The annual long-term debt maturities (excluding lease obligations) and annual cash sinking fund requirements for debt outstanding as of December 31, 1997, for the next five years are as follows:

	Entergy(a)	Entergy Arkansas(b)	Entergy Gulf States(c)	Entergy Louisiana(d)	Entergy Mississippi	System Energy	Entergy London
			(In Thousands)				
1998	$ 390,674	$ 60,650	$ 190,890	$ 35,300	$ 20	$ 70,000	$ 33,814
1999	232,538	365	71,915	238	20	160,000	-
2000	1,029,047	220	945	100,225	20	75,000	-
2001	277,710	35	123,725	18,925	25	135,000	-
2002	1,946,328	110,135	151,010	217,484	65,025	70,000	1,332,774

(a) Not included are other sinking fund requirements of approximately $15.8 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 $0.79 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 $11.6 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 $3.41 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.

Entergy's subsidiary, CitiPower, established a variable rate revolving credit facility in the aggregate amount of 1.2 billion Australian dollars ($780 million) on January 5, 1996. The facility is fully collateralized by all of CitiPower's assets and is non-recourse to Entergy. Borrowings have maturities of 30 to 185 days, and are continuously renewable for 30 to 185 day periods at CitiPower's option until the facility matures on June 30, 2000. As of December 31, 1997, the facility was drawn down to 1.1 billion Australian dollars ($715.3 million) at an average interest rate of 5.30%. Credit support is provided to facility banks in the form of a subordinated letter of credit supplied by the Commonwealth Bank of Australia. The letter of credit matures on January 21, 1999, and is for an amount of 70 million Australian dollars ($45.5 million). The letter of credit is fully collateralized by a second-ranking security interest in all of CitiPower's assets and is non-recourse to Entergy.

CitiPower entered into several interest rate swaps to reduce the impact of interest rate changes on the borrowings under its variable rate line of credit. 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. Interest is recognized currently based on the fixed rate of interest resulting from use of these swap agreements. 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, CitiPower does not anticipate nonperformance by any counterparty to any interest rate swap in effect as of December 31, 1997. As of December 31, 1997, CitiPower was a party to interest rate swaps having a notional amount of 900 million Australian dollars with maturity dates ranging from February 1999 to December 2000, which effectively fixed the rate of interest on the CitiPower credit line at 7.70%. CitiPower is also a party to an additional swap with a notional amount of 32 million Australian dollars and a maturity date of December 2009. The estimated fair value of the interest rate swaps, which represents the estimated amount CitiPower would pay to terminate the

swaps at December 31, 1997, based on quoted interest rates, is a net liability of $28 million. See Note 1 for a discussion of Entergy accounting policies regarding interest rate swaps.

Entergy London executed a credit facility with several banks on December 17, 1996, to obtain credit facilities in the aggregate amount of approximately BPS1.25 billion ($2.1 billion). Proceeds of this facility, which were in three tranches, were used, together with $392 million of cash provided by Entergy, to fund the acquisition of, and to provide working capital for, London Electricity. The facilities were refinanced in November 1997. New or restated borrowing facilities were negotiated and Cumulative Quarterly Income Preferred Securities were issued (see Note 6 for more information) to partially replace one of the tranches. The restated credit facility is non-recourse to Entergy and is collateralized by certain assets of Entergy London, consisting of 65% of the shares of London Electricity. The maturity dates of the various tranches of the credit facility range from December 17, 2001, to October 31, 2002. The interest rate on these facilities is the London Interbank Offered Rate plus up to 1.00%, depending on the capitalization ratio of Entergy London and its subsidiaries.

A portion of the amended and restated facility ($1.3 billion), and related interest rate swaps, are now obligations of Entergy UK Limited, an indirect, wholly-owned subsidiary of Entergy Corporation. These obligations are still reflected in the financial statements of Entergy London, however, because the facility is guaranteed by Entergy London, Entergy UK Limited's indirect, wholly-owned subsidiary. Entergy London recognizes the interest expense associated with this debt in its financial statements, with a credit to shareholder's equity for the same amount. This credit to shareholder's equity offsets dividends as they are declared from Entergy London to Entergy UK Limited. These dividends are the funding mechanism for Entergy UK Limited to service this debt. Management intends to declare future dividends from Entergy London to enable Entergy UK Limited to continue to service this debt.

Entergy London entered into interest rate swaps to reduce the impact of interest rate changes on its debt related to the London Electricity acquisition. The interest rate swap agreements involve the exchange of floating rate interest payments for fixed rate interest payments over the life of the agreements. Entergy London recognizes interest expense currently based on the fixed rate of interest resulting from use of these swap agreements. If the counterparties to an interest rate swap agreement were to default on contractual payments, Entergy London could be exposed to increased costs related to replacing the original agreement. However, management does not anticipate nonperformance by any counterparty to any interest rate swap in effect as of December 31, 1997. As of December 31, 1997, Entergy London was party to interest rate swaps having a notional amount of BPS600 million with maturity dates ranging from March 1999 to September 2001, which effectively fixed the rate of interest at 7.48%. The estimated fair value of the interest rate swaps, which represents the estimated amount Entergy London would pay to terminate the swaps as of December 31, 1997, based on quoted interest rates, is a net liability of $11 million. See Note 1 for a discussion of Entergy's accounting policies regarding interest rate swaps.

In August 1997, EPDC entered into a BPS50 million ($82.5 million) credit facility to finance the acquisition of the Damhead Creek project. In December 1997, EPDC amended the credit facility and increased the amount of the revolver to BPS100 million ($165 million). As of December 31, 1997, approximately BPS97.4 million ($160.2 million) was outstanding under this facility. The interest rate on the outstanding borrowings was 7.84% as of December 31, 1997.

In December 1997, Saltend Cogeneration Company ("SCC"), an indirect wholly-owned subsidiary of EPDC, entered into a BPS646 million ($1.07 billion) non-recourse senior credit facility (Senior Credit Facility) to finance the construction of a 1200 MW gas-fired power plant in Hull, England. Borrowings under the Senior Credit Facility are payable after completion of construction over a 15-year period beginning December 31, 2000. SCC also entered into a BPS72 million ($118 million) Subordinated Credit Facility that provides funding upon the earlier of completion of construction or July 31, 2000. The proceeds of borrowings under this facility will be used to repay a portion of the Senior Credit Facility. The Subordinated Credit Facility is payable over a 10-year period beginning December 31, 2000.

The Senior Credit Facility is collateralized by all of the assets of SCC. Furthermore, the credit facilities require SCC to enter into interest rate hedges for a significant portion of the project debt. Certain cash balances, primarily related to SCC, are restricted from being used to make loans and advances or to pay dividends to EPDC by the amount required for debt payments, letter of credit expenses, and permitted project costs. The total restricted cash was $2.6 million as of December 31, 1997.

On January 16, 1998, Entergy Arkansas redeemed, in full at par, prior to its maturity, $45.5 million of its 1977 6 1/8% Series Jefferson County pollution control revenue bonds due October 1, 2007, with proceeds of 5.6% pollution control revenue bonds, due October 1, 2017, issued in December 1997.

NOTE 8. DIVIDEND RESTRICTIONS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy, and Entergy London)

Provisions within the Articles of Incorporation or pertinent indentures and various other agreements relating to the long-term debt and preferred stock of certain of Entergy Corporation's subsidiaries restrict the payment of cash dividends or other distributions on their common and preferred stock. Additionally, PUHCA prohibits Entergy Corporation's subsidiaries from making loans or advances to Entergy Corporation. Detailed below are the restricted retained earnings unavailable for distribution to Entergy Corporation by subsidiary.

	Restricted Earnings (in millions)
Entergy Arkansas	$ 291.3
Entergy Mississippi	15.8

During 1997, cash dividends paid to Entergy Corporation by its subsidiaries totaled $550.2 million. In February 1998, Entergy Corporation received common stock dividend payments from its subsidiaries totaling $103.9 million.

NOTE 9. COMMITMENTS AND CONTINGENCIES

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

Entergy Gulf States and Cajun, respectively, owned 70% and 30% undivided interests in River Bend (operated by Entergy Gulf States), and own 42% and 58% undivided interests in Big Cajun 2, Unit 3 (operated by Cajun). These relationships 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 Cajun Settlement was consummated on December 23, 1997.

The Cajun Settlement includes, but is not limited to, the following elements: (i) Cajun's 30% interest in River Bend was transferred, at the behest of the RUS, by Cajun's Trustee in Bankruptcy to Entergy Gulf States; (ii) Cajun set aside in trust a total of $132 million for its share of the decommissioning costs of River Bend; (iii) Cajun transferred certain transmission assets to Entergy Gulf States; (iv) Cajun and Entergy Gulf States settled transmission disputes and released each other from claims for payment under transmission arrangements; (v) all funds paid by Entergy Gulf States into the registry of the District Court, which totaled over $102 million on December 23, 1997, were returned to Entergy Gulf States; (vi) Cajun was released from its unpaid past, present, and future liability to Entergy Gulf States for River Bend costs and expenses; and (vii) all remaining litigation between Cajun and Entergy Gulf States was dismissed. Based on the District Court's approval of the Cajun Settlement, a

litigation accrual established in 1994 for possible losses associated with the Cajun-River Bend litigation was reversed in September 1996. The consummation of the Cajun Settlement resulted in an addition to net income for Entergy Gulf States of $146 million in 1997.

Proponents of all of the plans of reorganization submitted to the Bankruptcy Court in the Cajun bankruptcy case have incorporated the Cajun Settlement as an integral condition to the effectiveness of their plans. 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. Additional hearings are scheduled for 1998.

Cajun - Coal Contracts (Entergy Corporation and Entergy Gulf States)

On January 13, 1997, Entergy Gulf States filed a declaratory judgment action in the U.S. Bankruptcy Court in which the Cajun bankruptcy is pending, seeking a ruling that Entergy Gulf States would not be liable for damages to certain coal suppliers for Big Cajun 2, Unit 3, if the Cajun bankruptcy trustee were to reject their coal contracts as a part of a plan of reorganization in the bankruptcy proceeding. In its pleading, Entergy Gulf States took the position that it was not a party to, and had no liability under, those coal contracts. On February 12, 1997, the coal suppliers and the Cajun bankruptcy trustee filed a response in the declaratory judgment action and made certain counterclaims and crossclaims. The coal suppliers contended that Entergy Gulf States' declaratory judgment action should be dismissed and, in the alternative, argued that Cajun was Entergy Gulf States' agent in the procurement of coal for Big Cajun 2, Unit 3, and that Entergy Gulf States was a party to and had liability under the coal supply contracts. On September 4, 1997, the U.S. Bankruptcy Court ruled that Entergy Gulf States was not liable for the Cajun coal contracts. The coal suppliers have subsequently appealed this decision to the District Court, and oral argument on the appeal is set for April 1998.

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

Construction expenditures (excluding nuclear fuel) for the domestic utility companies, System Energy, and Entergy London for the years 1998, 1999, and 2000 are estimated to total $734 million, $644 million, and $680 million, respectively. Entergy will also require $1.887 billion during the period 1998-2000 to meet long-term debt and preferred stock maturities and cash sinking fund requirements. Entergy plans to meet these requirements primarily with internally generated funds and cash on hand, supplemented by proceeds of the issuance of debt and company-obligated mandatorily redeemable preferred securities and from 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. In addition, under supplements to the Capital Funds Agreement assigning System Energy's rights as security for specific debt of System Energy, Entergy Corporation has agreed to make cash capital contributions to enable System Energy to make payments on such debt when due.

System Energy has entered into agreements with Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans whereby they are obligated to purchase their respective entitlements of capacity and energy

from System Energy's 90% ownership and leasehold interest in Grand Gulf 1, and to make payments that, together with other available funds, are adequate to cover System Energy's operating expenses. System Energy would have to secure funds from other sources, including Entergy Corporation's obligations under the Capital Funds Agreement, to cover any shortfalls from payments received from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans under these agreements.

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

System Energy has agreed to sell all of its 90% owned and leased share of capacity and energy from Grand Gulf 1 to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans in accordance with specified percentages (Entergy Arkansas-36%, Entergy Louisiana-14%, Entergy Mississippi-33%, and Entergy New Orleans-17%) as ordered by FERC. Charges under this agreement are paid in consideration for the purchasing companies' respective entitlement to receive capacity and energy and are payable irrespective of the quantity of energy delivered so long as the unit remains in commercial operation. The agreement will remain in effect until terminated by the parties and approved by FERC, most likely upon Grand Gulf 1's retirement from service. Monthly obligations for payments, including the rate increase that 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 the cost of Grand Gulf 2 over 27 years. (See Reallocation Agreement terms below.) System Energy has assigned its rights to payments and advances to certain creditors as security for certain obligations. Since commercial operation of Grand Gulf 1, payments under the Unit Power Sales Agreement have exceeded the amounts payable under the Availability Agreement. Accordingly, no payments under the Availability Agreement have ever been required. If Entergy Arkansas or Entergy Mississippi fails to make its Unit Power Sales Agreement payments, and System Energy is unable to obtain funds from other sources, Entergy Louisiana and Entergy New Orleans could become subject to claims or demands by System Energy or its creditors for payments or advances under the Availability Agreement (or the assignments thereof) equal to the difference between their required Unit Power Sales Agreement payments and their required Availability Agreement payments.

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

System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans entered into the Reallocation Agreement relating to the sale of capacity and energy from Grand Gulf and the related costs, in which Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans agreed to assume all of Entergy Arkansas' responsibilities and obligations with respect to Grand Gulf under the Availability Agreement. FERC's decision allocating a portion of Grand Gulf 1 capacity and energy to Entergy Arkansas supersedes the Reallocation Agreement as it relates to Grand Gulf 1. Responsibility for any Grand Gulf 2 amortization amounts has been individually allocated (Entergy Louisiana-26.23%, Entergy Mississippi-43.97%, and Entergy New Orleans-29.80%) under the terms of the Reallocation Agreement. However, the Reallocation Agreement does not affect Entergy Arkansas' obligation to System Energy's lenders under the assignments referred to in the preceding paragraph. Entergy Arkansas would be liable for its share of such amounts if Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans were unable to meet their contractual obligations. No payments of any amortization amounts

will be required so long as amounts paid to System Energy under the Unit Power Sales Agreement, including other funds available to System Energy, exceed amounts required under the Availability Agreement, which is expected to be the case for the foreseeable future.

Reimbursement Agreement (System Energy)

In December 1988, System Energy entered into two entirely separate, but identical, arrangements for the sale and leaseback 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, 1997, System Energy's equity approximated 34.80% of its adjusted capitalization, and its fixed charge coverage ratio was 2.43.

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 White Bluff 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 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 21% of its annual requirements, which is the minimum volume Entergy Gulf States is required to purchase under the contracts. 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.

(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 Louisian' 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 (collectively the 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, 1997, 1996, and 1995, the purchases by Entergy Gulf States of electricity from the joint venture totaled $70.7 million, $62.0 million, and $58.5 million, respectively.

(Entergy Louisiana)

Entergy Louisiana has an agreement extending through the year 2031 to purchase energy generated by a hydroelectric facility. During 1997, 1996, and 1995, Entergy Louisiana made payments under the contract of approximately $64.6 million, $56.3 million, and $55.7 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 $61.0 million in 1998, and a total of $3.7 billion for the years 1999 through 2031. Entergy Louisiana recovers the costs of purchased energy through its fuel adjustment clause.

(Entergy London)

London Electricity uses CFDs and power purchase contracts with certain UK generators to fix the price of electricity for a contracted quantity over a specific period of time. As of December 31, 1997, London Electricity has outstanding CFDs and power purchase contracts for approximately 40,000 GWH of electricity. These include a long term power purchase contract with an affiliate which is based on 27.5% of the affiliate's capacity from its 1000 MW facility through the year 2010. London Electricity's sales volume was approximately 18,000 GWH in the year ended 1997. Management's estimate of the fair value of London Electricity's CFDs outstanding as of December 31, 1997, is that fair value approximates contract value.

(Entergy Corporation)

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 energy trading swaps entered into with certain generators. As of December 31, 1997, CitiPower had outstanding energy trading swaps totaling a notional amount of 38,372 MW of average daily load of electricity. These contracts mature through the year 2000. Management's estimate of the fair value of such swaps outstanding at December 31, 1997, is a net liability of approximately $86.1 million.

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 have agreed to make loans to System Fuels to finance its fuel procurement, delivery, and storage activities. As of December 31, 1997, 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 loans mature in 2008.

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. In addition, each owner/licensee of Entergy's five nuclear units participates in a private insurance program that provides coverage for worker tort claims filed for bodily injury caused by radiation exposure. The program provides for a maximum assessment of approximately $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, 1997, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy each was insured against such losses up to $2.3 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, 1997, the maximum amounts of such possible assessments were: Entergy Arkansas - $25.3 million; Entergy Gulf States - $8.8 million; Entergy Louisiana - $19.9 million; Entergy Mississippi - $1.0 million; Entergy New Orleans - $0.5 million; and System Energy - $17.0 million. Under its agreement with System Energy, SMEPA would share in System Energy's 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 one time 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 one-time fee plus accrued interest, no earlier than 1998, and has recorded a liability as of December 31, 1997, of approximately $122 million for generation prior 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 did 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 t receive spent nuclear fuel beginning in 1998. The original suits, filed June 20, 1994, asked for a ruling stating th

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 for 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 anticipated it would 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. On November 14, 1997, the court reaffirmed the DOE's unconditional obligation to begin accepting spent fuel by January 31, 1998, and ordered the DOE to proceed with contractual remedies consistent with the DOE's unconditional obligation. Nevertheless, the ruling did not address the plaintiffs' request for authority to withhold payments to the DOE. Therefore, on December 11, 1997, Entergy Operations and a coalition of 27 utilities petitioned the DOE to suspend and escrow future payments to the DOE's waste fund beginning February 1, 1998. On January 12, 1998, the DOE rejected the coalition's petition. On February 19, 1998, Entergy Operations and the coalition of 36 electric utilities filed a motion with the court seeking enforcement of its November 14, 1997 order and other relief.

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 as of December 31, 1997, 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)	419.0
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
	$ 1,911.3

The estimate for River Bend includes the decommissioning costs related to the 30% share of River Bend formerly owned by Cajun. The 30% share was acquired by Entergy Gulf States in connection with the Cajun Settlement. As a part of the Cajun Settlement, Cajun placed in trust a total of $132 million for its share of the

decommissioning costs of River Bend. See "**Cajun - River Bend Litigation**" above for further discussion regarding the Cajun Settlement.

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. Entergy Gulf States included decommissioning costs based on the 1996 study in the PUCT rate review filed in November 1996. That review is ongoing. 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. The LPSC's review is ongoing. However, in June of 1996, a rate decrease was implemented that included decommissioning revenue requirements based on the 1996 study. 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 have been and will continue to be 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 and the trust funds received with the transfer of Cajun's 30% share of River Bend.

The cumulative liabilities and actual decommissioning expenses recorded in 1997 by Entergy were as follows:

	Cumulative Liabilities as of December 31, 1996	1997 Trust Earnings	1997 Decommissioning Expenses	Other	Cumulative Liabilities as of December 31, 1997
		(In Millions)			
ANO 1 and ANO 2	$ 200.6	$ 9.1	$ 17.3	$ -	$ 227.0
River Bend	39.2	2.0	7.5	132.0	$ 180.7
Waterford 3	49.0	2.4	8.8	-	$ 60.2
Grand Gulf 1	60.7	3.5	19.0	-	$ 83.2
	$ 349.5	$ 17.0	$ 52.6	$ 132.0	$ 551.1

In 1996 and 1995, ANO's decommissioning expense was $20.1 million and $17.7 million, respectively; River Bend's decommissioning expense was $6.0 million and $8.1 million, respectively; Waterford 3's decommissioning expense was $8.8 million and $7.5 million, respectively; and Grand Gulf 1's decommissioning expense was $19.0 million and $5.4 million, respectively. The actual decommissioning costs may vary from th estimates because of regulatory requirements, changes in technology, and increased costs of labor, materials, ar

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. 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 and 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 $3.7 million, $0.9 million, $1.4 million, and $1.5 million (in 1997 dollars), respectively, for approximately 15 years. As of December 31, 1997, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy had recorded liabilities of $33.4 million, $5.8 million, $12.7 million, and $12.5 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 recover these costs 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 refueling outage in May 1997. Turbine modifications were installed in May 1997 to restore most of the output lost 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, it could become necessary for Entergy Operations to insert sleeves in steam generator tubes that were previously plugged. On October 25, 1996, Entergy Corporation's Board of Directors authorized Entergy Arkansas and Entergy Operations to negotiate a contract 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. Entergy Operations has entered into a contract, with certain cancellation provisions, for the design and fabrication of replacement steam generators. A letter of intent has been issued for the installation of the replacement steam generators. It is anticipated that 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 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, 1997, a remaining recorded provision of $23.8 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 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 as of December 31, 1997, for waste water upgrades and closures. Completion of this work is pending LDEQ approval. Cumulative expenditures relating to the upgrades and closures of waste water impoundments are $7.1 million as of December 31, 1997.

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.

Waterford 3 Lease Obligations (Entergy Louisiana)

On September 28, 1989, Entergy Louisiana entered into three identical transactions for the sale and leaseback of undivided interests (aggregating approximately 9.3%) in Waterford 3. In July 1997, Entergy Louisiana caused the lessors to issue $307,632,000 aggregate principal amount of Waterford 3 Secured Lease Obligation Bonds, 8.09% Series due 2017, to refinance the outstanding bonds originally issued to finance the purchase of the undivided interests by the lessors. The lease payments will be reduced to reflect the lower interest costs. Upon the occurrence of certain events, Entergy Louisiana may be obligated to pay amounts sufficient to permit the Owner Participants to withdraw from the lease transactions, and Entergy Louisiana may be required to assume the outstanding bonds issued by the Owner Trustee to finance, in part, its acquisition of the undivided interests in Waterford 3. See Note 10 for further information.

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, Entergy Louisiana, and Entergy New Orleans)

Entergy Corporation, Entergy Louisiana, and Entergy New Orleans are defendants in numerous lawsuits filed in Louisiana state court on behalf of approximately 147 plaintiffs who claim that they were illegally terminated from their jobs due to discrimination on the basis of age. The plaintiffs have requested that the court certify the matter as a class action. On August 13, 1997, the court certified the case as a class action. The court decision to certify a class action has been appealed to the Louisiana Fifth Circuit Court of Appeal. No assurance can be given as to the timing or outcome of these proceedings.

(Entergy Corporation and Entergy Arkansas)

Entergy Corporation and Entergy Arkansas are defendants in a number of lawsuits filed in federal court on behalf of a total of approximately 60 plaintiffs who claim they were illegally terminated from their jobs due to discrimination on the basis of age or race.

The first of these lawsuits, originally involving 29 plaintiffs, was tried before a jury beginning in April 1997. Settlements were reached with two of the plaintiffs prior to the trial. In May 1997, the jury rendered findings as to 22 of the plaintiffs indicating that Entergy had no liability to them for discrimination. However, the jury also found that Entergy had intentionally discriminated against the remaining five plaintiffs on the basis of age. As a result, these five plaintiffs are entitled to damages equal to twice their back pay plus lost future wages, and they will be awarded attorneys' fees in an amount which has not yet been determined by the court.

A trial date for another suit involving 18 plaintiffs, originally scheduled for May 1997, has been continued until April 1998. A motion for summary judgment in favor of the defendants is pending in this suit. Another suit, involving a single plaintiff, which had been set for trial in February 1998, has been continued with no new trial date set. Another of the suits, involving a single plaintiff, was settled for an immaterial amount prior to trial in November 1997. Another of the suits, involving nine plaintiffs, has been set for trial in June 1998. The last of these suits is in the discovery stage and has been set for trial in July 1998.

(Entergy Corporation and Entergy Gulf States)

Entergy Corporation and Entergy Gulf States were 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 asserted various claims, including discrimination on the basis of age, race, and/or sex. The court made a preliminary ruling that each plaintiff's claim should be tried separately. However, all of these claims were settled before reaching trial in June 1997.

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

Entergy Corporation, Entergy Gulf States, and Entergy Louisiana were defendants in a suit filed in federal court in Louisiana by approximately 57 plaintiffs who claimed, among other things, they were wrongfully discharged from their employment on the basis of their age. However, all of these claims were settled before reaching trial in September 1997.

<u>Entergy London Agreements and Contracts</u> (Entergy London)

Entergy London is subject to an agreement whereby the UK government is entitled to a proportion of certain property gains realized by London Electricity as a result of disposals or events treated as disposals occurring after March 31, 1990, of properties held at that date. This commitment is effective until March 31, 2000.

Entergy London has recorded approximately $165 million in reserves as of December 31, 1997, related to unfavorable long-term contracts. These reserves will be amortized over the remaining lives of the contracts which range from 14 to 18 years. The reserves recorded are based on the excess of estimated fair market value of these contracts over the present value of the future cash flows under the contracts at the applicable discount rate and prices.

NOTE 10. LEASES

General

As of December 31, 1997, 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	Entergy Gulf States
		(In Thousands)	
1998	$ 27,369	$ 10,953	$ 12,480
1999	27,343	10,953	12,480
2000	25,534	9,646	11,983
2001	23,452	9,646	11,628
2002	19,574	9,646	9,879
Years thereafter	80,512	42,211	38,101
Minimum lease payments	203,784	93,055	96,551
Less: Amount representing interest	68,074	37,311	29,073
Present value of net minimum lease payments	$ 135,710	$ 55,744	$ 67,478

Operating Leases

Year	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy London
			(In Thousands)		
1998	$67,748	$17,946	$14,429	$5,108	$10,780
1999	65,557	17,913	14,408	4,702	9,831
2000	62,645	17,913	13,801	4,644	9,707
2001	56,473	17,995	11,546	1,178	9,707
2002	55,011	17,772	11,292	1,163	9,589
Years thereafter	334,155	55,886	56,528	-	119,956
Minimum lease payments	$ 641,589	$ 145,425	$ 122,004	$ 16,795	$ 169,570

Rental expense for Entergy's leases (excluding nuclear fuel leases and the sale and leaseback transactions) amounted to approximately $70.7 million, $62.1 million, and $61.1 million in 1997, 1996, and 1995, respectively. These amounts include $19.7 million, $26.0 million, and $26.0 million, respectively, for Entergy Arkansas; $17.6 million, $11.8 million, and $13.0 million, respectively, for Entergy Gulf States; $12.8 million, $13.7 million, and $13.6 million, respectively, for Entergy Louisiana; and $11.4 million in 1997 for Entergy London.

Nuclear Fuel Leases (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, System Energy)

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy each has arrangements to lease nuclear fuel in an aggregate amount up to $140 million, $70 million, $80 million, and $90 million respectively. As of December 31, 1997, the unrecovered cost base of Entergy Arkansas', Entergy Gulf States', Entergy Louisiana's, and System Energy's nuclear fuel leases amounted to approximately $92.6 million, $54.4 million, $57.8 million, and $64.2 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 2000, December 2000, January 2001, and February 2001, respectively. The debt securities issued pursuant to these fuel lease arrangements have varying maturities through December 15, 2000. 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 1997, 1996, and 1995 was $149.7 million (including interest of $18.7 million), $158.5 million (including interest of $21.7 million), and $153.5 million (including interest of $22.1 million), respectively. Specifically, in 1997, 1996, and 1995, Entergy Arkansas' expense was $53.7 million, $53.9 million, and $46.8 million (including interest of $6.4 million, $7.1 million, and $6.7 million), respectively; Entergy Gulf States' expense was $25.5 million, $27.1 million, and $41.4 million (including interest of $3.2 million, $4.2 million, and $6.0 million), respectively; Entergy Louisiana's expense was $29.4 million, $39.8 million, and $30.8 million (including interest of $3.7 million, $4.9 million, and $3.7 million), respectively; System Energy's expense was $41.1 million, $37.7 million, and $34.5 million (including interest of $5.4 million, $5.5 million, and $5.7 million), respectively.

Sale and Leaseback Transactions

Waterford 3 Lease Obligations (Entergy Louisiana)

Entergy Louisiana is the lessee of three separate undivided interests in Waterford 3 under three separate, but substantially identical, long-term net leases. The lessors under such leases acquired the undivided interests (aggregating approximately 9.3%) in Waterford 3 from Entergy Louisiana in three separate sale-leaseback transactions that occurred in 1989. Entergy Louisiana is leasing back the interests on a net lease basis over an approximate 28-year basic lease term. Approximately 87.7% of the aggregate consideration paid by the lessors for their respective undivided interests was provided to the lessors from the issuance of Waterford 3 Secured Lease Obligation Bonds (Initial Series Bonds) in 1989. 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.

In July 1997, Entergy Louisiana caused the Waterford 3 lessors to issue $307,632,000 aggregate principal amount of Waterford 3 Secured Lease Obligation Bonds, 8.09% Series due 2017, to refinance the outstanding bonds originally issued to finance the purchase of the undivided interests by the lessors. The lease payments have been reduced to reflect the lower interest costs.

Upon the occurrence of certain 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 Owner Participants to withdraw from the lease transactions, and Entergy Louisiana may be required to assume the outstanding bonds issued by the Owner Trustee to finance, in part, its 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, 1997, Entergy Louisiana's total equity capital (including preferred stock) was 46.8% of adjusted capitalization and its fixed charge coverage ratio was 2.79.

As of December 31, 1997, Entergy Louisiana had future minimum lease payments (reflecting an overall implicit rate of 7.45%) in connection with the Waterford 3 sale and leaseback transactions, which are recorded as long-term debt, as follows (in thousands):

1998	$ 23,850
1999	49,108
2000	42,573
2001	40,909
2002	39,246
Years thereafter	532,137
Total	727,823
Less: Amount representing interest	374,223
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 $84.0 million and $93.2 million as of December 31, 1997, and 1996, respectively.

As of December 31, 1997, 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):

1998	$ 42,753
1999	42,753
2000	42,753
2001	46,803
2002	53,827
Years thereafter	659,437
Total	888,326
Less: Amount representing interest	399,164
Present value of net minimum lease payments	$ 489,162

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

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 domestic 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.

Entergy London participates in a defined benefit pension plan, which provides pension and other related defined benefits, based on final pensionable pay, to substantially all employees throughout the electricity supply industry in the UK. Entergy London uses the projected unit credit actuarial method for funding purposes. Amounts funded to the pension are primarily invested in equity and fixed income securities.

Total 1997, 1996, and 1995 pension cost of Entergy Corporation and its subsidiaries, including amounts capitalized, included the following components (in thousands):

1997	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy London
Service cost - benefits earned during the period	$48,908	$6,937	$5,365	$3,762	$1,893	$763	$2,389	$16,615
Interest cost on projected benefit obligation	193,930	26,472	23,684	15,778	10,011	2,783	2,942	99,358
Actual return on plan assets	(306,613)	(46,065)	(53,729)	(49,438)	(19,577)	(1,914)	(6,052)	(118,465)
Net amortization and deferral	86,486	16,906	23,657	27,200	7,549	63	2,055	-
Net pension cost (income)	$22,711	$4,250	($1,023)	($2,698)	($124)	$1,695	$1,334	($2,492)

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

The funded status of Entergy's various pension plans as of December 31, 1997, and 1996 was (in thousands):

1997

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy London
Actuarial present value of accumulated pension plan obligation:								
Vested	$2,189,915	$333,343	$294,552	$201,454	$126,882	$34,616	$31,774	$1,026,071
Nonvested	9,882	3,295	883	2,318	682	357	543	-
Accumulated benefit obligation	2,199,797	336,638	295,435	203,772	127,564	34,973	32,317	1,026,071
Plan assets at fair value	3,144,498	427,175	454,912	328,381	174,651	23,043	53,105	1,537,297
Projected benefit obligation	2,496,086	381,581	327,842	226,254	140,317	40,568	46,433	1,134,174
Plan assets in excess of (less than) projected benefit obligation	648,412	45,594	127,070	102,127	34,334	(17,525)	6,672	403,123
Unrecognized prior service cost	35,500	13,656	12,649	5,353	4,414	1,706	1,021	-
Unrecognized transition asset	(32,151)	(9,343)	(7,162)	(11,230)	(5,001)	(572)	(4,694)	-
Unrecognized net loss (gain)	(431,178)	(69,076)	(179,742)	(96,391)	(34,699)	7,209	(7,211)	(161,907)
Accrued pension asset (liability)	$220,583	($19,169)	($47,185)	($141)	($952)	($9,182)	($4,212)	$241,216

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)

The significant actuarial assumptions used in computing the information above for the domestic utility companies and System Energy for 1997, 1996, and 1995 were as follows: weighted-average discount rate, 7.25% for 1997, 7.75% for 1996, and 7.5% for 1995, weighted-average rate of increase in future compensation levels, 4.6% for 1997, 1996, and 1995; and expected long-term rate of return on plan assets, 9.0% for 1997 and 1996, and 8.5% for 1995. Transition assets of Entergy are being amortized over the greater of the remaining service period of active participants or 15 years.

The significant actuarial assumptions used in computing the information above for Entergy London for 1997 were as follows: weighted-average discount rate of 9.0%, weighted-average rate of increase in future compensation levels of 6.5%, and expected long-term rate of return on plan assets of 9.0%.

Other Postretirement Benefits

Entergy also provides certain health care and life insurance benefits for retired employees. Substantially all domestic employees may become eligible for these benefits if they reach retirement age while still working for Entergy.

Effective January 1, 1993, Entergy adopted SFAS 106 which required a change from a cash method to an accrual method of accounting for postretirement benefits other than pensions. 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 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 a five-year period that began January 1, 1993. In December 1997, the APSC issued an order allowing the 15 year amortization of this regulatory asset. Beginning in 1998, Entergy Arkansas will be allowed to recover its SFAS 106 expenses in rates. 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. Entergy New Orleans is expensing its SFAS 106 costs. Pursuant to the PUCT's May 26, 1995, amended order, Entergy Gulf States is currently collecting the Texas portion of its SFAS 106 costs in rates. 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.

In December 1997, Entergy Arkansas was allowed to begin funding its SFAS 106 costs commencing in 1998. Pursuant to regulatory directives, Entergy Mississippi, Entergy New Orleans, the portion of Entergy Gulf States regulated by the PUCT, and System Energy, fund postretirement benefit obligations collected in rates. System Energy is funding on behalf of Entergy Operations postretirement benefits associated with Grand Gulf 1. Entergy Louisiana and Entergy Gulf States continue to fund a portion of these benefits regulated by the LPSC and FERC on a pay-as-you-go basis. The assets of the various postretirement benefit plans other than pensions include common stocks, fixed-income securities, and a money market fund. 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.

Total 1997, 1996, and 1995 postretirement benefit cost of Entergy Corporation and its subsidiaries, including amounts capitalized and deferred, included the following components (in thousands):

1997

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	$13,991	$3,204	$3,227	$2,081	$1,092	$618	$939
Interest cost on APBO	29,317	6,232	9,466	4,490	2,278	3,106	648
Actual return on plan assets	(3,386)	-	(1,637)	-	(695)	(840)	(214)
Net amortization and deferral	15,864	3,716	6,519	2,623	1,399	1,936	262
Net postretirement benefit cost	$55,786	$13,152	$17,575	$9,194	$4,074	$4,820	$1,635

1996

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	$14,351	$3,128	$3,476	$2,155	$1,081	$661	$890
Interest cost on APBO	26,133	5,580	8,164	4,283	2,171	3,085	512
Actual return on plan assets	(1,654)	-	(388)	-	(479)	(681)	(106)
Net amortization and deferral	14,214	3,397	5,370	2,694	1,458	1,977	209
Net postretirement benefit cost	$53,044	$12,105	$16,622	$9,132	$4,231	$5,042	$1,505

1995

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost - benefits earned during the period	$10,797	$2,777	$1,864	$2,047	$909	$650	$687
Interest cost on APBO	25,629	5,398	8,526	4,215	1,969	3,258	603
Actual return on plan assets	(759)	-	-	-	(245)	(514)	-
Net amortization and deferral	11,023	2,702	4,477	2,121	988	1,876	262
Net postretirement benefit cost	$46,690	$10,877	$14,867	$8,383	$3,621	$5,270	$1,552

The funded status of Entergy's postretirement plans as of December 31, 1997, and 1996, was (in thousands):

1997	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Actuarial present value of accumulated postretirement benefit obligation:							
Retirees	$313,243	$66,279	$112,150	$47,774	$23,062	$37,890	$3,264
Other fully eligible participants	32,530	6,151	6,203	4,713	3,543	1,974	1,936
Other active participants	82,189	18,667	17,875	12,898	6,668	3,969	5,264
Accumulated benefit obligation	427,962	91,097	136,228	65,385	33,273	43,833	10,464
Plan assets at fair value	63,930	-	28,390	-	12,140	18,565	4,835
Plan assets less than APBO	(364,032)	(91,097)	(107,838)	(65,385)	(21,133)	(25,268)	(5,629)
Unrecognized transition obligation	172,085	59,298	87,050	44,575	22,529	40,183	3,932
Unrecognized net loss (gain)/other	21,819	(4,104)	(3,886)	(4,338)	(3,038)	(12,737)	(559)
Accrued postretirement benefit asset (liability)	($170,128)	($35,903)	($24,674)	($25,148)	($1,642)	$2,178	($2,256)

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Actuarial present value of accumulated postretirement benefit obligation:							
Retirees	$263,504	$56,945	$90,450	$44,083	$21,639	$36,613	$1,401
Other fully eligible participants	28,507	5,599	5,728	4,063	2,753	1,694	1,861
Other active participants	73,188	15,505	16,623	11,553	5,837	3,630	4,587
Accumulated benefit obligation	365,199	78,049	112,801	59,699	30,229	41,937	7,849
Plan assets at fair value	37,970	-	15,528	-	7,517	12,647	2,278
Plan assets less than APBO	(327,229)	(78,049)	(97,273)	(59,699)	(22,712)	(29,290)	(5,571)
Unrecognized transition obligation	183,557	63,252	92,853	47,546	24,031	42,861	4,194
Unrecognized net loss (gain)/other	(5,032)	(13,414)	(13,859)	(7,726)	(3,221)	(11,704)	(1,476)
Accrued postretirement benefit asset (liability)	($148,704)	($28,211)	($18,279)	($19,879)	($1,902)	$1,867	($2,853)

The assumed health care cost trend rate used in measuring the APBO of Entergy was 6.8% for 1998, 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, 1997, by 11.3% (Entergy Arkansas-11.5%, Entergy Gulf States-10.3%, Entergy Louisiana-11.4%, Entergy Mississippi-11.9%, Entergy New Orleans-10.0%, and System Energy-15.4%), and the sum of the service cost and interest cost by approximately 14.7% (Entergy Arkansas-14.7%, Entergy Gulf States-13.9%, Entergy Louisiana-14.2%, Entergy Mississippi-14.9%, Entergy New Orleans-11.5%, and System Energy-18.9%). The assumed discount rate and rate of increase in future compensation used in determining the APBO were 7.25% for 1997, 7.75% for 1996, and 7.5% for 1995, and 4.6% for 1997, 1996, and 1995, respectively. The expected long-term rate of return on plan assets was 9.0% for 1997 and 1996, and 8.5% for 1995.

NOTE 12. RESTRUCTURING CHARGES (Entergy London)

In 1995 and 1996, London Electricity implemented a restructuring program to reduce the number of employees in the Network Services, Customer Services, Corporate and Information Technology groups. An initial plan was approved by the Board of Directors in September 1994 and was based on a business plan developed subsequent to the 1994 Regulatory Review of Distribution (the Distribution Review).

Following the reopening of the Distribution Review during 1995, a further plan was proposed leading to further reduction of employees in the same areas. This plan was approved by the Board of Directors in May 1996. The balance as of December 31, 1997, for restructuring charges is shown below along with the actual termination benefits paid under the restructuring plan for the year ended December 31, 1997 (in millions).

Provision for restructuring as of January 31, 1997 (date of acquisition)	$	41.7
Adjustments to restructuring provision in 1997		13.3
Payments made in 1997		(29.7)
Cumulative translation adjustment		1.0
Balance December 31, 1997	$	26.3

The restructuring charges shown above primarily included employee severance costs related to the expected termination of approximately 1,372 employees in various groups. As of December 31, 1997, 895 employees had either been terminated or accepted voluntary separation packages under the restructuring plan.

NOTE 13. ACQUISITIONS (Entergy Corporation and Entergy London)

On December 18, 1996, Entergy Corporation, through its wholly-owned subsidiary Entergy London, 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 UK, and, as of February 7, 1997, the offer was made unconditional. Entergy Corporation, through Entergy London, now controls 100% of the common shares of London Electricity. Entergy has included the results of operations of London Electricity in its results of operations beginning February 1, 1997, based on management's determination that effective control was achieved on that date. The acquisition was financed by Entergy London with $1.7 billion of debt, which is non-recourse to Entergy Corporation, and $392 million of equity provided by Entergy Corporation from available cash and borrowings under Entergy Corporation's $300 million line of credit. The debt has since been refinanced (see Note 7).

The cost of the London Electricity license is being amortized on a straight-line basis over a 40-year period beginning February 1, 1997. As of December 31, 1997, the unamortized balance of the license was approximately $1.3 billion.

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 London Electricity's results of operations for any period prior to February 1, 1997. The pro forma combined revenues, net income, and earnings per common share of Entergy Corporation presented below give effect to the acquisition as if it had occurred on January 1, 1997 and 1996, respectively. 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.

	For the Twelve Months Ending: December 31, 1997(a)	December 31, 1996(b)
	(In Millions of U.S. Dollars, Except Share Data)	
Operating revenues	$ 9,783	$ 9,288
Net income	$ 304	$ 488
Earnings per average common share		
Basic and diluted	$ 1.04	$ 1.82

(a) On July 31, 1997, the British government enacted into law a one-time windfall profits tax on privatized industries, including regional electric utilities such as London Electricity. London Electricity's liability for this tax is approximately BPS140 million (approximately $234 million), which will not be deductible for UK corporation tax purposes. Payment of the tax is required in two equal installments, the first was paid on December 1, 1997, and the second of which is due one year later. The government also decreased the corporate income tax rate in the UK from 33% to 31%, effective as of April 1, 1997. In accordance with SFAS 109, "Accounting for Income Taxes," this reduction in UK corporate tax rates resulted in a one-time reduction in income tax expense for London Electricity of approximately $65 million during the quarter ended September 30, 1997.

(b) Net Income in 1996 includes the $174 million net of tax write-off of River Bend rate deferrals pursuant to SFAS 121.

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

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 management, technical, advisory, operating, and administrative services from Entergy Services; and receive management, technical, and operating services from Entergy Operations. Entergy London receives technical, advisory, and administrative services from Entergy Services and Entergy Enterprises.

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 Entergy (in millions).

Intercompany Revenues

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
1997	$229.7	$ 14.6	$ 2.0	$ 84.9	$ 10.8	$ 633.7
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

Intercompany Operating Expenses

	Entergy Arkansas(1)	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy London
1997	$ 335.0	$ 416.4	$ 326.7	$ 316.1	$ 177.1	$ 36.5	$ 5.3
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	-

(1) Includes $16.5 million in 1997, $38.8 million in 1996, and $31.0 million in 1995 for power purchased from Entergy Power.

Operating Expenses Paid or Reimbursed to Entergy Operations

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	System Energy
1997	$ 162.1	$ 135.7	$ 133.3	$ 64.7
1996	$ 163.3	$ 133.7	$ 97.7	$ 98.1
1995	$ 189.8	$ 129.1	$ 122.6	$ 116.9

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 $16.5 million in 1997, $44.7 million in 1996, and $51.5 million in 1995.

NOTE 15. BUSINESS SEGMENT INFORMATION (Entergy New Orleans and Entergy London)

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

	1997		1996		1995	
	Electric	Gas	Electric	Gas	Electric	Gas
			(In Thousands)			
Operating revenues	$ 410,131	$ 94,691	$ 403,254	$101,023	$ 390,002	$80,276
Revenue from sales to unaffiliated customers (1)	399,789	94,691	400,605	101,023	386,785	80,276
Operating income before income taxes	38,752	3,539	51,937	5,641	61,092	9,638
Net utility plant	212,648	62,144	214,106	63,865	204,407	65,236
Depreciation expense	17,157	3,638	16,525	3,342	15,858	3,290
Construction expenditures	14,988	1,149	23,411	4,545	21,729	6,107

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

Entergy London is engaged in two electric industry segments: distribution, which involves the transfer and delivery of electricity across its network to its customers, and supply, which involves bulk purchases of electricity from the Electricity Pool for delivery to the distribution networks. Other consists principally of Entergy London's investment in private distribution networks, electricity contracting services, and investments in generating assets. Information about Entergy London's operations in these individual segments for the year ended December 31, 1997 is as follows (in thousands):

	Distribution	Supply	Other	Eliminations	Consolidated
Operating revenues	$ 498,801	$1,689,034	$ 102,550	$ (443,343)	$ 1,847,042
Operating income	140,713	15,095	37,082	(6,080)	186,810
Depreciation and amortization	111,028	7,219	3,118	-	121,365
Total assets employed at period end	3,628,954	537,973	236,698	-	4,403,625
Capital expenditures	143,936	16,069	21,160	-	181,165

NOTE 16. QUARTERLY FINANCIAL DATA (UNAUDITED) (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy, and Entergy London)

The business of the domestic utility companies, System Energy, and Entergy London is subject to seasonal fluctuations with the peak periods occurring during the third quarter for the domestic utility companies and System Energy and occurring during the first quarter for Entergy London. Operating results for the four quarters of 1997 and 1996 were:

Operating Revenue

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy London
				(In Thousands)				
1997:								
First Quarter	**$ 2,045,753**	**$ 374,731**	**$ 481,328**	**$ 433,983**	**$ 200,328**	**$ 124,956**	**$ 155,662**	**$ 379,519**
Second Quarter	**2,178,090**	**423,619**	**476,421**	**412,263**	**212,892**	**109,803**	**161,021**	**450,405**
Third Quarter	**2,797,587**	**545,849**	**599,974**	**554,486**	**294,983**	**139,940**	**160,573**	**443,975**
Fourth Quarter	**2,540,291**	**371,515**	**590,106**	**402,540**	**229,192**	**130,123**	**156,442**	**573,143**
1996:								
First Quarter	$ 1,598,992	$ 383,081	$ 456,631	$ 417,767	$ 203,902	$ 127,280	$ 156,424	N/A
Second Quarter	1,853,677	467,990	525,567	457,847	247,479	127,829	160,369	N/A
Third Quarter	2,148,332	529,276	592,130	549,295	297,118	150,937	154,467	N/A
Fourth Quarter	1,576,656	363,086	444,853	403,958	209,931	98,231	152,360	N/A

Operating Income (Loss)

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy London
				(In Thousands)				
1997:								
First Quarter	**$ 372,218**	**$ 30,890**	**$ 93,014**	**$ 77,880**	**$ 22,694**	**$ 8,755**	**$ 74,316**	**$ 37,135**
Second Quarter	**433,887**	**80,873**	**75,643**	**87,911**	**40,395**	**9,400**	**73,568**	**47,704**
Third Quarter	**672,617**	**148,688**	**158,365**	**147,976**	**52,832**	**18,096**	**72,813**	**58,673**
Fourth Quarter	**378,436**	**6,424**	**203,524**	**53,813**	**20,827**	**6,040**	**72,496**	**43,298**
1996:								
First Quarter	$ 342,403	$ 41,955	$ 77,058	$ 95,166	$ 30,470	$ 15,752	$ 82,938	N/A
Second Quarter	501,169	105,237	118,420	119,736	57,283	19,608	82,894	N/A
Third Quarter	609,763	131,319	152,022	155,755	54,696	28,319	75,270	N/A
Fourth Quarter	239,517	31,639	64,398	65,789	22,147	(6,101)	75,937	N/A

Net Income (Loss)

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy London
				(In Thousands)				
1997:								
First Quarter	$ 126,485	$ 9,848	$ 32,535	$ 26,172	$ 8,352	$ 2,818	$ 24,345	$ 15,639
Second Quarter	158,579	38,085	27,028	32,607	19,399	3,038	24,093	9,320
Third Quarter	93,321	78,251	70,740	70,681	27,335	8,590	24,449	(172,268)
Fourth Quarter	(77,486)	1,793	(70,327)	12,297	11,575	1,005	29,408	(26)
1996:								
First Quarter	$ (68,990)	$ 19,268	$ (152,257)	$ 40,530	$ 12,924	$ 8,035	$ 23,530	N/A
Second Quarter	206,701	55,712	47,140	55,385	29,818	10,360	23,382	N/A
Third Quarter	299,166	70,791	90,965	77,302	28,205	15,221	24,749	N/A
Fourth Quarter	53,686	12,027	10,265	17,545	8,264	(6,840)	27,007	N/A

Earnings (Loss) per Average Common Share (Entergy Corporation)

	1997		1996	
	Basic	Diluted	Basic	Diluted
First Quarter	$ 0.47	$ 0.47	$ (0.38)	$ (0.38)
Second Quarter	$ 0.61	$ 0.61	$ 0.83	$ 0.83
Third Quarter	$ 0.33	$ 0.33	$ 1.22	$ 1.22
Fourth Quarter	$ (0.36)	$ (0.36)	$ 0.16	$ 0.16

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of London Electricity plc

We have audited the accompanying consolidated balance sheet of London Electricity plc as of March 31, 1996 and the related consolidated statements of operations, cash flows and changes in shareholders' equity for the period from April 1, 1996 to January 31, 1997, and the year ended March 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of London Electricity plc as of March 31, 1996 and the results of its operations and its cash flows for the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996 in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

New Orleans, Louisiana
July 31, 1997

Results of Operations - Predecessor Company

The following discussion of results of operations for London Electricity relates to periods prior to its acquisition by Entergy London. Such periods do not include acquisition adjustments described under "Accounting for the Acquisition"in **"ENTERGY LONDON INVESTMENTS plc AND SUBSIDIARY - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS."** This analysis is included based on London Electricity constituting a predecessor of Entergy London. Entergy London's results of operations do not include results for London Electricity prior to February 1, 1997.

National Grid Group Transactions

During the fiscal year ended March 31, 1996, London Electricity, as well as each of the other 11 REC businesses in the UK, reorganized their interests in the National Grid Group (NGG). London Electricity distributed the majority of its shares in NGG to its shareholders. As part of this distribution, London Electricity revalued these shares to fair market value and recognized a gain of approximately $417 million and received special dividends of $205 million and rights dividends of $4.7 million from NGG which were also recognized as income. Additionally, London Electricity received approximately $109.8 million as a result of NGG's sale of its pumped storage business which was also recognized as a gain in fiscal year 1996. London Electricity has retained shares of NGG for the purpose of establishing an employee stock ownership plan ("ESOP") for its employees who were participants in London Electricity stock option and sharesave plans to compensate them for any dimunition in value in London Electricity shares as a result of NGG distributions. The cost of such ESOP shares has been reflected as expense of $27.1 million in the fiscal year 1996 results of operations. As a result of all of the above, London Electricity recognized a total nonrecurring gain of $709 million ($573 million after tax effect) in the fiscal year ended March 31, 1996 results of operations. As part of the agreement among the shareholders of NGG, each of the RECs agreed to provide a discount to each of their respective Franchise Supply Customers which, together with the associated reduction in the Fossil Fuel Levy (a reimbursement to non-fossil fuel generators for the extra cost of such generation), produced a credit on each Franchise Supply Customer's bill of just over $78. The cost to London Electricity of providing this discount amounted to $130 million (net of the reduction in the Fossil Fuel Levy of $13 million) which was credited to customers in the last quarter of the fiscal year ended March 31, 1996. The effect of the refund was to reduce operating revenues, cost of sales, gross profit, and net income by $143 million, $13 million, $130 million, and $88 million, respectively. The net dividends received from NGG and the net after tax proceeds from the sale of NGG's pumped storage business were sufficient to offset the after tax cash cost of providing the $78 per customer discount to its Franchise Supply Customers and taxation cost of distributing its NGG investment to its shareholders.

Income from Operations

Income from operations was $169 million for the ten-month period from April 1, 1996 to January 31, 1997, an increase of $10 million from the fiscal year which ended March 31, 1996. The increase was due principally to lower selling, general and administrative expenses and lower other operation and maintenance costs in the latter period due to there being only ten months in that period. Revenues were lower by $95 million (including the impact of the NGG refund) in the period from April 1, 1996 to January 31, 1997, when compared to the revenues in fiscal year 1996 of $1,860 million. Largely offsetting this decrease was a $92 million decrease in cost of sales from the $1,307 million incurred in fiscal year 1996. Both decreases were principally due to the shorter time period from April 1, 1996 to January 31, 1997.

Income (loss) from operations by segments for the ten-month period ended January 31, 1997, was $159 million, $(1) million, and $11 million for the distribution, supply, and other segments, respectively. Income (loss) from those segments in fiscal year 1996 was $247 million, $(110) million, and $22 million, respectively.

The decrease in distribution operating income of $88 million was principally due to: (i) reductions in distribution revenue from an 11% allowed distribution revenues reduction announced by the Regulator effective at the beginning of fiscal year 1997 and a decrease of 15% in distribution sales volume due to the shorter time period and (ii) an increase in distribution operating expenses due to restructuring charges during the ten-month period ended January 31, 1997.

The reduction in supply operating loss of $109 million was principally due to the $130 million customer refund (net of the Fossil Fuel Levy reduction) in 1996 from the NGG transactions. Such increase was partially offset by a 5% decrease in number of electricity units supplied.

Net Income

Net income decreased by $48 million, from $146 million in fiscal year 1996 (excluding the after tax effect of NGG transactions of $573 million) to $98 million in the ten-month period ended January 31, 1997. This decrease was primarily due to the reduction in distribution operating revenues due to the factors discussed below in "Revenues."

Revenues

Operating revenues, excluding the impact of the NGG refund, decreased by $238 million (12%) from $2,003 million in fiscal year 1996 to $1,765 million in the ten-month period ended January 31, 1997, as follows:

	Operating Revenues Increase (Decrease) from Fiscal Year 1996 to the ten-month Period ended January 31, 1997 (In millions)
Electricity distribution	$ (124)
Electricity supply	(199)
Other	14
Intra-business	71
Total operating revenues	$ (238)

The factors affecting distribution revenues are the same as those described in "**ENTERGY LONDON INVESTMENTS plc AND SUBSIDIARY - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**" comparing the year ended December 31, 1997 with the ten-month period ended January 31, 1997 above.

Revenues from the distribution business decreased by $124 million (22%) from $559 million for fiscal year 1996 to $435 million for the ten-month period ended January 31, 1997, principally due to two additional months of operation in the earlier time period. An additional factor contributing to the decrease was a reduction in the maximum allowable average price of units distributed as a result of the application of the revised Distribution Price Control Formula.

Two principal factors determine the amount of revenues produced by the supply business: the unit price of electricity supplied (which, in the case of franchise supply customers, is controlled by the Supply Price Control Formula) and the number of electricity units supplied. London Electricity is expected to have the exclusive right to supply all franchise supply customers in its Franchise Area until at least April 1, 1998.

Franchise supply customers, who are generally residential and small commercial customers, comprised 54% of total sales volume in the ten-month period ended January 31, 1997. The volume of unit sales of electricity for franchise supply customers is influenced largely by the number of customers in London Electricity's Franchise Area, weather conditions and prevailing economic conditions. Unit sales to non-franchise supply customers, who are typically large commercial and industrial businesses, constituted 46% of total sales volume during the ten-month period ended January 31, 1997. Volume in this segment is determined primarily by the success of the supply business in contracting to supply customers with electricity who are located both inside and outside London Electricity's Franchise Area.

During the ten-month period ended January 31, 1997, the number of electricity units supplied decreased by 5% while total revenues produced by the supply business decreased by $199 million (11%), to $1,663 million from $1,862 million (excluding the impact of the NGG refund of $143 million) for fiscal year 1996. Units supplied to franchise supply customers decreased by 16%, while units supplied to non-franchise supply customers increased by 12%.

Other revenues for the ten-month period ended January 31, 1997 totaled $107 million, an increase of $14 million over fiscal year 1996. Such increase was primarily a result of increased electrical contracting services to the distribution segment by London Electricity Contracting Limited ("LEC"), the revenues for which were eliminated in intra-business eliminations. Intra-business eliminations decreased slightly from fiscal year 1996 to the ten-month period ended January 31, 1997, notwithstanding the LEC increase due principally to the reductions (due to a shorter time period) in electricity distribution revenues (the majority of which are charged to the supply segment) as discussed above.

Cost of Sales

Cost of sales decreased by $105 million (8%) from $1,320 million (excluding the NGG-related Fossil Fuel Levy reduction of $13 million) in fiscal year 1996 to $1,215 million in the ten-month period ended January 31, 1997. This decrease was principally due to two additional months results of operations in the earlier period.

Expenses

Operating expenses decreased by $13 million (3%) from $394 million in fiscal year 1996 to $381 million for the ten-month period ended January 31, 1997. This decrease was primarily due to lower selling, general and administrative expenses and other operation and maintenance costs, partially offset by one-time restructuring charges of $19 million in the later period.

Other

Other Income (Expense)

Other income (expense) decreased by $733 million from $740 million in fiscal year 1996 to $7 million in the ten-month period ended January 31, 1997. This decrease was primarily attributable to other income of $709 million from the NGG transaction in fiscal year 1996. See "National Grid Group Transactions" above.

Interest Expense, Net

Interest expense, net increased by $19 million from $8 million in fiscal year 1996 to $27 million in the ten-month period ended January 31, 1997, principally as a result of the financing costs associated with the 8-5/8%, BPS100 million Eurobond issue in October 1995 which was outstanding for five months of fiscal year 1996 and the entire period from April 1, 1996 through January 31, 1997.

Income Taxes

Entergy London's effective income tax rate of 19% in fiscal year 1996 increased to 34% for the ten-month period ended January 31, 1997. This increase was due principally to book/tax differences from the NGG transaction in fiscal year 1996.

LONDON ELECTRICITY PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
for the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996
(in thousands)

	Period from April 1, 1996 to January 31, 1997	Year Ended March 31, 1996
Operating revenues	$ 1,765,605	$ 1,859,938
Cost of sales	1,215,455	1,306,827
Gross profit	550,150	553,111
Depreciation and amortization	62,165	66,085
Property taxes	30,687	31,790
Restructuring charges	18,507	—
Selling, general and administrative	211,961	229,889
Other operation and maintenance costs	58,052	66,242
Income from operations	168,778	159,105
Other income:		
National Grid Transaction		
Gain on revaluation of National Grid investment	—	416,869
Gain on sale of pumped storage business	—	109,777
Special dividends	—	205,146
Contribution to Employee Stock Ownership Plan	—	(27,092)
Dividend income	6,011	38,837
Equity in earnings (loss) of affiliate	3,796	(3,445)
Other, net	(2,531)	157
Total other income	7,276	740,249
Interest expense, net	27,049	7,673
Income before income taxes	149,005	891,681
Income taxes	50,776	172,260
Net income	$ 98,229	$ 719,421

See Notes to Financial Statements.

LONDON ELECTRICITY PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996
(in thousands)

	Period from April 1, 1996 to January 31, 1997	Year Ended March 31, 19
Cash flows from operating activities:		
Net income	$ 98,229	$ 719,421
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	62,165	66,085
Deferred income taxes	22,778	27,248
Gain on revaluation of National Grid investment	—	(416,869
Change in assets and liabilities:		
Inventory	(3,164)	(4,855
Accounts receivable and unbilled revenue	(21,354)	(24,743
Income tax receivable	182,065	(124,184
Other receivables	4,904	(50,738
Prepayments and other	3,164	(6,890
Long-term receivables and other	(9,491)	(27,248
Accounts payable	41,127	8,456
Income taxes payable	(200,098)	117,450
Deferred revenue and other current liabilities	(17,242)	23,647
Other long-term liabilities	(2,215)	(7,673
Net cash provided by operating activities	160,868	299,107
Cash flows from investing activities:		
Capital expenditures	(182,856)	(173,201
Proceeds from sale of fixed assets	791	1,879
Receipt of consumer contributions	26,574	23,334
Purchase of investments	(6,169)	(37,114
Sales of investments	10,282	57,785
Net cash used in investing activities	(151,378)	(127,317
Cash flows from financing activities:		
Proceeds from bond issue	316	155,191
Proceeds from issuance of common stock	1,740	15,033
Net proceeds from available lines of credit	103,669	57,785
Dividends paid	(108,215)	(397,717
Repurchase of common stock	—	(1,253
Net cash used in financing activities	(2,490)	(170,961
Effect of exchange rates on cash and cash equivalents	8,880	(11,301
Increase (decrease) in cash and cash equivalents	15,880	(10,472
Beginning of period cash and cash equivalents	19,851	30,323
End of period cash and cash equivalents	$ 35,731	$ 19,851
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 44,290	$ 19,418
Cash paid for income taxes	$ 267,324	$ 120,582

See Notes to Financial Statements.

LONDON ELECTRICITY PLC
CONSOLIDATED BALANCE SHEET
March 31, 1996
(in thousands, except share and per share amounts)

ASSETS

Current assets:	
Cash and cash equivalents	$ 19,851
Accounts receivable:	
Customer receivable net of reserve of $13.3 million	173,315
Unbilled revenue	117,884
Deferred income tax asset	24,127
Income tax receivable	191,028
Other receivables	82,304
Prepayments and other	12,369
Inventory	11,300
Investments	25,501
Total current assets	657,679
Property, plant and equipment, net of accumulated depreciation of $710.5 million	1,070,885
Construction work in progress	125,672
Goodwill, net of accumulated amortization of $3.4 million	63,065
Investments, long-term	16,186
Long-term receivables	15,270
Prepaid pension asset	111,624
Total assets	$ 2,060,381

See Notes to Financial Statements.

LONDON ELECTRICITY PLC
CONSOLIDATED BALANCE SHEET
March 31, 1996
(in thousands, except share and per share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Notes payable	$ 146,745
Accounts payable	179,423
Income taxes payable	236,838
Deferred revenue	30,693
Other liabilities	74,058
Total current liabilities	667,757
Long-term debt	301,888
Deferred income tax liability	317,769
Other	89,634
Total liabilities	1,377,048
Commitments and Contingencies	
Shareholders' equity:	
Common stock, BPS .583 par value per share, 257,142,857 shares authorized, 174,290,836 shares issued and outstanding	203,153
Additional paid-in capital	14,960
Retained earnings	499,536
Cumulative translation adjustment	(34,316)
Total shareholders' equity	683,333
Total liabilities and shareholders' equity	$ 2,060,381

See Notes to Financial Statements.

LONDON ELECTRICITY PLC
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996
(in thousands, except share amounts)

	Common Stock		Additional Paid-In	Retained	Cumulative Translation	Shareholders'
	Shares	Amount	Capital	Earnings	Adjustment	Equity
Balance, March 31, 1995	197,695,699	$198,612	$ 4,468	$ 722,724	$ 30,719	$ 956,523
Common stock issued	4,956,992	4,541	10,492	—	—	15,033
Reduction in shares from reverse stock split	(27,522,282)	—	—	—	—	—
Treasury shares acquired	(839,573)	—	—	(1,253)	—	(1,253)
Revaluation of National Grid investment	—	—	—	—	—	274,254
Realized gain on distribution of National Grid investment	—	—	—	—	—	(274,254)
Net income	—	—	—	719,421	—	719,421
Dividends declared:						
Cash dividends	—	—	—	(402,686)	—	(402,686)
National Grid Distribution	—	—	—	(538,670)	—	(538,670)
Cumulative translation adjustment	—	—	—		(65,035)	(65,035)
Balance, March 31, 1996	174,290,836	203,153	14,960	499,536	(34,316)	683,333
Common stock issued	390,712	158	—	1,582	—	1,740
Net income	—	—	—	98,229	—	98,229
Dividends declared	—	—	—	(113,833)	—	(113,833)
Cumulative translation adjustment	—	—	—		32,178	32,178
Balance, January 31, 1997	174,681,548	$203,311	$14,960	$ 485,514	$ (2,138)	$ 701,647

See Notes to Financial Statements.

LONDON ELECTRICITY PLC

SELECTED FINANCIAL DATA - FOUR-YEAR COMPARISON

	Period from April 1, 1996 to January 31, 1997	Year Ended March 31, 1996	1995	1994 (1)
		(In Thousands)		
Operating revenues	$ 1,765,605	$ 1,859,938	$1,898,976	$1,970,830
Net income	$ 98,229	$ 719,421	$ 189,269	$ 213,795
Total assets	N/A	$ 2,060,381	$2,007,417	$1,813,448
Long-term obligations (2)	N/A	$ 301,888	$ 159,879	$ 281,960

(1) Amounts as of and for the year ended March 31, 1994 are derived from financial statements prepared in accordance with UK generally accepted accounting principles (GAAP). The principal differences between US GAAP and UK GAAP financial statements relate to the treatment of goodwill, pension costs, deferred income taxes, timing of recognition of restructuring accruals, and timing of recognition of dividends.

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

NOTE 1. DESCRIPTION OF BUSINESS:

London Electricity plc ("London Electricity") is one of the twelve regional electricity companies ("RECs") in England and Wales licensed to supply, distribute, and, to a limited extent, generate electricity. The RECs were created as a result of the privatization of the United Kingdom ("UK") electric industry in 1990 after the state-owned low voltage distribution networks were allocated to the then existing twelve regional boards. London Electricity's main business, the distribution and supply of electricity to customers in London, England, is regulated under the terms of London Electricity's PES license by the Office of Electricity Regulation (the "Regulator").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

In accordance with SFAS 52, "Foreign Currency Translation", all assets and liabilities of London Electricity are translated into U.S. dollars at the exchange rate in effect at the end of the period, and revenues and expenses are translated at average exchange rates prevailing during the period. The resulting translation adjustments are reflected in a separate component of shareholders' equity. Current exchange rates are used for U.S. dollar disclosure of future obligations. No representation is made that the foreign currency denominated amounts have been, could have been or could be converted into U.S. dollars at the rates indicated or at any other rates.

The financial statements of London Electricity are presented in conformity with accounting principles generally accepted in the United States ("US GAAP"). The consolidated financial statements include the accounts of London Electricity and its wholly-owned and majority-owned subsidiaries and have been prepared from records maintained by London Electricity in the UK. All significant intercompany accounts and transactions have been eliminated in consolidation. London Electricity is not subject to rate regulation, but rather, is subject to price cap regulation and, therefore, the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71") do not apply.

London Electricity was acquired by Entergy London Investments plc, formerly Entergy Power UK plc, effective February 1, 1997. The financial statements include the results of operations of London Electricity through the date of acquisition.

Use of Estimates in the Preparation of Financial Statements

The preparation of London Electricity's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. 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 the financial statements.

Revenue Recognition

London Electricity distributes electricity to commercial, residential and industrial customers within the London area. London Electricity records revenue net of value added tax ("VAT") and accrues revenue for services provided but unbilled at the end of each reporting period. London Electricity purchases power primarily from the wholesale trading market for electricity in England and Wales (the "Pool"). The Pool monitors supply and demand

between generators and suppliers, sets prices for generation and provides centralized settlement of amounts due between generators and suppliers.

Cash and Cash Equivalents

London Electricity considers all short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Property, Plant and Equipment

Property, plant and equipment is stated at original cost and includes materials, labor and appropriate overhead costs. London Electricity is entitled, under certain conditions, to collect cash contributions from consumers to fund improvements to London Electricity's distribution networks. These consumer contributions are credited against the historical cost of the asset.

Depreciation is computed by the straight-line method at rates based on the estimated service lives of each of the various classes of property. Consumer contributions are amortized into income at a rate of 2.5%. Depreciation rates on average depreciable property are shown below:

Distribution network assets	2.5%
Buildings	1.7%
Vehicles and mobile plant	10%-20%
Furniture and equipment, including computer hardware and software	20%-33%

Income Taxes

London Electricity accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). This standard requires that deferred income taxes be recorded for all temporary differences between the financial statement basis and tax basis of assets and liabilities and loss carryforwards, and that deferred tax balances be based on enacted tax laws at rates that are expected to be in effect when the temporary differences reverse.

Goodwill

Goodwill represents the excess of cost over the fair value of net assets acquired and is being amortized over forty years using the straight-line method.

Financial Instruments

London Electricity enters into interest rate swaps as a part of its overall risk management strategy and does not hold or issue material amounts of derivative financial instruments for trading purposes. London Electricity accounts for its interest rate swaps in accordance with the concepts established in Statement of Financial Accounting Standards No. 80, "Accounting for Futures Contracts" ("SFAS 80") and various Emerging Issue Task Force pronouncements. If the interest rate swaps were to be sold or terminated, any gain or loss would be deferred and amortized over the remaining life of the debt instrument being hedged by the interest rate swap. If the debt instrument being hedged by the interest rate swaps were to be extinguished, any gain or loss attributable to the swap would be recognized in the period of the transaction.

London Electricity 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.

Price Control

Charges for distribution of electricity and supply to customers with a maximum demand under 100kW are subject to a price control formula set out in London Electricity's PES license which allows a maximum charge per unit of electricity.

Differences in the charges, or in the purchase cost of electricity, can result in the under or overrecovery of revenues in a particular year.

Where there is an overrecovery of supply of distribution business revenues against the regulated maximum allowable amount, revenues are deferred in an amount equivalent to the overrecovered amount. The deferred amount is deducted from operating revenues and included in other liabilities. Where there is an underrecovery, no anticipation of any potential future recovery is made.

London Electricity enters into contracts for differences ("CFDs") primarily to hedge its supply business against the price risk of electricity purchases from the Pool. Use of these CFDs is carried out within the framework of London Electricity's purchasing strategy and hedging guidelines. Risk of loss is monitored through establishment of approved counterparties and maximum counterparty limits and minimum credit ratings. London Electricity recognizes gains (losses) on CFDs when settlement is made. Gains (losses) on CFDs are recognized as a decrease (increase) to cost of sales based upon the difference between fixed prices in the CFD compared to variable prices paid to the Pool for the period. Gains (losses) based upon the difference between fixed prices in the CFD compared to variable prices paid to the Pool for future electricity purchases are not recognized until the period of such settlements.

Pursuant to Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of" ("SFAS 121") London Electricity periodically reviews its long-lived assets whenever events or changes in circumstances indicate that recoverability of these assets is uncertain. Generally, the determination of recoverability is based on the undiscounted net cash flows expected to result from such assets. Projected undiscounted net cash flows depend on the future operating costs associated with the assets and future market prices over the remaining life of the assets. Based on current estimates of future undiscounted cash flows as prescribed under SFAS 121, management anticipates that future revenues from such assets will fully recover all related costs.

NOTE 3. REGULATORY MATTERS:

The distribution business of London Electricity is regulated under its PES license, pursuant to which revenue of the distribution business is controlled by the Distribution Price Control Formula (DPCF). The DPCF determines the maximum average price per unit of electricity (expressed in kilowatt hours, a "unit") that a REC may charge. The elements used in the DPCF are established for a five-year period and are subject to review by the Regulator at the end of each five-year period and at other times at the discretion of the Regulator. At each review the Regulator can adjust the value of certain elements in the DPCF. Following a review by the Regulator in August 1994, a 14% price reduction was set for London Electricity, effective April 1, 1995. In July 1995, a further review of distribution prices was concluded by the Regulator for fiscal years 1997 to 2000. As a result of this further review, London Electricity's distribution prices were reduced an additional 11%, effective April 1, 1996, 3% effective April 1, 1997 and will be reduced by a further 3% on both April 1, 1998 and 1999.

The supply business of London Electricity is also regulated by the Regulator and prices are established based upon the Supply Price Control Formula which is similar to the DPCF; however, it allows full pass through for all properly incurred costs and is set for a four-year period by the Regulator.

The non-franchise supply market, which typically includes larger commercial and industrial customers was opened to competition for all customers with usage above 1MW upon privatization of the industry in 1990. The non-franchise supply markets of 100 kW or more were opened to full competition starting in April 1994.

Currently London Electricity, under its PES license, has the exclusive right to supply residential and small industrial and commercial customers within its franchise area. It is anticipated that the supply market will be fully competitive over a six month period starting in April 1998.

NOTE 4. INVESTMENTS:

London Electricity accounts for investments whose fair market value is readily determinable in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Investments for Certain Debt and Equity Securities" ("SFAS 115"). These securities are considered available-for-sale securities under SFAS 115 and their fair values approximate cost. Other securities whose fair market values are not readily determinable and in which London Electricity does not have a significant interest are recorded at cost.

Investments in companies in which London Electricity's ownership interests range from 20% to 50% and investments in which London Electricity's ownership is less than 20% but over which London Electricity exercises significant influence over operating and financial policies are accounted for using the equity method. The following are London Electricity's equity method investments as of March 31, 1996:

Investment	Percentage Ownership
London Total Gas Ltd	50%
Combined Power Systems Ltd	32% combined ownership in common and preferred shares
Thames Valley Power Ltd	50%
London Total Energy Ltd	50%
Barking Power Ltd	13.5%

NOTE 5. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment, at cost, consists of the following (in thousands):

	March 31, 1996
Distribution network assets	$ 1,769,946
Land and buildings	117,579
Vehicles and mobile plant	24,279
Furniture, fixtures and equipment, including computer hardware and software	181,407
Consumer contributions to construction	(311,813)
	1,781,398
Less accumulated depreciation and amortization	(710,513)
	$ 1,070,885

NOTE 6. INCOME TAXES:

London Electricity's income tax expense for the period from April 1, 1996 to January 31, 1997, and the year ended March 31, 1996, consists of the following (in thousands):

	Period from April 1, 1996 to January 31, 1997	Year ended March 31, 1996
Current	$ 27,998	$ 64,206
Deferred	22,778	27,248
Current taxes on National Grid transactions:		
Tax on special dividend	—	35,705
Tax on distribution in kind	—	93,490
Tax on ESOP contribution	—	(5,637)
Tax reduction related to customer discount	—	(42,752)
Total	$ 50,776	$ 172,260

London Electricity's total income taxes differ from the amounts computed by applying the statutory income tax rate to income before taxes. The reasons for the differences in the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996 are (in thousands):

	Period from April 1, 1996 to January 31, 1997	Year ended March 31, 1996
Pre-tax income	$ 149,005	$ 891,681
Income taxes computed at statutory rate	49,194	294,252
National Grid transactions:		
Revaluation of investment excluded from taxable income	—	(44,005)
Gain on sale of pumped storage business excluded from taxable income	—	(36,175)
Tax credit on contribution to ESOP	—	(5,638)
Special dividends not taxable	—	(10,805)
Effect of difference between statutory rate (33%) and rate on dividends received (20%)	(791)	(31,163)
Amortization of goodwill	475	626
Other	1,898	5,168
Total income tax expense	$ 50,776	$ 172,260

Significant components of London Electricity's net deferred tax liability as of March 31, 1996 are as follows (in thousands):

Deferred tax liability	
Property-related basis differences	$ (280,968)
Prepaid pension asset	(36,801)
Total	(317,769)
Deferred tax asset	
Restructuring and other provisions	24,127
Net deferred tax liability	$ (293,642)

As a result of Parliamentary elections held on May 1, 1997, the Labour Party gained control of the UK Government. On July 31, 1997 legislation establishing a windfall profits tax, which affects regulated companies privatized since 1979 including London Electricity, was enacted. In accordance with SFAS 109 under US GAAP, London Electricity will record a charge to income for the windfall profits tax during the quarter ending September 30, 1997. A change in the UK statutory rate from 33% to 31% was also included in the legislation. The impact of such changes will be recognition in the quarter ending September 30, 1997 of the $224 million expense for the windfall profits tax and approximately $61 million of income tax benefit as a result of the change in the UK statutory income tax rate in London Electricity's results of operations.

The tax years since fiscal year 1990 are currently under review by the Inland Revenue in the UK. London Electricity believes that there is no additional liability related to the tax years under review.

NOTE 7. LONG-TERM DEBT:

The long-term debt of London Electricity as of March 31, 1996 consists of the following (in thousands):

8% Eurobonds repayable March 28, 2003	$ 151,020
8 5/8% Eurobonds repayable October 26, 2005	150,868
Total	$ 301,888

The 8% and 8 5/8% Eurobonds may become due prior to their stated maturity only upon the occurrence of certain events including default, liquidation or bankruptcy of London Electricity. London Electricity does not anticipate default under the agreements.

London Electricity entered into an interest rate swap agreement to reduce the impact of interest rate changes on its outstanding debt. The interest rate swap agreement involves the exchange of a fixed interest rate for a floating interest rate periodically over the life of the agreement. If the counterparty to the interest rate swap was to default on contractual payments, London Electricity could be exposed to increased cost related to replacing the original agreement. However, London Electricity does not anticipate non-performance. At March 31, 1996, London Electricity was party to a notional amount of $12 million for an interest rate swap agreement with a maturity date of May 6, 2003.

NOTE 8. COMMON STOCK:

During 1996, London Electricity effected a reverse stock split of six for every seven shares of common stock held. This reduced, by approximately 28 million, the number of common shares outstanding and increased the par value of the stock from BPS0.50 to BPS0.583 per share.

NOTE 9. NOTES PAYABLE:

Other facilities available to London Electricity are short-term unsecured, uncommitted facilities of BPS228 million and a BPS150 million Sterling Commercial Paper Program ("Sterling Program"). Uncommitted facilities are unsecured facilities which are available at London Electricity's request, however there is no obligation by the bank counterparty to make funds available to London Electricity. The Sterling Program is a negotiable promissory note with short term maturities (up to 364 days) issued at a discount to face value. London Electricity had an outstanding balance of $146.7 million on all of these facilities as of March 31, 1996. The weighted average interest rate incurred on these borrowings was 6.3% and 6.1% for the period from April 1, 1996 to January 31, 1997 and for the year ended March 31, 1996, respectively.

NOTE 10. COMMITMENTS AND CONTINGENCIES:

London Electricity has entered into operating lease agreements for the use of buildings and vehicles. Minimum future rental payments under all operating leases as of March 31, 1996 are as follows (in thousands):

1997	$ 10,842
1998	10,536
1999	10,078
2000	10,078
2001	9,773
Thereafter	127,810
Total	$ 179,117

Rental expense incurred under these lease agreements was $10.6 million and $12.4 million for the period from April 1, 1996 to January 31, 1997 and for the year ended March 31, 1996, respectively.

London Electricity is subject to an agreement whereby the UK government is entitled to a proportion of certain property gains accruing to London Electricity as a result of disposals or events treated as disposals occurring after March 31, 1990 of properties held at that date. This commitment is effective until March 31, 2000.

London Electricity has utilized a portion of the pension plan surplus to increase benefits to members and reduce employer and employee contributions. A recent court ruling in the UK upheld such uses of pension surpluses. However, should the decision be reversed on appeal, London Electricity could be required to repay pension surpluses utilized. Management is unable to predict the likely outcome of this matter at this time.

The UK Environmental Protection Act 1990 addresses waste management issues and imposes certain obligations on companies which handle and dispose of waste. Some of London Electricity's distribution activities produce waste but London Electricity believes that it has taken and continues to take measures to comply with the applicable laws and governmental regulations for the protection of the environment. There are no material legal or administrative proceedings pending against London Electricity with respect to any environmental matter.

London Electricity is required to file five-year projections with the Regulator for capital expenditures related to its regulated distribution network and updates of such projections annually. The most recent updated projection was for the five-year period ended March 31, 2000 and was filed in July 1997. This filing indicated London Electricity's current projection of approximately $772.3 million for the five-year period. Approximately $294.2 million has already been spent in fiscal years 1996 and 1997 related to this five-year projection.

London Electricity uses CFDs and power purchase contracts with certain UK generators to fix the price of electricity for a contracted quantity over a specific period of time. At March 31, 1996, London Electricity has outstanding CFDs and power purchase contracts for approximately 52,000 GWH of electricity. These include a long term power purchase contract with an affiliate which is based on 27.5% of the affiliate's capacity from its 1000 MW facility through the year 2010. London Electricity's sales volumes were approximately 17,000 GWH and 18,000 GWH in the period from April 1, 1996 to January 31, 1997, and the year ended March 31, 1996, respectively.

NOTE 11. PENSION BENEFITS:

London Electricity participates in a defined benefit pension plan, which provides pension and other related defined benefits, based on final pensionable pay, to substantially all employees throughout the electric supply industry in the UK. Contributions to the plan by London Electricity on behalf of its employees were $16.0 million for the year ended March 31, 1996. London Electricity made no contributions to the plan during the period April 1, 1996 to January 31, 1997.

London Electricity uses the projected unit credit actuarial method for funding purposes. Amounts funded to the pension are primarily invested in equity and fixed income securities.

Statement of Financial Accounting Standards No. 87 "Employees Accounting for Pensions" ("SFAS 87") was issued in 1988 and is effective for fiscal years beginning after December 15, 1988. The provisions of SFAS 87 were initially adopted by London Electricity on April 1, 1994. Accordingly, the unrecognized net transition asset at the date of initial application of SFAS 87 is being amortized over 15 years beginning April 1, 1989. The amount of the unrecognized net transition asset credited to equity on April 1, 1994 was $42.9 million.

The following table sets forth the plan's funded status and amounts recognized in London Electricity's balance sheet at March 31, 1996 (in thousands):

Accumulated benefit obligation:	
Vested	$ 900,625
Projected benefit obligation	1,029,962
Plan assets at fair value	1,231,831
Assets in excess of projected benefit obligation	201,869
Unrecognized net gain	(18,782)
Unrecognized net transition asset	(71,463)
Prepaid pension asset	$ 111,624

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation, and the expected long-term rate of return on assets was 9%, 6.5% and 9%, respectively, for the period from April 1, 1996 to January 31, 1997 and for the year ended March 31, 1996.

The components of the plan's net pension income during the periods are shown below (in thousands):

	Period from April 1, 1996 to January 31, 1997	Year ended March 31, 1996
Service cost (benefits earned during the period)	$ 10,440	$ 13,311
Interest cost on projected benefit obligations	70,232	85,347
Actual return on plan assets	(92,377)	(227,227)
Net amortization and deferral	3,955	115,258
Net pension benefit	$ (7,750)	$ (13,311)

NOTE 12. DISTRIBUTION OF NATIONAL GRID INVESTMENT:

In December 1995, each of the RECs distributed their investments in the National Grid Holding Company plc ("National Grid"). London Electricity distributed its ownership shares in National Grid to its shareholders. Prior to the distribution, the National Grid shares were listed on the London Stock Exchange and revalued to reflect the

market value of the common stock of National Grid, whose shares had not previously been publicly traded and for which there was no readily determinable fair market value. London Electricity recorded a gain on the revaluation of $416.9 million in the Statement of Operations for the year ended March 31, 1996. National Grid also effected a rights issue at $3.12 per share to raise additional equity capital. London Electricity invested an additional $27.5 million in National Grid as a result of the rights issue. Approximately 96% of the total National Grid shares owned by London Electricity were then distributed in kind to the shareholders of London Electricity.

The remaining shares owned by London Electricity were retained to establish an Employee Stock Ownership Plan ("ESOP") to compensate participants of the Employee and Executive Sharesave Plans (employee stock option plans) for any diminution in value of London Electricity shares as a result of the demerger. Approximately 5.1 million shares of National Grid were reserved for contributions to the ESOP. The actual shares will be contributed to the ESOP upon exercise of options under the employee stock option plans. The contributed shares related to the establishment of the ESOP plus expenses and cash contributions due to the ESOP to compensate the participants for taxes payable related to this distribution were charged to expense during the fiscal year ended March 31, 1996. The difference between actual National Grid shares contributed and the total amount charged to expense is included in other liabilities in London Electricity's balance sheet as of March 31, 1996.

National Grid also distributed to London Electricity its ownership shares in PSB Holding Limited ("PSB"), the holding company of First Hydro Limited which had been transferred to National Grid in 1990. As part of the demerger, PSB was sold to Mission Energy and London Electricity recorded a $109.8 million gain on the sale.

Finally, as part of the demerger, the Regulator ordered a $78 refund to each of London Electricity's supply customers which was offset by a reduction in the fossil fuel levy charged to London Electricity. The effect of the refund, which was recorded in the year ended March 31, 1996, was to reduce operating revenues, cost of sales and gross profit by $142.3 million , $13.0 million and $129.4 million, respectively.

The investment in National Grid has been accounted for by London Electricity as a cost method investment. The consolidated results of operations of London Electricity therefore do not include any of the results of operations of National Grid.

NOTE 13. EMPLOYEE OPTIONS:

London Electricity was acquired by Entergy London Investments plc, formerly Entergy Power UK plc, effective February 1, 1997. In conjunction with the purchase of London Electricity, the holders of any outstanding options under the employee option plans were given the opportunity to exercise their options and sell their shares to Entergy London Investments plc at a price of BPS7.05 per share which then entitled the owner of the shares to the interim dividend of BPS.179 per share. If the holders of the options did not exercise their options, such options were cash canceled and the holders were paid BPS7.05 per share.

Under the Employee Sharesave Plan, London Electricity was authorized to issue shares of common stock pursuant to stock options granted to officers, key employees and directors. Under the Executive Sharesave Plan, London Electricity was authorized to issue shares of common stock pursuant to stock options granted to directors.

The stock options had an exercise price equal to the fair market value of the common stock on the date of grant and a contractual term of 10 years. The stock options became exercisable on the third anniversary of the date of grant under the Executive Sharesave Plan.

A summary of the status of London Electricity's stock options for the period from April 1, 1996 to January 31, 1997 and for the year ended March 31, 1996 and the changes during the years ended on such dates is presented below:

	Period from April 1, 1996 to January 31, 1997		Years ended March 31, 1996	
	# Shares of Underlying Options	Exercise Prices	# Shares of Underlying Options	Exercise Prices
Outstanding at beginning of year	1,873,505	BPS 3.56	6,985,705	BPS 2.26
Granted	3,625,911	4.82	89,628	5.94
Exercised	(390,712)	3.33	(4,956,992)	1.89
Forfeited	—	—	(244,836)	2.09
Expired	—	—	—	—
Outstanding at end of year	5,108,704		1,873,505	

NOTE 14. RESTRUCTURING CHARGES:

In 1995 and 1996, London Electricity implemented a restructuring program to reduce the number of employees in the Network Services, Customer Services, Corporate and Information Technology groups. An initial plan was approved by the Board of Directors of London Electricity in September 1994 and was based on a business plan developed subsequent to the 1994 Regulatory Review of Distribution (the "Distribution Review").

Following the reopening of the Distribution Review during 1995, a further plan was proposed leading to a further reduction of employees in the same areas. This plan was approved by the Board of Directors in May 1996, and approximately $18.5 million in restructuring charges was recorded for the period from April 1, 1996 to January 31, 1997. The balances for restructuring charges and the actual termination benefits paid under the program for the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996 are as follows (in thousands):

Provision for restructuring as of March 31, 1995	$ 30,322
Restructuring charges in 1996	—
Payments made in 1996	—
Translation adjustment	(1,767)
Balance March 31, 1996	28,555
Restructuring charges in 1997	18,507
Payments made in 1997	(16,609)
Translation adjustment	1,433
Provision for restructuring as of January 31, 1997	$ 31,886

The number of employees terminated under these plans was 250 and 308 for the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996, respectively.

NOTE 15. SEGMENT INFORMATION:

London Electricity is engaged in two electric industry segments: distribution, which involves the transfer and delivery of electricity across London Electricity's network to its customers, and supply, which involves bulk purchases of electricity from the Pool for delivery of supply to the distribution networks. Other consists principally of London Electricity's investment in private distribution networks, electricity contracting services and investments in generating assets. Information about London Electricity's operations in these individual segments during the period from April 1, 1996 to January 31, 1997 and for the year ended March 31, 1996 is as follows (in thousands):

	Period from April 1, 1996 to January 31, 1997				
	Distribution	Supply	Other	Eliminations	Consolidated
Operating revenues	$ 435,470	$ 1,662,788	$ 106,772	$ (439,425)	$1,765,605
Operating income	159,129	(1,265)	10,914	—	168,778
Depreciation and amortization	51,092	6,485	4,588	—	62,165
Total assets employed at period end	1,363,077	446,560	287,453	—	2,097,090
Capital expenditures	153,118	15,027	14,711	—	182,856

	Year Ended March 31, 1996				
	Distribution	Supply	Other	Eliminations	Consolidated
Operating revenues	$ 559,219	$ 1,719,468 (a)	$ 92,550	$ (511,299)	$ 1,859,938
Operating income	247,428	(110,246) (b)	24,272	(2,349)	159,105
Depreciation and amortization	54,967	3,915	7,203	—	66,085
Total assets employed at period end	1,211,827	376,710	471,844	—	2,060,381
Capital expenditures	151,590	7,047	14,564	—	173,201

(a) Includes $142.3 million refund to customers related to National Grid transaction.

(b) Includes net effect of $142.3 million refund and $13.0 reduction of fossil fuel levy related to National Grid transaction. See Note 12.

Item 9. Changes In and Disagreements With Accountants On Accounting and Financial Disclosure.

No event that would be described in response to this item has occurred with respect to Entergy, System Energy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, or Entergy New Orleans.

PART III

Item 10. Directors and Executive Officers of the Registrants (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy and Entergy London)

All officers and directors listed below held the specified positions with their respective companies as of the date of filing this report.

Name	Age	Position	Period
ENTERGY ARKANSAS, INC.			
Directors			
R. Drake Keith	62	President and Director of Entergy Arkansas	1989-Present
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	
Officers			
Michael R. Niggli	48	Senior Vice President - Customer Accounts of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Services	1996-1998
		Senior Vice President - Marketing of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Services	1993-1996
		Vice President - Customer Services of Entergy Louisiana, Entergy New Orleans, and Entergy Services	1993-1993
C. Gary Clary	53	Vice President - Human Resources and Administration of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Operations	1997-Present
		Vice President - Human Resources and Administration of Entergy Services	1996-Present
		Director-System Human Resources of Entergy Services	1993-1996
Cecil L. Alexander	62	Vice President - Governmental Affairs of Entergy Arkansas	1991-Present
James S. Pilgrim	62	Vice President - Customer Service of Entergy Arkansas	1994-Present
		Director, Central Region, TDCS Customer Service	1993-1994
		Central Division Manager of Mississippi	1991-1993
C. Hiram Walters	61	Vice President - Customer Service of Entergy Arkansas	1993-Present
		Vice President - Customer Service of Entergy Louisiana	1994-Present
		Vice President - Customer Service of Entergy Services	1997-Present
		Vice President - Customer Service, Central Region of Entergy Services	1993-1997
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
R. Drake Keith		See information under the Entergy Arkansas Directors above.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	

Name	Age	Position	Period
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
William J. Regan, Jr.		See information under the Entergy Corporation Officers Section in Part I.	
Louis E. Buck, Jr.		See information under the Entergy Corporation Officers Section in Part I.	

ENTERGY GULF STATES, INC.

Directors

Karen R. Johnson	53	President - Texas	1997-Present
		Director of Entergy Gulf States	1996-Present
		State President - Texas	1996-1997
		Vice President - Governmental Affairs of Entergy Gulf States - Texas	1994-1996
		Executive Director of State Bar of Texas (state agency)	1990-1994
John J. Cordaro	64	President - Louisiana	1997-Present
		Director of Entergy Gulf States and Entergy Louisiana	1996-Present
		State President - Louisiana	1996-1997
		President and Director of Entergy Louisiana and Entergy New Orleans	1992-1996
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	

Officers

William E. Colston	62	Vice President - Customer Service of Entergy Gulf States	1994-Present
		Vice President - Customer Service of Entergy Louisiana	1993-Present
		Vice President - Customer Service of Southern Region of Entergy Services	1993-Present
		Regional Director of Entergy Louisiana	1992-1993
S. G. Cunningham, Jr.	57	Vice President - Regulatory and Governmental Affairs of Entergy Louisiana and Entergy Gulf States	1996-Present
		Vice President - State Regulatory Affairs of Entergy Services	1994-1996
		Vice President - Entergy Corporation, Entergy Gulf States Transition, and Regulatory Affairs of Entergy Services	1993-1994
		Vice President - Rates and Regulatory Affairs of Entergy Louisiana and Entergy New Orleans	1991-1994
		Vice President - Regulatory Affairs of Entergy Services	1992-1993
J. Parker McCollough	47	Vice President - State Governmental Affairs of Entergy Gulf States	1996-Present
		Vice President - Governmental Affairs, Texas Association of Realtors (trade association)	1993-1996
		Member- Texas House of Representatives	1989-1993
		Wright & Greenhill, PC (law firm)	1991-1993
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
C. Gary Clary		See information under the Entergy Arkansas Officers Section above.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
Michael R. Niggli		See information under the Entergy Arkansas Officers Section above.	
Karen Johnson		See information under the Entergy Gulf States Directors Section above.	
John J. Cordaro		See information under the Entergy Gulf States Directors Section above.	
William J. Regan, Jr.		See information under the Entergy Corporation Officers Section in Part I.	
Louis E. Buck, Jr.		See information under the Entergy Corporation Officers Section in Part I.	

Name	Age	Position	Period

ENTERGY LOUISIANA, INC.

Directors

Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
John J. Cordaro		See information under the Entergy Gulf States Directors Section above.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	

Officers

James D. Bruno	58	Vice President - Customer Service of Entergy Louisiana and Entergy New Orleans	1994-Present
		Vice President - Metro Region of Entergy Services	1993-Present
		Region Director - Metro Region of Entergy Services	1991-1993
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
John J. Cordaro		See information under the Entergy Gulf States Directors Section above.	
C. Gary Clary		See information under the Entergy Arkansas Officers Section above.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
Michael R. Niggli		See information under the Entergy Arkansas Officers Section above.	
William E. Colston		See information under the Entergy Gulf States Officers Section above.	
William J. Regan, Jr.		See information under the Entergy Corporation Officers Section in Part I.	
Louis E. Buck, Jr.		See information under the Entergy Corporation Officers Section in Part I.	
C. Hiram Walters		See information under the Entergy Arkansas Officers Section above.	
S. G. Cunningham, Jr.		See information under the Entergy Gulf States Officers Section above.	

ENTERGY MISSISSIPPI, INC.

Directors

Donald E. Meiners (a)	62	President and Director of Entergy Mississippi	1992-Present
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	

Officers

Bill F. Cossar	59	Vice President - Governmental Affairs of Entergy Mississippi	1987-Present
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
Donald E. Meiners		See information under the Entergy Mississippi Directors Section above.	
C. Gary Clary		See information under the Entergy Arkansas Officers Section above.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	

Name	Age	Position	Period
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
Michael R. Niggli		See information under the Entergy Arkansas Officers Section above.	
William J. Regan, Jr.		See information under the Entergy Corporation Officers Section in Part I.	
Louis E. Buck, Jr.		See information under the Entergy Corporation Officers Section in Part I.	

ENTERGY NEW ORLEANS, INC.

Directors

Daniel F. Packer	50	President and Director of Entergy New Orleans	1997-Present
		State President - City of New Orleans	1996-1997
		Vice President - Regulatory and Governmental Affairs of Entergy New Orleans	1994-1996
		General Manager - Plant Operations at Waterford 3	1991-1994
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Jerry L. Maulden		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	

Officers

Edwin Lupberger	See information under the Entergy Corporation Officers Section in Part I.
Jerry L. Maulden	See information under the Entergy Corporation Officers Section in Part I.
C. Gary Clary	See information under the Entergy Arkansas Officers Section above.
Jerry D. Jackson	See information under the Entergy Corporation Officers Section in Part I.
Frank F. Gallaher	See information under the Entergy Corporation Officers Section in Part I.
Gerald D. McInvale	See information under the Entergy Corporation Officers Section in Part I.
Michael G. Thompson	See information under the Entergy Corporation Officers Section in Part I.
Michael R. Niggli	See information under the Entergy Arkansas Officers Section above.
Daniel F. Packer	See information under the Entergy New Orleans Directors Section above.
James D. Bruno	See information under the Entergy Louisiana Officers Section above.
William J. Regan, Jr.	See information under the Entergy Corporation Officers Section in Part I.
Louis E. Buck, Jr.	See information under the Entergy Corporation Officers Section in Part I.

SYSTEM ENERGY RESOURCES, INC.

Directors

Donald C. Hintz	See information under the Entergy Corporation Officers Section in Part I.
Edwin Lupberger	See information under the Entergy Corporation Officers Section in Part I.
Jerry L. Maulden	See information under the Entergy Corporation Officers Section in Part I.
Gerald D. McInvale	See information under the Entergy Corporation Officers Section in Part I.

Officers

Joseph L. Blount	51	Secretary of System Energy and Entergy Operations	1991-Present
		Vice President Legal and External Affairs of Entergy Operations	1990-1993
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Gerald D. McInvale		See information under the Entergy Corporation Officers Section in Part I.	
William J. Regan, Jr.		See information under the Entergy Corporation Officers Section in Part I.	
Louis E. Buck, Jr.		See information under the Entergy Corporation Officers Section in Part I.	

Name	Age	Position	Period

ENTERGY LONDON INVESTMENTS PLC

Directors

Edwin Lupberger	See information under the Entergy Corporation Officers Section in Part I.
Michael B. Bemis	See information under the Entergy Corporation Officers Section in Part I.

Officers

Edwin Lupberger	See information under the Entergy Corporation Officers Section in Part I.
Michael B. Bemis	See information under the Entergy Corporation Officers Section in Part I.
Michael G. Thompson	See information under the Entergy Corporation Officers Section in Part I.
William J. Regan, Jr.	See information under the Entergy Corporation Officers Section in Part I.
Louis E. Buck, Jr.	See information under the Entergy Corporation Officers Section in Part I.
Gerald D. McInvale	See information under the Entergy Corporation Officers Section in Part I.

(a) 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, at its annual meeting.

Directorships shown in footnote (a) 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 15, 1998, under the heading "Section 16(a) Beneficial Ownership Reporting Compliance", which information is incorporated herein by reference.

Item 11. Executive Compensation

ENTERGY CORPORATION

Information called for by this item concerning the directors and officers of Entergy Corporation is set forth in the Proxy Statement under the headings "Executive Compensation Tables", "General Information About Nominees", and "Director Compensation", which information is incorporated herein by reference.

ENTERGY ARKANSAS, ENTERGY GULF STATES, ENTERGY LOUISIANA, ENTERGY MISSISSIPPI, ENTERGY NEW ORLEANS, SYSTEM ENERGY AND ENTERGY LONDON

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, 1997 at Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy and Entergy London, (collectively, the "Named Executive Officers") as well as Gerald D. McInvale who would have been included as one of the four most highly compensated officers but for the fact that he was not serving as an executive officer at the end of the fiscal year. This determination was based on total annual base salary and bonuses from all Entergy sources earned by each

officer for the year 1997. 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, System Entergy and Entergy London

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.

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
Name	Year	Salary	(a) Bonus	Other Annual Compensation	Restricted Stock Awards	Securities Underlying Options	(b) LTIP Payouts	(c) All Other Compensation
Michael B. Bemis	1997	$ 314,154	$ 0	$ 734,368(f)	(d)	5,000 shares	$ 0	$ 11,736
	1996	297,115	168,125	43,884	(d)	5,000	0	12,813
	1995	290,000	216,909	22,844	(d)	27,500	294,282	12,063
Joseph L. Blount	1997	$ 126,288	$ 0	$ 291	(d)	0 shares	$ 0	$ 3,789
	1996	124,904	38,471	10,147	(d)	0	0	6,177
	1995	119,185	43,645	15,842	(d)	0	0	15,705
Louis E. Buck, Jr.	1997	$ 159,954	$ 29,882	$ 9,105	(d)	2,500 shares	$ 0	$ 4,799
	1996	153,558	66,187	26,132	(d)	0	0	20,683
	1995	49,039	21,280	9,151	(d)	0	0	7,529
Frank F. Gallaher	1997	$ 327,385	$ 0	$ 11,132	(d)	5,000 shares	$ 0	$ 9,822
	1996	276,538	130,150	35,641	(d)	5,000	0	10,321
	1995	240,000	198,360	61,360	(d)	27,500	324,398	7,638
Donald C. Hintz*	1997	$ 365,077	$ 0	$ 18,245	(d)	5,000 shares	$ 0	$ 10,952
	1996	343,269	231,299	12,516	(d)	5,000	0	14,197
	1995	325,000	265,049	13,394	(d)	30,000	409,414	9,750
Jerry D. Jackson	1997	$ 342,077	$ 0	$ 56,359	(d)	5,000 shares	$ 0	$ 10,262
	1996	332,115	209,489	37,928	(d)	5,000	0	13,862
	1995	325,000	256,838	43,054	(d)	30,000	422,438	9,750
Edwin Lupberger**	1997	$ 785,385	$ 0	$ 271,422	(d)	10,000 shares	$ 0	$ 23,562
	1996	735,577	448,794	123,601	(d)	10,000	0	23,567
	1995	700,000	568,400	89,163	(d)	60,000	781,337	21,000
Jerry L. Maulden	1997	$ 445,615	$ 0	$ 67,485	(d)	5,000 shares	$ 0	$ 13,369
	1996	435,000	260,301	27,056	(d)	5,000	0	14,550
	1995	435,000	353,220	26,248	(d)	30,000	422,438	13,050
Gerald D. McInvale (e)	1997	$ 331,154	$ 0	$ 17,389	(d)	5,000 shares	$ 0	$ 9,923
	1996	271,730	179,576	13,995	(d)	5,000	0	12,051
	1995	255,481	186,739	12,525	(d)	27,500	294,282	7,664
William J. Regan, Jr.	1997	$ 195,379	$ 36,448	$ 13,740	(d)	2,500 shares	$ 0	$ 5,861
	1996	190,000	81,132	20,684	(d)	0	0	8,852
	1995	120,577	54,727	21,141	(d)	2,000	0	7,821
Michael G. Thompson	1997	$ 259,315	$ 0	$ 12,856	(d)	5,000 shares	$ 0	$ 7,729
	1996	245,960	132,620	20,640	(d)	5,000	0	11,278
	1995	236,546	163,612	57,600	(d)	2,500	211,219	7,096

* Chief Executive Officer of System Energy.

** Chief Executive Officer of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy London.

(a) Includes bonuses earned pursuant to the Annual Incentive Plan.

(b) Amounts include the value of restricted shares that vested in 1997, 1996, and 1995 (see note (d) below) under Entergy's Equity Ownership Plan.

(c) Includes the following:

(1) 1997 benefit accruals under the Defined Contribution Restoration Plan as follows: Mr. Bemis $4,625; Mr. Gallaher $5,022; Mr. Hintz $6,152; Mr. Jackson $5,462; Mr. Lupberger $18,762; Mr. Maulden $8,969; Mr. McInvale $5,123; Mr. Regan $1,061; and Mr. Thompson $2,979.

(2) 1997 employer contributions to the System Savings Plan as follows: Mr. Bemis $4,800; Mr. Blount $3,789; Mr. Buck $4,799; Mr. Gallaher $4,800; Mr. Hintz $4,800; Mr. Jackson $4,800; Mr. Lupberger $4,800; Mr. Maulden $4,400; Mr. McInvale $4,800; Mr. Regan $4,800; and Mr. Thompson $4,750.

(3) 1997 reimbursements for moving expenses as follows: Mr. Bemis $2,311.

(d) There were no restricted stock awards in 1997 under the Equity Ownership Plan. At December 31, 1997, the number and value of the aggregate restricted stock holdings were as follows: Mr. Bemis 30,000 shares, $898,125; Mr. Blount 2,250 shares, $67,359; Mr. Buck 4,500 shares, $134,719; Mr. Gallaher 30,000 shares, $898,125; Mr. Hintz 30,000 shares, $898,125; Mr. Jackson 30,000 shares, $898,125; Mr. Lupberger 60,000 shares, $1,796,250; Mr. Maulden 37,500 shares, $1,122,656; Mr. McInvale 30,000 shares, $898,125; Mr. Regan 4,500 shares, $134,719; and Mr. Thompson 22,500 shares, $673,594. Accumulated dividends are paid on restricted stock when vested. The value of stock for which restrictions were lifted in 1997, 1996, and 1995, and the applicable portion of accumulated cash dividends, are reported in the LTIP Payouts column in the above table. The value of restricted stock awards as of December 31, 1997 are determined by multiplying the total number of shares awarded by the closing market price of Entergy Corporation common stock on the New York Stock Exchange Composite Transactions on December 31, 1997 ($29.9375 per share).

(e) Gerald D. McInvale is a former officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy and Entergy London.

(f) Includes approximately $670,000 related to various overseas living expenses, including UK taxes and housing, associated with Mr. Bemis' overseas assignment in London.

Option Grants in 1997

The following table summarizes option grants during 1997 to the Named Executive Officers. The absence, in the table below, of any Named Executive Officer indicates that no options were granted to such officer.

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Entergy and Entergy London

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(b)	
Name	Number of Securities Underlying Options Granted (a)	% of Total Options Granted to Employees in 1997	Exercise Price (per share) (a)	Expiration Date	5%	10%
Michael B. Bemis	5,000	2.0%	$ 26.5	1/30/07	$ 83,329	$ 211,171
Louis E. Buck, Jr.	2,500	1.0%	26.5	1/30/07	41,664	105,585
Frank F. Gallaher	5,000	2.0%	26.5	1/30/07	83,329	211,171
Donald C. Hintz	5,000	2.0%	26.5	1/30/07	83,329	211,171
Jerry D. Jackson	5,000	2.0%	26.5	1/30/07	83,329	211,171
Edwin Lupberger	10,000	3.9%	26.5	1/30/07	166,657	422,342
Jerry L. Maulden	5,000	2.0%	26.5	1/30/07	83,329	211,171
Gerald D. McInvale	5,000	2.0%	26.5	1/30/07	83,329	211,171
William J. Regan, Jr.	2,500	1.0%	26.5	1/30/07	41,664	105,585
Michael G. Thompson	5,000	2.0%	26.5	1/30/07	83,329	211,171

(a) Options were granted on January 30, 1997, pursuant to the Equity Ownership Plan. All options granted on this date have an exercise price equal to the closing price of Entergy Corporation common stock on the New York Stock Exchange Composite Transactions on January 30, 1997. These options became exercisable on July 30, 1997.

(b) Calculation based on the market price of the underlying securities assuming the market price increases over a ten-year option period and assuming annual compounding. The column presents estimates of potential values based on simple mathematical assumptions. The actual value, if any, a Named Executive Officer may realize is dependent upon the market price on the date of option exercise.

Aggregated Option Exercises in 1997 and December 31, 1997 Option Values

The following table summarizes the number and value of all unexercised options held by the Named Executive Officers. The absence, in the table below, of any Named Executive Officer indicates that no options are held by such officer. In 1997, no options were exercised by any Named Executive Officer.

	Number of Securities Underlying Unexercised Options as of December 31, 1997		Value of Unexercised In-the-Money Options as of December 31, 1997(a)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Michael B. Bemis	20,000	25,000	$ 37,188	$ 226,563
Louis E. Buck, Jr.	2,500	-	8,594	-
Frank F. Gallaher	17,500	25,000	36,406	226,563
Donald C. Hintz	27,500	25,000	53,594	226,563
Jerry D. Jackson	24,411	25,000	20,841	226,563
Edwin Lupberger	58,824	50,000	107,308	453,125
Jerry L. Maulden	30,000	25,000	54,375	226,563
Gerald D. McInvale	20,000	25,000	37,188	226,563
William J. Regan, Jr.	2,500	2,000	8,594	12,875
Michael G. Thompson	17,500	-	36,406	-

(a) Based on the difference between the closing price of Entergy Corporation's common stock on the New York Stock Exchange Composite Transactions on December 31, 1997, and the option exercise price.

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	45,000	60,000	75,000	90,000	105,000
300,000	67,500	90,000	112,500	135,000	157,500
400,000	90,000	120,000	150,000	180,000	210,000
500,000	112,500	150,000	187,500	225,000	262,500
650,000	146,250	195,000	243,750	292,500	341,250
950,000	213,750	285,000	356,250	427,500	498,750

All of the Named Executive Officers participate in a Retirement Income Plan, a defined benefit plan, that provides a benefit for employees at retirement from Entergy based upon (1) generally all years of service beginning at age 21 through termination, with a forty-year maximum, multiplied by (2) 1.5%, multiplied by (3) the final average compensation. Final average compensation is based on the highest consecutive 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is a lifetime annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts. The amount of the Named Executive Officers' annual compensation covered by the plan as of December 31, 1997, 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, 1997, for the Named Executive Officers is as follows: Mr. Bemis 15; Mr. Blount 13; Mr. Buck 2; Mr. Gallaher 28; Mr. Maulden 32; and Mr. Regan 2. The credited years of service under the respective Retirement Income Plan, as of December 31, 1997 for the following Named Executive Officers, as a result of entering into supplemental retirement agreements, is as follows: Mr. Hintz 26; Mr. Jackson 18; Mr. Lupberger 34; Mr. McInvale 25; and Mr. Thompson 21.

The maximum benefit under the Retirement Income Plan is limited by Sections 401 and 415 of the Internal Revenue Code of 1986, as amended; however, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy have elected to participate in the Pension Equalization Plan sponsored by Entergy Corporation. Under this plan, certain executives, including the Named Executive Officers, would receive an additional amount equal to the benefit that would have been payable under the Retirement Income Plan, except for the Sections 401 and 415 limitations discussed above.

In addition to the Retirement Income Plan discussed above, Entergy Arkansas, Louisiana, Mississippi, New Orleans, and System Energy participate in the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries and the Post-Retirement Plan of Entergy Corporation and Subsidiaries. Participation is limited to one of these two plans and is at the invitation of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy. The participant may receive from the appropriate Entergy company a monthly benefit payment not in excess of .025 (under the Supplemental Retirement Plan) or .0333 (under the Post-Retirement Plan) times the participant's average basic annual salary (as defined in the plans) for a maximum of 120 months. Mr. Hintz has entered into a Supplemental Retirement Plan participation contract, and all of the other

Named Executive Officers, (except for Mr. Blount, Mr. Buck, Mr. McInvale, Mr. Regan, and Mr. Thompson) have entered into Post-Retirement Plan 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	$ 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 (except for Mr. Blount). Participating executives choose, at retirement, between the retirement benefits paid under provisions of the SERP or those payable under the Supplemental Retirement Plan or the Post-Retirement Plan discussed above. 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, 1997) 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, Mr. McInvale, and Mr. Thompson) disclosed above in the section entitled "Pension Plan Tables-Retirement Income Plan Table". Mr. Bemis, Mr. Jackson, Mr. McInvale, and Mr. Thompson have 25 years, 24 years, 16 years, and 16 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 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. None of the Named Executive Officers are participants in this plan.

Compensation of Directors

For information regarding compensation of the directors of Entergy Corporation, see the Proxy Statement under the heading "Director Compensation", which information is incorporated herein by reference. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy and Entergy London 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 and Entergy London have 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.

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

In connection with the resignation of his position as Vice Chairman, Mr. McInvale entered into a contract under which he will provide services as required and remain as an employee of Entergy Services through May 31, 2001, subject to certain terms and conditions, at a monthly salary of approximately $33,300. In addition, such contract provides for the continuation of benefits under Mr. McInvale's continued participation in, or the providing of benefits comparable to those under, Entergy's Savings Plan, Retirement Plan, Supplemental Credited Service Agreement, System Executive Retirement Plan, Equity Ownership Plan, Executive Medical Plan and the applicable portion of any awards under the Executive Annual Incentive Plan and Long Term Incentive Program. In the event of Mr. McInvale's death prior to May 31, 2001, his surviving spouse or estate would receive a lump sum equal to the net present value of all base salary payments due from the date of death to May 31, 2001, together with the benefits lost, or the comparable value.

Personnel Committee Interlocks and Insider Participation

The compensation of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy and Entergy London executive officers was set by the Personnel Committee of Entergy Corporation's Board of Directors, composed solely of Directors of Entergy Corporation. No current or former officers or employees of any Entergy company participated in deliberations concerning compensation during 1997.

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, System Energy and Entergy London. The information with respect to persons known by Entergy Corporation to be beneficial owners of more than 5% of Entergy Corporation's outstanding common stock is included under the heading "Stockholders Who Own at Least Five Percent" in the Proxy Statement, which information is incorporated herein by reference. The registrants know of no contractual arrangements that may, at a subsequent date, result in a change in control of any of the registrants.

As of December 31, 1997, 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, System Energy and Entergy London, respectively, beneficially owned directly or indirectly common stock of Entergy Corporation as indicated:

	Entergy Corporation Common Stock	
	Amount and Nature of Beneficial Ownership(a)	
Name	Sole Voting and Investment Power	Other Beneficial Ownership(b)
Entergy Corporation		
W. Frank Blount*	5,034	-
John A. Cooper, Jr.*	7,534	-
Lucie J. Fjeldstad****	3,984	-
Dr. Norman C. Francis*	1,200	-
Frank F. Gallaher**	19,641	17,500
Donald C. Hintz**	11,318	27,500
Jerry D. Jackson**	29,500	24,411
Robert v.d. Luft*	4,284	-
Edwin Lupberger***	36,583	63,324 (c)
Jerry L. Maulden**	27,165	30,000
Gerald D. McInvale (d)	10,901	20,000
Adm. Kinnaird R. McKee*	3,067	-
Paul W. Murrill*	2,985	-
James R. Nichols*	6,065	-
Eugene H. Owen*	3,692	-
John N. Palmer, Sr.*	16,481	-
Robert D. Pugh*	8,300	6,500 (c)
Wm. Clifford Smith*	6,621	-
Bismark A. Steinhagen*	8,237	-
All directors and executive officers	262,891	244,235
Entergy Arkansas		
Frank F. Gallaher***	19,641	17,500
Donald C. Hintz***	11,318	27,500
Jerry D. Jackson***	29,500	24,411
R. Drake Keith*	9,019	-
Edwin Lupberger***	36,583	63,324 (c)
Jerry L. Maulden***	27,165	30,000
Gerald D. McInvale (d)	10,901	20,000
All directors and executive officers	198,064	205,235

Name	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a) Sole Voting and Investment Power	Other Beneficial Ownership(b)
Entergy Gulf States		
John J. Cordaro *	5,369	-
Frank F. Gallaher***	19,641	17,500
Donald C. Hintz***	11,318	27,500
Jerry D. Jackson***	29,500	24,411
Karen R. Johnson *	802	-
Edwin Lupberger***	36,583	63,324 (c)
Jerry L. Maulden***	27,165	30,000
Gerald D. McInvale (d)	10,901	20,000
All directors and executive officers	192,465	205,235
Entergy Louisiana		
John J. Cordaro*	5,369	-
Frank F. Gallaher***	19,641	17,500
Donald C. Hintz***	11,318	27,500
Jerry D. Jackson***	29,500	24,411
Edwin Lupberger***	36,583	63,324 (c)
Jerry L. Maulden***	27,165	30,000
Gerald D. McInvale (d)	10,901	20,000
All directors and executive officers	201,761	205,235
Entergy Mississippi		
Frank F. Gallaher***	19,641	17,500
Donald C. Hintz*	11,318	27,500
Jerry D. Jackson***	29,500	24,411
Edwin Lupberger***	36,583	63,324 (c)
Jerry L. Maulden***	27,165	30,000
Gerald D. McInvale (d)	10,901	20,000
Donald E. Meiners*	10,521	-
Michael G. Thompson**	13,462	17,500
All directors and executive officers	185,188	205,235

Name	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a) Sole Voting and Investment Power	Other Beneficial Ownership(b)
Entergy New Orleans		
Frank F. Gallaher**	19,641	17,500
Jerry D. Jackson***	29,500	24,411
Edwin Lupberger***	36,583	63,324 (c)
Jerry L. Maulden***	27,165	30,000
Gerald D. McInvale (d)	10,901	20,000
Daniel F. Packer ***	3,854	-
Michael G. Thompson**	13,462	17,500
All directors and executive officers	168,482	177,735
System Energy		
Joseph L. Blount**	3,535	-
Louis E. Buck, Jr.**	2,996	2,500
Donald C. Hintz***	11,318	27,500
Edwin Lupberger***	36,583	63,324 (c)
Jerry L. Maulden*	27,165	30,000
Gerald D. McInvale (d)	10,901	20,000
William J. Regan, Jr.**	2,908	2,500
All directors and executive officers	95,406	145,824
Entergy London		
Michael B. Bemis***	24,646	20,000
Louis E. Buck, Jr.**	2,996	2,500
Edwin Lupberger***	36,583	63,324 (c)
Gerald D. McInvale (d)	10,901	20,000
William J. Regan, Jr.**	2,908	2,500
Michael G. Thompson**	13,462	17,500
All directors and executive officers	80,585	125,824

* Director of the respective Company

** Named Executive Officer of the respective Company

*** Director and Named Executive Officer of the respective Company

**** Mrs. Fjeldstad's term will expire at the Annual Meeting and she is not standing for re-election.

(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: Louis E. Buck, Jr., 2,500 shares; Michael B. Bemis, 20,000 shares; Frank F. Gallaher, 17,500 shares; Donald C. Hintz, 27,500 shares; Jerry D. Jackson, 24,411 shares; Edwin Lupberger, 58,824 shares; Jerry L. Maulden, 30,000 shares; Gerald D. McInvale, 20,000 shares; William J. Regan, Jr., 2,500 shares; and Michael G. Thompson, 17,500 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. In addition, Edwin Lupberger owns 2,000 shares in joint tenancy with his mother for which he disclaims beneficial ownership.

(d) Gerald D. McInvale is a former officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy, and Entergy London.

Item 13. Certain Relationships and Related Transactions

During 1997, T. Baker Smith & Son, Inc. performed land surveying services for, and received payments of approximately $81,000 from, Entergy Louisiana, Inc. Mr. Wm. Clifford Smith, a director of Entergy Corporation, is President of T. Baker Smith & Son, Inc. Mr. Smith's children own 100% of the voting stock of T. Baker Smith & Son, Inc.

See Item 10, "Directors and Executive Officers of the Registrants," for information on certain relationships and transactions required to be reported under this item.

Other than as provided under applicable corporate laws, Entergy does not have policies whereby transactions involving executive officers and directors are approved by a majority of disinterested directors. However, pursuant to the Entergy Corporation Code of Conduct, transactions involving an Entergy company and its executive officers must have prior approval by the next higher reporting level of that individual, and transactions involving an Entergy company and its directors must be reported to the secretary of the appropriate Entergy company.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)1. Financial Statements and Independent Auditors' Reports for Entergy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, System Energy, Entergy London, and London Electricity are listed in the Index to Financial Statements (see pages 45 and 46)

(a)2. Financial Statement Schedules

Reports of Independent Accountants on Financial Statement Schedules (see page 251)

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, System Energy and Entergy London 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 September 23, 1997, was filed with the SEC on October 1, 1997, reporting information under Item 5. "Other Events".

Entergy Corporation, Entergy Arkansas, and Entergy Gulf States
A current report on Form 8-K, dated October 9, 1997, was filed with the SEC on October 10, 1997, reporting information under Item 5. "Other Events".

Entergy Corporation
A current report on Form 8-K, dated November 19, 1997, was filed with the SEC on November 24, 1997, reporting information under Item 5. "Other Information".

Entergy Corporation, Entergy Arkansas, Entergy Gulf States, and System Energy
A current report on Form 8-K, dated December 12, 1997, was filed with the SEC on December 29, 1997, reporting information under Item 5. "Other Information".

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 9, 1998

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 (Principal Accounting Officer)	March 9, 1998

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, R. Drake Keith, and Jerry L. Maulden (Directors).

By: /s/ Louis E. Buck
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

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 9, 1998

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 (Principal Accounting Officer)	March 9, 1998

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); 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
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

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 9, 1998

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 (Principal Accounting Officer)	March 9, 1998

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); John J. Cordaro, Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, and Jerry L. Maulden (Directors).

By: /s/ Louis E. Buck
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

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 9, 1998

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 (Principal Accounting Officer)	March 9, 1998

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, Jerry L. Maulden, and Donald E. Meiners (Directors).

By: /s/ Louis E. Buck
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

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 9, 1998

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 (Principal Accounting Officer)	March 9, 1998

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Jerry D. Jackson, Jerry L. Maulden, and Daniel F. Packer (Directors).

By: /s/ Louis E. Buck
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

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, Chief Accounting Officer and Assistant Secretary

Date: March 9, 1998

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 (Principal Accounting Officer)	March 9, 1998

Donald C. Hintz (President, Chief Executive Officer and Director; Principal Executive Officer); Edwin Lupberger (Chairman of the Board), and Jerry L. Maulden (Directors).

By: /s/ Louis E. Buck
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

ENTERGY LONDON INVESTMENTS PLC

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 LONDON INVESTMENTS PLC

By /s/ Louis E. Buck
Louis E. Buck, Audit Controller

Date: March 9, 1998

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	Audit Controller (Principal Accounting Officer)	March 9, 1998

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Michael B. Bemis (Director).

By: /s/ Louis E. Buck
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

ENTERGY LONDON INVESTMENTS PLC

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 LONDON INVESTMENTS PLC

By /s/ Louis E. Buck
Louis E. Buck, Audit Controller

Date: March 9, 1998

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	Audit Controller (Principal Accounting Officer)	March 9, 1998

Edwin Lupberger (Chairman of the Board, Chief Executive Officer and Director; Principal Executive Officer); Michael B. Bemis (Director).

By: /s/ Louis E. Buck
(Louis E. Buck, Attorney-in-fact)

March 9, 1998

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 March 4, 1998, on our audits of the consolidated financial statements and financial statement schedules of Entergy Corporation as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, which reports include 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 one 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 33-50289, 333-00103 and 333-05045) of our reports dated March 4, 1998, on our audits of the financial statements and financial statement schedule of Entergy Arkansas, Inc. as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, 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 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 March 4, 1998, on our audits of the financial statements and financial statement schedule of Entergy Gulf States, Inc. as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, which reports include 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 March 4, 1998, on our audits of the financial statements and financial statement schedule of Entergy Louisiana, Inc. as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, 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 March 4, 1998, on our audits of the financial statements and financial statement schedule of Entergy Mississippi, Inc. as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, 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 March 4, 1998, on our audits of the financial statements and financial statement schedule of Entergy New Orleans, Inc. as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, 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 March 4, 1998, on our audits of the financial statements of System Energy Resources, Inc. as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, 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 9, 1998

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and 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, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, and the consolidated financial statements of Entergy London Investments plc and Subsidiary as of December 31, 1997 and for the year then ended, and have issued our reports thereon dated March 4, 1998, and have audited the consolidated financial statements of London Electricity plc as of March 31, 1996 and for the period from April 1, 1996 to January 31, 1997 and the year ended March 31, 1996, and have issued our report thereon dated July 31, 1997, which reports are included elsewhere in this Form 10-K, which reports as to Entergy Corporation and Entergy Gulf States, Inc. include 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 which reports as to Entergy Corporation and System Energy Resources, 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
March 4, 1998

INDEX TO FINANCIAL STATEMENT SCHEDULES

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,		
	1997	1996	1995
		(In Thousands)	
Income:			
Equity in income of subsidiaries	$325,419	$459,350	$549,144
Interest on temporary investments	5,086	4,840	20,641
Total	330,505	464,190	569,785
Expenses and Other Deductions:			
Administrative and general expenses	62,250	34,402	53,872
Income taxes (credit)	3,438	(1,558)	(5,383)
Taxes other than income	1,226	828	1,102
Interest	15,908	10,491	214
Total	82,822	44,163	49,805
Net Income	$247,683	$420,027	$519,980

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,		
	1997	1996	1995
		(In Thousands)	
Operating Activities:			
Net income	$247,683	$420,027	$519,980
Noncash items included in net income:			
Equity in earnings of subsidiaries	(325,419)	(459,350)	(549,144)
Deferred income taxes	898	8,499	(2,024)
Depreciation	1,442	1,628	1,421
Changes in working capital:			
Receivables	(8,683)	3,232	2,161
Payables	(3,690)	9,919	(3,776)
Other working capital accounts	(400)	(1,170)	(1,701)
Common stock dividends received from subsidiaries	550,200	554,200	565,589
Other	43,479	(3,524)	8,652
Net cash flow provided by operating activities	505,510	533,461	541,158
Investing Activities:			
Investment in subsidiaries	(633,449)	(266,681)	(477,709)
Capital expenditures	(23,079)	-	-
Advance to subsidiary	-	-	221,540
Net cash flow used in investing activities	(656,528)	(266,681)	(256,169)
Financing Activities:			
Changes in short-term borrowings	166,000	20,000	-
Common stock dividends paid	(438,183)	(405,346)	(408,553)
Issuance of common stock	305,379	118,087	-
Net cash flow provided by (used in) financing activities	33,196	(267,259)	(408,553)
Net decrease in cash and cash equivalents	(117,822)	(479)	(123,564)
Cash and cash equivalents at beginning of period	128,665	129,144	252,708
Cash and cash equivalents at end of period	$10,843	$128,665	$129,144

See Entergy Corporation and Subsidiaries Notes to Financial Statements in Part II, Item 8.

ENTERGY CORPORATION

SCHEDULE I - FINANCIAL STATEMENTS OF ENTERGY CORPORATION
BALANCE SHEETS

	December 31,	
	1997	1996
	(In Thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents:		
Cash	$ -	$23
Temporary cash investments - at cost, which approximates market:		
Associated companies	2,947	57,986
Other	7,896	70,656
Total cash and cash equivalents	10,843	128,665
Accounts receivable:		
Associated companies	14,700	5,940
Interest receivable	301	378
Other	20,345	20,389
Total	46,189	155,372
Investment in Wholly-owned Subsidiaries	6,832,590	6,531,729
Deferred Debits and Other Assets	89,315	74,891
Total	$6,968,094	$6,761,992
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$186,000	$20,000
Accounts payable:		
Associated companies	4,331	11,613
Other	1,884	22
Interest accrued	1,918	188
Other current liabilities	8,827	15,638
Total	202,960	47,461
Deferred Credits and Noncurrent Liabilities	71,618	73,616
Shareholders' Equity:		
Common stock, $.01 par value, authorized 500,000,000 shares; issued 246,149,198 shares in 1997 and 234,456,457 shares in 1996	2,461	2,345
Paid-in capital	4,613,572	4,320,591
Retained earnings	2,157,912	2,341,703
Cumulative foreign currency translation adjustment	(69,817)	21,725
Less cost of treasury stock (306,852 shares in 1997 and 1,496,118 shares in 1996)	10,612	45,449
Total common shareholders' equity	6,693,516	6,640,915
Total	$6,968,094	$6,761,992

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,		
	1997	1996	1995
		(In Thousands)	
Retained Earnings, January 1	$2,341,703	$2,335,579	$2,223,739
Add:			
Net income	247,683	420,027	519,980
Deduct:			
Dividends declared on common stock	432,268	412,250	409,801
Capital stock and other expenses	(794)	1,653	(1,661)
Total	431,474	413,903	408,140
Retained Earnings, December 31	$2,157,912	$2,341,703	$2,335,579
Paid-in Capital, January 1	$4,320,591	$4,201,483	$4,202,134
Add:			
Gain (loss) on reacquisition of subsidiaries' preferred stock	273	1,795	(26)
Common stock issuances related to stock plans	292,870	117,560	(3,002)
Total	293,143	119,355	(3,028)
Deduct:			
Capital stock discounts and other expenses	162	247	(2,377)
Paid-in Capital, December 31	$4,613,572	$4,320,591	$4,201,483

See Entergy Corporation and Subsidiaries Notes to Consolidated Financial Statements in Part II, Item 8.

ENTERGY CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 1997, 1996, and 1995
(In Thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1997				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	$7,822	$12,926	$14,359	$6,389
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	$35,026	$24,128	$35,732	$23,422
Injuries and damages (Note 2)	26,145	20,294	19,955	26,484
Environmental	37,719	5,993	7,344	36,368
Total	$98,890	$50,415	$63,031	$86,274
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	-	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

Notes:

(1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case 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 for injuries and damages.

ENTERGY ARKANSAS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 1997, 1996, and 1995
(In Thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1997				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	$2,326	$3,140	$3,667	$1,799
Accumulated Provisions Not Deducted from Assets:				
Property insurance	$14	$11,613	$10,769	$858
Injuries and damages (Note 2)	2,810	3,538	1,550	4,798
Environmental	5,163	1,320	1,730	4,753
Total	$7,987	$16,471	$14,049	$10,409
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

Notes:

(1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case 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 for injuries and damages.

ENTERGY GULF STATES, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 1997, 1996, and 1995
(In Thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1997				
Accumulated Provisions Deducted from Assets--				
Doubtful Accounts	$1,997	$3,695	$3,901	$1,791
Accumulated Provisions Not Deducted from Assets--				
Property insurance	$17,003	$5,584	$18,270	$4,317
Injuries and damages (Note 2)	9,594	5,479	9,734	5,339
Environmental	21,829	3,746	1,786	23,789
Total	$48,426	$14,809	$29,790	$33,445
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

Notes:

(1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case 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, 1997, 1996, and 1995
(In Thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1997				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	$1,429	$2,542	$2,814	$1,157
Accumulated Provisions Not Deducted from Assets:				
Property insurance	$261	$5,411	$5,091	$581
Injuries and damages (Note 2)	9,443	5,080	4,579	9,944
Environmental	9,979	495	2,875	7,599
Total	$19,683	$10,986	$12,545	$18,124
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

Notes:

(1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case 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 for injuries and damages.

ENTERGY MISSISSIPPI, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 1997, 1996, and 1995
(In Thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1997				
Accumulated Provisions				
Deducted from Assets–				
Doubtful Accounts	$1,374	$1,950	$2,393	$931
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	$2,082	$1,520	$1,423	$2,179
Injuries and damages (Note 2)	2,905	4,055	2,298	4,662
Environmental	693	330	796	227
Total	$5,680	$5,905	$4,517	$7,068
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

Notes:

(1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case 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 for injuries and damages.

ENTERGY NEW ORLEANS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1997, 1996, and 1995

(In Thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1997				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	$696	$1,599	$1,584	$711
Accumulated Provisions Not Deducted from Assets:				
Property insurance	$15,666	-	$179	$15,487
Injuries and damages (Note 2)	1,393	$2,142	1,794	1,741
Environmental	55	102	157	-
Total	$17,114	$2,244	$2,130	$17,228
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

Notes:

(1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case 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 for injuries and damages.

ENTERGY LONDON INVESTMENTS PLC AND SUBSIDIARY

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Twelve Months Ended December 31, 1997

(In Thousands)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1997				
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	$17,465	$5,300	$865	$21,900
Accumulated Provisions Not Deducted from Assets: Property insurance	$18,747	$3,300	$7,247	$14,800

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.

LONDON ELECTRICITY PLC

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

For the Period from April 1, 1996 to January 31, 1997 and for the Year Ended March 31, 1996

(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Income	Other Changes	Deductions from Provisions (Note 1)	Balance at End of Period
Period ended January 31, 1997					
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	$13,285	$10,124	$700	$6,644	$17,465
Accumulated Provisions Not Deducted from Assets: Insurance (2)	$24,432	$2,373	$1,116	$9,174	$18,747
Period ended March 31, 1996					
Accumulated Provisions Deducted from Assets-- Doubtful Accounts	$13,783	$1,096	$(811)	$783	$13,285
Accumulated Provisions Not Deducted from Assets: Insurance (2)	$26,430	$470	$(1,528)	$940	$24,432

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) Represents the deductible portion of casualty losses to be incurred before third party reimbursement begins. 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 November 17, 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).

Entergy London

(h) 1 -- Memorandum and Articles of Association of the Company and amendments thereto through September 1, 1997 (4.01 in 333-33331 dated October 1, 1997).

(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 as amended 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 -- 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) 3 -- 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) 4 -- 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) 5 -- 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") (filed as Exhibit 4(a)12 to Form 10-K for the year ended December 31, 1996 in 1-11299).

(a) 6 -- Amendment No. 1, dated as of October 22, 1996 to Credit Agreement Entergy-ETHC Credit Agreement (filed as Exhibit 4(a)13 to Form 10-K for the year ended December 31, 1996 in 1-11299).

(a) 7 -- 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 (filed as Exhibit 4(a)14 to Form 10-K for the year ended December 31, 1996 in 1-11299).

(a) 8 -- 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 (filed as Exhibit 4(a)15 to Form 10-K for the year ended December 31, 1996 in 1-11299).

(a) 9 -- 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 (filed as Exhibit 4(a)16 to Form 10-K for the year ended December 31, 1996 in 1-11299).

(a) 10 -- 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 (filed as Exhibit 4(a)17 to Form 10-K for the year ended December 31, 1996 in 1-11299).

System Energy

(b) 1 -- Mortgage and Deed of Trust, dated as of June 15, 1977, as amended by twenty-one Supplemental Indentures (A-1 in 70-5890 (Mortgage); B and C to Rule 24 Certificate in 70-5890 (First); B to Rule 24 Certificate in 70-6259 (Second); 20(a)-5 to Form 10-Q for the quarter ended June 30, 1981, in 1-3517 (Third); A-1(e)-1 to Rule 24 Certificate in 70-6985 (Fourth); B to Rule 24 Certificate in 70-7021 (Fifth); B to Rule 24 Certificate in 70-7021 (Sixth); A-3(b) to Rule 24 Certificate in 70-7026 (Seventh); A-3(b) to Rule 24 Certificate in 70-7158 (Eighth); B to Rule 24 Certificate in 70-7123 (Ninth); B-1 to Rule 24 Certificate in 70-7272 (Tenth); B-2 to Rule 24 Certificate in 70-7272 (Eleventh); B-3 to Rule 24 Certificate in 70-7272 (Twelfth); B-1 to Rule 24 Certificate in 70-7382 (Thirteenth); B-2 to Rule 24 Certificate in 70-7382 (Fourteenth); A-2(c) to Rule 24 Certificate in 70-7946 (Fifteenth); A-2(c) to Rule 24 Certificate in 70-7946 (Sixteenth); A-2(d) to Rule 24 Certificate in 70-7946 (Seventeenth); A-2(e) to Rule 24 Certificate dated May 4, 1993 in 70-7946 (Eighteenth); A-2(g) to Rule 24 Certificate dated May 6, 1994, in 70-7946 (Nineteenth); A-2(a)(1) to Rule 24

Certificate dated August 8, 1996 in 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-fourth 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); C-2 to Form U5S for the year ended December 31, 1995 (Fifty-third); and C-2(a) to Form U5S for the year ended December 31, 1996 (Fifty-fourth)).

(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 (Fifth-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 (Forth-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 eleventh 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); and A-2(a) to Rule 24 Certificate dated June 27, 1997 in File 70-8719 (Eleventh)).

Entergy New Orleans

(g) 1 -- 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)).

Entergy London

(h) 1 -- Indenture for Unsecured Subordinated Debt Securities relating to Preferred Securities, dated as of November 1, 1997 (filed as Exhibit A-1(a) to Rule 24 Certificate dated December 4, 1997 in File No. 70-9081).

(h) 2 -- Amended and Restated Limited Partnership Agreement of Entergy London Capital, L.P. dated as of November 19, 1997 of Series A Preferred Securities (filed as Exhibit A-5(a) to Rule 24 Certificate dated December 4, 1997 in File No. 70-9081).

(h) 3 -- Guarantee Agreement between Entergy London Investments plc (as Guarantor) and The Bank of New York (as Trustee) dated as of November 19, 1997 with respect to Entergy London Capital, L.P.'s obligation on its 8-5/8% Cumulative Quarterly Income Preferred Securities, Series A (filed as Exhibit A-6(a) to Rule 24 Certificate dated December 4, 1997 in File No. 70-9081).

*(h) 4 -- The BPS1,010,000,000 Restated Credit Agreement dated November 17, 1997 among Entergy Power UK plc, ABN AMRO Bank N.V., Bank of America International Limited and Union Bank of Switzerland as arrangers and ABN AMRO Bank N.V. as Agent for the banks named therein.

(10) Material Contracts

Entergy Corporation

(a) 1 -- Agreement, dated April 23, 1982, among certain System companies, relating to System Planning and Development and Intra-System Transactions (10(a)1 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(a) 2 -- Middle South Utilities (now Entergy Corporation) System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(a) 3 -- Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(a) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(a) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(a) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-41080).

(a) 7 -- Amendment, dated January 1, 1972, to Service Agreement with Entergy Services (5(a)-6 in 2-43175).

(a) 8 -- Amendment, dated April 27, 1984, to Service Agreement with Entergy Services (10(a)-7 to Form 10-K for the year ended December 31, 1984, in 1-3517).

(a) 9 -- Amendment, dated August 1, 1988, to Service Agreement with Entergy Services (10(a)-8 to Form 10-K for the year ended December 31, 1988, in 1-3517).

(a) 10 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(a)-9 to Form 10-K for the year ended December 31, 1990, in 1-3517).

(a) 11 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 for the year ended December 31, 1994 in 1-3517).

(a) 12 -- Availability Agreement, dated June 21, 1974, among System Energy and certain other System companies (B to Rule 24 Certificate, dated June 24, 1974, in 70-5399).

(a) 13 -- First Amendment to Availability Agreement, dated as of June 30, 1977 (B to Rule 24 Certificate, dated June 24, 1977, in 70-5399).

(a) 14 -- Second Amendment to Availability Agreement, dated as of June 15, 1981 (E to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(a) 15 -- Third Amendment to Availability Agreement, dated as of June 28, 1984 (B-13(a) to Rule 24 Certificate, dated July 6, 1984, in 70-6985).

(a) 16 -- Fourth Amendment to Availability Agreement, dated as of June 1, 1989 (A to Rule 24 Certificate, dated June 8, 1989, in 70-5399).

(a) 17 -- Eighteenth Assignment of Availability Agreement, Consent and Agreement, dated as of September 1, 1986, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (C-2 to Rule 24 Certificate, dated October 1, 1986, in 70-7272).

(a) 18 -- Nineteenth Assignment of Availability Agreement, Consent and Agreement, dated as of September 1, 1986, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (C-3 to Rule 24 Certificate, dated October 1, 1986, in 70-7272).

(a) 19 -- Twenty-sixth Assignment of Availability Agreement, Consent and Agreement, dated as of October 1, 1992, with United States Trust Company of New York and Gerard F. Ganey, as Trustees (B-2(c) to Rule 24 Certificate, dated November 2, 1992, in 70-7946).

(a) 20 -- Twenty-seventh Assignment of Availability Agreement, Consent and Agreement, dated as of April 1, 1993, with United States Trust Company of New York and Gerard F. Ganey as Trustees (B-2(d) to Rule 24 Certificate dated May 4, 1993 in 70-7946).

(a) 21 -- Twenty-ninth Assignment of Availability Agreement, Consent and Agreement, dated as of April 1, 1994, with United States Trust Company of New York and Gerard F. Ganey as Trustees (B-2(f) to Rule 24 Certificate dated May 6, 1994, in 70-7946).

(a) 22 -- Thirtieth Assignment of Availability Agreement, Consent and Agreement, dated as of August 1, 1996, among System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans, and United States Trust Company of New York and Gerard F. Ganey, as Trustees (filed as Exhibit B-2(a) to Rule 24 Certificate dated August 8, 1996 in File No. 70-8511).

(a) 23 -- Thirty-first Assignment of Availability Agreement, Consent and Agreement, dated as of August 1, 1996, among System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and United States Trust Company of New York and Gerard F. Ganey, as Trustees (filed as Exhibit B-2(b) to Rule 24 Certificate dated August 8, 1996 in File No. 70-8511).

(a) 24 -- Thirty-second Assignment of Availability Agreement, Consent and Agreement, dated as of December 27, 1996, among System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and The Chase Manhattan Bank (filed as Exhibit B-2(a) to Rule 24 Certificate dated January 13, 1997 in File No. 70-7561).

(a) 25 -- 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) 26 -- 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) 27 -- 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) 28 -- 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) 29 -- 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) 30 -- 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) 31 -- 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) 32 -- 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) 33 -- 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) 34 -- 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) 35 -- 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) 36 -- 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) 37 -- 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) 38 -- 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) 39 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

(a) 40 -- 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) 41 -- Operating Agreement dated as of May 1, 1980, between System Energy and SMEPA (B(2)(a) in 70-6337).

(a) 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).

(a) 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).

(a) 44 -- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B(3)(a) in 70-6337).

(a) 45 -- Grand Gulf Unit No. 2 Supplementary Agreement, dated as of February 7, 1986, between System Energy and SMEPA (10(aaa) in 33-4033).

(a) 46 -- 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) 47 -- Post-Retirement Plan (10(a)37 to Form 10-K for the year ended December 31, 1983, in 1-3517).

(a) 48 -- 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) 49 -- 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) 50 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(a) 51 -- 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) 52 -- 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) 53 -- 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) 54 -- 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) 55 -- Fourth Amendment dated April 1, 1997 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-5 to Form U5S for the year ended December 31, 1996).

(a) 56 -- 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) 57 -- 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) 58 -- Guarantee Agreement between Entergy Corporation and System Energy, dated as of September 20, 1990 (B-3(a) to Rule 24 Certificate, dated September 27, 1990, in 70- 7757).

(a) 59 -- 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) 60 -- 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) 61 -- 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) 62 -- 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) 63 -- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989, in 1-3517).

+(a) 64 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).

+(a) 65 -- Retired Outside Director Benefit Plan (10(a)63 to Form 10-K for the year ended December 31, 1991, in 1-3517).

+(a) 66 -- 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) 67 -- 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)68 -- Agreement between Entergy Services, Inc., a subsidiary of Entergy Corporation, and Gerald D. McInvale.

+(a) 69 -- Supplemental Retirement Plan (10(a) 69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(a) 70 -- 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) 71 -- 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) 72 -- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a) 72 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(a) 73 -- 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) 74 -- 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) 75 -- 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) 76 -- 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) 77 -- 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) 78 -- 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) 13-- See 10(a)-12 through 10(a)-24 above.

(b) 14 through
(b) 26 -- See 10(a)-25 through 10(a)-37 above.

(b) 27 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

(b) 28 -- 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) 29 -- Operating Agreement, dated as of May 1, 1980, between System Energy and SMEPA (B(2)(a) in 70-6337).

(b) 30 -- 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) 31 -- 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) 32 -- 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) 33 -- 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) 34 - 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) 35 -- Facility Lease No. 1, dated as of December 1, 1988, between Meridian Trust Company and Stephen M. Carta (Stephen J. Kaba, successor), as Owner Trustees, and System Energy (B-2(c)(1) to Rule 24 Certificate dated January 9, 1989 in 70-7561), as supplemented by Lease Supplement No. 1 dated as of April 1, 1989 (B-22(b) (1) to Rule 24 Certificate dated April 21, 1989 in 70-7561) and Lease Supplement No. 2 dated as of January 1, 1994 (B-3(d) to Rule 24 Certificate dated January 31, 1994 in 70-8215).

(b) 36 -- Facility Lease No. 2, dated as of December 1, 1988 between Meridian Trust Company and Stephen M. Carta (Stephen J. Kaba, successor), as Owner Trustees, and System Energy (B-2(c)(2) to Rule 24 Certificate dated January 9, 1989 in 70-7561), as supplemented by Lease Supplement No. 1 dated as of April 1, 1989 (B-22(b) (2) to Rule 24 Certificate dated

April 21, 1989 in 70-7561) and Lease Supplement No. 2 dated as of January 1, 1994 (B-4(d) Rule 24 Certificate dated January 31, 1994 in 70-8215).

(b) 37 -- Assignment, Assumption and Further Agreement No. 1, dated as of December 1, 1988, among System Energy, Meridian Trust Company and Stephen M. Carta, and SMEPA (B-7(c)(1) to Rule 24 Certificate, dated January 9, 1989, in 70-7561).

(b) 38 -- Assignment, Assumption and Further Agreement No. 2, dated as of December 1, 1988, among System Energy, Meridian Trust Company and Stephen M. Carta, and SMEPA (B-7(c)(2) to Rule 24 Certificate, dated January 9, 1989, in 70-7561).

(b) 39 -- Collateral Trust Indenture, dated as of January 1, 1994, among System Energy, GG1B Funding Corporation and Bankers Trust Company, as Trustee (A-3(e) to Rule 24 Certificate dated January 31, 1994, in 70-8215), as supplemented by Supplemental Indenture No. 1 dated January 1, 1994, (A-3(f) to Rule 24 Certificate dated January 31, 1994, in 70-8215).

(b) 40 -- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B(3)(a) in 70-6337).

(b) 41 -- Grand Gulf Unit No. 2 Supplementary Agreement, dated as of February 7, 1986, between System Energy and SMEPA (10(aaa) in 33-4033).

(b) 42 -- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (10(a)-39 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(b) 43 -- First Amendment to the Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984, in 1-3517).

(b) 44 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(b) 45 -- Fuel Lease, dated as of February 24, 1989, between River Fuel Funding Company #3, Inc. and System Energy (B-1(b) to Rule 24 Certificate, dated March 3, 1989, in 70-7604).

(b) 46 -- System Energy's Consent, dated January 31, 1995, pursuant to Fuel Lease, dated as of February 24, 1989, between River Fuel Funding Company #3, Inc. and System Energy (B-1(c) to Rule 24 Certificate, dated February 13, 1995 in 70-7604).

(b) 47 -- Sales Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (D to Rule 24 Certificate, dated June 26, 1974, in 70-5399).

(b) 48 -- Service Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (E to Rule 24 Certificate, dated June 26, 1974, in 70-5399).

(b) 49 -- Partial Termination Agreement, dated as of December 1, 1986, between System Energy and Entergy Mississippi (A-2 to Rule 24 Certificate, dated January 8, 1987, in 70-5399).

(b) 50 -- Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).

(b) 51 -- First Amendment, dated January 1, 1990 to the Middle South Utilities Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-2 to Form U5S for the year ended December 31, 1989).

(b) 52 -- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).

(b) 53 -- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

(b) 54 -- Service Agreement with Entergy Services, dated as of July 16, 1974, as amended (10(b)-43 to Form 10-K for the year ended December 31, 1988, in 1-9067).

(b) 55 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(b)-45 to Form 10-K for the year ended December 31, 1990, in 1-9067).

(b) 56 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a) -11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(b) 57 -- Operating Agreement between Entergy Operations and System Energy, dated as of June 6, 1990 (B-3(b) to Rule 24 Certificate, dated June 15, 1990, in 70-7679).

(b) 58 -- Guarantee Agreement between Entergy Corporation and System Energy, dated as of September 20, 1990 (B-3(a) to Rule 24 Certificate, dated September 27, 1990, in 70-7757).

+(b) 59 -- 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) 60 -- 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) 61 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(b) 62 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1997 in 1-11299).

(b) 63 -- 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).

(c) 1 -- Agreement, dated April 23, 1982, among Entergy Arkansas and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(c) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)2 in 2-41080).

(c) 3 -- Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(c) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(c) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(c) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-41080).

(c) 7 -- Amendment, dated January 1, 1972, to Service Agreement with Entergy Services (5(a)- 6 in 2-43175).

(c) 8 -- Amendment, dated April 27, 1984, to Service Agreement, with Entergy Services (10(a)- 7 to Form 10-K for the year ended December 31, 1984, in 1-3517).

(c) 9 -- Amendment, dated August 1, 1988, to Service Agreement with Entergy Services (10(c)- 8 to Form 10-K for the year ended December 31, 1988, in 1-10764).

(c) 10 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(c)-9 to Form 10-K for the year ended December 31, 1990, in 1-10764).

(c) 11 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(c) 12 through
(c) 24 -- See 10(a)-12 through 10(a)-24 above.

(c) 25 -- Agreement, dated August 20, 1954, between Entergy Arkansas and the United States of America (SPA)(13(h) in 2-11467).

(c) 26 -- Amendment, dated April 19, 1955, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-2 in 2-41080).

(c) 27 -- Amendment, dated January 3, 1964, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-3 in 2-41080).

(c) 28 -- Amendment, dated September 5, 1968, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-4 in 2-41080).

(c) 29 -- Amendment, dated November 19, 1970, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-5 in 2-41080).

(c) 30 -- Amendment, dated July 18, 1961, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-6 in 2-41080).

(c) 31 -- Amendment, dated December 27, 1961, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-7 in 2-41080).

(c) 32 -- Amendment, dated January 25, 1968, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-8 in 2-41080).

(c) 33 -- Amendment, dated October 14, 1971, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-9 in 2-43175).

(c) 34 -- Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-10 in 2-60233).

(c) 35 -- Agreement, dated May 14, 1971, between Entergy Arkansas and the United States of America (SPA) (5(e) in 2-41080).

(c) 36 -- Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated May 14, 1971 (5(e)-1 in 2-60233).

(c) 37 -- 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) 38 -- Agreement, dated April 3, 1972, between Entergy Services and Gulf United Nuclear Fuels Corporation (5(l)-3 in 2-46152).

(c) 39 -- 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) 40 -- 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) 41 -- 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) 42 -- Agreement, dated June 29, 1979, between Entergy Arkansas and City of Conway, Arkansas (5(r)-3 in 2-66235).

(c) 43 -- 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) 44 -- 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) 45 -- 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) 46-- 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) 47 -- 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) 48 -- Amendment, dated December 28, 1979, to the Independence Steam Electric Station Ownership Agreement (5(r)-7(a) in 2-66235).

(c) 49 -- 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) 50 -- 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) 51 -- 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) 52 -- 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) 53 -- 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) 54 -- 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) 55 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

+(c) 56 -- Post-Retirement Plan (10(b) 55 to Form 10-K for the year ended December 31, 1983, in 1-10764).

(c) 57 -- 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) 58 -- 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) 59 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(c) 60 -- 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) 61 -- 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) 62 -- 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) 63 -- 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) 64 -- 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) 65 -- 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) 66 -- 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) 67 -- 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) 68 -- 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) 69 -- 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) 70 -- 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) 71 -- 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) 72 -- 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) 73 -- 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) 74 -- 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) 75 -- Entergy Corporation Annual Incentive Plan (10(a)54 to Form 10-K for the year ended December 31, 1989, in 1-3517).

+(c) 76 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).

+(c) 77 -- 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) 78 -- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(c) 79 -- 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) 80 -- 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) 81 -- 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) 82 -- 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) 83 -- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries, as amended (10(a)74 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(c) 84 -- Summary Description of 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) 85 -- 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) 86 -- 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).

+(c) 87 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(c) 88 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1997 in 1-11299).

+(c) 89 -- 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) 90 -- 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) 91 -- 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) 92 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

(c) 93 -- 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) 94 -- 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) 95 -- 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) 96 -- 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) 97 -- Loan Agreement dated June 15, 1994, between Entergy Arkansas and Pope County, Arkansas (B-1(b) to Rule 24 Certificate in 70-8405).

(c) 98 -- 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) 99 -- Agreement as to Expenses and Liabilities between Entergy Arkansas and Entergy Arkansas Capital I, dated as of August 14, 1996 (4(j) to Form 10-Q for the quarter ended September 30, 1996 in 1-10764).

*(c) 100-- Loan Agreement dated December 1, 1997, between Entergy Arkansas and Jefferson County, Arkansas.

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 Depositary and the Holders of Depository Receipts, relating to the Issue of 900,000 Depositary 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 (10(d)52 to Form 10-K for the year ended December 31, 1996 in 1-2703).

+(d) 53 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1997 in 1-11299).

Entergy Louisiana

(e) 1 -- Agreement, dated April 23, 1982, among Entergy Louisiana and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(e) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(e) 3 -- Amendment, dated as of February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(e) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(e) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(e) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-42523).

(e) 7 -- Amendment, dated as of January 1, 1972, to Service Agreement with Entergy Services (4(a)-6 in 2-45916).

(e) 8 -- Amendment, dated as of April 27, 1984, to Service Agreement with Entergy Services (10(a) 7 to Form 10-K for the year ended December 31, 1984, in 1-3517).

(e) 9 -- Amendment, dated as of August 1, 1988, to Service Agreement with Entergy Services (10(d)-8 to Form 10-K for the year ended December 31, 1988, in 1-8474).

(e) 10 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(d)-9 to Form 10-K for the year ended December 31, 1990, in 1-8474).

(e) 11 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(e) 12 through
(e) 24 -- See 10(a)-12 through 10(a)-24 above.

(e) 25 -- 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) 26 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

(e) 27 -- 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) 28 -- Post-Retirement Plan (10(c)23 to Form 10-K for the year ended December 31, 1983, in 1-8474).

(e) 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).

(e) 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).

(e) 31 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(e) 32 -- 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) 33 -- 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) 34 -- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).

(e) 35-- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

(e) 36 -- 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) 37 -- 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) 38 -- 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) 39 -- 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) 40 -- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989, in 1-3517).

+(e) 41 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).

+(e) 42 -- Supplemental Retirement Plan (10(a) 69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(e) 43 -- 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) 44 -- 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) 45 -- 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) 46 -- 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) 47 -- 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) 48 -- 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) 49 -- 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) 50 -- 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).

+(e) 51 -- Agreement between Entergy Services and Gerald D. McInvale (10(a) 68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(e) 52 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1997 in 1-11299).

+(e) 53 -- 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) 54 -- 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) 55 -- 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) 56 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

(e) 57 -- 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) 58 -- 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) 59 -- Agreement as to Expenses and Liabilities between Entergy Louisiana, Inc. and Entergy Louisiana Capital I dated July 16, 1996 (4(d) to Form 10-Q for the quarter ended June 30, 1996 in 1-8474).

Entergy Mississippi

(f) 1 -- Agreement dated April 23, 1982, among Entergy Mississippi and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(f) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(f) 3 -- Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(f) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(f) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(f) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (D in 37-63).

(f) 7 -- Amendment, dated January 1, 1972, to Service Agreement with Entergy Services (A to Notice, dated October 14, 1971, in 37-63).

(f) 8 -- Amendment, dated April 27, 1984, to Service Agreement with Entergy Services (10(a) 7 to Form 10-K for the year ended December 31, 1984, in 1-3517).

(f) 9 -- Amendment, dated as of August 1, 1988, to Service Agreement with Entergy Services (10(e) 8 to Form 10-K for the year ended December 31, 1988, in 0-320).

(f) 10 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(e) 9 to Form 10-K for the year ended December 31, 1990, in 0-320).

(f) 11 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).

(f) 12 though
(f) 24 -- See 10(a)-12 - 10(a)-24 above.

(f) 25 -- 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) 26 -- 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) 27 -- 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) 28 -- 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) 29 -- 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) 30 -- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B-3(a) in 70-6337).

(f) 31 -- Amendment, dated December 4, 1984, to the Independence Steam Electric Station Operating Agreement (10(c) 51 to Form 10-K for the year ended December 31, 1984, in 0-375).

(f) 32 -- Amendment, dated December 4, 1984, to the Independence Steam Electric Station Ownership Agreement (10(c) 54 to Form 10-K for the year ended December 31, 1984, in 0-375).

(f) 33 -- Owners Agreement, dated November 28, 1984, among Entergy Arkansas, Entergy Mississippi and other co- owners of the Independence Station (10(c) 55 to Form 10-K for the year ended December 31, 1984, in 0-375).

(f) 34-- Consent, Agreement and Assumption, dated December 4, 1984, among Entergy Arkansas, Entergy Mississippi, other co-owners of the Independence Station and United States Trust Company of New York, as Trustee (10(c) 56 to Form 10-K for the year ended December 31, 1984, in 0-375).

(f) 35 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

+(f) 36 -- Post-Retirement Plan (10(d) 24 to Form 10-K for the year ended December 31, 1983, in 0-320).

(f) 37 -- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans (10(a) 39 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(f) 38 -- First Amendment to the Unit Power Sales Agreement, dated as of June 28, 1984, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans (19 to Form 10-Q for the quarter ended September 30, 1984, in 1-3517).

(f) 39 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(f) 40 -- Sales Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (D to Rule 24 Certificate, dated June 26, 1974, in 70-5399).

(f) 41 -- Service Agreement, dated as of June 21, 1974, between System Energy and Entergy Mississippi (E to Rule 24 Certificate, dated June 26, 1974, in 70-5399).

(f) 42 -- Partial Termination Agreement, dated as of December 1, 1986, between System Energy and Entergy Mississippi (A-2 to Rule 24 Certificate dated January 8, 1987, in 70-5399).

(f) 43 -- Middle South Utilities, Inc. and Subsidiary Companies Intercompany Income Tax Allocation Agreement, dated April 28, 1988 (D-1 to Form U5S for the year ended December 31, 1987).

(f) 44 -- First Amendment dated January 1, 1990 to the Middle South Utilities Inc. and Subsidiary Companies Intercompany Tax Allocation Agreement (D-2 to Form U5S for the year ended December 31, 1989).

(f) 45 -- Second Amendment dated January 1, 1992, to the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3 to Form U5S for the year ended December 31, 1992).

(f) 46 -- Third Amendment dated January 1, 1994 to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).

+(f) 47 -- Executive Financial Counseling Program of Entergy Corporation and Subsidiaries (10(a) 52 to Form 10-K for the year ended December 31, 1989, in 1-3517).

+(f) 48 -- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989, in 1-3517).

+(f) 49 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).

+(f) 50 -- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(f) 51 -- 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) 52 -- 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) 53 -- 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) 54 -- 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) 55 -- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries, as amended (10(a)74 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(f) 56 -- Summary Description of 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) 57 -- 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) 58 -- 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).

+(f) 59 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(f) 60 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1997 in 1-11299).

+(f) 61 -- 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) 62 -- 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) 63 -- 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) 64 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

Entergy New Orleans

(g) 1 -- Agreement, dated April 23, 1982, among Entergy New Orleans and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a)-1 to Form 10-K for the year ended December 31, 1982, in 1-3517).

(g) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(g) 3 -- Amendment dated as of February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(g) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).

(g) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(g) 6 -- Service Agreement with Entergy Services dated as of April 1, 1963 (5(a)-5 in 2-42523).

(g) 7 -- Amendment, dated as of January 1, 1972, to Service Agreement with Entergy Services (4(a)-6 in 2-45916).

(g) 8 -- Amendment, dated as of April 27, 1984, to Service Agreement with Entergy Services (10(a)7 to Form 10-K for the year ended December 31, 1984, in 1-3517).

(g) 9 -- Amendment, dated as of August 1, 1988, to Service Agreement with Entergy Services (10(f)-8 to Form 10-K for the year ended December 31, 1988, in 0-5807).

(g) 10 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(f)-9 to Form 10-K for the year ended December 31, 1990, in 0-5807).

(g) 11 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for year ended December 31, 1994 in 1-3517).

(g) 12 through
(g) 24 -- See 10(a)-12 - 10(a)-24 above.

(g) 25 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).

+(g) 26 -- Post-Retirement Plan (10(e) 22 to Form 10-K for the year ended December 31, 1983, in 1-1319).

(g) 27 -- 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) 28 -- 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) 29 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).

(g) 30 -- 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) 31 -- 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) 32 -- 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) 33 -- 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) 34 -- 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) 35 -- 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) 36 -- Entergy Corporation Annual Incentive Plan (10(a)54 to Form 10-K for the year ended December 31, 1989, in 1-3517).

+(g) 37 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).

+(g) 38 -- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(g) 39 -- 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) 40 -- 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) 41 -- 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) 42 -- 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) 43 -- 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) 44 -- 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) 45 -- 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) 46 -- 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).

+(g) 47 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1992 in 1-3517).

+(g) 48 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1997 in 1-11299).

+(g) 49 -- 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) 50 -- 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) 51 -- 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) 52 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

Entergy London

(h) 1 -- London Electricity Public Electricity Supply ("PES") License dated March 26, 1990, as revised through January 8, 1996 (10.01 in File No. 333-33331).

(h) 2 -- Modifications to the PES License issued to London Electricity effective October 1997 (10.02 in File No. 333-33331).

(h) 3 -- Second-Tier License to Supply Electricity for London Electricity dated March 25, 1991 (10.03 in File No. 333-33331).

(h) 4 -- Pooling and Settlement Agreement dated March 30, 1990, as amended and restated at October 17, 1996, and as supplemented through July 28, 1997 among the Generators named therein, the Suppliers named therein (including London Electricity), Energy Settlements and

Information Services (as Settlement System Administrator), Energy Pool Funds Administration Limited (as Pool Funds Administrator), The National Grid Company plc (as Grid Operator and Ancillary Services Provider), London Electricity and Other Parties (10.04 in File No. 333-33331).

(h) 5 -- Master Connection and Use of System Agreement dated as of March 30, 1990 among The National Grid Company plc and its users (including London Electricity) (10.05 in File No. 333-33331).

(h) 6 -- Master Agreement dated as of October 25, 1995 among The National Grid Holding plc, The National Grid Company plc, London Electricity and the other RECs (10.06 in File No. 333-33331).

(h) 7 -- Memorandum of Understanding between the National Grid Group plc, London Electricity and each of the RECs, dated November 17, 1995 (10.07 in File No. 333-33331).

+(h) 8 -- Agreement between Entergy Services and Gerald D. McInvale (10(a)-68 to Form 10-K for the year ended December 31, 1997 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.

*(g) Entergy London's Computation of Ratios of Earnings to Fixed Charges, as defined.

***(21) Subsidiaries of the Registrants**

(23) Consents of Experts and Counsel

*(a) The consent of Coopers & Lybrand L.L.P. is contained herein at page 250.

***(24) Powers of Attorney**

(27) Financial Data Schedule

*(a) Financial Data Schedule for Entergy Corporation and Subsidiaries as of December 31, 1997.

*(b) Financial Data Schedule for Entergy Arkansas as of December 31, 1997.

*(c) Financial Data Schedule for Entergy Gulf States as of December 31, 1997.

*(d) Financial Data Schedule for Entergy Louisiana as of December 31, 1997.

*(e) Financial Data Schedule for Entergy Mississippi as of December 31, 1997.

*(f) Financial Data Schedule for Entergy New Orleans as of December 31, 1997.

*(g) Financial Data Schedule for System Energy as of December 31, 1997.

*(h) Financial Data Schedule for Entergy London as of December 31, 1997.

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* Filed herewith.

\+ Management contracts or compensatory plans or arrangements.

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

FORM 10-K

(Mark One)

☒ **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	Registrant, State of Incorporation, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification No.
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

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	New York Stock Exchange, Inc.
	$4.52 Dividend Series	New York Stock Exchange, Inc.
	$5.08 Dividend Series	New York Stock Exchange, Inc.
	$8.80 Dividend Series	New York Stock Exchange, Inc.
	Adjustable Rate Series B (Depository Receipts)	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 √ 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.

TABLE OF CONTENTS

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 and results to 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 availability, regulatory decisions and the effects of changes in law, capital spending requirements, the evolution of competition, changes in accounting standards, and other factors.

DEFINITIONS

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

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction
Algiers	15th Ward of the City of New Orleans, Louisiana
ALJ	Administrative Law Judge
ANO	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	Agreement, dated as of June 21, 1974, as amended, among System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and the assignments thereof
Cajun	Cajun Electric Power Cooperative, Inc.
Capital Funds Agreement	Agreement, dated as of June 21, 1974, as amended, between System Energy and Entergy Corporation, and the assignments thereof
CitiPower	CitiPower Ltd.
City of New Orleans or City	New Orleans, Louisiana
Council	Council of the City of New Orleans, Louisiana
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
domestic utility companies	Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, collectively
EPA	Environmental Protection Agency
EPAct	Energy Policy Act of 1992

DEFINITIONS (Continued)

Abbreviation or Acronym	Term
Entergy	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	Grand Gulf Steam Electric Generating Station (nuclear), owned 90% by System Energy
Grand Gulf 1	Unit No. 1 of Grand Gulf
Grand Gulf 2	Unit No. 2 of Grand Gulf

Abbreviation or Acronym	Term
Independence	Independence Steam Electric Station (coal), owned 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	The combination transaction, consummated on December 31, 1993, by which Entergy Gulf States became a subsidiary of Entergy Corporation and Entergy Corporation became a Delaware corporation
MPSC	Mississippi Public Service Commission
MW	Megawatt(s)
Nelson Unit 6	Unit No. 6 (coal) of the Nelson Steam Electric Generating Station, owned 70% by Entergy Gulf States
NISCO	Nelson Industrial Steam Company
1991 NOPSI Settlement	Agreement, retroactive to October 4, 1991, among Entergy New Orleans, the Council, and the Alliance 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	Settlement effective January 1, 1995, between Entergy New Orleans and the Council in which Entergy New Orleans agreed to implement a permanent reduction in electric and gas rates and resolve disputes with the Council in the interpretation of the 1991 NOPSI Settlement
NRC	Nuclear Regulatory Commission
PRP	Potentially Responsible Party (a person or entity that may be responsible for remediation of environmental contamination)
PUCT	Public Utility Commission of Texas
PUHCA	Public Utility Holding Company Act of 1935, as amended

DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
PURPA	Public Utility Regulatory Policies Act
Rate Cap	The level of Entergy Gulf States' retail electric base rates in effect at December 31, 1993, for the Louisiana retail jurisdiction, and the level of such rates in effect prior to the settlement agreement with the PUCT on July 21, 1994, for the Texas retail jurisdiction, which may not be exceeded before December 31, 1998
Reallocation Agreement	1981 Agreement, superseded in part by a June 13, 1985 decision of FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy relating to the sale of capacity and energy from Grand Gulf
Ritchie 2	Unit No. 2 of the R. E. Ritchie Steam Electric Generating Station (gas/oil)
River Bend	River Bend Steam Electric Generating Station (nuclear), owned 70% by Entergy Gulf States
RUS	Rural Utility Services (formerly the Rural Electrification Administration or "REA")
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards, promulgated by the Financial Accounting Standards Board
SMEPA	South Mississippi Electric Power Agency
System Agreement	Agreement, effective January 1, 1983, as modified, among the domestic utility companies relating to the sharing of generating capacity and other power resources
System Energy	System Energy Resources, Inc.
System Fuels	System Fuels, Inc.
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended and approved by FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, relating to the sale of capacity and energy from System Energy's share of Grand Gulf 1
Waterford 3	Unit No. 3 (nuclear) of the Waterford Steam Electric Generating Station, owned 90.7% by Entergy Louisiana. The remaining 9.3% undivided interest is leased by Entergy Louisiana.

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	Percent Ownership
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:

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

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 staff 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 NOPSI 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 EPAct requires all electric utilities (including Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy) that purchased uranium enrichment services from the DOE to contribute up to a total of $150 million annually, 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 EPAct, 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_2) and nitrogen oxides (NOx), an ozone nonattainment area program for control of NOx 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_2. 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_2 per year. Under the Act, utilities will be required to possess allowances for SO_2 emissions from affected generating units. All Entergy generating units are classified as "Phase II" units under the Act and are subject to SO_2 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 NOx 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 NOx controls on power plants until at least 1999. If Texas decides to regulate NOx, 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
Natural 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.

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:

	Owned and Leased Capability MW(1)				
Company	Total	Fossil	Nuclear	Gas Turbine and Internal Combustion	Hydro
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:

	Natural Gas		Fuel Oil		Nuclear Fuel		Coal	
Year	% of Gen	Cents per kWh	% of Gen	Cents per kWh	% of Gen	Cents Per kWh	% of Gen	Cents 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:

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

(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:

	Uranium Concentrate	Acquisition of or Conversion to Uranium Hexafluoride	Enrichment	Fabrication	Spent Fuel Disposal
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 **"ENTERGY ARKANSAS, INC. SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON."**

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

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

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

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

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

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

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

Entergy New Orleans. Refer to information under the heading "ENTERGY 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.

INDEX TO FINANCIAL STATEMENTS

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 Officer
of Entergy Corporation, Entergy Arkansas,
Entergy Gulf States, Entergy Louisiana,
Entergy Mississippi, and Entergy New Orleans

GERALD D. MCINVALE
Executive Vice President and
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

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 nonregulated businesses in 1996 were funded with debt and equity capital.

Entergy has been able to fund the capital requirements for its domestic utility businesses with cash from operations resulting from the items discussed above in **Cash Flow**. Should additional cash be needed to fund investments or retire debt, the domestic utility companies and System Energy have the ability, subject to regulatory approval and compliance with issuance tests, to issue debt or preferred securities to meet such requirements. In addition, to the extent market conditions and interest and dividend rates allow, the domestic utility companies and System Energy will continue to refinance and/or redeem higher cost debt and preferred stock prior to maturity. The domestic utility companies may continue to establish special purpose trusts as financing subsidiaries for the purpose of issuing preferred trust securities, such as those issued in 1996 by Entergy Louisiana Capital I and Entergy Arkansas Capital I, and those issued in January 1997 by Entergy Gulf States Capital I. Entergy Corporation, the domestic utility companies, and System Energy also have SEC authorization to effect short-term borrowings. See Notes 4, 5, 6, 7, and 9 for additional information on Entergy's capital and refinancing requirements in 1997-2001.

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 to the Board unless such increases are justified by adequate earnings growth of Entergy Corporation and its subsidiaries. See Note 8 for information on dividend restrictions.

Entergy Corporation and Entergy Gulf States

See Notes 2 and 9 regarding River Bend and Cajun issues, including recent developments. An adverse ruling regarding River Bend could result in up to approximately $278 million of potential write-offs (net of tax) and up to $204 million in refunds of previously collected revenue. Such write-offs and charges could result in substantial net losses being reported in the future by Entergy Gulf States, with resulting adverse adjustments to the common equity of Entergy Corporation and Entergy Gulf States. Adverse resolution of these matters could negatively affect Entergy Gulf States' ability to obtain financing, which could in turn affect Entergy Gulf States' liquidity and ability to resume paying dividends.

Entergy Corporation and System Energy

Under the Capital Funds Agreement, Entergy Corporation has agreed to supply to System Energy sufficient capital to maintain System Energy's equity capital at a minimum of 35% of its total capitalization (excluding short-term debt), to permit the continued commercial operation of Grand Gulf 1, and to 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, if required, to enable System Energy to make payments on such debt when due. The Capital Funds Agreement can be terminated by the parties thereto, subject to consent of certain creditors.

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 on the extent and timing of retail competition, the resolution of jurisdictional issues concerning stranded cost recovery, and the extent to which such costs are recovered from departing or remaining customers.

FERC issued Order No. 888 as the final order in this rulemaking in April 1996 requiring that all public utilities subject to its jurisdiction provide comparable wholesale transmission access through the filing of a single open access tariff. In addition, FERC ruled that public utilities are entitled to full recovery of prudently incurred costs associated with wholesale requirements signed before July 11, 1994. If the costs are stranded by retail wheeling, public utilities should first seek recovery of these costs from the appropriate state or local regulators. FERC indicated that it would be the primary forum for recovery in cases where retail customers become wholesale purchasers.

FERC also issued Order No. 889, which prescribes the requirements and procedures for the implementation and maintenance of an open access same-time information system by each public utility. In addition, FERC issued a notice of proposed rulemaking concerning capacity reservation tariffs as the next phase of its efforts to promote wholesale competition. In July 1996, Entergy Services filed, on behalf of the domestic utility companies, an open access proforma tariff.

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

The retail regulatory philosophy is shifting in some jurisdictions from traditional cost-of-service regulation to incentive-rate regulation. Incentive and performance-based rate plans encourage efficiencies and productivity while permitting utilities and their customers to share in the results. Entergy Mississippi and Entergy Louisiana have implemented incentive-rate plans.

Several of the domestic utility companies have recently been ordered to grant base rate reductions and have refunded or credited customers for previous overcollections of rates. The continuing pattern of rate reductions is a characteristic of the competitive environment in which the domestic utilities operate. See Note 2 for additional discussion of rate reductions and incentive-rate regulation, as well as a System Energy proposed rate increase.

Legislative Activity

Retail wheeling is the transmission and/or distribution by an electric utility of energy produced by another entity over the utility's transmission and distribution system to a retail customer in the electric utility's area of service. California, Rhode Island, New Hampshire, Massachusetts, and Pennsylvania have already initiated the restructuring of the utility industry within their respective states. Most other states have initiated studies of industry restructuring. Included in the majority of the more developed proposals are plans for utilities to have a reasonable opportunity to recover investments in utility plant that have previously been determined to be prudently incurred. Within the areas served by the domestic utility companies, formal proceedings to study retail competition/industry restructuring are being conducted by the LPSC, the MPSC, and the PUCT.

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

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 gas pipeline and/or distribution companies.

Functional Unbundling

An additional trend which has recently emerged is the unbundling of traditional utility functions. In some areas of the country, utilities are attempting to sell either all or a substantial portion of their generation assets and will become, in large part, suppliers of transmission and distribution services only.

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 the regulatory treatment of stranded costs resulting from the loss of large customers.

During 1995, Entergy Louisiana received separate notices from two large industrial customers that will proceed with proposed cogeneration projects for the purpose of fulfilling their future electric energy needs. These customers will continue to purchase their energy requirements from Entergy Louisiana until their cogeneration facilities are completed and operational, which is expected to occur in 1997 and 1998. After that time, these customers will continue to purchase energy from Entergy Louisiana, but at a reduced level. During 1996, these two customers represented an aggregate of approximately 17% of total Entergy Louisiana industrial sales, and provided 12% of total industrial base revenues.

During 1996, Entergy Gulf States entered into agreements concerning a steam generating station that historically has been contractually dedicated to providing steam and cogenerated electricity for a large industrial customer. Under these agreements, the generating facility was leased to the customer, but Entergy Gulf States will continue to operate the facility. The customer has announced that it will spend $190 million to make major improvements to the facility, including a new 150 MW gas turbine generator. As a result of these agreements, which were entered into with the expectation that the customer otherwise would terminate its contracts with Entergy Gulf States and construct its own generating facilities, Entergy Gulf States' revenues from this customer are estimated to be reduced by approximately $33 million annually beginning in August 1997, and Entergy Gulf States' net income is expected to be reduced by approximately $15 million annually.

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 exemption with the Federal Communications Commission, and that they not engage in transactions with utility affiliates within their holding company systems or acquire utility affiliates' rate-based property without state or local regulatory approval.

During 1996, Entergy Corporation's wholly-owned subsidiary, Entergy Technology Holding Company, entered the electronic security monitoring business through the acquisition of six full-service security monitoring companies. These companies serve an aggregate of approximately 80,000 customers within the states of North Carolina, South Carolina, Alabama, and Florida. These acquisitions represent an investment by Entergy Corporation of approximately $83 million in the security monitoring industry, substantially all of which was financed by debt.

In October 1995, FERC issued an order granting EWG status to EPMC, which was created in 1995 to become a buyer and seller of electric energy and generating fuels. In February 1996, FERC approved market-based rate sales of electricity by EPMC. Such approval allows EPMC to begin providing wholesale customers with a variety of services, including physical trading. An application currently is pending before the SEC seeking additional authority for EPMC to purchase and sell derivative contracts relating to electricity, gas, and fuels.

In January 1997, Entergy Corporation announced that a preliminary agreement had been reached with Maine Yankee Atomic Power Company (Maine Yankee) for a new nonutility subsidiary of Entergy Enterprises to provide management and operations services for the Maine Yankee nuclear plant. Subsequently, Entergy Nuclear, Inc. (Entergy Nuclear), a Delaware corporation, was organized for this purpose. On February 13, 1997, an agreement to provide such services for an initial period of up to one year was executed by Entergy Nuclear and Maine Yankee. The creation of Entergy Nuclear and its undertaking with Maine Yankee are authorized by existing SEC orders previously granted to Entergy Enterprises. Entergy Corporation has an application pending at the SEC to create a different structure under which Entergy Nuclear would engage in this business.

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.

On December 20, 1996, Entergy exercised an option to acquire, through a subsidiary, a 25% equity interest in San Isidro S.A., a Chilean company which is developing a 370 MW gas fired, combined cycle generating facility in central Chile. Entergy's interest, which is expected to be acquired during the first quarter of 1997, will require an estimated $20 million cash investment as well as a guaranty of up to $30 million relating to the payment of the turnkey contractor for the San Isidro project. The other owner of the project, who is also the developer, is Empresa Nacional de Electricidad, S.A. (ENDESA).

ANO Matters

Entergy Operations has made periodic inspections and repairs on the tubes in ANO 2's steam generators, which have experienced cracking. 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. See Note 9 for additional information.

Deregulated Utility Operations

Entergy Gulf States discontinued regulatory accounting principles for its wholesale jurisdiction and steam department and the Louisiana deregulated portion of River Bend during 1989 and 1991, respectively. The operating income (loss) from these operations was $13.9 million in 1996, $1.2 million in 1995, and ($5.2) million in 1994.

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. See Notes 1 and 2 for information regarding the write-off recorded in 1996 and potential additional impacts of the new accounting standard on Entergy.

Continued Application of SFAS 71 - As a result of the EPAct, the actions of regulators, and other factors, the electric utility industry is moving toward a combination of competition and a modified regulatory environment. The domestic utility companies' and System Energy's financial statements currently reflect, for the most part, assets and costs based on existing cost-based ratemaking regulations in accordance with SFAS 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). Continued applicability of SFAS 71 to the domestic utility companies' and System Energy's financial statements requires that rates set by an independent regulator on a cost-of-service basis be charged to and collected from customers.

In the event that all or a portion of a utility's operations cease to meet those criteria for various reasons, including deregulation, a change in the method of regulation, or a continued change in the competitive environment for the utility's regulated services, the utility should discontinue application of SFAS 71 for the relevant portion. That discontinuation should be reported by elimination from the balance sheet of the effects of any actions of regulators recorded as regulatory assets and liabilities. The effect of discontinuing application of SFAS 71 would have a material impact on Entergy's financial statements.

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.

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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, certain of the Corporation's subsidiaries changed their methods of accounting for incremental nuclear plant outage maintenance costs.

COOPERS & LYBRAND L.L.P.

New Orleans, Louisiana
February 13, 1997

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.

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	($117.5)	$6.6
Rate riders	1.8	15.3
Fuel cost recovery	382.3	(28.0)
Sales volume/weather	108.0	141.3
Other revenue (including unbilled)	(49.3)	4.3
Sales for resale	37.6	35.6
System Energy-FERC Settlement	-	120.5
Total	$362.9	$295.6

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 programs throughout Entergy. Rate deferrals charged against operating expenses in 1996 represent the deferral of Waterford 3 local property taxes and the deferral of a portion of the proposed System Energy rate increase at Entergy Mississippi and Entergy New Orleans. Nuclear refueling outage expenses decreased primarily due to the effect of deferring the nuclear refueling outage expenses at Grand Gulf 1 in the fourth quarter of 1996 rather than recognizing those expenses as incurred. The majority of 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 for a discussion of the proposed rate increase.

Operating expenses decreased in 1995 primarily due to reduced other operation and maintenance expenses. Other operation and maintenance expenses decreased because of lower payroll-related expenses resulting from the restructuring program discussed in Note 12 and 1994 Merger-related costs. The decrease in operating expenses was partially offset by an increase in nuclear refueling outage expenses due to a 1995 refueling outage at Grand Gulf 1 and the adoption of the change in accounting method at Entergy Arkansas.

Excluding CitiPower, interest on long-term debt decreased for 1996, due primarily to ongoing retirement and refinancing of higher cost debt at the domestic utility companies and System Energy. Borrowings by Entergy Corporation from a $300 million line of credit related to CitiPower investment contributed to the increase in other interest-net in 1996.

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.

ENTERGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

	For the Years Ended December 31,		
	1996	1995	1994
	(In Thousands, Except Share Data)		
Operating Revenues:			
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 businessess	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 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:			
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
Investing Activities:			
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)

ENTERGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

	For the Years Ended December 31,		
	1996	1995	1994
		(In Thousands)	
Financing Activities:			
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
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
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	December 31, 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 SHAREHOLDERS' EQUITY

	December 31,	
	1996	1995
	(In Thousands)	
Current Liabilities:		
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
Deferred Credits and Other Liabilities:		
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
Long-term debt	7,590,804	6,777,124
Subsidiaries' preferred stock with sinking fund	216,986	253,460
Subsidiary's preference stock	150,000	150,000
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	130,000	-
Shareholders' Equity:		
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
Commitments and Contingencies (Notes 2, 9, 10, and 16)		
TOTAL	$22,966,294	$22,265,930

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED 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 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 NOPSI Settlement, and an Entergy Gulf States reserve for rate refund.

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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

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	($10.1)	($3.4)
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	90.2	(28.0)
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.

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)	
Operating Activities:			
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
Investing Activities:			
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)
Financing Activities:			
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
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
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	December 31, 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 SHAREHOLDER'S EQUITY

	December 31,	
	1996	1995
	(In Thousands)	
Current Liabilities:		
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
Deferred Credits and Other Liabilities:		
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	-
Shareholder's Equity:		
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 Years Ended December 31,		
	1996	1995	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	$ 156,110	$ 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

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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	152.0	(29.6)
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.