a) Not included are other sinking fund requirements of approximately \$17.5 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 \$0.62 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 \$12.8 million annually which may be satisfied by cash or by certification of property additions at the rate of 167% of such requirements.

(d) Not included are other sinking fund requirements of approximately \$4.15 million annually which may be satisfied by cash or by certification of property additions at the rate of 167% of such requirements.

Entergy Gulf States has two outstanding series of pollution control bonds collateralized by irrevocable letters of credit, which are scheduled to expire before the scheduled maturity of the bonds. The letter of credit collateralizing the \$28.4 million variable rate series, due December 1, 2015, expires in September 1999 and the letter of credit collateralizing the \$20 million variable rate series, due April 1, 2016, expires in February 1999.

An Entergy subsidiary signed an agreement with several banks on January 5, 1996, to obtain a revolving credit facility in the aggregate amount of 1.2 billion Australian dollars (870 million US dollars) for the acquisition of CitiPower. The facility was partially drawn down on the same date, bears interest at an average annual rate of 8.046%, and is non-recourse to Entergy. This facility is collateralized by all of CitiPower's assets. Borrowings have maturities of 30 to 180 days, and are continuously renewable for 30 to 180 day periods at the subsidiary's option until the facility matures on June 30, 2000, unless certain events occur which would cause the maturity date to be extended to a date no later than December 31, 2000. The subsidiary intends to renew obligations incurred under the agreement for a period extending beyond one year from the balance-sheet date. As part of the CitiPower acquisition, Entergy Corporation provided credit support, in the form of a bank letter of credit and other agreements, totaling approximately \$70 million, which was subsequently released in January 1997.

The subsidiary entered into several interest rate swaps to reduce the impact of interest rate changes on its debt related to the CitiPower acquisition. The interest rate swap agreements which hedge this debt involve the exchange of fixed and floating rate interest payments periodically over the life of the agreements without the exchange of the underlying principal amounts. Market risks arise from the movements in interest rates. If the counterparties to an interest rate swap agreement were to default on contractual payments, the subsidiary could be exposed to increased costs related to replacing the original agreement. However, the subsidiary does not anticipate nonperformance by any counterparty to any interest rate swap in effect at December 31, 1996. At December 31, 1996, this subsidiary was a party to a notional amount of \$900 million Australian dollars of interest rate swaps with maturity dates ranging from February 1999 to December 2000.

Entergy Power UK plc, an Entergy subsidiary, executed a credit facility with several banks on December 17, 1996, to obtain credit facilities in the aggregate amount of approximately 1.25 billion British Pounds (2.1 billion US dollars). Proceeds of this facility, which is in three tranches, have been used, together with \$392 million of cash provided by Entergy, to fund the acquisition of London Electricity plc and are available to replace London Electricity plc's currently outstanding short-term credit lines and to provide working capital for London Electricity plc. No borrowings were outstanding under this credit facility at December 31, 1996. The credit facility is non-recourse to Entergy and is collateralized by the assets of Entergy Power UK plc, consisting of all shares of London Electricity plc owned by it. The maturity dates of the various tranches of the credit facility range from December 17, 1998 to December 17, 2001. The interest rate on these facilities is the London Interbank Offered Rate plus up to 1.50% depending on the capitalization ratio of Entergy Power UK plc and its subsidiaries.

Under Entergy Mississippi's G&R Mortgage, G&R Bonds are issuable based upon 70% of bondable property additions, based upon 50% of accumulated deferred Grand Gulf 1 related costs, based upon the retirement of certain bonds previously outstanding, or based upon the deposit of cash with the trustee. Entergy Mississippi's G&R Mortgage prohibits the issuance of additional first mortgage bonds (including for refunding purposes) under Entergy Mississippi's first mortgage indenture, except such first mortgage bonds as may hereafter be issued from time to time at Entergy Mississippi's option to the corporate trustee under the G&R Mortgage to provide additional security for Entergy Mississippi's G&R Bonds.

Under Entergy New Orleans' G&R Mortgage, G&R Bonds are issuable based upon 70% of bondable property additions or based upon 50% of accumulated deferred Grand Gulf 1-related costs. The G&R Mortgage precludes the issuance of any additional bonds based upon property additions if the total amount of outstanding Rate Recovery Mortgage Bonds issued on the basis of the uncollected balance of deferred Grand Gulf 1-related costs exceeds 66 2/3% of the balance of such deferred costs. As of December 31, 1996, Entergy New Orleans had no outstanding Rate Recovery Mortgage Bonds.

#### **NOTE 8. DIVIDEND RESTRICTIONS - (Entergy Corporation, Entergy**

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

Provisions within the Articles of Incorporation or pertinent indentures and various other agreements related 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. Detailed below are the restricted retained earnings unavailable for distribution to Entergy Corporation by subsidiary.

Earnings	Restricted (in millions)
Entergy Arkansas	\$291.3
Entergy Gulf States	-
Entergy Louisiana	-
Entergy Mississippi	135.7
Entergy New Orleans	4.0
System Energy	6.7

During 1996, cash dividends paid to Entergy Corporation by its subsidiaries totaled \$554.2 million. In February 1997, Entergy Corporation received common stock dividend payments from its subsidiaries totaling \$66.9 million.

## NOTE 9. COMMITMENTS AND CONTINGENCIES

### Cajun - River Bend (Entergy Corporation and Entergy Gulf States)

Entergy Gulf States and Cajun, respectively, own 70% and 30% undivided interests in River Bend (operated by Entergy Gulf States), and 42% and 58% undivided interests in Big Cajun 2, Unit 3 (operated by Cajun). These relationships have spawned a number of long-standing disputes and claims between the parties. An agreement setting forth terms for the resolution of all such disputes has been reached by Entergy Gulf States, the Cajun bankruptcy trustee, and the RUS, and approved by the United States District Court for the Middle District of Louisiana (District Court) on August 26, 1996 (Cajun Settlement). On September 6, 1996, the Committee of Unsecured Creditors in the Cajun bankruptcy proceeding filed a Notice of Appeal to the United States Court of Appeals for the Fifth Circuit (Fifth Circuit), objecting that the order approving the Cajun Settlement was separate from the approval of a plan of reorganization and, therefore, improper. The Cajun Settlement is subject to this appeal and approvals by the appropriate regulatory agencies. Entergy Gulf States expects to make filings with FERC and the SEC seeking approval for the transfer of certain Cajun transmission assets to Entergy Gulf States. Management believes that it is probable that the Cajun Settlement will ultimately be approved and consummated.

The Cajun Settlement resolves Cajun's civil action against Entergy Gulf States, in which Cajun sought to rescind or terminate the Joint Ownership Participation and Operating Agreement (Operating Agreement) entered into on August 28, 1979, relating to River Bend. In that suit, Cajun also sought to recover its alleged \$1.6 billion investment in the unit plus attorneys' fees, interest, and costs. A trial on the portion of the suit by Cajun to rescind the Operating Agreement was completed in March 1995. On October 24, 1995, the District Court issued a memorandum opinion rejecting Cajun's fraud claims and denying rescission. An appeal to the Fifth Circuit by the Cajun bankruptcy trustee was stayed pending the Court's trial of the breach of contract phase of the case. The Cajun Settlement resolves both the issues on appeal and the breach of contract claims, which have not been tried.

In 1992, two member cooperatives of Cajun brought an additional independent action to declare the Operating Agreement null and void, based upon Entergy Gulf States' failure to get prior LPSC approval which was alleged to be necessary. Prior to its bankruptcy proceedings, Cajun intervened as a plaintiff in this action. Entergy Gulf States believes the suits are without merit and believes Cajun's claim is mooted by the Cajun Settlement.

The Cajun Settlement, agreed to in principle on April 26, 1996, by Entergy Gulf States, the Cajun bankruptcy trustee, and the RUS, Cajun's largest creditor, was approved by the District Court on August 26, 1996. The terms include, but are not limited to, the following: (i) Cajun's interest in River Bend will be turned over to the RUS, which will have the option to retain the interest, sell it to a third party, or transfer it to Entergy Gulf States at no cost; (ii) Cajun will set aside a total of \$125 million for its share of the decommissioning costs of River Bend; (iii) Cajun will transfer certain transmission assets to Entergy Gulf States; (iv) Cajun will settle transmission disputes and be released from claims for payment under transmission arrangements with Entergy Gulf States as discussed under "Cajun - Transmission Service" below; (v) all funds paid by Entergy Gulf States into the registry of the District Court will be returned to Entergy Gulf States; (vi) Cajun will be released from its unpaid past, present, and future liability for River Bend costs and expenses; and (vii) all litigation between Cajun and Entergy Gulf States will be dismissed. Based on the District Court's approval of the Cajun Settlement, the litigation accrual established in 1994 for possible losses associated with the Cajun-River Bend litigation was reversed in September 1996.

Cajun has not paid its full share of capital costs, operating and maintenance expenses, and other costs for repairs and improvements to River Bend since 1992. In view of Cajun's failure to fund its share of River Bend-related operating, maintenance, and capital costs, Entergy Gulf States has (i) credited Entergy Gulf States' share of expenses for Big Cajun 2, Unit 3 against amounts due from Cajun to Entergy Gulf States, and (ii) sought to market Cajun's share of power from River Bend and apply proceeds to the amounts due from Cajun to Entergy Gulf States. As a result, on November 2, 1994, Cajun discontinued supplying Entergy Gulf States with its share of power from Big Cajun 2, Unit 3. Entergy

Gulf States requested an order from the District Court requiring Cajun to supply Entergy Gulf States with this energy and allowing Entergy Gulf States to credit amounts due to Cajun for Big Cajun 2, Unit 3 energy against amounts Cajun owed to Entergy Gulf States for River Bend. In December 1994, by means of a preliminary injunction, the District Court ordered Cajun to supply Entergy Gulf States with its share of energy from Big Cajun 2, Unit 3 and ordered Entergy Gulf States to make payments for its share of Big Cajun 2, Unit 3 expenses to the registry of the District Court. In October 1995, the Fifth Circuit affirmed the District Court's preliminary injunction. As of December 31, 1996, \$70.4 million had been paid by Entergy Gulf States into the registry of the District Court. Cajun's unpaid portion of River Bend operating and maintenance expenses (including nuclear fuel) and capital costs for 1996 was approximately \$55 million. The cumulative cost to Entergy Gulf States resulting from Cajun's failure to pay its full share of River Bend-related costs, reduced by the proceeds from the sale by Entergy Gulf States of Cajun's share of River Bend power and payments into the registry of the District Court for Entergy Gulf States' portion of expenses for Big Cajun 2, Unit 3, was \$4.9 million as of December 31, 1996. Cajun's unpaid portion of the River Bend-related costs is reflected in long-term receivables with an offsetting reserve in other deferred credits. As discussed above, the Cajun Settlement will conclude all disputes regarding the non-payment by Cajun of operating and maintenance expenses. Cajun continues to pay its share of decommissioning costs for River Bend.

On December 21, 1994, Cajun filed a petition in the United States Bankruptcy Court for the Middle District of Louisiana seeking relief under Chapter 11 of the Bankruptcy Code. In its bankruptcy proceedings, Cajun filed a motion on January 10, 1995, to reject the Operating Agreement as a burdensome executory contract. Entergy Gulf States responded on January 10, 1995, with a memorandum opposing Cajun's motion. As discussed above, this matter will be ended as a result of the Cajun Settlement. Proponents of all of the plans of reorganization submitted to the Bankruptcy Court have incorporated the Cajun Settlement as an integral condition to the effectiveness of their plan. The timing and completion of the reorganization plan depends on Bankruptcy Court approval and any required regulatory approvals. The Bankruptcy Court has approved proposals by three groups seeking to acquire the non-nuclear assets of Cajun and has signed an order that establishes rules for how Cajun's creditors will vote on the three plans. On December 16, 1996, the Bankruptcy Court began hearings on the balloting and the plan that will be adopted.

#### Cajun - Transmission Service (Entergy Corporation and Entergy Gulf States)

Entergy Gulf States and Cajun are parties to FERC proceedings relating to transmission service charge disputes. In April 1992, FERC issued a final order in these disputes. In May 1992, Entergy Gulf States and Cajun filed motions for rehearings on certain portions of the order, which are still pending at FERC. In June 1992, Entergy Gulf States filed a petition for review in the United States Court of Appeals for the District of Columbia Circuit regarding certain of the other issues decided by FERC. In August 1993, the Court of Appeals rendered an opinion reversing FERC's order regarding the portion of such disputes relating to the calculations of certain credits and equalization charges under Entergy Gulf States' service schedules with Cajun. The opinion remanded the issues to FERC for further proceedings consistent with its opinion. In February 1995, FERC eliminated an issue from the remand that Entergy Gulf States believes the Court of Appeals directed FERC to reconsider. In orders issued on August 3, 1995, and October 2, 1995, FERC affirmed an April 1995 ruling by an ALJ in the remanded portion of Entergy Gulf States' and Cajun's ongoing transmission service charge disputes before FERC. Both Entergy Gulf States and Cajun have petitioned for appeal. The Court of Appeals has stayed the appellate proceeding pending implementation of the Cajun Settlement (see Cajun - River Bend above, for a further discussion of the Cajun Settlement).

Under Entergy Gulf States' interpretation of a 1992 FERC order, as modified by FERC's orders issued on August 3, 1995, and October 2, 1995, and as agreed to by the Cajun bankruptcy trustee, Cajun would owe Entergy Gulf States approximately \$70.2 million as of December 31, 1996. Entergy Gulf States further estimates that if it were to prevail in its May 1992 motion for rehearing and on certain other issues decided adversely to Entergy Gulf States in the February 1995, August 1995, and October 1995 FERC orders, which Entergy Gulf States has appealed, Cajun would owe Entergy Gulf States approximately \$157.3 million as of December 31, 1996. If Cajun were to prevail in its May 1992 motion for rehearing to FERC, and if Entergy Gulf States were not to prevail in its May 1992 motion for rehearing to FERC, and if Cajun were to prevail in appealing FERC's August and October 1995 orders, Entergy Gulf States estimates it would owe Cajun approximately \$110.9 million as of December 31, 1996. The above amounts are exclusive of a \$7.3 million payment by Cajun on December 31, 1990, which the parties agreed to apply to the disputed transmission service charges. Pending FERC's ruling on the May 1992 motions for rehearing, Entergy Gulf States has continued to bill Cajun utilizing the historical billing methodology and has recorded underpaid transmission charges, including interest, in the amount of \$144 million as of December 31, 1996. This amount is reflected in long-term receivables with an offsetting reserve in other deferred credits. FERC has determined that the collection of the pre-petition debt of Cajun is an issue properly decided in the bankruptcy proceeding. Refer to "Cajun - River Bend" above for a discussion of the Cajun Settlement.

#### Capital Requirements and Financing (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

Construction expenditures (excluding nuclear fuel) for the domestic utility companies and System Energy for the years 1997, 1998, and 1999 are estimated to total, \$510 million, \$547 million, and \$565 million, respectively. Entergy will also require \$986 million during the period 1997-1999 to meet long-term debt and preferred stock maturities and cash sinking fund requirements. Entergy plans to meet the above requirements primarily with internally generated funds and cash on hand, supplemented by the issuance of debt and company-obligated mandatorily redeemable preferred securities and the use of outstanding credit facilities. Certain domestic utility companies and System Energy may also continue with the acquisition or refinancing of all or a portion of certain outstanding series of preferred stock and long-term debt. See Notes 5, 6, and 7 for further information.

## **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 under any circumstances. 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 various 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 approved by FERC, most likely upon Grand Gulf 1's retirement from service. Monthly obligations for payments, including the rate increase which was placed into effect in December 1995, subject to refund, under the agreement are approximately \$21 million, \$8 million, \$19 million, and \$10 million for Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, respectively.

### **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 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 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 as 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 entirely separate, but identical, arrangements for the sales and leasebacks of an approximate aggregate 11.5% ownership interest in Grand Gulf 1 (see Note 10). 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 January 15, 2000.

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, 1996, System Energy's equity approximated 34.79% of its adjusted capitalization, and its fixed charge coverage ratio was 2.25.

### **Fuel Purchase Agreements**

(Entergy Arkansas and Entergy Mississippi)

Entergy Arkansas has long-term contracts with mines in the State of Wyoming for the supply of low-sulfur coal for the White Bluff Steam Electric Generating Station and Independence (which is 25% owned by Entergy Mississippi). These contracts, which expire in 2002 and 2011, provide for approximately 85% of Entergy Arkansas' expected annual coal requirements. Additional requirements are satisfied by annual spot market purchases.

(Entergy Gulf States)

Entergy Gulf States has a contract for a supply of low-sulfur Wyoming coal for Nelson Unit 6, which should be sufficient to satisfy the fuel requirements at Nelson Unit 6 through 2010. Cajun has advised Entergy Gulf States that Cajun has contracts that should provide an adequate supply of coal until 1999 for the operation of Big Cajun 2, Unit 3.

Entergy Gulf States has long-term gas contracts, which will satisfy approximately 50% of its annual requirements. Such contracts generally require Entergy Gulf States to purchase in the range of 20% of expected total gas needs. Additional gas requirements are satisfied under less expensive short-term contracts. Entergy Gulf States has a transportation service agreement with a gas supplier that provides flexible natural gas service to the Sabine and Lewis Creek generating stations. This service is provided by the supplier's pipeline and salt dome gas storage facility, which has a present capacity of 12.7 billion cubic feet of natural gas.

(Entergy Louisiana)

In June 1992, Entergy Louisiana agreed to a renegotiated 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 \$8.6 million through 1997, and a total of \$116.6 million for the years 1998 through 2012. Entergy Louisiana recovers the cost of fuel consumed during the generation of electricity through its fuel adjustment clause.

### **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 (Industrial Participants) whereby Entergy Gulf States' Nelson Units 1 and 2 were sold to a partnership (NISCO) 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 is continuing to sell electricity to the Industrial Participants. For the years ended December 31, 1996, 1995, and 1994, the purchases by Entergy Gulf States of electricity from the joint venture totaled \$62.0 million, \$58.5 million, and \$59.4 million, respectively.

(Entergy Louisiana)

Entergy Louisiana has an agreement extending through the year 2031 to purchase energy generated by a hydroelectric facility. During 1996, 1995, and 1994, Entergy Louisiana made payments under the contract of approximately \$56.3 million, \$55.7 million, and \$56.3 million, respectively. If the maximum percentage (94%) of the energy is made available to Entergy Louisiana, current production projections would require estimated payments of approximately \$54 million in 1997, and a total of \$3.5 billion for the years 1998 through 2031. Entergy Louisiana recovers the costs of purchased energy through its fuel adjustment clause.

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

Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans have interests in System Fuels of 35%, 33%, 19%, and

13%, respectively. The parent companies of System Fuels agreed to make loans to System Fuels to finance its fuel procurement, delivery, and storage activities. As of December 31, 1996, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans had, respectively, approximately \$11 million, \$14.2 million, \$5.5 million, and \$3.3 million in loans outstanding to System Fuels which mature in 2008.

In addition, System Fuels entered into a revolving credit agreement with a bank that provides \$45 million in borrowings to finance System Fuels' nuclear materials and services inventory. Should System Fuels default on its obligations under its credit agreement, Entergy Arkansas, Entergy Louisiana, and System Energy have agreed to purchase nuclear materials and services financed under the agreement.

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

The Price-Anderson Act limits public liability for a single nuclear incident to approximately \$8.92 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, and System Energy) and an industry assessment program. Under the assessment program, the maximum payment requirement for each nuclear incident would be \$79.3 million per reactor, payable at a rate of \$10 million per licensed reactor per incident per year. Entergy has five licensed reactors. As a co-licensee of Grand Gulf 1 with System Energy, SMEPA would share 10% of this obligation. With respect to River Bend, any assessments pertaining to this program are allocated in accordance with the respective ownership interests of Entergy Gulf States and Cajun. In addition, each owner/licensee of Entergy's five nuclear units participates in a private insurance program which provides coverage for worker tort claims filed for bodily injury caused by radiation exposure. The program provides for a maximum assessment of approximately \$16 million for the five nuclear units in the event losses exceed accumulated reserve funds.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy 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, 1996, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy each was insured against such losses up to \$2.75 billion. In addition, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans 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, 1996, the maximum amounts of such possible assessments were: Entergy Arkansas - \$31.1 million; Entergy Gulf States - \$11.5 million; Entergy Louisiana - \$24.8 million; Entergy Mississippi - \$0.7 million; Entergy New Orleans - \$0.4 million; and System Energy - \$21.3 million. Under its agreement with System Energy, SMEPA would share in System Energy's obligation. Cajun has no share of Entergy Gulf States' obligation.

The amount of property insurance maintained for each Entergy nuclear unit exceeds 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 place and maintain the reactor in a safe and stable condition 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, and System Energy 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 onetime fee for generation prior to that date. Entergy Arkansas, the only Entergy company that generated electricity with nuclear fuel prior to that date, elected to pay the onetime fee plus accrued interest, no earlier than 1998, and has recorded a liability as of December 31, 1996, of approximately \$117 million for generation subsequent to 1983. The fees payable to the DOE may be adjusted in the future to assure full recovery. Entergy considers all costs incurred or to be incurred, except accrued interest, for the disposal of spent nuclear fuel to be proper components of nuclear fuel expense, and provisions to recover such costs have been or will be made 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. In a statement released February 17, 1993, the DOE asserted that it does not have a legal obligation to accept spent nuclear fuel without an operational repository for which it has not yet arranged. Entergy Operations and System Fuels joined in lawsuits against the DOE, seeking clarification of the DOE's responsibility to receive spent nuclear fuel beginning in 1998. The original suits, filed June 20, 1994, asked for a ruling stating that the Nuclear Waste Policy Act requires the DOE to begin taking title to the spent fuel and to start removing it from nuclear power plants in 1998, a mandate for the DOE's nuclear waste management program to begin accepting fuel in 1998 and court monitoring of the program, and the potential for escrow of payments to a nuclear waste fund instead of directly to the DOE. Argument in the case before a three-judge panel of the U.S. Court of Appeals was made on January 17, 1996. On July 23, 1996, the court reversed the DOE's interpretation of the 1998 obligation and unanimously ruled that the Nuclear Waste Policy Act creates an unconditional obligation to begin acceptance of spent fuel by 1998, but did not make a ruling on the remedies.

On December 17, 1996, the DOE notified contract holders that it anticipates it will not be able to begin such acceptance until after that date. Subsequently, on January 31, 1997, Entergy Operations and a coalition of 36 electric utilities and 46 state agencies filed lawsuits to suspend payments to the Nuclear Waste Fund. The lawsuits ask the court to (i) find that the December 17, 1996 DOE letter demonstrates breach of contract on the part of the DOE; (ii) order utilities to place the Nuclear Waste Fund payments in an escrow account and not provide the funds to the DOE until it fulfills its obligation, (iii) prevent the DOE from taking adverse action against utilities that withhold payments; and (iv) order the DOE to submit a plan to the court describing how the agency intends to fulfill its obligation on an ongoing basis.

In the meantime, all Entergy companies are responsible for their spent fuel storage. Current on-site spent fuel storage capacity at River Bend, Waterford 3, and Grand Gulf 1 is estimated to be sufficient until 2003, 2000, and 2004, respectively. Thereafter, the affected companies will provide additional storage. Current on-site spent fuel storage capacity at ANO is estimated to be sufficient until 2000. An ANO storage facility using dry casks began operation in 1996. This facility may be expanded further as required. The initial cost of providing the additional on-site spent fuel storage capability required at ANO, River Bend, Waterford 3, and Grand Gulf 1 is expected to be approximately \$5 million to \$10 million per unit. In addition, about \$3 million to \$5 million per unit will be required every two to three years subsequent to 2000 for ANO and every four to five years subsequent to 2003, 2000, and 2004 for River Bend, Waterford 3, and Grand Gulf 1, respectively, until the DOE's repository or storage facility begins accepting such units' spent fuel.

Total decommissioning costs at December 31, 1996, for the Entergy nuclear power plants, excluding co-owner shares, have been estimated as follows:

	Total Estimated Decommissioning Costs (In Millions)
ANO 1 and ANO 2 (based on a 1994 interim update to the 1992 cost study)	\$ 806.3
River Bend (based on a 1996 cost study reflecting 1996 dollars)	293.3
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
	-----
	\$ 1,785.6
	=====

Entergy Arkansas and Entergy Louisiana are authorized to recover in rates amounts that, when added to estimated investment income, should be sufficient to meet the above estimated decommissioning costs for ANO and Waterford 3, respectively. In the Texas retail jurisdiction, Entergy Gulf States is recovering in rates River Bend decommissioning costs (based on the 1991 cost study that totaled \$267.8 million) that, with adjustments, total \$204.9 million. In the Louisiana retail jurisdiction, Entergy Gulf States is currently recovering in rates decommissioning costs (based on a 1985 cost study) which total \$141 million. Entergy Gulf States included decommissioning costs (based on the 1991 study) in the LPSC rate review filed in May 1995. In October 1996, the LPSC approved Entergy Gulf States rates that include decommissioning costs based on the 1991 study. The October 1996 LPSC order has been appealed and the decommissioning costs based on the 1991 study have not yet been implemented. Entergy Gulf States included decommissioning costs, based on the 1996 study, in the LPSC rate review filed in May 1996 and in the PUCT rate review filed in November 1996. Those reviews are still ongoing. System Energy was previously recovering in rates amounts sufficient to fund \$198 million (in 1989 dollars) of its Grand Gulf 1 decommissioning costs. System Energy included decommissioning costs (based on the 1994 study) in its rate increase filing with FERC. Rates requested in this proceeding were placed into effect in December 1995, subject to refund. FERC has not yet issued an order in the System Energy rate case. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy periodically review and update estimated decommissioning costs. Although Entergy is presently underrecovering for Grand Gulf and River Bend based on the above estimates, applications are periodically made to the appropriate regulatory authorities to reflect in rates any future change in projected decommissioning costs. The amounts recovered in rates are deposited in trust funds and reported at market value as quoted on nationally traded markets 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 as other deferred credits for System Energy.

The cumulative liabilities and actual decommissioning expenses recorded in 1996 by Entergy were as follows:

	Cumulative Liabilities as of December 31,	1996 Trust	1996 Decommissioning	Cumulative Liabilities as of December
31,	1995	Earnings	Expenses	1996
		(In Millions)		
ANO 1 and ANO 2	\$ 169.0	\$11.5	\$20.1	\$200.6
River Bend	31.7	1.5	6.0	39.2
Waterford 3	37.4	2.8	8.8	49.0
Grand Gulf 1	39.4	2.3	19.0	60.7
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	\$277.5	\$18.1	\$53.9	\$349.5
	=====	=====	=====	=====

In 1995 and 1994, ANO's decommissioning expense was \$17.7 million, and \$12.2 million, respectively; River Bend's decommissioning expense was \$8.1 million and \$3.0 million, respectively; Waterford 3's decommissioning expense was \$7.5 million and \$4.8 million, respectively; and Grand Gulf 1's decommissioning expense was \$5.4 million and \$5.2 million, respectively. The actual decommissioning costs may vary from the estimates because of regulatory requirements, changes in technology, and increased costs of labor, materials, and equipment. Management believes that actual decommissioning costs are likely to be higher than the estimated amounts presented above.

The SEC has questioned certain of the financial accounting practices of the electric utility industry regarding the recognition, measurement, and classification of decommissioning costs for nuclear plants in the financial statements of electric utilities. In response to these questions, the FASB has been reviewing the accounting for decommissioning and has expanded the scope of its review to include liabilities related to the closure and removal of all long-lived assets. An exposure draft of the proposed SFAS (which proposed a 1997 effective date) was issued in February 1996. The proposed SFAS would require measurement and recognition of the liability for closure and removal of long-lived assets (including decommissioning) based on the amount of discounted future cash flows related to closure and removal costs at the time the liability was initially incurred. Those future cash flows should be determined by estimating current costs for closure and removal and adjusting for inflation, efficiencies that may be gained from experience with similar activities, and consideration of reasonable future advances in technology.

The initial liability would be offset by an asset that should be presented with other plant costs on the financial statements because the cost of decommissioning/closing the plant would be recognized as part of the total cost of the plant asset. Changes in the decommissioning/closure cost liability resulting from changes in assumptions would be recognized with a corresponding adjustment to the plant asset, and depreciation revised prospectively. Additional increases to the liability would be recognized to reflect the increase in the discounted cash flows resulting from the passage of time. Such increases would be offset by a regulatory asset, to the extent such costs are deemed probable of future recovery.

After receiving comments on the exposure draft, the FASB has decided that the effective date for the proposed SFAS will be later than 1997, although a final effective date has not yet been announced. The FASB is expected to issue an additional document on this issue in the second quarter of 1997, although it has not yet been decided if that document will be in the form of a final accounting standard or a revised exposure draft. If current electric utility industry accounting practices with respect to nuclear decommissioning and other closure costs are changed, annual provisions for such costs could increase, the estimated cost for decommissioning/closure could be recorded as a liability rather than as accumulated depreciation, and trust fund income from decommissioning trusts could be reported as investment income rather than as a reduction to decommissioning expense.

The EPAct has 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. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy's annual assessments, which will be adjusted annually for inflation, are approximately \$3.6 million, \$0.9 million, \$1.4 million, and \$1.5 million (in 1996 dollars), respectively, for approximately 15 years. At December 31, 1996, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy had recorded liabilities of \$36.4 million, \$6.3 million, \$13.8 million, and \$13.6 million, respectively, for decontamination and decommissioning fees in other current liabilities and other noncurrent liabilities, and these liabilities were offset in the consolidated financial statements by regulatory assets. FERC requires that utilities treat these assessments as costs of fuel as they are amortized and are recovered through rates in the same manner as other fuel costs.

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

Cracks in certain steam generator tubes at ANO 2 were discovered and repaired during an outage in March 1992. Further inspections and repairs were conducted at subsequent refueling and mid-cycle outages, including the most recent forced outage in November 1996. ANO 2's

output has been reduced by 23 MW due to steam generator fouling and tube plugging. The unit may be approaching the current limit for the number of steam generator tubes that can be plugged with the unit in operation. If the established limit is reached during a future outage, Entergy Operations could be required to insert sleeves in steam generator tubes that were previously plugged. On October 25, 1996, Entergy Corporation's Board of Directors authorized Entergy Operations to negotiate a contract, with appropriate cancellation provisions, for the fabrication and replacement of the steam generators at ANO 2. Entergy estimates the cost of fabrication and replacement of the steam generators to be approximately \$150 million. A letter of intent for the fabrication has been signed by Entergy Operations, which includes a commitment for not more than \$3.2 million, and a contract is expected to be entered into in 1997. If a formal contract to purchase the steam generators is not canceled, the steam generators will be installed during a planned refueling outage in 2000. Entergy Operations periodically meets with the NRC to discuss the results of inspections of the steam generator tubes, as well as the timing of future inspections.

## **Environmental Issues**

(Entergy Arkansas)

In May 1995, Entergy Arkansas was named as a defendant in a suit by Reynolds Metals Company (Reynolds), seeking to recover a share of the costs associated with the clean-up of hazardous substances at a site south of Arkadelphia, Arkansas. Reynolds alleges that it has spent \$11.2 million to clean-up the site, and that the site was contaminated in part with PCBs for which Entergy Arkansas bears some responsibility. Entergy Arkansas, voluntarily, at its expense, has already completed remediation at a nearby substation site and believes that it has no liability for contamination at the site that is subject to the Reynolds suit and is contesting the lawsuit. An August 1997 trial date has been tentatively scheduled. Regardless of the outcome, Entergy Arkansas does not believe this matter would have a materially adverse effect on its financial condition or results of operations.

(Entergy Gulf States)

Entergy Gulf States has been designated as a PRP for the clean-up of certain hazardous waste disposal sites. Entergy Gulf States is currently negotiating with the EPA and state authorities regarding the clean-up 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, 1996, a remaining recorded liability of \$21.4 million existed relating to the clean-up of seven sites at which Entergy Gulf States has been designated a PRP.

(Entergy Louisiana)

During 1993, the LDEQ issued new rules for solid waste regulation, including regulation of wastewater impoundments. Entergy Louisiana has determined that certain of its power plant wastewater impoundments were affected by these regulations and has chosen to upgrade or close them. As a result, a remaining recorded liability in the amount of \$6.7 million existed at December 31, 1996, for wastewater upgrades and closures to be completed in 1997. Cumulative expenditures relating to the upgrades and closures of wastewater impoundments were \$7.1 million as of December 31, 1996.

## **City Franchise Ordinances (Entergy New Orleans)**

Entergy New Orleans provides electric and gas service in the City of New Orleans pursuant to City franchise ordinances that state, among other things, the City has a continuing option to purchase Entergy New Orleans' electric and gas utility properties.

## **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 described below that have been filed by former employees asserting that they were wrongfully terminated and/or discriminated against due to 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.

(Entergy Corporation and Entergy Arkansas)

Entergy Corporation and Entergy Arkansas are defendants in five suits filed in federal court on behalf of approximately 62 plaintiffs who claim they were illegally terminated from their jobs due to discrimination on the basis of age or race. One of these suits seeks class certification. A trial date is scheduled in March 1997 for one suit comprised of approximately 29 plaintiffs, and a trial date is scheduled in May 1997 for another suit comprised of approximately 18 plaintiffs. Trial dates have not been set in the other suits.

(Entergy Corporation and Entergy Gulf States)

Entergy Corporation and Entergy Gulf States are defendants in a lawsuit involving approximately 176 plaintiffs filed in state court in Texas by former employees who claim that they lost their jobs as a result of the Merger. The plaintiffs in these cases have asserted various claims, including discrimination on the basis of age, race, and/or sex. The court has preliminarily ruled that each plaintiff's claim should be tried separately. The first case is scheduled for trial in June 1997.

(Entergy Corporation, Entergy Gulf States, and Entergy Louisiana)

Entergy Corporation, Entergy Gulf States and Entergy Louisiana are defendants in a suit filed in federal court in Louisiana by approximately 39 plaintiffs who claim, among other things, they were wrongfully discharged from their employment on the basis of their age. No trial date has been set for this case.

(Entergy Louisiana and Entergy New Orleans)

Entergy Louisiana and Entergy New Orleans are defendants in a suit filed in state court in Louisiana by 110 plaintiffs who seek to certify a class on behalf of all employees who allegedly were terminated or required to resign on the basis of age. The court has set a hearing for certification of the class for March 13, 1997; no trial date has been set. Entergy Louisiana and/or Entergy New Orleans also are defendants in approximately 27 other suits filed in federal or state court by plaintiffs who claim they were wrongfully discharged on the basis of age, race, or sex.

### **Financial Instruments**

In accordance with the debt covenants included in the financing provisions of the CitiPower acquisition, CitiPower must hedge at least 80% of its energy purchases. CitiPower's current strategy is to hedge approximately 100% of its forecasted energy purchases through contracts entered into with certain generators. These contracts mature through the year 2000.

### **NOTE 10. LEASES**

#### **General**

As of December 31, 1996, Entergy had capital leases and noncancelable 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 (In Thousands)	Entergy Gulf States
1997	\$ 27,312	\$ 10,953	\$ 12,475
1998	27,294	10,953	12,475
1999	27,268	10,953	12,475
2000	25,530	9,646	12,049
2001	23,400	9,646	11,623
Years thereafter	99,877	52,209	47,418
-----			
Minimum lease payments	230,681	104,360	108,515
Less: Amount representing interest	83,741	45,151	36,104
-----			
Present value of net minimum lease payments	\$146,940	\$ 59,209	\$ 72,411
=====			

Operating Leases

Year	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana
(In Thousands)				
1997	\$ 56,232	\$ 23,248	\$ 8,040	\$
5,383				
1998	55,358	20,999	11,867	
4,778				
1999	52,060	19,104	11,865	
4,382				
2000	47,125	17,136	11,354	
3,925				
2001	43,505	17,219	11,355	
504				
Years thereafter	211,238	29,495	67,816	
2,210				
-----				
Minimum lease payments	\$ 465,518	\$ 127,201	\$ 122,297	\$
21,182				
=====				

Rental expense for Entergy's leases (excluding nuclear fuel leases and the sale and leaseback transactions) amounted to approximately \$59.7 million, \$61.1 million, and \$64.8 million in 1996, 1995, and 1994, respectively. These amounts include \$26.0 million, \$26.0 million, and \$26.4 million, respectively, for Entergy Arkansas, \$11.8 million, \$13.0 million, and \$15.3 million, respectively for Entergy Gulf States, and \$13.7 million, \$13.6 million, and \$12.1 million, respectively, for Entergy Louisiana.

**Nuclear Fuel Leases**

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy each has arrangements to lease nuclear fuel in an aggregate amount up to \$385 million as of December 31, 1996. The lessors finance the acquisition and ownership of nuclear fuel through credit agreements and the issuance of notes. These agreements are subject to annual renewal with, in Entergy Louisiana's and Entergy Gulf States' case, the consent of the lenders. The credit agreements for Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy have been extended and now have termination dates of December 1999, December 1999, January 2000, and February 2000, respectively. The debt securities issued pursuant to these fuel lease arrangements have varying maturities through January 31, 1999. It is expected that the credit agreements will be extended or alternative financing will be secured by each lessor upon the maturity of the current arrangements. If extensions or alternative financing cannot be arranged, the lessee in each case must purchase sufficient nuclear fuel to allow the lessor to retire such

borrowings.

Lease payments are based on nuclear fuel use. Nuclear fuel lease expense charged to operations by the domestic utility companies in 1996, 1995, and 1994 was \$158.5 million (including interest of \$21.7 million), \$153.5 million (including interest of \$22.1 million), and \$163.4 million (including interest of \$27.3 million), respectively. Specifically, in 1996, 1995, and 1994 Entergy Arkansas' expense was \$53.9 million, \$46.8 million, and \$56.2 million (including interest of \$7.1 million, \$6.7 million, and \$7.5 million), respectively; Entergy Gulf States' expense was \$27.1 million, \$41.4 million, and \$37.2 million (including interest of \$4.2 million, \$6.0 million, and \$8.7 million), respectively; Entergy Louisiana's expense was \$39.8 million, \$30.8 million, and \$32.2 million (including interest of \$4.9 million, \$3.7 million, and \$4.3 million), respectively; System Energy's expense was \$37.7 million, \$34.5 million, and \$37.8 million (including interest of \$5.5 million, \$5.7 million, and \$6.8 million), respectively.

## **Sale and Leaseback Transactions**

### **Waterford 3 Lease Obligations (Entergy Louisiana)**

On September 28, 1989, Entergy Louisiana entered into three transactions for the sale (for an aggregate cash consideration of \$353.6 million) and leaseback of three undivided portions of its 100% ownership interest in Waterford 3. The three undivided interests in Waterford 3 sold and leased back exclude certain transmission, pollution control, and other facilities that are part of Waterford 3. The interests sold and leased back are equivalent on an aggregate cost basis to approximately a 9.3% undivided interest in Waterford 3. Entergy Louisiana is leasing back the interests on a net lease basis over an approximate 28-year basic lease term. Entergy Louisiana has options to terminate the lease and to repurchase the interests in Waterford 3 at certain intervals during the basic lease term. Further, at the end of the basic lease term, Entergy Louisiana has an option to renew the lease or to repurchase the undivided interests in Waterford 3.

Interests were acquired from Entergy Louisiana with funds obtained from the issuance and sale by the purchasers of intermediate-term and long-term secured lease obligation bonds. The lease payments to be made by Entergy Louisiana will be sufficient to service such debt.

Entergy Louisiana did not exercise its option to repurchase the undivided interests in Waterford 3 in September 1994. As a result, Entergy Louisiana was required to provide collateral for the equity portion of certain amounts payable by Entergy Louisiana under the leases. Such collateral was in the form of a new series of non-interest-bearing first mortgage bonds in the aggregate principal amount of \$208.2 million issued by Entergy Louisiana in September 1994.

Upon the occurrence of certain adverse events (including lease events of default, events of loss, deemed loss events or certain adverse "Financial Events" with respect to Entergy Louisiana), 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 indebtedness issued to finance the acquisition of the undivided interests in Waterford 3. "Financial Events" include, among other things, failure by Entergy Louisiana, following the expiration of any applicable grace or cure periods, to maintain (1) as of the end of any fiscal quarter, total equity capital (including preferred stock) at least equal to 30% of adjusted capitalization, or (2) in respect of the 12-month period ending on the last day of any fiscal quarter, a fixed charge coverage ratio of at least 1.50. As of December 31, 1996, Entergy Louisiana's total equity capital (including preferred stock) was 46.9% of adjusted capitalization and its fixed charge coverage ratio was 3.18.

As of December 31, 1996, Entergy Louisiana had future minimum lease payments (reflecting an overall implicit rate of 8.76%) in connection with the Waterford 3 sale and leaseback transactions, which are recorded as long-term debt, as follows (in thousands):

1997		\$
39,805		
1998		
41,447		
1999		
50,530		
2000		
47,510		
2001		
46,015		
Years thereafter		
582,689		
-----		
Total		
807,996		
Less: Amount representing interest		
454,396		
-----		
Present value of net minimum lease payments		\$
353,600		
=====		

#### Grand Gulf 1 Lease Obligations (System Energy)

On December 28, 1988, System Energy entered into two arrangements for the sale and leaseback of an aggregate 11.5% undivided ownership interest in Grand Gulf 1 for an aggregate cash consideration of \$500 million. System Energy is leasing back the undivided interest on a net lease basis over a 26 1/2-year basic lease term. System Energy has options to terminate the leases and to repurchase the undivided interest in Grand Gulf 1 at certain intervals during the basic lease term. Further, at the end of the basic lease term, System Energy has an option to renew the leases or to repurchase the undivided interest in Grand Gulf 1. See Note 9 with respect to certain other terms of the transactions.

In accordance with SFAS 98, "Accounting for Leases," due to "continuing involvement" by System Energy, the sale and leaseback arrangements of the undivided portions of Grand Gulf 1, as described above, are required to be reflected for financial reporting purposes as financing transactions in System Energy's financial statements. The amounts charged to expense for financial reporting purposes include the interest portion of the lease obligations and depreciation of the plant. However, operating revenues include the recovery of the lease payments because the transactions are accounted for as sales and leasebacks for rate-making purposes. The total of interest and depreciation expense exceeds the corresponding revenues realized during the early part of the lease term. Consistent with a recommendation contained in a FERC audit report, System Energy recorded as a deferred asset the difference between the recovery of the lease payments and the amounts expensed for interest and depreciation and is recording such difference as a deferred asset on an ongoing basis. The amount of this deferred asset was \$93.2 million and \$85.8 million as of December 31, 1996, and 1995, respectively.

As of December 31, 1996, 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):

1997	\$
42,753	
1998	
42,753	
1999	
42,753	
2000	
42,753	
2001	
46,803	
Years thereafter	
713,264	
-----	
Total	
931,079	
Less: Amount representing interest	
434,599	
-----	
Present value of net minimum lease payments	\$
496,480	
=====	

**NOTE 11. POSTRETIREMENT BENEFITS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

**Pension Plans**

Entergy has two postretirement benefit plans, "Entergy Corporation Retirement Plan for Non-Bargaining Employees" and "Entergy Corporation Retirement Plan for Bargaining Employees", covering substantially all of its employees. The pension plans are noncontributory and provide pension benefits that are based on employees' credited service and compensation during the final years before retirement. 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. Prior to January 1, 1995, all of Entergy's non-bargaining employees were generally included in a plan sponsored by the Entergy company where they were employed. However, Entergy New Orleans was a participating employer in a plan sponsored by Entergy Louisiana. Effective January 1, 1995, these employees became participants in a new plan with provisions substantially identical to their previous plan.

Total 1996, 1995, and 1994 pension cost of Entergy Corporation and its subsidiaries, including amounts capitalized, included the following components (in thousands):

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$31,584	\$7,605	\$5,852	\$4,684	\$2,157	\$1,147	\$2,658
Interest cost on projected benefit obligation	84,303	24,540	20,952	15,735	9,462	2,973	2,645
Actual return on plan assets	(163,520)	(41,183)	(47,416)	(41,219)	(17,767)	(1,826)	(4,146)
Net amortization and deferral	71,260	14,015	18,732	20,313	6,382	88	526
Net pension cost (income)	\$23,627	\$4,977	(\$1,880)	(\$487)	\$234	\$2,382	\$1,683

1995	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$29,282	\$7,786	\$6,686	\$4,143	\$2,152	\$1,158	\$2,260
Interest cost on projected benefit obligation	80,794	24,372	21,098	15,111	9,240	2,680	2,230
Actual return on plan assets	(261,864)	(71,807)	(82,624)	(53,348)	(30,443)	(1,614)	(8,827)
Net amortization and deferral	178,345	47,766	53,921	34,902	20,081	64	5,510
Net pension cost (income)	\$26,557	\$8,117	(\$919)	\$808	\$1,030	\$2,288	\$1,173

1994	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	\$35,712	\$8,854	\$9,497	\$5,441	\$2,484	\$1,502	\$2,619
Interest cost on projected benefit obligation	77,943	22,651	21,335	14,473	8,648	2,740	2,148
Actual return on plan assets	10,381	365	6,785	2,024	1,507	-	498
Net amortization and deferral	(96,893)	(24,474)	(39,405)	(19,981)	(11,843)	(970)	(3,535)
Other	17,963	-	17,963	-	-	-	-
Net pension cost	\$45,106	\$7,396	\$16,175	\$1,957	\$796	\$3,272	\$1,730

The funded status of Entergy's various pension plans as of December 31, 1996, and 1995 was (in thousands):

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Actuarial present value of accumulated pension plan obligation:							
Vested	\$1,027,307	\$296,181	\$287,201	\$193,183	\$117,142	\$34,466	\$25,195
Nonvested	4,775	1,345	748	697	154	29	655
Accumulated benefit obligation	1,032,082	297,526	287,949	193,880	117,296	34,495	25,850
Plan assets at fair value	1,359,614	374,849	397,749	282,470	150,616	22,017	43,943
Projected benefit obligation	1,196,925	338,307	315,781	217,711	129,578	41,511	38,401
Plan assets in excess of (less than) projected benefit obligation	162,689	36,542	81,968	64,759	21,038	(19,494)	5,542
Unrecognized prior service cost	36,131	14,882	11,964	5,911	4,894	1,965	1,100
Unrecognized transition asset	(39,504)	(11,679)	(9,550)	(14,037)	(6,252)	(767)	(5,291)
Unrecognized net loss (gain)	(180,525)	(55,536)	(132,832)	(61,130)	(23,769)	9,897	(4,502)
Accrued pension liability	(\$21,209)	(\$15,791)	(\$48,450)	(\$4,497)	(\$4,089)	(\$8,399)	(\$3,151)

1995	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Actuarial present value of accumulated pension plan obligation:							
Vested	\$989,509	\$298,358	\$256,173	\$192,697	\$116,851	\$44,324	\$23,692
Nonvested	4,555	1,342	792	705	147	29	640
Accumulated benefit obligation	994,064	299,700	256,965	193,402	116,998	44,353	24,332
Plan assets at fair value	1,224,594	337,929	374,010	245,521	140,513	18,658	41,951
Projected benefit obligation	1,156,831	341,946	289,666	218,715	129,180	51,699	36,491
Plan assets in excess of (less than) projected benefit obligation	67,763	(4,017)	84,344	26,806	11,333	(33,041)	5,460
Unrecognized prior service cost	35,946	15,042	12,021	6,469	4,883	2,224	1,180
Unrecognized transition asset	(46,856)	(14,015)	(11,937)	(16,845)	(7,502)	(963)	(5,887)
Unrecognized net loss (gain)	(94,618)	(23,545)	(135,303)	(28,060)	(13,832)	22,751	(3,074)
Accrued pension liability	(\$37,765)	(\$26,535)	(\$50,875)	(\$11,630)	(\$5,118)	(\$9,029)	(\$2,321)

The significant actuarial assumptions used in computing the information above for 1996, 1995, and 1994 were as follows: weighted-average discount rate, 7.75% for 1996, 7.5% for 1995, and 8.5% for 1994, weighted-average rate of increase in future compensation levels, 4.6% for 1996 and 1995, and 5.1% for 1994; and expected long-term rate of return on plan assets, 9.0% for 1996, and 8.5% for 1995 and 1994. Transition assets of Entergy are being amortized over the greater of the remaining service period of active participants or 15 years.

In 1994, Entergy Gulf States recorded an \$18.0 million charge related to early retirement programs in connection with the Merger, of which \$15.2 million was expensed.

#### Other Postretirement Benefits

Entergy also provides certain health care and life insurance benefits for retired employees. Substantially all 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. Entergy Arkansas and Entergy Louisiana continue to fund these benefits on a pay-as-you-go basis. Entergy Gulf States continues to fund a portion of these benefits regulated by the LPSC and FERC on a pay-as-you-go basis. During 1994, pursuant to regulatory directives, Entergy Mississippi and Entergy New Orleans began to fund their postretirement benefit obligations. In 1996, Entergy Gulf States and System Energy began to fund their postretirement benefit obligations pursuant to 1995 regulatory directives issued by the PUCT and FERC, respectively. System Energy is funding on behalf of Entergy Operations those postretirement benefits associated with Grand Gulf 1. The assets of the various postretirement benefit plans other than pensions include common stocks, fixed income securities, and a money market fund. 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 beginning in 1993.

The domestic utility companies have sought approval, in their respective regulatory jurisdictions, to implement the appropriate accounting requirements related to SFAS 106 for ratemaking purposes. Entergy Arkansas has received an order permitting deferral, as a regulatory asset, of the difference between its annual cash expenditures for postretirement benefits other than pensions and the SFAS 106 accrual, for up to a five-year period commencing January 1, 1993. Entergy Mississippi is expensing its SFAS 106 costs, which are reflected in rates pursuant to an order from the MPSC in connection with Entergy Mississippi's formulary incentive rate plan (see Note 2). The LPSC ordered Entergy Gulf States and Entergy Louisiana to continue the use of the pay-as-you-go method for ratemaking purposes for postretirement benefits other than pensions, but the LPSC retains the flexibility to examine individual companies' accounting for postretirement benefits to determine if special exceptions to this order are warranted. Entergy New Orleans is expensing its SFAS 106 costs. Pursuant to resolutions adopted in November 1993 by the Council related to the Merger, Entergy New Orleans' SFAS 106 expenses through October 31, 1996, were allowed by the Council for purposes of evaluating the appropriateness of Entergy New Orleans' rates. Pursuant to the PUCT's May 26, 1995, amended order, Entergy Gulf States is currently collecting its SFAS 106 costs in rates.

Total 1996, 1995, and 1994 postretirement benefit cost of Entergy Corporation and its subsidiaries, including amounts capitalized and deferred, included the following components (in thousands):

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
Service cost - benefits earned during the period	\$14,351	\$3,128	\$3,476	\$2,155	\$1,081	\$661
Interest cost on APBO	26,133	5,580	8,164	4,283	2,171	3,085
Actual return on plan assets	(1,654)	-	(388)	-	(479)	(681)
Net amortization and deferral	14,214	3,397	5,370	2,694	1,458	1,977
Net postretirement benefit cost	\$53,044	\$12,105	\$16,622	\$9,132	\$4,231	\$5,042

1995	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
Service cost - benefits earned during the period	\$10,797	\$2,777	\$1,864	\$2,047	\$909	\$650
Interest cost on APBO	25,629	5,398	8,526	4,215	1,969	3,258
Actual return on plan assets	(759)	-	-	-	(245)	(514)
Net amortization and deferral	11,023	2,702	4,477	2,121	988	1,876
Net postretirement benefit cost	\$46,690	\$10,877	\$14,867	\$8,383	\$3,621	\$5,270

1994	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
Service cost - benefits earned during the period	\$11,863	\$3,080	\$2,169	\$2,433	\$876	\$813
Interest cost on APBO	23,312	5,510	6,449	4,422	1,833	3,502
Net amortization and deferral	9,891	3,833	2,832	3,066	1,122	2,569
Net postretirement benefit cost	\$45,066	\$12,423	\$11,450	\$9,921	\$3,831	\$6,884

The funded status of Entergy's postretirement plans as of December 31, 1996, and 1995, was (in thousands):

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
Actuarial present value of accumulated postretirement benefit obligation:						
Retirees	\$263,504	\$56,945	\$90,450	\$44,083	\$21,639	\$36,613
Other fully eligible participants	28,507	5,599	5,728	4,063	2,753	1,694
Other active participants	73,188	15,505	16,623	11,553	5,837	3,630
Accumulated benefit obligation	365,199	78,049	112,801	59,699	30,229	41,937
Plan assets at fair value	37,970	-	15,528	-	7,517	12,647
Plan assets less than APBO	(327,229)	(78,049)	(97,273)	(59,699)	(22,712)	(29,290)
Unrecognized transition obligation	183,557	63,252	92,853	47,546	24,031	42,861
Unrecognized net loss (gain)/other	(5,032)	(13,414)	(13,859)	(7,726)	(3,221)	(11,704)
Accrued postretirement benefit asset (liability)	(\$148,704)	(\$28,211)	(\$18,279)	(\$19,879)	(\$1,902)	\$1,867

1995	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
Actuarial present value of accumulated postretirement benefit obligation:						
Retirees	\$244,192	\$46,633	\$101,698	\$36,262	\$15,957	\$33,652
Other fully eligible participants	48,393	9,161	17,334	7,614	4,619	3,215
Other active participants	71,464	16,745	15,980	13,288	5,692	4,306
Accumulated benefit obligation	364,049	72,539	135,012	57,164	26,268	41,173
Plan assets at fair value	15,494	-	-	-	5,151	10,343
Plan assets less than APBO	(348,555)	(72,539)	(135,012)	(57,164)	(21,117)	(30,830)
Unrecognized transition obligation	204,348	67,206	107,975	50,517	25,533	45,539
Unrecognized net loss (gain)/other	(1,639)	(16,757)	(617)	(8,556)	(6,179)	(13,835)
Accrued postretirement benefit asset (liability)	(\$145,846)	(\$22,090)	(\$27,654)	(\$15,203)	(\$1,763)	\$874

The assumed health care cost trend rate used in measuring the APBO of Entergy was 7.6% for 1997, gradually decreasing each successive year until it reaches 5.0% in 2005. A one percentage-point increase in the assumed health care cost trend rate for each year would have increased the APBO of Entergy, as of December 31, 1996, by 11.5% (Entergy Arkansas-11.8%, Entergy Gulf States-10.4%, Entergy Louisiana-11.8%, Entergy Mississippi-12.2% and Entergy New Orleans-10.0%), and the sum of the service cost and interest cost by approximately 14.2% (Entergy Arkansas-15.0%, Entergy Gulf States-12.8%, Entergy Louisiana-14.4%, Entergy Mississippi-14.4% and Entergy New Orleans-12.8%). The assumed discount rate and rate of increase in future compensation used in determining the APBO were 7.75% for 1996, 7.5% for 1995, and 8.5% for 1994, and 4.6% for 1996 and 1995, and 5.1% for 1994, respectively. The expected long-term rate of return on plan assets was 9.0% for 1996, and 8.5% for 1995 and 1994.

NOTE 12. RESTRUCTURING COSTS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

In 1994, 1995, and 1996, Entergy implemented various restructuring programs to reduce the number of employees and consolidate offices and facilities. The programs were designed to reduce costs and improve operating efficiencies in order to enable Entergy to become a low-cost producer. The balances as of December 31, 1994, 1995, and 1996, for restructuring liabilities associated with these programs are shown below by company along with the actual termination benefits paid under the programs.

Company	Liability as of 12/31/94	Additional 1995 Charges	Payments Made in 1995	Liability as of 12/31/95	Additional 1996 Charges	Payments Made in 1996	Liability as of 12/31/96
Entergy Arkansas	\$12.2	\$16.2	(\$20.1)	\$8.3	\$0.3	(\$7.8)	\$0.8
Entergy Gulf States	6.5	13.1	(14.2)	5.4	0.8	(5.4)	0.8
Entergy Louisiana	6.8	6.4	(11.0)	2.2	0.4	(2.6)	-
Entergy Mississippi	6.2	2.9	(6.6)	2.5	(1.7)	(0.8)	-
Entergy New Orleans	3.4	0.2	(3.0)	0.6	-	(0.6)	-
Other	-	9.6	(4.4)	5.2	1.6	(5.2)	1.6
Total	\$35.1	\$48.4	(\$59.3)	\$24.2	\$1.4	(\$22.4)	\$3.2

The restructuring charges shown above primarily included employee severance costs related to the expected termination of approximately 2,774 employees in various groups. As of December 31, 1996, 2,723 employees had either been terminated or accepted voluntary separation packages under the restructuring plan.

In December 1996, Entergy recorded \$21.3 million of restructuring charges (of which \$18 million was recorded by Entergy Services) associated with the transition to competition.

Additionally, Entergy recorded \$24.3 million in 1994 (of which \$23.8 million was recorded by Entergy Gulf States) and \$1.6 million in 1996 for remaining severance and augmented retirement benefits related to the Merger. Actual termination benefits paid under the program during 1995 and 1996 amounted to \$21.6 million, and \$3.4 million, respectively. At December 31, 1996, the total remaining liability for expected future Merger-related outlays was approximately \$1 million.

### NOTE 13. ACQUISITIONS (Entergy Corporation)

#### CitiPower

On January 5, 1996, Entergy Corporation finalized its acquisition of CitiPower, an electric distribution company serving Melbourne, Australia, and surrounding suburbs. The purchase price of CitiPower was approximately \$1.2 billion, of which \$294 million represented an equity investment by Entergy Corporation, and the remainder represented debt. Entergy Corporation funded the majority of the equity portion of the investment by drawing down \$230 million of its \$300 million bank revolving credit facility, which was subsequently repaid throughout the course of the year.

CitiPower is one of five electric distribution businesses in the state of Victoria. CitiPower's distribution area covers approximately 10% of Victoria's population. During the twelve months ended December 31, 1996, CitiPower supplied approximately 4.2 million MWh of electricity to over 238,000 customer sites. Approximately 37,000, or 15%, of these sites were commercial customers.

The cost of the CitiPower license is being amortized on a straight- line basis over a 40 year period beginning January 5, 1996. As of December 31, 1996, the unamortized balance of the license was \$606 million.

In accordance with the purchase method of accounting, the results of operations for Entergy Corporation reported in its Statements of Consolidated Income and Cash Flows do not reflect CitiPower's results of operations for any period prior to January 5, 1996. The pro forma combined revenues, net income, earnings per common share before the cumulative effect of accounting change, and earnings per common share of Entergy Corporation presented below give effect to the acquisition as if it had occurred on January 1, 1995. This pro forma information is not necessarily indicative of the results of operations that would have occurred had the acquisition been consummated for the period for which it is being given effect.

dollars,	Twelve Months Ended December 31, 1995 (In Thousands of U.S. Except Share Data)
Operating revenues	\$ 6,690,406
Net income	\$ 503,880
Earnings per average common share before cumulative effect of accounting change	\$ 2.06
Earnings per average common share	\$ 2.21

CitiPower's results of operations for the twelve months ended December 31, 1996, (beginning on January 5, 1996, at the date of acquisition) are included in Entergy Corporation's Consolidated Financial Statements and are stated separately below:

dollars)	Twelve Months Ended December 31, 1996 (In Thousands of U.S.)
Operating revenues	\$384,803
Operating expenses	\$308,916
Interest charges	\$ 77,545

**Other**

During 1996, Entergy acquired several security companies and assets of other security companies for a purchase price of approximately \$83 million.

**NOTE 14. TRANSACTIONS WITH AFFILIATES (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)**

The various domestic utility companies purchase electricity from and/or sell electricity to 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 technical, advisory, and administrative services from Entergy Services, and receive management and operating services from Entergy Operations.

As described in Note 1, 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

1996	\$282.7	\$21.2	\$5.6	\$65.9	\$2.6
\$623.6					
1995	\$195.5	\$62.7	\$1.6	\$43.3	\$3.2
\$605.6					
1994	\$232.6	\$44.4	\$1.0	\$45.8	\$2.1
\$475.0					

**Intercompany Operating Expenses**

Entergy Entergy Entergy Entergy Entergy System Arkansas(1) Gulf States Louisiana Mississippi New Orleans Energy

1996	\$346.7	\$395.7	\$331.3	\$294.6	\$185.9	\$
8.6						
1995	\$316.0	\$266.5	\$335.5	\$262.6	\$164.4	\$
6.5						
1994	\$310.7	\$296.9	\$365.8	\$280.2	\$170.1	
\$10.5						

(1)Includes \$38.8 million in 1996, \$31.0 million in 1995, and \$25.7 million in 1994 for power purchased from Entergy Power.

**Operating Expenses Paid or Reimbursed to Entergy Operations**

Entergy Entergy Entergy System  
Arkansas Gulf States Louisiana Energy

1996	\$163.3	\$133.7	\$ 97.7	\$
98.1				
1995	\$189.8	\$129.1	\$122.6	
\$116.9				
1994	\$221.2	\$210.2	\$152.5	
\$179.6				

In addition, certain materials and services required for fabrication of nuclear fuel are acquired and financed by System Fuels and then sold to System Energy as needed. Charges for these materials and services, which represent additions to nuclear fuel, amounted to approximately \$44.7 million in 1996, \$51.5 million in 1995, and \$26.4 million in 1994.

#### **NOTE 15. BUSINESS SEGMENT INFORMATION (Entergy New Orleans)**

Entergy New Orleans supplies electric and natural gas services in the City. Entergy New Orleans' segment information follows:

	1996		1995		1994	
	Electric	Gas	Electric	Gas	Electric	Gas
	(In Thousands)					
Operating revenues	\$403,254	\$101,023	\$390,002	\$80,276	\$360,430	\$87,357
Revenue from sales to unaffiliated customers (1)	\$400,605	\$101,023	\$386,785	\$80,276	\$358,369	\$87,357
Operating income before income taxes	\$ 51,937	\$ 5,641	\$ 61,092	\$ 9,638	\$ 23,976	\$ 9,387
Net utility plant	\$214,106	\$ 63,865	\$204,407	\$65,236	\$209,901	\$67,875
Depreciation expense	\$ 16,525	\$ 3,342	\$ 15,858	\$ 3,290	\$ 15,743	\$ 3,310
Construction expenditures	\$ 23,411	\$ 4,545	\$ 21,729	\$ 6,107	\$ 16,997	\$ 5,780

(1) Entergy New Orleans' intersegment transactions are not material (less than 1% of sales to unaffiliated customers).

#### **NOTE 16. SUBSEQUENT EVENT (UNAUDITED)**

##### **Acquisition of London Electricity plc (Entergy Corporation)**

On December 18, 1996, Entergy made a formal cash offer to acquire London Electricity for \$2.1 billion. London Electricity is a regional electric company serving approximately two million customers in the metropolitan area of London, England. The offer was approved by authorities in the United Kingdom and as of February 7, 1997, the offer was made unconditional and Entergy, through an English subsidiary, controlled over 90% of the common shares of London Electricity. Through procedures available under applicable law, Entergy expects to gain control of 100% of the common shares of London Electricity. The acquisition was financed with \$1.7 billion of debt that is non-recourse to Entergy Corporation, and \$392 million of equity provided by Entergy Corporation from available cash and borrowings under its \$300 million line of credit.

#### **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 period occurring during the third quarter. Operating results for the four quarters of 1996 and 1995 were:

Operating Revenue

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)							
1996:							
First Quarter	\$1,603,384	\$383,081	\$ 456,631	\$417,767	\$203,902	\$127,280	\$156,424
Second Quarter	1,852,525	467,990	525,567	457,847	247,479	127,829	160,369
Third Quarter	2,138,273	529,276	592,130	549,295	297,118	150,937	154,467
Fourth Quarter	1,569,344	363,086	444,853	403,958	209,931	98,231	152,360
1995:							
First Quarter	1,337,400	339,596	399,346	353,462	180,559	104,494	151,664
Second Quarter	1,564,917	412,164	479,609	406,575	223,156	112,666	158,632
Third Quarter	1,955,019	530,448	540,287	529,458	280,339	146,720	144,758
Fourth Quarter	1,429,870	366,025	442,732	385,380	205,789	106,398	150,585

Operating Income (Loss)

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)							
1996:							
First Quarter	\$342,403	\$41,955	\$ 77,058	\$95,166	\$30,470	\$15,752	\$82,938
Second Quarter	500,017	105,237	118,420	119,736	57,283	19,608	82,894
Third Quarter	599,704	131,319	152,022	155,755	54,696	28,319	75,270
Fourth Quarter	236,597	31,639	64,398	65,789	22,147	(6,101)	75,937
1995:							
First Quarter	258,441	26,343	47,209	88,013	25,633	14,138	79,377
Second Quarter	434,623	91,180	111,918	115,637	43,523	17,420	80,704
Third Quarter	606,104	132,264	154,268	181,171	57,717	31,000	76,719
Fourth Quarter	218,158	22,080	48,269	63,934	23,515	8,172	76,905

Net Income (Loss)

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)							
1996:							
First Quarter	\$(87,072)	\$19,268	\$(152,257)	\$40,530	\$12,924	\$ 8,035	\$23,530
Second Quarter	188,323	55,712	47,140	55,385	29,819	10,360	23,382
Third Quarter	279,881	70,791	90,965	77,302	28,205	15,221	24,749
Fourth Quarter	38,895	12,027	10,265	17,545	8,263	(6,840)	27,007
1995:							
First Quarter	90,392	46,129	3,635	36,062	9,774	6,245	22,565
Second Quarter	162,703	47,844	43,353	53,082	20,578	8,688	23,802
Third Quarter	263,118	73,963	68,112	92,819	29,228	16,862	23,366
Fourth Quarter	3,767	4,144	7,819	19,574	9,087	2,591	23,306

Earnings (Loss) per Average Common Share (Entergy Corporation)

	1996	1995
First Quarter	\$(0.38)	
Second Quarter	\$ 0.83	
Third Quarter	\$ 1.22	
Fourth Quarter (b)	\$ 0.16	
	\$0.02	

(a) See Note 12 for information regarding the recording of certain restructuring costs in 1995.

(b) The fourth quarter of 1995 reflects an increase in net income of \$35.4 million (net of income taxes of \$22.9 million) and an increase in earnings per share of \$.15 due to the recording of the cumulative effect of the change in accounting method for incremental nuclear refueling outage maintenance costs. See Note 1 for a discussion of the change in accounting method.

**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 Corporation, Entergy Gulf States, 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.

**ENTERGY CORPORATION**

**Directors**

Information required by this item concerning directors of Entergy Corporation is set forth under the heading "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 9, 1997, ("Annual Meeting"), and is incorporated herein by reference. Information required by this item concerning officers and directors of the remaining registrants is reported as of December 31, 1996.

Officers	Name	Age	Position	Period
	Edwin Lupberger (a)	60	Chairman of the Board, Chief Executive Officer, and Director of Entergy Corporation	1985-Present
			Chairman of the Board and Chief Executive Officer of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1993-Present
			Chairman of the Board, Chief Executive Officer and Director of Entergy Gulf States	1994-Present
			Chairman of the Board and Director of Entergy Integrated Solutions	1996-Present
			Chairman of the Board of System Energy and Entergy Enterprises	1986-Present
			Chairman of the Board of Entergy Operations	1990-Present
			Chairman of the Board of Entergy Services	1985-Present
			Chief Executive Officer of Entergy Services	1991-Present
			Chief Executive Officer of Entergy Power, Entergy Power Development Corporation, and Entergy-Richmond Power Corporation	1993-Present
			Chief Executive Officer of Entergy Pakistan, Ltd. and Entergy Power Asia, Ltd.	1994-Present
			Chief Executive Officer of EP Edegel, Inc., Entergy Power Development International Corporation, Entergy Power Holding II, Ltd., Entergy Power Marketing Corporation, Entergy Power Operations Corporation, Entergy Power Operations Holdings, Ltd., Entergy Power Operations Pakistan LDC, Entergy Victoria LDC, Entergy Victoria Holdings LDC, EPG Cayman Holding I, EPG Cayman Holding II, Entergy Power CBA Holding, Ltd., and Entergy Power Edesur Holding, Ltd.	1995-Present
			Chief Executive Officer of Entergy Power International Holdings Corporation and Entergy Mexico Ltd.	1996-Present
			President of Entergy Corporation	1995-Present
			President of Entergy Services and	1994-Present
			Director of Entergy Arkansas, Entergy Louisiana, Entergy	1986-Present

(a) Mr. Lupberger is a director of First Commerce Corporation, New Orleans, LA, International Shipholding Corporation, New Orleans, LA, and First National Bank of Commerce, New Orleans, LA.

(b) Mr. Bemis is a director of Deposit Guaranty National Bank, Jackson, MS and Deposit Guaranty Corporation, Jackson, MS.

(c) Mr. Meiners is a director of Trustmark National Bank, Jackson, MS, and Trustmark Corporation, Jackson, MS.

Each director and officer of the applicable Entergy company is elected yearly to serve by the unanimous consent of the sole stockholder, Entergy Corporation, in lieu of an annual meeting scheduled to be held on May 5, 1997.

Directorships shown above are generally limited to entities subject to Section 12 or 15(d) of the Securities and Exchange Act of 1934 or to the Investment Company Act of 1940.

#### 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 9, 1997, under the heading "Compliance with Section 16(a) of the Exchange Act", 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 is set forth in the Proxy Statement under the headings "Executive Compensation", "Nominees", and "Compensation of Directors", 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, 1996 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 1996. 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			Long-Term Compensation Awards		Payouts (c) LTIP Payouts	(d) All Other Compensation
		Salary	(a) Bonus	(b) Other Annual Compensation	Restricted Stock Awards	Securities Underlying Options		
Michael B. Bemis	1996	\$297,115	\$168,125	\$ 43,884	(e)	5,000 shares	\$ 0	\$12,813
	1995	290,000	216,909	22,844	(e)	27,500	294,282	12,063
	1994	288,846	76,923	32,940	(e)	2,500	28,275	8,596
Louis E. Buck, Jr.	1996	\$153,558	\$ 66,187	\$ 26,132	(e)	0 shares	\$ 0	\$20,683
	1995	49,039	21,280	9,151	(e)	0	0	7,529
	1994	0	0	0	(e)	0	0	0
Donald C. Hintz*	1996	\$343,269	\$231,299	\$ 12,516	(e)	5,000 shares	\$ 0	\$14,197
	1995	325,000	265,049	13,394	(e)	30,000	409,414	9,750
	1994	320,769	142,749	52,389	(e)	5,000	48,379	9,710
Jerry D. Jackson	1996	\$332,115	\$209,489	\$ 37,928	(e)	5,000 shares	\$ 0	\$13,862
	1995	325,000	256,838	43,054	(e)	30,000	422,438	9,750
	1994	323,711	106,155	29,598	(e)	5,000	56,550	9,634
Edwin Lupberger**	1996	\$735,577	\$448,794	\$123,601	(e)	10,000 shares	\$ 0	\$23,567
	1995	700,000	568,400	89,163	(e)	60,000	781,337	21,000
	1994	681,539	218,789	93,816	(e)	10,000	139,525	20,446
Jerry L. Maulden	1996	\$435,000	\$260,301	\$ 27,056	(e)	5,000 shares	\$ 0	\$14,550
	1995	435,000	353,220	26,248	(e)	30,000	422,438	13,050
	1994	426,134	135,962	63,994	(e)	5,000	56,550	12,859
Gerald D. McInvale	1996	\$271,730	\$179,576	\$ 13,995	(e)	5,000 shares	\$ 0	\$12,051
	1995	255,481	186,739	12,525	(e)	27,500	294,282	7,664
	1994	244,165	66,227	14,146	(e)	2,500	28,275	7,275
William J. Regan, Jr.	1996	\$190,000	\$ 81,132	\$ 20,684	(e)	0 shares	\$ 0	\$ 8,852
	1995	120,577	54,727	21,141	(e)	2,000	0	7,821
	1994	0	0	0	(e)	0	0	0

\* Chief Executive Officer of System Energy.

\*\* Chief Executive Officer of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans

(a) Includes bonuses earned pursuant to the Annual Incentive Plan.

(b) Amounts used in the calculation of perquisites were previously reported in the column titled "All Other Compensation".

(c) Amounts include the value of restricted shares that vested in 1996, 1995, and 1994 (see note (e) below) under Entergy's Equity Ownership Plan.

(d) Includes the following:

(1) 1996 benefit accruals under the Defined Contribution Restoration Plan as follows: Mr. Bemis \$4,414; Mr. Hintz \$5,798; Mr. Jackson \$5,463; Mr. Lupberger \$17,567; Mr. Maulden \$8,550; Mr. McInvale \$3,652; Mr. Regan \$1,200.

(2) 1996 employer contributions to the System Savings Plan as follows: Mr. Bemis \$4,500; Mr. Buck \$1,431; Mr. Hintz \$4,500; Mr. Jackson \$4,500; Mr. Lupberger \$4,500; Mr. Maulden \$4,500; Mr. McInvale \$4,500; Mr. Regan \$4,500.

(3) 1996 employer contributions to the Employee Stock Ownership Plan as of November 30, 1996 are as follows: Mr. Bemis \$3,899; Mr. Hintz \$3,899; Mr. Jackson \$3,899; Mr. Lupberger \$1,500; Mr. Maulden \$1,500; Mr. McInvale \$3,899.

(4) 1996 reimbursements for moving expenses as follows: Mr. Buck \$19,252; Mr. Regan \$3,152.

(e) Restricted stock awarded under the Equity Ownership Plan will vest at the end of a three year period subject to the attainment of approved performance goals. Restricted stock awards in 1996 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 shares awarded during 1996 and the vesting schedule for such shares. Dividends are paid on restricted stock when vested. restrictions were lifted in 1996, 1995, and 1994, and the applicable portion of accumulated cash dividends, are reported in the LTIP Payouts column in the above table.

(a) Restricted shares 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 shares 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 shares indicated in the respective column. Achievement of a level between these three specified levels would result in the award of a number of shares calculated by means of interpolation.

### Pension Plan Tables

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

#### 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	\$
52,000					
200,000	45,500	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					
850,000	191,250	255,000	318,750	382,500	
446,250					

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, 1996, 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, 1996, for the Named Executive Officers is as follows: Mr. Bemis 14; Mr. Buck 1, Mr. Maulden 31, and Mr. Regan 1. The credited years of service under the respective Retirement Income Plan, as of December 31, 1996 for the following Named Executive Officers, as a result of entering into supplemental retirement agreements, is as follows: Mr. Hintz 25; Mr. Jackson 17; Mr. Lupberger 33; and Mr. McInvale 24.

The maximum benefit under each 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 410 limitations discussed above.

In addition to the Retirement Income Plan discussed above, Entergy Arkansas, Louisiana, Mississippi, New Orleans, and System Energy participate in the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries (SRP) and the Post-Retirement Plan of Entergy Corporation and Subsidiaries (PRP). 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 SRP) or .0333 (under the PRP) times the participant's average basic annual salary (as defined in the plans) for a maximum of 120 months. Mr. Hintz has entered into a SRP participation contract, and all of the other Named

Executive Officers, (except for Mr. Buck, Mr. McInvale and Mr. Regan) have entered into PRP participation contracts. Current estimates indicate that the annual payments to the Named Executive Officers 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			
		15	20	25	30+
\$ 200,000	\$ 200,000	\$ 90,000	\$100,000	\$110,000	
\$120,000	300,000	135,000	150,000	165,000	
180,000	400,000	180,000	200,000	220,000	
240,000	500,000	225,000	250,000	275,000	
300,000	600,000	270,000	300,000	330,000	
360,000	700,000	315,000	350,000	385,000	
420,000	1,000,000	450,000	500,000	550,000	
600,000					

(1) 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). 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 executive retirement benefit plans discussed above. Covered pay under the SERP includes final annual base salary (see the Summary Compensation Table above for the base salary covered by the SERP as of December 31, 1996) plus the Target Incentive Award (i.e., a percentage of final annual base salary) for the participant in effect at 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. Bemis, Mr. Jackson, and Mr. McInvale) disclosed above in the section entitled "Pension Plan Tables-Retirement Income Plan Table". Mr. Bemis, Mr. Jackson, and Mr. McInvale have 24 years, 23 years, and 15 years, respectively, of credited service under this plan.

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. All SERP payments are guaranteed for ten years. Other actuarially equivalent options are available to each retiree. SERP benefits are offset by any and all defined benefit plan payments from Entergy and from prior employers. 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, resignation of employment, or termination of employment without Company permission.

In addition to the non-bargaining unit employees 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.

### **Compensation of Directors**

For information regarding compensation of the directors of Entergy Corporation, see the Proxy Statement under the heading "Compensation of Directors", 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 is compensated for his 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.

Employment Contracts and Termination of Employment 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.

### **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. No officers or employees of any Entergy company participated in deliberations concerning compensation during 1996.

### **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 "Voting Securities Outstanding" in the Proxy Statement, which information is incorporated herein by reference. The registrants know of no contractual arrangements that may, at a subsequent date, result in a change in control of any of the registrants.

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:

Entergy Corporation  
Common Stock  
Amount and Nature of  
Beneficial Ownership(a)  
Sole Voting  
and  
Investment  
Power

Name  
Ownership(b)

Entergy Corporation

Michael B. Bemis **	11,480	10,000
W. Frank Blount*	4,434	-
John A. Cooper, Jr.*	6,934	-
Lucie J. Fjeldstad*	3,384	-
Dr. Norman C. Francis*	1,200	-
Donald C. Hintz**	8,779	7,500
Jerry D. Jackson**	11,615	14,411
Robert v.d. Luft*	3,684	-
Edwin Lupberger*** (c)	34,392	41,324
Jerry L. Maulden**	25,015	20,000
Adm. Kinnaird R. McKee*	2,467	-
Paul W. Murrill*	2,917	-
James R. Nichols*	5,078	-
Eugene H. Owen*	3,092	-
John N. Palmer, Sr.*	16,481	-
Robert D. Pugh* (c)	6,700	6,500
H. Duke Shackelford* (d)	8,750	4,950
Wm. Clifford Smith*	5,600	-
Bismark A. Steinhagen*	7,637	-
All directors and executive officers	263,181	149,685

Entergy Arkansas

Michael B. Bemis***	11,480	10,000
Donald C. Hintz***	8,779	7,500
Jerry D. Jackson***	11,615	14,411
R. Drake Keith*	13,189	7,174
Edwin Lupberger*** (c)	34,392	41,324
Jerry L. Maulden***	25,015	20,000
Gerald D. McInvale*	16,030	10,000
All directors and executive officers	189,117	137,909

Entergy Gulf States

Michael B. Bemis***	11,480	10,000
John J. Cordaro *	6,833	5,000
Frank F. Gallaher*	20,401	7,500
Donald C. Hintz***	8,779	7,500
Jerry D. Jackson***	11,615	14,411
Karen R. Johnson *	349	-
Edwin Lupberger*** (c)	34,392	41,324
Jerry L. Maulden***	25,015	20,000
Gerald D. McInvale *	16,030	10,000
All directors and executive officers	180,976	135,735

Entergy Louisiana

Michael B. Bemis***	11,480	10,000
John J. Cordaro *	6,833	5,000
Donald C. Hintz***	8,779	7,500
Jerry D. Jackson***	11,615	14,411
Edwin Lupberger*** (c)	34,392	41,324
Jerry L. Maulden***	25,015	20,000

\* 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 amount owned by each individual and by all directors and executive officers as a group does not exceed one percent of the outstanding securities of any class of security so owned.

(b) 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 as follows: Michael B. Bemis, 10,000 shares; John J. Cordaro 5,000 shares; Frank F. Gallaher, 7,500 shares; Donald C. Hintz, 7,500 shares; Jerry D. Jackson, 14,411 shares; R. Drake Keith, 7,174 shares; Edwin Lupberger, 38,824 shares; Jerry L. Maulden, 20,000 shares; Gerald D. McInvale, 10,000 shares; and Donald E. Meiners, 10,000 shares.

(c) Includes, for the Named Executive Officers, shares of Entergy Corporation common stock held by their spouses. The named persons disclaim beneficial ownership in these shares as follows:  
Edwin Lupberger, 2,500 shares; and Robert D. Pugh, 6,500 shares.

(d) Includes 4,950 shares owned by the estate of Mrs. Shackelford, of which H. Duke Shackelford disclaims beneficial ownership.

### **Item 13. Certain Relationships and Related Transactions**

Information called for by this item concerning the directors and officers of Entergy Corporation is set forth under the heading "Certain Transactions" in the Proxy Statement, which information is incorporated herein by reference.

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 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 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 38 and 39)

(a)2. Financial Statement Schedules

Reports of Independent Accountants on Financial Statement Schedules (see page 214)

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

A current report on Form 8-K, dated October 11, 1996, was filed with the SEC on October 11, 1996, reporting information under Item 5. "Other Events".

A current report on Form 8-K, dated December 18, 1996, was filed with the SEC on December 18, 1996, reporting information under Item 5. "Other Events".

A current report on Form 8-K, dated February 7, 1997, was filed with the SEC on February 18, 1997, reporting information under Item 2. "Acquisition of Assets" and Item 5. "Other Events".

#### Entergy Corporation and Entergy Arkansas

A current report on Form 8-K, dated October 23, 1996, was filed with the SEC on October 29, 1996, reporting information under Item 5. "Other Events".

#### Entergy Corporation and Entergy Gulf States

A current report on Form 8-K, dated November 27, 1996, was filed with the SEC on November 27, 1996, reporting information under Item 5. "Other Events".

#### EXPERTS

The statements attributed to Sandlin Associates regarding the analysis of River Bend Construction costs of Entergy Gulf States under Item 1. "Rate Matters and Regulation - Rate Matters - Retail Rate Matters - Entergy Gulf States" and in Note 2 to Entergy Corporation and Subsidiaries Consolidated Financial Statements and Entergy Gulf States' Financial Statements, "Rate and Regulatory Matters," have been reviewed by such firm and are included herein upon the authority of such firm as experts.

**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/ Louis E. Buck  
Louis E. Buck, Vice  
President  
and Chief Accounting Officer*

Date: March 10, 1997

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.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<i>/s/ Louis E. Buck Louis E. Buck 1997</i>	<i>Vice President and Chief Accounting Officer (Principal Accounting Officer)</i>	<i>March 10,</i>

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Gerald D. McInvale (Executive Vice President and Chief Financial Officer; Principal Financial Officer); W. Frank Blount, John A. Cooper, Jr., Lucie J. Fjeldstad, N. C. Francis, Kaneaster Hodges, Jr., Robert v.d. Luft, Kinnaird R. McKee, Paul W. Murrill, James R. Nichols, Eugene H. Owen, John N. Palmer, Sr., Robert D. Pugh, H. Duke Shackelford, Wm. Clifford Smith, and Bismark A. Steinhagen (Directors).

*By: /s/ Louis E. Buck  
1997  
(Louis E. Buck, Attorney-in-fact)* *March 10,*

**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/ Louis E. Buck  
Louis E. Buck, Vice  
President,  
Chief Accounting Officer and  
Assistant Secretary

Date: March 10, 1997

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/ Louis E. Buck  
Louis E. Buck Vice President, Chief Accounting Officer and Assistant Secretary March 10,  
1997  
(Principal Accounting Officer)

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Gerald D. McInvale (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, R. Drake Keith, and Jerry L. Maulden (Directors).

By: /s/ Louis E. Buck March 10,  
1997  
(Louis E. Buck, 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/ Louis E. Buck  
Louis E. Buck, Vice  
President,  
Chief Accounting Officer and  
Assistant Secretary

Date: March 10, 1997

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.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<i>/s/ Louis E. Buck Louis E. Buck</i>	<i>Vice President, Chief Accounting Officer and Assistant Secretary (Principal Accounting Officer)</i>	<i>March 10, 1997</i>

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Gerald D. McInvale (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Michael B. Bemis, John J. Cordaro, Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, Karen R. Johnson, and Jerry L. Maulden (Directors).

By: /s/ Louis E. Buck  
1997  
(Louis E. Buck, Attorney-in-fact) March 10,

**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/ Louis E. Buck*  
*Louis E. Buck, Vice*  
*President,*  
*Chief Accounting Officer and*  
*Assistant Secretary*

Date: March 10, 1997

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.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<i>/s/ Louis E. Buck</i> <i>Louis E. Buck</i> <i>1997</i>	<i>Vice President, Chief Accounting</i> <i>Officer and Assistant Secretary</i> <i>(Principal Accounting Officer)</i>	<i>March 10,</i>

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Gerald D. McInvale (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Michael B. Bemis, John J. Cordaro, Donald C. Hintz, Jerry D. Jackson, and Jerry L. Maulden (Directors).

By: */s/ Louis E. Buck* *March 10,*  
*1997*  
*(Louis E. Buck, 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/ Louis E. Buck*  
*Louis E. Buck, Vice*  
*President,*  
*Chief Accounting Officer and*  
*Assistant Secretary*

Date: March 10, 1997

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.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<i>/s/ Louis E. Buck</i> <i>Louis E. Buck</i> <i>1997</i>	<i>Vice President, Chief Accounting</i> <i>Officer and Assistant Secretary</i> <i>(Principal Accounting Officer)</i>	<i>March 10,</i>

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Gerald D. McInvale (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, Jerry L. Maulden, and Donald E. Meiners (Directors).

By: */s/ Louis E. Buck* *March 10,*  
*1997*  
*(Louis E. Buck, 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/ Louis E. Buck*  
*Louis E. Buck, Vice*  
*President,*  
*Chief Accounting Officer and*  
*Assistant Secretary*

Date: March 10, 1997

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.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<i>/s/ Louis E. Buck</i> <i>Louis E. Buck</i> <i>1997</i>	<i>Vice President, Chief Accounting</i> <i>Officer and Assistant Secretary</i> <i>(Principal Accounting Officer)</i>	<i>March 10,</i>

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Gerald D. McInvale (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Jerry D. Jackson, Jerry L. Maulden, and Daniel F. Packer (Directors).

By: */s/ Louis E. Buck* *March 10,*  
*1997*  
*(Louis E. Buck, Attorney-in-fact)*

**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/ Louis E. Buck  
Louis E. Buck, Vice  
President  
and Chief Accounting Officer

Date: March 10, 1997

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.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<i>/s/ Louis E. Buck Louis E. Buck 1997</i>	<i>Vice President and Chief Accounting Officer (Principal Accounting Officer)</i>	<i>March 10,</i>

Donald C. Hintz (President, Chief Executive Officer and Director; Principal Executive Officer); Gerald D. McInvale (Executive Vice President, Chief Financial Officer, and Director; Principal Financial Officer); Edwin Lupberger (Chairman of the Board), and Jerry L. Maulden (Directors).

By: /s/ Louis E. Buck  
1997  
(Louis E. Buck, Attorney-in-fact)

March 10,

## EXHIBIT 23(a)

### CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in Post-Effective Amendment Nos. 2, 3, 4A, and 5A on Form S-8 and the related Prospectuses to the registration statement of Entergy Corporation on Form S-4 (File Number 33-54298) and on Form S-3 (File Numbers 333-02503 and 333-22007) of our reports dated February 13, 1997, on our audits of the consolidated financial statements and consolidated financial statement schedules of Entergy Corporation as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which reports include an emphasis paragraph related to a rate-related contingency and an explanatory paragraph related to changes in accounting methods for the impairment of long-lived assets and for long-lived assets to be disposed of and incremental nuclear plant outage maintenance costs by certain of the Corporation's subsidiaries, and are included in this Annual Report on Form 10-K.

We consent to the incorporation by reference in the registration statements and the related Prospectuses of Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company) on Form S-3 (File Numbers 33- 36149, 33-48356, 33-50289, 333-00103 and 333-05045) of our reports dated February 13, 1997, on our audits of the financial statements and financial statement schedule of Entergy Arkansas, Inc. as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which reports include an explanatory paragraph related to the Company's 1995 change in its method of accounting for incremental nuclear plant outage maintenance costs, and are included in this Annual Report on Form 10-K.

We consent to the incorporation by reference in the registration statements and the related Prospectuses of Entergy Gulf States, Inc. (formerly Gulf States Utilities Company) on Form S-3 (File Numbers 33- 49739 and 33-51181), Form S-8 (File Numbers 2-76551 and 2-98011) and on Form S-2 (File Number 333-17911), of our reports dated February 13, 1997, on our audits of the financial statements and financial statement schedule of Entergy Gulf States, Inc. as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, which reports include an emphasis paragraph related to a rate-related contingency and an explanatory paragraph related to a change in accounting for the impairment of long-lived assets and long-lived assets to be disposed of, and are included in this Annual Report on Form 10-K.

We consent to the incorporation by reference in the registration statements and the related Prospectuses of Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company) on Form S-3 (File Numbers 33- 46085, 33-39221, 33-50937, 333-00105, 333-01329 and 333-03567) of our reports dated February 13, 1997, on our audits of the financial statements and financial statement schedule of Entergy Louisiana, Inc. as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which are included in this Annual Report on Form 10-K.

We consent to the incorporation by reference in the registration statements and the related Prospectuses of Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company) on Form S-3 (File Numbers 33-53004, 33-55826 and 33-50507) of our reports dated February 13, 1997, on our audits of the financial statements and financial statement schedule of Entergy Mississippi, Inc. as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which are included in this Annual Report on Form 10-K.

We consent to the incorporation by reference in the registration statements and the related Prospectuses of Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.) on Form S-3 (File Numbers 33- 57926 and 333-00255) of our reports dated February 13, 1997, on our audits of the financial statements and financial statement schedule of Entergy New Orleans, Inc. as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which are included in this Annual Report on Form 10-K.

We consent to the incorporation by reference in the registration statements and the related Prospectuses of System Energy Resources, Inc. on Form S-3 (File Numbers 33-47662, 33-61189 and 333-06717) of our report dated February 13, 1997, on our audits of the financial statements of System Energy Resources, Inc. as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which report includes an explanatory paragraph related to the Company's 1996 change in its method of accounting for incremental nuclear plant outage maintenance costs, and is included in this Annual Report on Form 10-K.

### COOPERS & LYBRAND L.L.P.

New Orleans, Louisiana  
March 7, 1997

**EXHIBIT 23(b)**

**CONSENT**

We consent to the reference to our firm under the heading "Experts" and to the inclusion in this Annual Report on Form 10-K of Entergy Gulf States, Inc. of the statements (Statements) regarding the analysis by our Firm of River Bend construction costs which are made herein under Part I, Item 1. Business - "Rate Matters and Regulation" and in the discussion of Texas jurisdictional matters set forth in Note 2 to Entergy Gulf States' Financial Statements and Note 2 to Entergy Corporation and Subsidiaries' Consolidated Financial Statements appearing as Item 8. of Part II of this Form 10-K, which Statements have been prepared or reviewed by us (Sandlin Associates). We also consent to the incorporation by reference in the registration statements of Entergy Gulf States on Form S-3 (File Numbers 33-49739 and 33-51181), Form S-8 (File Numbers 2-76551 and 2-98011) and on Form S-2 (File Number 333-17911) of such reference and Statements.

**SANDLIN ASSOCIATES**  
**Management Consultants**

Pasco, Washington  
March 10, 1997

## REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and the Shareholders of Entergy Corporation

We have audited the consolidated financial statements of Entergy Corporation and Subsidiaries and the financial statements of Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company), Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company) and Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.) as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, and have issued our reports, included elsewhere in this Form 10-K, thereon dated February 13, 1997, which reports as to Entergy Corporation and Entergy Gulf States, Inc. include an emphasis paragraph related to a rate-related contingency and an explanatory paragraph related to a change in accounting for impairment of long-lived assets and long-lived assets to be disposed of, and which reports as to Entergy Corporation and Entergy Arkansas, Inc. include an explanatory paragraph related to changes in accounting for incremental nuclear plant outage maintenance expenses. In connection with our audits of such financial statements, we have also audited the related financial statement schedules included in Item 14(a)2 of this Form 10-K.

In our opinion the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

### **COOPERS & LYBRAND L.L.P.**

New Orleans, Louisiana  
February 13, 1997

## INDEX TO FINANCIAL STATEMENT SCHEDULES

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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,		
	1996	1995	1994
	(In Thousands)		
Income:			
Equity in income of subsidiaries	\$459,350	\$549,144	\$369,701
Interest on temporary investments	4,840	20,641	25,496
Total	----- 464,190	----- 569,785	----- 395,197
Expenses and Other Deductions:			
Administrative and general expenses	34,402	53,872	57,846
Income taxes (credit)	(1,558)	(5,383)	(6,350)
Taxes other than income (credit)	828	1,102	465
Interest (credit)	10,491	214	1,395
Total	----- 44,163	----- 49,805	----- 53,356
Net Income	----- \$420,027 =====	----- \$519,980 =====	----- \$341,841 =====

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

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Operating Activities:			
Net income	\$420,027	\$519,980	\$341,841
Noncash items included in net income:			
Equity in earnings of subsidiaries (369,701)	(459,350)	(549,144)	
Deferred income taxes	8,499	(2,024)	7,007
Depreciation	1,628	1,421	959
Changes in working capital:			
Receivables (5,085)	3,232	2,161	
Payables (11,945)	9,919	(3,776)	
Other working capital accounts (2,563)	(1,170)	(1,701)	
Common stock dividends received from subsidiaries	554,200	565,589	763,400
Other (12,137)	(3,524)	8,652	
	-----	-----	-----
Net cash flow provided by operating activities	533,461	541,158	711,776
	-----	-----	-----
Investing Activities:			
Investment in subsidiaries (49,892)	(266,681)	(477,709)	
Capital expenditures (3,178)	-	-	
Proceeds received from the sale of property	-	-	26,000
Advance to subsidiary (11,840)	-	221,540	
	-----	-----	-----
Net cash flow used in investing activities (38,910)	(266,681)	(256,169)	
	-----	-----	-----
Financing Activities:			
Changes in short-term borrowings (43,000)	20,000	-	
Common stock dividends paid (410,223)	(405,346)	(408,553)	
Issuance of common stock (119,486)	118,087	-	
	-----	-----	-----
Net cash flow used in financing activities (572,709)	(267,259)	(408,553)	
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(479)	(123,564)	100,157
Cash and cash equivalents at beginning of period	129,144	252,708	152,551
	-----	-----	-----
Cash and cash equivalents at end of period	\$128,665	\$129,144	\$252,708
	=====	=====	=====





ENTERGY CORPORATION

SCHEDULE I - FINANCIAL STATEMENTS OF ENTERGY CORPORATION  
BALANCE SHEETS

	December 31,	
	1996	1995
	(In Thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents:		
Cash	\$23	\$25
Temporary cash investments - at cost, which approximates market:		
Associated companies	57,986	29,180
Other	70,656	99,939
	-----	-----
Total cash and cash equivalents	128,665	129,144
Accounts receivable:		
Associated companies	5,940	8,697
Other	-	356
Interest receivable	378	497
Other	20,389	9,511
	-----	-----
Total	155,372	148,205
	-----	-----
Investment in Wholly-owned Subsidiaries	\$6,531,729	\$6,354,267
	-----	-----
Deferred Debits	74,891	47,381
	-----	-----
TOTAL	\$6,761,992	\$6,549,853
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes Payable	\$20,000	-
Accounts payable:		
Associated companies	11,613	762
Other	22	1,142
Interest Accrued	188	-
Other current liabilities	15,638	5,930
	-----	-----
Total	47,461	7,834
	-----	-----
Deferred Credits and Noncurrent Liabilities	73,616	70,299
	-----	-----
Shareholders' Equity:		
Common stock, \$.01 par value, authorized 500,000,000 shares; issued 234,456,457 shares in 1996 and 230,017,485 shares in 1995	2,345	2,300
Paid-in capital	4,320,591	4,201,483
Retained earnings	2,341,703	2,335,579
Cumulative foreign currency translation adjustment	21,725	-
Less cost of treasury stock 1,496,118 shares in 1996 and 2,251,318 shares in 1995)	(45,449)	(67,642)
	-----	-----
Total common shareholders' equity	6,640,915	6,471,720
	-----	-----
Total	\$6,761,992	\$6,549,853
	=====	=====

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 AND PAID-IN CAPITAL

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands)		
Retained Earnings, January 1	\$2,335,579	\$2,223,739	\$2,310,082
Add:			
Net income	420,027	519,980	341,841
Total	----- 2,755,606	----- 2,743,719	----- 2,651,923
Deduct:			
Dividends declared on common stock	412,250	409,801	411,806
Common stock retirements	-	-	13,940
Capital stock and other expenses	1,653	(1,661)	2,438
Total	----- 413,903	----- 408,140	----- 428,184
Retained Earnings, December 31	\$2,341,703 =====	\$2,335,579 =====	\$2,223,739 =====
Paid-in Capital, January 1	\$4,201,483	\$4,202,134	\$4,223,682
Add:			
Gain (loss) on reacquisition of subsidiaries' preferred stock	1,795	(26)	(23)
Common stock issuances related to stock plans	117,560	(3,002)	
Total	----- 4,320,838	----- 4,199,106	----- 4,223,659
Deduct:			
Common stock retirements	-	-	22,468
Capital stock discounts and other expenses	247	(2,377)	(943)
Total	----- 247	----- (2,377)	----- 21,525
Paid-in Capital, December 31	\$4,320,591 =====	\$4,201,483 =====	\$4,202,134 =====

See Entergy Corporation and Subsidiaries Notes to Consolidated Financial Statements in Part II, Item 8.

ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
 Years Ended December 31, 1996, 1995, and 1994  
 (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 Period
Year ended December 31, 1996				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$7,109	\$18,403	\$17,690	\$7,822
Other	12,337	-	12,337	-
Total	\$19,446	\$18,403	\$30,027	\$7,822
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$36,733	\$26,136	\$27,843	\$35,026
Injuries and damages (Note 2)	19,981	23,373	17,209	26,145
Environmental	40,262	2,599	5,142	37,719
Total	\$96,976	\$52,108	\$50,194	\$98,890
	=====	=====	=====	=====
Year ended December 31, 1995				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$6,740	\$14,586	\$14,217	\$7,109
Other	\$0	12,337	-	\$12,337
Total	\$6,740	\$26,923	\$14,217	\$19,446
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$32,871	\$16,263	\$12,401	\$36,733
Injuries and damages (Note 2)	22,066	11,667	13,752	19,981
Environmental	42,739	7,639	10,116	40,262
Total	\$97,676	\$35,569	\$36,269	\$96,976
	=====	=====	=====	=====
Year ended December 31, 1994				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$8,808	\$8,266	\$10,334	\$6,740
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$34,546	\$25,592	\$27,267	\$32,871
Injuries and damages (Note 2)	23,096	10,993	12,023	22,066
Environmental	26,753	21,292	5,306	42,739
Total	\$84,395	\$57,877	\$44,596	\$97,676
	=====	=====	=====	=====

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, 1996, 1995, and 1994  
 (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 Period
Year ended December 31, 1996				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$2,058	\$5,341	\$5,073	\$2,326
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$900	\$8,808	\$9,694	\$14
Injuries and damages (Note 2)	1,810	2,980	1,980	2,810
Environmental	6,514	1,320	2,671	5,163
	-----	-----	-----	-----
Total	\$9,224	\$13,108	\$14,345	\$7,987
	=====	=====	=====	=====
Year ended December 31, 1995				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,950	\$3,997	\$3,889	\$2,058
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$1,916	\$4,810	\$5,826	\$900
Injuries and damages (Note 2)	2,660	710	1,560	1,810
Environmental	5,350	4,435	3,271	6,514
	-----	-----	-----	-----
Total	\$9,926	\$9,955	\$10,657	\$9,224
	=====	=====	=====	=====
Year ended December 31, 1994				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$2,050	\$1,967	\$2,067	\$1,950
	=====	=====	=====	=====
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$2,821	\$18,782	\$19,687	\$1,916
Injuries and damages (Note 2)	3,259	1,316	1,915	2,660
Environmental	6,825	1,510	2,985	5,350
	-----	-----	-----	-----
Total	\$12,905	\$21,608	\$24,587	\$9,926
	=====	=====	=====	=====

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, 1996, 1995, and 1994  
 (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 Period
Year ended December 31, 1996				
Accumulated Provisions Deducted from Assets--				
Doubtful Accounts	\$1,608	\$4,709	\$4,320	\$1,997
	=====	=====	=====	=====
Accumulated Provisions Not Deducted from Assets--				
Property insurance	\$14,141	\$5,899	\$3,037	\$17,003
Injuries and damages (Note 2)	5,199	7,955	3,560	9,594
Environmental	21,864	365	400	21,829
	-----	-----	-----	-----
Total	\$41,204	\$14,219	\$6,997	\$48,426
	=====	=====	=====	=====
Year ended December 31, 1995				
Accumulated Provisions Deducted from Assets--				
Doubtful Accounts	\$715	\$3,715	\$2,822	\$1,608
	=====	=====	=====	=====
Accumulated Provisions Not Deducted from Assets--				
Property insurance	\$10,451	\$6,396	\$2,706	\$14,141
Injuries and damages (Note 2)	6,922	6,243	7,966	5,199
Environmental	20,314	2,483	933	21,864
	-----	-----	-----	-----
Total	\$37,687	\$15,122	\$11,605	\$41,204
	=====	=====	=====	=====
Year ended December 31, 1994				
Accumulated Provisions Deducted from Assets--				
Doubtful Accounts	\$2,383	\$701	\$2,369	\$715
	=====	=====	=====	=====
Accumulated Provisions Not Deducted from Assets--				
Property insurance	\$10,872	\$2,170	\$2,591	\$10,451
Injuries and damages (Note 2)	9,469	2,970	5,517	6,922
Environmental	18,151	2,589	426	20,314
	-----	-----	-----	-----
Total	\$38,492	\$7,729	\$8,534	\$37,687
	=====	=====	=====	=====

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, 1996, 1995, and 1994  
 (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 Period
Year ended December 31, 1996				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$1,390 =====	\$3,241 =====	\$3,202 =====	\$1,429 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$1,013	\$4,583	\$5,335	\$261
Injuries and damages (Note 2)	8,414	10,646	9,617	9,443
Environmental	11,379	495	1,895	9,979
	-----	-----	-----	-----
Total	\$20,806 =====	\$15,724 =====	\$16,847 =====	\$19,683 =====
Year ended December 31, 1995				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$1,175 =====	\$2,450 =====	\$2,235 =====	\$1,390 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$814	\$3,537	\$3,338	\$1,013
Injuries and damages (Note 2)	7,350	4,486	3,422	8,414
Environmental	16,394	(89)	4,926	11,379
	-----	-----	-----	-----
Total	\$24,558 =====	\$7,934 =====	\$11,686 =====	\$20,806 =====
Year ended December 31, 1994				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$1,075 =====	\$2,023 =====	\$1,923 =====	\$1,175 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$2,388	\$3,120	\$4,694	\$814
Injuries and damages (Note 2)	4,779	5,848	3,277	7,350
Environmental	1,237	16,868	1,711	16,394
	-----	-----	-----	-----
Total	\$8,404 =====	\$25,836 =====	\$9,682 =====	\$24,558 =====

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, 1996, 1995, and 1994  
 (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 Period
Year ended December 31, 1996				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$1,585 =====	\$2,996 =====	\$3,207 =====	\$1,374 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$5,013	\$6,846	\$9,777	\$2,082
Injuries and damages (Note 2)	2,565	928	588	2,905
Environmental	467	330	104	693
	-----	-----	-----	-----
Total	\$8,045 =====	\$8,104 =====	\$10,469 =====	\$5,680 =====
Year ended December 31, 1995				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$2,070 =====	\$1,691 =====	\$2,176 =====	\$1,585 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$3,779	\$1,520	\$286	\$5,013
Injuries and damages (Note 2)	3,725	(1,154)	6	2,565
Environmental	684	735	952	467
	-----	-----	-----	-----
Total	\$8,188 =====	\$1,101 =====	\$1,244 =====	\$8,045 =====
Year ended December 31, 1994				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$2,470 =====	\$1,897 =====	\$2,297 =====	\$2,070 =====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$2,554	\$1,520	\$295	\$3,779
Injuries and damages (Note 2)	3,478	365	118	3,725
Environmental	500	300	116	684
	-----	-----	-----	-----
Total	\$6,532 =====	\$2,185 =====	\$529 =====	\$8,188 =====

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, 1996, 1995, and 1994  
 (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 Period
Year ended December 31, 1996				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$468	\$2,116	\$1,888	\$696
	=====	=====	=====	=====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$15,666	-		\$15,666
Injuries and damages (Note 2)	1,993	864	1,464	1,393
Environmental	38	89	72	55
	-----	-----	-----	-----
Total	\$17,697	\$953	\$1,536	\$17,114
	=====	=====	=====	=====
Year ended December 31, 1995				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$830	\$2,733	\$3,095	\$468
	=====	=====	=====	=====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$15,911	-	\$245	\$15,666
Injuries and damages (Note 2)	1,409	1,382	798	1,993
Environmental	(3)	75	34	38
	-----	-----	-----	-----
Total	\$17,317	\$1,457	\$1,077	\$17,697
	=====	=====	=====	=====
Year ended December 31, 1994				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	\$830	\$1,678	\$1,678	\$830
	=====	=====	=====	=====
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$15,911	-	-	\$15,911
Injuries and damages (Note 2)	2,111	494	1,196	1,409
Environmental	40	25	68	(3)
	-----	-----	-----	-----
Total	\$18,062	\$519	\$1,264	\$17,317
	=====	=====	=====	=====

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 and amendments thereto through April 22, 1996 (3(a) to Form 10-Q for the quarter ended March 31, 1996 in 1-10764).

### **Entergy Gulf States**

(d)1 -- Restated Articles of Incorporation of Entergy Gulf States and amendments thereto through April 22, 1996 (3(b) to Form 10-Q for the quarter ended March 31, 1996 in 1-2703).

### **Entergy Louisiana**

(e)1 -- Restated Articles of Incorporation of Entergy Louisiana and amendments thereto through April 22, 1996 (3(c) to Form 10-Q for the quarter ended March 31, 1996 in 1-8474).

### **Entergy Mississippi**

\*(f)1 -- Restated Articles of Incorporation of Entergy Mississippi and amendments thereto through January 28, 1997

### **Entergy New Orleans**

(g)1 -- Restatement of Articles of Incorporation of Entergy New Orleans and amendments thereto through April 22, 1996 (3(e) to Form 10-Q for the quarter ended March 31, 1996 in 0-5807).

(3) (ii) By-Laws

(a) -- By-Laws of Entergy Corporation effective August 25, 1992, and as presently in effect (A-2(a) to Rule 24 Certificate in 70-8059).

(b) -- By-Laws of System Energy effective May 4, 1989, and as presently in effect (A-2(a) in 70-5399).

(c) -- By-Laws of Entergy Arkansas as amended effective May 5, 1994, and as presently in effect (3(d) to Form 10-Q for the quarter ended June 30, 1994).

(d) -- By-Laws of Entergy Gulf States as amended effective May 5, 1994, and as presently in effect (A-12 in 70-8059).

(e) -- By-Laws of Entergy Louisiana effective January 23, 1984, and as presently in effect (A-4 in 70- 6962).

(f) -- By-Laws of Entergy Mississippi effective April 5, 1995, and as presently in effect (3(ii)(f) to Form 10-K for the year ended December 31, 1995 in 0- 320).

(g) -- By-Laws of Entergy New Orleans effective May 5, 1994, and as presently in effect (3(g) to Form 10-Q for the quarter ended June 30, 1994 in 0-5807).

#### (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 -- Credit Agreement, dated as of October 3, 1989, between System Fuels and The Yasuda Trust and Banking Co., Ltd., New York Branch, as agent (B-1(c) to Rule 24 Certificate, dated October 6, 1989, in 70-7668).
- (a)3 -- First Amendment, dated as of March 1, 1992, to Credit Agreement, dated as of October 3, 1989, between System Fuels and The Yasuda Trust and Banking Co., Ltd., New York Branch, as agent (4(a)5 to Form 10-K for the year ended December 31, 1991 in 1-3517).
- (a)4 -- Second Amendment, dated as of September 30, 1992, to Credit Agreement dated as of October 3, 1989, between System Fuels and The Yasuda Trust and Banking Co., Ltd., New York Branch, as agent (4(a)6 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- (a)5 -- Security Agreement, dated as of October 3, 1989, as amended, between System Fuels and The Yasuda Trust and Banking Co., Ltd., New York Branch, as agent (B-3(c) to Rule 24 Certificate, dated October 6, 1989, in 70-7668), as amended by First Amendment to Security Agreement, dated as of March 14, 1990 (A to Rule 24 Certificate, dated March 7, 1990, in 70-7668).
- (a)6 -- Consent and Agreement, dated as of October 3, 1989, among System Fuels, The Yasuda Trust and Banking Co., Ltd., New York Branch, as agent, Entergy Arkansas, Entergy Louisiana, and System Energy (B-5(c) to Rule 24 Certificate, dated October 6, 1989, in 70-7668).
- (a)7 -- Guaranty of Entergy Corporation dated October 12, 1995 of Entergy Enterprises' payment and performance under Guaranty of Entergy Enterprises dated October 12, 1995, of amounts payable by EP Edegel, Inc. to reimburse Union Bank of Switzerland for drawings on Letter of Credit in amount of \$10 million (filed as Exhibit C-1(l) to Form U5S for the year ended December 31, 1995).
- (a)8 -- Guaranty and Guaranty Agreement, each dated as of November 27, 1995, by Entergy Corporation to Union Bank of Switzerland, as Agent, of payment and performance of the Guaranty and Guaranty Agreement, by Entergy Enterprises of amounts payable by EP Edegel, Inc. pursuant to Union Bank of Switzerland Credit Agreement, each as amended by First Amendment, dated as of March 12, 1996 between Entergy Corporation and Union Bank of Switzerland (filed as Exhibit C-1(j) to Form U5S for the year ended December 31, 1995).
- (a)9 -- Share Sale Agreement (Revised) of December 12, 1995, relating to acquisition of CitiPower Limited, among State Electricity Commission of Victoria, the State of Victoria, Entergy Victoria LDC, Entergy Victoria Holding LDC and Entergy Corporation (filed as Exhibit C-1(o) to Form U5S for the year ended December 31, 1995 pursuant to Rule 104).
- (a)10 -- Multi-Option Syndicated Facility Agreement, dated as of January 5, 1996, among CitiPower Limited as Borrower, Commonwealth Bank of Australia as Facility Agent, Bank of America N.T. & S.A. as Arranger, and Commonwealth Bank of Australia as Security Trustee (filed as Exhibit C-1(p) to Form U5S for the year ended December 31, 1995).
- (a)11 -- Undertaking Agreement, dated as of March 7, 1996, of Entergy Corporation to Commonwealth Bank of Australia as Facility-Agent, of CitiPower Limited's obligations up to maximum of \$7,367,000 under the Multi- Option Syndicated Facility Agreement (filed as Exhibit C-1(q) to Form U5S for the year ended December 31, 1995).
- \*(a)12 -- Credit Agreement, dated as of September 13, 1996, among Entergy Corporation, Entergy Technology Holding Company, the Banks (The Bank of New York, Bank of America NT & SA, The Bank of Nova Scotia, Banque Nationale de Paris (Houston Agency), The First National Bank of Chicago, The Fuji Bank Ltd., Societe Generale Southwest Agency, and CIBC Inc.) and The Bank of New York, as Agent (the "Entergy-ETHC Credit Agreement").
- \*(a)13 -- Amendment No. 1, dated as of October 22, 1996 to Credit Agreement Entergy-ETHC Credit Agreement.
- \*(a)14 -- Guaranty and Acknowledgment Agreement, dated as of October 3, 1996, by Entergy Corporation to The Bank of New York of certain promissory notes issued by ETHC in connection with acquisition of 280 Equity Holdings, Ltd.
- \*(a)15 -- Amendment, dated as of November 21, 1996, to Guaranty and Acknowledgment Agreement by Entergy Corporation to The Bank of New York of certain promissory notes issued by ETHC in connection with acquisition of 280 Equity Holdings, Ltd.
- \*(a)16 -- Guaranty and Acknowledgment Agreement, dated as of November 21, 1996, by Entergy Corporation to The Bank of New York of certain promissory notes issued by ETHC in connection with acquisition of Sentry.
- \*(a)17 -- Amended and Restated Credit Agreement, dated as of December 12, 1996, among Entergy, the Banks (Bank of America National

Trust & Savings Association, The Bank of New York, The Chase Manhattan Bank, Citibank, N.A., Union Bank of Switzerland, ABN Amro Bank N.V., The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Mellon Bank, N.A., First National Bank of Commerce and Whitney National Bank) and Citibank, N.A., as Agent.

## 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 File No. 70-8511 (Twentieth); and A-2(a)(2) to Rule 24 Certificate dated August 8, 1996 in File No. 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-three 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 (Fifty-second); and C-2 to Form U5S for the year ended December 31, 1995 (Fifty-third)).

(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 File No. 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 File No. 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 File No. 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 1-2703 (Forty-eighth); 4-2 to Form 10-K for the year ended December 31, 1988 in 1-2703 (Fifty-second); 4 to Form 10-K for the year ended December 31, 1991 in 1-2703 (Fifty-third); 4 to Form 8-K dated July 29, 1992 in 1-2703 (Fifty-fourth); 4 to Form 10-K dated December 31, 1992 in 1-2703 (Fifty-fifth); 4 to Form 10-Q for the quarter ended March 31, 1993 in 1-2703 (Fifty-sixth); and 4-2 to Amendment No. 9 to Registration No. 2-76551 (Fifty-seventh)).

(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 (filed as Exhibit A-11(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).

(d)5 -- Amended and Restated Trust Agreement of Entergy Gulf States Capital I dated January 28, 1997 of Series A Preferred Securities (filed as Exhibit A-13(a) to Rule 24 Certificate dated February 6, 1997 in File No. 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 (filed as Exhibit A-14(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).

## **Entergy Louisiana**

(e)1 -- Mortgage and Deed of Trust, dated as of April 1, 1944, as amended by fifty-one 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 File No. 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) and A-2(a) to Rule 24 Certificate dated April 4, 1996 in File No. 70-8487 (Fifty-first)).

(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 (filed as Exhibit A-14(a) to Rule 24 Certificate dated July 25, 1996 in File No. 70-8487).

(e)6 -- Amended and Restated Trust Agreement of Entergy Louisiana Capital I dated July 16, 1996 of Series A Preferred Securities (filed as Exhibit A-16(a) to Rule 24 Certificate dated July 25, 1996 in File No. 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 (filed as Exhibit A-19(a) to Rule 24 Certificate dated July 25, 1996 in File No. 70-8487).

### **Entergy Mississippi**

(f)1 -- Mortgage and Deed of Trust, dated as of September 1, 1944, as amended by twenty-five Supplemental Indentures (7(d) in 2-5437 (Mortgage); 7(b) in 2-7051 (First); 7(c) in 2-7763 (Second); 7(d) in 2-8484 (Third); 4(b)-4 in 2-10059 (Fourth); 2(b)-5 in 2-13942 (Fifth); A-11 to Form U-1 in 70-4116 (Sixth); 2(b)-7 in 2-23084 (Seventh); 4(c)-9 in 2-24234 (Eighth); 2(b)-9(a) in 2-25502 (Ninth); A-11(a) to Form U-1 in 70-4803 (Tenth); A-12(a) to Form U-1 in 70-4892 (Eleventh); A-13(a) to Form U-1 in 70-5165 (Twelfth); A-14(a) to Form U-1 in 70-5286 (Thirteenth); A-15(a) to Form U-1 in 70-5371 (Fourteenth); A-16(a) to Form U-1 in 70-5417 (Fifteenth); A-17 to Form U-1 in 70-5484 (Sixteenth); 2(a)-19 in 2-54234 (Seventeenth); C-1 to Rule 24 Certificate in 70-6619 (Eighteenth); A-2(c) to Rule 24 Certificate in 70-6672 (Nineteenth); A-2(d) to Rule 24 Certificate in 70-6672 (Twentieth); C-1(a) to Rule 24 Certificate in 70-6816 (Twenty-first); C-1(a) to Rule 24 Certificate in 70-7020 (Twenty-second); C-1(b) to Rule 24 Certificate in 70-7020 (Twenty-third); C-1(a) to Rule 24 Certificate in 70-7230 (Twenty-fourth); and A-2(a) to Rule 24 Certificate in 70-7419 (Twenty-fifth)).

(f)2 -- Mortgage and Deed of Trust, dated as of February 1, 1988, as amended by tenth 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); and (A-2(l) to Rule 24 Certificate dated April 21, 1995 in File 70-7914 (Tenth)).

### **Entergy New Orleans**

(g)1 -- Mortgage and Deed of Trust, dated as of July 1, 1944, as amended by eleven Supplemental Indentures (B-3 in 2-5411 (Mortgage); 7(b) in 2-7674 (First); 4(a)-2 in 2-10126 (Second); 4(b) in 2-12136 (Third); 2(b)-4 in 2-17959 (Fourth); 2(b)-5 in 2-19807 (Fifth); D to Rule 24 Certificate in 70-4023 (Sixth); 2(c) in 2-24523 (Seventh); 4(c)-9 in 2-26031 (Eighth); 2(a)-3 in 2-50438 (Ninth); 2(a)-3 in 2-62575 (Tenth); and A-2(b) to Rule 24 Certificate in 70-7262 (Eleventh)).

(g)2 -- Mortgage and Deed of Trust, dated as of May 1, 1987, as amended by six 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 File No. 0-5807 (Fifth); and 4(a) to Form 8-K dated March 22, 1996 in File No. 0-5807 (Sixth)).

(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 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 -- Fifteenth Assignment of Availability Agreement, Consent and Agreement, dated as of May 1, 1986, with Deposit Guaranty National Bank, United States Trust Company of New York and Malcolm J. Hood, as Trustees (B-3(b) to Rule 24 Certificate, dated June 5, 1986, in 70-7158).
- (a)18 -- 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)19 -- 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)20 -- 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)21 -- 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)22 -- Twenty-eighth Assignment of Availability Agreement, Consent and Agreement, dated as of December 17, 1993, with Chemical Bank, as Agent (B-2(a) to Rule 24 Certificate dated December 22, 1993 in 70-7561).
- (a)23 -- 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)24 -- 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 (filed as Exhibit B-2(a) to Rule 24 Certificate dated August 8, 1996 in File No. 70- 8511).
- (a)25 -- 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 (filed as Exhibit B-2(b) to Rule 24 Certificate dated August 8, 1996 in File No. 70-8511).
- (a)26 -- 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 (filed as Exhibit B-2(a) to Rule 24 Certificate dated January 13, 1997 in File No. 70-7561).
- (a)27 -- 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)28 -- 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)29 -- Fifteenth Supplementary Capital Funds Agreement and Assignment, dated as of May 1, 1986, with Deposit Guaranty National Bank, United States Trust Company of New York and Malcolm J. Hood, as Trustees (B-4(b) to Rule 24 Certificate, dated June 5, 1986, in 70-7158).
- (a)30 -- 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)31 -- 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)32 -- 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)33 -- 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)34 -- Twenty-eighth Supplementary Capital Funds Agreement and Assignment, dated as of December 17, 1993, with Chemical Bank, as Agent (B-3(a) to Rule 24 Certificate dated December 22, 1993 in 70-7561).
- (a)35 -- 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)36 -- 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 (filed as Exhibit B-3(a) to Rule 24 Certificate dated August 8, 1996 in File No. 70-8511).
- (a)37 -- 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 (filed as Exhibit B-3(b) to Rule 24 Certificate dated August 8, 1996 in File No. 70-8511).
- (a)38 -- Thirty-second Supplementary Capital Funds Agreement and Assignment, dated as of December 27, 1996, among Entergy Corporation, System Energy and The Chase Manhattan Bank (filed as Exhibit B-1(a) to Rule 24 Certificate dated January 13, 1997 in File No. 70-7561).
- (a)39 -- 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)40 -- 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)41 -- 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)42 -- Agreement between Entergy Corporation and Edwin Lupberger (10(a)-42 to Form 10-K for the year ended December 31, 1985, in 1-3517).

(a)43 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

(a)44 -- 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)45 -- Operating Agreement dated as of May 1, 1980, between System Energy and SMEPA (B(2)(a) in 70-6337).

(a)46 -- 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)47 -- 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)48 -- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B(3)(a) in 70-6337).

(a)49 -- Grand Gulf Unit No. 2 Supplementary Agreement, dated as of February 7, 1986, between System Energy and SMEPA (10(aaa) in 33-4033).

(a)50 -- 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)51 -- Post-Retirement Plan (10(a)37 to Form 10-K for the year ended December 31, 1983, in 1-3517).

(a)52 -- 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)53 -- 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)54 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(a)55 -- Middle South Utilities Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (Exhibit D-1 to Form U5S for the year ended December 31, 1987).

(a)56 -- 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)57 -- 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)58 -- 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)59 -- 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)60 -- 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)61 -- 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)62 -- 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)63 -- 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)64 -- 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)65 -- 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)66 -- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989, in 1-3517).
- +(a)67 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).
- +(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 -- Agreement between Entergy Services, Inc., a subsidiary of Entergy Corporation, and Gerald D. McInvale (10(a) 68 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(a)71 -- Supplemental Retirement Plan (10(a) 69 to Form 10- K for the year ended December 31, 1992 in 1-3517).
- +(a)72 -- 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)73 -- 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)74 -- 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)75 -- Executive Medical Plan of Entergy Corporation and Subsidiaries (10(a) 73 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(a)76 -- 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)77 -- Summary Description of Private Ownership Vehicle Plan of Entergy Corporation and Subsidiaries (10(a) 75 to Form 10-K for the year ended December 31, 1992 in 1- 3517).
- (a)78 -- 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)79 -- 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)80 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

## **System Energy**

- (b)1 through  
(b)15 -- See 10(a)-12 through 10(a)-26 above.
- (b)16 through  
(b)30 -- See 10(a)-27 through 10(a)-41 above.
- (b)31 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).
- (b)32 -- 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)33 -- Operating Agreement, dated as of May 1, 1980, between System Energy and SMEPA (B(2)(a) in 70-6337).

(b)34 -- Installment Sale Agreement, dated as of December 1, 1983 between System Energy and Claiborne County, Mississippi (B-1 to First Rule 24 Certificate in 70-6913).

(b)35 -- Installment Sale Agreement, dated as of June 1, 1984, between System Energy and Claiborne County, Mississippi (B-2 to Second Rule 24 Certificate in 70-6913).

(b)36 -- Installment Sale Agreement, dated as of December 1, 1984, between System Energy and Claiborne County, Mississippi (B-1 to First Rule 24 Certificate in 70-7026).

(b)37 -- Installment Sale Agreement, dated as of May 1, 1986, between System Energy and Claiborne County, Mississippi (B-1(b) to Rule 24 Certificate in 70-7158).

(b)38 -- Amended and Restated Installment Sale Agreement, dated as of May 1, 1995, between System Energy and Claiborne County, Mississippi (B-6(a) to Rule 24 Certificate in 70-8511).

(b)39 - Amended and Restated Installment Sale Agreement, dated as of February 15, 1996, between System Energy and Claiborne County, Mississippi (filed as Exhibit B-6(a) to Rule 24 Certificate dated March 4, 1996 in File No. 70-8511).

(b)40 -- 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)41 -- 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)42 -- 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)43 -- 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)44 -- 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)45 -- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B(3)(a) in 70-6337).

(b)46 -- Grand Gulf Unit No. 2 Supplementary Agreement, dated as of February 7, 1986, between System Energy and SMEPA (10(aaa) in 33-4033).

(b)47 -- 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)48 -- 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)49 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(b)50 -- 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)51 -- 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)52 -- 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)53 -- 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)54 -- 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)55 -- 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)56 -- 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)57 -- 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)58 -- 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)59 -- 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)60 -- 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)61 -- 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)62 -- 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)63 -- 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)64 -- Agreement between System Energy and Donald C. Hintz (10(b)47 to Form 10-K for the year ended December 31, 1991, in 1-9067).

+(b)65 -- Agreement between Entergy Corporation and Edwin Lupberger (10(a)-42 to Form 10-K for the year ended December 31, 1985 in 1-3517).

+(b)66 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

(b)67 -- Amended and Restated Reimbursement Agreement, dated as of December 1, 1988 as amended and restated as of December 27, 1996, among System Energy Resources, Inc., The Bank of Tokyo-Mitsubishi, Ltd., as Funding Bank and The Chase Manhattan Bank (as successor by merger with Chemical Bank), as administrating bank, Union Bank of California, N.A., as documentation agent, and the Banks named therein, as Participating Banks (B-3(a) to Rule 24 Certificate dated January 13, 1997 in 70-7561).

## **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  
Service  
10-K -- Amendment, dated August 1, 1988, to  
Agreement with Entergy Services (10(c)- 8 to Form  
for the year ended December 31, 1988, in 1-10764).

(c)10  
Service  
10-K -- Amendment, dated January 1, 1991, to  
Agreement with Entergy Services (10(c)-9 to Form  
for the year ended December 31, 1990, in 1-10764).

(c)11  
Service  
10-K -- Amendment, dated January 1, 1992, to  
Agreement with Entergy Services (10(a)-11 to Form  
for the year ended December 31, 1994 in 1-3517).

(c)12 through

(c)26 -- See 10(a)-12 through 10(a)-26 above.

(c)27 -- Agreement, dated August 20, 1954, between Entergy Arkansas and the United States of America (SPA)(13(h) in 2-11467).

(c)28 -- Amendment, dated April 19, 1955, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-2 in 2-41080).

(c)29 -- Amendment, dated January 3, 1964, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-3 in 2-41080).

(c)30 -- Amendment, dated September 5, 1968, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-4 in 2-41080).

(c)31 -- Amendment, dated November 19, 1970, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-5 in 2-41080).

(c)32 -- Amendment, dated July 18, 1961, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-6 in 2-41080).

(c)33 -- Amendment, dated December 27, 1961, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-7 in 2-41080).

(c)34 -- Amendment, dated January 25, 1968, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-8 in 2-41080).

(c)35 -- Amendment, dated October 14, 1971, to the United States of America (SPA) Contract, dated August 20, 1954  
(5(d)-9 in 2-43175).

- (c)36 -- Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-10 in 2-60233).
- (c)37 -- Agreement, dated May 14, 1971, between Entergy Arkansas and the United States of America (SPA) (5(e) in 2-41080).
- (c)38 -- Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated May 14, 1971 (5(e)-1 in 2-60233).
- (c)39 -- 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)40 -- Agreement, dated April 3, 1972, between Entergy Services and Gulf United Nuclear Fuels Corporation (5(l)-3 in 2-46152).
- (c)41 -- 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)42 -- 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)43 -- 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)44 -- Agreement, dated June 29, 1979, between Entergy Arkansas and City of Conway, Arkansas (5(r)-3 in 2-66235).
- (c)45 -- 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)46 -- 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)47 -- 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)48 -- 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)49 -- 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)50 -- Amendment, dated December 28, 1979, to the Independence Steam Electric Station Ownership Agreement (5(r)-7(a) in 2-66235).
- (c)51 -- 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)52 -- 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)53 -- 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)54 -- 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)55 -- 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)56 -- 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)57 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).
- + (c)58 -- Post-Retirement Plan (10(b) 55 to Form 10-K for the year ended December 31, 1983, in 1-10764).
- (c)59 -- 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)60 -- 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)61 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (c)62 -- 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)63 -- 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)64 -- 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)65 -- 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)66 -- 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)67 -- 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)68 -- 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)69 -- 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)70 -- 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)71 -- 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)72 -- 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)73 -- 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)74 -- 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)75 -- 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)76 -- 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)77 -- Entergy Corporation Annual Incentive Plan (10(a)54 to Form 10-K for the year ended December 31, 1989, in 1-3517).
- (c)78 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).
- (c)79 -- Agreement between Arkansas Power & Light Company and R. Drake Keith. (10(c) 78 to Form 10-K for the year ended December 31, 1992 in 1-10764).
- (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 -- 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)83 -- 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)84 -- Executive Medical Plan of Entergy Corporation and Subsidiaries (10(a)73 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- (c)85 -- 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)86 -- Summary Description of Private Ownership Vehicle Plan of Entergy Corporation and Subsidiaries (10(a)75 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- (c)87 -- Agreement between Entergy Corporation and Edwin Lupberger (10(a)-42 to Form 10-K for the year ended December 31, 1985 in 1-3517).
- (c)88 -- Agreement between Entergy Corporation and Jerry D. Jackson (10(a)-68 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- (c)89 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- (c)90 -- Agreement between System Energy and Donald C. Hintz (10(b)-47 to Form 10-K for the year ended December 31, 1991 in 1-9067).
- (c)91 -- 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)92 -- 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)93 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- (c)94 -- 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)95 -- 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)96 -- 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)97 -- 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)98 -- Loan Agreement dated June 15, 1994, between Entergy Arkansas and Pope County, Arkansas (B-1(b) to Rule 24 Certificate in

70-8405).

(c)99 -- 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)100-- 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).

### **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 1-2703).

(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 1-2703).

(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 1-2703).

(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 1-2703).

(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 1-2703).

(d)6 -- Letter of Credit and Reimbursement Agreement, dated December 27, 1985, between Entergy Gulf States and Westpac Banking Corporation relating to Variable Rate Demand Pollution Control Revenue Bonds of the Parish of West Feliciana, State of Louisiana, Series 1985-D (4-26 to Form 10-K for the year ended December 31, 1985 in 1-2703) and Letter Agreement amending same dated October 20, 1992 (10-3 to Form 10-K for the year ended December 31, 1992 in 1-2703).

(d)7 -- Reimbursement and Loan Agreement, dated as of April 23, 1986, by and between Entergy Gulf States and The Long-Term Credit Bank of Japan, Ltd., relating to Multiple Rate Demand Pollution Control Revenue Bonds of the Parish of West Feliciana, State of Louisiana, Series 1985 (4-26 to Form 10-K, for the year ended December 31, 1986 in 1-2703) and Letter Agreement amending same, dated February 19, 1993 (10 to Form 10-K for the year ended December 31, 1992 in 1-2703).

(d)8 -- 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 1-2708).

(d)9 -- 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 1-2703).

(d)10 -- 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 1-2703).

(d)11 -- 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 1-2703).

(d)12 -- Lease Agreement, dated September 18, 1980, between BLC Corporation and Entergy Gulf States (1 to Form 8-K, dated October 6, 1980 in 1-2703).

(d)13 -- 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 1-2703); Amendment No. 1, dated December 12, 1980 (7 to Form 8-K, dated January 29, 1981 in 1-2703); Amendment No. 2, dated December 29, 1980 (8 to Form 8-K, dated January 29, 1981 in 1-2703).

- (d)14 -- 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 1-2703).
- (d)15 -- 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 1-2703).
- + (d)16 -- 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 1-2703).
- (d)17 -- 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 1-2703) and Amendment, dated December 6, 1983 (10-43 to Form 10-K, for the year ended December 31, 1983 in 1- 2703).
- (d)18 -- 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 1-2703) and Amendment, dated December 14, 1984 (10-55 to Form 10-K, for the year ended December 31, 1984 in 1-2703).
- (d)19 -- 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 1-2703).
- (d)20 -- 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 1-2703).
- (d)21 -- 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 1-2703).
- (d)22 -- 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 1-2703).
- + (d)23 -- 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- 2703). Amendment dated December 4, 1991 (10-3 to Amendment No. 8 in Registration No. 2-76551).
- + (d)24 -- 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 1-2703).
- + (d)25 -- 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 1-2703).
- + (d)26 -- 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)27 -- 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 1-2703).
- (d)28 -- 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- 2703).
- (d)29 -- 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 1-2703).

- (d)30 -- 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 1-2703).
- (d)31 -- 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).
- (d)32 -- 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).
- (d)33 -- 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).
- (d)34 -- 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- 2703).
- + (d)35 -- 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 1-2703).
- + (d)36 -- 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 1-2703).
- + (d)37 -- 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 1-2703).
- + (d)38 -- 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 1-2703).
- (d)39 -- 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- 2703).
- + (d)40 -- 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 1-2703).
- + (d)41 -- 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)42 -- 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)43 -- 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)44 -- 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 1-2703).
- (d)45 -- 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)46 -- 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)47 -- Service Agreement with Entergy Services, dated as of December 31, 1993 (B-6(c) to Rule 24 Certificate in 70-8059).
- + (d)48 -- Amendment to Employment Agreement between J. L. Donnelly and Entergy Gulf States, dated December 22, 1993 (10(d) 57 to Form 10-K for the year ended December 31, 1993 in 1-2703).

(d)49 -- 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 1-2703).

(d)50 -- 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)51 -- Refunding Agreement between Entergy Gulf States and West Feliciana Parish (dated December 20, 1994 (B-12(a) to Rule 24 Certificate dated December 30, 1994 in 70-8375).

\* (d)52 -- Agreement as to Expenses and Liabilities between Entergy Gulf States and Entergy Gulf States Capital I, dated as of January 28, 1997.

### **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  
Service  
10-K -- Amendment, dated as of April 27, 1984, to Agreement with Entergy Services (10(a) 7 to Form 10-K for the year ended December 31, 1984, in 1-3517).

(e)9  
Service  
10-K -- Amendment, dated as of August 1, 1988, to Agreement with Entergy Services (10(d)-8 to Form 10-K for the year ended December 31, 1988, in 1-8474).

(e)10  
Service  
10-K -- Amendment, dated January 1, 1991, to Agreement with Entergy Services (10(d)-9 to Form 10-K for the year ended December 31, 1990, in 1-8474).

(e)11  
Service  
10-K -- Amendment, dated January 1, 1992, to 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)26 -- See 10(a)-12 through 10(a)-26 above.

(e)27 -- 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)28 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).
- (e)29 -- 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)30 -- Post-Retirement Plan (10(c)23 to Form 10-K for the year ended December 31, 1983, in 1-8474).
- (e)31 -- 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)32 -- 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)33 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (e)34 -- 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)35 -- 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)36 -- 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)37 -- 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)38 -- 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)39 -- 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)40 -- 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)41 -- 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)42 -- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989, in 1-3517).
- + (e)43 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).
- + (e)44 -- Supplemental Retirement Plan (10(a) 69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e)45 -- 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)46 -- 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)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 -- Executive Medical Plan of Entergy Corporation and Subsidiaries (10(a) 73 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e)49 -- 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)50 -- Summary Description of Private Ownership Vehicle Plan of Entergy Corporation and Subsidiaries (10(a) 75 to Form 10-K for the year ended December 31, 1992 in 1-3517).

(e)51 -- Agreement between Entergy Corporation and Edwin Lupberger (10(a) 42 to Form 10-K for the year ended December 31, 1985 in 1-3517).

(e)52 -- Agreement between Entergy Corporation and Jerry D. Jackson (10(a) 68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

(e)53 -- Agreement between Entergy Services and Gerald D. McInvale (10(a) 69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

(e)54 -- Agreement between System Energy and Donald C. Hintz (10(b) 47 to Form 10-K for the year ended December 31, 1991 in 1-9067).

(e)55 -- 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)56 -- 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)57 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

(e)58 -- 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)59 -- 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)60 -- 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 Service 10-K -- Amendment, dated April 27, 1984, to Agreement with Entergy Services (10(a) 7 to Form for the year ended December 31, 1984, in 1-3517).

(f)9 Service 10-K -- Amendment, dated as of August 1, 1988, to Agreement with Entergy Services (10(e) 8 to Form for the year ended December 31, 1988, in 0-320).

(f)10 Service 10-K -- Amendment, dated January 1, 1991, to Agreement with Entergy Services (10(e) 9 to Form for the year ended December 31, 1990, in 0-320).

(f)11 Service 10-K -- Amendment, dated January 1, 1992, to Agreement with Entergy Services (10(a)-11 to Form for the year ended December 31, 1994 in 1-3517).

(f)12 though

(f)26 -- See 10(a)-12 - 10(a)-26 above.

(f)27 -- 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)28 -- Installment Sale Agreement, dated as of July 1, 1982, between Entergy Mississippi and Independence County, Arkansas, (B-1(c) to Rule 24 Certificate dated July 21, 1982, in 70-6672).

(f)29 -- Installment Sale Agreement, dated as of December 1, 1982, between Entergy Mississippi and Independence County, Arkansas, (B-1(d) to Rule 24 Certificate dated December 7, 1982, in 70-6672).

(f)30 -- 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)31 -- 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)32 -- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B-3(a) in 70-6337).

(f)33 -- 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)34 -- 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)35 -- 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)36 -- 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)37 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

- (f)38 -- Post-Retirement Plan (10(d) 24 to Form 10-K for the year ended December 31, 1983, in 0-320).
- (f)39 -- 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)40 -- 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)41 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (f)42 -- 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)43 -- 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)44 -- 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)45 -- 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)46 -- 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)47 -- 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)48 -- 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)49 -- 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)50 -- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989, in 1-3517).
- (f)51 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).
- (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 -- 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)55 -- 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)56 -- Executive Medical Plan of Entergy Corporation and Subsidiaries (10(a)73 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- (f)57 -- 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)58 -- Summary Description of Private Ownership Vehicle Plan of Entergy Corporation and Subsidiaries (10(a)75 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- (f)59 -- Agreement between Entergy Corporation and Edwin Lupberger (10(a)-42 to Form 10-K for the year ended December 31, 1985 in 1-3517).

(f)60 -- Agreement between Entergy Corporation and Jerry D. Jackson (10(a)-68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

(f)61 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

(f)62 -- Agreement between System Energy and Donald C. Hintz (10(b)-47 to Form 10-K for the year ended December 31, 1991 in 1-9067).

(f)63 -- 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)64 -- 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)65 -- 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  
Service  
10-K -- Amendment, dated as of April 27, 1984, to Agreement with Entergy Services (10(a)7 to Form 10-K for the year ended December 31, 1984, in 1-3517).

(g)9  
Service  
10-K -- Amendment, dated as of August 1, 1988, to Agreement with Entergy Services (10(f)-8 to Form 10-K for the year ended December 31, 1988, in 0-5807).

(g)10  
Service  
10-K -- Amendment, dated January 1, 1991, to Agreement with Entergy Services (10(f)-9 to Form 10-K for the year ended December 31, 1990, in 0-5807).

(g)11  
Service  
10-K -- Amendment, dated January 1, 1992, to Agreement with Entergy Services (10(a)-11 to Form 10-K for year ended December 31, 1994 in 1-3517).

- (g)12
- (g)26 -- See 10(a)-12 - 10(a)-26 above.
- (g)27 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).
- +(g)28 -- Post-Retirement Plan (10(e) 22 to Form 10-K for the year ended December 31, 1983, in 1-1319).
- (g)29 -- 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)30 -- 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)31 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (g)32 -- 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)33 -- 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)34 -- 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)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).
- (g)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).
- +(g)37 -- 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)38 -- Entergy Corporation Annual Incentive Plan (10(a)54 to Form 10-K for the year ended December 31, 1989, in 1-3517).
- +(g)39 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).
- +(g)40 -- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(g)41 -- 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)42 -- 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)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 -- Executive Medical Plan of Entergy Corporation and Subsidiaries (10(a)73 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(g)45 -- 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)46 -- Summary Description of Private Ownership Vehicle Plan of Entergy Corporation and Subsidiaries (10(a)75 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(g)47 -- Agreement between Entergy Corporation and Edwin Lupberger (10(a)-42 to Form 10-K for the year ended December 31, 1985 in 1-3517).
- +(g)48 -- Agreement between Entergy Corporation and Jerry D.

Jackson (10(a)-68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(g)49 -- Agreement between Entergy Services and Gerald D.

McInvale (10(a)-69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(g)50 -- Agreement between System Energy and Donald C.

Hintz (10(b)-47 to Form 10-K for the year ended December 31, 1991 in 1-9067).

+(g)51 -- 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)52 -- 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)53 -- 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.

(18) Letter Re Change in Accounting Principles

\*(a) Letter from Coopers & Lybrand L.L.P. regarding change in accounting principles for System Energy.

\*(b) Letter from Coopers & Lybrand L.L.P. regarding change in accounting principles for Entergy.

\*(21) Subsidiaries of the Registrants

(23) Consents of Experts and Counsel

\*(a) The consent of Coopers & Lybrand L.L.P. is contained herein at page 211.

\*(b) The consent of Sandlin Associates is contained herein at page 213.

\*(24) Powers of Attorney

(27) Financial Data Schedule

\*(a) Financial Data Schedule for Entergy Corporation and Subsidiaries as of December 31, 1996.

\*(b) Financial Data Schedule for Entergy Arkansas as of December 31, 1996.

\*(c) Financial Data Schedule for Entergy Gulf States as of December 31, 1996.

\*(d) Financial Data Schedule for Entergy Louisiana as of December 31, 1996.

\*(e) Financial Data Schedule for Entergy Mississippi as of December 31, 1996.

\*(f) Financial Data Schedule for Entergy New Orleans as of December 31, 1996.

\*(g) Financial Data Schedule for System Energy as of December 31, 1996.

\* Filed herewith.

+ Management contracts or compensatory plans or arrangements.

**RESTATED ARTICLES OF INCORPORATION**

**OF**

**MISSISSIPPI POWER & LIGHT COMPANY**

Pursuant to the provisions of Section 64 of the Mississippi Business Corporation Law (Section 79-3-127, Mississippi Code of 1972, as amended), the undersigned Corporation adopts the following Restated Articles of Incorporation:

**FIRST:** The name of the Corporation is **MISSISSIPPI POWER & LIGHT COMPANY.**

**SECOND:** The period of its duration is ninety-nine (99) years.

**THIRD:** The purpose or purposes which the Corporation is authorized to pursue are:

To acquire, buy, hold, own, sell, lease, exchange, dispose of, finance, deal in, construct, build, equip, improve, use, operate, maintain and work upon:

(a) Any and all kinds of plants and systems for the manufacture, production, storage, utilization, purchase, sale, supply, transmission, distribution or disposition of electricity, natural or artificial gas, water or steam, or power produced thereby, or of ice and refrigeration of any and every kind;

(b) Any and all kinds of telephone, telegraph, radio, wireless and other systems, facilities and devices for the receipt and transmission of sounds and signals, any and all kinds of interurban, city and street railways and railroads and bus lines for the transportation of passengers and/or freight, transmission lines, systems, appliances, equipment and devices and tracks, stations, buildings and other structures and facilities;

(c) Any and all kinds of works, power plants, manufactories, structures, substations, systems, tracks, machinery, generators, motors, lamps, poles, pipes, wires, cables, conduits, apparatus, devices, equipment, supplies, articles and merchandise of every kind pertaining to or in anywise connected with the construction, operation or maintenance of telephone, telegraph, radio, wireless and other systems, facilities and devices for the receipt and transmission of sounds and signals, or of interurban, city and street railways and railroads and bus lines, or in anywise connected with or pertaining to the manufacture, production, purchase, use, sale, supply, transmission, distribution, regulation, control or application of electricity, natural or artificial gas, water, steam, ice, refrigeration and power or any other purposes;

To acquire, buy, hold, own, sell, lease, exchange, dispose of, transmit, distribute, deal in, use, manufacture, produce, furnish and supply street and interurban railway and bus service, electricity, natural or artificial gas, light, heat, ice, refrigeration, water and steam in any form and for any purposes whatsoever, and any power or force or energy in any form and for any purposes whatsoever;

To buy, sell, manufacture, produce and generally deal in milk, cream and any articles or substances used or usable in or in connection with the manufacture and production of ice cream, ices, beverages and soda fountain supplies; to buy, sell, manufacture, produce and generally deal in ice cream and ices;

To acquire, organize, assemble, develop, build up and operate constructing and operating and other organizations and systems, and to hire, sell, lease, exchange, turn over, deliver and dispose of such organizations and systems in whole or in part and as going organizations and systems and otherwise, and to enter into and perform contracts, agreements and undertakings of any kind in connection with any or all the foregoing powers;

To do a general contracting business;

To purchase, acquire, develop, mine, explore, drill, hold, own and dispose of lands, interests in and rights with respect to lands and waters and fixed and movable property;

To borrow money and contract debts when necessary for the transaction of the business of the Corporation or for the exercise of its corporate rights, privileges or franchises or for any other lawful purpose of its incorporation; to issue bonds, promissory notes, bills of exchange, debentures and other obligations and evidences of indebtedness payable at a specified time or times or payable upon the happening of a specified event or events, whether secured by mortgage, pledge or otherwise or unsecured, for money borrowed or in payment for property purchased or acquired or any other lawful objects;

To guarantee, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bonds,

securities or evidences of indebtedness created by, any other corporation or corporations of the State of Mississippi or any other state or government and, while the owner of such stock, to exercise all the rights, powers and privileges of individual ownership with respect thereto including the right to vote thereon, and to consent and otherwise act with respect thereto;

To aid in any manner any corporation or association, domestic or foreign, or any firm or individual, any shares of stock in which or any bonds, debentures, notes, securities, evidences of indebtedness, contracts or obligations of which are held by or for the Corporation or in which or in the welfare of which the Corporation shall have any interest, and to do any acts designed to protect, preserve, improve or enhance the value of any property at any time held or controlled by the Corporation, or in which it may be at any time interested; and to organize or promote or facilitate the organization of subsidiary companies;

To purchase, hold, sell and transfer shares of its own capital stock, provided that the Corporation shall not purchase its own shares of capital stock except from surplus of its assets over its liabilities including capital; and provided, further, that the shares of its own capital stock owned by the Corporation shall not be voted upon directly or indirectly nor counted as outstanding for the purposes of any stockholders' quorum or vote;

In any manner to acquire, enjoy, utilize and to dispose of patents, copyrights and trade-marks and any licenses or other rights or interests therein and thereunder:

To purchase, acquire, hold, own or dispose of franchises, concessions, consents, privileges and licenses necessary for and in its opinion useful or desirable for or in connection with the foregoing powers;

To do all and everything necessary and proper for the accomplishment of the objects enumerated in these Restated Articles of Incorporation or any amendment thereof or necessary or incidental to the protection and benefits of the Corporation, and in general to carry on any lawful business necessary or not incidental to the attainment of the objects of the Corporation whether or not such business is similar in nature to the objects set forth in these Restated Articles of Incorporation or any amendment thereof.

To do any or all things herein set forth, to the same extent and as fully as natural persons might or could do, and in any part of the world, and as principal, agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms, associations or corporations;

To conduct its business in all its branches in the State of Mississippi, other states, the District of Columbia, the territories and colonies of the United States, and any foreign countries, and to have one or more offices out of the State of Mississippi and to hold, purchase, mortgage and convey real and personal property both within and without the State of Mississippi; provided, however, that the Corporation shall not exercise any of the powers set forth herein for the purpose of engaging in business as a street railway, telegraph or telephone company unless prior thereto this Article Third shall have been amended to set forth a description of the line and the points it will traverse.

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is 17,004,478 shares, divided into 2,004,476 shares of Preferred Stock of the par value of \$100 per share and 15,000,000 shares of Common Stock without par value.

The preferences, limitations and relative rights in respect of the shares of each class and the variations in the relative rights and preferences as between series of any preferred or special class in series are as follows:

The Preferred Stock shall be issuable in one or more series from time to time and the shares of each series shall have the same rank and be identical with each other and shall have the same relative rights except with respect to the following:

- (a) The number of shares to constitute each such series and the distinctive designation thereof;
- (b) The annual rate or rates of dividends payable on shares of such series, the dates on which dividends shall be paid in each year and the date from which such dividends shall commence to accumulate;
- (c) The amount or amounts payable upon redemption thereof; and
- (d) The sinking fund provisions, if any, for the redemption or purchase of shares;

which different characteristics of clauses (a), (b), (c) and (d) above may be stated and expressed with respect to each series in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors or in these Restated Articles of Incorporation of any amendment thereof.

A series of 60,000 shares of Preferred Stock shall:

- (a) be designated "4.36% Preferred Stock Cumulative, \$100 Par Value";

(b) have a dividend rate of \$4.36 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be February 1, 1963, and such dividends to be cumulative from the last date to which dividends upon the 4.36% Preferred Stock Cumulative, \$100 Par Value, of Mississippi Power & Light Company, a Florida corporation, are paid;

(c) be subject to redemption in the manner provided herein with respect to the Preferred Stock at the price of \$105.36 per share if redeemed on or before February 1, 1964, and of \$103.88 per share if redeemed after February 1, 1964, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption.

A series of 44,476 shares of the Preferred Stock shall:

(a) be designated "4.56% Preferred Stock, Cumulative, \$100 Par Value";

(b) have a dividend rate of \$4.56 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be February 1, 1963, and such dividends to be cumulative from the last date to which dividends upon the 4.56% Preferred Stock, Cumulative, \$100 Par Value, of Mississippi Power & Light Company, a Florida corporation, are paid; and

(c) be subject to redemption in the manner provided herein with respect to the Preferred Stock at the price of \$108.50 per share if redeemed on or before November 1, 1964, and of \$107.00 per share if redeemed after November 1, 1964, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption.

A series of 100,000 shares of the Preferred Stock shall:

(a) be designated "4.92% Preferred Stock, Cumulative, \$100 Par Value";

(b) have a dividend rate of \$4.92 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be February 1, 1966, and such dividends to be cumulative from the date of issue of said series; and

(c) be subject to redemption at the price of \$106.30 per share if redeemed on or before January 1, 1971, of \$104.38 per share if redeemed after January 1, 1971 and on or before January 1, 1976, and of \$102.88 per share if redeemed after January 1, 1976, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption.

A series of 75,000 shares of the Preferred Stock shall:

(a) be designated "9.16% Preferred Stock, Cumulative, \$100 Par Value";

(b) have a dividend rate of \$9.16 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be November 1, 1970, and such dividends to be cumulative from the date of issue of said series; and

(c) be subject to redemption at the price of \$110.93 per share if redeemed on or before August 1, 1975, of \$108.64 per share if redeemed after August 1, 1975 and on or before August 1, 1980, of \$106.35 per share if redeemed after August 1, 1980 and on or before August 1, 1985, and of \$104.06 per share if redeemed after August 1, 1985, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 9.16% Preferred Stock, Cumulative, \$100 Par Value, shall be redeemed prior to August 1, 1975 if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Corporation, or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 9.16% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets, if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Corporation (so computed) of less than the effective dividend cost to the Corporation of the 9.16% Preferred Stock, Cumulative, \$100 Per Value.

A series of 100,000 shares of the Preferred Stock shall:

(a) be designated "7.44% Preferred Stock, Cumulative, \$100 Par Value";

(b) have a dividend rate of \$7.44 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be May 1, 1973, and such dividends to be cumulative from February 14, 1973; and

(c) be subject to redemption at the price of \$108.39 per share if redeemed on or before February 1, 1978, of \$106.53 per share if redeemed after February 1, 1978 and on or before February 1, 1983, of \$104.67 per share if redeemed after February 1, 1983 and on or before February 1, 1988, and of \$102.81 per share if redeemed after February 1, 1988, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 7.44% Preferred Stock, Cumulative, \$100 Par Value, shall be redeemed prior to February 1, 1978 if such redemption is for the purpose or in anticipation of refunding such share through

the use, directly or indirectly, of funds borrowed by the Corporation, or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 7.44% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets, if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Corporation (so computed) of less than the effective dividend cost to the Corporation of the 7.44% Preferred Stock, Cumulative, \$100 Par Value.

A series of 200,000 shares of the Preferred Stock shall:

(a) be designated "17% Preferred Stock, Cumulative, \$100 Par Value"

(b) have a dividend rate of \$17.00 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be November 1, 1981, and such dividends to be cumulative from the date of issuance;

(c) be subject to redemption at the price of \$117.00 per share if redeemed on or before September 1, 1986, of \$112.75 per share if redeemed after September 1, 1986 and on or before September 1, 1991, of \$108.50 per share if redeemed after September 1, 1991 and on or before September 1, 1996, and of \$104.25 per share if redeemed after September 1, 1996, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 17% Preferred Stock Cumulative, \$100 Par Value, shall be redeemed prior to September 1, 1986 if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Corporation or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 17% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock; has an effective dividend cost to the Corporation (so computed) of less than the effective dividend cost to the Corporation of the 17% Preferred Stock, Cumulative, \$100 Par Value; and

(d) be subject to redemption as and for a sinking fund as follows: On September 1, 1986 and on each September 1 thereafter (each such date being hereinafter referred to as a "17% Sinking Fund Redemption Date"), for so long as any shares of the 17% Preferred Stock, Cumulative, \$100 Par Value, shall remain outstanding, the Corporation shall redeem, out of funds legally available therefor, 10,000 shares of the 17% Preferred Stock, Cumulative, \$100 Par value (or the number of shares then outstanding if less than 10,000) at the sinking fund redemption price of \$100 per share plus, as to each share so redeemed, an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date of redemption (the obligation of the Corporation so to redeem the shares of the 17% Preferred Stock, Cumulative, \$100 Par Value, being hereinafter referred to as the "17% Sinking Fund Obligation"); the 17% Sinking Fund Obligation shall be cumulative; if on any 17% Sinking Fund Redemption Date, the Corporation shall not have funds legally available therefor sufficient to redeem the full number of shares required to be redeemed on that date, the 17% Sinking Fund Obligation with respect to the shares not redeemed shall carry forward to each successive 17% Sinking Fund Redemption Date until such shares shall have been redeemed; whenever on any 17% Sinking Fund Redemption Date, the funds of the Corporation legally available for the satisfaction of the 17% Sinking Fund Obligation and all other sinking fund and similar obligations then existing with respect to any other class or series of its stock ranking on a parity as to dividends or assets with the 17% Preferred Stock, Cumulative, \$100 Par Value (such Obligation and obligations collectively being hereinafter referred to as the "Total Sinking Fund Obligation") are insufficient to permit the Corporation to satisfy fully its Total Sinking Fund Obligation on that date, the Corporation shall apply to the satisfaction of its 17% Sinking Fund Obligation on that date that proportion of such legally available funds which is equal to the ratio of such 17% Sinking Fund Obligation to such Total Sinking Fund Obligation; in addition to the 17% Sinking Fund Obligation, the Corporation shall have the option, which shall be noncumulative, to redeem, upon authorization of the Board of Directors, on each 17% Sinking Fund Redemption Date, at the aforesaid sinking fund redemption price, up to 10,000 additional shares of the 17% Preferred Stock, Cumulative, \$100 Par Value; the Corporation shall be entitled, at its election, to credit against its 17% Sinking Fund Obligation on any 17% Sinking Fund Redemption Date any shares of the 17% Preferred Stock, Cumulative, Stock Par Value (including shares of the 17% Preferred Stock, Cumulative, \$100 Par Value optionally redeemed at the aforesaid sinking fund price) theretofore redeemed (other than shares of the 17% Preferred Stock, Cumulative, \$100 Par Value redeemed pursuant to the 17% Sinking Fund Obligation) purchased or otherwise acquired and not previously credited against the 17% Sinking Fund Obligation.

A series of 100,000 shares of the Preferred Stock shall:

(a) be designated "14-3/4% Preferred Stock, Cumulative, \$100 Par Value";

(b) have a dividend rate of \$14.75 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be May 1 1982, and such dividends to be cumulative from the date of issuance;

(c) be subject to redemption at the price of \$114.75 per share if redeemed after the issuance and sale and on or before March 1, 1983, \$113.11 per share if redeemed after March 1, 1983 and on or before March 1, 1984, \$111.47 per share if redeemed after March 1, 1984 and on or before March 1, 1985, \$109.83 per share if redeemed after March 1, 1985 and on or before March 1, 1986, \$108.19 per share if redeemed after March 1, 1986 and on or before March 1, 1987, \$106.56 per share if redeemed after March 1, 1987 and on or before March 1, 1988, \$104.92 per share if redeemed after March 1, 1988 and on or before March 1, 1989, \$103.28 per share if redeemed after March 1, 1989 and on or before March 1, 1990, \$101.64 per share if redeemed after March 1, 1990 and on or before March 1, 1991, and \$100.00 per share if redeemed

after March 1, 1991, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 14-3/4% Preferred Stock, Cumulative, \$100 Par Value, shall be redeemed prior to March 1, 1987 if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Corporation, or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 14-3/4% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets, if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Corporation (so computed) of less than the effective dividend cost to the Corporation of the 14-3/4% Preferred Stock, Cumulative, \$100 Par Value; and

(d) be subject to redemption as and for a sinking fund as follows. On March 1, 1990, 1991 and 1992 (each such date being hereinafter referred to as a "14-3/4% Sinking Fund Redemption Date"), the Corporation shall redeem, out of funds legally available therefor, 33,333, 33,333 and 33,334 shares, respectively, of the 14-3/4% Preferred Stock, Cumulative, \$100 Par Value, at the sinking fund redemption price of \$100 per share plus, as to each share so redeemed, an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date of redemption (the obligation of the Corporation so to redeem the shares of the 14-3/4% Preferred Stock, Cumulative, \$100 Par Value, being hereinafter referred to as the "14-3/4% Sinking Fund Obligation"); the 14-3/4% Sinking Fund Obligation shall be cumulative; if on any 14-3/4% Sinking Fund Redemption Date, the Corporation shall not have funds legally available therefor sufficient to redeem the full number of shares required to be redeemed on that date, the 14-3/4% Sinking Fund Obligation with respect to the shares not redeemed shall carry forward to each successive 14-3/4% Sinking Fund Redemption Date (or, in the event the 14-3/4% Sinking Fund Obligation is not satisfied on March 1, 1992, to such date as soon thereafter as funds are legally available to satisfy the 14-3/4% Sinking Fund Obligation) until such shares shall have been redeemed; whenever on any 14-3/4% Sinking Fund Redemption Date, the funds of the Corporation legally available for the satisfaction of the 14-3/4% Sinking Fund Obligation and all other sinking fund and similar obligations then existing with respect to any other class or series of its stock ranking on a parity as to dividends or assets with the 14-3/4% Preferred Stock, Cumulative, \$100 Par Value (such Obligation and obligations collectively being hereinafter referred to as the "Total Sinking Fund Obligation") are insufficient to permit the Corporation to satisfy fully its Total Sinking Fund Obligation on that date, the Corporation shall apply to the satisfaction of its 14-3/4% Sinking Fund Obligation on that date that proportion of such legally available funds which is equal to the ratio of such 14-3/4% Sinking Fund Obligation to such Total Sinking Fund Obligation.

A series of 100,000 shares of the Preferred Stock shall:

(a) be designated "12.00% Preferred Stock, Cumulative, \$100 Par Value";

(b) have a dividend rate of \$12.00 per share per annum payable quarterly on February 1, May 1, August 1 and November 1 of each year, the first dividend date to be May 1, 1983, and such dividends to be cumulative from the date of issuance;

(c) be subject to redemption at the price of \$112.00 per share if redeemed on or before March 1, 1988, of \$109.00 per share if redeemed after March 1, 1988 and on or before March 1, 1993, of \$106.00 per share if redeemed after March 1, 1993 and on or before March 1, 1998, and of \$103.00 per share if redeemed after March 1, 1998, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 12.00% Preferred Stock, Cumulative, \$100 Par Value, shall be redeemed prior to March 1, 1988 if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Corporation, or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 12.00% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets, if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Corporation (so computed) of less than 12.7497% to per annum; and

(d) be subject to redemption as and for a sinking fund as follows: on March 1, 1888 and on each March 1 thereafter (each such date being hereinafter referred to as a "12.00% Sinking Fund Redemption Date"), for so long as any shares of the 12.00% Preferred Stock, Cumulative, \$100 Par Value, shall remain outstanding, the Corporation shall redeem, out of funds legally available therefor, 5,000 shares of the 12.00% Preferred Stock, Cumulative, \$100 Par Value (or the number of shares then outstanding if less than 5,000) at the sinking fund redemption price of \$100 per share plus, as to each share so redeemed, an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date of redemption (the obligation of the Corporation so to redeem the shares of the 12.00% Preferred Stock, Cumulative, \$100 Par Value, being hereinafter referred to as the "12.00% Sinking Fund Obligation"); the 12.00% Sinking Fund Obligation shall be cumulative; if on any 12.00% Sinking Fund Redemption Date, the Corporation shall not have funds legally available therefor sufficient to redeem the full number of shares required to be redeemed on that date, the 12.00% Sinking Fund Obligation with respect to the shares not redeemed shall carry forward to each successive 12.00% Sinking Fund Redemption Date until such shares shall have been redeemed; whenever on any 12.00% Sinking Fund Redemption Date, the funds of the Corporation legally available for the satisfaction of the 12.00% Sinking Fund Obligation and all other sinking fund and similar obligations then existing with respect to any other class or series of its stock ranking on a parity as to dividends or assets with the 12.00% Preferred Stock Cumulative, \$100 Par Value (such Obligation and obligations collectively being hereinafter referred to as the "Total Sinking Fund Obligation") are insufficient to permit the Corporation to satisfy fully its Total Sinking Fund Obligation on that date, the Corporation shall apply to the satisfaction of its 12.00% Sinking Fund Obligation on that date that proportion of such legally available funds which is equal to the ratio of such 12.00% Sinking Fund Obligation to such Total Sinking Fund Obligation; in addition to the 12.00% Sinking Fund Obligation, the Corporation shall have the option, which shall be noncumulative, to redeem, upon authorization of the Board of Directors,

on each 12.00% Sinking Fund Redemption Date, at the aforesaid sinking fund redemption price, up to 5,000 additional shares of the 12.00% Preferred Stock Cumulative, \$100 Par Value; the Corporation shall be entitled, at its election, to credit against its 12.00% Sinking Fund Obligation on any 12.00% Sinking Fund Redemption Date any shares of the 12.00% Preferred Stock, Cumulative, \$100 Par Value (including shares of the 12.00% Preferred Stock Cumulative, \$100 Par Value optionally redeemed at the aforesaid sinking fund price) theretofore redeemed (other than shares of the 12.00% Preferred Stock, Cumulative, \$100 Par Value redeemed pursuant to the 12.00% Sinking Fund Obligation) purchased or otherwise acquired and not previously credited against the 12.00% Sinking Fund Obligation.

Subject to the foregoing, the distinguishing characteristics of the Preferred Stock shall be:

(A) Each series of the Preferred Stock, *pari passu* with all shares of preferred stock of any class or series then outstanding, shall be entitled but only when and as declared by the Board of Directors, out of funds legally available for the payment of dividends in preference to the Common Stock, to dividends at the rate stated and expressed with respect to such series herein or by the resolution or resolutions providing for the issue of such series adopted by the Board of Directors; such dividends to be cumulative from such date and payable on such dates in each year as may be stated and expressed in said resolution, to stockholders of record as of a date not to exceed 40 days and not less than 10 days preceding the dividend payment dates so fixed.

(B) If and when dividends payable on any of the Preferred Stock of the Corporation at any time outstanding shall be in default in an amount equal to four full quarterly payments or more per share, and thereafter until all dividends on any such preferred stock in default shall have been paid, the holders of the Preferred Stock *pari passu* with the holders of other preferred stock then outstanding, voting separately as a class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and, except as provided in the following paragraph, the holders of the Common Stock, voting separately as a class, shall be entitled to elect the remaining directors of the Corporation. The terms of office, as directors, of all persons who may be directors of the Corporation at the time shall terminate upon the election of a majority of the Board of Directors by the holders of the Preferred Stock except that if the holders of the Common Stock shall not have elected the remaining directors of the Corporation, then, and only in that event, the directors of the Corporation in office just prior to the election of a majority of the Board of Directors by the holders of the Preferred Stock shall elect the remaining directors of the Corporation. Thereafter, while such default continues and the majority of the Board of Directors is being elected by the holders of the Preferred Stock, the remaining directors, whether elected by directors, as aforesaid, or whether originally or later elected by holders of the Common Stock shall continue in office until their successors are elected by holders of the Common Stock and shall qualify.

If and when all dividends then in default on the Preferred Stock; then outstanding shall be paid (such dividends to be declared and paid out of any funds legally available therefor as soon as reasonably practicable), the holders of the Preferred Stock shall be divested of any special right with respect to the election of directors, and the voting power of the holders of the Preferred Stock and the holders of the Common Stock shall revert to the status existing before the first dividend payment date on which dividends on the Preferred Stock were not paid in full, but always subject to the same provisions for vesting such special rights in the holders of the Preferred Stock in case of further like defaults in the payment of dividends thereon as described in the immediately foregoing paragraph. Upon termination of any such special voting right upon payment of all accumulated and unpaid dividends on the Preferred Stock, the terms of office of all persons who may have been elected directors of the Corporation by vote of the holders of the Preferred Stock as a class, pursuant to such special voting right shall forthwith terminate, and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.

In case of any vacancy in the office of a director occurring among the directors elected by the holders of the Preferred Stock, voting separately as a class, the remaining directors elected by the holders of the Preferred Stock, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term or terms of the director or directors whose place or places shall be vacant. Likewise, in case of any vacancy in the office of a director occurring among the directors not elected by the holders of the Preferred Stock, the remaining directors not elected by the holders of the Preferred Stock, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term or terms of the director or directors whose place or places shall be vacant.

Whenever the right shall have accrued to the holders of the Preferred Stock to elect directors, voting separately as a class, it shall be the duty of the President, a Vice-President or the Secretary of the Corporation forthwith to call and cause notice to be given to the shareholders entitled to vote of a meeting to be held at such time as the Corporation's officers may fix, not less than forty-five nor more than sixty days after the accrual of such right, for the purpose of electing directors. The notice so given shall be mailed to each holder of record of preferred stock at his last known address appearing on the books of the Corporation and shall set forth, among other things, (i) that by reason of the fact that dividends payable on preferred stock are in default in an amount equal to four full quarterly payments or more per share, the holders of the Preferred Stock, voting separately as a class, have the right to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors of the Corporation, (ii) that any holder of the Preferred Stock has the right, at any reasonable time, to inspect, and make copies of, the list or lists of holders of the Preferred Stock maintained at the principal office of the Corporation or at the office of any Transfer Agent of the Preferred Stock, and (iii) either the entirety of this paragraph or the substance thereof with respect to the number of shares of the Preferred Stock required to be represented at any meeting, or adjournment thereof, called for the election of directors of the Corporation. At the first meeting of stockholders held for the purpose of electing directors during such time as the holders of the Preferred Stock shall have the special right, voting separately as a class, to elect directors, the presence in person or by proxy of the holders of a majority of the outstanding Common Stock shall be required to constitute a quorum of such class for the election of directors, and the presence in person or by proxy of the holders

of a majority of the outstanding Preferred Stock shall be required to constitute a quorum of such class for the election of directors; provided, however, that in the absence of a quorum of the holders of the Preferred Stock, no election of directors shall be held, but a majority of the holders of the Preferred Stock who are present in person or by proxy shall have power to adjourn the election of the directors to a date not less than fifteen nor more than fifty days from the giving of the notice of such adjourned meeting hereinafter provided for; and provided, further, that at such adjourned meeting, the presence in person or by proxy of the holders of 35% of the outstanding Preferred Stock shall be required to constitute a quorum of such class for the election of directors. In the event such first meeting of stockholders shall be so adjourned, it shall be the duty of the President, a Vice- President or the Secretary of the Corporation, within ten days from the date on which such first meeting shall have been adjourned, to cause notice of such adjourned meeting to be given to the shareholders entitled to vote thereat, such adjourned meeting to be held not less than fifteen days nor more than fifty days from the giving of such second notice. Such second notice shall be given in the form and manner hereinabove provided for with respect to the notice required to be given of such first meeting of stockholders, and shall further set forth that a quorum was not present at such first meeting and that the holders of 35% of the outstanding Preferred Stock shall be required to constitute a quorum of such class for the election of directors at such adjourned meeting. If the requisite quorum of holders of the Preferred Stock shall not be present at said adjourned meeting, then the directors of the Corporation then in office shall remain in office until the next Annual Meeting of the Corporation, or special meeting in lieu thereof and until their successors shall have been elected and shall qualify. Neither such first meeting nor such adjourned meeting shall be held on a date within sixty days of the date of the next Annual Meeting of the Corporation, or special meeting in lieu thereof. At each Annual Meeting of the Corporation, or special meeting in lieu thereof, held during such time as the holders of the Preferred Stock, voting separately as a class, shall have the right to elect a majority of the Board of Directors, the foregoing provisions of this paragraph shall govern each Annual Meeting, or special meeting in lieu thereof, as if said Annual Meeting or special meeting were the first meeting of stockholders held for the purpose of electing directors after the right of the holders of the Preferred Stock, voting separately as a class, to elect a majority of the Board of Directors, should have accrued the exception, that if, at any adjourned annual meeting, or special meeting in lieu thereof, the holders of 35% of the outstanding Preferred Stock are not present in person or by proxy, all the directors shall be elected by a vote of the holders of a majority of the Common Stock of the Corporation present or represented at the meeting.

(C) So long as any shares of the Preferred Stock are outstanding, the Corporation shall not, without the consent (given by vote at a meeting called for that purpose) of at least two-thirds of the total number of shares of the Preferred Stock then outstanding:

(1) create, authorize or issue any new stock which, after issuance would rank prior to the Preferred Stock as to dividends, in liquidation, dissolution, winding up or distribution, or create, authorize or issue any security convertible into shares of any such stock except for the purpose of providing funds for the redemption of all of the Preferred Stock then outstanding, such new stock or security not to be issued until such redemption shall have been authorized and notice of such redemption given and the aggregate redemption price deposited as provided in paragraph (G) below; provided, however, that any such new stock or security shall be issued within twelve months after the vote of the Preferred Stock herein provided for authorizing the issuance of such new stock or security; or

(2) amend, alter, or repeal any of the rights, preferences or powers of the holders of the Preferred Stock so as to affect adversely any such rights, preferences or powers; provided, however, that if such amendment, alteration or repeal affects adversely the rights, preferences or powers of one or more, but not all, series of Preferred Stock at the time outstanding, only the consent of the holders of at least two-thirds of the total number of outstanding shares of all series so affected shall be required; and provided, further, that an amendment to increase or decrease the authorized amount of Preferred Stock or to create or authorize, or increase or decrease the amount of, any class of stock; ranking on a parity with the outstanding shares of the Preferred Stock as to dividends or assets shall not be deemed to affect adversely the rights, preferences or powers of the holders of the Preferred Stock or any series thereof.

(D) So long as any shares of the Preferred Stock are outstanding, the Corporation shall not, without the consent (given by vote at a meeting called for that purpose) of the holders of a majority of the total number of shares of the Preferred Stock then outstanding:

(1) merge or consolidate with or into any other corporation or corporations or sell or otherwise dispose of all or substantially all of the assets of the Corporation, unless such merger or consolidation or sale or other disposition, or the exchange, issuance or assumption of all securities to be issued or assumed in connection with any such merger or consolidation or sale or other disposition, shall have been ordered, approved or permitted under the Public Utility Holding Company Act of 1935; or

(2) issue or assume any unsecured notes, debentures or other securities representing unsecured indebtedness for purposes other than (i) the refunding of outstanding unsecured indebtedness theretofore issued or assumed by the Corporation resulting in equal or longer maturities, or (ii) the reacquisition, redemption or other retirement of all outstanding shares of the Preferred Stock, if immediately after such issue or assumption, the total principal amount of all unsecured notes, debentures or other securities representing unsecured indebtedness issued or assumed by the Corporation, including unsecured indebtedness then to be issued or assumed (but excluding the principal amount then outstanding of any unsecured notes, debentures, or other securities representing unsecured indebtedness having a maturity in excess of ten (10) years and in amount not exceeding 10% of the aggregate of (a) and (b) of this section below) would exceed ten per centum (10%) of the aggregate of (a) the total principal amount of all bonds or other securities representing secured indebtedness issued or assumed by the Corporation and then to be outstanding, and

(b) the capital and surplus of the Corporation as then to be stated on the books of account of the Corporation. When unsecured notes, debentures or other securities representing unsecured debt of a maturity in excess of ten (10) years shall become of a maturity of ten (10) years

or less, it shall then be regarded as unsecured debt of a maturity of less than ten (10) years and shall be computed with such debt for the purpose of determining the percentage ratio to the sum of (a) and (b) above of unsecured debt of a maturity of less than ten (10) years, and when provision shall have been made, whether through a sinking fund or otherwise, for the retirement, prior to their maturity, of unsecured notes, debentures, or other securities representing unsecured debt of a maturity in excess of ten (10) years, the amount of any such security so required to be retired in less than ten

(10) years shall be regarded as unsecured debt of a maturity of less than ten (10) years (and not as unsecured debt of a maturity in excess of ten (10) years) and shall be computed with such debt for the purpose of determining the percentage ratio to the sum of (a) and (b) above of unsecured debt of a maturity of less than ten (10) years, provided, however, that the payment due upon the maturity of unsecured debt having an original single maturity in excess of ten (10) years or the payment due upon the latest maturity of any serial debt which had original maturities in excess of ten

(10) years shall not, for purposes of this provision, be regarded as unsecured debt of a maturity of less than ten

(10) years until such payment or payments shall be required to be made within three (3) years; furthermore, when unsecured notes, debentures or other securities representing unsecured debt of a maturity of less than ten (10) years shall exceed 10% of the sum of (a) and (b) above, no additional unsecured notes, debentures or other securities representing unsecured debt shall be issued or assumed

(except for the purpose set forth in (i) or (ii) above) until such ratio is reduced to 10% of the sum of (a) and (b) above; or

(3) issue, sell or otherwise dispose of any shares of the Preferred Stock in addition to the 104,476 shares of the Preferred Stock originally authorized, or of any other class of stock ranking on a parity with the Preferred Stock as to dividends or in liquidation, dissolution, winding up or distribution, unless the gross income of the Corporation and Mississippi Power & Light Company, a Florida corporation, for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the issuance, sale or disposition of such stock, determined in accordance with generally accepted accounting practices (but in any event after deducting all taxes and the greater of (a) the amount for said period charged by the Corporation and Mississippi Power & Light Company, a Florida corporation, on their books to depreciation expense or (b) the largest amount required to be provided therefor by any mortgage indenture of the Corporation) to be available for the payment of interest, shall have been at least one and one-half times the sum of (i) the annual interest charges on all interest bearing indebtedness of the Corporation and

(ii) the annual dividend requirements on all outstanding shares of the Preferred Stock and of all other classes of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, including the shares proposed to be issued; provided, that there shall be excluded from the foregoing computation interest charges on all indebtedness and dividends on all shares of stock which are to be retired in connection with the issue of such additional shares of the Preferred Stock or other class of stocks ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions; and provided, further, that in any case where such additional shares of the Preferred Stock, or other class of stock ranking on a parity with the Preferred Stock as to dividends or distributions, are to be issued in connection with the acquisition of additional property, the gross income of the property to be so acquired, computed on the same basis as the gross income of the Corporation, may be included on a pro forma basis in making the foregoing computation; or

(4) issue, sell, or otherwise dispose of any shares of the Preferred Stock, in addition to the 104,476 shares of the Preferred Stock originally authorized, or of any other class of stock ranking on a parity with the Preferred Stock as to dividends or distributions, unless the aggregate of the capital of the Corporation applicable to the Common Stock and the surplus of the Corporation shall be not less than the aggregate amount payable on the involuntary liquidation, dissolution, or winding up of the Corporation, in respect of all shares of the Preferred Stock and all shares of stock, if any, ranking prior thereto, or on a parity therewith, as to dividends or distributions, which will be outstanding after the issue of the shares proposed to be issued; provided, that if, for the purposes of meeting the requirements of this subparagraph (4), it becomes necessary to take into consideration any earned surplus of the Corporation, the Corporation shall not thereafter pay any dividends on shares of the Common Stock which would result in reducing the Corporation's Common Stock equity (as in paragraph (H) hereinafter defined) to an amount less than the aggregate amount payable, on involuntary liquidation, dissolution or winding up the Corporation, on all shares of the Preferred Stock and of any stock ranking prior to, or on a parity with, the Preferred Stock, as to dividends or other distributions, at the time outstanding.

(E) Each holder of Common Stock of the Corporation shall be entitled to one vote, in person or by proxy, for each share of such stock standing in his name on the books of the Corporation. Except as hereinbefore expressly provided in this Section Fourth, the holders of the Preferred Stock shall have no power to vote and shall be entitled to no notice of any meeting of the stockholders of the Corporation. As to matters upon which holders of the Preferred Stock are entitled to vote as hereinbefore expressly provided, each holder of such Preferred Stock shall be entitled to one vote, in person or by proxy, for each share of such Preferred Stock standing in his name on the books of the Corporation.

(F) In the event of any voluntary liquidation, dissolution or winding up of the Corporation, the Preferred Stock, pari passu with all shares of preferred stock of any class or series then outstanding, shall have a preference over the Common Stock until an amount equal to the then current redemption price shall have been paid. In the event of any involuntary liquidation, dissolution or winding up of the Corporation, which shall include any such liquidation, dissolution or winding up which may arise out of or result from the condemnation or purchase of all or a major portion of the properties of the Corporation, by (i) the United States Government or any authority, agency or instrumentality thereof, (ii) a state of the United States or any political subdivision, authority, agency, or instrumentality thereof, or (iii) a district, cooperative or other association or entity not organized for profit, the Preferred Stock, pari passu with all shares of preferred stock of any class or series then outstanding, shall also have a preference over the Common Stock until the full par value thereof and an amount equal to all accumulated and unpaid dividends thereon shall have been paid by dividends or distribution.

(G) Upon the affirmative vote of a majority of the shares of the issued and outstanding Common Stock at any annual meeting, or any special meeting called for that purpose, the Corporation may at any time redeem all of any series of said Preferred Stock or may from time to time redeem any part thereof, by paying in cash the redemption price then applicable thereto as stated and expressed with respect to such series in the resolution providing for the issue of such shares adopted by the Board of Directors of the Corporation, or in these Restated Articles of Incorporation or any amendment thereof, plus, in each case, an amount equivalent to the accumulated and unpaid dividends, if any, to the date of redemption. Notice of the intention of the Corporation to redeem all or any part of the Preferred Stock shall be mailed not less than thirty (30) days nor more than sixty (60) days before the date of redemption to each holder of record of Preferred Stock to be redeemed, at his post office address as shown by the Corporation's records, and not less than thirty (30) days' nor more than sixty (60) days' notice of such redemption may be published in such manner as may be prescribed by resolution of the Board of Directors of the Corporation; and, in the event of such publication, no defect in the mailing of such notice shall affect the validity of the proceedings for the redemption of any shares of Preferred Stock so to be redeemed. Contemporaneously with the mailing or the publication of such notice as aforesaid or at any time thereafter prior to the date of redemption, the Corporation may deposit the aggregate redemption price (or the portion thereof not already paid in the redemption of such Preferred Stock so to be redeemed) with any bank or trust company in the City of New York, New York, or in the City of Jackson, Mississippi, named in such notice, payable to the order of the record holders of the Preferred Stock so to be redeemed, as the case may be, on the endorsement and surrender of their certificates, and thereupon said holders shall cease to be stockholders with respect to such shares; and from and after the making of such deposit such holders shall have no interest in or claim against the Corporation with respect to said shares, but shall be entitled only to receive such moneys from said bank or trust company, with interest, if any, allowed by such bank or trust company on such moneys deposited as in this paragraph provided, on endorsement and surrender of their certificates, as aforesaid. Any moneys so deposited, plus interest thereon, if any, remaining unclaimed at the end of six years from the date fixed for redemption, if thereafter requested by resolution of the Board of Directors, shall be repaid to the Corporation, and in the event of such repayment to the Corporation, such holders of record of the shares so redeemed as shall not have made claim against such moneys prior to such repayment to the Corporation, shall be deemed to be unsecured creditors of the Corporation for an amount, without interest, equivalent to the amount deposited, plus interest thereon, if any, allowed by such bank or trust company, as above stated, for the redemption of such shares and so paid to the Corporation. Shares of the Preferred Stock which have been redeemed shall not be reissued. If less than all of the shares of the Preferred Stock are to be redeemed, the shares thereof to be redeemed shall be selected by lot, in such manner as the Board of Directors of the Corporation shall determine, by an independent bank or trust company selected for that purpose by the Board of Directors of the Corporation. Nothing herein contained shall limit any legal right of the Corporation to purchase or otherwise acquire any shares of the Preferred Stock; provided, however, that, so long as any shares of the Preferred Stock are outstanding, the Corporation shall not redeem, purchase or otherwise acquire less than all of the shares of the Preferred Stock, if, at the time of such redemption, purchase or other acquisition, dividends payable on the Preferred Stock shall be in default in whole or in part, unless, prior to or concurrently with such redemption, purchase or other acquisition, all such defaults shall be cured or unless such redemption, purchase or other acquisition shall have been ordered, approved or permitted under the Public Utility Holding Company Act of 1935; and provided further that, so long as any shares of the Preferred Stock are outstanding, the Corporation shall not make any payment or set aside any funds for payment into any sinking fund for the purchase or redemption of any shares of the Preferred Stock, if, at the time of such payment, or the setting apart of funds for such payment, dividends payable on the Preferred Stock shall be in default in whole or in part, unless, prior to or concurrently with such payment or the setting apart of funds for such payment, all such defaults shall be cured or unless such payment, or the setting apart of funds for such payment, shall have been ordered, approved or permitted under the Public Utility Holding Company Act of 1935. Any shares of the Preferred Stock so redeemed, purchased or acquired shall retired and cancelled.

(H) For the purposes of this paragraph (H) and subparagraph

(4) of paragraph (D) the term "Common Stock Equity" shall mean the aggregate of the par value of, or stated capital represented by, the outstanding shares (other than shares owned by the Corporation) of stock ranking junior to the Preferred Stock as to dividends and assets, of the premium on such junior stock and of the surplus (including earned surplus, capital surplus and surplus invested in plant) of the Corporation less (1) any amounts recorded on the books of the Corporation for utility plant and other plant in excess of the original cost thereof, (2) unamortized debt discount and expense, capital stock discount and expense and any other intangible items set forth on the asset side of the balance sheet as a result of accounting convention,

(3) the excess, if any, of the aggregate amount payable on involuntary liquidation, dissolution or winding up of the affairs of the Corporation upon all outstanding preferred stock of the Corporation over the aggregate par or stated value thereof and any premiums thereon and (4) the excess, if any, for the period beginning with January 1, 1954, to the end of the month within ninety (90) days preceding the date as of which Common Stock Equity is determined, of the cumulative amount computed under requirements contained in the Corporation's mortgage indentures relating to minimum depreciation provisions (this cumulative amount being the aggregate of the largest amounts separately computed for entire periods of differing coexisting mortgage indenture requirements), over the amount charged by the Corporation and Mississippi Power & Light Company, a Florida corporation, on their books for depreciation during such period, including the final fraction of a year; provided, however, that no deductions shall be required to be made in respect of items referred to in subdivisions (1) and (2) of this paragraph (H) in cases in which such items are being amortized or are provided for, or are being provided for, by reserves. For the purpose of this paragraph (H): (i) the term "total capitalization" shall mean the sum of the Common Stock Equity plus item three (3) in this paragraph (H) and the stated capital applicable to, and any premium on, outstanding stock of the Corporation not included in Common Stock Equity, and the principal amount of all outstanding debt of the Corporation maturing more than twelve months after the date of issue thereof; and (ii) the term "dividends on Common Stock" shall embrace dividends on Common Stock (other than dividends payable only in shares of Common Stock), distributions on, and purchases or other acquisitions for value of, any Common Stock of the Corporation or other stock if any, subordinate to its Preferred Stock. So long as any shares of the Preferred Stock are outstanding, the Corporation shall not declare or pay any dividends on the

Common Stock, except as follows:

(a) If and so long as the Common Stock Equity at the end of the calendar month immediately preceding the date on which a dividend on Common Stock is declared is, or as a result of such dividend would become, less than 20% of total capitalization, the Corporation shall not declare such dividends in an amount which, together with all other dividends on Common Stock paid within the year ending with and including the date on which such dividend is payable, exceeds 50% of the net income of the Corporation available for dividends on the Common Stock for the twelve full calendar months immediately preceding the month in which such dividends are declared, except in an amount not exceeding the aggregate of dividends on Common Stock which under the restrictions set forth above in this subparagraph (a) could have been, and have not been, declared; and

(b) If and so long as the Common Stock Equity at the end of the calendar month immediately preceding the date on which a dividend on Common Stock is declared is, or as a result of such dividend would become, less than 25% but not less than 20% of total capitalization, the Corporation shall not declare dividends on the Common Stock in an amount which, together with all other dividends on Common Stock paid within the year ending with and including the date on which such dividend is payable, exceeds 75% of the net income of the Corporation and Mississippi Power & Light Company, a Florida corporation, available for dividends on the Common Stock for the twelve full calendar months immediately preceding the month in which such dividends are declared, except in an amount not exceeding the aggregate of dividends on Common Stock which under the restrictions set forth above in subparagraph (a) and in this subparagraph (b) could have been and have not been declared; and

(c) If any time when the Common Stock Equity is 25% or more of total capitalization, the Corporation may not declare dividends on shares of the Common Stock which would reduce the Common Stock Equity below 25% of total capitalization, except to the extent provided in subparagraphs (a) and (b) above.

At anytime when the aggregate of all amounts credited subsequent to January 1, 1954, to the depreciation reserve account of the Corporation and Mississippi Power & Light Company, a Florida corporation, through charges to operating revenue deductions or otherwise on the books of the Corporation and Mississippi Power & Light Company, a Florida corporation, shall be less than the amount computed as provided in clause (aa) below, under requirements contained in the Corporation's mortgage indentures, then for the purposes of subparagraphs (a) and (b) above, in determining the earnings available for common stock dividends during any twelve-month period, the amount to be provided for depreciation in that period shall be (aa) the greater of the cumulative amount charged to depreciation expense on the books of the Corporation and Mississippi Power & Light Company, a Florida corporation, or the cumulative amount computed under requirements contained in the Corporation's mortgage indentures relating to minimum depreciation provisions (the latter cumulative amount being the aggregate of the largest amounts separately computed for entire periods of differing co-existing mortgage indenture requirements) for the period from January 1, 1954, to and including said twelve-month period, less

(bb) the greater of the cumulative amount charged to depreciation expense on the books of the Corporation and Mississippi Power & Light Company, a Florida corporation, or the cumulative amount computed under requirements contained in the Corporation's mortgage indentures relating to minimum depreciation provisions (the latter cumulative amount being the aggregate of the largest amounts separately computed for entire periods of differing coexisting mortgage indenture requirements) from January 1, 1954, up to but excluding said twelve-month period; provided that in the event any company other than Mississippi Power & Light Company, a Florida corporation, is merged into the Corporation the "cumulative amount computed under requirements contained in the Corporation's mortgage indentures relating to minimum depreciation provisions" referred to above shall be computed without regard, for the period prior to the merger, of property acquired in the merger, and the "cumulative amount charged to depreciation expense on the books of the Corporation" shall be exclusive of amounts provided for such property prior to the merger.

(I) The Board of Directors are hereby expressly authorized by resolution or resolutions to state and express the series and distinctive serial designation of any authorized and unissued shares of Preferred Stock proposed to be issued, the number of shares to constitute each such series, the annual rate or rates of dividends payable on shares of each series together with the dates on which such dividends shall be paid in each year, the date from which such dividends shall commence to accumulate, the amount or amounts payable upon redemption and the sinking fund provisions, if any, for the redemption or purchase of shares.

(J) Dividends may be paid upon the Common Stock only when (i) dividends have been paid or declared and funds set apart for the payment of dividends as aforesaid on the Preferred Stock from the date(s) after which dividends thereon became cumulative, to the beginning of the period then current, with respect to which such dividends on the Preferred Stock are usually declared, and (ii) all payments have been made or funds have been set aside for payments then or theretofore due under sinking fund provisions, if any, for the redemption or purchase of shares of any series of the Preferred Stock, but whenever (x) there shall have been paid or declared and funds shall have been set apart for the payment of all such dividends upon the Preferred Stock as aforesaid, and

(y) all payments shall have been made or funds shall have been set aside for payments then or theretofore due under sinking fund provisions, if any, for the redemption or purchase of shares of any series of the Preferred Stock, then, subject to the limitations above set forth, dividends upon the Common Stock may be declared payable then or thereafter, out of any net earnings or surplus of assets over liabilities, including capital, then remaining. After the payment of the limited dividends and/or shares in distribution of assets to which the Preferred Stock is expressly entitled in preference to the Common Stock, in accordance with the provisions hereinabove set forth, the Common Stock alone (subject to the rights of any class of stock hereafter authorized) shall receive all further dividends and shares in distribution.

(K) Subject to the limitations hereinabove set forth the Corporation from time to time may resell any of its own stock, purchased or otherwise acquired by it as hereinafter provided for, at such price as may be fixed by its Board of Directors or Executive Committee.

(L) Subject to the limitations hereinabove set forth the Corporation in order to acquire funds with which to redeem any outstanding Preferred Stock of any class, may issue and sell stock of any class then authorized but unissued, bonds, notes, evidences of indebtedness, or other securities.

(M) Subject to the limitations hereinabove set forth the Board of Directors of the Corporation may at any time authorize the conversion or exchange of the whole or any particular share of the outstanding preferred stock of any class with the consent of the holder thereof, into or for stock of any other class at the time of such consent authorized but unissued and may fix the terms and conditions upon which such conversion or exchange may be made; provided that without the consent of the holders of record of two-thirds of the shares of Common Stock outstanding given at a meeting of the holders of the Common Stock called and held as provided by the By-Laws or given in writing without a meeting, the Board of Directors shall not authorize the conversion or exchange of any preferred stock of any class into or for Common Stock or authorize the conversion or exchange of any preferred stock; of any class into or for preferred stock of any other class, if by such conversion or exchange the amount which the holders of the shares of stock so converted or exchanged would be entitled to receive either as dividends or shares in distribution of assets in preference to the Common Stock would be increased.

(N) A consolidation, merger or amalgamation of the Corporation with or into any other corporation or corporations shall not be deemed a distribution of assets of the Corporation within the meaning of any provisions of these Restated Articles of Incorporation.

(O) The consideration received by the Corporation from the sale of any additional stock without nominal or par value shall be entered in the Corporation's capital stock account.

(P) Subject to the limitations hereinabove set forth upon the vote of a majority of all the Directors of the Corporation and of a majority of the total number of shares of stock then issued and outstanding and entitled to vote, irrespective of class (or if the vote of a larger number or different proportion of shares is required by the laws of the State of Mississippi notwithstanding the above agreement of the stockholders of the Corporation to the contrary, then upon the vote of the larger number or different proportion of shares so required), the Corporation may from time to time create or authorize one or more other classes of stock with such preferences, designations, rights, privileges, powers, restrictions, limitations and qualifications as may be determined by said vote, which may be the same as or different from the preferences, designations, rights, privileges, powers, restrictions, limitations and qualifications of the classes of stock of the Corporation then authorized. Any such vote authorizing the creation of a new class of stock may provide that all moneys payable by the Corporation with respect to any class of stock thereby authorized shall be paid in the money of any foreign country named therein or designated by the Board of Directors, pursuant to authority therein granted, at a fixed rate of exchange with the money of the United States of America therein stated or provided for and all such payments shall be made accordingly. Any such vote may authorize any shares of any class then authorized but unissued to be issued as shares of such new class or classes

(Q) Subject to the limitations hereinabove set forth, either the Preferred Stock or the Common Stock or both of said classes of stock, may be increased at any time upon vote of the holders of a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote thereon, irrespective of class.

(R) If any provisions in this Section Fourth shall be in conflict or inconsistent with any other provisions of these Restated Articles of Incorporation of the Corporation the provisions of this Section Fourth shall prevail and govern.

FIFTH: The Corporation will not commence business until at least \$1,000 has been received by it as consideration for the issuance of shares.

SIXTH: Existing provisions limiting or denying to shareholders the preemptive right to acquire additional or treasury shares of the Corporation are:

No holder of any stock of the Corporation shall be entitled as of right to purchase or subscribe for any part of any unissued stock of the Corporation, or any additional stock of any class to be issued by reason of any increase of the authorized capital stock of the Corporation or of bonds, certificates of indebtedness, debentures, or other securities convertible into stock of the Corporation, but any such unissued stock or any such additional authorized issue of new stock, or of securities convertible into stock, may be issued and disposed of by the Board of Directors without offering to the stockholders then of record, or to any class of stockholders, any thereof on any terms.

SEVENTH: Existing provisions of the Restated Articles of Incorporation for the regulation of the internal affairs of the Corporation are:

(a) General authority is hereby conferred upon the Board of Directors to fix the consideration for which shares of stock of the Corporation without nominal or par value may be issued and disposed of, and the shares of stock of the Corporation without nominal or par value, whether authorized by these Restated Articles of Incorporation or by subsequent increase of the authorized number of shares of stock or by amendment of these Restated Articles of Incorporation by consolidation or merger or otherwise, and/or any securities convertible into stock of the

Corporation without nominal or par value may be issued and disposed of for such consideration and on such terms and in such manner as may be fixed from time to time by the Board of Directors.

(b) The issue of the whole, or any part determined by the Board of Directors, of the shares of stock of the Corporation as partly paid, and subject to calls thereon until the whole thereof shall have been paid, is hereby authorized.

(c) The Board of Directors shall have power to authorize the payment of compensation to the directors for services to the Corporation, including fees for attendance at meetings of the Board of Directors or the Executive Committee and all other committees and to determine the amount of such compensation and fees.

(d) The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed and the Board of Directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representative, to give bond in such sum as they may direct as indemnity against any claim that may be made against the Corporation, its officers, employees or agents by reason thereof; a new certificate may be issued without requiring any bond when, in the judgment of the directors, it is proper so to do.

If the Corporation shall neglect or refuse to issue such a new certificate and it shall appear that the owner thereof has applied to the Corporation for a new certificate in place thereof and has made due proof of the loss or destruction thereof and has given such notice of his application for such new certificate on such newspaper of general circulation, published in the State of Mississippi as reasonably should be approved by the Board of Directors, and in such other newspaper as may be required by the Board of Directors, and has tendered to the Corporation adequate security to indemnify the Corporation, its officers employees, or agents, and any person other than such applicant who shall thereafter appear to be the lawful owner of such alleged lost or destroyed certificate against damage, loss or expense because of the issuance of such new certificate, and the effect thereof as herein provided, then, unless there is adequate cause why such new certificate shall not be issued, the Corporation, upon the receipt of said indemnity, shall issue a new certificate of stock in place of such lost or destroyed certificate. In the event that the Corporation shall nevertheless refuse to issue a new certificate as aforesaid, the applicant may then petition any court of competent jurisdiction for relief against the failure of the Corporation to perform its obligations hereunder. In the event that the Corporation shall issue such new certificate, any person who shall thereafter claim any rights under the certificate in place of which such new certificate is issued, whether such new certificate is issued pursuant to the judgment or decree of such court or voluntarily by the Corporation after the publication of notice and the receipt of proof and indemnity as aforesaid, shall have recourse to such indemnity and the Corporation shall be discharged from all liability to such person by reason of such certificate and the shares represented thereby.

(e) No stockholder shall have any right to inspect any account, book or document of the Corporation, except as conferred by statute or authorized by the directors.

(f) A director of the Corporation shall not be disqualified by his office from dealing or contracting with the Corporation either as a vendor, purchaser or otherwise, nor shall any transaction or contract of the Corporation be void or voidable by reason of the fact that any director or any firm of which any director is a member or any corporation of which any director is a shareholder, officer or director, is in any way interested in such transaction or contract, provided that such transaction or contract is or shall be authorized, ratified or approved either (1) by a vote of a majority of a quorum of the Board of Directors or the Executive Committee, without counting in such majority or quorum any directors so interested or members of a firm so interested or a shareholder, officer or director of a corporation so interested, or (2) by the written consent, or by vote at a stockholders' meeting of the holders of record of a majority in number of all the outstanding shares of stock of the Corporation entitled to vote; nor shall any director be liable to account to the Corporation for any profits realized by or from or through any such transaction or contract of the Corporation, authorized, ratified or approved as aforesaid by reason of the fact that he or any firm of which he is a member or any corporation of which he is a shareholder, officer or director was interested in such transaction or contract. Nothing herein contained shall create any liability in the events above described or prevent the authorization, ratification or approval of such contract in any other manner provided by law.

(g) Any director may be removed, whether cause shall be assigned for his removal or not, and his place filled at any meeting of the stockholders by the vote of a majority of the outstanding stock of the Corporation entitled to vote. Vacancies in the Board of Directors, except vacancies arising from the removal of directors, shall be filled by the directors remaining in office.

(h) Any property of the Corporation not essential to the conduct of its corporate business and purposes may be sold, leased, exchanged or otherwise disposed of by authority of its Board of Directors and the Corporation may sell, lease or exchange all of its property and franchises or any of its property, franchises, corporate rights or privileges essential to the conduct of its corporate business and purposes upon the consent of and for such considerations and upon such terms as may be authorized by a majority of the Board of Directors and the holders of a majority of the outstanding shares of stock entitled to vote, expressed in writing or by vote at a meeting called for that purpose in the manner provided by the By-Laws of the Corporation for special meetings of stockholders; and at no time shall any of the plants, properties, easements, franchises (other than corporate franchises) or securities then owned by the Corporation be deemed to be property, franchises, corporate rights or privileges essential to the conduct of the corporate business and purposes of the Corporation.

Upon the vote or consent of the stockholders required to dissolve the Corporation, the Corporation shall have power, as the attorney and agent

of the holders of all of its outstanding stock, to sell, assign and transfer all such stock to a new corporation organized under the laws of the United States, the State of Mississippi or any other state, and to receive as the consideration therefor shares of stock of such new corporation of the several classes into which the stock of the Corporation is then divided, equal in number to the number of shares of stock of the Corporation of said several classes then outstanding, such shares of said new corporation to have the same preferences, voting powers, restrictions and qualifications thereof as may then attach to the classes of stock of the Corporation then outstanding so far as the same shall be consistent with such laws of the United States or of the State of Mississippi or of such other state, except that the whole or any part of such stock or any class thereof may be stock with or without nominal or par value. In order to make effective such a sale, assignment and transfer, the Corporation shall have the right to transfer all its outstanding stock on its books and to issue and deliver new certificates therefor in such names and amounts as such new corporation may direct without receiving for cancellation the certificates for such stock previously issued and then outstanding. Upon completion of such sale, assignment and transfer, the holders of the stock of the Corporation shall have no rights or interests in or against the Corporation except the right, upon surrender of certificates for stock of the Corporation properly endorsed, if required, to receive from the Corporation certificates for shares of stock of such new corporation of the class corresponding to the class of the shares surrendered, equal in number to the number of shares of the stock of the Corporation so surrendered.

(i) Upon the written assent or pursuant to the affirmative vote in person or by proxy of the holders of a majority in number of the shares then outstanding and entitled to vote, irrespective of class, (1) any or every statute of the State of Mississippi hereafter enacted, whereby the rights, powers or privileges of the Corporation are or may be increased, diminished or in any way affected or whereby the rights, powers or privileges of the stockholders of corporations organized under the law under which the Corporation is organized, are increased, diminished or in any way affected or whereby effect is given to the action taken by any part, less than all, of the stockholders of any such corporation, shall, notwithstanding any provisions which may at the time be contained in these Restated Articles of Incorporation or any law, apply to the Corporation, and shall be binding not only upon the Corporation, but upon every stockholder thereof, to the same extent as if such statute had been in force at the date of the making and filing of these Restated Articles of Incorporation and/or (2) amendments of these Restated Articles of Incorporation authorized at the time of the making of such amendments by the laws of the State of Mississippi may be made.

EIGHTH: The Restated Articles of Incorporation correctly set forth without change the corresponding provisions of the Articles of Incorporation as heretofore amended and restated, and supersede the original Articles of Incorporation, and all amendments thereto, and prior Restated Articles of Incorporation and all amendments thereto.

DATED: December 21, 1983.

**MISSISSIPPI POWER & LIGHT COMPANY**

By: D. C. LUTKEN

**Its President**

[CORPORATE SEAL]

By: F. S. YORK, JR.

**Its Secretary**

**STATE OF MISSISSIPPI  
COUNTY OF HINDS**

I, Bethel Ferguson, a Notary Public, do hereby certify that on this 21st day of December, 1983, personally appeared before me D. C. Lutken, who, being by me first duly sworn, declared that he is the President of Mississippi Power & Light Company, that he signed the foregoing document as President of the Corporation, and that the statements therein contained are true.

BETHEL FERGUSON  
Notary Public

My commission expires July 23, 1987.

[NOTARY'S SEAL]

**RESTATED ARTICLES OF INCORPORATION  
of  
MISSISSIPPI POWER & LIGHT COMPANY**

**Filing and Recording Data**

Restated Articles of Incorporation filed with Secretary of State- -December 21, 1983

Certificate of Restated Articles of Incorporation issued by Secretary of State--December 21, 1983

Certificate of Restated Articles of Incorporation and Restated Articles of Incorporation filed for record in the office of the Chancery Clerk of the First Judicial District of Hinds County, Mississippi, Book 189, Page 624--December 22, 1983.

**MISSISSIPPI POWER & LIGHT COMPANY**

**Statement of Resolution Establishing Series of Shares**

October 25, 1984

Pursuant to the provisions of Section 79-3-29 of the Mississippi Business Corporation Law, the undersigned Corporation submits the following statement for the purpose of establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof:

1. The name of the corporation is Mississippi Power & Light Company.
2. The attached resolution establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof was duly adopted by the Board of Directors of the Corporation on October 24, 1984.

**Dated this the 25th day of October, 1984.**

**MISSISSIPPI POWER & LIGHT COMPANY**

*By/s/ William Cavanaugh,  
III  
William Cavanaugh, III  
President*

*By /s/ Frank S. York, Jr.  
Frank S. York, Jr.  
Senior Vice President,  
Chief Financial  
Officer  
and Secretary*

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this October 25, 1984, personally appeared before me William Cavanaugh, III, who, being by me first duly sworn, declared that he is President of Mississippi Power & Light Company, that he executed the foregoing document as President of the Corporation, and that the statements therein contained are true.

*/s/ Joy L. Spears  
Joy L. Spears, Notary  
Public*

**My Commission Expires:**

March 30, 1986

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this October 25, 1984, personally appeared before me Frank S. York, Jr., who, being by me first duly sworn, declared that he is Senior Vice President, Chief Financial Officer and Secretary of Mississippi Power & Light Company, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the Corporation, and that the statements therein contained are true.

*/s/ Joy L. Spears  
Joy L. Spears, Notary  
Public*

**My Commission Expires:**

March 30, 1986

RESOLVED That there is hereby established a series of the Preferred Stock of Mississippi Power & Light Company as follows:

A series of 150,000 shares of the Preferred Stock shall:

(a) be designated "16.16% Preferred Stock, Cumulative, \$100 Par Value;"

(b) have a dividend rate of \$16.16 per share per annum payable quarterly on February 1, May 1, August 1, and November 1 of each year, the first dividend date to be February 1, 1986, and such dividends to be cumulative from the date of issuance;

(c) be subject to redemption at the price of \$116.16 per share if redeemed on or before November 1, 1989, of \$112.12 per share if redeemed after November 1, 1989, and on or before November 1, 1994, of \$108.08 per share if redeemed after November 1, 1994, and on or before November 1, 1999, and of \$104.04 per share if redeemed after November 1, 1999, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 16.16% Preferred Stock, Cumulative, \$100 Par Value, shall be redeemed prior to November 1, 1989, if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Corporation, or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 16.16% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets, if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Corporation (so computed) of less than 16.2772% per annum; and

(d) be subject to redemption as and for a sinking fund as follows: on November 1, 1989 and on each November 1 thereafter (each such date being hereinafter referred to as a "16.16% Sinking Fund Redemption Date"), for so long as any shares of the 16.16% Preferred Stock, Cumulative, \$100 Par Value, shall remain outstanding, the Corporation shall redeem, out of funds legally available therefor, 7,500 shares of the 16.16% Preferred Stock, Cumulative, \$100 Par Value, (or the number of shares than outstanding if less than 7,500) at the sinking fund redemption price of \$100 per share plus, as to each share so redeemed, an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date of redemption (the obligation of the Corporation so to redeem the shares of the 16.16% Preferred Stock, Cumulative, \$100 Par Value, being hereinafter referred to as the "16.16% Sinking Fund Obligation"); the 16.16% Sinking Fund Obligation shall be cumulative; if on any 16.16% Sinking Fund Redemption Date, the Corporation shall not have funds legally available therefor sufficient to redeem the full number of shares required to be redeemed on that date, the 16.16% Sinking Fund Obligation with respect to the shares not redeemed shall carry forward to each successive 16.16% Sinking Fund Redemption Date until such shares shall have been redeemed; whenever on any 16.16% Sinking Fund Redemption Date, the funds of the Corporation legally available for the satisfaction of the 16.16% Sinking Fund Obligation and all other sinking fund and similar obligations than existing with respect to any other class or series of its stock ranking on a parity as to dividends or assets with the 16.16% Preferred Stock, Cumulative, \$100 Par Value (such obligation and obligations collectively being hereinafter referred to as the "Total Sinking Fund Obligations"), are insufficient to permit the Corporation to satisfy fully its Total Sinking Fund

Obligation on that date, the Corporation shall apply to the satisfaction on its 16.16% Sinking Fund Obligation on that date that proportion of such legally available funds which is equal to the ratio of such 16.16% Sinking Fund Obligation to such Total Sinking Fund Obligation; in addition to the 16.16% Sinking Fund Obligation, the Corporation shall have the option, which shall be noncumulative, to redeem, upon authorization of the Board of Directors, on each 16.16% Sinking Fund Redemption Date, at the aforesaid sinking fund redemption price, up to 7,500 additional shares of the 16.16% Preferred Stock, Cumulative \$100 Par Value; the Corporation shall be entitled, at its election, to credit against its 16.16% Sinking Fund Obligation on any 16.16% Sinking Fund Redemption Date any shares of the Preferred Stock, Cumulative, \$100 Par Value (including shares of the 16.16% Preferred Stock, Cumulative, \$100 Par Value, optionally redeemed at the aforesaid sinking fund price) theretofore redeemed (other than shares of the 16.16% Preferred Stock, Cumulative, \$100 Par Value, redeemed pursuant to the 16.16% Sinking Fund Obligation) purchased or otherwise acquired and not previously credited against the 16.16% Sinking Fund Obligation.

**MISSISSIPPI POWER & LIGHT COMPANY**

**Statement of Resolution Establishing Series of Shares**

July 24, 1986

Pursuant to the provisions of Section 79-3-29 of the Mississippi Code of 1972, the undersigned Corporation submits the following statement for the purpose of establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof:

1. The name of the corporation is Mississippi Power & Light Company.
2. The attached resolution establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof was duly adopted by the Board of Directors of the Corporation on July 24, 1986.

**Dated this the 24th day of July, 1986.**

**MISSISSIPPI POWER & LIGHT COMPANY**

*By/s/ William Cavanaugh,  
III  
William Cavanaugh, III  
President*

*By /s/ Frank S. York, Jr.  
Frank S. York, Jr.  
Senior Vice President,  
Chief Financial  
Officer  
and Secretary*

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joseph L. Blount, a Notary Public, do hereby certify that on this July 24, 1986, personally appeared before me William Cavanaugh, III, who, being by me first duly sworn, declared that he is President of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as President of the Corporation, and that the statements therein contained are true.

*/s/ Joseph L. Blount  
Joseph L. Blount, Notary  
Public*

**My Commission Expires:**

January 20, 1990

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joseph L. Blount, a Notary Public, do hereby certify that on this July 24, 1986, personally appeared before me Frank S. York, Jr., who, being by me first duly sworn, declared that he is Senior Vice President, Chief Financial Officer and Secretary of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the Corporation, and that the statements therein contained are true.

*/s/ Joseph L. Blount  
Joseph L. Blount, Notary  
Public*

**My Commission Expires:**

January 20, 1990

RESOLVED That there is hereby established a series of the Preferred Stock of Mississippi Power & Light Company as follows:

A series of 350,000 shares of the Preferred Stock shall:

(a) be designated "9% Preferred Stock, Cumulative, \$100 Par Value;"

(b) have a dividend rate of \$9.00 per share per annum payable quarterly on February 1, May 1, August 1, and November 1 of each year, the first dividend date to be November 1, 1986, and such dividends to be cumulative from the date of issuance;

(c) be subject to redemption at the price of \$109.00 per share if redeemed on or before July 1, 1991, of \$106.75 per share if redeemed after July 1, 1991, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 9% Preferred Stock, Cumulative, \$100 Par Value, shall be redeemed prior to July 1, 1991, if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Corporation, or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 9% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets, if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Corporation (so computed) of less than 9.9901% per annum; and

(d) be subject to redemption as and for a sinking fund as follows: on July 1, 1991, and on each July 1 thereafter (each such date being hereinafter referred to as a "9% Sinking Fund Redemption Date"), for so long as any shares of the 9% Preferred Stock, Cumulative, \$100 Par Value, shall remain outstanding, the Corporation shall redeem, out of funds legally available therefor, 70,000 shares of the 9% Preferred Stock, Cumulative, \$100 Par Value, (or the number of shares then outstanding if less than 70,000) at the sinking fund redemption price of \$100 per share plus, as to each share so redeemed, an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date of redemption (the obligation of the Corporation so to redeem the shares of the 9% Preferred Stock, Cumulative, \$100 Par Value, being hereinafter referred to as the "9% Sinking Fund Obligation"); the 9% Sinking Fund Obligation shall be cumulative; if on any 9% Sinking Fund Redemption Date, the Corporation shall not have funds legally available therefor sufficient to redeem the full number of shares required to be redeemed on that date, the 9% Sinking Fund Obligation with respect to the shares not redeemed shall carry forward to each successive 9% Sinking Fund Redemption Date until such shares shall have been redeemed; whenever on any 9% Sinking Fund Redemption Date, the funds of the Corporation legally available for the satisfaction of the 9% Sinking Fund Obligation and all other sinking fund and similar obligations then existing with respect to any other class or series of its stock ranking on a parity as to dividends or assets with the 9% Preferred Stock, Cumulative, \$100 Par Value (such obligation and obligations collectively being hereinafter referred to as the "Total Sinking Fund Obligations"), are insufficient to permit the Corporation to satisfy fully its Total Sinking Fund Obligation on that date, the Corporation shall

apply to the satisfaction on its 9% Sinking Fund Obligation on that date that proportion of such legally available funds which is equal to the ratio of such 9% Sinking Fund Obligation to such Total Sinking Fund Obligation; the Corporation shall be entitled, at its election, to credit against its 9% Sinking Fund Obligation on any 9% Sinking Fund Redemption Date any shares of the Preferred Stock, Cumulative, \$100 Par Value, theretofore redeemed (other than shares of the 9% Preferred Stock, Cumulative, \$100 Par Value, redeemed pursuant to the 9% Sinking Fund Obligation) purchased or otherwise acquired and not previously credited against the 9% Sinking Fund Obligation.

## MISSISSIPPI POWER & LIGHT COMPANY

### Statement of Cancellation of Shares

September 1, 1986

Pursuant to the provisions of Section 79-3-133 of the Mississippi Code of 1972, the undersigned Corporation submits the following statement of cancellation of redeemable shares by redemption:

1. The name of the corporation is Mississippi Power & Light Company.
2. The number of redeemable shares cancelled through redemption is 20,000 shares of 17% preferred stock, cumulative, \$100 par value.
3. The aggregate number of issued shares, itemized by class and series, after giving effect to such cancellation is as follows:
  - (a) 6,275,000 shares of common stock, without par value;
  - (b) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
  - (c) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
  - (d) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
  - (e) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
  - (f) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
  - (g) 180,000 shares of 17% preferred stock, cumulative, \$100 par value;
  - (h) 100,000 shares of 14.75% preferred stock, cumulative, \$100 par value;
  - (i) 100,000 shares of 12% preferred stock, cumulative, \$100 par value;
  - (j) 150,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
  - (k) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
4. The amount, expressed in dollars, of the stated capital of the Corporation, after giving effect to such cancellation is \$270,205,800.00.
5. The Restated Articles of Incorporation of the Corporation provide that the cancelled shares shall not be reissued, and the number of shares which the Corporation has authority to issue, itemized by class, after giving effect to such cancellation, is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 6,275,000 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,984,476 shares of preferred stock, 1,258,808 shares of which are issued and outstanding as outlined above.

**Dated this the 10th day of December, 1986.**

## MISSISSIPPI POWER & LIGHT COMPANY

By /s/ Frank S. York, Jr.  
Frank S. York, Jr.  
Senior Vice President,  
Chief Financial Officer  
and Secretary

By /s/ A. H. Mapp  
A. H. Mapp  
Assistant Secretary  
and  
Assistant Treasurer

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this 10th day of December, 1986, personally appeared before me Frank S. York, Jr., who, being by me first duly sworn, declared that he is Senior Vice President, Chief Financial Officer and Secretary of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the Corporation, and that the statements therein contained are true.

*/s/ Joy L. Spears  
Joy L. Spears, Notary*

*Public  
My Commission Expires:*

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this 10th day of December, 1986, personally appeared before me A. H. Mapp, who, being by me first duly sworn, declared that he is Assistant Secretary and Assistant Treasurer of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the Corporation, and that the statements therein contained are true.

*/s/ Joy L. Spears  
Joy L. Spears, Notary*

*Public  
My Commission Expires:*

**MISSISSIPPI POWER & LIGHT COMPANY**

**Statement of Cancellation of Shares**

November 1, 1986

Pursuant to the provisions of Section 79-3-133 of the Mississippi Code of 1972, the undersigned Corporation submits the following statement of cancellation of redeemable shares by redemption:

1. The name of the corporation is Mississippi Power & Light Company.
2. The number of redeemable shares cancelled through redemption is 180,000 shares of 17% preferred stock, cumulative, \$100 par value.
3. The aggregate number of issued shares, itemized by class and series, after giving effect to such cancellation is as follows:
  - (a) 6,275,000 shares of common stock, without par value;
  - (b) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
  - (c) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
  - (d) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
  - (e) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;



Mississippi corporation, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the Corporation, and that the statements therein contained are true.

*/s/ Joy L. Spears  
Joy L. Spears, Notary*

*Public*

*My Commission Expires:*

## **MISSISSIPPI POWER & LIGHT COMPANY**

### **Statement of Cancellation of Shares**

November 1, 1986

Pursuant to the provisions of Section 79-3-133 of the Mississippi Code of 1972, the undersigned Corporation submits the following statement of cancellation of redeemable shares by redemption:

1. The name of the corporation is Mississippi Power & Light Company.
2. The number of redeemable shares cancelled through redemption is 100,000 shares of 14.75% preferred stock, cumulative, \$100 par value.
3. The aggregate number of issued shares, itemized by class and series, after giving effect to such cancellation is as follows:
  - (a) 6,275,000 shares of common stock, without par value;
  - (b) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
  - (c) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
  - (d) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
  - (e) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
  - (f) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
  - (g) 100,000 shares of 12% preferred stock, cumulative, \$100 par value;
  - (h) 150,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
  - (i) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
4. The amount, expressed in dollars, of the stated capital of the Corporation, after giving effect to such cancellation is \$242,205,800.00.
5. The Restated Articles of Incorporation of the Corporation provide that the cancelled shares shall not be reissued, and the number of shares which the Corporation has authority to issue, itemized by class, after giving effect to such cancellation, is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 6,275,000 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,704,476 shares of preferred stock, 978,808 shares of which are issued and outstanding as outlined above.

**Dated this the 10th day of December, 1986.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By /s/ Frank S. York, Jr.  
Frank S. York, Jr.  
Senior Vice President,  
Chief Financial Officer  
and Secretary

By /s/ A. H. Mapp  
A. H. Mapp  
Assistant Secretary  
and  
Assistant Treasurer

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this 10th day of December, 1986, personally appeared before me Frank S. York, Jr., who, being by me first duly sworn, declared that he is Senior Vice President, Chief Financial Officer and Secretary of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the Corporation, and that the statements therein contained are true.

Public

/s/ Joy L. Spears  
Joy L. Spears, Notary

My Commission Expires:

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this 10th day of December, 1986, personally appeared before me A. H. Mapp, who, being by me first duly sworn, declared that he is Assistant Secretary and Assistant Treasurer of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the Corporation, and that the statements therein contained are true.

Public

/s/ Joy L. Spears  
Joy L. Spears, Notary

My Commission Expires:

**MISSISSIPPI POWER & LIGHT COMPANY**

**Statement of Resolution Establishing Series of Shares**

January 13, 1987

Pursuant to the provisions of Section 79-3-29 of the Mississippi Code of 1972, the undersigned Corporation submits the following statement for the purpose of establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof:

1. The name of the corporation is Mississippi Power & Light Company.
2. The attached resolution establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof was duly adopted by the Board of Directors of the Corporation on January 13, 1987.

**Dated this the 13th day of January, 1987.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By            /s/ D. C. Lutken  
                  D. C. Lutken  
                  President, Chairman of  
                  the Board and Chief  
                  Executive Officer

By            /s/ G. A. Goff  
                  G. A. Goff  
                  Senior Vice  
                  President,  
                  Chief Financial  
                  Officer  
                                  and Secretary

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this January 13, 1987, personally appeared before me D. C. Lutken, who, being by me first duly sworn, declared that he is President, Chairman of the Board and Chief Executive Officer of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as President, Chairman of the Board and Chief Executive Officer of the Corporation, and that the statements therein contained are true.

                  /s/ Joy L. Spears  
                  Joy L. Spears, Notary  
                  Public

**My Commission Expires:**

**STATE OF MISSISSIPPI**

**COUNTY OF MINDS**

I, Joy L. Spears, a Notary Public, do hereby certify that on this January 13, 1987, personally appeared before me G. A. Goff, who, being by me first duly sworn, declared that he is Senior Vice President, Chief Financial Officer and Secretary of Mississippi Power & Light Company, a Mississippi corporation, that he executed the foregoing document as Senior Vice President, Chief Financial Officer and Secretary of the

Corporation, and that the statements therein contained are true.

*/s/ Joy L. Spears  
Joy L. Spears, Notary  
Public*

**My Commission Expires:**

RESOLVED That there is hereby established a series of the Preferred Stock of Mississippi Power & Light Company as follows:

A series of 350,000 shares of the Preferred Stock shall:

(a) be designated "9.76% Preferred Stock, Cumulative, \$100 Par Value;"

(b) have a dividend rate of \$9.76 per share per annum payable quarterly on February 1, May 1, August 1, and November 1 of each year, the first dividend date to be May 1, 1987, and such dividends to be cumulative from the date of issuance;

(c) be subject to redemption at the price of \$109.76 per share if redeemed on or before January 1, 1988, of \$108.68 per share if redeemed after January 1, 1988, and on or before January 1, 1989, of \$107.60 per share if redeemed after January 1, 1989, and on or before January 1, 1990, of \$106.51 per share if redeemed after January 1, 1990, and on or before January 1, 1991, of \$105.43 per share if redeemed after January 1, 1991, and on or before January 1, 1992, of \$104.34 per share if redeemed after January 1, 1992, and on or before January 1, 1993, of \$103.26 per share if redeemed after January 1, 1993, and on or before January 1, 1994, of \$102.17 per share if redeemed after January 1, 1994, and on or before January 1, 1995, of \$101.09 per share if redeemed after January 1, 1995, and on or before January 1, 1996, and of \$100.00 per share if redeemed after January 1, 1996, in each case plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption; provided, however, that no share of the 9.76% Preferred Stock, Cumulative, \$100 Par Value, shall be redeemed prior to January 1, 1992, if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Corporation, or through the use, directly or indirectly, of funds derived through the issuance by the Corporation of stock ranking prior to or on a parity with the 9.76% Preferred Stock, Cumulative, \$100 Par Value, as to dividends or assets, if such borrowed funds have an effective interest cost to the Corporation (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Corporation (so computed) of less than 9.9165% per annum; and

(d) be subject to redemption as and for a sinking fund as follows: on January 1, 1993, and on each January 1 thereafter (each such date being hereinafter referred to as a "9.76% Sinking Fund Redemption Date"), for so long as any shares of the 9.76% Preferred Stock, Cumulative, \$100 Par Value, shall remain outstanding, the Corporation shall redeem, out of funds legally available therefor, 70,000 shares of the 9.76% Preferred Stock, Cumulative, \$100 Par Value, (or the number of shares then outstanding if less than 70,000) at the sinking fund redemption price of \$100 per share plus, as to each share so redeemed, an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date of redemption (the obligation of the Corporation so to redeem the shares of the 9.76% Preferred Stock, Cumulative, \$100 Par Value, being hereinafter referred to as the "9.76% Sinking Fund Obligation"); the 9.76% Sinking Fund Obligation shall be cumulative; if on any 9.76% Sinking Fund Redemption Date, the Corporation shall not have funds legally available therefor sufficient to redeem the full number of shares required to be redeemed on that date, the 9.76% Sinking Fund Obligation with respect to the shares not redeemed shall carry forward to each successive 9.76% Sinking Fund Redemption Date until such shares shall have been redeemed; whenever on any 9.76% Sinking Fund Redemption Date, the funds of the Corporation legally available for the satisfaction of the 9.76% Sinking Fund Obligation and all other sinking fund and similar obligations then existing with respect to any other class or series of its stock ranking on a parity as to dividends or assets with the 9.76% Preferred Stock, Cumulative, \$100 Par Value (such obligation and obligations collectively being hereinafter referred to as the "Total Sinking Fund Obligations"), are insufficient to permit the Corporation to satisfy fully its Total Sinking Fund Obligation on that date, the Corporation shall apply to the satisfaction on its 9.76% Sinking Fund Obligation on that date that proportion of such legally available funds which is equal to the ratio of such 9.76% Sinking Fund Obligation to such Total Sinking Fund Obligation; the Corporation shall be entitled, at its election, to credit against its 9.76% Sinking Fund Obligation on any 9.76% Sinking Fund Redemption Date any shares of the Preferred Stock, Cumulative, \$100 Par Value, theretofore redeemed (other than shares of the 9.76% Preferred Stock, Cumulative, \$100 Par Value, redeemed pursuant to the 9.76% Sinking Fund Obligation) purchased or otherwise acquired and not previously credited against the 9.76% Sinking Fund Obligation.

FURTHER RESOLVED That the officers of the Company are hereby authorized and directed to execute, file, publish and record all such

statements and other documents, and to do and perform all such other and further acts and things, as in the judgment of the officer or officers taking such action may be necessary or desirable for the purpose of causing the immediately preceding resolution to become fully effective and of causing said resolution to become and constitute an amendment of the Restated Articles of Incorporation of the Company, all in the manner and to the extent required by the Mississippi Business Corporation Law.

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (Supp. 1987)

March 8, 1988

The undersigned corporation, pursuant to Section 79-4-6.31 of the Mississippi Code of 1972, as amended, submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 5,000 shares of 12% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 6,275,000 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,699,476 shares of preferred stock, 1,323,808 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 95,000 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 150,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
    - (viii) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 8th day of March, 1988.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By            /s/ G. A. Goff  
                  G. A. Goff  
                  Senior Vice  
President,  
                  Chief Financial  
Officer  
                                  and Secretary

By            /s/ J. R. Martin  
                  J. R. Martin  
                  Treasurer and  
Assistant  
                                  Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (Supp. 1988)

January 19, 1989

The undersigned corporation, pursuant to Section 79-4-6.31 of the Mississippi Code of 1972, as amended, submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 1,500 shares of 12% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:

(a) 15,000,000 shares of common stock, without par value, 7,579,400 of such shares being issued and outstanding at the date hereof; and  
(b) 1,699,476 shares of preferred stock, 1,323,808 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 93,500 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 150,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
- (viii) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
- (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 19th day of January, 1989.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By            /s/ G. A. Goff  
                 G. A. Goff  
                 Senior Vice  
President,  
                 Chief Financial  
Officer  
                 and Secretary

**REGISTERED AGENT/OFFICE STATEMENT OF CHANGE**

(Mark appropriate box)

**X DOMESTIC X PROFIT**

**FOREIGN NONPROFIT**

1. Name of Corporation:

Mississippi Power & Light Company

Federal Tax ID: 64-0205830

2. Current street address of registered office:

308 East Pearl Street  
Jackson, Mississippi 39201

3. New street address of registered office: (No change)

4. Name of current registered agent:

Donald C. Lutken or Robert C. Grenfell

5. Name of new registered agent:

Michael B. Bemis or Robert C. Grenfell

6. (Mark appropriate box) (X) The undersigned hereby accepts designation as registered agent for service of process.

*/s/ Michael B. Bemis*  
*/s/ Robert C. Grenfell*

( ) *Statement of written consent if attached.*

7. ( ) Nonprofit. The street address of the registered office and the street address of the principal office of its registered agent will be identical.  
(X) Profit. The street address of the registered office and the street address of the business office of its registered agent will be identical.

8. The corporation has been notified of the change of registered office.

Mississippi Power & Light Company Corporate Name

By: *Michael B. Bemis, President and COO* /s/ *Michael B. Bemis*

*PRINTED NAME/CORPORATE TITLE*

*SIGNATURE*

## **MISSISSIPPI POWER & LIGHT COMPANY**

### **Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (Supp. 1988)

March 30, 1989

The undersigned corporation, pursuant to Section 79-4-6.31 of the Mississippi Code of 1972, as amended, submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 8,500 shares of 12% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 7,579,400 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,699,476 shares of preferred stock, 1,323,808 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 85,000 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 150,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
    - (viii) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;

(ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 30th day of March, 1989.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By            /s/ G. A. Goff  
                 G. A. Goff  
                 Senior Vice  
President,  
                 Chief Financial  
Officer  
                 and Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (Supp. 1988)

March 30, 1989

The undersigned corporation, pursuant to Section 79-4-6.31 of the Mississippi Code of 1972, as amended, submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 5,800 shares of 12% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 7,579,400 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,692,176 shares of preferred stock, 1,316,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 87,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 150,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
    - (viii) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 30th day of March, 1989.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By /s/ G. A. Goff  
G. A. Goff  
Senior Vice  
President,  
Chief Financial  
Officer  
and Secretary

**ARTICLES OF CORRECTION**  
(Mark appropriate box)

**X PROFIT NONPROFIT**

The undersigned corporation, pursuant to Section 79-4-1.24 (if a profit corporation) or Section 79-11-113 (if a nonprofit corporation) of the Mississippi Code of 1972, as amended, hereby executes the following document and sets forth:

1. The name of the corporation is:

Mississippi Power & Light Company

2. (Mark appropriate box.) (X) The document to be corrected is Articles of Amendment which became effective on March 31, 1989 (date).

( ) A copy of the document to be corrected is attached.

3. The aforesaid articles contain the following incorrect statement:  
See Attachment "A"

4. a. The reason such statement is incorrect is: The reduction in the number of shares of the class and series referred to in attachment A was incorrectly states as 8,500, and should have been 5,800, which incorrect statement is a component of certain other statements made in the Articles of Amendment, all as reflected in attachment "A".

or

b. The manner in which the execution of such document was defective was:

5. The correction is as follows: Attachment "B", a new executed form of Articles of Amendment, is substituted in its entirety for the Articles of Amendment referred to above.

6. The certificate of correction shall become effective on March 31, 1989.

By: Mississippi Power & Light Company  
printed name/corporation title

Officer

/s/ G. A. Goff  
G. A. Goff  
Senior Vice President,  
Chief Financial

and Secretary

**ATTACHMENT "A"**

The following incorrect statements were included in the Articles of Amendment under Miss. Code Ann. Section 74-4-6.31 (Supp. 1988) dated March 30, 1989:

1. Paragraph 2 thereof provided as follows: "The reduction in the number of authorized shares, itemized by class and series, is 8,500 shares of 12% Preferred Stock, Cumulative, \$100 par value."

2. Paragraph 3(b) provided in part as follows: "1,699,476 shares of preferred stock, 1,323,808 shares of which are issued and outstanding in the following series:

(vi) 85,000 shares of 12% preferred stock, cumulative, \$100 par value;

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (Supp. 1988)

November 2, 1989

The undersigned corporation, pursuant to Miss. Code Ann.

Section 79-4-6.31 (Supp. 1988), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 90,000 shares of 16.16% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:

(a) 15,000,000 shares of common stock, without par value, 7,579,400 of such shares being issued and outstanding at the date hereof; and  
(b) 1,602,176 shares of preferred stock, 1,226,508 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$200 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 87,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 60,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
- (viii) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
- (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 2nd day of November, 1989.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By            /s/ G. A. Goff  
                 G. A. Goff  
                 Senior Vice  
                 President,  
                 Chief Financial  
                 Officer  
                 and Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1972)

March 28, 1990

The undersigned corporation, pursuant to Miss. Code Ann. Section 79-4-6.31 (1972), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 10,000 shares of 12.009% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 7,579,400 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,592,176 shares of preferred stock, 1,216,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$200 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 77,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 60,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
    - (viii) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 30th day of March, 1990.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By            /s/ G. A. Goff  
                 G. A. Goff  
                 Senior Vice  
                 President,  
                 Chief Financial  
                 Officer  
                 and Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1972)

November 2, 1990

The undersigned corporation, pursuant to Miss. Code Ann. Section 79-4-6.31 (1972), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 15,000 shares of 16.16% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 7,579,400 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,577,176 shares of preferred stock, 1,201,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;



Cockrell

/s/ J. Michael

J. Michael Cockrell

DMC/st  
Enclosure

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

March 18, 1991

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is (a) 80 shares of 4.36% preferred stock, cumulative, \$100 par value; (b) 588 shares of 4.56% preferred stock, cumulative, \$100 par value; and (c) 10,000 shares of 12% preferred stock, cumulative, \$100 par value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 7,579,400 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,566,508 shares of preferred stock, 1,191,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 67,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 45,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
    - (viii) 350,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 18th day of March, 1991.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By           /s/ G. A. Goff  
                  G. A. Goff  
                  Senior Vice  
                  President,  
                  Chief Financial  
                  Officer  
                                  and Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**





By /s/ A. H. Mapp  
Title: Assistant  
Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

July 15, 1992

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 70,000 shares of 9.00% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,401,508 shares of preferred stock, 1,026,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 57,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 30,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
    - (viii) 210,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and

**Dated this the 15th day of July, 1992.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By /s/ A. H. Mapp  
Title: Assistant  
Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

Articles of Amendment - Statement of Resolution Establishing Series of Shares

October 22, 1992

Pursuant to the provisions of Section 79-4-6.02(d) of the Mississippi Code of 1972 (Supp. 1989), Mississippi Power & Light Company submits

the following statement for the purpose of establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof:

1. The name of the corporation is Mississippi Power & Light Company.
2. The attached resolution establishing and designating a series of shares and fixing and determining the relative rights and preferences thereof was duly adopted by the Board of Directors of the Corporation on October 22, 1992.

**Dated this the 22nd day of October, 1992.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By            /s/ A. H. Mapp  
                 Allan H. Mapp  
                 Assistant Secretary  
and  
                 Assistant Treasurer

**MISSISSIPPI POWER & LIGHT COMPANY**

Excerpts from the minutes of the Meeting

of the Board of Directors held on October 22, 1992

RESOLVED That there is hereby established a series of the Preferred Stock of Mississippi Power & Light Company as follows:

A series of 200,000 shares of the Preferred Stock shall:

- (a) be designated as the "8.36% Preferred Stock, Cumulative, \$100 Par Value";
- (b) have a dividend rate of \$8.36 per share per annum payable quarterly on February 1, May 1, August 1, and November 1 of each year, the first dividend date to be February 1, 1993, and such dividends to be cumulative from the date of issuance; and
- (c) be subject to redemption at the price of \$100 par share plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date fixed for redemption (except that no share of the 8.36% Preferred Stock shall be redeemed on or before October 1, 1997).

FURTHER RESOLVED That the officers of the Company are hereby authorized and directed to execute, file and publish and record all such statements and other documents, and to do and perform all such other and further acts and things, as in the judgment of the officer and officers taking such action may be necessary or desirable for the purpose of causing the immediately preceding resolution to become fully effective and of causing said resolution to become and constitute an amendment of the Restated Articles of Incorporation of the Company, all in the manner and to the extent required by the Mississippi Business Corporation Law.

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

November 6, 1992

The undersigned corporation, pursuant to Miss. Code Ann.

Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 15,000 shares of 16.16% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and

(b)1,386,508 shares of preferred stock, 1,211,508 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 57,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 15,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
- (viii) 210,000 shares of 9% preferred stock, cumulative, \$100 par value;
- (ix) 350,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
- (x) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 6th day of November, 1993.**

**MISSISSIPPI POWER & LIGHT COMPANY**

*By* /s/ *A. H. Mapp*  
*Title:* *Assistant*  
*Secretary*

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

January 12, 1993

The undersigned corporation, pursuant to Miss. Code Ann. Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 70,000 shares of 9.76% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:

- (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
- (b) 1,316,508 shares of preferred stock, 1,141,508 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 57,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 15,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
- (viii) 210,000 shares of 9% preferred stock, cumulative, \$100 par value;
- (ix) 280,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
- (x) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 12th day of January, 1993.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By /s/ A. H. Mapp  
Title: Assistant  
Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

March 10, 1993

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 10,000 shares of 12.00% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 1,306,508 shares of preferred stock, 1,131,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 47,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 15,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
    - (viii) 210,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (ix) 280,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
    - (x) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 10th day of March, 1993.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By /s/ A. H. Mapp  
Title: Assistant  
Secretary

MISSISSIPPI POWER & LIGHT COMPANY

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

July 12, 1993

The undersigned corporation, pursuant to Miss. Code Ann. Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 70,000 shares of 9.00% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:

(a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and  
(b) 1,236,508 shares of preferred stock, 1,061,508 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 47,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 15,000 shares of 16.16% preferred stock, cumulative, \$100 par value;
- (viii) 140,000 shares of 9% preferred stock, cumulative, \$100 par value;
- (ix) 280,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
- (x) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 12th day of July, 1993.**

**MISSISSIPPI POWER & LIGHT COMPANY**

*By /s/ James W. Snider  
Title: Assistant  
Secretary*

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

November 15, 1993

The undersigned corporation, pursuant to Miss. Code Ann. Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 15,000 shares of 16.16% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:

(a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and  
(b) 1,221,508 shares of preferred stock, 1,046,508 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;

- (vi) 47,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 140,000 shares of 9% preferred stock, cumulative, \$100 par value;
- (viii) 280,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
- (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 15th day of November, 1993.**

**MISSISSIPPI POWER & LIGHT COMPANY**

*By /s/ James W. Snider  
Title: Assistant  
Secretary*

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-10.06 (1989)

February 4, 1994

The undersigned corporation, pursuant to Section 79-4-10.06 of the Mississippi Code of 1972, as amended, submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. As evidenced by the attached Stockholder's Written Approval of Amendment authorizing 1,500,000 additional shares of Preferred Stock of the par value of \$100 per share, the following amendment of the Restated Articles of Incorporation, as amended (the "Charter"), was proposed by the Board of Directors of Mississippi Power & Light Company on October 29, 1993, was adopted by the stockholders of the Corporation entitled to vote on the amendment on February 4, 1994, in accordance with and in the manner prescribed by the laws of the State of Mississippi and the Charter of Mississippi Power & Light Company:

The first paragraph in Article FOURTH of the Charter is amended to read as follows:

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is 17,721,508 shares, divided into 2,721,508 shares of Preferred Stock of the par value of \$100 per share and 15,000,000 shares of Common Stock without par value.

3. Pursuant to the Laws of the State of Mississippi and the Charter of Mississippi Power & Light Company, the holders of Preferred Stock of the par value of \$100 per share were not entitled to vote on the amendment as a separate voting group. The holders of the outstanding shares of common stock were the only stockholders entitled to vote on the amendment.
4. The number of shares of common stock of the corporation outstanding at the time of such adoption was 8,666,357; and the number of shares entitled to vote thereon was 8,666,357.

**Dated this the 4th day of February, 1994.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By: /s/ Edwin Lupberger  
Edwin Lupberger  
Chairman of the Board  
and  
Chief Executive Officer

By: /s/ Donald E. Meiners  
Donald E. Meiners  
President

## MISSISSIPPI POWER & LIGHT COMPANY

### Articles of Amendment Under Miss. Code Ann.

Section 79-4-6.31 (1989)

March 17, 1994

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 10,000 shares of 12.00% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 2,641,508 shares of preferred stock, 966,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 37,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 140,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (viii) 210,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
    - (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 17th day of March, 1994.**

## MISSISSIPPI POWER & LIGHT COMPANY

By: /s/ J. W. Snider, Jr.  
Assistant  
Secretary

## MISSISSIPPI POWER & LIGHT COMPANY

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

August 1, 1994

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 70,000 shares of 9.00% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 2,571,508 shares of preferred stock, 896,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 37,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 70,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (viii) 210,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
    - (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 1st day of August, 1994.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By: /s/ J. W. Snider, Jr.  
Assistant  
Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

January 18, 1995

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 70,000 shares of 9.76% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 2,501,508 shares of preferred stock, 826,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;

- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 37,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 70,000 shares of 9% preferred stock, cumulative, \$100 par value;
- (viii) 140,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
- (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 18th day of January, 1995.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By: /s/ J. W. Snider, Jr.  
Assistant  
Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

March 7, 1995

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 10,000 shares of 12.00% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 2,491,508 shares of preferred stock, 816,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 27,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 70,000 shares of 9% preferred stock, cumulative, \$100 par value;
    - (viii) 140,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
    - (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 7th day of March, 1995.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By: /s/ J. W. Snider, Jr.  
Assistant  
Secretary

**MISSISSIPPI POWER & LIGHT COMPANY**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

July 20, 1995

The undersigned corporation, pursuant to Miss. Code Ann.  
Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 70,000 shares of 9.00% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 2,421,508 shares of preferred stock, 746,508 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (vi) 27,700 shares of 12% preferred stock, cumulative, \$100 par value;
    - (vii) 140,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
    - (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 20th day of July, 1995.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By: /s/ J. W. Snider, Jr.  
Assistant  
Secretary

MISSISSIPPI POWER & LIGHT COMPANY

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

January 19, 1996

The undersigned corporation, pursuant to Miss. Code Ann.

Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 70,000 shares of 9.76% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:

(a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and  
(b) 2,351,508 shares of preferred stock, 676,508 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 27,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 70,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
- (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 19th day of January, 1996.**

**MISSISSIPPI POWER & LIGHT COMPANY**

By: /s/ J. W. Snider, Jr.  
Assistant

Secretary

MISSISSIPPI POWER & LIGHT COMPANY

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

March 6, 1996

The undersigned corporation, pursuant to Miss. Code Ann.

Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Mississippi Power & Light Company.
2. The reduction in the number of authorized shares, itemized by class and series, is 10,000 shares of 12% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:

(a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and  
(b) 2,341,508 shares of preferred stock, 666,508 shares of which are issued and outstanding in the following series:

- (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
- (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
- (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
- (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
- (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
- (vi) 17,700 shares of 12% preferred stock, cumulative, \$100 par value;
- (vii) 70,000 shares of 9.76% preferred stock, cumulative, \$100 par value; and
- (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 6th day of March, 1996.**

MISSISSIPPI POWER & LIGHT COMPANY

By: /s/ J. W. Snider, Jr.  
Assistant  
Secretary

OFFICE OF THE MISSISSIPPI SECRETARY OF STATE

P. O. Box 136, Jackson, MS 39205-0136 (601) 359-1333 Articles of Amendment

The undersigned persons, pursuant to Section 79-4-10.06 (if a profit corporation) or Section 79-11-305 (if a nonprofit corporation) of the Mississippi Code of 1972, hereby execute the following document and set forth:

1. Type of Corporation

**X Profit Nonprofit**

2. Name of Corporation

**Mississippi Power & Light Company**

3. The future effective date is (Complete if applicable)

4. Set forth the text of each amendment adopted. (Attach page)

5. If an amendment for a business corporation provides for an exchange, reclassification, or cancellation of issued shares, set forth the provisions for implementing the amendment if they are not contained in the amendment itself. (Attach page)

6. The amendment(s) was (were) adopted on: 04/22/96

**FOR PROFIT CORPORATION (Check the appropriate box)**

Adopted by the incorporators directors without  
shareholder action and shareholder  
action was not required.

**FOR NONPROFIT CORPORATION (Check the appropriate box)**

Adopted by the incorporators board of directors  
without member action and member  
action was not required.

**FOR PROFIT CORPORATION**

7. If the amendment was approved by shareholders

(a) The designation, number of outstanding shares, number of votes entitled to be cast by each voting group entitled to vote separately on the amendment, and the number of votes of each voting group indisputably represented at the meeting were

votes indisputably Designation	No of outstanding shares	No. of votes entitled to be case	No. of represented
Common Stock	8666357	8666357	8666357

(b) EITHER

(i) the total number of votes cast for and against the amendment by each voting group entitled to vote separately on the amendment was

Voting Group AGAINST	Total no. of votes case FOR	Total no. of votes case
Common stock	8666357	0

OR

(ii) the total number of undistributed votes cast for the amendment by each voting group was

Total no. of Voting Group undisputed votes case FOR the plan

and the number of votes case for the amendment by each voting group was sufficient for approval by that voting group.

**FOR NONPROFIT CORPORATION**

8. If the amendment was approved by the members

(a) The designation, number of memberships outstanding, number of votes entitled to be cast by each class entitled to vote separately on the amendment, and the number of votes of each class indisputably represented at the meeting were

votes indisputably Designation	No. of memberships outstanding	No. of votes entitled to be cast	No. of represented
--------------------------------------	--------------------------------------	--	-----------------------

(b) EITHER

(i) the total number of votes cast for and against the amendment by each class entitled to vote separately on the amendment was

Total no. of Total no. of Voting votes cast FOR votes cast AGAINST

OR

(ii) the total number of undistributed votes cast for the amendment by each class was

Total no. of undisputed Voting class votes cast FOR the amendment

and the number of votes cast for the amendment by each voting group was sufficient for approval by that voting group.

By: *Signature* /s/ Michael G.  
Thompson

*Printed Name* Michael G. Thompson

Title: Senior Vice President The Restated Articles of Incorporation of Mississippi Power & Light Company, as amended, are amended, effective April 22, 1996, by deleting the title and article FIRST in their entirety and replacing therefor the following:

**RESTATED ARTICLES OF INCORPORATION**

**OF**

**ENTERGY MISSISSIPPI, INC.**

FIRST: The name of the Corporation is ENTERGY MISSISSIPPI, INC.

Any additional references to "Mississippi Power & Light Company" in said Restated Articles of Incorporation, as amended, are changed to "Entergy Mississippi, Inc."

**ENTERGY MISSISSIPPI, INC.**

**Articles of Amendment Under Miss. Code Ann.**

Section 79-4-6.31 (1989)

January 28, 1997

The undersigned corporation, pursuant to Miss. Code Ann. Section 79-4-6.31 (1989), submits the following document and sets forth:

1. The name of the corporation is Entergy Mississippi, Inc.
2. The reduction in the number of authorized shares, itemized by class and series, is 17,700 shares of 12% Preferred Stock, Cumulative, \$100 Par Value and (b) 70,000 shares of 9.76% Preferred Stock, Cumulative, \$100 Par Value.
3. The total number of authorized shares, itemized by class and series, remaining after reduction of the shares is as follows:
  - (a) 15,000,000 shares of common stock, without par value, 8,666,357 of such shares being issued and outstanding at the date hereof; and
  - (b) 2,253,808 shares of preferred stock, 578,808 shares of which are issued and outstanding in the following series:
    - (i) 59,920 shares of 4.36% preferred stock, cumulative, \$100 par value;
    - (ii) 43,888 shares of 4.56% preferred stock, cumulative, \$100 par value;
    - (iii) 100,000 shares of 4.92% preferred stock, cumulative, \$100 par value;
    - (iv) 75,000 shares of 9.16% preferred stock, cumulative, \$100 par value;
    - (v) 100,000 shares of 7.44% preferred stock, cumulative, \$100 par value;
    - (ix) 200,000 shares of 8.36% preferred stock, cumulative, \$100 par value.

**Dated this the 28th day of January, 1997.**

**ENTERGY MISSISSIPPI, INC.**

By: /s/ J. W. Snider, Jr.  
Assistant  
Secretary

**Exhibit 4(a) 12**

\$100,000,000

**CREDIT AGREEMENT**

**Dated as of September 13, 1996**

**Among**

**ENTERGY CORPORATION**

**and**

**ENTERGY TECHNOLOGY HOLDING COMPANY,**

**as Borrowers**

**THE BANKS NAMED HEREIN**

**as Banks**

**and**

**THE BANK OF NEW YORK**

**as Agent**

# CREDIT AGREEMENT

Dated as of September 13, 1996

ENTERGY CORPORATION, a Delaware corporation, ENTERGY TECHNOLOGY HOLDING COMPANY, a Delaware corporation, the BANKS listed on the signature pages hereof, and THE BANK OF NEW YORK, as agent for the Lenders hereunder, agree as follows:

## ARTICLE I.

### DEFINITIONS AND ACCOUNTING TERMS

SECTION I.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Adjusted CD Rate" means, for any Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing, an interest rate per annum equal to the sum of:

(a) the rate per annum obtained by dividing (i) the rate of interest determined by the Agent to be the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the consensus bid rate determined by each of the Reference Banks for the bid rates per annum, at 9:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period, of New York certificate of deposit dealers of recognized standing selected by such Reference Bank for the purchase at face value of certificates of deposit of such Reference Bank in an amount substantially equal to such Reference Bank's Adjusted CD Rate Advance made as part of such Contract Borrowing and with a maturity equal to such Interest Period, by (ii) a percentage equal to 100% minus the Adjusted CD Rate Reserve Percentage for such Interest Period, plus

(b) the Assessment Rate for such Interest Period.

The Adjusted CD Rate for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks on the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Adjusted CD Rate Advance" means a Contract Advance that bears interest as provided in Section 2.07(b).

"Adjusted CD Rate Reserve Percentage" for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing means the reserve percentage applicable on the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion dollars with respect to liabilities consisting of or including (among other liabilities) U.S. dollar nonpersonal time deposits in the United States with a maturity equal to such Interest Period.

"Advance" means a Contract Advance or an Auction Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"Agent" means The Bank of New York, as agent for the Lenders hereunder, and any successor Agent appointed hereunder.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, such Lender's CD Lending Office in the case of an Adjusted CD Rate Advance, and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of an Auction Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office witereunder, and any successor Agent appointed hereunder.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, such Lender's CD Lending Office in the case of an Adjusted CD Rate Advance, and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of an Auction Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office witereunder, and any successor Agent appointed hereunder.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, such Lender's CD Lending Office in the case of an Adjusted CD Rate Advance, and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of an Auction Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office witereunder, and any successor Agent appointed hereunder.





modified from time to time.

"ERISA Plan" means an employee benefit affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Eurodollar Rate Advance" means a Contract Advance that bears interest as provided in Section 2.07(c).

"Eurodollar Rate Reserve Percentage" of any Lender for the Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Event of Default" has the meaning specified in Section 6.01.

"FCC" means the United States Federal Communications Commission.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" means that certain letter agreement, dated September 13, 1996, between Entergy and the Agent.

"Guaranteed Obligations" has the meaning specified in Section 8.01.

"Guarantor" means Entergy, in its capacity as Guarantor under Article VIII hereof.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

"Gulf States" means Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), a Texas corporation.

"Interest Period" means, for each Contract Advance made as part of the same Contract Borrowing, the period commencing on the date of such Contract Advance or the date of the Conversion of any Contract Advance into such a Contract Advance and ending on the last day of the period selected by the applicable Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 30, 60, 90, 180 or, subject to availability from each Lender, 270 or 360 days in the case of an

Adjusted CD Rate Advance, and 1, 2, 3, 6 or, subject to availability from each Lender, 9 or 12 months in the case of a Eurodollar Rate Advance, in each case as the applicable Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) such Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Contract Advances made as part of the same Contract Borrowing shall be of the same duration; and

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that, in the case of any Interest Period for a Eurodollar Rate Advance, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

"Junior Subordinated Debentures" means any junior subordinated deferrable interest debentures issued by any of the Significant Subsidiaries and New Orleans from time to time.

"Lenders" means the Banks listed on the signature pages hereof and each Person that shall become a party hereto pursuant to Section 9.07.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person or any of its subsidiaries shall be deemed to own, subject to a Lien, any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Louisiana" means Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), a Louisiana corporation.

"Majority Lenders" means at any time Lenders holding at least 66-2/3% of the then aggregate unpaid principal amount of the Contract Notes held by Lenders, or, if no such principal amount is then outstanding, Lenders having at least 66-2/3% of the Commitments (without giving effect to any termination in whole of the Commitments pursuant to Section 6.02), provided that, for purposes hereof, neither Borrower, nor any of their respective Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the Contract Advances or having such amount of the Commitments or (ii) determining the aggregate unpaid principal amount of the Contract Advances or the total Commitments.

"Mississippi" means Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company), a Mississippi corporation.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which Entergy or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"New Orleans" means Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.), a Louisiana corporation.

"Non-Recourse Debt" means any Debt of any subsidiary of Entergy that does not also constitute Debt of Entergy, any Significant Subsidiary or New Orleans.

"Note" means a Contract Note or an Auction Note.

"Notice of Auction Borrowing" has the meaning specified in Section 2.03(a).

"Notice of Contract Borrowing" has the meaning specified in Section 2.02(a).

"OECD" means the Organization for Economic Cooperation and Development.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Prepayment Event" means the occurrence of any event or the existence of any condition under any agreement or instrument relating to any Debt of either Borrower or of a Significant Subsidiary that, in either case, is outstanding in a principal amount in excess of \$50,000,000 in the aggregate, which occurrence or event results in the declaration of such Debt being due and payable, or required to be prepaid (other than by a

regularly scheduled required prepayment), prior to the stated maturity thereof.

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended.

"Reference Bank" means BNY.

"Register" has the meaning specified in Section 9.07(c).

"Reportable Event" has the meaning assigned to that term in Title IV of ERISA.

"S&P" means Standard & Poor's Rating Group or any successor thereto.

"SEC" means the United States Securities and Exchange Commission.

"Senior Debt Rating" means, as to any Person, the rating assigned by Moody's or S&P to the senior secured long-term debt of such Person.

"SERI" means Systems Energy Resources, Inc., an Arkansas corporation.

"Significant Subsidiary" means Arkansas, Gulf States, Louisiana, Mississippi and SERI, and any other domestic regulated utility subsidiary of Entergy: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total consolidated assets of Entergy and its subsidiaries or (ii) the net worth of which exceeds 5% of the Consolidated Net Worth of Entergy and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of Entergy and its subsidiaries.

"Support Obligations" means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain the working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (v) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

"Termination Date" means September 12, 1999 or such later date that may be established from time to time pursuant to Section 2.17 hereof, or, in either case, the earlier date of termination in whole of the Commitments pursuant to Section 2.05 or Section 6.02 hereof.

"Yield" means, for any Auction Advance, the effective rate per annum at which interest on such Auction Advance is payable, computed on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

SECTION I.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" mean "to but excluding."

SECTION I.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof.

## ARTICLE II.

### AMOUNTS AND TERMS OF THE ADVANCES

SECTION II.01. The Contract Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Contract Advances to either Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount (with respect to both of the Borrowers, collectively) not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(c), as such amount may be reduced pursuant to Section 2.05 (such Lender's "Commitment"), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the Auction Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being

an "Auction Reduction"). Each Contract Borrowing shall be in an amount not less than \$2,500,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of Contract Advances of the same Type and, in the case of Eurodollar Rate Advances or Adjusted CD Rate Advances, having the same Interest Period made or Converted on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrowers may from time to time borrow, prepay pursuant to Section 2.11 and reborrow under this Section 2.01; provided, however, that at no time may the principal amount outstanding hereunder exceed the aggregate amount of the Commitments.

**SECTION II.02. Making the Contract Advances.** (a) Each Contract Borrowing shall be made on notice, given (i) in the case of a Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Contract Borrowing, and (ii) in the case of a Contract Borrowing comprising Base Rate Advances, not later than 11:00

A.M. (New York City time) on the date of the proposed Contract Borrowing, by the applicable Borrower to the Agent, which shall give to each Lender prompt notice thereof. Each such notice of a Contract Borrowing (a "Notice of Contract Borrowing") shall be by telecopier, telex or cable, confirmed immediately in writing, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (A) date of such Contract Borrowing, (B) Type of Contract Advances to be made in connection with such Contract Borrowing, (C) aggregate amount of such Contract Borrowing, and (D) in the case of a Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, initial Interest Period for each such Contract Advance. Each Lender shall, before

(x) 12:00 noon (New York City time) on the date of any Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, and (y) 1:00 P.M. (New York City time) on the date of any Contract Borrowing comprising Base Rate Advances, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 9.02, in same day funds, such Lender's ratable portion of such Contract Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the applicable Borrower at the Agent's aforesaid address.

(b) Each Notice of Contract Borrowing shall be irrevocable and binding on the applicable Borrower. In the case of any Notice of Contract Borrowing requesting Adjusted CD Rate Advances or Eurodollar Rate Advances, the applicable Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Contract Borrowing for such Contract Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Contract Advance to be made by such Lender as part of such Contract Borrowing when such Contract Advance, as a result of such failure, is not made on such date.

(c) Unless the Agent shall have received notice from a Lender prior to the date of any Contract Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Contract Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Contract Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the applicable Borrower (following the Agent's demand on such Lender for the corresponding amount) severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Agent, at (i) in the case of such Borrower, the interest rate applicable at the time to Contract Advances made in connection with such Contract Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Contract Advance as part of such Contract Borrowing for purposes of this Agreement.

(d) The failure of any Lender to make the Contract Advance to be made by it as part of any Contract Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Contract Advance on the date of such Contract Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Contract Advance to be made by such other Lender on the date of any Contract Borrowing.

**SECTION II.03. The Auction Advances.** (a) Each Lender severally agrees that either Borrower may request Auction Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 15 days prior to the Termination Date in the manner set forth below; provided that, following the making of each Auction Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any Auction Reduction).

(i) A Borrower may request an Auction Borrowing (i) by delivering to the Agent (A) by telecopier, telex or cable, confirmed immediately in writing, a notice of an Auction Borrowing (a "Notice of Auction Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed Auction Borrowing, the maturity date for repayment of each Auction Advance to be made as part of such Auction Borrowing (which maturity date may not be earlier than the date occurring 14 days after the date of such Auction Borrowing or later than the earlier to occur of (1) 180 days after the date of the proposed Auction Borrowing and (2) the Termination Date), the interest payment date or dates relating thereto (which shall occur at least every 90 days), and any other terms to be applicable to such Auction Borrowing, not later than 10:00 A.M. (New York City time) (x) at least one Business Day prior to the date of the proposed Auction Borrowing, if the applicable Borrower shall specify in the Notice of Auction Borrowing that the rates of interest to be offered by the Lenders shall be fixed

rates per annum and (y) at least five Business Days prior to the date of the proposed Auction Borrowing, if such Borrower shall specify in the Notice of Auction Borrowing the basis (e.g., a quoted London interbank offered rate or the Federal Funds Rate) to be used by the Lenders in determining the rates of interest to be offered by them and (B) payment in full to the Agent of the aggregate auction administration fee specified in Section

2.04(b) hereof. The Agent, in turn, shall promptly notify each Lender of each request for an Auction Borrowing received by it from a Borrower by sending such Lender a copy of the related Notice of Auction Borrowing.

(ii) Each Lender may, in its sole discretion, if it elects to do so, irrevocably offer to make one or more Auction Advances to the applicable Borrower as part of such proposed Auction Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) (A) on the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(x) of paragraph (i), above, and (B) three Business Days before the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(y) of paragraph (i), above, of the minimum amount and maximum amount of each Auction Advance that such Lender would be willing to make as part of such proposed Auction Borrowing (which amounts, subject to the proviso to the first sentence of this Section 2.03(a), may exceed such Lender's Commitment), the rate or rates of interest therefor, the basis, rate and margin used by such Lender (if applicable) in determining the rate or rates of interest so offered and the Yield (if different from such rate or rates), the interest period relating thereto and such Lender's Applicable Lending Office with respect to such Auction Advance; provided that, if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the applicable Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Auction Advance as part of such Auction Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Auction Advance as part of such proposed Auction Borrowing.

(iii) The applicable Borrower shall, in turn, (A) before 11:00 A.M. (New York City time) on the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(x) of paragraph (i) above and (B) before 1:00 P.M. (New York City time) three Business Days before the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(y) of paragraph (i) above, either

(1) cancel such Auction Borrowing by giving the Agent notice to that effect, or

(2) irrevocably accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, subject only to the provisions of this paragraph (iii), by giving notice to the Agent of the amount of each Auction Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to such Borrower by the Agent on behalf of such Lender for such Auction Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such Auction Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect; provided, however, that (w) the applicable Borrower shall not accept an offer made pursuant to paragraph (ii) above, at any Yield if such Borrower shall have, or shall be deemed to have, rejected any other offer made pursuant to paragraph (ii) above, at a lower Yield, (x) if such Borrower declines to accept, or is otherwise restricted by the provisions of this Agreement from accepting, the maximum aggregate principal amount of Auction Borrowings offered at the same Yield pursuant to paragraph (ii) above, then such Borrower shall accept a pro rata portion of each offer made at such Yield, based as nearly as possible on the ratio of the aggregate principal amount of such offers to be accepted by such Borrower to the maximum aggregate principal amount of such offers made pursuant to paragraph (ii) above (rounding up or down to the next higher or lower multiple of \$1,000,000), (y) no offer made pursuant to paragraph (ii) above shall be accepted unless the Auction Borrowing in respect of such offer is in an integral multiple of \$1,000,000 and the aggregate amount of such offers accepted by such Borrower is equal to at least \$2,500,000, and (z) no offer made pursuant to paragraph (ii) above shall be accepted at any interest rate in excess of the Base Rate then in effect plus 2% per annum (or such higher rate as may be permitted by applicable law, regulation or order).

Any offer or offers made pursuant to paragraph (ii) above not expressly accepted or rejected by the applicable Borrower in accordance with this paragraph (iii) shall be deemed to have been rejected by such Borrower.

(iv) If the applicable Borrower notifies the Agent that such Auction Borrowing is canceled pursuant to clause (1) of paragraph (iii) above, the Agent shall give prompt notice thereof to the Lenders and such Auction Borrowing shall not be made.

(v) If the applicable Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to clause (2) of paragraph (iii) above, the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Auction Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph

(ii) above have been accepted by such Borrower, (B) each Lender that is to make an Auction Advance as part of such Auction Borrowing of the amount of each Auction Advance to be made by such Lender as part of such Auction Borrowing, and (C) each Lender that is to make an Auction Advance as part of such Auction Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make an Auction Advance as part of such Auction Borrowing shall, before

12:00 noon (New York City time) on the date of such Auction Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 9.02 such Lender's portion of such Auction Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the applicable Borrower at the Agent's aforesaid address. Promptly after each Auction Borrowing the Agent will notify each Lender of the amount of the Auction Borrowing, the consequent Auction Reduction and the dates upon which such Auction Reduction commenced and will terminate.

(vi) If the applicable Borrower accepts one or more of the offers made by any Lender pursuant to clause (B) of paragraph (iii) above, such Borrower shall indemnify such Lender against any loss, cost or expense incurred by such Lender as a result of any failure by such Borrower to fulfill on or before the date specified for such Auction Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by such Lender to fund the Auction Advance to be made by such Lender as part of such Auction Borrowing when such Auction Advance, as a result of such failure, is not made on such date.

(b) Each Auction Borrowing shall be in an amount not less than \$2,500,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Auction Borrowing, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, a Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection

(d) below, and reborrow under this Section 2.03, provided that an Auction Borrowing shall not be made within three Business Days of the date of any other Auction Borrowing.

(d) The applicable Borrower shall repay to the Agent for the account of each Lender that has made an Auction Advance, or each other holder of an Auction Note, on the maturity date of each Auction Advance (such maturity date being that specified by such Borrower for repayment of such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i) above and provided in the Auction Note evidencing such Auction Advance), the then unpaid principal amount of such Auction Advance. A Borrower shall have no right to prepay any principal amount of any Auction Advance unless, and then only on the terms, specified by such Borrower for such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i)(A) above and set forth in the Auction Note evidencing such Auction Advance.

(e) The applicable Borrower shall pay interest on the unpaid principal amount of each Auction Advance from the date of such Auction Advance to the date the principal amount of such Auction Advance is repaid in full, at the rate of interest for such Auction Advance specified by the Lender making such Auction Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by such Borrower for such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i) above, as provided in the Auction Note evidencing such Auction Advance; provided, however, that, if and for so long as a Prepayment Event or an Event of Default shall have occurred and be continuing, the unpaid principal amount of each Auction Advance shall (to the fullest extent permitted by law) bear interest until paid in full at a rate per annum equal at all times to the Base Rate plus 2% per annum, payable upon demand.

(f) The indebtedness of the applicable Borrower resulting from each Auction Advance made to such Borrower as part of an Auction Borrowing shall be evidenced by a separate Auction Note of such Borrower payable to the order of the Lender making such Auction Advance.

SECTION II.04. Fees. Entergy agrees to pay to the Agent for the account of each Lender a commitment fee on the average daily unused portion of such Lender's Commitment (without giving effect to any Auction Reduction) from the date hereof in the case of each Bank, and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender, in the case of each other Lender, until the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, payable on the last day of each March, June, September and December during such period, and on the Termination Date, at the rate per annum set forth below determined by reference to combined Senior Debt Ratings from time to time of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings:

Significant Subsidiary with  
highest Senior Debt Rating

		A- and A3	BBB+ and Baa1 or Baa2 or split rated above	BBB- and Baa3 or split rated above	BB + Bal below
and/or	Senior	or above	BBB and	or split	Bal
or	Debt Rating		Baa2 or split rated above	rated above	below
0.23%	A-and A3	0.125%	0.1375%	0.18%	
0.25%	or above BBB+ and	0.1375%	0.17%	0.1875%	
Significant Subsidiary with next highest Senior Debt Rating	Baa1 or BBB and Baa2 or split rated above				
0.30%	BBB- and	0.18%	0.1875%	0.20%	
	Baa3 or split rated above				
0.30%	BB+ and/or	0.23%	0.25%	0.30%	
	Bal or below or unrated				

Any change in the commitment fee will be effective as of the date on which S&P or Moody's, as the case may be, announces the applicable change in any Senior Debt Rating.

SECTION II.05. (a) Reduction of the Commitments. (i) Entergy shall have the right, upon at least three Business Days' notice to the Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount that is less than the aggregate principal amount of the Auction Advances then outstanding, and provided, further, that each partial reduction shall be in the aggregate amount of \$1,000,000 or an integral multiple thereof.

(ii) Notwithstanding any other provision of this Agreement or the Notes (and without further notice to the Borrowers), 364 days following the date, if any, on which the combined Senior Debt Ratings of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings shall be BB+ or Bal or below, the Commitments hereunder shall terminate in whole and this Agreement shall terminate.

(b) Increase of the Commitments. (i) Entergy may, by written notice to the Agent (an "Increase Notice") substantially in the form of Schedule 2.05(b) hereto, request that the aggregate Commitments be increased up to the amount specified therein, which shall be an integral multiple of \$5,000,000 and shall not be greater than \$300,000,000 effective on the date specified in such Increase Notice (the "Increase Date"), which shall be a Business Day occurring not less than 25 (unless otherwise agreed to in writing by the Lenders and the Agent) nor more than 30 days after the date on which the Increase Notice shall have been given, and such notice shall specify the requested amount by which the aggregate amount of the Commitments is to increase, the names of any new proposed lenders hereunder and the amount of their proposed Commitments and, if the amount by which the aggregate amount of the Commitments is requested to be increased shall exceed the aggregate amount of the Commitments of such new proposed lenders, the amount by which the Commitments of the existing Lenders are requested to be increased. Promptly upon receipt of such Increase Notice from Entergy, the Agent shall notify the Lenders of the contents thereof. If applicable, each Lender shall provide written notice to the Agent, no later than 21 days after the date on which the Increase Notice shall have been given to the Agent, of the amount, if any, by which such Lender agrees to increase its Commitment. Promptly upon receipt of such notice from any Lender

the Agent shall notify Entergy of the contents thereof. Upon the effectiveness of the increase in Commitments pursuant to clause (ii) below, each of the new lenders shall execute and deliver a counterpart of this Agreement, this Agreement shall be amended by the Borrowers and the Agent to reflect the increase, if any, in the Commitment of any existing Lender and the identity and Commitments of such new lenders and such new lenders shall be and become Lenders hereunder for all purposes hereof and of the Loan Documents. In connection with any such increase, the Borrowers shall execute and deliver new Notes to appropriately reflect such new Commitments and the Lenders (including such new lenders) shall effect such purchases and sales among themselves of portions of the outstanding Loans as shall be necessary to reflect such Commitments, as specified by the Agent, and, in connection with such purchases and sales, the applicable Borrower shall pay to each affected Lender an amount equal to the amount such Borrower would have had to pay pursuant to Section 9.04(b) if such Loans, or portions thereof, were prepaid on such Increase Date.

(ii) An increase in Commitments shall become effective on the Increase Date so long as each of the following conditions shall have been fulfilled on and as of such date: (A) the Agent shall have consented (such consent not to be unreasonably withheld) to any such new lenders and to such increases in Commitments, (B) the Agent shall have received opinions of counsel to the Borrowers in form and substance satisfactory to the Agent, (C) lenders who agree to become Lenders hereunder shall have provided Commitments, together with the increased Commitments of Lenders who shall have agreed to an increase of their Commitments, in an aggregate amount equal to the amount of the requested increase in the aggregate amount of the Commitments set forth in the Increase Notice, (D) the conditions to the making of Loans set forth in clause (i) of Section 3.02 shall be fulfilled on and as of such Increase Date as if Loans were made thereon and (E) the Agent shall have received such other instruments and documents, in form and substance satisfactory to it, as it shall have reasonably requested.

SECTION II.06. Repayment of Contract Advances. The Borrowers shall repay the principal amount of each Contract Advance made by each Lender in accordance with the Contract Note to the order of such Lender and in any event no later than the Termination Date.

SECTION II.07. Interest on Contract Advances. The applicable Borrower shall pay interest on the unpaid principal amount of each Contract Advance made by each Lender from the date of such Contract Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) Base Rate Advances. If such Contract Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September and December and on the date such Base Rate Advance shall be Converted or paid in full.

(b) Adjusted CD Rate Advances. If such Contract Advance is an Adjusted CD Rate Advance, a rate per annum equal at all times during the Interest Period for such Contract Advance to the sum of the Adjusted CD Rate for such Interest Period plus the Applicable Margin for such Adjusted CD Rate Advance in effect from time to time, payable on the last day of each Interest Period for such Adjusted CD Rate Advance and on the date such Adjusted CD Rate Advance shall be Converted or paid in full and, if such Interest Period has a duration of more than 90 days, on each day that occurs during such Interest Period every 90 days from the first day of such Interest Period.

(c) Eurodollar Rate Advances. Subject to Section 2.08, if such Contract Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during the Interest Period for such Contract Advance to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin for such Eurodollar Rate Advance in effect from time to time, payable on the last day of each Interest Period for such Eurodollar Rate Advance and on the date such Eurodollar Rate Advance shall be Converted or paid in full and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period.

SECTION II.08. Additional Interest on Eurodollar Rate Advances. The applicable Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Contract Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Contract Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Contract Advance. Such additional interest shall be determined by such Lender and notified to the applicable Borrower through the Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

SECTION II.09. Interest Rate Determination. (a) The Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Adjusted CD Rate or Eurodollar Rate, as applicable.

(b) The Agent shall give prompt notice to the applicable Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a), (b) or (c), and the applicable rate, if any, furnished by the Reference Bank for the purpose of determining the applicable interest rate under Section 2.07(b) or (c).

(c) If the Reference Bank shall not furnish timely information to the Agent for determining the Adjusted CD Rate for any Adjusted CD Rate

Advances, or the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the applicable Borrower and the Lenders that the interest rate cannot be determined for such Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be,

(ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or, if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make, or to Convert Contract Advances into, Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be, shall be suspended until the Agent shall notify the Borrowers and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the applicable Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrowers and the Lenders that the circumstances causing such suspension no longer exist.

**SECTION.10. Conversion of Contract Advances.** (a) Voluntary. The applicable Borrower may, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09 and 2.13, on any Business Day, Convert all Contract Advances of one Type made in connection with the same Contract Borrowing into Advances of another Type; provided, however, that any Conversion of, or with respect to, any Adjusted CD Rate Advances or Eurodollar Rate Advances into Advances of another Type shall be made on, and only on, the last day of an Interest Period for such Adjusted CD Rate Advances or Eurodollar Rate Advances, unless the applicable Borrower shall also reimburse the Lenders in respect thereof pursuant to Section 9.04(b) on the date of such Conversion. Each such notice of a Conversion (a "Notice of Conversion") shall be by telecopier, telex or cable, confirmed immediately in writing, in substantially the form of Exhibit B-3 hereto, specifying therein (i) the date of such Conversion, (ii) the Contract Advances to be Converted, and (iii) if such Conversion is into, or with respect to, Adjusted CD Rate Advances or Eurodollar Rate Advances, the duration of the Interest Period for each such Contract Advance.

(b) Mandatory. If a Borrower shall fail to select the Type of any Contract Advance or the duration of any Interest Period for any Contract Borrowing comprising Eurodollar Rate Advances or Adjusted CD Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01 and Section 2.10(a), or if any proposed Conversion of a Contract Borrowing that is to comprise Eurodollar Rate Advances or Adjusted CD Rate Advances upon Conversion shall not occur as a result of the circumstances described in paragraph (c) below, the Agent will forthwith so notify such Borrower and the Lenders, and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(c) Failure to Convert. Each Notice of Conversion given pursuant to subsection (a) above shall be irrevocable and binding on the applicable Borrower. In the case of any Contract Borrowing that is to comprise Eurodollar Rate Advances or Adjusted CD Rate Advances upon Conversion, the applicable Borrower agrees to indemnify each Lender against any loss, cost or expense incurred by such Lender if, as a result of the failure of such Borrower to satisfy any condition to such Conversion (including, without limitation, the occurrence of any Prepayment Event or Event of Default, or any event that would constitute an Event of Default or a Prepayment Event with notice or lapse of time or both), such Conversion does not occur. The Borrower's obligations under this subsection (c) shall survive the repayment of all other amounts owing to the Lenders and the Agent under this Agreement and the Notes and the termination of the Commitments.

**SECTION .11. Prepayments.** The applicable Borrower may, upon at least two Business Days' notice to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding principal amounts of the Advances made as part of the same Contract Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (i) each partial prepayment shall be in an aggregate principal amount not less than \$1,000,000 or any integral multiple of \$100,000 in excess thereof and (ii) in the case of any such prepayment of an Adjusted CD Advance or Eurodollar Rate Advance, the applicable Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(b) on the date of such prepayment.

**SECTION .12. Increased Costs.** (a) If, due to either

(i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Adjusted CD Rate Advances, included in the Adjusted CD Rate Reserve Percentage or, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request

from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Adjusted CD Rate Advances or Eurodollar Rate Advances, then Entergy shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to Entergy and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type (including such Lender's commitment to lend hereunder) or the Advances, then, upon demand by such Lender (with a copy of such demand to the Agent), Entergy shall immediately pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder or the Advances made by such Lender. A certificate in reasonable detail as to such amounts submitted to Entergy and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

SECTION .13. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or change in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrowers and the Lenders that the circumstances causing such suspension no longer exist and (ii) the Borrowers shall forthwith prepay in full all Eurodollar Rate Advances of all Lenders then outstanding, together with interest accrued thereon unless, in the case of either Borrower, such Borrower, within five Business Days of notice from the Agent, Converts all Eurodollar Rate Advances of all Lenders then outstanding into Advances of another Type in accordance with Section 2.10.

SECTION .14. Payments and Computations. (a) The Borrowers shall make each payment hereunder and under the Notes not later than 12:00 noon (New York City time) on the day when due in U.S. dollars to the Agent at its address referred to in Section 9.02 in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or commitment fees ratably (other than amounts payable pursuant to Section 2.02(c), 2.03, 2.08, 2.12, 2.15 or 9.04(b)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 9.07(d), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The applicable Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder or under any Note held by such Lender, to charge from time to time to the extent permitted by law against any or all of such Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Adjusted CD Rate, the Eurodollar Rate or the Federal Funds Rate and of commitment fees and interest payable on Auction Advances shall be made by the Agent, and all computations of interest pursuant to Section 2.08 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or commitment fees are payable. Each determination by the Agent (or, in the case of Section 2.08, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Lenders hereunder that such Borrower will not make such payment in full, the Agent may assume that such Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that such Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal





(ii) In the case of each Contract Advance to Entergy (other than a Contract Advance all of the proceeds of which are being used to repay all or any portion of an Auction Borrowing of Entergy), the Agent shall have received a copy, certified in a manner satisfactory to the Agent, of the ETC Order applicable to the Person being acquired with the proceeds of such Contract Advance and the other Advances being made at such time; and

(iii) The Agent shall have received (A) in the case of each Contract Advance to Entergy (other than a Contract Advance all of the proceeds of which are being used to repay all or any portion of an Auction Borrowing of Entergy), a favorable opinion of counsel for Entergy, acceptable to the Agent, substantially in the form of Exhibit D-2 hereto and as to such other matters as any Lender through the Agent may reasonably request, and (B) such other approvals, opinions or documents with respect to the truth of the statements set forth in clauses (i)(A) and (i)(B) above as any Lender through the Agent may reasonably request.

**SECTION .17. Conditions Precedent to Each Auction Borrowing.** The obligation of each Lender that is to make an Auction Advance as part of any Auction Borrowing (including the initial Auction Borrowing) to make such Auction Advance is subject to the conditions precedent that on the date of such Auction Borrowing:

(i) The Agent shall have received the written confirmatory Notice of Auction Borrowing with respect thereto;

(ii) The Agent shall have received an Auction Note, duly executed by the applicable Borrower, payable to the order of such Lender for each of the Auction Advances to be made by such Lender as part of such Auction Borrowing, in a principal amount equal to the principal amount of the Auction Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Auction Advance in accordance with Section 2.03;

(iii) The following statements shall be true (and the giving of the applicable Notice of Auction Borrowing and the acceptance by the applicable Borrower of the proceeds of such Auction Borrowing shall constitute a representation and warranty by such Borrower that on the date of such Auction Borrowing such statements are true):

(A) The representations and warranties contained in Section 4.01 are correct on and as of the date of such Auction Borrowing, before and after giving effect to such Auction Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) No event has occurred and is continuing, or would result from such Auction Borrowing or from the application of the proceeds therefrom, that constitutes a Prepayment Event or an Event of Default or that would constitute an Event of Default or a Prepayment Event with notice or lapse of time or both;

(iv) In the case of each Auction Advance to Entergy (other than an Auction Advance all of the proceeds of which are being used to repay all or any portion of a Contract Borrowing of Entergy or an Auction Borrowing of Entergy), the Agent shall have received a copy, certified in a manner satisfactory to the Agent, of the ETC Order applicable to the Person being acquired with the proceeds of such Auction Advance and the other Advances being made at such time; and

(v) The Agent shall have received (A) in the case of each Auction Advance to Entergy (other than an Auction Borrowing of Entergy all of the proceeds of which are being used to repay all or any portion of a Contract Borrowing of Entergy or an Auction Borrowing of Entergy), a favorable opinion of counsel for Entergy, acceptable to the Agent, substantially in the form of Exhibit D-2 hereto and as to such other matters as any Lender through the Agent may reasonably request, and (B) such other approvals, opinions or documents with respect to the truth of the statements set forth in clauses (iii)(A) and (B) above as any Lender through the Agent may reasonably request.

## **ARTICLE I.**

### **REPRESENTATIONS AND WARRANTIES**

**SECTION I.1. Representations and Warranties of Entergy.** Entergy represents and warrants as follows:

(a) Each of the Borrowers is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business as a foreign corporation in each jurisdiction in which the nature of the business conducted or the property owned, operated or leased by it requires such qualification, except where failure to so qualify would not materially adversely affect its condition (financial or otherwise), operations, business, properties, or prospects.

(b) The execution, delivery and performance by each of the Borrowers of this Agreement and the Notes are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) such Borrower's charter or bylaws, (ii) law applicable to such Borrower or its properties or (iii) any contractual or legal restriction binding on or affecting such Borrower or its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required

for the due execution, delivery and performance by each of the Borrowers of this Agreement or the Notes except such notice as may be required to be filed with the SEC pursuant to Section 34(f) of PUHCA.

(d) The obligations of each Borrower under this Agreement are, and the applicable Notes when delivered hereunder will be, legal, valid and binding obligations of such Borrower enforceable against such Borrower in accordance with their respective terms, subject, however, to applicable bankruptcy, reorganization, rearrangement, moratorium or similar laws affecting generally the enforcement of creditors' rights and remedies and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(e) The consolidated financial statements of Entergy and its subsidiaries as of December 31, 1995 and for the year ended on such date, as set forth in Entergy's Annual Report on Form 10-K for the fiscal year ended on such date, as filed with the SEC, accompanied by an opinion of Coopers & Lybrand, and the consolidated financial statements of Entergy and its subsidiaries as of June 30, 1996, and for the three-month period ended on such date set forth in Entergy's Quarterly Report on Form 10-Q for the fiscal quarter ended on such date, as filed with the SEC, and the consolidated financial statements of ETHC and its subsidiaries as of June 30, 1996 and for the three-month period ended on such date, copies of each of which have been furnished to each Bank, fairly present (subject, in the case of such statements dated June 30, 1996, to year-end adjustments) the consolidated financial condition of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries as at such dates and the consolidated results of the operations of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries for the periods ended on such dates, in accordance with generally accepted accounting principles consistently applied. Except as disclosed in Entergy's Quarterly Report on Form 10-Q for the fiscal period ended June 30, 1996, since December 31, 1995, there has been no material adverse change in the financial condition or operations of Entergy.

(f) Except as disclosed in Entergy's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, and Entergy's Quarterly Report on Form 10-Q for the period ended June 30, 1996, there is no pending or threatened action or proceeding affecting Entergy or any of its subsidiaries before any court, governmental agency or arbitrator that, if determined adversely, could reasonably be expected to have a material adverse effect upon the condition (financial or otherwise), operations, business, properties or prospects of either Borrower or on its ability to perform its obligations under this Agreement or any Note, or that purports to affect the legality, validity, binding effect or enforceability of this Agreement or any Note. There has been no change in any matter disclosed in such filings that could reasonably be expected to result in such a material adverse effect.

(g) No event has occurred and is continuing that constitutes a Prepayment Event or an Event of Default or that would constitute an Event of Default or a Prepayment Event but for the requirement that notice be given or time elapse or both.

(h) Neither Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and not more than 25% of the value of the assets of either Borrower and its subsidiaries subject to the restrictions of Section 5.02(a), (b) or (c) is, on the date hereof, represented by margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(i) Neither Borrower is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment advisor" within the meaning of the Investment Company Act of 1940, as amended. As of the date hereof, Entergy is a "holding company" as that term is defined in, and is registered under, PUHCA.

(j) No ERISA Termination Event has occurred, or is reasonably expected to occur, with respect to any ERISA Plan that may materially and adversely affect the condition (financial or otherwise), operations, business, properties or prospects of Entergy and its subsidiaries, taken as a whole.

(k) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) with respect to each ERISA Plan, copies of which have been filed with the Internal Revenue Service and furnished to the Banks, is complete and accurate and fairly presents the funding status of such ERISA Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(l) Entergy has not incurred, and does not reasonably expect to incur, any withdrawal liability under ERISA to any Multiemployer Plan.

(m) ETHC, and each Person, if any, acquired with the proceeds of Borrowings by Entergy, is (i) an "exempt telecommunications company" within the meaning of section 34(a)(1) of PUHCA and has obtained an ETC Order to such effect, which ETC Order is in full force and effect, and (ii) engaged exclusively in the businesses contemplated by section 34(a)(1) of PUHCA. Entergy is in compliance with section 34 of PUHCA.

(n) As of the date of any Borrowing, the total principal amount of all Debt (after giving effect to such Borrowing) of Entergy and its subsidiaries, determined on a consolidated basis and without duplication of liability therefor, on such date does not exceed 65% of Capitalization determined as of the last day of the most recently ended month; provided, however, that for purposes of this Section 4.01(n), "Debt" and "Capitalization" shall not include (i) Junior Subordinated Debentures and (ii) any Debt of any subsidiary of Entergy that is Non-Recourse Debt.

## ARTICLE II

### COVENANTS OF THE BORROWERS

SECTION II.1. Affirmative Covenants. So long as any Note or any amount payable by either Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, each of the Borrowers will, unless the Majority Lenders shall otherwise consent in writing:

(a) Keep Books; Corporate Existence; Maintenance of Properties; Compliance with Laws; Insurance; Taxes.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(ii) except as otherwise permitted by Section 5.02(b), preserve and keep in full force and effect its existence and preserve and keep in full force and effect its licenses, rights and franchises to the extent necessary to carry on its business;

(iii) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and, from time to time, make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent such properties are not obsolete and not necessary to carry on its business;

(iv) comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, payment before the same become delinquent of all taxes, assessments and governmental charges imposed upon it or its property except to the extent being contested in good faith by appropriate proceedings, and compliance with ERISA and Environmental Laws;

(v) maintain insurance with responsible and reputable insurance companies or associations or through its own program of self-insurance in such amounts and covering such risks, and subject to such retentions or deductibles, as is usually carried by companies engaged in similar businesses and owning similar properties, and furnish to the Agent, within a reasonable time after written request therefor, such information as to the insurance carried as any Lender, through the Agent, may reasonably request; and

(vi) pay and discharge its obligations and liabilities in the ordinary course of business, except to the extent that such obligations and liabilities are being contested in good faith by appropriate proceedings.

(b) Use of Proceeds. Use the proceeds of the Borrowings only, in the case of Borrowings by Entergy, to finance the acquisition of one or more Persons that are "exempt telecommunications companies" within the meaning of section 34(a)(1) of PUHCA (except that Entergy may use the proceeds of Contract Borrowings to repay its Auction Borrowings and use the proceeds of Auction Borrowings to repay its Contract Borrowings or its Auction Borrowings) and, in the case of Borrowings by ETHC, for general corporate purposes consistent with such ETHC's status as such an "exempt telecommunications company".

(c) ETC Status. Take all actions (including obtaining any required determinations, consents and approvals) required to maintain at all times the status of each of ETHC and its respective subsidiaries as, and, in the case of ETHC, engage, and cause each of its subsidiaries to engage, only in the businesses permitted to be engaged in by, an "exempt telecommunications company" within the meaning of section 34(a)(1) of PUHCA.

(d) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of, in the case of Entergy, the first three quarters of each fiscal year of Entergy and, in the case of ETHC, the four quarters of each fiscal year of ETHC, (A) consolidated balance sheets of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries as of the end of such quarter and (B) consolidated statements of income and retained earnings of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, each certified by the duly authorized officer of Entergy as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(ii) as soon as available and in any event within 120 days after the end of each fiscal year of Entergy, a copy of the annual report for such year for Entergy and its subsidiaries, containing consolidated financial statements for such year certified by Coopers & Lybrand (or such other nationally recognized public accounting firm as the Agent may approve), and certified by a duly authorized officer of Entergy as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(iii) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of Entergy and within 120 days after the end of the fiscal year of Entergy, a certificate of the duly authorized officer of Entergy, stating that no Prepayment Event or Event of Default has occurred and is continuing or, if a Prepayment Event or Event of Default has occurred and is continuing, a statement setting forth details of such Prepayment Event or Event of Default, as the case may be, and the action that Entergy has taken and proposes to take with respect thereto;

(iv) as soon as possible and in any event within five days after either Borrower has knowledge of the occurrence of each Prepayment Event, Event of Default and each event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the duly authorized officer of such Borrower setting forth details of such Prepayment Event, Event of Default or event, as the case may be, and the actions that either or both of the Borrowers have taken and propose to take with respect thereto;

(v) as soon as possible and in any event within five days after the commencement of any litigation against, or any arbitration, administrative, governmental or regulatory proceeding involving, Entergy or any of its subsidiaries, that, if adversely determined, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), operations, business, properties or prospects of either Borrower, notice of such litigation, arbitration or proceeding describing in reasonable detail the facts and circumstances concerning such litigation, arbitration or proceeding and Entergy's or such subsidiary's proposed actions in connection therewith;

(vi) promptly after the sending or filing thereof, copies of all reports that Entergy sends to its securities holders, and copies of all reports and registration statements that Entergy files with the SEC or any national securities exchange pursuant to the Securities Act of 1933 or the Exchange Act, of all certificates (if any) pursuant to Rule 24 that either Borrower files with the SEC pursuant to PUHCA having relevancy to this Agreement, and of all applications and other filings made to or with the FCC or the SEC pursuant to Section 34 of PUHCA or otherwise having relevancy to this Agreement;

(vii) as soon as possible and in any event (A) within 30 days after Entergy knows or has reason to know that any ERISA Termination Event described in clause (i) of the definition of ERISA Termination Event with respect to any ERISA Plan has occurred and (B) within 10 days after Entergy knows or has reason to know that any other ERISA Termination Event with respect to any ERISA Plan has occurred, a statement of the chief financial officer of Entergy describing such ERISA Termination Event and the action, if any, that Entergy proposes to take with respect thereto;

(viii) promptly and in any event within two Business Days after receipt thereof by Entergy from the PBGC, copies of each notice received by Entergy in respect of the PBGC's intention to terminate any ERISA Plan or to have a trustee appointed to administer any ERISA Plan;

(ix) promptly, if requested by the Agent, copies of the then current Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each ERISA Plan;

(x) promptly and in any event within five Business Days after receipt thereof by Entergy from a Multiemployer Plan sponsor, a copy of each notice received by Entergy concerning the imposition of withdrawal liability pursuant to Section 4202 of ERISA;

(xi) promptly and in any event within five Business Days after Moody's or S&P has changed any Senior Debt Rating of any Significant Subsidiary, notice of such change; and

(xii) such other information respecting the condition or operations, financial or otherwise, of any Borrower, any Significant Subsidiary or any subsidiary of ETHC as any Lender through the Agent may from time to time reasonably request.

**SECTION II.2. Negative Covenants.** So long as any Note or any amount payable by either Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, Entergy will not, without the written consent of the Majority Lenders:

(a) Liens, Etc. Create or suffer to exist any Lien upon or with respect to any of its properties (including, without limitation, any shares of any class of equity security of any of Entergy's Significant Subsidiaries or of New Orleans) or ETHC's properties, in each case to secure or provide for the payment of Debt, other than: (i) Liens in existence on the date of this Agreement; (ii) Liens for taxes, assessments or governmental charges or levies to the extent not past due, or which are being contested in good faith in appropriate proceedings diligently conducted and for which the applicable Borrower has provided adequate reserves for the payment thereof in accordance with generally accepted accounting principles; (iii) pledges or deposits in the ordinary course of business to secure obligations under worker's compensation laws or similar legislation; (iv) other pledges or deposits in the ordinary course of business (other than for borrowed monies) that, in the aggregate, are not material to the applicable Borrower; (v) purchase money mortgages or other liens or purchase money security interests upon or in any property acquired or held by Entergy or ETHC in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property; (vi) Liens imposed by law such as materialmen's, mechanics', carriers', workers' and repairmen's Liens and other similar Liens arising in the ordinary course of business for sums not yet due or currently being contested in good faith by appropriate proceedings diligently conducted; (vii) attachment, judgment or other similar Liens arising in connection with court proceedings, provided that such Liens, in the aggregate for both Borrowers, shall not exceed \$50,000,000 at any one time outstanding, (viii) other Liens not otherwise referred to in the foregoing clauses (i) through (vii) above, provided that such Liens, in the aggregate for both Borrowers, shall not exceed \$100,000,000 at any one time and no such Lien on any of the properties or assets of ETHC shall secure or provide for the payment of Debt of ETHC or Entergy and (ix) Liens created for the sole purpose of extending, renewing or replacing in whole or in part Debt secured by any Lien permitted pursuant to the foregoing clauses (i) through (viii) above, provided that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement, as the case may be, shall be limited to all or a part of the property or Debt that secured the Lien so extended, renewed or replaced (and any improvements on such property); provided, further, that no Lien permitted under

the foregoing clauses (i) through (ix) shall be placed upon any shares of any class of equity security of any Significant Subsidiary or of New Orleans unless the obligations of the Borrowers to the Lenders hereunder are simultaneously and ratably secured by such Lien pursuant to documentation satisfactory to the Lenders.

(b) Mergers, Etc. Merge with or into or consolidate with or into any other Person, or permit ETHC to do so, except that either Borrower may merge with any other Person, provided that, immediately after giving effect to any such merger, (i) such Borrower is the surviving corporation or (A) the surviving corporation shall be organized under the laws of one of the states of the United States of America and shall assume such Borrower's obligations hereunder in a manner acceptable to the Majority Lenders, and (B) after giving effect to such merger, the Senior Debt Ratings of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings shall be at least BBB- and Baa3, (ii) no event shall have occurred and be continuing that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and (iii) such Borrower shall not be liable with respect to any Debt or allow its property to be subject to any Lien that would not be permissible with respect to it or its property under this Agreement on the date of such transaction.

(c) Disposition of Assets. Sell, lease, transfer, convey or otherwise dispose of (whether in one transaction or in a series of transactions) any shares of voting common stock (or of stock or other instruments convertible into voting common stock) of any Significant Subsidiary or of New Orleans, or permit any Significant Subsidiary or New Orleans to issue, sell or otherwise dispose of any of its shares of voting common stock (or of stock or other instruments convertible into voting common stock), except to Entergy or a Significant Subsidiary.

(d) Limitation on Debt. Permit the total principal amount of all Debt of Entergy and its subsidiaries, determined on a consolidated basis and without duplication of liability therefor, at any time to exceed 65% of Capitalization determined as of the last day of the most recently ended fiscal quarter of Entergy; provided, however, that for purposes of this Section 5.02(d), "Debt" and "Capitalization" shall not include (i) Junior Subordinated Debentures and (ii) any Debt of any subsidiary of Entergy that is Non-Recourse Debt.

ARTICLE III.

### EVENTS OF DEFAULT AND REMEDIES

SECTION III.1. Events of Default. Each of the following events shall constitute an "Event of Default" hereunder:

(a) Either of the Borrowers shall fail to pay any principal of any Advance when the same becomes due and payable, or shall fail to pay interest thereon or any other amount payable under this Agreement or any of the Notes within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by either Borrower or any of its officers herein or in connection with this Agreement shall prove to have been incorrect or misleading in any material respect when made; or

(c) Either of the Borrowers shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.01(b) or (c) or in Section 5.02 or (ii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to such Borrower by the Agent or any Lender; or

(d) Either of the Borrowers shall fail to pay any principal of or premium or interest on any Debt of such Borrower that is outstanding in a principal amount, together with the principal amount of all other Debt with respect to which such a failure by either Borrower shall have occurred and be continuing, in excess of \$50,000,000 in the aggregate (but excluding Debt evidenced by the Notes) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or

(e) Any of the Borrowers, any Significant Subsidiary or New Orleans shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any of the Borrowers, any Significant Subsidiary or New Orleans seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or any of the Borrowers, any Significant Subsidiary or New Orleans shall take any corporate action to authorize or to consent to any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against any of the Borrowers and either (i)

enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) An ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall fail to maintain the minimum funding standards required by Section 412 of the Internal Revenue Code of 1986 for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Internal Revenue Code of 1986, or (ii) an ERISA Plan of Entergy or any ERISA Affiliate of Entergy is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (iii) Entergy or any ERISA Affiliate of Entergy has incurred or will incur a liability to or on account of an ERISA Plan under Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (iv) any ERISA Termination Event with respect to an ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (B) the then present value of such ERISA Plan's vested benefits exceeds the then current value of assets accumulated in such ERISA Plan by more than the amount of \$25,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount); or

(h) Entergy shall at any time fail to own and control 100% of the outstanding capital stock of, and other equity interests in, ETHC.

**SECTION III.2. Remedies.** If any Prepayment Event or Event of Default shall occur and be continuing, then, and in any such event, the Agent shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrowers, do either or both of the following: (i) declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any of the Borrowers, any Significant Subsidiary or New Orleans under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers.

## **ARTICLE IV.**

### **THE AGENT**

**SECTION IV.1. Authorization and Action.** Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by either of the Borrowers pursuant to the terms of this Agreement.

**SECTION IV.2. Agent's Reliance, Etc.** Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and any assignee pursuant to Section 9.07; (ii) may consult with legal counsel (including counsel for either of the Borrowers), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of either of the Borrowers or to inspect the property (including the books and records) of either of the Borrowers; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

**SECTION IV.3. BNY and Affiliates.** With respect to its Commitment, the Advances made by it and the Notes issued to it, BNY shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include BNY in its individual capacity. BNY and its affiliates may accept

deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, either of the Borrowers, any of their respective subsidiaries and any Person who may do business with or own securities of either of the Borrowers or any such subsidiary, all as if BNY were not the Agent and without any duty to account therefor to the Lenders.

**SECTION IV.4. Lender Credit Decision.** Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

**SECTION IV.5. Indemnification.** The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrowers), ratably according to the respective principal amounts of the Contract Notes then held by each of them (or if no Contract Notes are at the time outstanding or if any Contract Notes are held by Persons that are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such expenses are reimbursable by either of the Borrowers but for which the Agent is not reimbursed by the Borrowers.

**SECTION IV.6. Successor Agent.** The Agent may resign at any time by giving written notice thereof to the Lenders and Entergy and may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent, which, for so long as no Prepayment Event or Event of Default has occurred and is continuing, shall be a Lender and shall be approved by Entergy (with such approval not to be unreasonably withheld or delayed). If no successor Agent shall have been so appointed by the Majority Lenders and approved by Entergy, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States or of any other country that is a member of the OECD having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. Notwithstanding the foregoing, if no Prepayment Event or Event of Default, and no event that with the giving of notice or the passage of time, or both, would constitute a Prepayment Event or Event of Default, shall have occurred and be continuing, then no successor Agent shall be appointed under this Section 7.06 without the prior written consent of Entergy, which consent shall not be unreasonably withheld or delayed.

## **ARTICLE V.**

### **GUARANTY**

**SECTION V.1.** The Guarantor irrevocably and unconditionally guarantees to the Creditors the full and prompt payment, no later than the third Business Day after the giving of notice by the Agent to the Guarantor of an Event of Default, of all amounts payable (whether at the stated maturity, by acceleration or otherwise) hereunder by ETHC (all such amounts being herein collectively called the "Guaranteed Obligations"). The Guarantor understands, agrees and confirms that the Creditors may enforce this Guaranty up to the full amount of the Guaranteed Obligations against the Guarantor without proceeding against ETHC, against any security for the Guaranteed Obligations, or under any other guaranty covering all or a portion of the Guaranteed Obligations. All payments by the Guarantor hereunder shall be made as provided herein.

**SECTION V.2. (a)** The liability of the Guarantor hereunder is exclusive and independent of any security (if any) for or other guaranty (if any) of the Guaranteed Obligations, and the liability of the Guarantor hereunder shall not be affected or impaired by (i) any direction as to application of payment by ETHC or by any other party, (ii) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations, (iii) any payment on or in reduction of any such other guaranty or undertaking, or (iv) any payment made to any Creditor on the Guaranteed Obligations which any Creditor repays to ETHC pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding with respect to ETHC, and the Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

(b) If claim is ever made upon any Creditor for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (ii) any settlement or compromise of any such

claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon the Guarantor, notwithstanding any revocation hereof or the cancellation of any instrument evidencing any liability of the Company, and the Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

SECTION V.3. The obligations of the Guarantor hereunder are independent of the obligations of any other guarantor or ETHC, and a separate action or actions may be brought and prosecuted against the Guarantor whether or not an action is brought against any other guarantor or ETHC and whether or not any other guarantor or ETHC be joined in any such action or actions. The Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by ETHC or other circumstance which operates to toll any statute of limitations as to ETHC shall operate to toll the statute of limitations as to the Guarantor.

SECTION V.4. Except as otherwise provided in the first sentence of Section 8.01, the Guarantor hereby waives (to the fullest extent permitted by applicable law) notice of acceptance hereof and notice of any liability to which this guaranty may apply, and waives promptness, diligence, presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by the Agent or any other Creditor against, and any other notice to, any party liable thereon.

SECTION V.5. Any Creditor may at any time and from time to time without the consent of, or notice to, the Guarantor, without incurring responsibility to the Guarantor, without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

- (a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, accelerate or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;
- (b) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;
- (c) exercise or refrain from exercising any rights against the ETHC and the Guarantor or others or otherwise act or refrain from acting;
- (d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of ETHC to creditors of ETHC;
- (e) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of ETHC to the Creditors regardless of what liabilities of ETHC remain unpaid;
- (f) consent to, or waive any breach of, any act, omission or default under this Agreement or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement this Agreement or any of such other instruments or agreements; and/or
- (g) act or fail to act in any manner referred to in this Guaranty which may deprive the Guarantor of its right to subrogation against ETHC.

SECTION V.6. No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations or of the obligations of ETHC under this Agreement or of any security therefor shall affect, impair or be a defense to this guaranty, and this guaranty shall be primary, absolute and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except payment in full of the Guaranteed Obligations.

SECTION V.7. This guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Creditor in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which any Creditor would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Creditor to any other or further action in any circumstances without notice or demand. It is not necessary for any Creditor to inquire into the capacity or powers of the Guarantor or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

SECTION V.8. (a) The Guarantor waives any right (except as shall be required by applicable statute or law and cannot be waived) to require the Creditors to: (i) proceed against ETHC, any other guarantor or any other party; (ii) proceed against or exhaust any security held from ETHC, any other guarantor or any other party; or (iii) pursue any other remedy in the Creditors' power whatsoever. The Guarantor waives (to the fullest extent permitted by applicable law) any defense based on or arising out of any defense of ETHC, any other guarantor or any other

party other than payment in full of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of ETHC other than payment in full of the Guaranteed Obligations. The Creditors may, at their election, foreclose on any security held by the Agent or the other Creditors by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Creditors may have against the Guarantor or any other party, or any security, without affecting or impairing in any way the liability of the Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full. The Guarantor waives any defense arising out of any such election by the Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantor against ETHC or any other party or any security; and

(b) Except as otherwise provided in the first sentence of Section 8.01, the Guarantor waives (to the fullest extent permitted by applicable law) all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. The Guarantor assumes all responsibility for being and keeping itself informed of ETHC's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which the Guarantor assumes and incurs hereunder, and agrees that the Creditors shall have no duty to advise the Guarantor of information known to them regarding such circumstances or risks.

## ARTICLE VI.

### MISCELLANEOUS

SECTION VI.1. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Contract Notes, nor consent to any departure by either of the Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and, in the case of any such amendment, the applicable Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than any Lender that is a Borrower or an Affiliate of a Borrower), do any of the following:

(a) waive any of the conditions specified in Section 3.01, 3.02 or 3.03, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Contract Notes, or the percentage or number of Lenders that shall be required for the Lenders or any of them to take any action hereunder, (f) release the Guarantor from any of its obligations under Article VIII hereof or (g) amend this Section 9.01; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note.

SECTION VI.2. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication)

and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to either of the Borrowers, c/o Entergy at its address at 639 Loyola Avenue, New Orleans, LA 70113, Attention:

Treasurer, telecopy no. 504-576-4455; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at One Wall Street, New York, New York 10286, Attention: Dennis M. Pidherny, telecopy no. 212-635-7923 with a copy to it at such address, Attention: Agency Function Administration, telecopy no. 212-635- 6365; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Agent pursuant to Article II or VII shall not be effective until received by the Agent. Except as otherwise provided in

Section 5.01(d), notices and other communications given by either of the Borrowers to the Agent shall be deemed given to the Lenders.

SECTION VI.3. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION VI.4. Costs and Expenses; Indemnification.

(a) Entergy agrees to pay on demand all costs and expenses incurred by the Agent in connection with the preparation, execution, delivery, syndication, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. Any invoices to Entergy with respect to the aforementioned expenses shall describe such costs and expenses in reasonable detail. Entergy further agrees to pay on demand all costs and expenses, if any

(including, without limitation, counsel fees and expenses of outside counsel and of internal counsel), incurred by the Agent and the Lenders in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of, and the protection of the rights of the Lenders under, this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 9.04(a).

(b) If any payment of principal of, or Conversion of, any Adjusted CD Rate Advance or Eurodollar Rate Advance is made other than on the last day of the Interest Period for such Contract Advance, as a result of a payment or Conversion pursuant to Section 2.09(d), 2.10 or 2.13, acceleration of the maturity of the Notes pursuant to Section 6.02, assignment to another Lender upon demand of Entergy pursuant to Section 9.07(h) or (i) or for any other reason, the applicable Borrower shall, upon demand by any Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits upon such Lender's representation to such Borrower that it has made reasonable efforts to mitigate such loss), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Contract Advance. Any Lender making a demand pursuant to this Section 9.04(b) shall provide the applicable Borrower with a written certification of the amounts required to be paid to such Lender, showing in reasonable detail the basis for the Lender's determination of such amounts.

(c) Entergy hereby agrees to indemnify and hold each Lender, the Agent and their respective Affiliates and their respective officers, directors, employees and professional advisors (each, an "Indemnified Person") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorneys' fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may incur or which may be claimed against any of them by any person or entity by reason of or in connection with the execution, delivery or performance of this Agreement, the Notes or any transaction contemplated thereby, or the use by either of the Borrowers or any of their respective subsidiaries of the proceeds of any Advance, except that no Indemnified Person shall be entitled to any indemnification hereunder to the extent that such claims, damages, losses, liabilities, costs or expenses are finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. Entergy's obligations under this Section 9.04(c) shall survive the repayment of all amounts owing to the Lenders and the Agent under this Agreement and the Notes and the termination of the Commitments. If and to the extent that the obligations of Entergy under this Section 9.04(c) are unenforceable for any reason, Entergy agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

**SECTION VI.5. Right of Set-off.** Upon (i) the occurrence and during the continuance of any Event of Default or Prepayment Event and (ii) the making of the request or the granting of the consent specified by Section 6.02 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of either of the Borrowers against any and all of the obligations of such Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmaturing. Each Lender agrees promptly to notify the applicable Borrower after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 9.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender may have.

**SECTION VI.6. Binding Effect.** This Agreement shall become effective upon execution thereof by Entergy and the Agent and upon the receipt by the Agent of notification from each Bank that such Bank has executed this Agreement; and thereafter the Agreement shall be binding upon and inure to the benefit of the Borrowers, the Agent and each Lender and their respective successors and assigns, except that neither of the Borrowers shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

**SECTION VI.7. Assignments and Participations.** (a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Contract Advances owing to it and the Contract Note or Notes held by it); provided, however, that (i) Entergy and the Agent shall have consented to such assignment (such consent not to be unreasonably withheld or delayed) by signing the Assignment and Acceptance referred to in clause (iv) below; (ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any Auction Advances or Auction Notes); (iii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 and shall be an integral multiple of \$1,000,000 (or shall be the total amount of the assigning Lender's Commitment); and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register (as hereinafter defined), an Assignment and Acceptance, together with any Contract Note or Notes subject to such assignment and a processing and recordation fee of \$2,500 (plus an amount equal to out-of-pocket legal expenses of the Agent, estimated by the Agent and advised to such parties). Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of

an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). Notwithstanding anything to the contrary contained in this Agreement, any Lender at any time may assign all or any portion of its rights and obligations under this Agreement to any Affiliate of such Lender.

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or the performance or observance by the Borrowers of any of their respective obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with the terms of this Agreement all of the obligations which by the terms hereof are required to be performed by it as a Lender.

(c) The Agent shall maintain at its address referred to in Section 9.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Contract Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any Contract Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers. Within five Business Days after its receipt of such notice, the applicable Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Contract Note or Notes a new Contract Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Contract Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Contract Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Contract Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(e) Each Lender may assign to one or more banks or other entities any Auction Note or Notes held by it, without the consent of either of the Borrowers.

(f) Each Lender may sell participations to one or more banks, financial institutions or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrowers hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, and (iv) the Borrowers, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.07, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrowers received by it from such Lender.

(h) If any Lender shall fail to consent to the extension of the Termination Date within 30 days of receipt by such Lender of notice of any request pursuant to Section 2.17, then upon termination of such 30-day period, Entergy may demand that such Lender assign in accordance with this Section 9.07 to one or more assignees designated by Entergy and acceptable to the Majority Lenders (provided that, for purposes of this determination by the Majority Lenders, the non-consenting Lender shall not be included in the Lenders holding Contract Advances or having Commitments) all (but not less than all) of such Lender's Commitment and the Contract Advances owing to it within the next 15 days. If any such assignee designated by Entergy shall fail to consummate such assignment on terms acceptable to such Lender, or if Entergy shall fail to designate any such assignee for all of such Lender's Commitment or Advances, then such Lender may assign such Commitment and Advances

to any other assignee acceptable to the Majority Lenders (provided that, for purposes of this determination by the Majority Lenders, the non-consenting Lender shall not be included in the Lenders holding Contract Advances or having Commitments) in accordance with this Section 9.07 during such 15-day period; it being understood for purposes of this Section 9.07(h) that such assignment shall be conclusively deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an assignee designated by Entergy, if such assignee (i) shall agree to such assignment in substantially the form of Exhibit C hereto and (ii) shall offer compensation to such Lender in an amount equal to the sum of the principal amount of all Contract Advances outstanding to such Lender plus all interest accrued thereon to the date of such payment plus all other amounts payable by the Borrowers to such Lender hereunder (whether or not then due) as of the date of such payment accrued in favor of such Lender hereunder.

(i) If any Lender shall make any demand for payment under Section 2.12 or 2.15, or if any Lender shall be the subject of any notification or assertion of illegality under Section 2.13, then within 30 days after any such demand (if, but only if, such demanded payment has been made by the applicable Borrower) or notification or assertion, Entergy may, with the approval of the Agent (which approval shall not be unreasonably withheld) and provided that no Prepayment Event, Event of Default or event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, shall have occurred and then be continuing, demand that such Lender assign in accordance with this Section 9.07 to one or more assignees designated by Entergy and acceptable to the Agent all (but not less than all) of such Lender's Commitment and the Contract Advances owing to it within the period ending on the later to occur of such 30th day and the last day of the longest of the then current Interest Periods for such Advances. If any such assignee designated by Entergy and approved by the Agent shall fail to consummate such assignment on terms acceptable to such Lender, or if Entergy shall fail to designate any such assignees acceptable to the Agent for all or part of such Lender's Commitment or Advances, then such demand by Entergy shall become ineffective; it being understood for purposes of this subsection (i) that such assignment shall be conclusively deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an Eligible Assignee designated by Entergy, if such Eligible Assignee (A) shall agree to such assignment by entering into an Assignment and Acceptance with such Lender and (B) shall offer compensation to such Lender in an amount equal to all amounts then owing by the Borrowers to such Lender hereunder and under the Notes made by the Borrowers to such Lender, whether for principal, interest, fees, costs or expenses (other than the demanded payment referred to above and payable by the applicable Borrower as a condition to Entergy's right to demand such assignment), or otherwise. In addition, in the event that Entergy shall be entitled to demand the replacement of any Lender pursuant to this subsection (i), Entergy may, in the case of any such Lender, with the approval of the Agent (which approval shall not be unreasonably withheld) and provided that no Prepayment Event, Event of Default or event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, shall have occurred and then be continuing, terminate all (but not less than all) such Lender's Commitment and prepay (or cause the applicable Borrower to prepay) all (but not less than all) such Lender's Advances not so assigned, together with all interest accrued thereon to the date of such prepayment and all fees, costs and expenses and other amounts then owing by the Borrowers to such Lender hereunder and under the Note made by the applicable Borrower to such Lender, at any time from and after such later occurring day in accordance with Sections 2.05 and 2.11 hereof (but without the requirement stated therein for ratable treatment of the other Lenders), if and only if, after giving effect to such termination and prepayment, the sum of the aggregate principal amount of the Advances of all Lenders then outstanding does not exceed the then remaining Commitments of the Lenders. Notwithstanding anything set forth above in this subsection (i) to the contrary, Entergy shall not be entitled to compel the assignment by any Lender demanding payment under Section 2.12(a) of its Commitment and Advances or terminate and prepay the Commitment and Advances of such Lender if, prior to or promptly following any such demand by Entergy, such Lender shall have changed or shall change, as the case may be, its Applicable Lending Office for its Eurodollar Rate Advances so as to eliminate the further incurrence of such increased cost. In furtherance of the foregoing, any such Lender demanding payment or giving notice as provided above agrees to use reasonable efforts to so change its Applicable Lending Office, if to do so would not result in the incurrence by such Lender of additional costs or expenses which it deems material or, in the sole judgment of such Lender, be inadvisable for regulatory, competitive or internal management reasons.

(j) Anything in this Section 9.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of its Commitment and the Advances owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

**SECTION VI.8. Governing Law. THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

**SECTION VI.9. Consent to Jurisdiction; Waiver of Jury Trial.** (a) To the fullest extent permitted by law, each of the Borrowers hereby irrevocably (i) submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City and any appellate court from any thereof in any action or proceeding arising out of or relating to this agreement or any other Loan Document, and (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or in such Federal court. Each of the Borrowers hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding. Each of the Borrowers also irrevocably consents, to the fullest extent permitted by law, to the service of any and all process in any such action or proceeding by the mailing by certified mail of copies of such process to such Borrower at its address specified in Section

9.02. Each of the Borrowers agrees, to the fullest extent permitted by law, that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) EACH OF THE BORROWERS, THE AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY NOTE, OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.

SECTION .10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**ENERGY CORPORATION**

By \_\_\_\_\_

Name:

Title:

**ENERGY TECHNOLOGY HOLDING  
COMPANY**

By \_\_\_\_\_

Name:

Title:

**THE BANK OF NEW YORK, as Agent**

By \_\_\_\_\_

Name:

Title:

Commitment

BANKS

\$100,000,000

THE BANK OF NEW YORK

By \_\_\_\_\_

Name :

Title:

## SCHEDULE I

### LIST OF APPLICABLE LENDING OFFICES

Name of Bank	Domestic	Eurodollar	CD Lending Office
The Bank of	Lending Office	Lending Office	One Wall Street
New York	One Wall Street	One Wall Street	New York, New York 10286
	New York, New York 10286	New York, New York 10286	New York, New York 10286
	Attn: Dennis M. Pidherny/ Jo-Ann Evans	Attn: Dennis M. Pidherny/ Jo-Ann Evans	Attn: Dennis M. Pidherny/ Jo-Ann Evans
	Telephone: 212-635-7547	Telephone: 212-635-7547	Telephone: 212-635-7547
	Fax: 212-635-7923	Fax: 212-635-7923	Fax: 212-635-7923

## SCHEDULE 2.05(b)

### FORM OF INCREASE NOTICE

The Bank of New York, as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
One Wall Street  
New York, New York 10286

[Date]

Ladies and Gentlemen:

The undersigned, ENTERGY CORPORATION, refers to the Credit Agreement, dated as of \_\_\_\_\_, 1996 (the "Credit Agreement"), the terms defined therein being used herein as therein defined, among the undersigned, Entergy Technology Holding Company, certain Lenders parties thereto and The Bank of New York, as Agent for said Lenders, and hereby gives you notice pursuant to Section 2.05(b) of the Credit Agreement that the undersigned hereby requests that the aggregate amount of the Commitments be increased, and in that connection sets forth below the information relating to such increase of the aggregate amount of the Commitments (the "Requested Increase") as required by Section 2.05(b) of the Credit Agreement:

(i) The Business Day of the effectiveness of the Requested Increase is \_\_\_\_\_, 19\_\_\_\_ (the "Increase Date").

(ii) The aggregate amount of the Requested Increase is \$\_\_\_\_\_.

(iii) The aggregate amount of the Commitments after giving effect to the Requested Increase will be \$\_\_\_\_\_.

[(iv) Each of the following financial institutions is proposed to become a Lender on the Increase Date with a Commitment in the amount set forth opposite its name:

[set forth information]]

[(iv) Each of the following existing Lenders is requested to increase its Commitment on the Increase Date to the amount set forth opposite its name:

[set forth information]]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Increase Date:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Requested Increase, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Requested Increase, that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

Very truly yours,

**ENTERGY CORPORATION**

By \_\_\_\_\_

Name:

Title:

**EXHIBIT A-1**

**FORM OF CONTRACT NOTE**

U.S. \$ \_\_\_\_\_ Dated: \_\_\_\_\_, 19\_\_

FOR VALUE RECEIVED, the undersigned, [ENTERGY CORPORATION]  
[ENTERGY TECHNOLOGY HOLDING COMPANY], a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office (such term and other capitalized terms herein being used as defined in the Credit Agreement referred to below) the principal sum of U.S. \$ \_\_\_\_\_ or, if less, the aggregate principal amount of the Contract Advances made by the Lender to the Borrower pursuant to the Credit Agreement outstanding on the Termination Date, payable on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Contract Advance from the date of such Contract Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to The Bank of New York, as Agent, at One Wall Street, New York, New York 10286, in same day funds. Each Contract Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, may be recorded by the Lender and endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Contract Notes referred to in, and is entitled to the benefits of, the Credit Agreement, dated as of \_\_\_\_\_, 1996 (the "Credit Agreement"), among the Borrower, [Entergy Corporation] [Entergy Technology Holding Company], the Lender and certain other banks parties thereto, and The Bank of New York, as Agent for the Lender and such other banks. The Credit Agreement, among other things, (i) provides for the making of Contract Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Contract Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

**THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

**[ENTERGY CORPORATION] [ENTERGY TECHNOLOGY  
HOLDING COMPANY]**

By \_\_\_\_\_  
Name:  
Title:

**ADVANCES, MATURITIES AND PAYMENTS OF PRINCIPAL**

Date Amount of Interest Period Principal Amount of Notation Advance (if any) of Paid or Unpaid Made By Advance Prepaid Principal Balance

**EXHIBIT A-2**

**FORM OF AUCTION NOTE**

U.S. \$ \_\_\_\_\_ Dated: \_\_\_\_\_, 19\_\_

FOR VALUE RECEIVED, the undersigned, [ENTERGY CORPORATION]  
[ENTERGY TECHNOLOGY HOLDING COMPANY], a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the  
order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to  
below), on \_\_\_\_\_, 19\_\_, the principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at  
the interest rate and payable on the interest payment date or dates provided below:

[Interest Rate: \_\_\_\_\_% per annum [or]  
[Description of Interest Rate Basis and Margin] (calculated on the basis of a year of \_\_\_\_\_ days for the actual number of days elapsed).

**Interest Payment Date or Dates:**

Prepayment terms:

Both principal and interest are payable in lawful money of the United States of America to \_\_\_\_\_ or the account of the Lender at the  
office of The Bank of New York, as Agent, at One Wall Street, New York, New York 10286, in same day funds, free and clear of and without  
any deduction, with respect to the payee named above, for any and all present and future taxes, deductions, charges or withholdings, and all  
liabilities with respect thereto to the extent and in the manner provided in the Credit Agreement.

This Promissory Note is one of the Auction Notes referred to in, and is entitled to the benefits of, the Credit Agreement, dated as of  
\_\_\_\_\_, 1996 (the "Credit Agreement"), among the Borrower, [Entergy Corporation] [Entergy Technology Holding Company], the  
Lender and certain other banks parties thereto, and The Bank of New York, as Agent for the Lender and such other banks. The Credit  
Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights  
hereunder on the part of the holder hereof shall operate as a waiver of such rights.

**THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN  
ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

**[ENTERGY CORPORATION] [ENTERGY TECHNOLOGY  
HOLDING COMPANY]**

By \_\_\_\_\_  
Name:  
Title:

**EXHIBIT B-1**

**FORM OF NOTICE OF CONTRACT BORROWING**

The Bank of New York, as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
One Wall Street  
New York, New York 10286

[Date]

Ladies and Gentlemen:

The undersigned, [ENTERGY CORPORATION] [ENTERGY TECHNOLOGY HOLDING COMPANY] refers to the Credit Agreement, dated as of \_\_\_\_\_, 1996 (the "Credit Agreement"), the terms defined therein being used herein as therein defined, among the undersigned, [Entergy Corporation] [Entergy Technology Holding Company], certain Lenders parties thereto and The Bank of New York, as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Contract Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Contract Borrowing (the "Proposed Contract Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Contract Borrowing is \_\_\_\_\_, 19\_\_\_\_.

(ii) The Type of Contract Advances to be made in connection with the Proposed Contract Borrowing is [Adjusted CD Rate Advances] [Base Rate Advances] [Eurodollar Rate Advances].

(iii)The aggregate amount of the Proposed Contract Borrowing is \$\_\_\_\_\_.

(iv) The Interest Period for each Contract Advance made as part of the Proposed Contract Borrowing is [ \_\_\_days] [\_\_\_\_ month[s]].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Contract Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Contract Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Proposed Contract Borrowing or from the application of the proceeds therefrom, that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

[Attached hereto is a copy of the ETC Order applicable to the Person being acquired with the proceeds of the Contract Borrowing requested hereby. Also attached hereto is the opinion of FCC counsel for the undersigned, substantially in the form of Exhibit

Very truly yours,

**[ENTERGY CORPORATION] [ENTERGY TECHNOLOGY HOLDING COMPANY]**

By\_\_\_\_\_

Name:

Title:

unless all of the proceeds thereof are being used to repay all or any portion of such Borrower's outstanding Auction Borrowings.

**EXHIBIT B-2**

**FORM OF NOTICE OF AUCTION BORROWING**

The Bank of New York, as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
One Wall Street  
New York, New York 10286

[Date]

Ladies and Gentlemen:

The undersigned, [ENERGY CORPORATION] [ENERGY TECHNOLOGY HOLDING COMPANY], refers to the Credit Agreement, dated \_\_\_\_\_, 1996 (the "Credit Agreement"), the terms defined therein being used herein as therein defined, among the undersigned, [Energy Corporation] [Energy Technology Holding Company], certain Lenders parties thereto and The Bank of New York, as Agent for said Lenders, and hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests an Auction Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Auction Borrowing (the "Proposed Auction Borrowing") is requested to be made:

(A) Date of Auction Borrowing  
\_\_\_\_\_

(B) Amount of Auction Borrowing  
\_\_\_\_\_

(C) Maturity Date  
\_\_\_\_\_

(E) Interest Computation Basis  
\_\_\_\_\_

(F) Interest Payment Dates(s)  
\_\_\_\_\_

(G) Prepayment  
\_\_\_\_\_

(H) \_\_\_\_\_

(I) \_\_\_\_\_

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Auction Borrowing:

- (a) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Auction Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;
- (b) no event has occurred and is continuing, or would result from the Proposed Auction Borrowing or from the application of the proceeds therefrom, that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both; and
- (c) the aggregate amount of the Proposed Auction Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the unused Commitments of the Lenders.

[Attached hereto is a copy of the ETC Order applicable to the Person being acquired with the proceeds of the Auction Borrowing requested hereby. Also attached hereto is the opinion of FCC counsel for the undersigned, substantially in the form of Exhibit

The undersigned hereby confirms that the Proposed Auction Borrowing is to be made available to it in accordance with Section 2.03(a)(v) of the Credit Agreement.

Very truly yours,

**[ENERGY CORPORATION] [ENERGY TECHNOLOGY  
HOLDING COMPANY]**

By \_\_\_\_\_

Name:

Title:

unless all of the proceeds thereof are being used to repay all or any portion of such Borrower's outstanding Contract Borrowings or Auction Borrowings.

EXHIBIT B-3

FORM OF NOTICE OF CONVERSION

The Bank of New York, as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
One Wall Street  
New York, New York 10286

[Date]

Ladies and Gentlemen:

The undersigned, [ENTERGY CORPORATION] [ENTERGY TECHNOLOGY HOLDING COMPANY], refers to the Credit Agreement, dated as of \_\_\_\_\_, 1996 (the "Credit Agreement"), the terms defined therein being used herein as therein defined, among the undersigned, [Entergy Corporation] [Entergy Technology Holding Company], certain Lenders party thereto and The Bank of New York, as Agent for said Lenders, and hereby gives you notice irrevocably, pursuant to Section 2.10 of the Credit Agreement, that the undersigned hereby requests a Conversion under the Credit Agreement, and in that connection sets forth below the information relating to such Conversion (the "Proposed Conversion") as required by Section 2.10 of the Credit Agreement:

(i) The Business Day of the Proposed Conversion is \_\_\_\_\_, \_\_\_\_.

(ii) The Type of Advances comprising the Proposed Conversion is [Adjusted CD Rate Advances] [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Conversion is \$\_\_\_\_\_.

(iv) The Type of Advances to which such Advances are proposed to be Converted is [Adjusted CD Rate Advances] [Base Rate Advances] [Eurodollar Rate Advances].

(v) The Interest Period for each Advance made as part

The undersigned hereby represents and warrants that the following statements are true on the date hereof, and will be true on the date of the Proposed Conversion:

(A) The Borrower's request for the Proposed Conversion is made in compliance with Section 2.10 of the Credit Agreement; and

(B) The statements contained in Section 3.02(i) of the Credit Agreement are true.

Very truly yours,

[ENTERGY CORPORATION] [ENTERGY TECHNOLOGY  
HOLDING COMPANY]

By \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT C

### FORM OF ASSIGNMENT AND ACCEPTANCE

Dated \_\_\_\_\_, 19\_\_

Reference is made to the Credit Agreement, dated as of \_\_\_\_\_, 1996 (as amended, modified or supplemented from time to time, the "Credit Agreement"), among Entergy Corporation, a Delaware corporation, Entergy Technology Holding Company, a Delaware corporation (collectively with Entergy Corporation, the "Borrowers"), the Lenders (as defined in the Credit Agreement) and The Bank of New York, as Agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

\_\_\_\_\_ (the "Assignor") and \_\_\_\_\_ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof (other than in respect of Auction Advances and Auction Notes) which represents the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement (other than in respect of Auction Advances and Auction Notes), including, without limitation, such interest in the Assignor's Commitment, the Contract Advances owing to the Assignor, and the Contract Note[s] held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Contract Advances owing to the Assignee will be as set forth in Section 2 of Schedule 1.
2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or the performance or observance by the Borrowers of any of their respective obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the Contract Note[s] referred to in paragraph 1 above and requests that the Agent exchange such Contract Note[s] for a new Contract Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Contract Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto. Except as specified in this Section 2, the assignment hereunder shall be without recourse to the Assignor.
3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; [and] (v) specifies as its CD Lending Office, Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof [and (vi) attaches the forms prescribed by the Internal Revenue Service of the United States certifying that it is exempt from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes].
4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date of this Assignment and Acceptance shall be the date of acceptance thereof by the Agent, unless otherwise specified on Schedule 1 hereto (the "Effective Date"); provided, however, that in no event shall this Assignment and Acceptance become effective prior to the payment for the processing and recordation fee to the Agent as provided in Section 8.07(a) of the Credit Agreement.
5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.
6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Contract Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Contract Notes for periods prior to the Effective Date directly between themselves.
7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS

OF THE STATE OF NEW YORK.

8. This Assignment and Acceptance may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were up on the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

**[NAME OF ASSIGNOR]**

By \_\_\_\_\_

Name:

Title:

**[NAME OF ASSIGNEE]**

By \_\_\_\_\_

Name:

Title:

CD Lending Office:

[Address]

Domestic Lending Office (and  
address for notices):

[Address]

Eurodollar Lending Office:

[Address]

Accepted this \_\_\_ day  
of \_\_\_\_\_, 19 \_\_

**THE BANK OF NEW YORK, as Agent**

By \_\_\_\_\_

Name:

Title:

Schedule 1  
to Assignment and Acceptance

Dated \_\_\_\_\_, 19\_\_

Section 1.

Percentage Interest:

\_\_\_\_\_

‰

Section 2.

Assignee's Commitment:

\$\_\_\_\_\_

Aggregate Outstanding Principal  
Amount of Contract Advances

\$\_\_\_\_\_

owing to the Assignee:

A Contract Note payable to the order of the Assignee

Dated: \_\_\_\_\_, 19\_\_

\$\_\_\_\_\_

Principal amount:

[A Contract Note payable to the order of the Assignor Dated: \_\_\_\_\_, 19\_\_ \$\_\_\_\_\_] Principal amount:

Section 3.

the Agent.

**EXHIBIT D-2**

**FORM OF OPINION OF  
COUNSEL FOR ENTERGY**

[Letterhead of Laurence M. Hamric, Entergy Corporation]

[Set forth below are the substantive opinions to be provided]

Based on the foregoing, and subject to the qualifications hereinafter expressed, it is my opinion that:

1. The Acquiree is an "exempt telecommunications company" within the meaning of section 34(a)(1) of the Public Utility Holding Company Act of 1935, as amended ("PUHCA").
2. The Acquiree has obtained an ETC Order with respect to its status as an "exempt telecommunications company" within the meaning of section 34(a)(i) of PUHCA, and such ETC Order is in full force and effect.
3. No authorization or approval or other action by, or notice, filing or registration with, the Securities and Exchange Commission (the "SEC"), the Federal Communications Commission or any other governmental or regulatory authority, other than the ETC Order obtained with respect to the Acquiree and such notice as may be required to be filed with the SEC pursuant to section 34(f) of PUHCA, is or will be required to be obtained or made by the Acquiree, Entergy or any of its subsidiaries in connection with the Borrowings the proceeds of which will be used to effect the acquisition by Entergy of the Acquiree.

**EXHIBIT E**

**FORM OF OPINION OF  
SPECIAL NEW YORK COUNSEL  
FOR THE AGENT**

[Letterhead of Winthrop, Stimson, Putnam & Roberts]

\_\_\_\_\_, 1996

To the Agent and each Lender party to  
the Credit Agreement referred to below

Ladies and Gentlemen:

We have acted as counsel to The Bank of New York, as Agent, in connection with the negotiation, execution and delivery of the Credit Agreement, dated as of September 13, 1996, among Entergy Corporation and Entergy Technology Holding Company, as Borrowers, the banks named therein, as Banks, and The Bank of New York, as Agent (the "Credit Agreement"). Terms defined in the Credit Agreement that are not otherwise defined herein are used herein with the meanings therein ascribed to them.

For the purposes of rendering the opinions contained in this letter, we have examined executed counterparts of the Credit Agreement and the Notes delivered on the date hereof (collectively, the "Loan Documents").

For the purposes of this opinion, we have assumed (i) the authenticity of all such documents submitted to us as originals, (ii) the due authorization, execution and delivery by the Agent and the Banks of the Loan Documents to which they are parties, (iii) that each of the Borrowers has the corporate power, and has taken all necessary corporate action to authorize it, to execute, deliver and perform each of the Loan Documents to which it is a party, (iv) that the Loan Documents have been duly executed and delivered by each of the Borrowers that is a party thereto and (v) that the execution, delivery and performance in accordance with their respective terms by each of the Borrowers of the Loan Documents to which it is a party do not and will not (A) require any authorization or approval or other action by, or any notice to or filing with, any governmental authority or regulatory body (such authorizations, approvals, actions, notices and filings hereinafter referred to as "Governmental Approvals"), other than any such Governmental Approvals that have been obtained or made, are final and not subject to review or collateral attack and are in full force and effect, or (B) violate or conflict with, result in a breach of, or constitute a default under (1) any contract, agreement, instrument, certificate of incorporation, charter or by-law to which either Borrower is a party or by which it or its properties may be bound or (2) any Governmental Approval or any order, decision, judgment or decree of any court or arbitrator.

Based upon the foregoing, and subject to the qualifications and limitations set forth herein, we are of the opinion that the Loan Documents are legal, valid and binding obligations of the Borrowers party thereto, enforceable against such Borrowers in accordance with their respective terms.

Our opinion above is subject to the following qualifications and limitations:

(a) Our opinion is subject to the effect of applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and other laws affecting the enforcement of creditors' rights generally and to the effect of general equitable principles (whether considered in a proceeding in equity or at law). Such principles applied by a court might include a requirement that a creditor act with reasonableness and good faith. Furthermore, a court may refuse to enforce a covenant where a court deems such covenant to be violative of applicable public policy.

(b) Our opinions are limited to the law of the State of New York and the Federal law of the United States. Without limiting the generality of the foregoing, we express no opinion as to the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein enforcement of the Loan Documents may be sought that limits the rates of interest legally chargeable or collectable.

This opinion is intended for the sole benefit of the Agent and the Lenders and no other person shall be entitled to rely hereon for any purpose.

Very truly yours,

**Exhibit 4(a) 13**

**AMENDMENT NO. 1**

dated as of October 22, 1996

to

**CREDIT AGREEMENT**

dated as of September 13, 1996

THIS AMENDMENT NO. 1 (this "Amendment"), dated as of October 22, 1996, among ENTERGY CORPORATION, a Delaware corporation ("Entergy"), ENTERGY TECHNOLOGY HOLDING COMPANY, a Delaware corporation, THE BANK OF NEW YORK ("BNY"), as Agent and as the sole Lender under the Credit Agreement hereinafter referred to, and the other financial institutions listed on the signature pages hereof (the "New Lenders") (with capitalized terms used but not otherwise defined herein having the meaning ascribed thereto in the Credit Agreement hereinafter referred to),

**WITNESSETH:**

WHEREAS, Entergy, ETHC, BNY and the Agent have entered into a Credit Agreement dated as of September 13, 1996 (the "Credit Agreement"); and

WHEREAS, the Borrowers have requested, and BNY, the New Lenders and the Agent have agreed to, the amendments to the Credit Agreement more fully set forth in this Amendment; and

WHEREAS, such amendment shall be of benefit, either directly or indirectly, to the Borrowers,

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrowers, BNY, the New Lenders and the Agent agree as follows:

1. Amendments. Upon and after the Effective Date (as defined in Section 3 below), the Credit Agreement shall be amended as follows:

a. Section 1.01 shall be amended by amending the definitions of "Banks", "Commitment" and "Lenders" contained therein to read in their entirety as follows:

" 'Banks' means the banks or other financial institutions listed on the signature pages hereof or on the signature pages of Amendment No. 1."

" 'Commitment' means, with respect to any Lender, the amount set forth opposite such Lender's name on the signature pages of Amendment No. 1 or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(c), or, if such Lender has become a Lender in connection with an increase of Commitments pursuant to Section 2.05(b), set forth in the amendment to this Agreement required by Section 2.05(b) in connection with such increase, in each case as such amount may be reduced or increased pursuant to Section 2.05."

" 'Lenders' means the Banks and each Person that shall become a party hereto pursuant to Section 9.07."

b. Section 1.01 shall be further amended by inserting therein in appropriate alphabetical order definitions of "Agreement" and "Amendment No. 1" to read in their entirety as follows:

" 'Agreement' means this Agreement, including all schedules and exhibits hereto, as amended or supplemented from time to time."

" 'Amendment No. 1' means Amendment No. 1 to this Agreement dated as of October 22, 1996."

c. Section 2.01 shall be amended by deleting the words from and including "the amount set" in the fifth line thereof through and including "(such Lender's "Commitment")" in the eighth line thereof and inserting in lieu thereof the words "such Lender's Commitment".

d. Section 5.01(c) shall be amended by deleting the words "each of ETHC and its respective subsidiaries" beginning in the second line thereof and inserting in lieu thereof the word "ETHC". BNY and the New Lenders hereby waive any default by the Borrowers existing on the Effective Date under Section 5.01(c) as in effect before giving effect to this Amendment which would not be a default under Section 5.01(c) as amended by this Amendment.

e. Schedule I to the Credit Agreement shall be amended to read in its entirety as set forth in Schedule I hereto.

2. Representations and Warranties. In order to induce BNY and the New Lenders to enter into this Agreement, Entergy hereby represents and warrants that each of the representations and warranties set forth in Article IV of the Credit Agreement are true and correct as though such representations and warranties were made at and as of the Effective Date (as defined in Section 3 below) except to the extent that any such representations or warranties are made as of a specified date or with respect to a specified period of time, in which case such representations and warranties shall be made as of such specified date or with respect to such specified period. Each of the representations and warranties made under the Credit Agreement (including those made herein) shall survive to the extent provided therein and not be waived by the execution and delivery of this Amendment.

3. Effective Date. The amendments to the Credit Agreement provided for in this Amendment shall become effective as of the date first referenced above on the date on which all of the following conditions precedent shall have been satisfied (the "Effective Date"):

a. The Agent shall have received this Amendment, executed by the Borrowers, BNY, the New Lenders and the Agent.

b. Entergy shall have paid all expenses due and payable under Section 4 of this Amendment.

4. Payment of Expenses. Entergy hereby agrees to pay all reasonable costs and expenses incurred by the Agent in connection with the preparation, execution and delivery of this Amendment and any other documents or instruments which may be delivered in connection herewith, whether before or after the Effective Date, including, without limitation, the reasonable fees and out-of-pocket expenses of Winthrop, Stimson, Putnam & Roberts.

5. Counterparts. This Amendment may be executed in counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument.

6. Ratification. The Credit Agreement, as amended by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects confirmed, approved and ratified.

7. Governing Law. This Amendment and the rights and duties of the parties hereunder shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

8. Reference to Agreement. From and after the Effective Date, each reference in the Credit Agreement to "this Agreement", "hereof", "hereunder" or words of like import, and all references to the Credit Agreement in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the Credit Agreement as modified and amended by this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**ENTERGY CORPORATION**

By:  
Name:  
Title:

**ENTERGY TECHNOLOGY HOLDING COMPANY**

By:  
Name:  
Title:

**THE BANK OF NEW YORK, as Agent**

By: \_\_\_\_\_  
Name:  
Title:

Commitment

\$15,000,000

THE BANK OF NEW YORK

By :

\_\_\_\_\_

Name :

Title:

\$12,500,000  
AND  
SAVINGS ASSOCIATION

BANK OF AMERICA NATIONAL TRUST

By :

\_\_\_\_\_

Name :

Title:

\$12,500,000

THE BANK OF NOVA SCOTIA

By:

\_\_\_\_\_

Name:  
Title:

\$12,500,000

BANQUE NATIONALE DE PARIS

By:

\_\_\_\_\_

Name:  
Title:

\$12,500,000  
CHICAGO

THE FIRST NATIONAL BANK OF

By:

\_\_\_\_\_

Name:  
Title:

\$12,500,000

THE FUJI BANK, LIMITED

By:

\_\_\_\_\_

Name:  
Title:

\$12,500,000

SOCIETE GENERALE

By:

\_\_\_\_\_

Name:  
Title:

\$10,000,000

THE CANADIAN IMPERIAL BANK OF  
COMMERCE

By:

\_\_\_\_\_

Name:  
Title:



## LIST OF APPLICABLE LENDING OFFICES

Name of Bank	Domestic Lending Office	Eurodollar Lending Office	CD Lending Office
The Bank of New York	One Wall Street New York, NY 10286 Attn: Kaly Bose Telephone: 212-635-4693 Fax: 212-635-6365	One Wall Street New York, NY 10286 Attn: Kaly Bose Telephone: 212-635-4693 Fax: 212-635-6365	One Wall Street New York, NY 10286 Attn: Kaly Bose Telephone: 212-635-4693 Fax: 212-635-6365
Bank of America NT & SA	333 S. Beaudry Ave. 19th Floor Los Angeles, CA 90017 Attn: Laurie Ostrom Telephone: 213-345-6345 Fax: 213-345-6550	333 S. Beaudry Ave. 19th Floor Los Angeles, CA 90017 Attn: Laurie Ostrom Telephone: 213-345-6345 Fax: 213-345-6550	333 S. Beaudry Ave. 19th Floor Los Angeles, CA 90017 Attn: Laurie Ostrom Telephone: 213-345-6345 Fax: 213-345-6550
The Bank of Nova Scotia	Atlanta Agency 600 Peachtree St N.E. Suite 2700 Atlanta, GA 30308 Attn: F.C.H. Ashby Telephone: 404-877-1500 Fax: 404-888-8998	Atlanta Agency 600 Peachtree St N.E. Suite 2700 Atlanta, GA 30308 Attn: F.C.H. Ashby Telephone: 404-877-1500 Fax: 404-888-8998	Atlanta Agency 600 Peachtree St N.E. Suite 2700 Atlanta, GA 30308 Attn: F.C.H. Ashby Telephone: 404-877-1500 Fax: 404-888-8998
Banque Nationale de Paris, Houston	333 Clay Street Suite 3400 Houston, TX 77002 Attn: Donna Rose Telephone: 713-951-1240 Fax: 713-659-1414	333 Clay Street Suite 3400 Houston, TX 77002 Attn: Donna Rose Telephone: 713-951-1240 Fax: 713-659-1414	333 Clay Street Suite 3400 Houston, TX 77002 Attn: Donna Rose Telephone: 713-951-1240 Fax: 713-659-1414
The First of Chicago	One First National Plaza Chicago, IL 60670 Attn: Lynn Pozsgay Telephone: 312-732-8705 Fax: 312-732-4840	One First National Plaza Chicago, IL 60670 Attn: Lynn Pozsgay Telephone: 312-732-8705 Fax: 312-732-4840	One First National Plaza Chicago, IL 60670 Attn: Lynn Pozsgay Telephone: 312-732-8705 Fax: 312-732-4840
The Fuji Bank Ltd.	1221 McKinney Street Suite 4100 Houston, TX 77010 Attn: Jenny Lin/ Frances Flores Telephone: 713-650-7845 or 713-650-7829 Fax: 713-759-0048	1221 McKinney Street Suite 4100 Houston, TX 77010 Attn: Jenny/Lin Frances Flores Telephone: 713-650-7845 or 713-650-7829 Fax: 713-759-0048	1221 McKinney Street Suite 4100 Houston, TX 77010 Attn: Jenny/Lin Frances Flores Telephone: 713-650-7845 or 713-650-7829 Fax: 713-759-0048
Societe Generale Southwest Agency	Trammel Crow Center 2001 Ross Avenue Suite #4800 Dallas, TX 75201 Attn: Tequilla English Telephone: 214-979-2767 Fax: 214-754-0171	Trammel Crow Center 2001 Ross Avenue Suite #4800 Dallas, TX 75201 Attn: Tequilla English Telephone: 214-979-2767 Fax: 214-754-0171	Trammel Crow Center 2001 Ross Avenue Suite #4800 Dallas, TX 75201 Attn: Tequilla English Telephone: 214-979-2767 Fax: 214-754-0171
CIBC Inc.	2727 Paces Ferry Road Suite 1200 Atlanta, GA 30339 Attn: Debra Quintero Telephone: 770-319-4823 Fax: 770-319-4950	2727 Paces Ferry Road Suite 1200 Atlanta, GA 30339 Attn: Debra Quintero Telephone: 770-319-4823 Fax: 770-319-4950	2727 Paces Ferry Road Suite 1200 Atlanta, GA 30339 Attn: Debra Quintero Telephone: 770-319-4823 Fax: 770-319-4950



**GUARANTY AND ACKNOWLEDGMENT AGREEMENT**

**Dated as of October 3, 1996**

ENTERGY CORPORATION, a Delaware corporation ("Entergy"), ENTERGY TECHNOLOGY HOLDING COMPANY, a Delaware corporation ("ETHC"), and THE BANK OF NEW YORK (the "Guaranteed Party") hereby agree as follows (this Guaranty and Acknowledgment Agreement being herein referred to as this "Agreement"):

**W I T N E S S E T H:**

WHEREAS, 280 Equity Holdings, Ltd. (the "Seller") is the owner of a certain Promissory Note of ETHC (together with any replacement note issued pursuant to Article I hereof, the "ETHC Note") dated the date hereof in the principal amount of \$27,732,180;

WHEREAS, Seller has agreed to sell to The Bank of New York and The Bank of New York has agreed to purchase from Seller the ETHC Note under the Note Purchase Agreement between 280 Equity Holdings, Ltd. and The Bank of New York, dated as of the date hereof (the "Note Purchase Agreement");

WHEREAS, Seller is the owner of a certain Promissory Note of ETHC (together with any replacement note issued pursuant to Article I hereof, the "Escrow Note") dated the date hereof in the principal amount of \$3,200,000;

WHEREAS, Seller has agreed to sell to The Bank of New York and The Bank of New York has agreed to purchase from Seller the Escrow Note under the Note Purchase Agreement;

WHEREAS, it is a condition to the obligation of The Bank of New York to purchase the ETHC Note and the Escrow Note that Entergy guarantee the full and prompt payment of such Notes and that Entergy and ETHC make the additional agreements, acknowledgments, representations and warranties provided for herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**ARTICLE I**

**ISSUANCE OF REPLACEMENT NOTES**

Immediately upon the purchase of the original ETHC Note and the original Escrow Note (together with any replacement notes issued pursuant to this Article I, the "Notes") by the Guaranteed Party pursuant to the Note Purchase Agreement, ETHC agrees to execute and deliver to the Guaranteed Party, against receipt of the original ETHC Note and the original Escrow Note, replacement promissory notes payable to the order of the Guaranteed Party in the form attached hereto as Exhibits A and B (the "ETHC Replacement Note" and the "Escrow Replacement Note," respectively, and together, the "Replacement Notes"). For purposes hereof, all references to the ETHC Note, the Escrow Note and Notes shall be deemed to refer to such ETHC Replacement Note, Escrow Replacement Note and Replacement Notes, respectively.

**ARTICLE II**

**GUARANTY**

2.1. Entergy irrevocably and unconditionally guarantees to the Guaranteed Party the full and prompt payment, no later than the third Business Day after the giving of notice by the Guaranteed Party to Entergy, of all amounts payable (whether at the Maturity Date, at any Prepayment Date, by acceleration or otherwise) under the Notes by ETHC (all such amounts being herein collectively called the "Guaranteed Obligations"). Entergy understands, agrees and confirms that the Guaranteed Party may enforce this Guaranty up to the full amount of the Guaranteed Obligations against Entergy without proceeding against ETHC, against any security for the Guaranteed Obligations, or under any other guaranty covering all or a portion of the Guaranteed Obligations. All payments by Entergy hereunder shall be made as provided herein.

2.2. (a) The liability of Entergy hereunder is exclusive and independent of any security (if any) for or other guaranty (if any) of the Guaranteed Obligations, and the liability of Entergy hereunder shall not be affected or impaired by (i) any direction as to application of payment by ETHC or by any other party, (ii) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations, (iii) any payment on or in reduction of any such other guaranty or undertaking, or (iv) any payment made to the Guaranteed Party on the Guaranteed Obligations which the Guaranteed Party repays to ETHC pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding with respect to ETHC, and Entergy waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

(b) If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over the Guaranteed Party or any of its property or (ii) any settlement or compromise of any such claim effected by the Guaranteed Party with any such claimant (including Entergy), then and in such event Entergy agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of any instrument evidencing any liability of ETHC, and Entergy shall be and remain liable to the Guaranteed Party for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Guaranteed Party.

2.3. The obligations of Entergy hereunder are independent of the obligations of any other guarantor or ETHC, and a separate action or actions may be brought and prosecuted against Entergy whether or not an action is brought against any other guarantor or ETHC and whether or not any other guarantor or ETHC be joined in any such action or actions. Entergy waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by ETHC or other circumstance which operates to toll any statute of limitations as to ETHC shall operate to toll the statute of limitations as to Entergy.

2.4. Except as otherwise provided in the first sentence of Section 2.1 hereof, Entergy hereby waives (to the fullest extent permitted by applicable law) notice of acceptance hereof and notice of any liability to which this Guaranty may apply, and waives promptness, diligence, presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by the Guaranteed Party against, and any other notice to, any party liable thereon.

2.5. The Guaranteed Party may at any time and from time to time without the consent of, or notice to, Entergy, without incurring responsibility to Entergy, without impairing or releasing the obligations of Entergy hereunder, upon or without any terms or conditions and in whole or in part:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, accelerate or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the Guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those under this Guaranty) incurred directly or indirectly in respect thereof or of this Guaranty, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against ETHC and Entergy or others or otherwise act or refrain from acting;

(d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those under this Guaranty) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of ETHC to creditors of ETHC;

(e) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of ETHC to the Guaranteed Party regardless of what liabilities of ETHC remain unpaid;

(f) consent to, or waive any breach of, any act, omission or default under the Notes or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement the Notes or any of such other instruments or agreements; and/or

(g) act or fail to act in any manner referred to in this Guaranty which may deprive Entergy of its right to subrogation against ETHC.

2.6. No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations or of the obligations of ETHC under the Notes or of any security therefor shall affect, impair or be a defense to this Guaranty, and this Guaranty shall be primary, absolute and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except payment in full of the Guaranteed Obligations.

2.7. This Guaranty is a continuing guaranty and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of the Guaranteed Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which the Guaranteed Party would otherwise have. No notice to or demand on Entergy in any case shall entitle Entergy to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Party to any other or further action in any circumstances without notice or demand. It is not necessary for the Guaranteed Party to inquire into the capacity or powers of Entergy or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

2.8. Entergy waives any right (except as shall be required by applicable statute or law and cannot be waived) to require the Guaranteed Party to: (i) proceed against ETHC, any other guarantor or any other party; (ii) proceed against or exhaust any security held from ETHC, any other guarantor or any other party; or (iii) pursue any other remedy in the Guaranteed Party's power whatsoever. Entergy waives (to the fullest extent permitted by applicable law) any defense based on or arising out of any defense of ETHC, any other guarantor or any other party other than payment in full of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of ETHC other than payment in full of the Guaranteed Obligations. The Guaranteed Party may, at its election, foreclose on any security held by the Guaranteed Party by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Guaranteed Party may have against Entergy or any other party, or any security, without affecting or impairing in any way the liability of Entergy hereunder except to the extent the Guaranteed Obligations have been paid in full. Entergy waives any defense arising out of any such election by the Guaranteed Party, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Entergy against ETHC or any other party or any security; and

2.9. Entergy assumes all responsibility for being and keeping itself informed of ETHC's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which Entergy assumes and incurs hereunder, and agrees that the Guaranteed Party shall have no duty to advise Entergy of information known to them regarding such circumstances or risks.

### **ARTICLE III**

#### **Acknowledgement, Acceptance**

#### **and Waiver of ETHC and Entergy**

Each of ETHC and Entergy (i) acknowledges and accepts the terms of the Note Purchase Agreement and the transactions contemplated thereby, (ii) waives, solely for the benefit of Guaranteed Party, any and all defenses that it may have at any time to the obligations of ETHC under the Notes (or any Replacement Note) and the obligations of Entergy hereunder, including, but not limited to, any such defenses arising under or related to the Stock Purchase Agreement and the transactions contemplated thereby and (iii) agrees that the obligations of ETHC under the Notes (and any Replacement Note) and the obligations of Entergy hereunder are irrevocable and unconditional in accordance with the terms thereof.

### **ARTICLE IV**

#### **Representations and Warranties of ETHC and Entergy**

Each of ETHC and Entergy represents and warrants as of the date hereof to the Guaranteed Party as follows:

4.1 Existence and Good Standing. Each of ETHC and Entergy is a corporation duly organized, validly existing and in good standing under the laws of Delaware and is duly registered and qualified to do business in each jurisdiction in which the character of its properties or nature of its businesses requires such registration and qualification. Each of ETHC and Entergy has all requisite power and authority to execute and deliver, and perform its obligations under, this Agreement and the Notes (and any Replacement Note) and to consummate the transactions contemplated hereby and thereby.

4.2 Validity of Agreement and Notes. The execution, delivery and performance of this Agreement and the Notes (and any Replacement Note) by each of ETHC and Entergy have been duly authorized by all necessary action on the part of each of ETHC and Entergy. This Agreement and the Notes have been (and any Replacement Note will be) duly executed and delivered by each of ETHC and Entergy and are (or, in the case of any Replacement Note, will be) the valid and legally binding obligations of each of ETHC and Entergy, enforceable against each of ETHC and Entergy in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally or by the availability of equitable remedies. Neither the execution and delivery of this Agreement and the Notes (and any Replacement Note) nor the compliance by each of ETHC and Entergy with the terms and provisions hereof and thereof will conflict with, constitute a default under or result in a breach by either ETHC or Entergy of any of the terms, conditions or provisions of (i) any law or any rule, ordinance, regulation, order, judgment or decree of any court, arbitrator or governmental instrumentality applicable to either ETHC or Entergy or their respective properties, (ii) the certificate of incorporation or by-laws of either ETHC or Entergy, or (iii) any lien, lease, agreement, contract or instrument to which either ETHC or Entergy is a party or by which either ETHC or Entergy or their respective properties may be bound.

4.3 Consents. No license, approval, order or authorization of, or registration, filing or declaration with, any governmental or regulatory authority is required to be obtained or made by either ETHC or Entergy on or prior to the date hereof, and all consents of any third party required to be obtained by either ETHC or Entergy, in connection with the execution, delivery and performance of this Agreement and the Notes (and any Replacement Note) by ETHC and Entergy or the consummation of the transactions contemplated hereby have been obtained.

4.4 Litigation. There is no action, suit, proceeding, investigation, claim or inquiry pending or, to the knowledge of either ETHC or Entergy,

threatened which questions the validity of, or, if adversely determined, would materially adversely affect either ETHC's or Entergy's performance of, this Agreement or the Notes (or any Replacement Note) or the transactions contemplated hereby or thereby.

## ARTICLE V

### Covenants of ETHC and Entergy

#### Affirmative Covenants

So long as the Notes or any amount payable by either ETHC or Entergy hereunder or thereunder shall remain unpaid, each of ETHC and Entergy shall, unless the Guaranteed Party shall otherwise consent in writing:

1. Keep Books; Corporate Existence; Maintenance of Properties; Compliance with Laws; Insurance; Taxes.

(a) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(b) except as otherwise permitted by Section 5.5 under the caption "Negative Covenants" below, preserve and keep in full force and effect its existence and preserve and keep in full force and effect its licenses, rights and franchises to the extent necessary to carry on its business;

(c) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and, from time to time, make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent such properties are not obsolete and not necessary to carry on its business;

(d) comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, payment before the same become delinquent of all taxes, assessments and governmental charges imposed upon it or its property except to the extent being contested in good faith by appropriate proceedings, and compliance with ERISA and Environmental Laws;

(e) maintain insurance with responsible and reputable insurance companies or associations or through its own program of self-insurance in such amounts and covering such risks, and subject to such retentions or deductibles, as is usually carried by companies engaged in similar businesses and owning similar properties, and furnish to the Guaranteed Party, within a reasonable time after written request therefor, such information as to the insurance carried as the Guaranteed Party may reasonably request; and

(f) pay and discharge its obligations and liabilities in the ordinary course of business, except to the extent that such obligations and liabilities are being contested in good faith by appropriate proceedings.

5.2. ETC Status. Take all actions (including obtaining any required determinations, consents and approvals) required to maintain at all times the status of each of ETHC and its respective subsidiaries as, and, in the case of ETHC, engage, and cause each of its subsidiaries to engage, only in the businesses permitted to be engaged in by, an "exempt telecommunications company" within the meaning of section 34(a)(1) of PUHCA.

5.3. Reporting Requirements. Furnish to the Guaranteed Party:

(a) as soon as available and in any event within 60 days after the end of each of, in the case of Entergy, the first three quarters of each fiscal year of Entergy and, in the case of ETHC, the four quarters of each fiscal year of ETHC, (A) consolidated balance sheets of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries as of the end of such quarter and (B) consolidated statements of income and retained earnings of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, each certified by the duly authorized officer of Entergy as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(b) as soon as available and in any event within 120 days after the end of each fiscal year of Entergy, a copy of the annual report for such year for Entergy and its subsidiaries, containing consolidated financial statements for such year certified by Coopers & Lybrand (or such other nationally recognized public accounting firm as the Guaranteed Party may approve), and certified by a duly authorized officer of Entergy as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(c) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of Entergy and within 120 days after the end of the fiscal year of Entergy, a certificate of the duly authorized officer of Entergy, stating that no Prepayment Event or Event of Default has occurred and is continuing or, if a Prepayment Event or Event of Default has occurred and is continuing, a statement setting forth details of such Prepayment Event or Event of Default, as the case may be, and the action that Entergy has taken and proposes to take with respect thereto;

(d) as soon as possible and in any event within five days after either ETHC or Entergy has knowledge of the occurrence of each Prepayment

Event, Event of Default and each event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, a statement of the duly authorized officer of ETHC or Entergy, as the case may be, setting forth details of such Prepayment Event, Event of Default or event, as the case may be, and the actions that either or both of ETHC and Entergy have taken and propose to take with respect thereto;

(e) as soon as possible and in any event within five days after the commencement of any litigation against, or any arbitration, administrative, governmental or regulatory proceeding involving, Entergy or any of its subsidiaries, that, if adversely determined, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), operations, business, properties or prospects of either ETHC or Entergy, notice of such litigation, arbitration or proceeding describing in reasonable detail the facts and circumstances concerning such litigation, arbitration or proceeding and Entergy's or such subsidiary's proposed actions in connection therewith;

(f) promptly after the sending or filing thereof, (f) copies of all reports that Entergy sends to its securities holders, and copies of all reports and registration statements that Entergy files with the SEC or any national securities exchange pursuant to the Securities Act of 1933 or the Exchange Act, of all certificates (if any) pursuant to Rule 24 that either ETHC or Entergy files with the SEC pursuant to PUHCA having relevancy to the Notes, and of all applications and other filings made to or with the FCC or the SEC pursuant to Section 34 of PUHCA or otherwise having relevancy to the Notes;

(g) as soon as possible and in any event (A) within 30 days after Entergy knows or has reason to know that any ERISA Termination Event described in clause (i) of the definition of ERISA Termination Event with respect to any ERISA Plan has occurred and (B) within 10 days after Entergy knows or has reason to know that any other ERISA Termination Event with respect to any ERISA Plan has occurred, a statement of the chief financial officer of Entergy describing such ERISA Termination Event and the action, if any, that Entergy proposes to take with respect thereto;

(h) promptly and in any event within two Business Days after receipt thereof by Entergy from the PBGC, copies of each notice received by Entergy in respect of the PBGC's intention to terminate any ERISA Plan or to have a trustee appointed to administer any ERISA Plan;

(i) promptly, if requested by the Guaranteed Party, copies of the then current Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each ERISA Plan;

(j) promptly and in any event within five Business Days after receipt thereof by Entergy from a Multiemployer Plan sponsor, a copy of each notice received by Entergy concerning the imposition of withdrawal liability pursuant to Section 4202 of ERISA;

(k) promptly and in any event within five Business Days after Moody's or S&P has changed any Senior Debt Rating of any Significant Subsidiary, notice of such change; and

(l) such other information respecting the condition or operations, financial or otherwise, of ETHC, Entergy, any Significant Subsidiary or any subsidiary of ETHC as the Guaranteed Party may from time to time reasonably request.

### **Negative Covenants**

So long as the Notes or any amount payable by either ETHC or Entergy hereunder or thereunder shall remain unpaid, Entergy shall not, without the written consent of the Guaranteed Party:

5.4. Liens, Etc. Create or suffer to exist any Lien upon or with respect to any of its properties (including, without limitation, any shares of any class of equity security of any of Entergy's Significant Subsidiaries or of New Orleans) or ETHC's properties, in each case to secure or provide for the payment of Debt, other than: (i) Liens in existence on the date hereof; (ii) Liens for taxes, assessments or governmental charges or levies to the extent not past due, or which are being contested in good faith in appropriate proceedings diligently conducted and for which ETHC or Entergy, as the case may be, has provided adequate reserves for the payment thereof in accordance with generally accepted accounting principles; (iii) pledges or deposits in the ordinary course of business to secure obligations under worker's compensation laws or similar legislation; (iv) other pledges or deposits in the ordinary course of business (other than for borrowed monies) that, in the aggregate, are not material to ETHC or Entergy, as the case may be; (v) purchase money mortgages or other liens or purchase money security interests upon or in any property acquired or held by Entergy or ETHC in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property; (vi) Liens imposed by law such as materialmen's, mechanics', carriers', workers' and repairmen's Liens and other similar Liens arising in the ordinary course of business for sums not yet due or currently being contested in good faith by appropriate proceedings diligently conducted; (vii) attachment, judgment or other similar Liens arising in connection with court proceedings, provided that such Liens, in the aggregate for both ETHC and Entergy, shall not exceed \$50,000,000 at any one time outstanding, (viii) other Liens not otherwise referred to in the foregoing clauses (i) through (vii) above, provided that such Liens, in the aggregate for both ETHC and Entergy, shall not exceed \$100,000,000 at any one time and no such Lien on any of the properties or assets of ETHC shall secure or provide for the payment of Debt of ETHC or Entergy and (ix) Liens created for the sole purpose of extending, renewing or replacing in whole or in part Debt secured by any Lien permitted pursuant to the foregoing clauses (i) through (viii) above, provided that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement, as the case may be, shall be

limited to all or a part of the property or Debt that secured the Lien so extended, renewed or replaced (and any improvements on such property); provided, further, that no Lien permitted under the foregoing clauses (i) through (ix) shall be placed upon any shares of any class of equity security of any Significant Subsidiary or of New Orleans unless the obligations of ETHC and Entergy to the Guaranteed Party hereunder are simultaneously and ratably secured by such Lien pursuant to documentation satisfactory to the Guaranteed Party.

5.5. Mergers, Etc. Merge with or into or consolidate with or into any other Person, or permit ETHC to do so, except that either ETHC or Entergy may merge with any other Person, provided that, immediately after giving effect to any such merger, (i) ETHC or Entergy, as the case may be, is the surviving corporation or (A) the surviving corporation shall be organized under the laws of one of the states of the United States of America and shall assume ETHC's or Entergy's, as the case may be, obligations hereunder in a manner acceptable to the Guaranteed Party, and (B) after giving effect to such merger, the Senior Debt Ratings of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings shall be at least BBB- and Baa3, (ii) no event shall have occurred and be continuing that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and (iii) ETHC or Entergy, as the case may be, shall not be liable with respect to any Debt or allow its property to be subject to any Lien that would not be permissible with respect to it or its property hereunder on the date of such transaction.

5.6. Disposition of Assets. Sell, lease, transfer, convey or otherwise dispose of (whether in one transaction or in a series of transactions) any shares of voting common stock (or of stock or other instruments convertible into voting common stock) of any Significant Subsidiary or of New Orleans, or permit any Significant Subsidiary or New Orleans to issue, sell or otherwise dispose of any of its shares of voting common stock (or of stock or other instruments convertible into voting common stock), except to Entergy or a Significant Subsidiary.

5.7. Limitation on Debt. Permit the total principal amount of all Debt of Entergy and its subsidiaries, determined on a consolidated basis and without duplication of liability therefor, at any time to exceed 65% of Capitalization determined as of the last day of the most recently ended fiscal quarter of Entergy; provided, however, that for purposes of this Section

5.7, "Debt" and "Capitalization" shall not include (i) Junior Subordinated Debentures and (ii) any Debt of any subsidiary of Entergy that is Non-Recourse Debt.

## **ARTICLE VI**

### **Miscellaneous**

6.1 Expenses. ETHC and Entergy hereby agree, jointly and severally, to pay all costs and expenses incurred by the Guaranteed Party in connection with the preparation, execution, delivery, administration, enforcement or attempted enforcement of this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement, the Seller Note and any other instruments or documents which may be delivered in connection with this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement or the Seller Note including, but not limited to, the reasonable fees and expenses of counsel to the Guaranteed Party.

6.2 Entire Agreement; Assignment. This Agreement constitutes the entire agreement between the parties as to the subject matter hereof and shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors and assigns; provided, however, that no party may assign this Agreement, in whole or in part, or any of their respective rights, interests or obligations hereunder, without the prior written consent of the other parties. Any amendments or supplements to this Agreement must be made in writing and duly executed by each of the parties hereto.

6.3 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts taken together shall constitute but one instrument.

6.4 Governing Law. The rights and duties of Guaranteed Party, ETHC and Entergy shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

## **ARTICLE VI**

### **Definitions**

As used herein, the following terms shall have the following meanings:

"Arkansas" means Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company), an Arkansas corporation.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"Capitalization" means, as of any date of determination, with respect to Entergy and its subsidiaries determined on a consolidated basis, an amount equal to the sum of

(i) the total principal amount of all Debt of Entergy and its subsidiaries outstanding on such date, (ii) Consolidated Net Worth as of such date

and (iii) to the extent not otherwise included in Capitalization, all preferred stock and other preferred securities of Entergy and its subsidiaries outstanding on such date.

"Consolidated Net Worth" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of Entergy and its subsidiaries appearing on a consolidated balance sheet of Entergy and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently audited financial statements of Entergy, after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"Debt" of any Person means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of such Person (i) for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services (other than such obligations incurred in the ordinary course of business on customary trade terms), (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (v) under any Guaranty Obligations and (vi) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Entergy" means Entergy Corporation.

"Environmental Laws" means any federal, state or local laws, ordinances or codes, rules, orders, or regulations relating to pollution or protection of the environment, including, without limitation, laws relating to hazardous substances, laws relating to reclamation of land and waterways and laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollution, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA Affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

"ERISA Termination Event" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (1) the withdrawal of Entergy or any of its ERISA Affiliates from an ERISA Plan during a plan year in which Entergy or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (2) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (3) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (4) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Escrow Note" means the Promissory Note, dated the date hereof, issued by ETHC to 280 Equity Holdings, Ltd. in the principal amount of \$3,200,000 and the Escrow Replacement Note issued pursuant to Article I hereof.

"Escrow Replacement Note" means the replacement note issued pursuant to Article I hereof against receipt of the original Escrow Note.

"ETHC Note" means the Promissory Note, dated the date hereof, issued by ETHC to 280 Equity Holdings, Ltd. in the principal amount of \$27,732,180 and the ETHC Replacement Note issued pursuant to Article I hereof.

"ETHC Replacement Note" means the replacement note issued pursuant to Article I hereof against receipt of the original ETHC Note.

"ETHC" means Entergy Technology Holding Company.

"Event of Default" has the meaning specified in the ETHC Replacement Note under the caption "Events of Default".

"FCC" means the United States Federal Communications Commission.

"Guaranty" means the guaranty by Entergy provided herein.

"Guaranteed Obligations" has the meaning specified in Section 2.1 hereof.

"Guaranteed Party" means The Bank of New York, a New York banking corporation.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

"Gulf States" means Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), a Texas corporation.

"Junior Subordinated Debentures" means any junior subordinated deferrable interest debentures issued by any of the Significant Subsidiaries and New Orleans from time to time.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes hereof, a Person or any of its subsidiaries shall be deemed to own, subject to a Lien, any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Louisiana" means Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), a Louisiana corporation.

"Maturity Date" means the date which is the tenth anniversary of the date hereof.

"Mississippi" means Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company), a Mississippi corporation.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which Entergy or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"New Orleans" means Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.), a Louisiana corporation.

"Non-Recourse Debt" means any Debt of any subsidiary of Entergy that does not also constitute Debt of Entergy, any Significant Subsidiary or New Orleans.

"Note Purchase Agreement" means the Note Purchase Agreement, dated as of the date hereof, between 280 Equity Holdings, Ltd. and The Bank of New York, as amended from time to time.

"Notes" means the ETHC Note and the Escrow Note.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Prepayment Date" shall have the meaning ascribed to that term in the ETHC Replacement Note.

"Prepayment Event" shall have the meaning ascribed to that term in the ETHC Note.

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended.

"Reportable Event" has the meaning assigned to that term in Title IV of ERISA.

"S&P" means Standard & Poor's Rating Group or any successor thereto.

"SEC" means the United States Securities and Exchange Commission.

"Seller" means 280 Equity Holdings, Ltd.

"Seller Note" means the Demand Promissory Note, dated the date hereof, issued by 280 Equity Holdings, Ltd. to The Bank of New York.

"Senior Debt Rating" means, as to any Person, the rating assigned by Moody's or S&P to the senior secured long-term debt of such Person.

"SERI" means Systems Energy Resources, Inc., an Arkansas corporation.

"Significant Subsidiary" means Arkansas, Gulf States, Louisiana, Mississippi and SERI, and any other domestic regulated utility subsidiary of Entergy: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total consolidated assets of Entergy and its subsidiaries or (ii) the net worth of which exceeds 5% of the Consolidated Net Worth of Entergy and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of Entergy and its subsidiaries.

"Stock Purchase Agreement" means a certain stock purchase agreement among Seller, ETHC and certain other parties.

"Support Obligations" means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain the working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (v) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**THE BANK OF NEW YORK**

By: \_\_\_\_\_

Name:

Title:

**ENTERGY TECHNOLOGY HOLDING COMPANY**

By: \_\_\_\_\_

Name:

Title:

**ENTERGY CORPORATION**

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT A**  
**FORM OF ETHC REPLACEMENT NOTE**

**PROMISSORY NOTE**

\$27,732,180 \_\_\_\_\_, 1996

FOR VALUE RECEIVED, ENTERGY TECHNOLOGY HOLDING COMPANY ("ETHC") hereby promises to pay to the order of THE BANK OF NEW YORK (the "Bank"), on the Maturity Date (as defined below), in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds, the principal amount of TWENTY-SEVEN MILLION SEVEN HUNDRED THIRTY-TWO THOUSAND ONE HUNDRED AND EIGHTY DOLLARS (\$27,732,180).

ETHC shall pay interest on the unpaid principal amount hereof for each day, in like money and funds and in such manner and to such designated account, at a rate per annum equal to \_\_%, such interest to be payable (i) quarterly in arrears on each January 3rd, April 3rd, July 3rd and October 3rd, until the Maturity Date, (ii) when the principal amount hereof shall be due (whether on the Maturity date, upon acceleration or otherwise) and (iii) on the date of any prepayment hereof. Overdue principal and, to the extent permitted under applicable law, interest shall bear interest for each day from the due date thereof until paid in full at a rate per annum equal to (i) the rate of interest otherwise payable hereunder plus (ii) 2%, such interest to be payable on demand. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30 day months.

This Promissory Note is entitled to the benefits of the Guaranty provided in the Guaranty Agreement (as defined below).

Except as hereinafter provided in the following two sentences, this Promissory Note may not be prepaid. ETHC may prepay this Promissory Note, in whole but not in part, at any time at the applicable Prepayment Price (as defined below), provided, however, that no such prepayment may be made unless ETHC shall have simultaneously prepaid the Escrow Replacement Note in the manner provided for therein. The Bank shall have the right, on not less than five days' prior written notice to ETHC, to require ETHC to prepay this Promissory Note on any Prepayment Date at the applicable Prepayment Price. The Prepayment Price payable in connection with any such prepayment shall be paid no later than 1:00 p.m. (New York time) in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds.

Whenever any payment to be made pursuant hereto shall be due on a day that is not a Business Day (as defined below), such payment shall be made on the next succeeding business day, and any such extension of time shall be included in computing interest, if any, with respect to such payment.

Presentment, protest and notice of dishonor are hereby waived by ETHC.

**EVENTS OF DEFAULT**

Each of the following events shall constitute an "Event of Default" hereunder:

1. ETHC shall fail to pay interest on any amount payable under this Promissory Note or the Escrow Replacement Note within three Business Days after such interest becomes due and payable; or
2. Any representation or warranty made by either ETHC or Entergy or any of its officers in the Guaranty Agreement or otherwise in connection with this Promissory Note shall prove to have been incorrect or misleading in any material respect when made; or
3. Either ETHC or Entergy shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.2 under the caption "Affirmative Covenants" of the Guaranty Agreement or in any paragraph under the caption "Negative Covenants" therein or (ii) any other term, covenant or agreement contained in the Guaranty Agreement (and not otherwise addressed in this paragraph 3) on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to ETHC or Entergy, as the case may be, by the Bank; or
4. Either Entergy or ETHC shall assert or shall have instituted any proceeding seeking to establish that the Guaranty Agreement is unenforceable or invalid in any material respect;
5. Either ETHC or Entergy shall default in any obligation in any interest rate swap agreement or other hedging agreement between ETHC and the Guaranteed Party entered into in connection with or otherwise related to this Promissory Note;
6. (i) Either ETHC or Entergy shall fail to pay any principal of or premium or interest on any Debt of such Person that is outstanding in a principal amount, together with the principal amount of all other Debt with respect to which such a failure by either ETHC or Entergy shall have occurred and be continuing, in excess of \$50,000,000 in the aggregate (but excluding Debt evidenced by this Promissory Note) when the

same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt, or (ii) any default shall exist under any agreement pursuant to which a lender has, or lenders have, committed to lend a principal amount in excess of \$50,000,000 to ETHC or Entergy; or

7. ETHC, Entergy, any Significant Subsidiary or New Orleans shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against ETHC or Entergy, any Significant Subsidiary or New Orleans seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or ETHC, Entergy, any Significant Subsidiary or New Orleans shall take any corporate action to authorize or to consent to any of the actions set forth above in this paragraph 7; or

8. Any judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against ETHC or Entergy and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

9. (i) An ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall fail to maintain the minimum funding standards required by Section 412 of the Internal Revenue Code of 1986 for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Internal Revenue Code of 1986, or (ii) an ERISA Plan of Entergy or any ERISA Affiliate of Entergy is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (iii) Entergy or any ERISA Affiliate of Entergy has incurred or will incur a liability to or on account of an ERISA Plan under Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (iv) any ERISA Termination Event with respect to an ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (B) the then present value of such ERISA Plan's vested benefits exceeds the then current value of assets accumulated in such ERISA Plan by more than the amount of \$25,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount); or

10. Entergy shall at any time fail to own and control 100% of the outstanding capital stock of, and other equity interests in, ETHC.

#### **RIGHTS UPON PREPAYMENT EVENT OR EVENT OF DEFAULT**

If any Prepayment Event or Event of Default shall occur and be continuing, then, and in any such event, the Bank may, by notice to ETHC and Entergy, declare all amounts owing by ETHC under this Promissory Note to be forthwith due and payable in an amount equal to the applicable Prepayment Price, whereupon all such amounts shall become and be forthwith due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by ETHC and Entergy; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to either of ETHC or Entergy, any Significant Subsidiary or New Orleans under the Federal Bankruptcy Code, all amounts owing by ETHC under this Promissory Note shall automatically become and be due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by ETHC and Entergy.

#### **DEFINITIONS**

"Arkansas" means Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company), an Arkansas corporation.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"Consolidated Net Worth" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of Entergy and its subsidiaries appearing on a consolidated balance sheet of Entergy and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently audited financial statements of Entergy, after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"Debt" of any Person means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of such Person

(i) for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services (other than such obligations incurred in the ordinary course of business on customary trade terms), (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (v) under any Guaranty Obligations and (vi) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Entergy" means Entergy Corporation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA Affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

"ERISA Termination Event" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (1) the withdrawal of Entergy or any of its ERISA Affiliates from an ERISA Plan during a plan year in which Entergy or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (2) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (3) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (4) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Escrow Note" means the Promissory Note issued by ETHC to 280 Equity Holdings, Ltd., dated the date hereof, in the principal amount of \$3,200,000.

"Escrow Replacement Note" means the Promissory Note, dated the date hereof, issued by ETHC to The Bank of New York against receipt of the original Escrow Note, pursuant to Article I of the Guaranty Agreement.

"ETHC" means Entergy Technology Holding Company.

"Event of Default" has the meaning specified herein under the caption "Events of Default".

"Guaranteed Party" means The Bank of New York, a New York banking corporation.

"Guaranty" means the guaranty by Entergy provided in the Guaranty Agreement.

"Guaranty Agreement" means the Guaranty and Acknowledgment Agreement, dated as of the date hereof, among the Guaranteed Party, ETHC and Entergy.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

"Gulf States" means Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), a Texas corporation.

"Louisiana" means Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), a Louisiana corporation.

"Maturity Date" means the date which is the tenth anniversary of the date hereof.

"Mississippi" means Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company), a Mississippi corporation.

"New Orleans" means Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.), a Louisiana corporation.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint

venture or other entity, or a government or any political subdivision or agency thereof.

"Prepayment Date" means (i) the first anniversary of the date hereof and each semi-annual anniversary thereof and occurring thereafter and (ii) any date on which a material change (as determined by the Bank) in the character or extent of the business or assets of ETHC shall have occurred, including, but not limited to, a material acquisition or disposition by ETHC, and any date following any such occurrence.

"Prepayment Event" means the occurrence of any event or the existence of any condition under any agreement or instrument relating to any Debt of either ETHC or Entergy or of a Significant Subsidiary that, in either case, is outstanding in a principal amount in excess of \$50,000,000 in the aggregate, which occurrence or event results in the declaration of such Debt being due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

"Prepayment Price" means, with respect to any prepayment hereof or acceleration of the maturity hereof as provided above under the caption "Rights Upon Prepayment Event or Event of Default", the sum, determined as of the date of such prepayment or acceleration, of (a) the amount of accrued and unpaid interest on this Promissory Note through but excluding the date of prepayment or payment upon acceleration, as the case may be, and (b) the present value, based on the yield to maturity of U.S. Dollar Libor swaps having payment dates comparable to the payment dates for principal of and interest on this Promissory Note, of the unpaid principal amount of this Promissory Note to be paid on the Maturity Date hereof and interest on such principal amount, to be paid quarterly as provided in this Promissory Note, for the period from and including the date of prepayment or acceleration through but excluding the Maturity Date as determined by the Bank in its sole discretion, such determination to be conclusive absent manifest error.

"Promissory Note" means this Promissory Note.

"Reportable Event" has the meaning assigned to that term in Title IV of ERISA.

"SERI" means Systems Energy Resources, Inc., an Arkansas corporation.

"Significant Subsidiary" means Arkansas, Gulf States, Louisiana, Mississippi and SERI, and any other domestic regulated utility subsidiary of Entergy: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total consolidated assets of Entergy and its subsidiaries or (ii) the net worth of which exceeds 5% of the Consolidated Net Worth of Entergy and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of Entergy and its subsidiaries.

"Support Obligations" means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain the working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (v) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

## MISCELLANEOUS

No delay by the Bank in exercising any right with respect to any of the obligations evidenced hereby shall operate as a waiver thereof, nor shall the exercise of any right with respect to such obligations waive or preclude the later exercise of any other right with respect to such obligations or the later exercise of any right with respect to any other obligations evidenced hereby.

Any notice to ETHC or Entergy to be given hereunder or in connection herewith shall be in writing and shall be sent by mail to 639 Loyola Avenue, New Orleans, Louisiana, 70113, Mail Stop L-ENT-15E, Attention: Vice President and Treasurer, or by telecopier to (504) 576-4455.

The rights and duties of the Bank (and its successors and assigns) and ETHC under this Promissory Note shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

## ENTERGY TECHNOLOGY HOLDING COMPANY

By \_\_\_\_\_

Name:

Title:

**EXHIBIT B**  
**FORM OF ESCROW REPLACEMENT NOTE**

**PROMISSORY NOTE**

\$3,200,000 \_\_\_\_\_, 1996

FOR VALUE RECEIVED, ENTERGY TECHNOLOGY HOLDING COMPANY ("ETHC") hereby promises to pay to the order of THE BANK OF NEW YORK (the "Bank"), on the Maturity Date (as defined below), in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds, the principal amount of THREE MILLION TWO HUNDRED THOUSAND DOLLARS (\$3,200,000).

ETHC shall pay interest on the unpaid principal amount hereof for each day, in like money and funds and in such manner and to such designated account, at a rate per annum equal to \_\_%, such interest to be payable (i) quarterly in arrears on each January 3rd, April 3rd, July 3rd and October 3rd, until the Maturity Date, (ii) when the principal amount hereof shall be due (whether on the Maturity date, upon acceleration or otherwise) and (iii) on the date of any prepayment hereof. Overdue principal and, to the extent permitted under applicable law, interest shall bear interest for each day from the due date thereof until paid in full at a rate per annum equal to (i) the rate of interest otherwise payable hereunder plus (ii) 2%, such interest to be payable on demand. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30 day months.

This Promissory Note is entitled to the benefits of the Guaranty provided in the Guaranty Agreement (as defined below).

Except as hereinafter provided in the following two sentences, this Promissory Note may not be prepaid. ETHC may prepay this Promissory Note, in whole but not in part, at any time at the applicable Prepayment Price (as defined below), provided, however, that no such prepayment may be made unless ETHC shall have simultaneously prepaid the ETHC Replacement Note in the manner provided for therein. The Bank shall have the right, on not less than five days' prior written notice to ETHC, to require ETHC to prepay this Promissory Note on any Prepayment Date at the applicable Prepayment Price. The Prepayment Price payable in connection with any such prepayment shall be paid no later than 1:00 p.m. (New York time) in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds.

Whenever any payment to be made pursuant hereto shall be due on a day that is not a Business Day (as defined below), such payment shall be made on the next succeeding business day, and any such extension of time shall be included in computing interest, if any, with respect to such payment.

Presentment, protest and notice of dishonor are hereby waived by ETHC.

**EVENTS OF DEFAULT**

Each of the following events shall constitute an "Event of Default" hereunder:

1. ETHC shall fail to pay interest on any amount payable under this Promissory Note or the EHTC Replacement Note within three Business Days after such interest becomes due and payable; or
2. Any representation or warranty made by either ETHC or Entergy or any of its officers in the Guaranty Agreement or otherwise in connection with this Promissory Note shall prove to have been incorrect or misleading in any material respect when made; or
3. Either ETHC or Entergy shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.2 under the caption "Affirmative Covenants" of the Guaranty Agreement or in any paragraph under the caption "Negative Covenants" therein or (ii) any other term, covenant or agreement contained in the Guaranty Agreement (and not otherwise addressed in this paragraph 3) on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to ETHC or Entergy, as the case may be, by the Bank; or
4. Either Entergy or ETHC shall assert or shall have instituted any proceeding seeking to establish that the Guaranty Agreement is unenforceable or invalid in any material respect;
5. Either ETHC or Entergy shall default in any obligation in any interest rate swap agreement or other hedging agreement between ETHC and the Guaranteed Party entered into in connection with or otherwise related to this Promissory Note;
6. (i) Either ETHC or Entergy shall fail to pay any principal of or premium or interest on any Debt of such Person that is outstanding in a principal amount, together with the principal amount of all other Debt with respect to which such a failure by either ETHC or Entergy shall have occurred and be continuing, in excess of \$50,000,000 in the aggregate (but excluding Debt evidenced by this Promissory Note) when the

same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt, or (ii) any default shall exist under any agreement pursuant to which a lender has, or lenders have, committed to lend a principal amount in excess of \$50,000,000 to ETHC or Entergy; or

7. ETHC, Entergy, any Significant Subsidiary or New Orleans shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against ETHC or Entergy, any Significant Subsidiary or New Orleans seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or ETHC, Entergy, any Significant Subsidiary or New Orleans shall take any corporate action to authorize or to consent to any of the actions set forth above in this paragraph 7; or

8. Any judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against ETHC or Entergy and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

9. (i) An ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall fail to maintain the minimum funding standards required by Section 412 of the Internal Revenue Code of 1986 for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Internal Revenue Code of 1986, or (ii) an ERISA Plan of Entergy or any ERISA Affiliate of Entergy is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (iii) Entergy or any ERISA Affiliate of Entergy has incurred or will incur a liability to or on account of an ERISA Plan under Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (iv) any ERISA Termination Event with respect to an ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (B) the then present value of such ERISA Plan's vested benefits exceeds the then current value of assets accumulated in such ERISA Plan by more than the amount of \$25,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount); or

10. Entergy shall at any time fail to own and control 100% of the outstanding capital stock of, and other equity interests in, ETHC.

#### **RIGHTS UPON PREPAYMENT EVENT OR EVENT OF DEFAULT**

If any Prepayment Event or Event of Default shall occur and be continuing, then, and in any such event, the Bank may, by notice to ETHC and Entergy, declare all amounts owing by ETHC under this Promissory Note to be forthwith due and payable in an amount equal to the applicable Prepayment Price, whereupon all such amounts shall become and be forthwith due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by ETHC and Entergy; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to either of ETHC or Entergy, any Significant Subsidiary or New Orleans under the Federal Bankruptcy Code, all amounts owing by ETHC under this Promissory Note shall automatically become and be due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by ETHC and Entergy.

#### **DEFINITIONS**

"Arkansas" means Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company), an Arkansas corporation.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"Consolidated Net Worth" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of Entergy and its subsidiaries appearing on a consolidated balance sheet of Entergy and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently audited financial statements of Entergy, after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"Debt" of any Person means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of such Person

(i) for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services (other than such obligations incurred in the ordinary course of business on customary trade terms), (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (v) under any Guaranty Obligations and (vi) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Entergy" means Entergy Corporation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA Affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

"ERISA Termination Event" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (1) the withdrawal of Entergy or any of its ERISA Affiliates from an ERISA Plan during a plan year in which Entergy or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (2) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (3) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (4) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"ETHC" means Entergy Technology Holding Company.

"ETHC Note" means the Promissory Note issued by ETHC to 280 Equity Holdings, Ltd., dated the date hereof, in the principal amount of \$27,732,180.

"ETHC Replacement Note" means the Promissory Note, dated the date hereof, issued by ETHC to The Bank of New York against receipt of the original ETHC Note, pursuant to Article I of the Guaranty Agreement.

"Event of Default" has the meaning specified herein under the caption "Events of Default".

"Guaranteed Party" means The Bank of New York, a New York banking corporation.

"Guaranty" means the guaranty by Entergy provided in the Guaranty Agreement.

"Guaranty Agreement" means the Guaranty and Acknowledgment Agreement, dated as of the date hereof, among the Guaranteed Party, ETHC and Entergy.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

"Gulf States" means Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), a Texas corporation.

"Louisiana" means Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), a Louisiana corporation.

"Maturity Date" means the date which is the tenth anniversary of the date hereof.

"Mississippi" means Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company), a Mississippi corporation.

"New Orleans" means Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.), a Louisiana corporation.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint

venture or other entity, or a government or any political subdivision or agency thereof.

"Prepayment Date" means (i) the first anniversary of the date hereof and each semi-annual anniversary thereof and occurring thereafter and (ii) any date on which a material change (as determined by the Bank) in the character or extent of the business or assets of ETHC shall have occurred, including, but not limited to, a material acquisition or disposition by ETHC, and any date following any such occurrence.

"Prepayment Event" means the occurrence of any event or the existence of any condition under any agreement or instrument relating to any Debt of either ETHC or Entergy or of a Significant Subsidiary that, in either case, is outstanding in a principal amount in excess of \$50,000,000 in the aggregate, which occurrence or event results in the declaration of such Debt being due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

"Prepayment Price" means, with respect to any prepayment hereof or acceleration of the maturity hereof as provided above under the caption "Rights Upon Prepayment Event or Event of Default", the sum, determined as of the date of such prepayment or acceleration, of (a) the amount of accrued and unpaid interest on this Promissory Note through but excluding the date of prepayment or payment upon acceleration, as the case may be, and (b) the present value, based on the yield to maturity of U.S. Dollar Libor swaps having payment dates comparable to the payment dates for principal of and interest on this Promissory Note, of the unpaid principal amount of this Promissory Note to be paid on the Maturity Date hereof and interest on such principal amount, to be paid quarterly as provided in this Promissory Note, for the period from and including the date of prepayment or acceleration through but excluding the Maturity Date as determined by the Bank in its sole discretion, such determination to be conclusive absent manifest error.

"Promissory Note" means this Promissory Note.

"Reportable Event" has the meaning assigned to that term in Title IV of ERISA.

"SERI" means Systems Energy Resources, Inc., an Arkansas corporation.

"Significant Subsidiary" means Arkansas, Gulf States, Louisiana, Mississippi and SERI, and any other domestic regulated utility subsidiary of Entergy: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total consolidated assets of Entergy and its subsidiaries or (ii) the net worth of which exceeds 5% of the Consolidated Net Worth of Entergy and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of Entergy and its subsidiaries.

"Support Obligations" means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain the working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (v) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

## MISCELLANEOUS

No delay by the Bank in exercising any right with respect to any of the obligations evidenced hereby shall operate as a waiver thereof, nor shall the exercise of any right with respect to such obligations waive or preclude the later exercise of any other right with respect to such obligations or the later exercise of any right with respect to any other obligations evidenced hereby.

Any notice to ETHC or Entergy to be given hereunder or in connection herewith shall be in writing and shall be sent by mail to 639 Loyola Avenue, New Orleans, Louisiana, 70113, Mail Stop L-ENT-15E, Attention: Vice President and Treasurer, or by telecopier to (504) 576-4455.

The rights and duties of the Bank (and its successors and assigns) and ETHC under this Promissory Note shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

## ENTERGY TECHNOLOGY HOLDING COMPANY

By \_\_\_\_\_

Name:

Title:

**Exhibit 4(a) 15**

November 21, 1996

Entergy Corporation  
639 Loyola Avenue  
New Orleans, Louisiana 70113

Entergy Technology Holding Company  
c/o Entergy Corporation  
639 Loyola Avenue  
New Orleans, Louisiana 70113

Re: Guaranty and Acknowledgment Agreement dated as of October 3, 1996

Ladies and Gentlemen:

Reference is made to the Guaranty and Acknowledgement Agreement dated as of October 3, 1996 (the "Guaranty Agreement") among each of you and the undersigned.

The undersigned hereby agrees with you that the Guaranty Agreement shall be amended as follows:

(a) Section 5.2 shall be amended by deleting the words "each of ETHC and its respective subsidiaries" beginning in the third line thereof and inserting in lieu thereof the word "ETHC"; and

(b) Section 6.1 shall be amended as follows:

(i) by inserting "; Indemnification" immediately following the word "Expenses" and immediately preceding the period in the heading of such Section 6.1;

(ii) by inserting "(a)" immediately preceding the existing paragraph; and

(iii) by inserting a clause (b) reading in its entirety as follows:

"(b) ETHC and Entergy hereby agree, jointly and severally, to indemnify and hold the Guaranteed Party and its Affiliates and its officers, directors, employees and professional advisors (each, an "Indemnified Person") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may incur or which may be claimed against any of them by any person or entity by reason of or in connection with the execution, delivery or performance of this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement, the Seller Note and any other instruments or documents which may be delivered in connection with this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement or the Seller Note or any transaction contemplated thereby, except that no Indemnified Person shall be entitled to any indemnification hereunder to the extent that such claims, damages, losses, liabilities, costs or expenses are finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. The obligations of each of ETHC and Entergy under this Section 6.1(b) shall survive the repayment of all amounts owing to the Guaranteed Party, in such capacity or otherwise, under this Agreement and the Notes. If and to the extent that the obligations of ETHC and Entergy under this Section 6.1(b) are unenforceable for any reason, ETHC and Entergy agree, jointly and severally, to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law."

(c) Article VI shall be amended by inserting the following definition in alphabetical order:

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

In connection with the amendment contemplated by clause (a) above, the undersigned hereby waives (i) any failure to comply with Section 5.2 of the Guaranty Agreement as in effect before giving effect to the foregoing amendment that may have occurred and that would not be a failure to comply with Section 5.2 as amended hereby and (ii) any Event of Default that may have arisen under either the ETHC Note or the Escrow Note (each as defined in the Guaranty Agreement) as a result of any such failure to comply with Section 5.2 as in effect before giving effect to the foregoing amendment.

Except as amended hereby and except to the extent waived hereunder, the Guaranty Agreement, the ETHC Note and the Escrow Note remain in

full force and effect and are hereby ratified and confirmed.

The rights and duties of the undersigned and each of you under this letter agreement shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

This letter agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one letter agreement.

Please confirm your acceptance of the foregoing by signing below where provided.

**THE BANK OF NEW YORK**

By:  
Name:  
Title:

Accepted and agreed:

**ENERGY CORPORATION**

By:  
Name:  
Title:

**ENERGY TECHNOLOGY HOLDING COMPANY**

By:  
Name:  
Title:

**GUARANTY AND ACKNOWLEDGMENT AGREEMENT**

**Dated as of November 21, 1996**

ENTERGY CORPORATION, a Delaware corporation ("Entergy"), ENTERGY TECHNOLOGY HOLDING COMPANY, a Delaware corporation ("ETHC"), and THE BANK OF NEW YORK (the "Guaranteed Party") hereby agree as follows (this Guaranty and Acknowledgment Agreement being herein referred to as this "Agreement"):

**W I T N E S S E T H:**

WHEREAS, Bariston Associates, Inc. (the "Seller") is the owner of a certain Promissory Note of ETHC (together with any replacement note issued pursuant to Article I hereof, the "ETHC Note") dated the date hereof in the principal amount of \$38,837,996.35;

WHEREAS, Seller has agreed to sell to The Bank of New York and The Bank of New York has agreed to purchase from Seller the ETHC Note under the Note Purchase Agreement between Bariston Associates, Inc. and The Bank of New York, dated as of the date hereof (the "Note Purchase Agreement");

WHEREAS, Seller is the owner of a certain Promissory Note of ETHC (together with any replacement note issued pursuant to Article I hereof, the "Escrow Note") dated the date hereof in the principal amount of \$2,162,003.65;

WHEREAS, Seller has agreed to sell to The Bank of New York and The Bank of New York has agreed to purchase from Seller the Escrow Note under the Note Purchase Agreement;

WHEREAS, it is a condition to the obligation of The Bank of New York to purchase the ETHC Note and the Escrow Note that Entergy guarantee the full and prompt payment of such Notes and that Entergy and ETHC make the additional agreements, acknowledgments, representations and warranties provided for herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**ARTICLE I**

**ISSUANCE OF REPLACEMENT NOTES**

Immediately upon the purchase of the original ETHC Note and the original Escrow Note (together with any replacement notes issued pursuant to this Article I, the "Notes") by the Guaranteed Party pursuant to the Note Purchase Agreement, ETHC agrees to execute and deliver to the Guaranteed Party, against receipt of the original ETHC Note and the original Escrow Note, replacement promissory notes payable to the order of the Guaranteed Party in the form attached hereto as Exhibits A and B (the "ETHC Replacement Note" and the "Escrow Replacement Note," respectively, and together, the "Replacement Notes"). For purposes hereof, all references to the ETHC Note, the Escrow Note and Notes shall be deemed to refer to such ETHC Replacement Note, Escrow Replacement Note and Replacement Notes, respectively.

**ARTICLE II**

**GUARANTY**

2.1. Entergy irrevocably and unconditionally guarantees to the Guaranteed Party the full and prompt payment, no later than the third Business Day after the giving of notice by the Guaranteed Party to Entergy, of all amounts payable (whether at the Maturity Date, at any Prepayment Date, by acceleration or otherwise) under the Notes by ETHC (all such amounts being herein collectively called the "Guaranteed Obligations"). Entergy understands, agrees and confirms that the Guaranteed Party may enforce this Guaranty up to the full amount of the Guaranteed Obligations against Entergy without proceeding against ETHC, against any security for the Guaranteed Obligations, or under any other guaranty covering all or a portion of the Guaranteed Obligations. All payments by Entergy hereunder shall be made as provided herein.

2.2. (a) The liability of Entergy hereunder is exclusive and independent of any security (if any) for or other guaranty (if any) of the Guaranteed Obligations, and the liability of Entergy hereunder shall not be affected or impaired by (i) any direction as to application of payment by ETHC or by any other party, (ii) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations, (iii) any payment on or in reduction of any such other guaranty or undertaking, or (iv) any payment made to the Guaranteed Party on the Guaranteed Obligations which the Guaranteed Party repays to ETHC pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding with respect to ETHC, and Entergy waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

(b) If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over the Guaranteed Party or any of its property or (ii) any settlement or compromise of any such claim effected by the Guaranteed Party with any such claimant (including Entergy), then and in such event Entergy agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of any instrument evidencing any liability of ETHC, and Entergy shall be and remain liable to the Guaranteed Party for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Guaranteed Party.

2.3. The obligations of Entergy hereunder are independent of the obligations of any other guarantor or ETHC, and a separate action or actions may be brought and prosecuted against Entergy whether or not an action is brought against any other guarantor or ETHC and whether or not any other guarantor or ETHC be joined in any such action or actions. Entergy waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by ETHC or other circumstance which operates to toll any statute of limitations as to ETHC shall operate to toll the statute of limitations as to Entergy.

2.4. Except as otherwise provided in the first sentence of Section 2.1 hereof, Entergy hereby waives (to the fullest extent permitted by applicable law) notice of acceptance hereof and notice of any liability to which this Guaranty may apply, and waives promptness, diligence, presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by the Guaranteed Party against, and any other notice to, any party liable thereon.

2.5. The Guaranteed Party may at any time and from time to time without the consent of, or notice to, Entergy, without incurring responsibility to Entergy, without impairing or releasing the obligations of Entergy hereunder, upon or without any terms or conditions and in whole or in part:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, accelerate or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the Guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those under this Guaranty) incurred directly or indirectly in respect thereof or of this Guaranty, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against ETHC and Entergy or others or otherwise act or refrain from acting;

(d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those under this Guaranty) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of ETHC to creditors of ETHC;

(e) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of ETHC to the Guaranteed Party regardless of what liabilities of ETHC remain unpaid;

(f) consent to, or waive any breach of, any act, omission or default under the Notes or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement the Notes or any of such other instruments or agreements; and/or

(g) act or fail to act in any manner referred to in this Guaranty which may deprive Entergy of its right to subrogation against ETHC.

2.6. No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations or of the obligations of ETHC under the Notes or of any security therefor shall affect, impair or be a defense to this Guaranty, and this Guaranty shall be primary, absolute and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except payment in full of the Guaranteed Obligations.

2.7. This Guaranty is a continuing guaranty and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of the Guaranteed Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which the Guaranteed Party would otherwise have. No notice to or demand on Entergy in any case shall entitle Entergy to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Party to any other or further action in any circumstances without notice or demand. It is not necessary for the Guaranteed Party to inquire into the capacity or powers of Entergy or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

2.8. Entergy waives any right (except as shall be required by applicable statute or law and cannot be waived) to require the Guaranteed Party to: (i) proceed against ETHC, any other guarantor or any other party; (ii) proceed against or exhaust any security held from ETHC, any other guarantor or any other party; or (iii) pursue any other remedy in the Guaranteed Party's power whatsoever. Entergy waives (to the fullest extent permitted by applicable law) any defense based on or arising out of any defense of ETHC, any other guarantor or any other party other than payment in full of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of ETHC other than payment in full of the Guaranteed Obligations. The Guaranteed Party may, at its election, foreclose on any security held by the Guaranteed Party by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Guaranteed Party may have against Entergy or any other party, or any security, without affecting or impairing in any way the liability of Entergy hereunder except to the extent the Guaranteed Obligations have been paid in full. Entergy waives any defense arising out of any such election by the Guaranteed Party, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Entergy against ETHC or any other party or any security; and

2.9. Entergy assumes all responsibility for being and keeping itself informed of ETHC's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which Entergy assumes and incurs hereunder, and agrees that the Guaranteed Party shall have no duty to advise Entergy of information known to them regarding such circumstances or risks.

### **ARTICLE III**

#### **Acknowledgement, Acceptance**

and Waiver of ETHC and Entergy

Each of ETHC and Entergy (i) acknowledges and accepts the terms of the Note Purchase Agreement and the transactions contemplated thereby, (ii) waives, solely for the benefit of Guaranteed Party, any and all defenses that it may have at any time to the obligations of ETHC under the Notes (or any Replacement Note) and the obligations of Entergy hereunder, including, but not limited to, any such defenses arising under or related to the Stock Purchase Agreement and the transactions contemplated thereby and (iii) agrees that the obligations of ETHC under the Notes (and any Replacement Note) and the obligations of Entergy hereunder are irrevocable and unconditional in accordance with the terms thereof.

### **ARTICLE IV**

#### **Representations and Warranties of ETHC and Entergy**

Each of ETHC and Entergy represents and warrants as of the date hereof to the Guaranteed Party as follows:

4.1 Existence and Good Standing. Each of ETHC and Entergy is a corporation duly organized, validly existing and in good standing under the laws of Delaware and is duly registered and qualified to do business in each jurisdiction in which the character of its properties or nature of its businesses requires such registration and qualification. Each of ETHC and Entergy has all requisite power and authority to execute and deliver, and perform its obligations under, this Agreement and the Notes (and any Replacement Note) and to consummate the transactions contemplated hereby and thereby.

4.2 Validity of Agreement and Notes. The execution, delivery and performance of this Agreement and the Notes (and any Replacement Note) by each of ETHC and Entergy have been duly authorized by all necessary action on the part of each of ETHC and Entergy. This Agreement and the Notes have been (and any Replacement Note will be) duly executed and delivered by each of ETHC and Entergy and are (or, in the case of any Replacement Note, will be) the valid and legally binding obligations of each of ETHC and Entergy, enforceable against each of ETHC and Entergy in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally or by the availability of equitable remedies. Neither the execution and delivery of this Agreement and the Notes (and any Replacement Note) nor the compliance by each of ETHC and Entergy with the terms and provisions hereof and thereof will conflict with, constitute a default under or result in a breach by either ETHC or Entergy of any of the terms, conditions or provisions of (i) any law or any rule, ordinance, regulation, order, judgment or decree of any court, arbitrator or governmental instrumentality applicable to either ETHC or Entergy or their respective properties, (ii) the certificate of incorporation or by-laws of either ETHC or Entergy, or (iii) any lien, lease, agreement, contract or instrument to which either ETHC or Entergy is a party or by which either ETHC or Entergy or their respective properties may be bound.

4.3 Consents. No license, approval, order or authorization of, or registration, filing or declaration with, any governmental or regulatory authority is required to be obtained or made by either ETHC or Entergy on or prior to the date hereof, and all consents of any third party required to be obtained by either ETHC or Entergy, in connection with the execution, delivery and performance of this Agreement and the Notes (and any Replacement Note) by ETHC and Entergy or the consummation of the transactions contemplated hereby have been obtained.

4.4 Litigation. There is no action, suit, proceeding, investigation, claim or inquiry pending or, to the knowledge of either ETHC or Entergy,

threatened which questions the validity of, or, if adversely determined, would materially adversely affect either ETHC's or Entergy's performance of, this Agreement or the Notes (or any Replacement Note) or the transactions contemplated hereby or thereby.

## ARTICLE V

### Covenants of ETHC and Entergy

#### Affirmative Covenants

So long as the Notes or any amount payable by either ETHC or Entergy hereunder or thereunder shall remain unpaid, each of ETHC and Entergy shall, unless the Guaranteed Party shall otherwise consent in writing:

1. Keep Books; Corporate Existence; Maintenance of Properties; Compliance with Laws; Insurance; Taxes.

(a) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(b) except as otherwise permitted by Section 5.5 under the caption "Negative Covenants" below, preserve and keep in full force and effect its existence and preserve and keep in full force and effect its licenses, rights and franchises to the extent necessary to carry on its business;

(c) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and, from time to time, make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent such properties are not obsolete and not necessary to carry on its business;

(d) comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, payment before the same become delinquent of all taxes, assessments and governmental charges imposed upon it or its property except to the extent being contested in good faith by appropriate proceedings, and compliance with ERISA and Environmental Laws;

(e) maintain insurance with responsible and reputable insurance companies or associations or through its own program of self-insurance in such amounts and covering such risks, and subject to such retentions or deductibles, as is usually carried by companies engaged in similar businesses and owning similar properties, and furnish to the Guaranteed Party, within a reasonable time after written request therefor, such information as to the insurance carried as the Guaranteed Party may reasonably request; and

(f) pay and discharge its obligations and liabilities in the ordinary course of business, except to the extent that such obligations and liabilities are being contested in good faith by appropriate proceedings.

5.2. ETC Status. Take all actions (including obtaining any required determinations, consents and approvals) required to maintain at all times the status of ETHC as, and, in the case of ETHC, engage, and cause each of its subsidiaries to engage, only in the businesses permitted to be engaged in by, an "exempt telecommunications company" within the meaning of section 34(a)(1) of PUHCA.

5.3. Reporting Requirements. Furnish to the Guaranteed Party:

(a) as soon as available and in any event within 60 days after the end of each of, in the case of Entergy, the first three quarters of each fiscal year of Entergy and, in the case of ETHC, the four quarters of each fiscal year of ETHC, (A) consolidated balance sheets of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries as of the end of such quarter and (B) consolidated statements of income and retained earnings of, respectively, Entergy and its subsidiaries and ETHC and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, each certified by the duly authorized officer of Entergy as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(b) as soon as available and in any event within 120 days after the end of each fiscal year of Entergy, a copy of the annual report for such year for Entergy and its subsidiaries, containing consolidated financial statements for such year certified by Coopers & Lybrand (or such other nationally recognized public accounting firm as the Guaranteed Party may approve), and certified by a duly authorized officer of Entergy as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(c) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of Entergy and within 120 days after the end of the fiscal year of Entergy, a certificate of the duly authorized officer of Entergy, stating that no Prepayment Event or Event of Default has occurred and is continuing or, if a Prepayment Event or Event of Default has occurred and is continuing, a statement setting forth details of such Prepayment Event or Event of Default, as the case may be, and the action that Entergy has taken and proposes to take with respect thereto;

(d) as soon as possible and in any event within five days after either ETHC or Entergy has knowledge of the occurrence of each Prepayment

Event, Event of Default and each event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, a statement of the duly authorized officer of ETHC or Entergy, as the case may be, setting forth details of such Prepayment Event, Event of Default or event, as the case may be, and the actions that either or both of ETHC and Entergy have taken and propose to take with respect thereto;

(e) as soon as possible and in any event within five days after the commencement of any litigation against, or any arbitration, administrative, governmental or regulatory proceeding involving, Entergy or any of its subsidiaries, that, if adversely determined, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), operations, business, properties or prospects of either ETHC or Entergy, notice of such litigation, arbitration or proceeding describing in reasonable detail the facts and circumstances concerning such litigation, arbitration or proceeding and Entergy's or such subsidiary's proposed actions in connection therewith;

(f) promptly after the sending or filing thereof, (f) copies of all reports that Entergy sends to its securities holders, and copies of all reports and registration statements that Entergy files with the SEC or any national securities exchange pursuant to the Securities Act of 1933 or the Exchange Act, of all certificates (if any) pursuant to Rule 24 that either ETHC or Entergy files with the SEC pursuant to PUHCA having relevancy to the Notes, and of all applications and other filings made to or with the FCC or the SEC pursuant to Section 34 of PUHCA or otherwise having relevancy to the Notes;

(g) as soon as possible and in any event (A) within 30 days after Entergy knows or has reason to know that any ERISA Termination Event described in clause (i) of the definition of ERISA Termination Event with respect to any ERISA Plan has occurred and (B) within 10 days after Entergy knows or has reason to know that any other ERISA Termination Event with respect to any ERISA Plan has occurred, a statement of the chief financial officer of Entergy describing such ERISA Termination Event and the action, if any, that Entergy proposes to take with respect thereto;

(h) promptly and in any event within two Business Days after receipt thereof by Entergy from the PBGC, copies of each notice received by Entergy in respect of the PBGC's intention to terminate any ERISA Plan or to have a trustee appointed to administer any ERISA Plan;

(i) promptly, if requested by the Guaranteed Party, copies of the then current Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each ERISA Plan;

(j) promptly and in any event within five Business Days after receipt thereof by Entergy from a Multiemployer Plan sponsor, a copy of each notice received by Entergy concerning the imposition of withdrawal liability pursuant to Section 4202 of ERISA;

(k) promptly and in any event within five Business Days after Moody's or S&P has changed any Senior Debt Rating of any Significant Subsidiary, notice of such change; and

(l) such other information respecting the condition or operations, financial or otherwise, of ETHC, Entergy, any Significant Subsidiary or any subsidiary of ETHC as the Guaranteed Party may from time to time reasonably request.

### **Negative Covenants**

So long as the Notes or any amount payable by either ETHC or Entergy hereunder or thereunder shall remain unpaid, Entergy shall not, without the written consent of the Guaranteed Party:

5.4. Liens, Etc. Create or suffer to exist any Lien upon or with respect to any of its properties (including, without limitation, any shares of any class of equity security of any of Entergy's Significant Subsidiaries or of New Orleans) or ETHC's properties, in each case to secure or provide for the payment of Debt, other than: (i) Liens in existence on the date hereof; (ii) Liens for taxes, assessments or governmental charges or levies to the extent not past due, or which are being contested in good faith in appropriate proceedings diligently conducted and for which ETHC or Entergy, as the case may be, has provided adequate reserves for the payment thereof in accordance with generally accepted accounting principles; (iii) pledges or deposits in the ordinary course of business to secure obligations under worker's compensation laws or similar legislation; (iv) other pledges or deposits in the ordinary course of business (other than for borrowed monies) that, in the aggregate, are not material to ETHC or Entergy, as the case may be; (v) purchase money mortgages or other liens or purchase money security interests upon or in any property acquired or held by Entergy or ETHC in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property; (vi) Liens imposed by law such as materialmen's, mechanics', carriers', workers' and repairmen's Liens and other similar Liens arising in the ordinary course of business for sums not yet due or currently being contested in good faith by appropriate proceedings diligently conducted; (vii) attachment, judgment or other similar Liens arising in connection with court proceedings, provided that such Liens, in the aggregate for both ETHC and Entergy, shall not exceed \$50,000,000 at any one time outstanding, (viii) other Liens not otherwise referred to in the foregoing clauses (i) through (vii) above, provided that such Liens, in the aggregate for both ETHC and Entergy, shall not exceed \$100,000,000 at any one time and no such Lien on any of the properties or assets of ETHC shall secure or provide for the payment of Debt of ETHC or Entergy and (ix) Liens created for the sole purpose of extending, renewing or replacing in whole or in part Debt secured by any Lien permitted pursuant to the foregoing clauses (i) through (viii) above, provided that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement, as the case may be, shall be

limited to all or a part of the property or Debt that secured the Lien so extended, renewed or replaced (and any improvements on such property); provided, further, that no Lien permitted under the foregoing clauses (i) through (ix) shall be placed upon any shares of any class of equity security of any Significant Subsidiary or of New Orleans unless the obligations of ETHC and Entergy to the Guaranteed Party hereunder are simultaneously and ratably secured by such Lien pursuant to documentation satisfactory to the Guaranteed Party.

5.5. Mergers, Etc. Merge with or into or consolidate with or into any other Person, or permit ETHC to do so, except that either ETHC or Entergy may merge with any other Person, provided that, immediately after giving effect to any such merger, (i) ETHC or Entergy, as the case may be, is the surviving corporation or (A) the surviving corporation shall be organized under the laws of one of the states of the United States of America and shall assume ETHC's or Entergy's, as the case may be, obligations hereunder in a manner acceptable to the Guaranteed Party, and (B) after giving effect to such merger, the Senior Debt Ratings of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings shall be at least BBB- and Baa3, (ii) no event shall have occurred and be continuing that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and (iii) ETHC or Entergy, as the case may be, shall not be liable with respect to any Debt or allow its property to be subject to any Lien that would not be permissible with respect to it or its property hereunder on the date of such transaction.

5.6. Disposition of Assets. Sell, lease, transfer, convey or otherwise dispose of (whether in one transaction or in a series of transactions) any shares of voting common stock (or of stock or other instruments convertible into voting common stock) of any Significant Subsidiary or of New Orleans, or permit any Significant Subsidiary or New Orleans to issue, sell or otherwise dispose of any of its shares of voting common stock (or of stock or other instruments convertible into voting common stock), except to Entergy or a Significant Subsidiary.

5.7. Limitation on Debt. Permit the total principal amount of all Debt of Entergy and its subsidiaries, determined on a consolidated basis and without duplication of liability therefor, at any time to exceed 65% of Capitalization determined as of the last day of the most recently ended fiscal quarter of Entergy; provided, however, that for purposes of this Section

5.7, "Debt" and "Capitalization" shall not include (i) Junior Subordinated Debentures and (ii) any Debt of any subsidiary of Entergy that is Non-Recourse Debt.

## ARTICLE VI

### Miscellaneous

6.1 Expenses; Indemnification. (a) ETHC and Entergy hereby agree, jointly and severally, to pay all costs and expenses incurred by the Guaranteed Party in connection with the preparation, execution, delivery, administration, enforcement or attempted enforcement of this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement, the Seller Note and any other instruments or documents which may be delivered in connection with this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement or the Seller Note including, but not limited to, the reasonable fees and expenses of counsel to the Guaranteed Party.

(b) ETHC and Entergy hereby agree, jointly and severally, to indemnify and hold the Guaranteed Party and its Affiliates and its officers, directors, employees and professional advisors (each, an "Indemnified Person") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may incur or which may be claimed against any of them by any person or entity by reason of or in connection with the execution, delivery or performance of this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement, the Seller Note and any other instruments or documents which may be delivered in connection with this Agreement, the ETHC Note, the Escrow Note, the Note Purchase Agreement or the Seller Note or any transaction contemplated thereby, except that no Indemnified Person shall be entitled to any indemnification hereunder to the extent that such claims, damages, losses, liabilities, costs or expenses are finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. The obligations of each of ETHC and Entergy under this Section 6.1(b) shall survive the repayment of all amounts owing to the Guaranteed Party, in such capacity or otherwise, under this Agreement and the Notes. If and to the extent that the obligations of ETHC and Entergy under this Section 6.1(b) are unenforceable for any reason, ETHC and Entergy agree, jointly and severally, to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

6.2 Entire Agreement; Assignment. This Agreement constitutes the entire agreement between the parties as to the subject matter hereof and shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors and assigns; provided, however, that no party may assign this Agreement, in whole or in part, or any of their respective rights, interests or obligations hereunder, without the prior written consent of the other parties. Any amendments or supplements to this Agreement must be made in writing and duly executed by each of the parties hereto.

6.3 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts taken together shall constitute but one instrument.

6.4 Governing Law. The rights and duties of Guaranteed Party, ETHC and Entergy shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

## ARTICLE VI

### Definitions

As used herein, the following terms shall have the following meanings:

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"Arkansas" means Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company), an Arkansas corporation.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"Capitalization" means, as of any date of determination, with respect to Entergy and its subsidiaries determined on a consolidated basis, an amount equal to the sum of

(i) the total principal amount of all Debt of Entergy and its subsidiaries outstanding on such date, (ii) Consolidated Net Worth as of such date and (iii) to the extent not otherwise included in Capitalization, all preferred stock and other preferred securities of Entergy and its subsidiaries outstanding on such date.

"Consolidated Net Worth" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of Entergy and its subsidiaries appearing on a consolidated balance sheet of Entergy and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently audited financial statements of Entergy, after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"Debt" of any Person means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of such Person (i) for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services (other than such obligations incurred in the ordinary course of business on customary trade terms), (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (v) under any Guaranty Obligations and (vi) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Entergy" means Entergy Corporation.

"Environmental Laws" means any federal, state or local laws, ordinances or codes, rules, orders, or regulations relating to pollution or protection of the environment, including, without limitation, laws relating to hazardous substances, laws relating to reclamation of land and waterways and laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollution, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA Affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

"ERISA Termination Event" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (1) the withdrawal of Entergy or any of its ERISA Affiliates from an ERISA Plan during a plan year in which Entergy or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (2) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (3) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (4) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Escrow Note" means the Promissory Note, dated the date hereof, issued by ETHC to Bariston Associates, Inc. in the principal amount of \$2,162,003.65 and the Escrow Replacement Note issued pursuant to Article I hereof.

"Escrow Replacement Note" means the replacement note issued pursuant to Article I hereof against receipt of the original Escrow Note.

"ETHC Note" means the Promissory Note, dated the date hereof, issued by ETHC to Bariston Associates, Inc. in the principal amount of \$38,837,996.35 and the ETHC Replacement Note issued pursuant to Article I hereof.

"ETHC Replacement Note" means the replacement note issued pursuant to Article I hereof against receipt of the original ETHC Note.

"ETHC" means Entergy Technology Holding Company.

"Event of Default" has the meaning specified in the ETHC Replacement Note under the caption "Events of Default".

"FCC" means the United States Federal Communications Commission.

"Guaranty" means the guaranty by Entergy provided herein.

"Guaranteed Obligations" has the meaning specified in Section 2.1 hereof.

"Guaranteed Party" means The Bank of New York, a New York banking corporation.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

"Gulf States" means Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), a Texas corporation.

"Junior Subordinated Debentures" means any junior subordinated deferrable interest debentures issued by any of the Significant Subsidiaries and New Orleans from time to time.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes hereof, a Person or any of its subsidiaries shall be deemed to own, subject to a Lien, any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Louisiana" means Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), a Louisiana corporation.

"Maturity Date" means the date which is the fourth anniversary of the date hereof.

"Mississippi" means Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company), a Mississippi corporation.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which Entergy or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"New Orleans" means Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.), a Louisiana corporation.

"Non-Recourse Debt" means any Debt of any subsidiary of Entergy that does not also constitute Debt of Entergy, any Significant Subsidiary or New Orleans.

"Note Purchase Agreement" means the Note Purchase Agreement, dated as of the date hereof, between Bariston Associates, Inc. and The Bank of New York, as amended from time to time.

"Notes" means the ETHC Note and the Escrow Note.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Prepayment Date" shall have the meaning ascribed to that term in the ETHC Replacement Note.

"Prepayment Event" shall have the meaning ascribed to that term in the ETHC Replacement Note.

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended.

"Reportable Event" has the meaning assigned to that term in Title IV of ERISA.

"S&P" means Standard & Poor's Rating Group or any successor thereto.

"SEC" means the United States Securities and Exchange Commission.

"Seller" means Bariston Associates, Inc.

"Seller Note" means the Demand Promissory Note, dated the date hereof, issued by Bariston Associates, Inc. to The Bank of New York.

"Senior Debt Rating" means, as to any Person, the rating assigned by Moody's or S&P to the senior secured long-term debt of such Person.

"SERI" means Systems Energy Resources, Inc., an Arkansas corporation.

"Significant Subsidiary" means Arkansas, Gulf States, Louisiana, Mississippi and SERI, and any other domestic regulated utility subsidiary of Entergy: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total consolidated assets of Entergy and its subsidiaries or (ii) the net worth of which exceeds 5% of the Consolidated Net Worth of Entergy and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of Entergy and its subsidiaries.

"Stock Purchase Agreement" means a certain stock purchase agreement among Seller, ETHC and certain other parties.

"Support Obligations" means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain the working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (v) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**THE BANK OF NEW YORK**

By: \_\_\_\_\_

Name:

Title:

**ENTERGY TECHNOLOGY HOLDING COMPANY**

By: \_\_\_\_\_

Name:

Title:

**ENTERGY CORPORATION**

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT A**  
**FORM OF ETHC REPLACEMENT NOTE**

**PROMISSORY NOTE**

\$\_[\_\_\_\_\_], 1996

FOR VALUE RECEIVED, ENTERGY TECHNOLOGY HOLDING COMPANY ("ETHC") hereby promises to pay to the order of THE BANK OF NEW YORK (the "Bank"), on the Maturity Date (as defined below), in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds, the principal amount of [\_\_\_\_\_].

ETHC shall pay interest on the unpaid principal amount hereof for each day, in like money and funds and in such manner and to such designated account, at a rate per annum equal to \_\_%, such interest to be payable (i) quarterly in arrears on each February 21, May 21, August 21 and November 21, until the Maturity Date, (ii) when the principal amount hereof shall be due (whether on the Maturity date, upon acceleration or otherwise) and (iii) on the date of any prepayment hereof. Overdue principal and, to the extent permitted under applicable law, interest shall bear interest for each day from the due date thereof until paid in full at a rate per annum equal to (i) the rate of interest otherwise payable hereunder plus (ii) 2%, such interest to be payable on demand. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30 day months.

This Promissory Note is entitled to the benefits of the Guaranty provided in the Guaranty Agreement (as defined below).

Except as hereinafter provided in the following two sentences, this Promissory Note may not be prepaid. ETHC may prepay this Promissory Note, in whole but not in part, at any time at the applicable Prepayment Price (as defined below), provided, however, that no such prepayment may be made unless ETHC shall have simultaneously prepaid the Escrow Replacement Note in the manner provided for therein. The Bank shall have the right, on not less than five days' prior written notice to ETHC, to require ETHC to prepay this Promissory Note on any Prepayment Date at the applicable Prepayment Price. The Prepayment Price payable in connection with any such prepayment shall be paid no later than 1:00 p.m. (New York time) in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds.

Whenever any payment to be made pursuant hereto shall be due on a day that is not a Business Day (as defined below), such payment shall be made on the next succeeding business day, and any such extension of time shall be included in computing interest, if any, with respect to such payment.

Presentment, protest and notice of dishonor are hereby waived by ETHC.

**EVENTS OF DEFAULT**

Each of the following events shall constitute an "Event of Default" hereunder:

1. ETHC shall fail to pay interest on any amount payable under this Promissory Note or the Escrow Replacement Note within three Business Days after such interest becomes due and payable; or
2. Any representation or warranty made by either ETHC or Entergy or any of its officers in the Guaranty Agreement or otherwise in connection with this Promissory Note shall prove to have been incorrect or misleading in any material respect when made; or
3. Either ETHC or Entergy shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.2 under the caption "Affirmative Covenants" of the Guaranty Agreement or in any paragraph under the caption "Negative Covenants" therein or (ii) any other term, covenant or agreement contained in the Guaranty Agreement (and not otherwise addressed in this paragraph 3) on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to ETHC or Entergy, as the case may be, by the Bank; or
4. Either Entergy or ETHC shall assert or shall have instituted any proceeding seeking to establish that the Guaranty Agreement is unenforceable or invalid in any material respect;
5. Either ETHC or Entergy shall default in any obligation in any interest rate swap agreement or other hedging agreement between ETHC and the Guaranteed Party entered into in connection with or otherwise related to this Promissory Note;
6. (i) Either ETHC or Entergy shall fail to pay any principal of or premium or interest on any Debt of such Person that is outstanding in a principal amount, together with the principal amount of all other Debt with respect to which such a failure by either ETHC or Entergy shall have occurred and be continuing, in excess of \$50,000,000 in the aggregate (but excluding Debt evidenced by this Promissory Note) when the

same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt, or (ii) any default shall exist under any agreement pursuant to which a lender has, or lenders have, committed to lend a principal amount in excess of \$50,000,000 to ETHC or Entergy; or

7. ETHC, Entergy, any Significant Subsidiary or New Orleans shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against ETHC or Entergy, any Significant Subsidiary or New Orleans seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or ETHC, Entergy, any Significant Subsidiary or New Orleans shall take any corporate action to authorize or to consent to any of the actions set forth above in this paragraph 7; or

8. Any judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against ETHC or Entergy and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

9. (i) An ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall fail to maintain the minimum funding standards required by Section 412 of the Internal Revenue Code of 1986 for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Internal Revenue Code of 1986, or (ii) an ERISA Plan of Entergy or any ERISA Affiliate of Entergy is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (iii) Entergy or any ERISA Affiliate of Entergy has incurred or will incur a liability to or on account of an ERISA Plan under Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (iv) any ERISA Termination Event with respect to an ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (B) the then present value of such ERISA Plan's vested benefits exceeds the then current value of assets accumulated in such ERISA Plan by more than the amount of \$25,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount); or

10. Entergy shall at any time fail to own and control 100% of the outstanding capital stock of, and other equity interests in, ETHC.

#### **RIGHTS UPON PREPAYMENT EVENT OR EVENT OF DEFAULT**

If any Prepayment Event or Event of Default shall occur and be continuing, then, and in any such event, the Bank may, by notice to ETHC and Entergy, declare all amounts owing by ETHC under this Promissory Note to be forthwith due and payable in an amount equal to the applicable Prepayment Price, whereupon all such amounts shall become and be forthwith due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by ETHC and Entergy; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to either of ETHC or Entergy, any Significant Subsidiary or New Orleans under the Federal Bankruptcy Code, all amounts owing by ETHC under this Promissory Note shall automatically become and be due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by ETHC and Entergy.

#### **DEFINITIONS**

"Arkansas" means Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company), an Arkansas corporation.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"Consolidated Net Worth" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of Entergy and its subsidiaries appearing on a consolidated balance sheet of Entergy and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently audited financial statements of Entergy, after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"Debt" of any Person means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of such Person

(i) for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services (other than such obligations incurred in the ordinary course of business on customary trade terms), (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (v) under any Guaranty Obligations and (vi) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Entergy" means Entergy Corporation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA Affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

"ERISA Termination Event" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (1) the withdrawal of Entergy or any of its ERISA Affiliates from an ERISA Plan during a plan year in which Entergy or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (2) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (3) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (4) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Escrow Note" means the Promissory Note issued by ETHC to Bariston Associates, Inc., dated the date hereof, in the principal amount of \$[\_\_\_\_\_].

"Escrow Replacement Note" means the Promissory Note, dated the date hereof, issued by ETHC to The Bank of New York against receipt of the original Escrow Note, pursuant to Article I of the Guaranty Agreement.

"ETHC" means Entergy Technology Holding Company.

"Event of Default" has the meaning specified herein under the caption "Events of Default".

"Guaranteed Party" means The Bank of New York, a New York banking corporation.

"Guaranty" means the guaranty by Entergy provided in the Guaranty Agreement.

"Guaranty Agreement" means the Guaranty and Acknowledgment Agreement, dated as of the date hereof, among the Guaranteed Party, ETHC and Entergy.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

"Gulf States" means Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), a Texas corporation.

"Louisiana" means Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), a Louisiana corporation.

"Maturity Date" means the date which is the fourth anniversary of the date hereof.

"Mississippi" means Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company), a Mississippi corporation.

"New Orleans" means Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.), a Louisiana corporation.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint

venture or other entity, or a government or any political subdivision or agency thereof.

"Prepayment Date" means (i) the first anniversary of the date hereof and each semi-annual anniversary thereof and occurring thereafter and (ii) any date on which a material change (as determined by the Bank) in the character or extent of the business or assets of ETHC shall have occurred, including, but not limited to, a material acquisition or disposition by ETHC, and any date following any such occurrence.

"Prepayment Event" means the occurrence of any event or the existence of any condition under any agreement or instrument relating to any Debt of either ETHC or Entergy or of a Significant Subsidiary that, in either case, is outstanding in a principal amount in excess of \$50,000,000 in the aggregate, which occurrence or event results in the declaration of such Debt being due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

"Prepayment Price" means, with respect to any prepayment hereof or acceleration of the maturity hereof as provided above under the caption "Rights Upon Prepayment Event or Event of Default", the sum, determined as of the date of such prepayment or acceleration, of (a) the amount of accrued and unpaid interest on this Promissory Note through but excluding the date of prepayment or payment upon acceleration, as the case may be, and (b) the present value, based on the yield to maturity of U.S. Dollar Libor swaps having payment dates comparable to the payment dates for principal of and interest on this Promissory Note, of the unpaid principal amount of this Promissory Note to be paid on the Maturity Date hereof and interest on such principal amount, to be paid quarterly as provided in this Promissory Note, for the period from and including the date of prepayment or acceleration through but excluding the Maturity Date as determined by the Bank in its sole discretion, such determination to be conclusive absent manifest error.

"Promissory Note" means this Promissory Note.

"Reportable Event" has the meaning assigned to that term in Title IV of ERISA.

"SERI" means Systems Energy Resources, Inc., an Arkansas corporation.

"Significant Subsidiary" means Arkansas, Gulf States, Louisiana, Mississippi and SERI, and any other domestic regulated utility subsidiary of Entergy: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total consolidated assets of Entergy and its subsidiaries or (ii) the net worth of which exceeds 5% of the Consolidated Net Worth of Entergy and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of Entergy and its subsidiaries.

"Support Obligations" means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain the working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (v) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

## MISCELLANEOUS

No delay by the Bank in exercising any right with respect to any of the obligations evidenced hereby shall operate as a waiver thereof, nor shall the exercise of any right with respect to such obligations waive or preclude the later exercise of any other right with respect to such obligations or the later exercise of any right with respect to any other obligations evidenced hereby.

Any notice to ETHC or Entergy to be given hereunder or in connection herewith shall be in writing and shall be sent by mail to 639 Loyola Avenue, New Orleans, Louisiana, 70113, Mail Stop L-ENT-15E, Attention: Vice President and Treasurer, or by telecopier to (504) 576-4455.

The rights and duties of the Bank (and its successors and assigns) and ETHC under this Promissory Note shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

## ENTERGY TECHNOLOGY HOLDING COMPANY

By \_\_\_\_\_

Name:

Title:

**EXHIBIT B**  
**FORM OF ESCROW REPLACEMENT NOTE**

**PROMISSORY NOTE**

\$\_[\_\_\_\_\_], 1996

FOR VALUE RECEIVED, ENTERGY TECHNOLOGY HOLDING COMPANY ("ETHC") hereby promises to pay to the order of THE BANK OF NEW YORK (the "Bank"), on the Maturity Date (as defined below), in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds, the principal amount of [\_\_\_\_\_].

ETHC shall pay interest on the unpaid principal amount hereof for each day, in like money and funds and in such manner and to such designated account, at a rate per annum equal to \_\_%, such interest to be payable (i) quarterly in arrears on each February 21, May 21, August 21 and November 21, until the Maturity Date, (ii) when the principal amount hereof shall be due (whether on the Maturity date, upon acceleration or otherwise) and (iii) on the date of any prepayment hereof. Overdue principal and, to the extent permitted under applicable law, interest shall bear interest for each day from the due date thereof until paid in full at a rate per annum equal to (i) the rate of interest otherwise payable hereunder plus (ii) 2%, such interest to be payable on demand. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30 day months.

This Promissory Note is entitled to the benefits of the Guaranty provided in the Guaranty Agreement (as defined below).

Except as hereinafter provided in the following two sentences, this Promissory Note may not be prepaid. ETHC may prepay this Promissory Note, in whole but not in part, at any time at the applicable Prepayment Price (as defined below), provided, however, that no such prepayment may be made unless ETHC shall have simultaneously prepaid the ETHC Replacement Note in the manner provided for therein. The Bank shall have the right, on not less than five days' prior written notice to ETHC, to require ETHC to prepay this Promissory Note on any Prepayment Date at the applicable Prepayment Price. The Prepayment Price payable in connection with any such prepayment shall be paid no later than 1:00 p.m. (New York time) in such manner and to such account as the Bank shall designate, in lawful money of the United States of America, in immediately available funds.

Whenever any payment to be made pursuant hereto shall be due on a day that is not a Business Day (as defined below), such payment shall be made on the next succeeding business day, and any such extension of time shall be included in computing interest, if any, with respect to such payment.

Presentment, protest and notice of dishonor are hereby waived by ETHC.

**EVENTS OF DEFAULT**

Each of the following events shall constitute an "Event of Default" hereunder:

1. ETHC shall fail to pay interest on any amount payable under this Promissory Note or the ETHC Replacement Note within three Business Days after such interest becomes due and payable; or
2. Any representation or warranty made by either ETHC or Entergy or any of its officers in the Guaranty Agreement or otherwise in connection with this Promissory Note shall prove to have been incorrect or misleading in any material respect when made; or
3. Either ETHC or Entergy shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.2 under the caption "Affirmative Covenants" of the Guaranty Agreement or in any paragraph under the caption "Negative Covenants" therein or (ii) any other term, covenant or agreement contained in the Guaranty Agreement (and not otherwise addressed in this paragraph 3) on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to ETHC or Entergy, as the case may be, by the Bank; or
4. Either Entergy or ETHC shall assert or shall have instituted any proceeding seeking to establish that the Guaranty Agreement is unenforceable or invalid in any material respect;
5. Either ETHC or Entergy shall default in any obligation in any interest rate swap agreement or other hedging agreement between ETHC and the Guaranteed Party entered into in connection with or otherwise related to this Promissory Note;
6. (i) Either ETHC or Entergy shall fail to pay any principal of or premium or interest on any Debt of such Person that is outstanding in a principal amount, together with the principal amount of all other Debt with respect to which such a failure by either ETHC or Entergy shall have occurred and be continuing, in excess of \$50,000,000 in the aggregate (but excluding Debt evidenced by this Promissory Note) when the

same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt, or (ii) any default shall exist under any agreement pursuant to which a lender has, or lenders have, committed to lend a principal amount in excess of \$50,000,000 to ETHC or Entergy; or

7. ETHC, Entergy, any Significant Subsidiary or New Orleans shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against ETHC or Entergy, any Significant Subsidiary or New Orleans seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or ETHC, Entergy, any Significant Subsidiary or New Orleans shall take any corporate action to authorize or to consent to any of the actions set forth above in this paragraph 7; or

8. Any judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against ETHC or Entergy and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

9. (i) An ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall fail to maintain the minimum funding standards required by Section 412 of the Internal Revenue Code of 1986 for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Internal Revenue Code of 1986, or (ii) an ERISA Plan of Entergy or any ERISA Affiliate of Entergy is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (iii) Entergy or any ERISA Affiliate of Entergy has incurred or will incur a liability to or on account of an ERISA Plan under Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (iv) any ERISA Termination Event with respect to an ERISA Plan of Entergy or any ERISA Affiliate of Entergy shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (B) the then present value of such ERISA Plan's vested benefits exceeds the then current value of assets accumulated in such ERISA Plan by more than the amount of \$25,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount); or

10. Entergy shall at any time fail to own and control 100% of the outstanding capital stock of, and other equity interests in, ETHC.

#### **RIGHTS UPON PREPAYMENT EVENT OR EVENT OF DEFAULT**

If any Prepayment Event or Event of Default shall occur and be continuing, then, and in any such event, the Bank may, by notice to ETHC and Entergy, declare all amounts owing by ETHC under this Promissory Note to be forthwith due and payable in an amount equal to the applicable Prepayment Price, whereupon all such amounts shall become and be forthwith due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by ETHC and Entergy; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to either of ETHC or Entergy, any Significant Subsidiary or New Orleans under the Federal Bankruptcy Code, all amounts owing by ETHC under this Promissory Note shall automatically become and be due and payable in an amount equal to the applicable Prepayment Price, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by ETHC and Entergy.

#### **DEFINITIONS**

"Arkansas" means Entergy Arkansas, Inc. (formerly Arkansas Power & Light Company), an Arkansas corporation.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"Consolidated Net Worth" means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of Entergy and its subsidiaries appearing on a consolidated balance sheet of Entergy and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently audited financial statements of Entergy, after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

"Debt" of any Person means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of such Person

(i) for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, (ii) to pay the deferred purchase price of property or services (other than such obligations incurred in the ordinary course of business on customary trade terms), (iii) as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (v) under any Guaranty Obligations and (vi) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Entergy" means Entergy Corporation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

"ERISA Affiliate" of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

"ERISA Plan" means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

"ERISA Termination Event" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (1) the withdrawal of Entergy or any of its ERISA Affiliates from an ERISA Plan during a plan year in which Entergy or any of its ERISA Affiliates was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (2) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (3) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (4) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"ETHC" means Entergy Technology Holding Company.

"ETHC Note" means the Promissory Note issued by ETHC to Bariston Associates, Inc., dated the date hereof, in the principal amount of \$[\_\_\_\_\_].

"ETHC Replacement Note" means the Promissory Note, dated the date hereof, issued by ETHC to The Bank of New York against receipt of the original ETHC Note, pursuant to Article I of the Guaranty Agreement.

"Event of Default" has the meaning specified herein under the caption "Events of Default".

"Guaranteed Party" means The Bank of New York, a New York banking corporation.

"Guaranty" means the guaranty by Entergy provided in the Guaranty Agreement.

"Guaranty Agreement" means the Guaranty and Acknowledgment Agreement, dated as of the date hereof, among the Guaranteed Party, ETHC and Entergy.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

"Gulf States" means Entergy Gulf States, Inc. (formerly Gulf States Utilities Company), a Texas corporation.

"Louisiana" means Entergy Louisiana, Inc. (formerly Louisiana Power & Light Company), a Louisiana corporation.

"Maturity Date" means the date which is the fourth anniversary of the date hereof.

"Mississippi" means Entergy Mississippi, Inc. (formerly Mississippi Power & Light Company), a Mississippi corporation.

"New Orleans" means Entergy New Orleans, Inc. (formerly New Orleans Public Service Inc.), a Louisiana corporation.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint

venture or other entity, or a government or any political subdivision or agency thereof.

"Prepayment Date" means (i) the first anniversary of the date hereof and each semi-annual anniversary thereof and occurring thereafter and (ii) any date on which a material change (as determined by the Bank) in the character or extent of the business or assets of ETHC shall have occurred, including, but not limited to, a material acquisition or disposition by ETHC, and any date following any such occurrence.

"Prepayment Event" means the occurrence of any event or the existence of any condition under any agreement or instrument relating to any Debt of either ETHC or Entergy or of a Significant Subsidiary that, in either case, is outstanding in a principal amount in excess of \$50,000,000 in the aggregate, which occurrence or event results in the declaration of such Debt being due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

"Prepayment Price" means, with respect to any prepayment hereof or acceleration of the maturity hereof as provided above under the caption "Rights Upon Prepayment Event or Event of Default", the sum, determined as of the date of such prepayment or acceleration, of (a) the amount of accrued and unpaid interest on this Promissory Note through but excluding the date of prepayment or payment upon acceleration, as the case may be, and (b) the present value, based on the yield to maturity of U.S. Dollar Libor swaps having payment dates comparable to the payment dates for principal of and interest on this Promissory Note, of the unpaid principal amount of this Promissory Note to be paid on the Maturity Date hereof and interest on such principal amount, to be paid quarterly as provided in this Promissory Note, for the period from and including the date of prepayment or acceleration through but excluding the Maturity Date as determined by the Bank in its sole discretion, such determination to be conclusive absent manifest error.

"Promissory Note" means this Promissory Note.

"Reportable Event" has the meaning assigned to that term in Title IV of ERISA.

"SERI" means Systems Energy Resources, Inc., an Arkansas corporation.

"Significant Subsidiary" means Arkansas, Gulf States, Louisiana, Mississippi and SERI, and any other domestic regulated utility subsidiary of Entergy: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total consolidated assets of Entergy and its subsidiaries or (ii) the net worth of which exceeds 5% of the Consolidated Net Worth of Entergy and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of Entergy and its subsidiaries.

"Support Obligations" means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain the working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (v) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

#### MISCELLANEOUS

No delay by the Bank in exercising any right with respect to any of the obligations evidenced hereby shall operate as a waiver thereof, nor shall the exercise of any right with respect to such obligations waive or preclude the later exercise of any other right with respect to such obligations or the later exercise of any right with respect to any other obligations evidenced hereby.

Any notice to ETHC or Entergy to be given hereunder or in connection herewith shall be in writing and shall be sent by mail to 639 Loyola Avenue, New Orleans, Louisiana, 70113, Mail Stop L-ENT-15E, Attention: Vice President and Treasurer, or by telecopier to (504) 576-4455.

The rights and duties of the Bank (and its successors and assigns) and ETHC under this Promissory Note shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

#### ENTERGY TECHNOLOGY HOLDING COMPANY

By \_\_\_\_\_

Name:

Title:

**Exhibit 4(a) 17**

**U.S. \$300,000,000**

**AMENDED AND RESTATED  
CREDIT AGREEMENT  
Dated as of December 12, 1996**

**Among**

**ENTERGY CORPORATION**

**as Borrower**

**THE BANKS NAMED HEREIN**

**as Banks**

**and**

**CITIBANK, N.A.**

**as Agent**

**AMENDED AND RESTATED  
CREDIT AGREEMENT**

**Dated as of December 12, 1996**

THIS AMENDED AND RESTATED CREDIT AGREEMENT among ENTERGY CORPORATION, a Delaware corporation (the Borrower ), the banks (the Banks ) listed on the signature pages hereof, and Citibank, N.A. ( Citibank ), as agent (the Agent ).

**W I T N E S S E T H:**

WHEREAS, the Borrower, the Banks and the Agent entered into a Credit Agreement, dated as of October 10, 1995 (the Original Credit Agreement ).

WHEREAS, the Borrower has requested that the Lenders and the Agent amend certain provisions of the Original Credit Agreement.

WHEREAS, the Agent and the Majority Lenders are willing to amend the Original Credit Agreement to provide as set forth below.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth, and subject to the condition set forth in Section 8.06, do hereby agree that the Original Credit Agreement is amended and restated in its entirety to read as follows:

**ARTICLE I**

**DEFINITIONS AND ACCOUNTING TERMS**

**DEFINITIONS AND ACCOUNTING TERMS;**

SECTION 1.1. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

Adjusted CD Rate means, for any Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing, an interest rate per annum equal to the sum of:

(a) the rate per annum obtained by dividing (i) the rate of interest determined by the Agent to be the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the consensus bid rate determined by each of the Reference Banks for the bid rates per annum, at 9:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period, of New York certificate of deposit dealers of recognized standing selected by such Reference Bank for the purchase at face value of certificates of deposit of such Reference Bank in an amount substantially equal to such Reference Bank s Adjusted CD Rate Advance made as part of such Contract Borrowing and with a maturity equal to such Interest Period, by (i) a percentage equal to 100% minus the Adjusted CD Rate Reserve Percentage for such Interest Period, plus

(a) the Assessment Rate for such Interest Period.

The Adjusted CD Rate for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks on the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

Adjusted CD Rate Advance means a Contract Advance that bears interest as provided in Section 2.07(b).

Adjusted CD Rate Reserve Percentage for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing means the reserve percentage applicable on the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion dollars with respect to liabilities consisting of or including (among other liabilities) U.S. dollar nonpersonal time deposits in the United States with a maturity equal to such Interest Period.

Advance means a Contract Advance or an Auction Advance.

Affiliate means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

Agreement means this Amended and Restated Credit Agreement, as amended, supplemented or modified from time to time.

Applicable Lending Office means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, such Lender's CD Lending Office in the case of an Adjusted CD Rate Advance, and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of an Auction Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such Auction Advance.

Applicable Margin means, on any date, for any Adjusted CD Rate Advance or Eurodollar Rate Advance, the interest rate per annum set forth below, determined by reference to the combined Senior Debt Ratings from time to time of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings.

Significant Subsidiary with highest Senior Debt Rating

	Senior Debt Ratings	A- and A3 or above	BBB+ and Baa1 or BBB and Baa2 or split rated above	BBB- and Baa3 or split rated above or unrated		
E--0.75%		A- and A3 or above	E--0.35% CD-0.475%	E--0.40% CD--0.525%	E--0.48% CD--0.605%	
						CD--0.875%
Significant Subsidiary with next highest Senior Debt Rating	BBB+ and Baa1 or BBB and Baa2 or split rated above	E--0.40% CD--0.525%	E--0.45% CD--0.575%	E--0.50% CD--0.655%	E--0.80%	
E--0.875%	BBB- and Baa3 or split rated above	E--0.48% CD-0.605%	E--0.50% CD--0.655%	E--0.55% CD--0.675%		CD--0.925%
	BB+ and/or Baa1 or below or unrated	E--0.75% CD-0.875%	E--0.80% CD--0.925%	E--0.875% CD--1.00% CD--1.00%	E--0.875%	

E = Eurodollar Rate Advance Margin

CD = Adjusted CD Rate Advance Margin

Any change in the Applicable Margin will be effective as of the date on which S&P or Moody's, as the case may be, announces the applicable change in any Senior Debt Rating.

Assessment Rate for the Interest Period for each Adjusted CD Rate Advance made as part of the same Contract Borrowing means the annual assessment rate estimated by the Agent on the first day of such Interest Period for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States.

Assignment and Acceptance means an assignment and acceptance entered into by a Lender and an assignee of that Lender, and accepted by the Agent, in substantially the form of Exhibit C hereto.

Auction Advance means an advance by a Lender to the Borrower as part of an Auction Borrowing resulting from the auction bidding procedure

described in Section 2.03.

Auction Borrowing means a borrowing consisting of simultaneous Auction Advances from each of the Lenders whose offer to make one or more Auction Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

Auction Note means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from an Auction Advance made by such Lender.

Auction Reduction has the meaning specified in Section 2.01.

Base Rate means, for any period, a fluctuating interest rate per annum at all times equal to the higher of:

- (a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; and
- (a) 1/2 of 1% per annum above the Federal Funds Rate in effect from time to time.

Base Rate Advance means a Contract Advance which bears interest as provided in Section 2.07(a).

Borrowing means a Contract Borrowing or an Auction Borrowing.

Business Day means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

Capitalization means, as of any date of determination, with respect to the Borrower and its subsidiaries determined on a consolidated basis, an amount equal to the sum of (i) the total principal amount of all Debt of the Borrower and its subsidiaries outstanding on such date, (i) Consolidated Net Worth as of such date and (i) to the extent not otherwise included in Capitalization, all preferred stock and other preferred securities of the Borrower and its subsidiaries, including preferred securities issued by any subsidiary trust, outstanding on such date.

CD Lending Office means, with respect to any Lender, the office of such Lender specified as its CD Lending Office opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

Commitment has the meaning specified in Section 2.01.

Consolidated Net Worth means the sum of the capital stock (excluding treasury stock and capital stock subscribed for and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of the Borrower and its subsidiaries appearing on a consolidated balance sheet of the Borrower and its subsidiaries prepared as of the date of determination in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e), after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries.

Contract Advance means an advance by a Lender to the Borrower as part of a Contract Borrowing and refers to an Adjusted CD Rate Advance, a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a Type of Contract Advance.

Contract Borrowing means a borrowing consisting of simultaneous Contract Advances of the same Type made by each of the Lenders pursuant to Section 2.01 or Converted pursuant to Section 2.09 or 2.10.

Contract Note means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Contract Advances made by such Lender.

Convert, Conversion and Converted each refers to a conversion of Contract Advances of one Type into Contract Advances of another Type or the selection of a new, or the renewal of the same, Interest Period for Eurodollar Rate Advances or CD Rate Advances, as the case may be, pursuant to Section 2.09 or 2.10.

Debt of any Person means (without duplication) all liabilities, obligations and indebtedness (whether contingent or otherwise) of such Person (i) for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, (i) to pay the deferred purchase price of property or services (other than such obligations incurred in the ordinary course of business on customary trade terms, provided that such obligations are not more than 30 days past due), (i) as lessee under leases which shall have been or should be, in accordance with generally accepted

accounting principles, recorded as capital leases,

(i) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit opened to provide for the payment of goods or services purchased in the ordinary course of business), (i) under any Guaranty Obligations and (i) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

Domestic Lending Office means, with respect to any Lender, the office of such Lender specified as its Domestic Lending Office opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

Eligible Assignee means a Person (a) (i) that is (A) a commercial bank organized under the laws of the United States, or any State thereof, and having total assets in excess of \$500,000,000; (A) a commercial bank organized under the laws of any other country which is a member of the OECD, or a political subdivision of any such country, and having total assets in excess of \$500,000,000, provided that such bank is acting through a branch or agency located in the United States or another country which is also a member of OECD; or (A) a Lender or a commercial bank Affiliate of any Lender immediately prior to an assignment and (i) whose long-term public senior debt securities are rated at least BBB- by Standard & Poor's Corporation or at least Baa3" by Moody's Investors Service, Inc.; or (a) that is approved by the Borrower (whose approval shall not be unreasonably withheld), the Agent and the Majority Lenders.

Entergy Arkansas means Entergy Arkansas, Inc., formerly Arkansas Power & Light Company, an Arkansas corporation.

Entergy Gulf States means Entergy Gulf States, Inc., formerly Gulf States Utilities Company, a Texas corporation.

Entergy Louisiana means Entergy Louisiana, Inc., formerly Louisiana Power & Light Company, a Louisiana corporation.

Entergy Mississippi means Entergy Mississippi, Inc., formerly Mississippi Power & Light Company, a Mississippi corporation.

Entergy New Orleans means Entergy New Orleans, Inc., formerly New Orleans Public Service Inc., a Louisiana corporation.

Environmental Laws means any federal, state or local laws, ordinances or codes, rules, orders, or regulations relating to pollution or protection of the environment, including, without limitation, laws relating to hazardous substances, laws relating to reclamation of land and waterways and laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollution, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, each as amended and modified from time to time.

ERISA Affiliate of a person or entity means any trade or business (whether or not incorporated) that is a member of a group of which such person or entity is a member and that is under common control with such person or entity within the meaning of Section 414 of the Internal Revenue Code of 1986, and the regulations promulgated and rulings issued thereunder, each as amended or modified from time to time.

ERISA Plan means an employee benefit plan maintained for employees of any Person or any ERISA Affiliate of such Person subject to Title IV of ERISA.

ERISA Termination Event means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to PBGC), or (i) the withdrawal of the Borrower or any of its ERISA Affiliates from an ERISA Plan during a plan year in which the Borrower or any of its ERISA Affiliates was a substantial employer as defined in Section 4001(a)(2) of ERISA, or (i) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (i) the institution of proceedings to terminate an ERISA Plan by the PBGC or to appoint a trustee to administer any ERISA Plan, or (i) any other event or condition that would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer any ERISA Plan.

Eurocurrency Liabilities has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

Eurodollar Lending Office means, with respect to any Lender, the office of such Lender specified as its Eurodollar Lending Office opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

Eurodollar Rate means, for the Interest Period for each Eurodollar Rate Advance made as part of the same Contract Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple)

of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England, to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance made as part of such Contract Borrowing and for a period equal to such Interest Period. The Eurodollar Rate for the Interest Period for each Eurodollar Rate Advance made as part of the same Contract Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

Eurodollar Rate Advance means a Contract Advance that bears interest as provided in Section 2.07(c).

Eurodollar Rate Reserve Percentage of any Lender for the Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

Events of Default has the meaning specified in Section 6.01.

Federal Funds Rate means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

Fee Letter means that certain letter agreement, dated October 10, 1995, between the Borrower and the Agent.

Guaranty Obligations means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the financial obligations of others, including, without limitation, Support Obligations.

Interest Period means, for each Contract Advance made as part of the same Contract Borrowing, the period commencing on the date of such Contract Advance or the date of the Conversion of any Contract Advance into such a Contract Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 30, 60, 90 or 180 days in the case of an Adjusted CD Rate Advance, and 1, 2, 3 or 6 months in the case of a Eurodollar Rate Advance, in each case as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) the Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Contract Advances made as part of the same Contract Borrowing shall be of the same duration; and

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, in the case of any Interest Period for a Eurodollar Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

Junior Subordinated Debentures means any junior subordinated deferrable interest debentures issued by any Significant Subsidiary or Entergy New Orleans from time to time.

Lenders means the Banks listed on the signature pages hereof and each Person that shall become a party hereto pursuant to Section 8.07.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person or any of its subsidiaries shall be deemed to own, subject to a Lien, any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

Majority Lenders means at any time Lenders holding at least 66-2/3% of the then aggregate unpaid principal amount of the Contract Notes held by Lenders, or, if no such principal amount is then outstanding, Lenders having at least 66-2/3% of the Commitments (without giving effect to

any termination in whole of the Commitments pursuant to Section 6.02), provided, that for purposes hereof, neither the Borrower, nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the Contract Advances or having such amount of the Commitments or (i) determining the aggregate unpaid principal amount of the Contract Advances or the total Commitments.

Moody s means Moody s Investors Service, Inc. or any successor thereto.

Multiemployer Plan means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

Non-Recourse Debt means any Debt of any subsidiary of the Borrower that does not constitute Debt of the Borrower, any Significant Subsidiary or Entergy New Orleans.

**Note means a Contract Note or an Auction Note.**

Notice of Contract Borrowing has the meaning specified in Section 2.02(a).

Notice of Auction Borrowing has the meaning specified in Section 2.03(a).

OECD means the Organization for Economic Cooperation and Development.

Original Credit Agreement has the meaning assigned to that term in the recitals to this Agreement.

PBGC means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

Person means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

Prepayment Event means the occurrence of any event or the existence of any condition under any agreement or instrument relating to any Debt of the Borrower or of a Significant Subsidiary that, in either case, is outstanding in a principal amount in excess of \$50,000,000 in the aggregate, which occurrence or event results in the declaration of such Debt being due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

Reference Banks means Citibank, The Bank of New York and Union Bank of Switzerland.

Register has the meaning specified in Section 8.07(c).

Reportable Event has the meaning assigned to that term in Title IV of ERISA.

S&P means Standard & Poor s Rating Group or any successor thereto.

SEC means the United States Securities and Exchange Commission.

SEC Order has the meaning specified in Section 3.01(a)(iii).

Senior Debt Rating means, as to any Person, the rating assigned by Moody s or S&P to the senior secured long- term debt of such Person.

SERI means Systems Energy Resources, Inc., an Arkansas corporation.

Significant Subsidiary means Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, SERI and any other domestic regulated utility subsidiary of the Borrower: (i) the total assets (after intercompany eliminations) of which exceed 5% of the total assets of the Borrower and its subsidiaries or (i) the net worth of which exceeds 5% of the Consolidated Net Worth of the Borrower and its subsidiaries, in each case as shown on the most recent audited consolidated balance sheet of the Borrower and its subsidiaries.

Support Obligations means any financial obligation, contingent or otherwise, of any Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt,

(i) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (i) to maintain working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (i) to provide equity capital under or in respect of equity subscription arrangements so as to assure any Person with respect to the payment of such Debt or the performance of such obligation, or (i) to provide financial support for the performance of, or to arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of payments under power purchase or other similar arrangements) of the primary obligor.

Termination Date means October 10, 1998, or such later date that may be established from time to time pursuant to Section 2.17 hereof, or, in either case, the earlier date of termination in whole of the Commitments pursuant to Section 2.05 or Section 6.02 hereof.

Yield means, for any Auction Advance, the effective rate per annum at which interest on such Auction Advance is payable, computed on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

SECTION 1.2. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word from means from and including and the words to and until each means to but excluding .

SECTION 1.3. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) hereof.

## ARTICLE II

### AMOUNTS AND TERMS OF THE ADVANCES

### AMOUNTS AND TERMS OF THE ADVANCES;

SECTION 2.1. The Contract Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Contract Advances to the Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount not to exceed at any time outstanding the amount set opposite such Lender s name on Schedule III hereto or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.05 (such Lender s Commitment ), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the Auction Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being an Auction Reduction ). Each Contract Borrowing shall be in an amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of Contract Advances of the same Type and, in the case of Eurodollar Rate Advances or Adjusted CD Rate Advances, having the same Interest Period made or Converted on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender s Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.11 and reborrow under this Section 2.01; provided, however, that at no time may the principal amount outstanding hereunder exceed the aggregate amount of the Commitments.

SECTION 2.2. Making the Contract Advances. (a) Each Contract Borrowing shall be made on notice, given (i) in the case of a Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Contract Borrowing, and (i) in the case of a Contract Borrowing comprising Base Rate Advances, not later than 11:00 A.M. (New York City time) on the date of the proposed Contract Borrowing, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof. Each such notice of a Contract Borrowing (a Notice of Contract Borrowing ) shall be by telecopier, telex or cable, confirmed immediately in writing, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (A) date of such Contract Borrowing, (A) Type of Contract Advances to be made in connection with such Contract Borrowing, (A) aggregate amount of such Contract Borrowing, and (A) in the case of a Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, initial Interest Period for each such Contract Advance. Each Lender shall, before (x) 12:00 noon (New York City time) on the date of any Contract Borrowing comprising Adjusted CD Rate Advances or Eurodollar Rate Advances, and (y) 1:00 P.M. (New York City time) on the date of any Contract Borrowing comprising Base Rate Advances, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02, in same day funds, such Lender s ratable portion of such Contract Borrowing. After the Agent s receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent s aforesaid address.

(b) Each Notice of Contract Borrowing shall be irrevocable and binding on the Borrower. In the case of any Notice of Contract Borrowing requesting Adjusted CD Rate Advances or Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Contract Borrowing for such Contract Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Contract Advance to be made by such Lender as part of such Contract Borrowing when such Contract Advance, as a result of such failure, is not made on such date.

(c) Unless the Agent shall have received notice from a Lender prior to the date of any Contract Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Contract Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Contract Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower (following the Agent's demand on such Lender for the corresponding amount) severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Contract Advances made in connection with such Contract Borrowing and

(i) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Contract Advance as part of such Contract Borrowing for purposes of this Agreement.

(d) The failure of any Lender to make the Contract Advance to be made by it as part of any Contract Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Contract Advance on the date of such Contract Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Contract Advance to be made by such other Lender on the date of any Contract Borrowing.

SECTION 2.3. The Auction Advances. (a) Each Lender severally agrees that the Borrower may request Auction Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 15 days prior to the Termination Date in the manner set forth below; provided that, following the making of each Auction Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any Auction Reduction).

(i) The Borrower may request an Auction Borrowing by delivering to the Agent (A) by telecopier, telex or cable, confirmed immediately in writing, a notice of an Auction Borrowing (a Notice of Auction Borrowing), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed Auction Borrowing, the maturity date for repayment of each Auction Advance to be made as part of such Auction Borrowing (which maturity date may not be earlier than the date occurring 14 days after the date of such Auction Borrowing or later than the earlier to occur of (1) 180 days after the date of the proposed Auction Borrowing and (1) the Termination Date), the interest payment date or dates relating thereto (which shall occur at least every 90 days), and any other terms to be applicable to such Auction Borrowing, not later than 10:00 A.M. (New York City time) (x) at least one Business Day prior to the date of the proposed Auction Borrowing, if the Borrower shall specify in the Notice of Auction Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum and (y) at least five Business Days prior to the date of the proposed Auction Borrowing, if the Borrower shall specify in the Notice of Auction Borrowing the basis (such as a quoted London interbank offered rate or the Federal Funds Rate) to be used by the Lenders in determining the rates of interest to be offered by them and (A) payment in full to the Agent of the aggregate auction administration fee specified in Section 2.04(b) hereof. The Agent shall in turn promptly notify each Lender of each request for an Auction Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of Auction Borrowing.

(ii) Each Lender may, in its sole discretion, if it elects to do so, irrevocably offer to make one or more Auction Advances to the Borrower as part of such proposed Auction Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) (A) on the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(x) of paragraph (i), above, and (A) three Business Days before the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(y) of paragraph (i), above, of the minimum amount and maximum amount of each Auction Advance that such Lender would be willing to make as part of such proposed Auction Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's Commitment), the rate or rates of interest therefor, the basis, rate and margin used by such Lender (if applicable) in determining the rate or rates of interest so offered and the Yield (if different from such rate or rates), the interest period relating thereto and such Lender's Applicable Lending Office with respect to such Auction Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Auction Advance as part of such Auction Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Auction Advance as part of such proposed Auction Borrowing.

(iii) The Borrower shall, in turn, (A) before 11:00 A.M. (New York City time) on the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(x) of paragraph (i), above and (A) before 1:00 P.M. (New York City time) three Business Days before the date of such proposed Auction Borrowing, in the case of a Notice of Auction Borrowing delivered pursuant to clause (A)(y) of paragraph (i), above, either

(1) cancel such Auction Borrowing by giving the Agent notice to that effect, or

(2) irrevocably accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, subject only to the provisions of this paragraph (iii), by giving notice to the Agent of the amount of each Auction Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such Auction Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such Auction Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect; provided, however, that (w) the Borrower shall not accept an offer made pursuant to paragraph (ii) above, at any Yield if the Borrower shall have, or shall be deemed to have, rejected any other offer made pursuant to paragraph (ii) above, at a lower Yield,

(x) if the Borrower declines to accept, or is otherwise restricted by the provisions of this Agreement from accepting, the maximum aggregate principal amount of Auction Borrowings offered at the same Yield pursuant to paragraph (ii) above, then the Borrower shall accept a pro rata portion of each offer made at such Yield, based as nearly as possible on the ratio of the aggregate principal amount of such offers to be accepted by the Borrower to the maximum aggregate principal amount of such offers made pursuant to paragraph (ii) above (rounding up or down to the next higher or lower multiple of \$1,000,000), (y) no offer made pursuant to paragraph (ii) above shall be accepted unless the Auction Borrowing in respect of such offer is in an integral multiple of \$1,000,000 and the aggregate amount of such offers accepted by the Borrower is equal to at least \$5,000,000, and (z) no offer made pursuant to paragraph (ii) above shall be accepted at any interest rate in excess of the Base Rate then in effect plus 2% per annum (or such higher rate as may be permitted by applicable law, regulation or order).

Any offer or offers made pursuant to paragraph (ii) above not expressly accepted or rejected by the Borrower in accordance with this paragraph (iii) shall be deemed to have been rejected by the Borrower.

(iv) If the Borrower notifies the Agent that such Auction Borrowing is canceled pursuant to clause (1) of paragraph (iii) above, the Agent shall give prompt notice thereof to the Lenders and such Auction Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to clause (2) of paragraph (iii) above, the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Auction Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (A) each Lender that is to make an Auction Advance as part of such Auction Borrowing of the amount of each Auction Advance to be made by such Lender as part of such Auction Borrowing, and (A) each Lender that is to make an Auction Advance as part of such Auction Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make an Auction Advance as part of such Auction Borrowing shall, before 12:00 noon (New York City time) on the date of such Auction Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at its address referred to in Section 8.02 such Lender's portion of such Auction Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agent's aforesaid address. Promptly after each Auction Borrowing the Agent will notify each Lender of the amount of the Auction Borrowing, the consequent Auction Reduction and the dates upon which such Auction Reduction commenced and will terminate.

(vi) If the Borrower accepts one or more of the offers made by any Lender pursuant to clause (B) of paragraph (iii) above, the Borrower shall indemnify such Lender against any loss, cost or expense incurred by such Lender as a result of any failure by the Borrower to fulfill on or before the date specified for such Auction Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by such Lender to fund the Auction Advance to be made by such Lender as part of such Auction Borrowing when such Auction Advance, as a result of such failure, is not made on such date.

(b) Each Auction Borrowing shall be in an amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Auction Borrowing, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, provided that an Auction Borrowing shall not be made within three Business Days of the date of any other Auction Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Lender that has made an Auction Advance, or each other holder of an Auction Note, on the maturity date of each Auction Advance (such maturity date being that specified by the Borrower for repayment of such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i) above and provided in the Auction Note evidencing such Auction Advance), the then unpaid principal amount of such Auction Advance. The Borrower shall have no right to prepay any principal amount of any Auction Advance unless, and then only on the terms, specified by the Borrower for such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i)(A) above and set forth in the Auction Note evidencing such Auction Advance.

(e) The Borrower shall pay interest on the unpaid principal amount of each Auction Advance from the date of such Auction Advance to the date

the principal amount of such Auction Advance is repaid in full, at the rate of interest for such Auction Advance specified by the Lender making such Auction Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by the Borrower for such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i) above, as provided in the Auction Note evidencing such Auction Advance; provided, however, that, if and for so long as a Prepayment Event or an Event of Default shall have occurred and be continuing, the unpaid principal amount of each Auction Advance shall (to the fullest extent permitted by law) bear interest until paid in full at a rate per annum equal at all times to the Base Rate plus 2% per annum, payable upon demand.

(f) The indebtedness of the Borrower resulting from each Auction Advance made to the Borrower as part of an Auction Borrowing shall be evidenced by a separate Auction Note of the Borrower payable to the order of the Lender making such Auction Advance.

SECTION 2.4. Fees. (a) The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee on the average daily unused portion of such Lender's Commitment (without giving effect to any Auction Reduction) from the date hereof in the case of each Bank, and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender, in the case of each other Lender, until the earlier to occur of the Termination Date and, in the case of the termination in whole of a Lender's Commitment pursuant to Section 2.05, the date of such termination, payable on the last day of each March, June, September and December during such period, and on the Termination Date, at the rate per annum set forth below determined by reference to combined Senior Debt Ratings from time to time of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings:

Significant Subsidiary with highest Senior Debt Rating

	Senior Debt Rating	A- and A3 or above	BBB+ and Baa1 or BBB and Baa2 or split rated	BBB- and Baa3 or split rated above BB+
and/or			above	Bal or below or unrated
	A- and A3 or above	.125%	.1375%	.18% .23%
Significant Subsidiary with next highest Senior Debt Rating	BBB+ and Baa1 or BBB and Baa2 or split rated above	.1375%	.17%	.1875% .25%
	BBB- and Baa3 or split rated above	.18%	.1875%	.20% .30%
	BB+ and/or Bal or below or unrated	.23%	.25%	.30% .30%

Any change in the commitment fee will be effective as of the date on which S&P or Moody's, as the case may be, announces the applicable change in any Senior Debt Rating.

(b) The Borrower agrees to pay to the Agent for its own account an auction administration fee in the amount of \$2,000 in respect of each Auction Borrowing requested by the Borrower pursuant to Section 2.03(a)(i), payable on the date of such request.

SECTION 2.5. Reduction of the Commitments. (a) The Borrower shall have the right, upon at least three Business Days notice to the Agent, to

terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount that is less than the aggregate principal amount of the Auction Advances then outstanding, and provided, further, that each partial reduction shall be in the aggregate amount of \$1,000,000 or an integral multiple thereof.

(b) Notwithstanding any other provision of this Agreement or the Notes (and without further notice to the Borrower), 364 days following the date, if any, on which the combined Senior Debt Ratings of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings shall be BB+ or Ba1 or below, the Commitments hereunder shall terminate in whole and this Agreement shall terminate.

**SECTION 2.6. Repayment of Contract Advances.** The Borrower shall repay the principal amount of each Contract Advance made by each Lender in accordance with the Contract Note to the order of such Lender.

**SECTION 2.7. Interest on Contract Advances.** The Borrower shall pay interest on the unpaid principal amount of each Contract Advance made by each Lender from the date of such Contract Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) **Base Rate Advances.** If such Contract Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September and December and on the date such Base Rate Advance shall be Converted or paid in full.

(b) **Adjusted CD Rate Advances.** If such Contract Advance is an Adjusted CD Rate Advance, a rate per annum equal at all times during the Interest Period for such Contract Advance to the sum of the Adjusted CD Rate for such Interest Period plus the Applicable Margin for such Adjusted CD Rate Advance in effect from time to time, payable on the last day of each Interest Period for such Adjusted CD Rate Advance and on the date such Adjusted CD Rate Advance shall be Converted or paid in full and, if such Interest Period has a duration of more than 90 days, on each day that occurs during such Interest Period every 90 days from the first day of such Interest Period.

(c) **Eurodollar Rate Advances.** Subject to Section 2.08, if such Contract Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during the Interest Period for such Contract Advance to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin for such Eurodollar Rate Advance in effect from time to time, payable on the last day of each Interest Period for such Eurodollar Rate Advance and on the date such Eurodollar Rate Advance shall be Converted or paid in full and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period.

**SECTION 2.8. Additional Interest on Eurodollar Rate Advances.** The Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Contract Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Contract Advance from (i) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Contract Advance. Such additional interest shall be determined by such Lender and notified to the Borrower through the Agent, and such determination shall be conclusive and binding for all purposes, absent manifest error.

**SECTION 2.9. Interest Rate Determination.** (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Adjusted CD Rate or Eurodollar Rate, as applicable. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a), (b) or (c), and the applicable rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 2.07(b) or (c).

(c) If fewer than two Reference Banks furnish timely information to the Agent for determining the Adjusted CD Rate for any Adjusted CD Rate Advances, or the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be,

(ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make, or to Convert Contract Advances into, Adjusted CD Rate Advances or Eurodollar Rate Advances, as the case may be, shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

#### SECTION 2.10. Conversion of Contract Advances.

(a) Voluntary. The Borrower may, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09 and 2.13, on any Business Day, Convert all Contract Advances of one Type made in connection with the same Contract Borrowing into Advances of another Type; provided, however, that any Conversion of, or with respect to, any Adjusted CD Rate Advances or Eurodollar Rate Advances into Advances of another Type shall be made on, and only on, the last day of an Interest Period for such Adjusted CD Rate Advances or Eurodollar Rate Advances, unless the Borrower shall also reimburse the Lenders in respect thereof pursuant to

Section 8.04(b) on the date of such Conversion. Each such notice of a Conversion (a Notice of Conversion ) shall be by telecopier, telex or cable, confirmed immediately in writing, in substantially the form of Exhibit B-3 hereto, specifying therein

(i) the date of such Conversion, (i) the Contract Advances to be Converted, and (i) if such Conversion is into, or with respect to, Adjusted CD Rate Advances or Eurodollar Rate Advances, the duration of the Interest Period for each such Contract Advance.

(b) Mandatory. If a Borrower shall fail to select the Type of any Contract Advance or the duration of any Interest Period for any Contract Borrowing comprising Eurodollar Rate Advances or Adjusted CD Rate Advances in accordance with the provisions contained in the definition of Interest Period in Section 1.01 and Section 2.10(a), or if any proposed Conversion of a Contract Borrowing that is to comprise Eurodollar Rate Advances or Adjusted CD Rate Advances upon Conversion shall not occur as a result of the circumstances described in paragraph (c) below, the Agent will forthwith so notify the Borrower and the Lenders, and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(c) Failure to Convert. Each notice of Conversion given pursuant to subsection (a) above shall be irrevocable and binding on the Borrower. In the case of any Contract Borrowing that is to comprise Eurodollar Rate Advances or Adjusted CD Rate Advances upon Conversion, the Borrower agrees to indemnify each Lender against any loss, cost or expense incurred by such Lender if, as a result of the failure of the Borrower to satisfy any condition to such Conversion (including, without limitation, the occurrence of any Prepayment Event or Event of Default, or any event that would constitute an Event of Default or a Prepayment Event with notice or lapse of time or both), such Conversion does not occur. The Borrower's obligations under this subsection (c) shall survive the repayment of all other amounts owing to the Lenders and the Agent under this Agreement and the Notes and the termination of the Commitments.

SECTION 2.11. Prepayments. The Borrower may, upon at least two Business Days notice to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Advances made as part of the same Contract Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (i) each partial prepayment shall be in an aggregate principal amount not less than \$1,000,000 or any integral multiple of \$100,000 in excess thereof and (i) in the case of any such prepayment of an Adjusted CD Advance or Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(b) on the date of such prepayment.

#### SECTION 2.12. Increased Costs. (a) If, due to either

(i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Adjusted CD Rate Advances, included in the Adjusted CD Rate Reserve Percentage or, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (i) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Adjusted CD Rate Advances or Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be

maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type (including such Lender's commitment to lend hereunder) or the Advances, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall immediately pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder or the Advances made by such Lender. A certificate in reasonable detail as to such amounts submitted to the Borrower and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

**SECTION 2.13. Illegality.** Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or change in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of the Lenders to make, or to Convert Contract Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist and (i) the Borrower shall forthwith prepay in full all Eurodollar Rate Advances of all Lenders then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of notice from the Agent, Converts all Eurodollar Rate Advances of all Lenders then outstanding into Advances of another Type in accordance with Section 2.10.

**SECTION 2.14. Payments and Computations.** (a) The Borrower shall make each payment hereunder and under the Notes not later than 12:00 noon (New York City time) on the day when due in U.S. dollars to the Agent at its address referred to in Section 8.02 in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or commitment fees ratably (other than amounts payable pursuant to Section 2.02(c), 2.03, 2.08, 2.12, 2.15 or 8.04(b)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder or under any Note held by such Lender, to charge from time to time to the extent permitted by law against any or all of the Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Adjusted CD Rate, the Eurodollar Rate or the Federal Funds Rate and of commitment fees and interest payable on Auction Advances shall be made by the Agent, and all computations of interest pursuant to Section 2.08 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or commitment fees are payable. Each determination by the Agent (or, in the case of Section 2.08, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

(f) Notwithstanding anything to the contrary contained herein, any amount payable by the Borrower hereunder or under any Note that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall (to the fullest extent permitted by law) bear interest from the date when due until paid in full at a rate per annum equal at all times to the Base Rate plus 2%, payable upon demand.

**SECTION 2.15. Taxes.** (a) Any and all payments by the Borrower hereunder or under the Contract Notes shall be made, in accordance with Section 2.14, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction

of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as Taxes ). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.15) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (i) the Borrower shall make such deductions and (i) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as Other Taxes ).

(c) The Borrower will indemnify each Lender and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.15) paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor. Nothing herein shall preclude the right of the Borrower to contest any such Taxes or Other Taxes so paid, and the Lenders in question or the Agent (as the case may be) will, following notice from, and at the expense of, the Borrower, take such actions as the Borrower may reasonably request to preserve the Borrower's rights to contest such Taxes or Other Taxes, and, promptly following receipt of any refund of amounts with respect to Taxes or Other Taxes for which such Lenders or the Agent were previously indemnified under this Section 2.15, pay to the Borrower such refunded amounts (including any interest paid by the relevant taxing authority with respect to such amounts).

(d) Prior to the date of the initial Borrowing in the case of each Bank, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter if requested by the Borrower or the Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Agent and the Borrower with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under the Notes. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Agent and the Borrower in writing to that effect. Unless the Borrower and the Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under any Note are not subject to United States withholding tax, the Borrower or, if the Borrower fails to do so, the Agent, shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States.

(e) Any Lender claiming any additional amounts payable pursuant to this Section 2.15 shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office or take other actions customary or otherwise reasonable under the circumstances if the making of such a change or the taking of such actions would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(f) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.15 shall survive the payment in full of principal and interest hereunder and under the Notes.

**SECTION 2.16. Sharing of Payments, Etc.** If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Contract Advances made by it (other than pursuant to Section 2.02(c), 2.08, 2.12, 2.15 or 8.04(b)) in excess of its ratable share of payments on account of the Contract Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Contract Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (i) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

**SECTION 2.17. Extension of Termination Date.** (a) Unless the Termination Date shall have occurred, at least 90 but not more than 180 days prior to the then-effective Termination Date, the Borrower may request the Lenders, by written notice to the Agent, to consent to a one-year extension of the Termination Date. Each Lender shall, in its sole discretion, determine whether to consent to such request and shall notify the Agent of its determination within 30 days of such Lender's receipt of notice of such request. If such request shall have been consented to by all the Lenders, the Agent shall notify the Borrower in writing of such consent, and such extension shall become effective upon the delivery by the

Borrower to the Agent and each Lender, on or prior to the then effective Termination Date, of (i) a certificate of a duly authorized officer of the Borrower, dated such date, as to the accuracy, both before and after giving effect to such proposed extension, of the representations and warranties set forth in Section 4.01 (including, without limitation, with respect to any required governmental approvals) and as to the absence, both before and after giving effect to such proposed extension, of any Prepayment Event, any Event of Default or any event that with the giving of notice or the passage of time or both would constitute an Event of Default and (i) an opinion of counsel to the Borrower as to the extension of the Termination Date and such other matters as any Lender, through the Agent, may reasonably request.

(b) Notwithstanding any other provision of this Agreement, the Termination Date may be extended no more than twice pursuant to subsection (a) above.

### ARTICLE III

#### CONDITIONS OF LENDING

#### CONDITIONS OF LENDING;

SECTION 3.1. Condition Precedent to Initial Advances. The obligation of each Lender to make its initial Advance is subject to the conditions precedent that on or before the date of such Advance:

(a) The Agent shall have received the following, each dated the same date (except for the financial statements referred to in paragraph (iv) below), in form and substance satisfactory to the Agent and (except for the Contract Notes) with one copy for each Lender:

(i) The Contract Notes payable to the order of each of the Lenders, respectively;

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes, and of all documents evidencing other necessary corporate action with respect to this Agreement and the Notes;

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder; (A) that attached thereto are true and correct copies of the Certificate of Incorporation and the By-laws of the Borrower, in each case in effect on such date; and (A) that attached thereto are true and correct copies of all governmental and regulatory authorizations and approvals required for the due execution, delivery and performance of this Agreement and the Notes, including, without limitation, a copy of the order (File No. 70-8149) of the SEC under the Public Utility Holding Company Act of 1935 authorizing the Borrower's execution, delivery and performance of this Agreement and the Notes (the SEC Order);

(iv) Copies of the consolidated balance sheets of the Borrower and its subsidiaries as of December 31, 1994, and the related consolidated statements of income, retained earnings and cash flows of the Borrower and its subsidiaries for the fiscal year then ended, and copies of the consolidated financial statements of the Borrower and its subsidiaries as of June 30, 1995, in each case certified by a duly authorized officer of the Borrower as having been prepared in accordance with generally accepted accounting principles consistently applied;

(v) A favorable opinion of counsel for the Borrower, acceptable to the Agent, substantially in the form of Exhibit D hereto and as to such other matters as any Lender through the Agent may reasonably request;

(vi) A favorable opinion of King & Spalding, Special New York counsel for the Agent, substantially in the form of Exhibit E hereto; and

(vii) A duly executed and delivered Form U-1, in the form prescribed by Regulation U issued by the Board of Governors of the Federal Reserve System.

(b) The Agent shall have received the fees payable pursuant to the Fee Letter.

SECTION 3.2. Conditions Precedent to Each Contract Borrowing. The obligation of each Lender to make a Contract Advance on the occasion of each Contract Borrowing (including the initial Contract Borrowing) shall be subject to the further conditions precedent that on the date of such Contract Borrowing

(i) the following statements shall be true (and each of the giving of the applicable Notice of Contract Borrowing or Notice of Conversion and the acceptance by the Borrower of any proceeds of a Contract Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Contract Borrowing or Conversion, as applicable, such statements are true):

(A) The representations and warranties contained in Section 4.01 (excluding those contained in subsections (e) and (f) thereof if such Contract Borrowing does not increase the aggregate outstanding principal amount of Contract Advances over the aggregate outstanding principal amount of all Contract Advances immediately prior to the making of such Contract Borrowing) are correct on and as of the date of such Contract Borrowing, before and after giving effect to such Contract Borrowing and to the application of the proceeds therefrom, as though made on and

as of such date;

(B) No event has occurred and is continuing, or would result from such Contract Borrowing or from the application of the proceeds therefrom, that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default or a Prepayment Event with notice or lapse of time or both; and

(ii) The Agent shall have received such other approvals, opinions or documents with respect to the truth of the foregoing statements (A) and (B) as any Lender through the Agent may reasonably request.

**SECTION 3.3. Conditions Precedent to Each Auction Borrowing.** The obligation of each Lender that is to make an Auction Advance as part of any Auction Borrowing (including the initial Auction Borrowing) to make such Auction Advance is subject to the conditions precedent that on the date of such Auction Borrowing:

(i) The Agent shall have received the written confirmatory Notice of Auction Borrowing with respect thereto;

(ii) The Agent shall have received an Auction Note, duly executed by the Borrower, payable to the order of such Lender for each of the Auction Advances to be made by such Lender as part of such Auction Borrowing, in a principal amount equal to the principal amount of the Auction Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Auction Advance in accordance with Section 2.03;

(iii) The following statements shall be true (and each of the giving of the applicable Notice of Auction Borrowing and the acceptance by a Borrower of the proceeds of such Auction Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Auction Borrowing such statements are true):

(A) The representations and warranties contained in Section 4.01 are correct on and as of the date of such Auction Borrowing, before and after giving effect to such Auction Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(B) No event has occurred and is continuing, or would result from such Auction Borrowing or from the application of the proceeds therefrom, that constitutes a Prepayment Event or an Event of Default or that would constitute an Event of Default or a Prepayment Event with notice or lapse of time or both; and

(C) The Borrower shall have delivered to the Agent copies of such other approvals and documents with respect to the truth of the foregoing statements (A) and (B) as any Lender through the Agent may reasonably request.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES**

### **REPRESENTATIONS AND WARRANTIES;**

**SECTION 4.1. Representations and Warranties of the Borrower.** The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business as a foreign corporation in each jurisdiction in which the nature of the business conducted or the property owned, operated or leased by it requires such qualification, except where failure to so qualify would not materially adversely affect its condition (financial or otherwise), operations, business, properties, or prospects.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene

(i) the Borrower's charter or by-laws, (i) law applicable to the Borrower or its properties or (i) any contractual or legal restriction binding on or affecting the Borrower or its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes, except for the following (each of which has been duly filed or obtained, and is final and in full force and effect): (i) the filing of the Declaration on Form U-1 and amendments and exhibits thereto in File No. 70-8149 and

(i) the SEC Order.

(d) This Agreement is, and the Notes when delivered hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, subject, however, to any applicable bankruptcy, reorganization, rearrangement, moratorium or similar laws affecting generally the enforcement of creditors' rights and remedies and to general principles of equity (regardless

of whether enforceability is considered in a proceeding in equity or at law).

(e) The consolidated financial statements of the Borrower and its subsidiaries as of December 31, 1994 and for the year ended on such date, as set forth in the Borrower's Annual Report on Form 10-K for the fiscal year ended on such date, as filed with the SEC, accompanied by an opinion of Coopers & Lybrand, and the consolidated financial statements of the Borrower and its subsidiaries as of June 30, 1995, and for the six-month period ended on such date set forth in the Borrower's Quarterly Report on Form 10-Q for the fiscal quarter ended on such date, as filed with the SEC, copies of each of which have been furnished to each Bank, fairly present (subject, in the case of such statements dated June 30, 1995, to year-end adjustments) the consolidated financial condition of the Borrower and its subsidiaries as at such dates and the consolidated results of the operations of the Borrower and its subsidiaries for the periods ended on such dates, in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Borrower's Quarterly Report on Form 10-Q for the fiscal period ended June 30, 1995, since December 31, 1994, there has been no material adverse change in the financial condition or operations of the Borrower.

(f) Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, and the Borrower's Quarterly Report on Form 10-Q for the period ended June 30, 1995, there is no pending or threatened action or proceeding affecting the Borrower or any of its subsidiaries before any court, governmental agency or arbitrator that, if determined adversely, could reasonably be expected to have a material adverse effect upon the condition (financial or otherwise), operations, business, properties or prospects of the Borrower or on its ability to perform its obligations under this Agreement or any Note, or that purports to affect the legality, validity, binding effect or enforceability of this Agreement or any Note. There has been no change in any matter disclosed in such filings that could reasonably be expected to result in such a material adverse effect.

(g) No event has occurred and is continuing that constitutes a Prepayment Event or an Event of Default or that would constitute an Event of Default or a Prepayment Event but for the requirement that notice be given or time elapse or both.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and not more than 25% of the value of the assets of the Borrower and its subsidiaries subject to the restrictions of Section 5.02(a), (c) or (d) is, on the date hereof, represented by margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(i) The Borrower is not an investment company or a company controlled by an investment company within the meaning of the Investment Company Act of 1940, as amended, or an investment advisor within the meaning of the Investment Company Act of 1940, as amended. The Borrower is a holding company as that term is defined in, and is registered under, the Public Utility Holding Company Act of 1935.

(j) No ERISA Termination Event has occurred, or is reasonably expected to occur, with respect to any ERISA Plan that may materially and adversely affect the condition (financial or otherwise), operations, business, properties or prospects of the Borrower and its subsidiaries, taken as a whole.

(k) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) with respect to each ERISA Plan, copies of which have been filed with the Internal Revenue Service and furnished to the Banks, is complete and accurate and fairly presents the funding status of such ERISA Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(l) The Borrower has not incurred, and does not reasonably expect to incur, any withdrawal liability under ERISA to any Multiemployer Plan.

## ARTICLE V

### COVENANTS OF THE BORROWER

### COVENANTS OF THE BORROWER;

SECTION 5.1. Affirmative Covenants. So long as any Note or any amount payable by the Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will, unless the Majority Lenders shall otherwise consent in writing:

(a) Keep Books; Corporate Existence; Maintenance of Properties; Compliance with Laws; Insurance; Taxes.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(ii) except as otherwise permitted by Section 5.02(c), preserve and keep in full force and effect its existence and preserve and keep in full force and effect its licenses, rights and franchises to the extent necessary to carry on its business;

(iii) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and from time to time make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent such properties are not obsolete and not necessary to carry on its business;

(iv) comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or its property, except to the extent being contested in good faith by appropriate proceedings, and compliance with ERISA and Environmental Laws;

(v) maintain insurance with responsible and reputable insurance companies or associations or through its own program of self-insurance in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which it operates and furnish to the Agent, within a reasonable time after written request therefor, such information as to the insurance carried as any Lender, through the Agent, may reasonably request; and

(vi) pay and discharge its obligations and liabilities in the ordinary course of business, except to the extent that such obligations and liabilities are being contested in good faith by appropriate proceedings.

(b) Use of Proceeds. The Borrower may use the proceeds of the Borrowings for only: (i) general corporate purposes, and (i), subject to the terms and conditions of this Agreement, repurchases of common stock of the Borrower and/or investments in nonregulated and/or nonutility businesses.

(c) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, (A) consolidated balance sheets of the Borrower and its subsidiaries as of the end of such quarter and (A) consolidated statements of income and retained earnings of the Borrower and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, each certified by the duly authorized officer of the Borrower as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(ii) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a copy of the annual report for such year for the Borrower and its subsidiaries, containing consolidated financial statements for such year certified without qualification by Coopers & Lybrand (or such other nationally recognized public accounting firm as the Agent may approve), and certified by a duly authorized officer of the Borrower as having been prepared in accordance with generally accepted accounting principles, consistently applied;

(iii) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower and within 120 days after the end of the fiscal year of the Borrower, a certificate of the duly authorized officer of the Borrower, stating that no Prepayment Event or Event of Default has occurred and is continuing, or if a Prepayment Event or Event of Default has occurred and is continuing, a statement setting forth details of such Prepayment Event or Event of Default, as the case may be, and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) as soon as possible and in any event within five days after the Borrower has knowledge of the occurrence of each Prepayment Event, Event of Default and each event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the duly authorized officer of the Borrower setting forth details of such Prepayment Event, Event of Default or event, as the case may be, and the actions that the Borrower has taken and proposes to take with respect thereto;

(v) as soon as possible and in any event within five days after the Borrower receives notice of the commencement of any litigation against, or any arbitration, administrative, governmental or regulatory proceeding involving, the Borrower or any of its subsidiaries, that, if adversely determined, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), operations, business, properties or prospects of the Borrower, notice of such litigation describing in reasonable detail the facts and circumstances concerning such litigation and the Borrower's or such subsidiary's proposed actions in connection therewith;

(vi) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its securities holders, and copies of all reports and registration statements which the Borrower files with the SEC or any national securities exchange pursuant to the Securities Act of 1933 or the Exchange Act, and of all certificates pursuant to Rule 24 which the Borrower files with the SEC pursuant to the Public Utility Holding Company Act of 1935 in connection with the proceeding of the SEC in File No. 70-8149 related to the SEC Order or any subsequent proceedings related thereto;

(vii) as soon as possible and in any event (A) within 30 days after the Borrower knows or has reason to know that any ERISA Termination Event described in clause (i) of the definition of ERISA Termination Event with respect to any ERISA Plan has occurred and (A) within 10 days after the Borrower knows or has reason to know that any other ERISA Termination Event with respect to any ERISA Plan has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Termination Event and the action, if any, that the Borrower proposes to take with respect thereto;

(viii) promptly and in any event within two Business Days after receipt thereof by the Borrower from the PBGC, copies of each notice received by the Borrower of the PBGC's intention to terminate any ERISA Plan or to have a trustee appointed to administer any ERISA Plan;

(ix) promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each ERISA Plan;

(x) promptly and in any event within five Business Days after receipt thereof by the Borrower from a Multiemployer Plan sponsor, a copy of each notice received by the Borrower concerning the imposition of withdrawal liability pursuant to Section 4202 of ERISA;

(xi) promptly and in any event within five Business Days after Moody's or S&P has changed any Senior Debt Rating of any Significant Subsidiary, notice of such change; and

(xii) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its subsidiaries as any Lender through the Agent may from time to time reasonably request.

**SECTION 5.2. Negative Covenants.** So long as any Note or any amount payable by the Borrower hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Lenders:

(a) Liens, Etc. Create or suffer to exist any Lien upon or with respect to any of its properties (including, without limitation, any shares of any class of equity security of any of its Significant Subsidiaries or of Entergy New Orleans), in each case to secure or provide for the payment of Debt, other than: (i) Liens in existence on the date of this Agreement; (i) Liens for taxes, assessments or governmental charges or levies to the extent not past due, or which are being contested in good faith in appropriate proceedings diligently conducted and for which the Borrower has provided adequate reserves for the payment thereof in accordance with generally accepted accounting principles; (i) pledges or deposits in the ordinary course of business to secure obligations under worker's compensation laws or similar legislation; (i) other pledges or deposits in the ordinary course of business (other than for borrowed monies) that, in the aggregate, are not material to the Borrower; (i) purchase money mortgages or other liens or purchase money security interests upon or in any property acquired or held by the Borrower in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property;

(i) Liens imposed by law such as materialmen's, mechanics', carriers', workers and repairmen's Liens and other similar Liens arising in the ordinary course of business for sums not yet due or currently being contested in good faith by appropriate proceedings diligently conducted; (i) attachment, judgment or other similar Liens arising in connection with court proceedings, provided that such Liens, in the aggregate, shall not exceed \$50,000,000 at any one time outstanding, (i) other Liens not otherwise referred to in the foregoing clauses (i) through (vii) above, provided that such Liens, in the aggregate, shall not exceed \$100,000,000 at any one time and (i) Liens created for the sole purpose of extending, renewing or replacing in whole or in part Debt secured by any Lien referred in the foregoing clauses (i) through (viii) above, provided that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement, as the case may be, shall be limited to all or a part of the property or Debt that secured the Lien so extended, renewed or replaced (and any improvements on such property); provided, further, that no Lien permitted under the foregoing clauses (i) through

(ix) shall be placed upon any shares of any class of equity security of any Significant Subsidiary or of Entergy New Orleans unless the obligations of the Borrower to the Lenders hereunder are simultaneously and ratably secured by such Lien pursuant to documentation satisfactory to the Lenders.

(b) Limitation on Debt. Permit the total principal amount of all Debt of the Borrower and its subsidiaries, determined on a consolidated basis and without duplication of liability therefor, at any time to exceed 65% of Capitalization determined as of the last day of the most recently ended fiscal quarter of the Borrower; provided, however, that for purposes of this Section 5.02(b) Debt and Capitalization shall not include (i) Junior Subordinated Debentures issued to a subsidiary trust which has issued preferred securities that are included in the calculation of Capitalization and (i) any Debt of any subsidiary of the Borrower that is Non-Recourse Debt.

(c) Mergers, Etc. Merge with or into or consolidate with or into any other Person, except that the Borrower may merge with any other Person, provided that, immediately after giving effect to any such merger, (i) the Borrower is the surviving corporation or (A) the surviving corporation is organized under the laws of one of the states of the United States of America and assumes the Borrower's obligations hereunder in a manner acceptable to the Majority Lenders, and (A) after giving effect to such merger, the Senior Debt Ratings of the two Significant Subsidiaries (other than SERI) having the highest Senior Debt Ratings shall be at least BBB- and Baa3, (i) no event shall have occurred and be continuing that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and (i) the Borrower shall not be liable with respect to any Debt or allow its property to be subject to any Lien which would not be permissible with respect to it or its property under this Agreement on the date of such transaction.

(d) Disposition of Assets. Sell, lease, transfer, convey or otherwise dispose of (whether in one transaction or in a series of transactions) any shares of voting common stock (or of stock or other instruments convertible into voting common stock) of any Significant Subsidiary or of Entergy New Orleans, or permit any Significant Subsidiary or Entergy New Orleans to issue, sell or otherwise dispose of any of its shares of

voting common stock (or of stock or other instruments convertible into voting common stock), except to the Borrower or a Significant Subsidiary.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

#### EVENTS OF DEFAULT AND REMEDIES;

SECTION 6.1. Events of Default. Each of the following events shall constitute an Event of Default hereunder:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable, or shall fail to pay interest thereon or any other amount payable under this Agreement or any of the Notes within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect or misleading in any material respect when made; or

(c) The Borrower shall fail to perform or observe

(i) any term, covenant or agreement contained in

Section 5.01(b) or 5.02 or (i) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) The Borrower shall fail to pay any principal of or premium or interest on any Debt of the Borrower that is outstanding in a principal amount in excess of \$50,000,000 in the aggregate (but excluding Debt evidenced by the Notes) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or

(e) The Borrower, any Significant Subsidiary or Entergy New Orleans shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower, any Significant Subsidiary or Entergy New Orleans seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower, any Significant Subsidiary or Entergy New Orleans shall take any corporate action to authorize or to consent to any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against the Borrower and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (i) there shall be any period of 10 consecutive Business Days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) An ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower shall fail to maintain the minimum funding standards required by Section 412 of the Internal Revenue Code of 1986 for any plan year or a waiver of such standard is sought or granted under Section 412(d) of the Internal Revenue Code of 1986, or (i) an ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or (i) the Borrower or any ERISA Affiliate of the Borrower has incurred or will incur a liability to or on account of an ERISA Plan under

Section 4062, 4063 or 4064 of ERISA and there shall result from such event either a liability or a material risk of incurring a liability to the PBGC or an ERISA Plan, or (i) any ERISA Termination Event with respect to an ERISA Plan of the Borrower or any ERISA Affiliate of the Borrower shall have occurred, and in the case of any event described in clauses (i) through (iv), (A) such event (if correctable) shall not have been corrected and (A) the then-present value of such ERISA Plan s vested benefits exceeds the then- current value of assets accumulated in such ERISA Plan by more than the amount of \$25,000,000 (or in the case of an ERISA Termination Event involving the withdrawal of a substantial employer (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer s proportionate share of such excess shall exceed such amount).

SECTION 6.2. Remedies. If any Prepayment Event or Event of Default shall occur and be continuing, then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (i) shall at the request, or may with the consent, of the Majority

Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower, any Significant Subsidiary or Entergy New Orleans under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (A) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

## **ARTICLE VII**

### **THE AGENT**

#### **THE AGENT;**

**SECTION 7.1. Authorization and Action.** Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

**SECTION 7.2. Agent s Reliance, Etc.** Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent:

(i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and any assignee pursuant to Section 8.07; (i) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (i) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement;

(i) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (i) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; and (i) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

**SECTION 7.3. Citibank and Affiliates.** With respect to its Commitment, the Advances made by it and the Notes issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term Lender or Lenders shall, unless otherwise expressly indicated, include Citibank in its individual capacity. Citibank and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any of its subsidiaries and any Person who may do business with or own securities of the Borrower or any such subsidiary, all as if Citibank were not the Agent and without any duty to account therefor to the Lenders.

**SECTION 7.4. Lender Credit Decision.** Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

**SECTION 7.5. Indemnification.** The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Contract Notes then held by each of them (or if no Contract Notes are at the time outstanding or if any Contract Notes are held by Persons which are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent s gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable

share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such expenses are reimbursable by the Borrower but for which the Agent is not reimbursed by the Borrower.

**SECTION 7.6. Successor Agent.** The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent, which, for so long as no Prepayment Event or Event of Default has occurred and is continuing, shall be a Lender and shall be approved by the Borrower (with such approval not to be unreasonably withheld or delayed). If no successor Agent shall have been so appointed by the Majority Lenders and approved by the Borrower, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Lenders removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States or of any other country that is a member of the OECD having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. Notwithstanding the foregoing, if no Prepayment Event or Event of Default, and no event that with the giving of notice or the passage of time, or both, would constitute an Prepayment Event or Event of Default, shall have occurred and be continuing, then no successor Agent shall be appointed under this Section 7.06 without the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed.

## **ARTICLE VIII**

### **MISCELLANEOUS**

### **MISCELLANEOUS;**

**SECTION 8.1. Amendments, Etc.** No amendment or waiver of any provision of this Agreement or the Contract Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than any Lender that is the Borrower or an Affiliate of the Borrower), do any of the following: (a) waive any of the conditions specified in Section 3.01, 3.02 or 3.03, (a) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (a) reduce the principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (a) postpone any date fixed for any payment of principal of, or interest on, the Contract Notes or any fees or other amounts payable hereunder, (a) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Contract Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder or (a) amend this Section 8.01 or Section 2.17(a); and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note.

**SECTION 8.2. Notices, Etc.** All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication)

and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to the Borrower, at its address at 639 Loyola Avenue, New Orleans, LA 70113, Attention: Treasurer; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 399 Park Avenue, New York, New York 10043, Attention:

Utilities Department, North American Finance Group; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Agent pursuant to Article II or VII shall not be effective until received by the Agent. Except as otherwise provided in Section 5.01(c), notices and other communications given by the Borrower to the Agent shall be deemed given to the Lenders.

**SECTION 8.3. No Waiver; Remedies Remedies;.** No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

**SECTION 8.4. Costs and Expenses; Indemnification Indemnification;.** (a) The Borrower agrees to pay on demand all costs and expenses incurred by the Agent in connection with the preparation, execution, delivery, syndication administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket

expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. Any invoices to the Borrower with respect to the aforementioned expenses shall describe such costs and expenses in reasonable detail. The Borrower further agrees to pay on demand all costs and expenses, if any (including, without limitation, counsel fees and expenses of outside counsel and of internal counsel), incurred by the Agent and the Lenders in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of, and the protection of the rights of the Lenders under, this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) If any payment of principal of, or Conversion of, any Adjusted CD Rate Advance or Eurodollar Rate Advance is made other than on the last day of the Interest Period for such Contract Advance, as a result of a payment or Conversion pursuant to Section 2.09(d), 2.10 or 2.13, acceleration of the maturity of the Notes pursuant to Section 6.02, assignment to another Lender upon demand of the Borrower pursuant to Section 8.07(h) or (i) or for any other reason, the Borrower shall, upon demand by any Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits upon such Lender's representation to the Borrower that it has made reasonable efforts to mitigate such loss), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Contract Advance. Any Lender making a demand pursuant to this Section 8.04(b) shall provide the Borrower with a written certification of the amounts required to be paid to such Lender, showing in reasonable detail the basis for the Lender's determination of such amounts; provided, however, that no Lender shall be required to disclose any confidential or proprietary information in any certification provided pursuant hereto, and the failure of any Lender to provide such certification shall not affect the obligations of the Borrower hereunder.

(c) The Borrower hereby agrees to indemnify and hold each Lender, the Agent and their respective Affiliates and their respective officers, directors, employees and professional advisors (each, an Indemnified Person) harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) that any of them may incur or which may be claimed against any of them by any person or entity by reason of or in connection with the execution, delivery or performance of this Agreement, the Notes or any transaction contemplated thereby, or the use by the Borrower or any of its subsidiaries of the proceeds of any Advance, except that no Indemnified Person shall be entitled to any indemnification hereunder to the extent that such claims, damages, losses, liabilities, costs or expenses are finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. The Borrower's obligations under this Section 8.04(c) shall survive the repayment of all amounts owing to the Lenders and the Agent under this Agreement and the Notes and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 8.04(c) are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

**SECTION 8.5. Right of Set-off.** Upon (i) the occurrence and during the continuance of any Event of Default or Prepayment Event and (ii) the making of the request or the granting of the consent specified by Section 6.02 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of

Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section

8.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

**SECTION 8.6. Binding Effect.** This Agreement shall become effective when it shall have been executed by the Borrower, the Agent and Lenders constituting the Majority Lenders (as defined in the Original Credit Agreement) and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

**SECTION 8.7. Assignments and Participations.** (a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Contract Advances owing to it and the Contract Note or Notes held by it); provided, however, that (i) the Borrower and the Agent shall have consented to such assignment (such consent not to be unreasonably withheld or delayed) by signing the Assignment and Acceptance referred to in clause (iv) below; (ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any Auction Advances or Auction Notes); (iii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 and shall be an integral multiple of \$1,000,000 (or shall be the total amount of the assigning Lender's Commitment); and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together

with any Contract Note or Notes subject to such assignment and a processing and recordation fee of \$2,500 (plus an amount equal to out-of-pocket legal expenses of the Agent, estimated by the Agent and advised to such parties). Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). Notwithstanding anything to the contrary contained in this Agreement, any Lender at any time may assign all or any portion of its rights and obligations under this Agreement to any Affiliate of such Lender.

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (i) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (i) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (i) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (i) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (i) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Contract Advances owing to, each Lender from time to time (the Register). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any Contract Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (i) record the information contained therein in the Register and (i) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Contract Note or Notes a new Contract Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Contract Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Contract Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Contract Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(e) Each Lender may assign to one or more banks or other entities any Auction Note or Notes held by it, without the consent of the Borrower.

(f) Each Lender may sell participations to one or more banks, financial institutions or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (i) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (i) such Lender shall remain the holder of any such Note for all purposes of this Agreement, and (i) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender.

(h) If any Lender shall fail to consent to the extension of the Termination Date within 30 days of receipt by such Lender of notice of any request

pursuant to Section 2.17, then upon termination of such 30-day period, the Borrower may demand that such Lender assign in accordance with this Section 8.07 to one or more assignees designated by the Borrower and acceptable to the Majority Lenders (provided that, for purposes of this determination by the Majority Lenders, the non-consenting Lender shall not be included in the Lenders holding Contract Advances or having Commitments) all (but not less than all) of such Lender's Commitment and the Contract Advances owing to it within the next 15 days. If any such assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such assignee for all of such Lender's Commitment or Advances, then such Lender may assign such Commitment and Advances to any other assignee acceptable to the Majority Lenders (provided that, for purposes of this determination by the Majority Lenders, the non-consenting Lender shall not be included in the Lenders holding Contract Advances or having Commitments) in accordance with this Section 8.07 during such 15-day period; it being understood for purposes of this Section 8.07(h) that such assignment shall be conclusively deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an assignee designated by the Borrower, if such assignee

(i) shall agree to such assignment in substantially the form of Exhibit C hereto and (i) shall offer compensation to such Lender in an amount equal to the sum of the principal amount of all Contract Advances outstanding to such Lender plus all interest accrued thereon to the date of such payment plus all other amounts payable by the Borrower to such Lender hereunder (whether or not then due) as of the date of such payment accrued in favor of such Lender hereunder.

(i) If any Lender shall make any demand for payment under Section 2.12 or 2.15, or if any Lender shall be the subject of any notification or assertion of illegality under Section 2.13, then within 30 days after any such demand (if, but only if, such demanded payment has been made by the Borrower) or notification or assertion, the Borrower may, with the approval of the Agent (which approval shall not be unreasonably withheld) and provided that no Prepayment Event, Event of Default or event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, shall then have occurred and be continuing, demand that such Lender assign in accordance with this Section

8.07 to one or more assignees designated by the Borrower and acceptable to the Majority Lenders (provided that, for purposes of this determination by the Majority Lenders, the Lender making a demand for payment or subject to a notification or assertion of illegality shall not be included in the Lenders holding Contract Advances or having Commitments) all (but not less than all) of such Lender's Commitment and the Contract Advances owing to it within the period ending on the later to occur of such 30th day and the last day of the longest of the then current Interest Periods for such Advances. If any such assignee designated by the Borrower and approved by the Majority Lenders shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such assignees acceptable to the Majority Lenders for all or part of such Lender's Commitment or Advances, then such demand by the Borrower shall become ineffective; it being understood for purposes of this subsection (i) that such assignment shall be conclusively deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an Eligible Assignee designated by the Borrower, if such Eligible Assignee (A) shall agree to such assignment by entering into an Assignment and Acceptance with such Lender and (A) shall offer compensation to such Lender in an amount equal to all amounts then owing by the Borrower to such Lender hereunder and under the Note made by the Borrower to such Lender, whether for principal, interest, fees, costs or expenses (other than the demanded payment referred to above and payable by the Borrower as a condition to the Borrower's right to demand such assignment), or otherwise. In addition, in the event that the Borrower shall be entitled to demand the replacement of any Lender pursuant to this subsection

(i), the Borrower may, in the case of any such Lender, with the approval of the Agent (which approval shall not be unreasonably withheld) and provided that no Prepayment Event, Event of Default or event that, with the giving of notice or lapse of time or both, would constitute an Event of Default, shall then have occurred and be continuing, terminate all (but not less than all) such Lender's Commitment and prepay all (but not less than all) such Lender's Advances not so assigned, together with all interest accrued thereon to the date of such prepayment and all fees, costs and expenses and other amounts then owing by the Borrower to such Lender hereunder and under the Note made by the Borrower to such Lender, at any time from and after such later occurring day in accordance with Sections 2.05 and 2.11 hereof (but without the requirement stated therein for ratable treatment of the other Lenders), if and only if, after giving effect to such termination and prepayment, the sum of the aggregate principal amount of the Advances of all Lenders then outstanding does not exceed the then remaining Commitments of the Lenders. Notwithstanding anything set forth above in this subsection (i) to the contrary, the Borrower shall not be entitled to compel the assignment by any Lender demanding payment under Section 2.12(a) of its Commitment and Advances or terminate and prepay the Commitment and Advances of such Lender if, prior to or promptly following any such demand by the Borrower, such Lender shall have changed or shall change, as the case may be, its Applicable Lending Office for its Eurodollar Rate Advances so as to eliminate the further incurrence of such increased cost. In furtherance of the foregoing, any such Lender demanding payment or giving notice as provided above agrees to use reasonable efforts to so change its Applicable Lending Office if, to do so, would not result in the incurrence by such Lender of additional costs or expenses which it deems material or, in the sole judgment of such Lender, be inadvisable for regulatory, competitive or internal management reasons.

(j) Anything in this Section 8.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of its Commitment and the Advances owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

**SECTION 8.8. Governing Law. THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

**SECTION 8.9. Consent to Jurisdiction; Waiver of Jury Trial** Waiver of Jury Trial; (a) To the fullest extent permitted by law, the Borrower

hereby irrevocably (i) submits to the non- exclusive jurisdiction of any New York State or Federal court sitting in New York City and any appellate court from any thereof in any action or proceeding arising out of or relating to this agreement or any other Loan Document, and (i) agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or in such Federal court. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Borrower also irrevocably consents, to the fullest extent permitted by law, to the service of any and all process in any such action or proceeding by the mailing by certified mail of copies of such process to the Borrower at its address specified in Section 8.02. The Borrower agrees, to the fullest extent permitted by law, that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) THE BORROWER, THE AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY NOTE, OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.

SECTION 8.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**ENTERGY CORPORATION**

By  
Name: William J. Regan Jr.  
Title: Vice President and Treasurer

**CITIBANK, N.A.,  
as Agent**

By  
Name:  
Title:

**Banks**

**BANK OF AMERICA NATIONAL TRUST  
& SAVINGS ASSOCIATION**

By  
Name:  
Title:

**THE BANK OF NEW YORK**

By  
Name:  
Title:

**THE CHASE MANHATTAN BANK**

By  
Name:  
Title:

**CITIBANK, N.A.**

By  
Name:  
Title:

**UNION BANK OF SWITZERLAND**

By  
Name:  
Title:

By  
Name:  
Title:

**ABN AMRO BANK N.V.**

By  
Name:  
Title:

By  
Name:  
Title:

**THE BANK OF NOVA SCOTIA**

By  
Name:  
Title:

**CANADIAN IMPERIAL BANK OF  
COMMERCE**

By  
Name:  
Title:

**MELLON BANK, N.A.**

By  
Name:  
Title:

**FIRST NATIONAL BANK OF  
COMMERCE**

By  
Name:  
Title:

**WHITNEY NATIONAL BANK**

By  
Name:  
Title:

**SCHEDULE I**

**ENTERGY CORPORATION**

\$300,000,000 Credit Agreement

Name of Bank	Domestic	Eurodollar	CD
	Lending Office	Lending Office	Lending Office
ABN AMRO Bank	135 South LaSalle	135 South LaSalle	135 South
LaSalle			
N.V.	Street	Street	Street
	Suite 711	Suite 711	Suite 711
	Chicago, IL 60603	Chicago, IL 60603	Chicago, IL
60603			

Attn: Peter D. Gaw/ Attn: Peter D. Gaw/ Attn: Peter D. Gaw/ Kevin S. Kevin S. Kevin S. McFadden McFadden McFadden Telephone:  
312-904- Telephone: 312-904- Telephone: 312-904-

2065  
312-  
904-2131  
Fax: 312-904-6387

2065  
312-  
904-2131  
Fax: 312-904-6387

2065  
312-  
904-2131

Fax: 312-904-6387

Bank of America National Trust & Savings Association  
333 S. Beaudry Avenue  
19th Floor  
Los Angeles, CA 90017  
Attn: Yolanda Harper  
Telephone: 213-345-312-345-  
6536  
Fax: 213-345-6550

333 S. Beaudry Avenue  
19th Floor  
Los Angeles, CA 90017  
Attn: Yolanda Harper  
Telephone: 213-345-6536  
Fax: 213-345-6550  
Fax: 213-345-6550

333 S. Beaudry Avenue  
19th Floor  
Los Angeles, CA 90017  
Attn: Yolanda Harper  
Telephone: 6536

The Bank of New York  
1 Wall Street  
New York, NY 10286  
Attn: Dennis M. Pidherny/  
Jo-Anne Evans  
Telephone: 212-635-212-635-  
7547  
Fax: 212-635-7923

1 Wall Street  
New York, NY 10286  
Attn: Dennis M. Pidherny/  
Jo-Anne Evans  
Telephone: 212-635-7547  
Fax: 212-635-7923

1 Wall Street  
New York, NY 10286  
Attn: Dennis M. Pidherny/  
Jo-Anne Evans  
Telephone: 7923

Fax: 212-635-7923

The Bank of Nova Scotia  
600 Peachtree Street N.E.  
Atlanta, GA 30308  
Attn: F.C.H. Ashby  
Telephone: 404-877-404-877-  
1500  
Fax: 404-888-8998

600 Peachtree Street N.E.  
Atlanta, GA 30308  
Attn: F.C.H. Ashby  
Telephone: 404-877-1500  
Fax: 404-888-8998  
Fax: 404-888-8998

600 Peachtree Street N.E.  
Atlanta, GA 30308  
Attn: F.C.H. Ashby  
Telephone: 1500

CIBC, Inc.  
2727 Paces Ferry Road  
Two Paces West  
Suite 1200  
Atlanta, GA 30339  
Attn: Debra Quintero  
Telephone: 404-319-404-319-  
4823  
Fax: 404-319-4950

2727 Paces Ferry Road  
Two Paces West  
Suite 1200  
Atlanta, GA 30339  
Attn: Debra Quintero  
Telephone: 404-319-4823  
Fax: 404-319-4950  
Fax: 404-319-4950

2727 Paces Ferry Road  
Two Paces West  
Suite 1200  
Atlanta, GA 30339  
Attn: Debra Quintero  
Telephone: 4823

The Chase Manhattan Bank  
270 Park Avenue  
New York, NY 10017  
Attn: John F. Gahebe  
Telephone: 212-270-212-270-  
3531  
Fax: 212-270-4711

270 Park Avenue  
New York, NY 10017  
Attn: John F. Gahebe  
Telephone: 212-270-3531  
Fax: 212-270-4711  
Fax: 212-270-4711

270 Park Avenue  
New York, NY 10017  
Attn: John F. Gahebe  
Telephone: 3531

Citibank, N.A. Zone  
One Court Square  
Seventh Floor, Zone 1  
Long Island City, NY 11120  
Attn: John Mann  
Telephone: 718-248-

One Court Square  
Seventh Floor, Zone 1  
Long Island City, NY 11120  
Attn: John Mann  
Telephone: 718-248-

One Court Square  
Seventh Floor, Zone 1  
Long Island City, NY 11120  
Attn: John Mann  
Telephone:



### SCHEDULE III

#### COMMITMENT SCHEDULE

Name of Lender	Commitment Amount
Bank of America National Trust & Savings Association	\$36,000,000
The Bank of New York	\$36,000,000
The Chase Manhattan Bank	\$36,000,000
Citibank, N.A.	\$36,000,000
Union Bank of Switzerland	\$36,000,000
ABN Amro Bank N.V.	\$25,000,000
The Bank of Nova Scotia	\$25,000,000
Canadian Imperial Bank of Commerce	\$25,000,000
Mellon Bank, N.A.	\$25,000,000
First National Bank of Commerce	\$10,000,000
Whitney National Bank	\$10,000,000
Total Commitment:	\$300,000,000

**EXHIBIT A-1**

**FORM OF CONTRACT NOTE**

U.S.\$ Dated:  
, 19

FOR VALUE RECEIVED, the undersigned, ENTERGY CORPORATION, a Delaware corporation (the Borrower ), HEREBY PROMISES TO PAY to the order of (the Lender ) for the account of its Applicable Lending Office (such term and other capitalized terms herein being used as defined in the Credit Agreement referred to below) the principal sum of U.S.\$10,000,000 or, if less, the aggregate principal amount of the Contract Advances made by the Lender to the Borrower pursuant to the Credit Agreement outstanding on the Termination Date, payable on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Contract Advance from the date of such Contract Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Agent, at 399 Park Avenue, New York, New York 10043, in same day funds. Each Contract Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Contract Notes referred to in, and is entitled to the benefits of, the Amended and Restated Credit Agreement, dated as of , 1996 (the Credit Agreement ), among the Borrower, the Lender and certain other banks parties thereto, and Citibank, N.A., as Agent for the Lender and such other banks. The Credit Agreement, among other things, (i) provides for the making of Contract Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Contract Advance being evidenced by this Promissory Note, and (i) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

**THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED  
IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

**ENTERGY CORPORATION**

By  
Name:  
Title:

**ADVANCES, MATURITIES AND PAYMENTS OF PRINCIPAL**

Date	Amount of	Interest	Principal	Amount of Unpaid
Balance	Advance	Period	Paid or	Principal
		(if any)	Prepaid	Notation Made By
		of Advance		

**EXHIBIT A-2**

**FORM OF AUCTION NOTE**

U.S.\$\_\_\_\_\_ Dated: \_\_\_\_\_, 19\_\_

FOR VALUE RECEIVED, the undersigned, ENTERGY CORPORATION, a Delaware corporation (the Borrower ), HEREBY PROMISES TO PAY to the order of (the Lender ) for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), on , 19 , the principal amount of Dollars (\$ ).

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

[Interest Rate: \_\_\_\_% per annum] [or] [Description of Interest Rate Basis and Margin] (calculated on the basis of a year of \_\_\_\_ days for the actual number of days elapsed).

Interest Payment Date or Dates: \_\_\_\_\_

Prepayment terms:\_\_\_\_\_

Both principal and interest are payable in lawful money of the United States of America to or the account of the Lender at the office of Citibank, N.A., as Agent, at 399 Park Avenue, New York, New York 10043, in same day funds, free and clear of and without any deduction, with respect to the payee named above, for any and all present and future taxes, deductions, charges or withholdings, and all liabilities with respect thereto to the extent and in the manner provided in the Credit Agreement.

This Promissory Note is one of the Auction Notes referred to in, and is entitled to the benefits of, the Amended and Restated Credit Agreement, dated as of \_\_\_\_\_, 1996 (the Credit Agreement ), among the Borrower, the Lender and certain other banks parties thereto, and Citibank, N.A., as Agent for the Lender and such other banks. The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

**THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED  
IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

**ENTERGY CORPORATION**

By  
Name:  
Title:

**EXHIBIT B-1**

**FORM OF NOTICE OF CONTRACT BORROWING**

Citibank, N.A., as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
399 Park Avenue  
New York, New York 10043

[Date]

Attention: Utilities Department North American Finance Group

Ladies and Gentlemen:

The undersigned, Entergy Corporation, refers to the Amended and Restated Credit Agreement, dated as of \_\_\_\_\_, 1996 (the Credit Agreement, the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Contract Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Contract Borrowing (the Proposed Contract Borrowing) as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Contract Borrowing is , 19 .

(i) The Type of Contract Advances to be made in connection with the Proposed Contract Borrowing is [Adjusted CD Rate Advances] [Base Rate Advances] [Eurodollar Rate Advances].

(i) The aggregate amount of the Proposed Contract Borrowing is \$ .

(iv) The Interest Period for each Contract Advance made as

part of the Proposed Contract Borrowing is [ days] [ month[s]].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Contract Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Contract Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(A) no event has occurred and is continuing, or would result from such Proposed Contract Borrowing or from the application of the proceeds therefrom, that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

Very truly yours,

**ENTERGY CORPORATION**

By  
Name:  
Title:

**EXHIBIT B-2**

**FORM OF NOTICE OF AUCTION BORROWING**

Citibank, N.A., as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
399 Park Avenue  
New York, New York 10043

[Date]

Attention: Utilities Department North American Finance Group

Ladies and Gentlemen:

The undersigned, Entergy Corporation, refers to the Amended and Restated Credit Agreement, dated as of \_\_\_\_\_, 1996 (the Credit Agreement, the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests an Auction Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Auction Borrowing (the Proposed Auction Borrowing ) is requested to be made:

(A) Date of Auction Borrowing (A) Amount of Auction Borrowing (A) Maturity Date  
(A) Interest Rate Basis and Margin (A) Interest Computation Basis (A) Interest Payment Date(s) (A) Prepayment

(H)  
(I)

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Auction Borrowing:

- (a) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Auction Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;
- (a) no event has occurred and is continuing, or would result from the Proposed Auction Borrowing or from the application of the proceeds therefrom, that constitutes a Prepayment Event or an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both; and
- (a) the aggregate amount of the Proposed Auction Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the unused Commitments of the Lenders.

The undersigned hereby confirms that the Proposed Auction Borrowing is to be made available to it in accordance with Section 2.03(a)(v) of the Credit Agreement.

Very truly yours,

**ENTERGY CORPORATION**

By  
Name:  
Title:

**EXHIBIT B-3**

**FORM OF NOTICE OF CONVERSION**

Citibank, N.A., as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
399 Park Avenue  
New York, New York 10043

[Date]

Attention: Utilities Department North American Finance Group

Ladies and Gentlemen:

The undersigned, Entergy Corporation, refers to the Amended and Restated Credit Agreement, dated as of , 1996 (the Credit Agreement , the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders party thereto and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.10 of the Credit Agreement, that the undersigned hereby requests a Conversion under the Credit Agreement, and in that connection sets forth below the information relating to such Conversion (the Proposed Conversion ) as required by Section 2.10 of the Credit Agreement:

(i) The Business Day of the Proposed Conversion is \_\_\_\_\_, \_\_\_\_\_.

(i) The Type of Advances comprising the Proposed Conversion is [Adjusted CD Rate Advances] [Base Rate Advances] [Eurodollar Rate Advances].

(i) The aggregate amount of the Proposed Conversion is \$\_\_\_\_\_.

(i) The Type of Advances to which such Advances are proposed to be Converted is [Adjusted CD Rate Advances] [Base Rate Advances] [Eurodollar Rate Advances].

(i) The Interest Period for each Advance made as part of the Proposed Conversion is [ days] [ month(s)].\*

The undersigned hereby represents and warrants that the following statements are true on the date hereof, and will be true on the date of the Proposed Conversion:

(A) The Borrower s request for the Proposed Conversion is made in compliance with Section 2.10 of the Credit Agreement; and

(A) The statements contained in Section 3.02 of the Credit Agreement are true.

Very truly yours,

**ENTERGY CORPORATION**

By  
Title:

## EXHIBIT C

### FORM OF ASSIGNMENT AND ACCEPTANCE

Dated \_\_\_\_\_, 19\_\_

Reference is made to the Amended and Restated Credit Agreement, dated as of \_\_\_\_\_, 1996 (as amended, modified or supplemented from time to time, the Credit Agreement), among Entergy Corporation, a corporation (the Borrower), the Lenders (as defined in the Credit Agreement) and Citibank, N.A., as Agent for the Lenders (the Agent). Terms defined in the Credit Agreement are used herein with the same meaning.

(the Assignor) and (the Assignee) agree as follows:

(a) The Assignor hereby sells and assigns to the Assignee without recourse, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof (other than in respect of Auction Advances and Auction Notes) which represents the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement (other than in respect of Auction Advances and Auction Notes), including, without limitation, such interest in the Assignor's Commitment, the Contract Advances owing to the Assignor, and the Contract Note[s] held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Contract Advances owing to the Assignee will be as set forth in Section 2 of Schedule 1.

(b) The Assignor (A) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (B) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (C) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (D) attaches the Contract Note[s] referred to in paragraph 1 above and requests that the Agent exchange such Contract Note[s] for a new Contract Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Contract Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto. Except as specified in this Section 2, the assignment hereunder shall be without recourse to the Assignor.

(c) The Assignee (A) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (B) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (C) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (D) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; [and] (E) specifies as its CD Lending Office, Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof [and (vi) attaches the forms prescribed by the Internal Revenue Service of the United States certifying that it is exempt from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes].

(d) Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date of this Assignment and Acceptance shall be the date of acceptance thereof by the Agent, unless otherwise specified on Schedule 1 hereto (the Effective Date); provided, however, that in no event shall this Assignment and Acceptance become effective prior to the payment for the processing and recordation fee to the Agent as provided in Section 8.07(a) of the Credit Agreement.

(e) Upon such acceptance and recording by the Agent, as of the Effective Date, (A) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (B) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

(f) Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Contract Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Contract Notes for periods prior to the Effective Date directly between themselves.

(g) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE

(h) This Assignment and Acceptance may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were up on the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

**[NAME OF ASSIGNOR]**

By  
Name:  
Title:

**[NAME OF ASSIGNEE]**

By  
Name:  
Title:

CD Lending Office:  
[Address]

Domestic Lending Office (and  
address for notices):  
[Address]

Eurodollar Lending Office:

[Address]

Accepted this day  
of , 19

**CITIBANK, N.A., as Agent**

By  
Name:  
Title:

Schedule 1  
to  
Assignment and Acceptance  
Dated \_\_\_\_\_, 19\_\_

Section (i)

Percentage Interest: %

Section (j)

Assignee s Commitment: \$

Aggregate Outstanding Principal  
Amount of Contract Advances owing to the Assignee: \$

A Contract Note payable to the order of the Assignee Dated: \_\_\_\_\_, 19\_\_

Principal amount: \$

[A Contract Note payable to the order of the Assignor Dated: \_\_\_\_\_, 19\_\_

Principal amount: \$ ]

Section (k)

Effective Date : \_\_\_\_\_, 19\_\_

## EXHIBIT D

### FORM OF OPINION OF COUNSEL FOR THE BORROWER

[Date]

To each of the Lenders parties to the  
Credit Agreement referred to on the  
Signature Page Hereof and to  
Citibank, N.A., as Agent

#### Entergy Corporation

Ladies and Gentlemen:

I have acted as counsel to Entergy Corporation, a Delaware corporation (the Borrower ), in connection with the preparation, execution and delivery of the Amended and Restated Credit Agreement, dated as of \_\_\_\_\_, 1996, by and among the Borrower, the Banks parties thereto and the other Lenders from time to time parties thereto and Citibank, N.A., as Agent. This opinion is furnished to you at the request of the Borrower pursuant to 3.01(a)(v) of the Credit Agreement. Unless otherwise defined herein or unless the context otherwise requires, terms defined in the Credit Agreement are used herein as therein defined.

In such capacity, I have examined:

- (i) Counterparts of the Credit Agreement, executed by the Borrower;
- (ii) The Contract Notes, executed by the Borrower;
- (iii) The form of the Auction Notes to be executed and delivered by the Borrower in connection with Auction Borrowings;
- (iv) The Certificate of Incorporation of the Borrower (the Charter );
- (v) The Bylaws of the Borrower (the Bylaws );
- (vi) A certificate of the Secretary of State of the State of Delaware, dated \_\_\_\_\_, 1996, attesting to the continued corporate existence and good standing of the Borrower in that State;
- (vii) A Certificate of the Secretary of State of the State of Louisiana, dated \_\_\_\_\_, 1996, attesting that the Borrower is a foreign corporation duly qualified to conduct business in that state;
- (viii) A copy of the Order dated July 27, 1995, of the Securities and Exchange Commission (File No. 70-8149) under the Public Utility Holding Company Act of 1935 (the SEC Order ); and
- (ix) The other documents furnished by the Borrower to the Agent pursuant to Section 3.01(a) of the Credit Agreement.

I have also examined such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower, and agreements, instruments and other documents, as I have deemed necessary as a basis for the opinions expressed below.

In my examination, I have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, and the conformity with the originals of all documents submitted to me as copies. In making my examination of documents and instruments executed or to be executed by persons other than the Borrower, I have assumed that each such other person had the requisite power and authority to enter into and perform fully its obligations thereunder, the due authorization by each such other person for the execution, delivery and performance thereof and the due execution and delivery thereof by or on behalf of such person of each such document and instrument. In the case of any such person that is not a natural person, I have also assumed, insofar as it is relevant to the opinions set forth below, that each such other person is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was created, and is duly qualified and in good standing in each other jurisdiction where the failure to be so qualified could reasonably be expected to have a material effect upon its ability to execute, deliver and/or perform its obligations under any such document or instrument. I have further assumed that each document, instrument, agreement, record and certificate reviewed by me for purposes of rendering the opinions expressed below has not been amended by any oral agreement, conduct or course of dealing between the parties thereto.

As to questions of fact material to the opinions expressed herein, I have relied upon certificates and representations of officers of the Borrower

(including but not limited to those contained in the Credit Agreement and certificates delivered upon the execution and delivery of the Credit Agreement) and of appropriate public officials, without independent verification of such matters except as otherwise described herein.

Whenever my opinions herein with respect to the existence or absence of facts are stated to be to my knowledge or awareness, it is intended to signify that no information has come to my attention or the attention of other counsel working under my direction in connection with the preparation of this opinion letter that would give me or them actual knowledge of the existence or absence of such facts. However, except to the extent expressly set forth herein, neither I nor they have undertaken any independent investigation to determine the existence or absence of such facts, and no inference as to my or their knowledge of the existence or absence of such facts should be assumed.

On the basis of the foregoing, having regard for such legal consideration as I deem relevant, and subject to the other limitations and qualifications contained in this letter, I am of the opinion that:

(l) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business as a foreign corporation in each jurisdiction in which the nature of the business conducted or the property owned, operated or leased by it requires such qualification.

(m) The execution, delivery and performance by the Borrower of the Credit Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) the Charter or the Bylaws or (ii) law or (iii) any contractual or legal restriction binding on or affecting the Borrower. The Credit Agreement and the Contract Notes have been duly executed and delivered on behalf of the Borrower. When completed in the form thereof attached as Exhibit A-2 to the Credit Agreement, and executed by an authorized officer of the Borrower and delivered on behalf of the Borrower, each Auction Note will have been duly executed and delivered by the Borrower.

(n) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Credit Agreement and the Notes, except for the SEC Order, which has been obtained, is final and in full force and effect, and is not the subject of any appeal.

(o) Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, and in the Borrower's Quarterly Report on Form 10-Q for the period ended September 30, 1996, there is no pending or, to the best of my knowledge, threatened action or proceeding affecting the Borrower or any of its subsidiaries before any court, governmental agency or arbitrator that reasonably could be expected to affect materially and adversely the condition (financial or otherwise), operations, business, properties or prospects of the Borrower or its ability to perform its obligations under the Credit Agreement or any Note, or that purports to affect the legality, validity, binding effect or enforceability of the Credit Agreement or any Note. To the best of my knowledge, after inquiry, there has been no change in any matter disclosed in such filings that reasonably could be expected to result in such a material adverse effect.

(p) The Borrower is not an investment company or a company controlled by an investment company, within the meaning of the Investment Company Act of 1940, as amended, or an investment adviser within the meaning of the Investment Advisers Act of 1940, as amended.

(q) The Credit Agreement and the Contract Notes constitute, and the Auction Notes, when completed in the form thereof attached as Exhibit A-2 to the Credit Agreement and executed by an authorized officer of the Borrower and delivered on behalf of the Borrower in accordance with the terms of the Credit Agreement, will constitute, the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

My opinions above are subject to the following qualifications:

(i) My opinions are subject, as to enforceability, to (A) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and (B) the application of general principles of equity, including but not limited to the right to have specific performance of contract obligations, regardless of whether considered in a proceeding in equity or at law.

(ii) My opinion in paragraph 1 above, insofar as it relates to the due incorporation, valid existence and good standing of the Borrower under Delaware law, is given exclusively in reliance upon a certification of the Secretary of State of Delaware, upon which I believe I am justified in relying. A copy of such certification has been provided to you.

(iii) My opinion set forth in paragraph 3 above as to the obtaining of necessary governmental and regulatory approvals is based solely upon a review of those laws that, in my experience, are normally applicable to the Borrower in connection with transactions of the type contemplated by the Credit Agreement.

(iv) My opinion in paragraph 6 above as to the legality, validity, binding nature and enforceability of the Credit Agreement and the Notes is given in reliance upon a legal opinion of even date herewith of Reid & Priest, LLP, New York counsel to the Borrower, and is subject to the assumptions, limitations and qualifications contained therein. A copy of the legal opinion of Reid & Priest, LLP, is being provided to you contemporaneously herewith.

Notwithstanding the qualifications set forth above, I have no actual knowledge of any matter within the scope of said qualifications that would cause me to change the opinions set forth in this letter.

I am licensed to practice law only in the States of Louisiana and Texas and the Commonwealth of Virginia and, except as otherwise provided herein, my role as counsel to the Company is limited to matters involving the laws of the State of Louisiana and the federal laws of the United States of America. Except to the extent otherwise expressly set forth herein, and except with respect to matters governed by the General Corporation Law of Delaware, I render no opinion on the laws of any other jurisdiction or any subdivision thereof, and have made no independent investigation into any such laws except as specifically provided herein.

My opinions are expressed as of the date hereof, and I do not assume any obligation to update or supplement my opinions to reflect any fact or circumstance that hereafter comes to my attention, or any change in law that hereafter occurs.

This opinion letter is being provided exclusively to and for the benefit of the addressees hereof. It is not to be furnished to or relied upon by any other party for any other purpose, without prior express written authorization from us, except that (A) Reid & Priest may rely hereon in connection with their opinion to you of even date herewith on behalf of the Borrower as to matters of New York law, (B) King & Spalding hereby is authorized to rely on this letter in the rendering of their opinion to the Lenders dated as of the date hereof; and any addressee of this letter may deliver a copy hereof to any person that becomes a Lender under the Credit Agreement after the date hereof, and such person may rely on this opinion as if it had been addressed and delivered to it on the date hereof as an original Bank that was a party to the Credit Agreement.

Very truly yours,

Laurence M. Hamric Bank Addressees:

## EXHIBIT E

### OPINION OF SPECIAL NEW YORK COUNSEL TO THE AGENT

[Date]

To each of the Lenders parties to the  
Credit Agreement referred to below,  
and to Citibank, N.A., as Agent

#### Entergy Corporation

Ladies and Gentlemen:

We have acted as special New York counsel to Citibank, N.A., individually and as Agent, in connection with the preparation, execution and delivery of the Amended and Restated Credit Agreement, dated as of , 1996 (the Credit Agreement ), among Entergy Corporation, the Banks parties thereto and Citibank, N.A., as Agent. Terms defined in the Credit Agreement are used herein as therein defined.

In this connection, we have examined the following documents:

- (r) a counterpart of the Credit Agreement, executed by the parties thereto;
- (s) the Contract Notes to the order of each Bank;
- (t) the form of the Auction Notes, attached as Exhibit A-2 to the Credit Agreement, to be executed and delivered by the Borrower in connection with any Auction Borrowing; and
- (u) the other documents furnished to the Agent pursuant to Section 3.01(a) of the Credit Agreement, including (without limitation) the opinion (the Opinion ) of Laurence M. Hamric, counsel to the Borrower.

In our examination of the documents referred to above, we have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures, the due authority of the parties executing such documents and the conformity to the originals of all such documents submitted to us as copies. We have also assumed that you have independently evaluated, and are satisfied with, the creditworthiness of the Borrower and the business terms reflected in the Credit Agreement. We have relied, as to factual matters, on the documents we have examined.

To the extent that our opinions expressed below involve conclusions as to matters governed by law other than the law of the State of New York, we have relied upon the Opinion and have assumed without independent investigation the correctness of the matters set forth therein, our opinions expressed below being subject to the assumptions, qualifications and limitations set forth in the Opinion.

Based upon and subject to the foregoing, and subject to the qualifications set forth below, we are of the opinion that the Credit Agreement and the Contract Notes are, and upon their completion, execution and delivery in accordance with the terms of the Credit Agreement, the Auction Notes will be, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

Our opinion is subject to the following qualifications:

- (i) The enforceability of the Borrower s obligations under the Credit Agreement and the Notes is subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar law affecting creditors rights generally.
- (ii) The enforceability of the Borrower s obligations under the Credit Agreement and the Notes is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law). Such principles of equity are of general application, and, in applying such principles, a court, among other things, might not allow a contracting party to exercise remedies in respect of a default deemed immaterial, or might decline to order an obligor to perform covenants.
- (iii) We note further that, in addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is

determined to have constituted negligence.

(iv) We express no opinion herein as to (A) Section 8.05 of the Credit Agreement, (B) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (C) the availability of specific performance or other equitable remedies, (D) the enforceability of rights to indemnity under federal or state securities laws or (E) the enforceability of waivers by parties of their respective rights and remedies under law.

(v) Our opinions expressed above are limited to the law of the State of New York, and we do not express any opinion herein concerning any other law.

The foregoing opinion is solely for your benefit and may not be relied upon by any other person or entity, other than any Person that may become a Lender under the Credit Agreement after the date hereof.

Very truly yours,

Include if applicable.

**Delete for Base Rate Advances**

If the Assignee is organized under the laws of a jurisdiction outside the United States.

This date should be no earlier than the date of acceptance by the Agent.

**AGREEMENT AS TO EXPENSES AND LIABILITIES**

AGREEMENT dated as of January 28, 1997, between Entergy Gulf States, Inc., a Texas corporation ("Entergy Gulf States"), and Entergy Gulf States Capital I, a Delaware business trust (the "Trust").

WHEREAS, the Trust intends to issue its Common Securities (the "Common Securities") to and receive Debentures from Entergy Gulf States and to issue its 8.75% Cumulative Quarterly Income Preferred Securities, Series A (the "Preferred Securities") with such powers, preferences and special rights and restrictions as are set forth in the Amended and Restated Trust Agreement of the Trust dated as of January 28, 1997 as the same may be amended from time to time (the "Trust Agreement");

WHEREAS, Entergy Gulf States will directly own all of the Common Securities and will issue the Debentures;

NOW, THEREFORE, in consideration of the purchase by each holder of the Preferred Securities, which purchase Entergy Gulf States hereby agrees shall benefit Entergy Gulf States and which purchase Entergy Gulf States acknowledges will be made in reliance upon the execution and delivery of this Agreement, Entergy Gulf States, including in its capacity as holder of the Common Securities, and the Trust hereby agree as follows:

**ARTICLE I**

Section 1.01. Guarantee by Entergy Gulf States. Subject to the terms and conditions hereof, Entergy Gulf States hereby irrevocably and unconditionally guarantees the full payment, when and as due, of any and all Obligations (as hereinafter defined) to each person or entity to whom the Trust is now or hereafter becomes indebted or liable (the "Beneficiaries"). As used herein, "Obligations" means any indebtedness, expenses or liabilities of the Trust, other than obligations of the Trust to pay to holders of any Preferred Securities the amounts due such holders pursuant to the terms of the Preferred Securities. This Agreement is intended to be for the benefit of, and to be enforceable by, all such Beneficiaries, whether or not such Beneficiaries have received notice hereof.

Section 1.02. Term of Agreement. This Agreement shall terminate and be of no further force and effect upon the date on which there are no Beneficiaries remaining; provided, however, that this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any holder of Preferred Securities or any Beneficiary must restore payment of any sums paid under the Preferred Securities, under any Obligation, under the Guarantee Agreement dated the date hereof by Entergy Gulf States and The Bank of New York, as guarantee trustee, or under this Agreement for any reason whatsoever. This Agreement is continuing, irrevocable, unconditional and absolute.

Section 1.03. Waiver of Notice. Entergy Gulf States hereby waives notice of acceptance of this Agreement and of any Obligation to which it applies or may apply, and Entergy Gulf States hereby waives presentment, demand for payment, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

Section 1.04. No Impairment. The obligations, covenants, agreements and duties of Entergy Gulf States under this Agreement shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the extension of time for the payment by the Trust of all or any portion of the Obligations or for the performance of any other obligation under, arising out of, or in connection with, the Obligations;

(b) any failure, omission, delay or lack of diligence on the part of the Beneficiaries to enforce, assert or exercise any right, privilege, power or remedy conferred on the Beneficiaries with respect to the Obligations or any action on the part of the Trust granting indulgence or extension of any kind; or

(c) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Trust or any of the assets of the Trust.

There shall be no obligation of the Beneficiaries to give notice to, or obtain the consent of, Entergy Gulf States with respect to the happening of any of the foregoing.

Section 1.05. Enforcement. A Beneficiary may enforce this Agreement directly against Entergy Gulf States and Entergy Gulf States waives any right or remedy to require that any action be brought against the Trust or any other person or entity before proceeding against Entergy Gulf States.

**ARTICLE II**

Section 2.01. Binding Effect. All guarantees and agreements contained in this Agreement shall bind the successors, assigns, receivers, trustees and representatives of Entergy Gulf States and shall inure to the benefit of the Beneficiaries.

Section 2.02. Amendment. So long as there remains any Beneficiary or any Preferred Securities of any series are outstanding, this Agreement shall not be modified or amended in any manner adverse to such Beneficiary or to the holders of the Preferred Securities.

Section 2.03. Notices. Any notice, request or other communication required or permitted to be given hereunder shall be given in writing by delivering the same against receipt therefor by facsimile transmission (confirmed by mail), telex or by registered or certified mail, addressed as follows (and if so given, shall be deemed given when mailed or upon receipt of an answer-back, if sent by telex), to wit:

Entergy Gulf States Capital I c/o Steven C. McNeal, Administrative Trustee 639 Loyola Avenue  
New Orleans, Louisiana 70113 Facsimile No.: (504) 576-4455

Entergy Gulf States, Inc. 639 Loyola Avenue  
New Orleans, Louisiana 70113 Facsimile No.: (504) 576-4455 Attention: Treasurer

Section 2.04 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES).

Section 2.05. Limited Liability. The holders of the Preferred Securities, in their capacities as such, shall not be personally liable for any liabilities or obligations of the Trust arising out of this Agreement, and the parties hereto hereby agree that the holders of the Preferred Securities, in their capacities as such, shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

THIS EXPENSE AGREEMENT is executed as of the day and year first above written.

**ENERGY GULF STATES, INC.**

By: */s/ William J. Regan, Jr.*

*\_\_\_\_\_  
Name: William J. Regan, Jr.*

*Title: Vice President and  
Treasurer*

**ENERGY GULF STATES CAPITAL I**

By: */s/ Frank Williford IV*

*\_\_\_\_\_  
Frank Williford IV  
not in his individual capacity,  
but solely as Administrative*

*Trustee*

## Entergy Arkansas, Inc.

Computation of Ratios of Earnings to Fixed Charges and  
Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1991	1992	1993	1994	1995	December 31, 1996
Fixed charges, as defined:						
Interest on long-term debt	\$133,854	\$120,317	\$107,771	\$101,439	\$102,339	\$93,852
Interest on notes payable	--	117	349	1,311	678	688
Amortization of expense and premium on debt-net(cr)	1,112	1,359	2,702	4,563	4,514	4,679
Other interest	1,303	2,308	8,769	3,501	7,806	5,570
Dividends on preferred securities of subsidiary trust	--	--	--	--	--	1,927
Interest applicable to rentals	21,969	17,657	16,860	19,140	18,158	19,121
Total fixed charges, as defined	158,238	141,758	136,451	129,954	133,495	125,837
Preferred dividends, as defined (a)	31,458	32,195	30,334	23,234	27,636	24,731
Combined fixed charges and preferred dividends, as defined	\$189,696	\$173,953	\$166,785	\$153,188	\$161,131	\$150,568
Earnings as defined:						
Net Income	\$143,451	\$130,529	\$205,297	\$142,263	\$136,666	\$157,798
Add:						
Provision for income taxes:						
Federal & State	44,418	57,089	58,162	83,300	105,964	128,982
Deferred - net	11,048	3,490	34,748	(17,939)	(28,225)	(39,772)
Investment tax credit adjustment - net	(1,600)	(9,989)	(10,573)	(36,141)	(5,658)	(4,765)
Fixed charges as above	158,238	141,758	136,451	129,954	133,495	125,837
Total earnings, as defined	\$355,555	\$322,877	\$424,085	\$301,437	\$342,242	\$368,080
Ratio of earnings to fixed charges, as defined	2.25	2.28	3.11	2.32	2.56	2.93
Ratio of earnings to combined fixed charges and preferred dividends, as defined	1.87	1.86	2.54	1.97	2.12	2.44

(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

	1991	1992	1993	1994	1995	December 31, 1996
Fixed charges, as defined:						
Interest on long-term debt	\$201,335	\$197,218	\$172,494	\$167,082	\$181,994	\$172,191
Interest on notes payable	27,953	21,155	19,440	20,203	810	800
Other interest	29,169	26,564	10,561	7,957	8,074	12,019
Amortization of expense and premium on debt-net(cr)	1,999	3,479	8,104	8,892	9,346	7,455
Interest applicable to rentals	24,049	23,759	23,455	21,539	16,648	14,887
<b>Total fixed charges, as defined</b>	<b>284,505</b>	<b>272,175</b>	<b>234,054</b>	<b>225,673</b>	<b>216,872</b>	<b>207,352</b>
Preferred dividends, as defined (a)	90,146	69,617	65,299	52,210	44,651	48,690
<b>Combined fixed charges and preferred dividends, as defined</b>	<b>\$374,651</b>	<b>\$341,792</b>	<b>\$299,353</b>	<b>\$277,883</b>	<b>\$261,523</b>	<b>\$256,042</b>
Earnings as defined:						
Income (loss) from continuing operations before extraordinary items and the cumulative effect of accounting changes	\$112,391	\$139,413	\$69,462	(\$82,755)	\$122,919	(\$3,887)
Add:						
Income Taxes	48,250	55,860	58,016	(62,086)	63,244	102,091
Fixed charges as above	284,505	272,175	234,054	225,673	216,872	207,352
<b>Total earnings, as defined (b)</b>	<b>\$445,146</b>	<b>\$467,448</b>	<b>\$361,532</b>	<b>\$80,832</b>	<b>\$403,035</b>	<b>\$305,556</b>
<b>Ratio of earnings to fixed charges, as defined</b>	<b>1.56</b>	<b>1.72</b>	<b>1.54</b>	<b>0.36</b>	<b>1.86</b>	<b>1.47</b>
<b>Ratio of earnings to combined fixed charges and preferred dividends, as defined</b>	<b>1.19</b>	<b>1.37</b>	<b>1.21</b>	<b>0.29</b>	<b>1.54</b>	<b>1.19</b>

(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

	1991	1992	1993	1994	1995	December 31, 1996
Fixed charges, as defined:						
Interest on long-term debt	\$158,816	\$128,672	\$124,633	\$124,820	\$124,507	\$117,609
Interest on notes payable	--	150	898	1,948	1,932	2,143
Other interest charges	5,924	5,591	5,706	4,546	5,278	4,795
Dividends on preferred securities of subsidiary trust						2,870
Amortization of expense and premium on debt - net(cr)	3,282	7,100	5,720	5,130	5,184	4,995
Interest applicable to rentals	11,381	9,363	8,519	8,332	9,332	10,601
Total fixed charges, as defined	179,403	150,876	145,476	144,776	146,233	143,013
Preferred dividends, as defined (a)	41,212	42,026	40,779	29,171	32,847	28,234
Combined fixed charges and preferred dividends, as defined	\$220,615	\$192,902	\$186,255	\$173,947	\$179,080	\$171,247
Earnings as defined:						
Net Income	\$166,572	\$182,989	\$188,808	\$213,839	\$201,537	\$190,762
Add:						
Provision for income taxes:						
Federal and State	8,684	36,465	70,552	79,260	114,665	97,169
Deferred Federal and State - net	67,792	51,889	43,017	21,580	8,148	27,237
Investment tax credit adjustment - net	8,244	(1,317)	(2,756)	(37,552)	(5,699)	(5,847)
Fixed charges as above	179,403	150,876	145,476	144,776	146,233	143,013
Total earnings, as defined	\$430,695	\$420,902	\$445,097	\$421,903	\$464,884	\$452,334
Ratio of earnings to fixed charges, as defined	2.40	2.79	3.06	2.91	3.18	3.16
Ratio of earnings to combined fixed charges and preferred dividends, as defined	1.95	2.18	2.39	2.43	2.60	2.64

(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

	1991	1992	1993	1994	1995	December 31, 1996
Fixed charges, as defined:						
Interest on long-term debt	\$63,628	\$60,709	\$52,099	\$46,081	\$46,241	\$42,897
Interest on notes payable	953	36	7	1,348	474	1,633
Other interest charges	1,444	1,636	1,795	3,581	4,164	2,237
Amortization of expense and premium on debt-net(cr)	1,617	1,685	1,458	1,754	756	1,240
Interest applicable to rentals	574	521	1,264	1,716	2,173	2,165
<b>Total fixed charges, as defined</b>	<b>68,216</b>	<b>64,587</b>	<b>56,623</b>	<b>54,480</b>	<b>53,808</b>	<b>50,172</b>
Preferred dividends, as defined (a)	14,962	12,823	12,990	9,447	9,004	7,720
<b>Combined fixed charges and preferred dividends, as defined</b>	<b>\$83,178</b>	<b>\$77,410</b>	<b>\$69,613</b>	<b>\$63,927</b>	<b>\$62,812</b>	<b>\$57,892</b>
Earnings as defined:						
Net Income	\$63,088	\$65,036	\$101,743	\$48,779	\$68,667	\$79,210
Add:						
Provision for income taxes:						
Federal and State	(1,001)	4,463	54,418	46,884	71,651	73,994
Deferred Federal and State - net	32,491	20,430	539	(26,763)	(35,224)	(29,390)
Investment tax credit adjustment - net	(1,634)	(1,746)	1,036	(7,645)	(1,550)	3,497
Fixed charges as above	68,216	64,587	56,623	54,480	53,808	50,172
<b>Total earnings, as defined</b>	<b>\$161,160</b>	<b>\$152,770</b>	<b>\$214,359</b>	<b>\$115,735</b>	<b>\$157,352</b>	<b>\$177,483</b>
Ratio of earnings to fixed charges, as defined	2.36	2.37	3.79	2.12	2.92	3.54
Ratio of earnings to combined fixed charges and preferred dividends, as defined	1.94	1.97	3.08	1.81	2.51	3.07

(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 New Orleans, Inc.  
 Computation of Ratios of Earnings to Fixed Charges and  
 Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1991	1992	1993	1994	1995	December 31, 1996
Fixed charges, as defined:						
Interest on long-term debt	\$23,865	\$22,934	\$19,478	\$16,382	\$15,330	\$14,787
Interest on notes payable	--	--	--	153	130	146
Other interest charges	793	1,714	1,016	1,027	1,723	890
Amortization of expense and premium on debt-net(cr)	565	576	598	710	619	481
Interest applicable to rentals	517	444	544	1,245	916	831
Total fixed charges, as defined	25,740	25,668	21,636	19,517	18,718	17,135
Preferred dividends, as defined (a)	3,582	3,214	2,952	2,071	1,964	1,549
Combined fixed charges and preferred dividends, as defined	\$29,322	\$28,882	\$24,588	\$21,588	\$20,682	\$18,684
Earnings as defined:						
Net Income	\$74,699	\$26,424	\$47,709	\$13,211	\$34,386	\$26,776
Add:						
Provision for income taxes:						
Federal and State	8,885	16,575	27,479	22,606	22,465	28,490
Deferred Federal and State - net	36,947	(340)	5,203	(15,674)	(1,364)	(11,587)
Investment tax credit adjustment - net	(591)	(170)	(744)	(2,332)	(634)	(687)
Fixed charges as above	25,740	25,668	21,636	19,517	18,718	17,135
Total earnings, as defined	\$145,680	\$68,157	\$101,283	\$37,328	\$73,571	\$60,127
Ratio of earnings to fixed charges, as defined	5.66	2.66	4.68	1.91	3.93	3.51
Ratio of earnings to combined fixed charges and preferred dividends, as defined	4.97	2.36	4.12	1.73	3.56	3.22

(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

	1991	1992	1993	1994	1995	December 31, 1996
Fixed charges, as defined:						
Interest on long-term debt	\$218,538	\$196,618	\$184,818	\$162,517	\$136,916	\$128,704
Interest on notes payable	--	--	--	88	473	289
Amortization of expense and premium on debt-net	7,495	6,417	4,520	6,731	6,104	6,672
Interest applicable to rentals	10,007	6,265	6,790	7,546	6,475	6,223
Other interest charges	3,617	1,506	1,600	7,168	8,019	8,055
<b>Total fixed charges, as defined</b>	<b>\$239,657</b>	<b>\$210,806</b>	<b>\$197,728</b>	<b>\$184,050</b>	<b>\$157,987</b>	<b>\$149,943</b>
Earnings as defined:						
Net Income	\$104,622	\$130,141	\$93,927	\$5,407	\$93,039	\$98,668
Add:						
Provision for income taxes:						
Federal and State	(26,848)	35,082	48,314	67,477	120,830	33,146
Deferred Federal and State - net	37,168	23,648	60,690	(27,374)	(41,871)	52,447
Investment tax credit adjustment - net	63,256	30,123	(30,452)	(3,265)	(3,466)	(3,472)
Fixed charges as above	239,657	210,806	197,728	184,050	157,987	149,943
<b>Total earnings, as defined</b>	<b>\$417,855</b>	<b>\$429,800</b>	<b>\$370,207</b>	<b>\$226,295</b>	<b>\$326,519</b>	<b>\$330,732</b>
<b>Ratio of earnings to fixed charges, as defined</b>	<b>1.74</b>	<b>2.04</b>	<b>1.87</b>	<b>1.23</b>	<b>2.07</b>	<b>2.21</b>

**Exhibit 18(a)**

February 13, 1997

System Energy Resources, Inc.  
Echelon One  
1340 Echelon Parkway  
Jackson, Mississippi 39213

Gentlemen:

We are providing this letter to you for inclusion as an exhibit to your Form 10-K filing pursuant to Item 601 of Regulation S-K.

We have read management's justification contained in the Company's Financial Statements which are included in its Form 10-K for the year ended December 31, 1996, for the change in accounting principle from expensing incremental nuclear plant outage maintenance costs during the operating period in which they were incurred to capitalizing incremental nuclear plant outage maintenance costs as incurred and amortizing them to expense during the operating period between outages. Based on our reading of the data, including documents relating to the Company's May 1995 filing with the Federal Energy Regulatory Commission requesting a rate increase, and discussions with Company officials of the business judgment and business planning factors relating to the change, we believe management's justification to be reasonable. Accordingly, we concur that the newly adopted accounting principle described above is preferable in the Company's circumstances to the method previously applied.

Very truly yours,

**COOPERS & LYBRAND L.L.P.**

**Exhibit 18(b)**

February 13, 1997

Entergy Corporation  
639 Loyola Avenue  
New Orleans, Louisiana 70113

Gentlemen:

We are providing this letter to you for inclusion as an exhibit to your Form 10-K filing pursuant to Item 601 of Regulation S-K.

We have read management's justification contained in the Company's Financial Statements which are included in its Form 10-K for the year ended December 31, 1996, for the change in accounting principle of System Energy Resources, Inc. from expensing incremental nuclear plant outage maintenance costs during the operating period in which they were incurred to capitalizing incremental nuclear plant outage maintenance costs as incurred and amortizing them to expense during the operating period between outages. Based on our reading of the data, including documents relating to the Company's May 1995 filing with the Federal Energy Regulatory Commission requesting a rate increase, and discussions with Company officials of the business judgment and business planning factors relating to the change, we believe management's justification to be reasonable. Accordingly, we concur that the newly adopted accounting principle described above is preferable in the Company's circumstances to the method previously applied.

Very truly yours,

**COOPERS & LYBRAND L.L.P.**

## 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., and their active subsidiaries, are listed below:

State or Other  
Jurisdiction of  
Incorporation

Entergy Corporation	Delaware
System Energy Resources, Inc. (a)	Arkansas
Entergy Arkansas, Inc. (a)	Arkansas
Entergy Arkansas Capital I (b)	Delaware
The Arkklahoma Corporation (b)	Arkansas
Entergy Gulf States, Inc. (a)	Texas
Entergy Gulf States Capital I (c)	Delaware
Varibus Corporation (c)	Texas
GSG&T, Inc. (c)	Texas
Southern Gulf Railway Company (c)	Texas
Prudential Oil & Gas, Inc. (c)	Texas
Entergy Louisiana, Inc. (a)	Louisiana
Entergy Louisiana Capital I (d)	Delaware
Entergy Mississippi, Inc. (a)	Mississippi
Entergy New Orleans, Inc. (a)	Louisiana
System Fuels, Inc. (e)	Louisiana
Entergy Services, Inc. (a)	Delaware
Entergy Power, Inc. (a)	Delaware
Entergy Operations, Inc. (a)	Delaware
Entergy Enterprises, Inc. (a)	Louisiana
Entergy S.A. (a)	Argentina
Entergy Transener S.A. (a)	Argentina
Entergy Power Development Corporation (a)	Delaware
Entergy Richmond Power Corporation	Delaware
Entergy Integrated Solutions, Inc.	Delaware
Entergy Pakistan Ltd.	Delaware
Entergy Power Asia Ltd.	Cayman
Islands	
Entergy Power Development International Corporation (a)	Delaware
EP Edegel, Inc.	Delaware
Entergy Power CBA Holding II Ltd.	Bermuda
EPG Cayman Holding I	Cayman
Islands	
EPG Cayman Holding II	Cayman
Islands	
Entergy Victoria LDC	Cayman
Islands	
Entergy Victoria Holding, LDC	Cayman
Islands	
CitiPower Trust	Australia
CitiPower Ltd.	Australia
Entergy Power Edesur Holding, Ltd. (a)	Bermuda
Entergy Power Marketing Corporation (a)	Delaware
Entergy Power Operations Corporation (a)	Delaware
Entergy Power Holding II, Ltd.	Cayman
Islands	
Entergy Power Operations Holdings, Ltd.	Cayman
Islands	
Entergy Power Operations Pakistan LDC	Cayman
Islands	
Entergy Nuclear, Inc.	Delaware
Entergy Operations Services, Inc.	Delaware
Entergy Mexico, Ltd.	Cayman
Islands	
Entergy Peru S.A.	Peru
Entergy do Brasil LTDA	Brazil
Entergy Technology Holding Company (a)	Delaware
Entergy Power UK Holding Ltd.	England
Entergy Power UK plc	England
London Electricity plc	England

(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., Entergy Services, Inc., Entergy Power, Inc., Entergy Operations, Inc., Entergy Enterprises, Inc., Entergy S.A., Entergy Transener S.A., Entergy Power Development Corporation, Entergy Power Development International Corporation, Entergy Power Edesur Holding, Ltd., Entergy Power Marketing Corporation, Entergy Power Operations Corporation, and Entergy Technology Holding Company.

(b)Entergy Arkansas, Inc. 100 % of the common stock of Entergy Arkansas Capital I and 34% of the Common Stock of The Arkklahoma Corporation.

(c)Entergy Gulf States, Inc. owns all of the Common Stock of Entergy Gulf States Capital I, Varibus Corporation, GSG&T, Inc., Southern Gulf Railway Company, and Prudential Oil & Gas, Inc.

(d)Entergy Louisiana, Inc. owns all of the common stock of Entergy Louisiana Capital I.

(e)The capital stock of System Fuels, Inc. is owned in proportions of 35%, 33%, 19% and 13% by Entergy Arkansas, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc., respectively.

**Exhibit 24**

DATE: January 30, 1997

TO: Louis E. Buck, Jr.  
Laurence M. Hamric

FROM: Edwin Lupberger, et. al.

SUBJECT: Power of Attorney; 1996 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, 1996 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

The Company and the undersigned, in their respective capacities as directors and/or officers of said Company as specified in Attachment I, do each hereby make, constitute and appoint Louis E. Buck, Jr. and Laurence M. Hamric, 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/ Edwin Lupberger  
Edwin Lupberger  
Chairman of the Board, President  
and  
and Chief Executive Officer

/s/ Gerald D. McInvale  
Gerald D. McInvale  
Executive Vice President  
Chief Financial Officer

/s/ W. Frank Blount  
W. Frank Blount

/s/ John A. Cooper, Jr.  
John A. Cooper, Jr.

/s/ Lucie J. Fjeldstad  
Lucie J. Fjeldstad

/s/ Norman C. Francis  
Norman C. Francis

/s/ Robert v.d.Luft  
Robert v.d. Luft

/s/ Edwin Lupberger  
Edwin Lupberger

/s/ Kinnaird R. McKee  
Kinnaird R. McKee

/s/ Paul W. Murrill  
Paul W. Murrill

/s/ James R. Nichols  
James R. Nichols

/s/ Eugene H. Owen  
Eugene H. Owen

/s/ John N. Palmer, Sr.  
John N. Palmer, Sr.

/s/ Robert D. Pugh  
Robert D. Pugh

/s/ H. Duke Shackelford  
H. Duke Shackelford

/s/ Wm. Clifford Smith  
Wm. Clifford Smith

/s/ Bismark A. Steinhagen  
Bismark A. Steinhagen

## Entergy Corporation

Chairman of the Board, President, Chief Executive Officer and Director (principal executive officer) - Edwin Lupberger

Executive Vice President and Chief Financial Officer (principal financial officer) - Gerald D. McInvale

Directors - W. Frank Blount, John A. Cooper, Jr., Lucie J. Fjeldstad, Norman C. Francis, Robert v.d. Luft, Kinnaird R. McKee, Paul W. Murrill, James R. Nichols, Eugene H. Owen, John N. Palmer, Sr., Robert D. Pugh, H. Duke Shackelford, Wm. Clifford Smith, Bismark A. Steinhagen.

DATE: January 30, 1997  
TO: Louis E. Buck, Jr.  
Laurence M. Hamric  
FROM: Edwin Lupberger, et.  
al.

SUBJECT: Power of Attorney; 1996 Form 10-K

Entergy Arkansas, 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 file with the Securities and Exchange Commission their respective Annual Reports on Form 10-K for the year ended December 31, 1996 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

The Companies and the undersigned, in their respective capacities as directors and/or officers of said Companies as specified in Attachment I, do each hereby make, constitute and appoint Louis E. Buck and Laurence M. Hamric, 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.  
Entergy Gulf States, Inc.  
Entergy Louisiana, Inc.  
Entergy Mississippi, Inc.  
Entergy New Orleans, Inc.  
System Energy Resources, Inc.

*By:/s/ Edwin Lupberger  
Edwin Lupberger  
Chairman of the Board and  
and  
Chief Executive Officer*

*By:/s/ Gerald D. McInvale  
Gerald D. McInvale  
Executive Vice President  
Chief Executive Officer*

*/s/ Michael B. Bemis*  
*Michael B. Bemis*

*/s/ John J. Cordaro*  
*John J. Cordaro*

*/s/ Frank F. Gallaher*  
*Frank F. Gallaher*

*/s/ Donald C. Hintz*  
*Donald C. Hintz*

*/s/ Jerry D. Jackson*  
*Jerry D. Jackson*

*/s/ R. Drake Keith*  
*R. Drake Keith*

*/s/ Edwin Lupberger*  
*Maulden*  
*Edwin Lupberger*

*/s/ Jerry L.*  
*Jerry L. Maulden*

*/s/ Donald E. Meiners*  
*Donald E. Meiners*

*/s/ Gerald D. McInvale*  
*Gerald D. McInvale*

*/s/ Karen R. Johnson*  
*Karen R. Johnson*

*/s/ Daniel F. Packer*  
*Daniel F. Packer*

**Entergy Arkansas, Inc.**

Chairman of the Board, Chief Executive Officer and Director (principal executive officer) - Edwin Lupberger

Executive Vice President and Chief Financial Officer (principal financial officer) - Gerald D. McInvale

Directors - Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, R. Drake Keith, Jerry L. Maulden, Gerald D. McInvale.

**Entergy Gulf States, Inc.**

Chairman of the Board, Chief Executive Officer and Director (principal executive officer) - Edwin Lupberger

Executive Vice President and Chief Financial Officer (principal financial officer) - Gerald D. McInvale

Directors - Michael B. Bemis, John J. Cordaro, Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, Karen R. Johnson, Jerry L. Maulden, Gerald D. McInvale.

**Entergy Louisiana, Inc.**

Chairman of the Board, Chief Executive Officer and Director (principal executive officer) - Edwin Lupberger

Executive Vice President and Chief Financial Officer (principal financial officer) - Gerald D. McInvale

Directors - Michael B. Bemis, John J. Cordaro, Donald C. Hintz, Jerry D. Jackson, Jerry L. Maulden, Gerald D. McInvale.

**Entergy Mississippi, Inc.**

Chairman of the Board, Chief Executive Officer and Director (principal executive officer) - Edwin Lupberger

Executive Vice President and Chief Financial Officer (principal financial officer) - Gerald D. McInvale

Directors - Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, Jerry L. Maulden, Donald E. Meiners, Gerald D. McInvale.

**Entergy New Orleans, Inc.**

Chairman of the Board, Chief Executive Officer and Director (principal executive officer) - Edwin Lupberger

Executive Vice President and Chief Financial Officer (principal financial officer) - Gerald D. McInvale

Directors - Jerry D. Jackson, Jerry L. Maulden, Gerald D. McInvale, Daniel F. Packer.

**System Energy Resources, Inc.**

President, Chief Executive Officer and Director (principal executive officer) - Donald C. Hintz

Executive Vice President and Chief Financial Officer (principal financial officer) - Gerald D. McInvale

Directors - Edwin Lupberger, Jerry L. Maulden, Gerald D. McInvale.

**ARTICLE UT**

This schedule contains summary financial information extracted from Entergy Corporation's financial statements for the year ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

CIK: 0000065984

NAME: ENTERGY CORPORATION

SUBSIDIARY:

NUMBER: 022

NAME: ENTERGY CORPORATION

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	16,223,123
OTHER PROPERTY AND INVEST	930,073
TOTAL CURRENT ASSETS	2,362,533
TOTAL DEFERRED CHARGES	3,450,565
OTHER ASSETS	0
TOTAL ASSETS	22,966,294
COMMON	2,345
CAPITAL SURPLUS PAID IN	4,320,591
RETAINED EARNINGS	2,341,703
TOTAL COMMON STOCKHOLDERS EQ	7,071,870
PREFERRED MANDATORY	216,986
PREFERRED	430,955
LONG TERM DEBT NET	7,590,804
SHORT TERM NOTES	20,686
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	345,620
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	247,360
LEASES CURRENT	151,287
OTHER ITEMS CAPITAL AND LIAB	7,297,957
TOT CAPITALIZATION AND LIAB	22,966,294
GROSS OPERATING REVENUE	7,163,526
INCOME TAX EXPENSE	421,159
OTHER OPERATING EXPENSES	5,484,805
TOTAL OPERATING EXPENSES	5,484,805
OPERATING INCOME LOSS	1,678,721
OTHER INCOME NET	(46,964)
INCOME BEFORE INTEREST EXPEN	1,631,757
TOTAL INTEREST EXPENSE	790,571
NET INCOME	420,027
PREFERRED STOCK DIVIDENDS	0
EARNINGS AVAILABLEFOR COMM	420,027
COMMON STOCK DIVIDENDS	0
TOTAL INTEREST ON BONDS	0
CASH FLOW OPERATIONS	1,457,513
EPS PRIMARY	0
EPS DILUTED	0

**ARTICLE UT**

This schedule contains summary financial information extracted from Entergy Arkansas' financial statements for the year ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

CIK: 000007323

NAME: ENTERGY ARKANSAS INC.

SUBSIDIARY:

NUMBER: 001

NAME: ENTERGY ARKANSAS, INC.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	2,850,520
OTHER PROPERTY AND INVEST	219,543
TOTAL CURRENT ASSETS	595,396
TOTAL DEFERRED CHARGES	488,358
OTHER ASSETS	0
TOTAL ASSETS	4,153,817
COMMON	470
CAPITAL SURPLUS PAID IN	590,169
RETAINED EARNINGS	491,316
TOTAL COMMON STOCKHOLDERS EQ	1,198,305
PREFERRED MANDATORY	40,027
PREFERRED	116,350
LONG TERM DEBT NET	1,255,388
SHORT TERM NOTES	667
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	32,465
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	83,940
LEASES CURRENT	53,012
OTHER ITEMS CAPITAL AND LIAB	1,490,013
TOT CAPITALIZATION AND LIAB	4,153,817
GROSS OPERATING REVENUE	1,743,433
INCOME TAX EXPENSE	84,444
OTHER OPERATING EXPENSES	1,433,283
TOTAL OPERATING EXPENSES	1,433,283
OPERATING INCOME LOSS	310,150
OTHER INCOME NET	36,477
INCOME BEFORE INTEREST EXPEN	346,627
TOTAL INTEREST EXPENSE	104,385
NET INCOME	157,798
PREFERRED STOCK DIVIDENDS	16,110
EARNINGS AVAILABLEFOR COMM	141,688
COMMON STOCK DIVIDENDS	142,800
TOTAL INTEREST ON BONDS	0
CASH FLOW OPERATIONS	376,578
EPS PRIMARY	0
EPS DILUTED	0

**ARTICLE UT**

This schedule contains summary financial information extracted from Entergy Gulf States' financial statements for the year ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

CIK: 0000044570

NAME: ENTERGY GULF STATES INC.

SUBSIDIARY:

NUMBER: 006

NAME: ENTERGY GULF STATES, INC.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	4,627,894
OTHER PROPERTY AND INVEST	80,341
TOTAL CURRENT ASSETS	728,335
TOTAL DEFERRED CHARGES	994,878
OTHER ASSETS	0
TOTAL ASSETS	6,431,448
COMMON	114,055
CAPITAL SURPLUS PAID IN	1,152,689
RETAINED EARNINGS	325,312
TOTAL COMMON STOCKHOLDERS EQ	1,728,500
PREFERRED MANDATORY	77,459
PREFERRED	136,444
LONG TERM DEBT NET	1,915,346
SHORT TERM NOTES	0
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	160,865
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	83,524
LEASES CURRENT	39,110
OTHER ITEMS CAPITAL AND LIAB	2,426,644
TOT CAPITALIZATION AND LIAB	6,431,448
GROSS OPERATING REVENUE	2,019,181
INCOME TAX EXPENSE	102,091
OTHER OPERATING EXPENSES	1,607,283
TOTAL OPERATING EXPENSES	1,607,283
OPERATING INCOME LOSS	411,898
OTHER INCOME NET	(122,039)
INCOME BEFORE INTEREST EXPEN	289,859
TOTAL INTEREST EXPENSE	191,655
NET INCOME	(3,887)
PREFERRED STOCK DIVIDENDS	28,505
EARNINGS AVAILABLEFOR COMM	(32,392)
COMMON STOCK DIVIDENDS	0
TOTAL INTEREST ON BONDS	0
CASH FLOW OPERATIONS	322,355
EPS PRIMARY	0
EPS DILUTED	0

**ARTICLE UT**

This schedule contains summary financial information extracted from Entergy Louisiana's financial statements for the year ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

CIK: 0000060527

NAME: ENTERGY LOUISIANA INC.

SUBSIDIARY:

NUMBER: 012

NAME: ENTERGY LOUISIANA, INC.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	3,476,719
OTHER PROPERTY AND INVEST	87,236
TOTAL CURRENT ASSETS	324,302
TOTAL DEFERRED CHARGES	391,021
OTHER ASSETS	0
TOTAL ASSETS	4,279,278
COMMON	1,088,900
CAPITAL SURPLUS PAID IN	(2,659)
RETAINED EARNINGS	63,764
TOTAL COMMON STOCKHOLDERS EQ	1,250,505
PREFERRED MANDATORY	92,500
PREFERRED	100,500
LONG TERM DEBT NET	1,373,233
SHORT TERM NOTES	31,066
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	34,275
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	10,156
LEASES CURRENT	28,000
OTHER ITEMS CAPITAL AND LIAB	1,459,543
TOT CAPITALIZATION AND LIAB	4,279,278
GROSS OPERATING REVENUE	1,828,867
INCOME TAX EXPENSE	118,560
OTHER OPERATING EXPENSES	1,392,421
TOTAL OPERATING EXPENSES	1,392,421
OPERATING INCOME LOSS	436,446
OTHER INCOME NET	3,795
INCOME BEFORE INTEREST EXPEN	440,241
TOTAL INTEREST EXPENSE	130,919
NET INCOME	190,762
PREFERRED STOCK DIVIDENDS	19,947
EARNINGS AVAILABLEFOR COMM	170,815
COMMON STOCK DIVIDENDS	179,200
TOTAL INTEREST ON BONDS	0
CASH FLOW OPERATIONS	351,671
EPS PRIMARY	0
EPS DILUTED	0

**ARTICLE UT**

This schedule contains summary financial information extracted from Entergy Mississippi's financial statements for the year ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

CIK: 000066901

NAME: ENTERGY MISSISSIPPI INC.

SUBSIDIARY:

NUMBER: 016

NAME: ENTERGY MISSISSIPPI, INC.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	1,045,103
OTHER PROPERTY AND INVEST	13,454
TOTAL CURRENT ASSETS	284,252
TOTAL DEFERRED CHARGES	178,657
OTHER ASSETS	0
TOTAL ASSETS	1,521,466
COMMON	199,326
CAPITAL SURPLUS PAID IN	(143)
RETAINED EARNINGS	225,764
TOTAL COMMON STOCKHOLDERS EQ	482,828
PREFERRED MANDATORY	7,000
PREFERRED	57,881
LONG TERM DEBT NET	399,054
SHORT TERM NOTES	50,253
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	96,015
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	0
OTHER ITEMS CAPITAL AND LIAB	486,316
TOT CAPITALIZATION AND LIAB	1,521,466
GROSS OPERATING REVENUE	958,430
INCOME TAX EXPENSE	41,106
OTHER OPERATING EXPENSES	793,834
TOTAL OPERATING EXPENSES	793,834
OPERATING INCOME LOSS	164,596
OTHER INCOME NET	2,805
INCOME BEFORE INTEREST EXPEN	167,401
TOTAL INTEREST EXPENSE	47,084
NET INCOME	79,211
PREFERRED STOCK DIVIDENDS	5,010
EARNINGS AVAILABLEFOR COMM	74,201
COMMON STOCK DIVIDENDS	79,900
TOTAL INTEREST ON BONDS	0
CASH FLOW OPERATIONS	181,966
EPS PRIMARY	0
EPS DILUTED	0

**ARTICLE UT**

This schedule contains summary financial information extracted from Entergy New Orleans' financial statements for the year ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

CIK: 000071508

NAME: ENTERGY NEW ORLEANS INC.

SUBSIDIARY:

NUMBER: 017

NAME: ENTERGY NEW ORLEANS, INC.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	296,218
OTHER PROPERTY AND INVEST	3,259
TOTAL CURRENT ASSETS	126,525
TOTAL DEFERRED CHARGES	123,994
OTHER ASSETS	0
TOTAL ASSETS	549,996
COMMON	33,744
CAPITAL SURPLUS PAID IN	36,294
RETAINED EARNINGS	73,072
TOTAL COMMON STOCKHOLDERS EQ	162,890
PREFERRED MANDATORY	0
PREFERRED	19,780
LONG TERM DEBT NET	168,888
SHORT TERM NOTES	0
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	12,000
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	0
OTHER ITEMS CAPITAL AND LIAB	206,218
TOT CAPITALIZATION AND LIAB	549,996
GROSS OPERATING REVENUE	504,277
INCOME TAX EXPENSE	16,217
OTHER OPERATING EXPENSES	446,699
TOTAL OPERATING EXPENSES	446,699
OPERATING INCOME LOSS	57,578
OTHER INCOME NET	1,467
INCOME BEFORE INTEREST EXPEN	59,045
TOTAL INTEREST EXPENSE	16,052
NET INCOME	26,776
PREFERRED STOCK DIVIDENDS	965
EARNINGS AVAILABLEFOR COMM	25,811
COMMON STOCK DIVIDENDS	34,000
TOTAL INTEREST ON BONDS	0
CASH FLOW OPERATIONS	44,006
EPS PRIMARY	0
EPS DILUTED	0

**ARTICLE UT**

This schedule contains summary financial information extracted from System Energy's financial statements for the year ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

CIK: 0000202584

NAME: SYSTEM ENERGY

SUBSIDIARY:

NUMBER: 018

NAME: SYSTEM ENERGY

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	2,592,302
OTHER PROPERTY AND INVEST	62,223
TOTAL CURRENT ASSETS	261,410
TOTAL DEFERRED CHARGES	545,358
OTHER ASSETS	0
TOTAL ASSETS	3,461,293
COMMON	789,350
CAPITAL SURPLUS PAID IN	0
RETAINED EARNINGS	72,088
TOTAL COMMON STOCKHOLDERS EQ	861,438
PREFERRED MANDATORY	0
PREFERRED	0
LONG TERM DEBT NET	1,418,869
SHORT TERM NOTES	0
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	10,000
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	55,558
LEASES CURRENT	28,000
OTHER ITEMS CAPITAL AND LIAB	1,087,428
TOT CAPITALIZATION AND LIAB	3,461,293
GROSS OPERATING REVENUE	623,620
INCOME TAX EXPENSE	82,121
OTHER OPERATING EXPENSES	306,581
TOTAL OPERATING EXPENSES	306,581
OPERATING INCOME LOSS	317,039
OTHER INCOME NET	6,356
INCOME BEFORE INTEREST EXPEN	323,395
TOTAL INTEREST EXPENSE	142,606
NET INCOME	98,668
PREFERRED STOCK DIVIDENDS	0
EARNINGS AVAILABLEFOR COMM	98,668
COMMON STOCK DIVIDENDS	0
TOTAL INTEREST ON BONDS	0
CASH FLOW OPERATIONS	286,857
EPS PRIMARY	0
EPS DILUTED	0

# End of Filing