

ENTERGY MISSISSIPPI, INC.
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

Net Income

Net income decreased in 1998 primarily as a result of an increase in operating expenses, partially offset by an increase in electric operating revenues.

Net income decreased in 1997 as a result of a decrease in electric operating revenues and an increase in other operation and maintenance expenses, partially offset by lower income taxes.

Revenues and Sales

The changes in electric operating revenues for the twelve months ended December 31, 1998 and 1997 are as follows:

Description	Increase/(Decrease)	
	1998	1997
	(In Millions)	
Base revenues	(\$10.2)	(\$7.7)
Grand Gulf rate rider	(2.6)	(19.0)
Fuel cost recovery	20.5	(14.5)
Sales volume/weather	25.6	3.8
Other revenue (including unbilled)	0.6	(1.6)
Sales for resale	5.0	18.0
Total	<u>\$38.9</u>	<u>(\$21.0)</u>

Base revenues

In 1998, base revenues decreased due to the formula rate plan reduction that became effective in 1998. There is discussion of the formula rate plan reduction in Note 2 to the financial statements.

Grand Gulf rate rider revenues

Rate rider revenues do not affect net income because specific incurred expenses offset them.

In 1997, as a result of the annual MPSC review, Entergy Mississippi's Grand Gulf 1 rate rider was decreased based on the estimate of costs for the next year. Therefore, Grand Gulf 1 rate rider revenues in 1997 were lower than in 1996.

Fuel cost recovery revenues

Fuel cost recovery revenues do not affect net income because they are an increase to revenues that are offset by specific incurred fuel costs.

In 1998, fuel cost recovery revenues increased primarily due to the increase in generation.

In 1997, fuel cost recovery revenues decreased primarily as a result of an MPSC order, effective May 1, 1997 that changed fuel recovery pricing to a fixed fuel factor.

ENTERGY MISSISSIPPI, INC.
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Sales volume/weather

In 1998, the sales volume increased as a result of significantly warmer weather.

Sales for resale

In 1997, sales for resale increased as a result of an increase in sales to associated companies due to changes in generation requirements and availability among the domestic utility companies.

Expenses

Fuel expenses

In 1998, fuel expenses increased primarily due to:

- o the impact of the under-recovery of deferred fuel costs in excess of the fixed fuel factor applied in 1997. In January 1998, Entergy Mississippi increased its fixed fuel factor to recover actual fuel expenses more accurately.
- o the increased usage as a result of the change in the fuel mix from higher priced purchased power to lower-priced fossil fuel.

Purchased power expenses

In 1997, purchased power expenses increased due to:

- o the increased usage as a result of the change in the fuel mix from higher priced fossil fuel to lower priced purchased power; and
- o an increase in generation and purchases related to increases in sales volume and sales for resale.

Other operation and maintenance

In 1997, other operation and maintenance expenses increased primarily due to:

- o increased contract labor as a result of increased maintenance and plant outage expenses in 1997; and
- o increased loss reserves as a result of increased litigation reserves.

Other regulatory credits

In 1998, other regulatory credits decreased primarily due to less under-recovery of Grand Gulf related expenses in 1998 as compared to 1997.

Amortization of rate deferrals

In 1998, amortization of rate deferrals decreased due to the completion in September 1998 of the Grand Gulf 1 phase-in plan.

ENTERGY MISSISSIPPI, INC.
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

Other

Income taxes

The effective income tax rates for 1998, 1997, and 1996 were 30.9%, 28.6%, and 34.2% respectively.

The effective income tax rate for 1998 increased slightly due to decreased amortization of excess deferred taxes related to rate deferrals.

The effective income tax rate decreased in 1997 primarily due to the impact of recording the tax benefit of Entergy Corporation's expenses as prescribed by the tax allocation agreement.

ENTERGY MISSISSIPPI, INC.
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating Revenues	\$976,300	\$937,395	\$958,430
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses	241,415	199,880	207,116
Purchased power	286,769	285,447	272,812
Other operation and maintenance	130,727	129,812	122,628
Depreciation and amortization	45,133	43,300	40,313
Taxes other than income taxes	44,888	43,142	43,389
Other regulatory credits	(3,186)	(20,731)	(23,026)
Amortization of rate deferrals	104,969	119,797	130,602
Total	850,715	800,647	793,834
Operating Income	125,585	136,748	164,596
Other Income:			
Allowance for equity funds used during construction	188	543	1,143
Miscellaneous - net	4,891	919	1,662
Total	5,079	1,462	2,805
Interest Charges:			
Interest on long-term debt	37,756	40,791	44,137
Other interest - net	3,171	4,483	3,870
Allowance for borrowed funds used during construction	(932)	(469)	(923)
Total	39,995	44,805	47,084
Income Before Income Taxes	90,669	93,405	120,317
Income Taxes	28,031	26,744	41,106
Net Income	62,638	66,661	79,211
Preferred Dividend Requirements and Other	3,370	4,044	5,010
Earnings Applicable to Common Stock	\$59,268	\$62,617	\$74,201

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating Activities:			
Net income	\$62,638	\$66,661	\$79,211
Noncash items included in net income:			
Amortization of rate deferrals	104,969	119,797	130,602
Other regulatory credits	(3,186)	(20,731)	(23,026)
Depreciation and amortization	45,133	43,300	40,313
Deferred income taxes and investment tax credits	(12,494)	(32,204)	(32,887)
Allowance for equity funds used during construction	(188)	(543)	(1,143)
Changes in working capital:			
Receivables	6,253	2,978	(4,123)
Fuel inventory	384	3,275	20
Accounts payable	14,750	(9,246)	88
Taxes accrued	(26,301)	5,832	(2,157)
Interest accrued	323	(6,600)	(925)
Other working capital accounts	21,479	(12,283)	4,074
Changes in other regulatory assets	(35,774)	(18,518)	(28,573)
Other	(6,241)	17,368	20,492
Net cash flow provided by operating activities	<u>171,745</u>	<u>159,086</u>	<u>181,966</u>
Investing Activities:			
Construction expenditures	(58,705)	(50,334)	(85,018)
Allowance for equity funds used during construction	188	543	1,143
Net cash flow used in investing activities	<u>(58,517)</u>	<u>(49,791)</u>	<u>(83,875)</u>
Financing Activities:			
Proceeds from the issuance of general and refunding mortgage bonds	78,703	64,827	-
Retirement of:			
General and refunding mortgage bonds	(80,000)	(96,000)	(26,000)
First mortgage bonds	-	-	(35,000)
Other long-term debt	(20)	(15)	(15)
Redemption of preferred stock	-	(14,500)	(9,876)
Changes in short-term borrowings - net	(46,717)	(3,091)	50,253
Dividends paid:			
Common stock	(66,000)	(59,200)	(79,900)
Preferred stock	(3,370)	(3,998)	(5,000)
Net cash flow used in financing activities	<u>(117,404)</u>	<u>(111,977)</u>	<u>(105,538)</u>
Net decrease in cash and cash equivalents	(4,176)	(2,682)	(7,447)
Cash and cash equivalents at beginning of period	6,816	9,498	16,945
Cash and cash equivalents at end of period	<u>\$2,640</u>	<u>\$6,816</u>	<u>\$9,498</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	\$39,291	\$50,662	\$47,692
Income taxes	\$64,204	\$51,598	\$73,687

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.
BALANCE SHEETS
ASSETS

	December 31,	
	1998	1997
	(In Thousands)	
Current Assets:		
Cash	\$2,640	\$6,816
Accounts Receivable:		
Customer (less allowance for doubtful accounts of \$1.2 million in 1998 and \$.9 million in 1997)	38,484	36,636
Associated companies	5,703	6,842
Other	1,266	4,139
Accrued unbilled revenues	45,904	49,993
Fuel inventory - at average cost	3,002	3,386
Materials and supplies - at average cost	17,149	17,657
Rate deferrals	-	104,969
Prepayments and other	14,364	39,863
Total	<u>128,512</u>	<u>270,301</u>
Other Property and Investments:		
Investment in subsidiary companies - at equity	5,531	5,531
Other - at cost (less accumulated depreciation)	7,069	7,757
Total	<u>12,600</u>	<u>13,288</u>
Utility Plant:		
Electric	1,718,903	1,687,400
Construction work in progress	35,317	22,960
Total	<u>1,754,220</u>	<u>1,710,360</u>
Less - accumulated depreciation and amortization	685,214	656,828
Utility plant - net	<u>1,069,006</u>	<u>1,053,532</u>
Deferred Debits and Other Assets:		
Regulatory assets:		
SFAS 109 regulatory asset - net	25,515	22,993
Unamortized loss on reacquired debt	7,981	8,404
Other regulatory assets	100,601	64,827
Other	6,049	6,216
Total	<u>140,146</u>	<u>102,440</u>
TOTAL	<u>\$1,350,264</u>	<u>\$1,439,561</u>

See Notes to Financial Statements.

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

	December 31,	
	1998	1997
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	\$20	\$20
Notes payable - associated companies	445	47,162
Accounts payable:		
Associated companies	43,639	36,057
Other	18,444	11,276
Customer deposits	18,265	24,084
Taxes accrued	6,013	32,314
Accumulated deferred income taxes	620	44,277
Interest accrued	14,632	14,309
Other	4,097	2,806
Total	106,175	212,305
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	279,732	244,464
Accumulated deferred investment tax credits	22,408	23,915
Other	6,236	15,892
Total	308,376	284,271
Long-term debt	463,616	464,156
Shareholders' Equity:		
Preferred stock without sinking fund	50,381	50,381
Common stock, no par value, authorized 15,000,000 shares; issued and outstanding 8,666,357 shares	199,326	199,326
Capital stock expense and other	(59)	(59)
Retained earnings	222,449	229,181
Total	472,097	478,829
Commitments and Contingencies (Notes 2 and 9)		
TOTAL	\$1,350,264	\$1,439,561

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Retained Earnings, January 1	\$229,181	\$225,764	\$231,463
Add:			
Net income	62,638	66,661	79,211
Deduct:			
Dividends declared:			
Preferred stock	3,370	3,656	4,803
Common stock	66,000	59,200	79,900
Preferred stock expenses	-	388	207
Total	69,370	63,244	84,910
Retained Earnings, December 31 (Note 8)	<u>\$222,449</u>	<u>\$229,181</u>	<u>\$225,764</u>

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.
SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
	(In Thousands)				
Operating revenues	\$ 976,300	\$ 937,395	\$ 958,430	\$ 889,843	\$ 859,845
Net Income	\$ 62,638	\$ 66,661	\$ 79,211	\$ 68,667	\$ 48,779
Total assets	\$1,350,264	\$1,439,561	\$1,521,466	\$1,581,983	\$1,637,828
Long-term obligations (1)	\$ 463,616	\$ 464,156	\$ 406,054	\$ 511,613	\$ 507,555

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

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
	(Dollars In Thousands)				
Electric Operating Revenues:					
Residential	\$367,895	\$342,818	\$358,264	\$336,194	\$332,567
Commercial	284,787	274,195	281,626	262,786	257,154
Industrial	170,910	173,152	185,351	178,466	184,637
Governmental	26,670	26,882	29,093	27,410	27,495
Total retail	850,262	817,047	854,334	804,856	801,853
Sales for resale:					
Associated companies	80,357	78,233	58,749	35,928	37,747
Non-associated companies	24,205	21,276	22,814	21,906	16,728
Other	21,476	20,839	22,533	27,153	3,517
Total	<u>\$976,300</u>	<u>\$937,395</u>	<u>\$958,430</u>	<u>\$889,843</u>	<u>\$859,845</u>
Billed Electric Energy					
Sales (GWH):					
Residential	4,800	4,323	4,355	4,233	4,014
Commercial	4,015	3,673	3,508	3,368	3,151
Industrial	3,163	3,089	3,063	3,044	2,985
Governmental	347	333	346	336	330
Total retail	12,325	11,418	11,272	10,981	10,480
Sales for resale:					
Associated companies	2,424	1,918	1,368	959	1,079
Non-associated companies	484	412	521	692	512
Total	<u>15,233</u>	<u>13,748</u>	<u>13,161</u>	<u>12,632</u>	<u>12,071</u>

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings, and of cash flows present fairly, in all material respects, the financial position of Entergy New Orleans, Inc. at December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

New Orleans, Louisiana
February 18, 1999

ENTERGY NEW ORLEANS, INC.
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

Net Income

Net income increased slightly in 1998 compared to 1997 primarily due to an increase in operating revenues and other income and a decrease in income taxes, partially offset by increased operating expenses.

Net income decreased in 1997 compared to 1996 primarily due to an increase in taxes other than income taxes, partially offset by lower income taxes.

Revenues and Sales

Electric operating revenues

The changes in electric operating revenues for the twelve months ended December 31, 1998 and 1997 are as follows:

<u>Description</u>	<u>Increase/(Decrease)</u>	
	1998	1997
	(In Millions)	
Base revenues	(\$9.8)	(\$13.6)
Fuel cost recovery	14.5	(2.2)
Sales volume/weather	13.9	(0.8)
Other revenue (including unbilled)	1.0	16.7
Sales for resale	1.7	6.8
Total	\$21.3	\$6.9

Base revenues

In 1998 and 1997, base revenues decreased primarily due to reductions in residential and commercial rates that went into effect in August 1997.

Fuel cost recovery revenues

Fuel cost recovery revenues do not affect net income because they are an increase to revenues that are offset by specific incurred fuel costs.

In 1998, fuel cost recovery revenues increased due to higher fuel prices and increased generation.

Sales volume/weather

In 1998, sales volume increased primarily due to significantly warmer weather.

Other revenue

In 1997, other revenue increased as a result of a rate refund recorded in 1996.

ENTERGY NEW ORLEANS, INC.
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

Sales for resale

In 1997, sales for resale increased as a result of an increase in electric sales to associated companies primarily due to changes in generation requirements and availability among the domestic utility companies.

Gas operating revenues

Gas operating revenues decreased in 1998 and 1997 primarily due to lower gas prices.

Expenses

Fuel and purchased power expenses

In 1998, fuel and purchased power expenses increased primarily due to:

- o an increase in purchased power primarily due to increased generation requirements as a result of significantly warmer weather and an increase in the price of purchased power; and
- o an over-recovery of gas and electric fuel cost in 1998 due to market price fluctuations.

This increase was partially offset by a decrease in the price of gas purchased for resale.

In 1997, fuel and purchased power expenses decreased primarily due to a shift from higher priced purchased power to lower priced fuel.

Other operation and maintenance expenses

In 1998, other operation and maintenance expenses increased primarily due to an increase in environmental reserves, regulatory commission expense, and administrative and general salaries.

Taxes other than income taxes

In 1997, taxes other than income taxes increased because of higher franchise taxes resulting from a December 1996 Council order increasing Entergy New Orleans' annual franchise fee from 2.5% to 5% of gross revenues.

Other regulatory credits

In 1997, other regulatory credits decreased primarily as a result of the 1996 deferral of Entergy New Orleans' portion of the proposed System Energy rate increase.

The proposed System Energy rate increase is discussed in Note 2 to the financial statements.

ENTERGY NEW ORLEANS, INC.
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

Other

Miscellaneous income

Miscellaneous income increased in 1998 primarily due to Entergy New Orleans' portion of System Fuel's gain on the sale of oil and gas properties and an increase in interest related to the Grand Gulf 1 Rate Deferral Plan.

The Grand Gulf 1 Rate Deferral Plan is discussed in Note 2 to the financial statements.

Income taxes

The effective income tax rates for 1998, 1997, and 1996 were 38.4%, 44.0%, and 37.7%, respectively.

The decrease in the effective income tax rate for 1998 was primarily due to a tax benefit recorded in 1998 related to a depreciation adjustment.

The increase in the effective income tax rate for 1997 was primarily due to decreased amortization in 1997 of deferred income taxes on property fully depreciated for federal income tax purposes.

Income taxes are discussed more thoroughly in Note 3 to the financial statements.

ENTERGY NEW ORLEANS, INC.
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating Revenues:			
Electric	\$431,453	\$410,131	\$403,254
Natural gas	82,297	94,691	101,023
Total	<u>513,750</u>	<u>504,822</u>	<u>504,277</u>
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses,			
and gas purchased for resale	138,142	141,902	129,059
Purchased power	164,435	156,542	176,450
Other operation and maintenance	79,023	72,748	71,421
Depreciation and amortization	21,878	21,107	20,007
Taxes other than income taxes	40,417	38,964	27,388
Other regulatory credits	(4,540)	(6,394)	(13,543)
Amortization of rate deferrals	35,336	37,662	35,917
Total	<u>474,691</u>	<u>462,531</u>	<u>446,699</u>
Operating Income	<u>39,059</u>	<u>42,291</u>	<u>57,578</u>
Other Income (Deductions):			
Allowance for equity funds used			
during construction	284	380	321
Miscellaneous - net	1,409	(77)	1,146
Total	<u>1,693</u>	<u>303</u>	<u>1,467</u>
Interest Charges:			
Interest on long-term debt	13,717	13,918	15,268
Other interest - net	1,075	1,369	1,036
Allowance for borrowed funds used			
during construction	(219)	(286)	(252)
Total	<u>14,573</u>	<u>15,001</u>	<u>16,052</u>
Income Before Income Taxes	26,179	27,593	42,993
Income Taxes	<u>10,042</u>	<u>12,142</u>	<u>16,217</u>
Net Income	16,137	15,451	26,776
Preferred Dividend Requirements and Other	<u>965</u>	<u>965</u>	<u>965</u>
Earnings Applicable to Common Stock	<u>\$15,172</u>	<u>\$14,486</u>	<u>\$25,811</u>

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating Activities:			
Net income	\$16,137	\$15,451	\$26,776
Noncash items included in net income:			
Amortization of rate deferrals	35,336	37,662	35,917
Other regulatory credits	(4,540)	(6,394)	(13,543)
Depreciation and amortization	21,878	21,107	20,007
Deferred income taxes and investment tax credits	(7,498)	(1,957)	(12,274)
Allowance for equity funds used during construction	(284)	(380)	(321)
Changes in working capital:			
Receivables	3,743	(1,260)	832
Accounts payable	(4,136)	540	(5,638)
Interest accrued	(130)	(276)	214
Other working capital accounts	(3,060)	(14,082)	(9,566)
Other regulatory assets	(6,964)	7,365	(5,942)
Other	(9,557)	(9,188)	7,544
Net cash flow provided by operating activities	<u>40,925</u>	<u>48,588</u>	<u>44,006</u>
Investing Activities:			
Construction expenditures	(21,691)	(16,137)	(27,956)
Allowance for equity funds used during construction	284	380	321
Net cash flow used in investing activities	<u>(21,407)</u>	<u>(15,757)</u>	<u>(27,635)</u>
Financing Activities:			
Proceeds from the issuance of general and refunding mortgage bo	29,438	-	39,608
Retirement of:			
First mortgage bonds	-	(12,000)	(23,250)
General and refunding mortgage bonds	(30,000)	-	(30,000)
Dividends paid:			
Common stock	(9,700)	(26,000)	(34,000)
Preferred stock	(965)	(965)	(965)
Net cash flow used in financing activities	<u>(11,227)</u>	<u>(38,965)</u>	<u>(48,607)</u>
Net increase (decrease) in cash and cash equivalents	8,291	(6,134)	(32,236)
Cash and cash equivalents at beginning of period	<u>11,376</u>	<u>17,510</u>	<u>49,746</u>
Cash and cash equivalents at end of period	<u>\$19,667</u>	<u>\$11,376</u>	<u>\$17,510</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	\$14,592	\$15,237	\$15,609
Income taxes - net	\$26,197	\$10,981	\$31,870

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.
BALANCE SHEETS
ASSETS

	December 31,	
	1998	1997
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$3,769	\$4,321
Temporary cash investments - at cost, which approximates market:		
Associated companies	2,514	1,918
Other	13,384	5,137
Total cash and cash equivalents	19,667	11,376
Accounts receivable:		
Customer (less allowance for doubtful accounts of \$0.8 million in 1998 and \$0.7 million in 1997)	23,594	26,913
Associated companies	806	1,081
Other	3,835	4,155
Accrued unbilled revenues	16,254	16,083
Deferred electric fuel and resale gas costs	1,191	9,384
Materials and supplies - at average cost	8,845	9,389
Rate deferrals	28,430	35,336
Prepayments and other	10,158	6,087
Total	112,780	119,804
Other Property and Investments:		
Investment in subsidiary companies - at equity	3,259	3,259
Utility Plant:		
Electric	514,685	508,338
Natural gas	132,568	122,308
Construction work in progress	20,184	19,184
Total	667,437	649,830
Less - accumulated depreciation and amortization	371,558	355,854
Utility plant - net	295,879	293,976
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	35,762	64,192
Unamortized loss on reacquired debt	1,399	1,435
Other regulatory assets	21,558	14,594
Other	1,267	890
Total	59,986	81,111
TOTAL	\$471,904	\$498,150

See Notes to Financial Statements.

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

	December 31,	
	1998	1997
	(In Thousands)	
Current Liabilities:		
Accounts payable:		
Associated companies	\$18,283	\$15,922
Other	11,008	17,505
Customer deposits	18,082	16,982
Accumulated deferred income taxes	6,031	11,544
Interest accrued	4,919	5,049
Provision for rate refund	-	3,108
Other	1,783	7,501
Total	60,106	77,611
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	57,467	61,000
Accumulated deferred investment tax credits	6,894	7,396
Accumulated provision for property insurance	11,106	15,487
Other	10,465	16,327
Total	85,932	100,210
Long-term debt	169,018	168,953
Shareholders' Equity:		
Preferred stock without sinking fund	19,780	19,780
Common Shareholder's Equity:		
Common stock, \$4 par value, authorized 10,000,000 shares; issued and outstanding 8,435,900 shares	33,744	33,744
Additional paid-in capital	36,294	36,294
Retained earnings	67,030	61,558
Total	156,848	151,376
Commitments and Contingencies (Notes 2 and 9)		
TOTAL	\$471,904	\$498,150

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Retained Earnings, January 1	\$61,558	\$73,072	\$81,261
Add:			
Net income	16,137	15,451	26,776
Deduct:			
Dividends declared:			
Preferred stock	965	965	965
Common stock	9,700	26,000	34,000
Total	<u>10,665</u>	<u>26,965</u>	<u>34,965</u>
Retained Earnings, December 31 (Note 8)	<u>\$67,030</u>	<u>\$61,558</u>	<u>\$73,072</u>

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.
SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
	(In Thousands)				
Operating revenues	\$ 513,750	\$ 504,822	\$ 504,277	\$ 470,278	\$ 447,787
Net Income	\$ 16,137	\$ 15,451	\$ 26,776	\$ 34,386	\$ 13,211
Total assets	\$ 471,904	\$ 498,150	\$ 549,996	\$ 596,206	\$ 592,894
Long-term obligations (1)	\$ 169,018	\$ 168,953	\$ 168,888	\$ 155,958	\$ 167,610

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

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
	(Dollars In Thousands)				
Electric Operating Revenues:					
Residential	\$164,765	\$145,688	\$151,577	\$141,353	\$142,013
Commercial	149,353	143,113	149,649	144,374	162,410
Industrial	26,229	24,616	24,663	22,842	25,422
Governmental	62,332	58,746	58,561	52,880	58,726
Total retail	402,679	372,163	384,450	361,449	388,571
Sales for resale:					
Associated companies	10,451	10,342	2,649	3,217	2,061
Non-associated companies	10,590	8,996	9,882	9,864	7,512
Other (1)	7,733	18,630	6,273	15,472	(37,714)
Total	<u>\$431,453</u>	<u>\$410,131</u>	<u>\$403,254</u>	<u>\$390,002</u>	<u>\$360,430</u>
Billed Electric Energy					
Sales (GWH):					
Residential	2,141	1,971	1,998	2,049	1,896
Commercial	2,149	2,072	2,073	2,079	2,031
Industrial	514	484	481	537	518
Governmental	1,037	994	974	983	951
Total retail	5,841	5,521	5,526	5,648	5,396
Sales for resale:					
Associated companies	370	316	66	149	92
Non-associated companies	199	160	212	297	202
Total	<u>6,410</u>	<u>5,997</u>	<u>5,804</u>	<u>6,094</u>	<u>5,690</u>

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings, and of cash flows present fairly, in all material respects, the financial position of System Energy Resources, Inc. at December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

New Orleans, Louisiana
February 18, 1999

SYSTEM ENERGY RESOURCES, INC.
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

Net Income

Net income increased slightly in 1998 and 1997 primarily due to the increase in other income.

Revenues

Operating revenues recover operating expenses, depreciation, and capital costs attributable to Grand Gulf 1. Capital costs are computed by allowing a return on System Energy's common equity funds allocable to its net investment in Grand Gulf 1 and adding to such amount System Energy's effective interest cost for its debt. System Energy's proposed rate increase, which is subject to refund, is discussed in Note 2 to the financial statements.

Expenses

Fuel expenses

In 1998, fuel expenses decreased because of lower generation due to a scheduled nuclear refueling outage in April and May of this year. There was no refueling outage in 1997. Grand Gulf I was on-line for 318 days in 1998 as compared with 365 days in 1997, and 322 days in 1996.

Nuclear refueling outage expenses

In 1997, nuclear refueling outage expenses increased due to costs that were deferred from the November 1996 outage, which were amortized over an 18-month period that began in December 1996. Prior to this outage, such costs were expensed as incurred and no such expenses were incurred in 1996.

Other operation and maintenance expenses

In 1998, other operation and maintenance expenses decreased primarily because of lower contract labor and materials and supplies expense. Also contributing to the lower expense were insurance and materials and supplies refunds.

Depreciation, amortization and decommissioning

In 1997, depreciation, amortization, and decommissioning expenses increased as a result of the reduction of the regulatory asset established to defer the depreciation associated with the sale and leaseback in 1989 of a portion of Grand Gulf 1. The depreciation was deferred to match the collection of lease principal and revenues with the depreciation of the asset.

Other

Other income

Other income increased in both 1998 and 1997 as a result of the interest earned on System Energy's investment in the money pool, an inter-company borrowing arrangement designed to reduce the domestic utility companies' and System Energy's dependence on external short-term borrowings.

SYSTEM ENERGY RESOURCES, INC.
MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

Interest charges

Interest charges decreased in both 1998 and in 1997 due primarily to the retirement and refinancing of higher-cost long-term debt.

Income taxes

The effective income tax rates in 1998, 1997, and 1996 were 42.1%, 42.2%, and 45.4%, respectively.

The decrease in the effective income tax rate for 1997 is primarily due to the impact of recording the tax benefit of Entergy Corporation's expenses as prescribed by the tax allocation agreement.

SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating Revenues	\$602,373	\$633,698	\$623,620
Operating Expenses:			
Operation and maintenance:			
Fuel and fuel-related expenses	41,740	48,475	43,761
Nuclear refueling outage expenses	15,737	16,425	1,239
Other operation and maintenance	86,696	101,269	105,453
Depreciation, amortization, and decommissioning	144,275	147,859	128,474
Taxes other than income taxes	26,839	26,477	27,654
Other regulatory charges	4,443	-	-
Total	319,730	340,505	306,581
Operating Income	282,643	293,193	317,039
Other Income:			
Allowance for equity funds used during construction	2,042	2,209	1,122
Miscellaneous - net	13,309	8,517	5,234
Total	15,351	10,726	6,356
Interest Charges:			
Interest on long-term debt	109,735	121,633	135,376
Other interest - net	6,325	7,020	8,344
Allowance for borrowed funds used during construction	(1,805)	(1,683)	(1,114)
Total	114,255	126,970	142,606
Income Before Income Taxes	183,739	176,949	180,789
Income Taxes	77,263	74,654	82,121
Net Income	\$106,476	\$102,295	\$98,668

See Notes to Financial Statements.

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SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating Activities:			
Net income	\$106,476	\$102,295	\$98,668
Noncash items included in net income:			
Other regulatory charges	4,443	-	-
Depreciation, amortization, and decommissioning	144,275	147,859	128,474
Deferred income taxes and investment tax credits	(28,222)	(39,370)	48,975
Allowance for equity funds used during construction	(2,042)	(2,209)	(1,122)
Changes in working capital:			
Receivables	(1,742)	(9,543)	3,436
Accounts payable	(2,858)	11,172	560
Taxes accrued	1,131	7,852	(4,825)
Interest accrued	(300)	8,127	(2,548)
Other working capital accounts	(2,230)	19,054	(13,430)
Decommissioning trust contributions and realized change in trust assets	(24,165)	(22,452)	(21,366)
FERC Settlement - refund obligation	(5,141)	(4,539)	(4,009)
Provision for estimated losses and reserves	66,532	43,216	46,919
Other	7,047	16,684	7,125
Net cash flow provided by operating activities	<u>263,204</u>	<u>278,146</u>	<u>286,857</u>
Investing Activities:			
Construction expenditures	(30,692)	(35,141)	(29,469)
Allowance for equity funds used during construction	2,042	2,209	1,122
Nuclear fuel purchases	(30,523)	(16,524)	(44,704)
Proceeds from sale/leaseback of nuclear fuel	30,523	16,524	43,971
Net cash flow used in investing activities	<u>(28,650)</u>	<u>(32,932)</u>	<u>(29,080)</u>
Financing Activities:			
Proceeds from the issuance of:			
First mortgage bonds	-	-	233,656
Other long-term debt	212,976	-	133,933
Retirement of:			
First mortgage bonds	(70,000)	(10,000)	(325,101)
Other long-term debt	(230,341)	(7,319)	(92,700)
Changes in short-term borrowings - net	-	-	(2,990)
Common stock dividends paid	(72,300)	(113,800)	(112,500)
Net cash flow used in financing activities	<u>(159,665)</u>	<u>(131,119)</u>	<u>(165,702)</u>
Net increase in cash and cash equivalents	74,889	114,095	92,075
Cash and cash equivalents at beginning of period	<u>206,410</u>	<u>92,315</u>	<u>240</u>
Cash and cash equivalents at end of period	<u>\$281,299</u>	<u>\$206,410</u>	<u>\$92,315</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	\$107,923	\$112,387	\$139,596
Income taxes	\$104,987	\$105,621	\$36,397
Noncash investing and financing activities:			
Change in unrealized appreciation (depreciation) of decommissioning trust assets	\$3,205	\$1,237	(\$70)

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
ASSETS

	December 31,	
	1998	1997
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	\$120	\$792
Temporary cash investments - at cost, which approximates market:		
Associated companies	44,458	55,891
Other	236,721	149,727
Total cash and cash equivalents	<u>281,299</u>	<u>206,410</u>
Accounts receivable:		
Associated companies	80,713	79,262
Other	4,431	4,140
Materials and supplies - at average cost	62,203	63,782
Deferred nuclear refueling outage costs	12,853	7,777
Prepayments and other	2,592	3,658
Total	<u>444,091</u>	<u>365,029</u>
 Other Property and Investments:		
Decommissioning trust fund	<u>113,282</u>	<u>85,912</u>
 Utility Plant:		
Electric	3,030,764	3,025,389
Electric plant under leases	440,970	440,970
Construction work in progress	57,076	36,445
Nuclear fuel under capital lease	64,621	64,190
Total	<u>3,593,431</u>	<u>3,566,994</u>
Less - accumulated depreciation and amortization	1,198,266	1,086,820
Utility plant - net	<u>2,395,165</u>	<u>2,480,174</u>
 Deferred Debits and Other Assets:		
Regulatory assets:		
SFAS 109 regulatory asset - net	221,996	243,027
Unamortized loss on reacquired debt	57,150	51,386
Other regulatory assets	188,256	192,290
Other	11,265	14,213
Total	<u>478,667</u>	<u>500,916</u>
 TOTAL	<u>\$3,431,205</u>	<u>\$3,432,031</u>

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
LIABILITIES AND SHAREHOLDER'S EQUITY

	December 31,	
	1998	1997
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	\$175,820	\$70,000
Accounts payable:		
Associated companies	25,975	29,131
Other	19,420	19,122
Taxes accrued	76,806	75,675
Interest accrued	42,022	42,322
Obligations under capital leases	41,835	41,977
Other	1,542	1,341
Total	383,420	279,568
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	511,749	562,051
Accumulated deferred investment tax credits	96,695	100,171
Obligations under capital leases	22,786	22,213
FERC Settlement - refund obligation	43,159	48,300
Other	329,457	227,847
Total	1,003,846	960,582
Long-term debt	1,159,830	1,341,948
Common Shareholder's Equity:		
Common stock, no par value, authorized 1,000,000 shares; issued and outstanding 789,350 shares	789,350	789,350
Retained earnings	94,759	60,583
Total	884,109	849,933
Commitments and Contingencies (Notes 2, 9 and 10)		
TOTAL	\$3,431,205	\$3,432,031

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Retained Earnings, January 1	\$60,583	\$72,088	\$85,920
Add:			
Net income	106,476	102,295	98,668
Deduct:			
Dividends declared	72,300	113,800	112,500
Retained Earnings, December 31 (Note 8)	<u>\$94,759</u>	<u>\$60,583</u>	<u>\$72,088</u>

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
	(In Thousands)				
Operating revenues	\$ 602,373	\$ 633,698	\$ 623,620	\$ 605,639	\$ 474,963
Net income	\$ 106,476	\$ 102,295	\$ 98,668	\$ 93,039	\$ 5,407
Total assets	\$3,431,205	\$3,432,031	\$3,461,293	\$3,431,012	\$3,613,359
Long-term obligations (1)	\$1,182,616	\$1,364,161	\$1,474,427	\$1,264,024	\$1,456,993
Electric energy sales (GWH)	8,259	9,735	8,302	7,212	8,653

(1) Includes long-term debt (excluding current maturities) and noncurrent capital lease obligations.

ENTERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The accompanying consolidated financial statements include the accounts of Entergy Corporation and its direct and indirect subsidiaries, including the domestic utility companies and System Energy, whose separate financial statements are included in this document. The financial statements presented herein result from these companies having registered securities with the SEC.

As required by generally accepted accounting principles, all significant intercompany transactions have been eliminated. Entergy Corporation's domestic utility subsidiaries and System Energy maintain accounts in accordance with FERC and other regulatory guidelines. Certain previously reported amounts have been reclassified to conform to current classifications, with no effect on net income or shareholders' equity.

As discussed in Note 12, Entergy Corporation sold its investments in Entergy London and CitiPower in December 1998. Accordingly, the consolidated balance sheet does not include amounts for these entities as of December 31, 1998, and the consolidated statements of income and cash flows for 1998 include amounts for Entergy London and CitiPower through the dates of their respective sales.

Use of Estimates in the Preparation of Financial Statements

The preparation of Entergy Corporation and its subsidiaries' financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used.

Revenues and Fuel Costs

Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi generate, transmit, and distribute electricity (primarily to retail customers) in Arkansas, Louisiana, and Mississippi, respectively. Entergy Gulf States generates, transmits, and distributes electricity primarily to retail customers in Texas and Louisiana; distributes gas at retail primarily in Baton Rouge, Louisiana; and also sells steam to a large refinery complex in Baton Rouge. Entergy New Orleans sells both electricity and gas to retail customers in the City of New Orleans, except for Algiers, where Entergy Louisiana is the electricity supplier.

System Energy's operating revenues recover operating expenses, depreciation, and capital costs attributable to Grand Gulf 1 from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. Capital costs are computed by allowing a return on System Energy's common equity funds allocable to its net investment in Grand Gulf 1, plus System Energy's effective interest cost for its debt allocable to its investment in Grand Gulf 1. System Energy's proposed rate increase is discussed in Note 2 to the financial statements.

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

The domestic utility companies accrue estimated revenues for energy delivered since the latest billings. The domestic utility companies' rate schedules include either fuel adjustment clauses or fixed fuel factors, both of which

allow either current recovery or deferral of fuel costs until such costs are reflected in the related revenues. Fixed fuel factors remain in effect until changed as part of a general rate case, fuel reconciliation, or fixed fuel factor filing.

Utility Plant

Utility plant is stated at original cost. The original cost of utility plant retired or removed, plus the applicable removal costs, less salvage, is charged to accumulated depreciation. Maintenance, repairs, and minor replacement costs are charged to operating expenses. Substantially all of the utility plant is subject to liens from mortgage bond indentures.

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

Net utility plant by company and functional category, as of December 31, 1998, is shown below (in millions):

	<u>Entergy</u>	<u>Entergy</u> <u>Arkansas</u>	<u>Entergy</u> <u>Gulf States</u>	<u>Entergy</u> <u>Louisiana</u>	<u>Entergy</u> <u>Mississippi</u>	<u>Entergy</u> <u>New Orleans</u>	<u>System</u> <u>Energy</u>
Production							
Nuclear	\$ 7,346	\$ 930	\$ 2,234	\$ 1,931	\$ -	\$ -	\$ 2,251
Other	1,453	343	626	210	203	9	-
Transmission	1,581	448	482	318	302	21	10
Distribution	3,094	937	825	732	438	162	-
Other	489	100	152	52	91	16	13
Plant acquisition adjustment -							
Entergy Gulf States	423	-	-	-	-	-	-
Other	99	-	31	-	-	68	-
Construction Work in Progress	911	202	105	85	35	20	57
Nuclear Fuel	312	96	46	76	-	-	64
(leased and owned)							
Accumulated Provision for							
Decommissioning (1)	(379)	(253)	(54)	(72)	-	-	-
Utility Plant - Net	\$ 15,329	\$ 2,803	\$ 4,447	\$ 3,332	\$ 1,069	\$ 296	\$ 2,395

- (1) The decommissioning liability related to the 30% of River Bend previously owned by Cajun and System Energy's decommissioning liability are recorded on the respective Balance Sheets in "Deferred Credits and Other Liabilities - Other".

Depreciation is computed on the straight-line basis at rates based on the estimated service lives and costs of removal of the various classes of property. Depreciation rates on average depreciable property are shown below:

	<u>Entergy</u>	<u>Entergy</u> <u>Arkansas</u>	<u>Entergy</u> <u>Gulf States</u>	<u>Entergy</u> <u>Louisiana</u>	<u>Entergy</u> <u>Mississippi</u>	<u>Entergy</u> <u>New Orleans</u>	<u>System</u> <u>Energy</u>
1998	3.0%	3.3%	2.6%	3.0%	2.5%	3.1%	3.3%
1997	3.2%	3.1%	2.8%	3.0%	2.5%	3.1%	3.4%
1996	3.0%	3.2%	2.7%	3.0%	2.4%	3.1%	3.3%

AFUDC represents the approximate net composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction. Although AFUDC increases both utility plant and earnings, it is only realized in cash through depreciation provisions included in rates.

Jointly-Owned Generating Stations

Certain Entergy Corporation subsidiaries jointly own electric generating facilities with third parties. The investments and expenses associated with these generating stations are recorded by the subsidiaries to the extent of their respective undivided ownership interests. As of December 31, 1998, the subsidiaries' investment and accumulated depreciation in each of these generating stations were as follows:

<u>Generating Stations</u>		<u>Fuel Type</u>	<u>Total Megawatt Capability</u>	<u>Ownership</u>	<u>Investment</u> (In Millions)	<u>Accumulated Depreciation</u>
Entergy Arkansas						
Independence	Unit 1	Coal	836	31.50%	\$ 118	\$ 50
	Common Facilities	Coal		15.75%	30	12
White Bluff	Units 1 and 2	Coal	1,659	57.00%	399	188
Entergy Gulf States						
Roy S. Nelson	Unit 6	Coal	550	70.00%	401	187
Big Cajun 2	Unit 3	Coal	540	42.00%	224	99
Entergy Mississippi -						
Independence	Units 1 and 2	Coal	1,678	25.00%	224	89
System Energy -						
Grand Gulf	Unit 1	Nuclear	1,200	90.00%(1)	3,454	1,197
Entergy Power -						
Independence	Unit 2	Coal	842	14.37%	81	30

(1) Includes an 11.5% leasehold interest held by System Energy. System Energy's Grand Gulf 1 lease obligations are discussed in Note 10 to the financial statements.

Income Taxes

Entergy Corporation and its subsidiaries file a U.S. consolidated federal income tax return. Income taxes are allocated to the subsidiaries in proportion to their contribution to consolidated taxable income. SEC regulations require that no Entergy Corporation subsidiary pay more taxes than it would have paid if a separate income tax return had been filed. In accordance with SFAS 109, "Accounting for Income Taxes", deferred income taxes are recorded for all temporary differences between the book and tax basis of assets and liabilities, and for certain credits available for carryforward.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Investment tax credits are deferred and amortized based upon the average useful life of the related property, in accordance with rate treatment.

Distribution Licenses

Distribution licenses represented the identifiable intangible assets related to London Electricity and CitiPower that exclusively permit distribution services to be provided within defined territories. Prior to the sales of Entergy London and CitiPower, licenses were being amortized over 40 years using the straight-line method during the periods in 1998, 1997, and 1996 in which Entergy owned these entities.

Reacquired Debt

The premiums and costs associated with reacquired debt of the domestic utility companies and System Energy (except that allocable to the deregulated operations of Entergy Gulf States) are being amortized over the life of the related new issuances, in accordance with ratemaking treatment.

Cash and Cash Equivalents

Entergy considers all unrestricted highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Entergy applies the provisions of SFAS 115, "Accounting for Investments for Certain Debt and Equity Securities", in accounting for investments in decommissioning trust funds. As a result, Entergy has recorded on the consolidated balance sheet \$99 million of additional value in the decommissioning trust funds of the domestic utility companies and System Energy. This increase represents the amount by which the fair value of the securities held in such funds exceeds the amounts deposited from rate recovery, plus the related earnings on the amounts deposited. In accordance with the regulatory treatment for decommissioning trust funds, Entergy has recorded an offsetting amount in unrealized gains on investment securities as a regulatory liability in other deferred credits.

Foreign Currency Translation

All assets and liabilities of Entergy's foreign subsidiaries are translated into U.S. dollars at the exchange rate in effect at the end of the period. Revenues and expenses are translated at average exchange rates prevailing during the period. The resulting translation adjustments are reflected in a separate component of shareholders' equity. Current exchange rates are used for U.S. dollar disclosures of future obligations denominated in foreign currencies. 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.

Earnings per Share

The average number of common shares outstanding for the presentation of diluted earnings per share for the years 1998, 1997, and 1996 were greater by approximately 176,000, 140,000, and 165,000 shares, respectively, than the number of such shares for the presentation of basic earnings per share due to Entergy's stock option and other stock compensation plans discussed more thoroughly in Note 5.

Options to purchase approximately 149,000, 225,000, and 235,000 shares of common stock at various prices were outstanding at the end of 1998, 1997, and 1996, respectively, but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the market price of the common shares at the end of each of the years presented.

Application of SFAS 71

The domestic utility companies and System Energy currently account for the effects of regulation pursuant to SFAS 71, "Accounting for the Effects of Certain Types of Regulation". This statement applies to the financial statements of a rate-regulated enterprise that meets three criteria. The enterprise must have rates that (i) are approved by the regulator; (ii) are cost-based; and (iii) can be charged to and collected from customers. These criteria may also be applied to separable portions of a utility's business, such as the generation or transmission functions, or to specific classes of customers. If an enterprise meets these criteria, it may capitalize costs that would otherwise be charged to expense if the rate actions of its regulator make it probable that those costs will be recovered in future revenue. Such capitalized costs are reflected as regulatory assets in the accompanying financial statements.

SFAS 71 requires that rate-regulated enterprises assess the probability of recovering their regulatory assets at each balance sheet date. When an enterprise concludes that recovery of a regulatory asset is no longer probable, the regulatory asset must be removed from the entity's balance sheet.

SFAS 101, "Accounting for the Discontinuation of Application of FASB Statement No. 71", specifies how an enterprise that ceases to meet the criteria for application of SFAS 71 for all or part of its operations should report that event in its financial statements. In general, SFAS 101 requires that the enterprise report the discontinuation of the application of SFAS 71 by eliminating from its balance sheet all regulatory assets and liabilities related to the applicable segment. Additionally, if it is determined that a regulated enterprise is no longer recovering all of its costs and therefore no longer qualifies for SFAS 71 accounting, it is possible that an impairment may exist that could require further write-offs of plant assets.

During 1997, EITF 97-4: "Deregulation of the Pricing of Electricity - Issues Related to the Application of FASB Statements No. 71 and 101" was issued. This pronouncement specifies that SFAS 71 should be discontinued at a date no later than when the details of the transition to competition plan for all or a portion of the entity subject to such plan are known. However, other factors could cause the discontinuation of SFAS 71 before that date. Additionally, EITF 97-4 promulgates that regulatory assets to be recovered through cash flows derived from another portion of the entity that continues to apply SFAS 71 should not be written off; rather, they should be considered regulatory assets of the segment that will continue to apply SFAS 71.

As of December 31, 1998, the majority of the domestic utility companies' and System Energy's operations continue to meet each of the criteria required for the use of SFAS 71, and the companies have recorded significant regulatory assets.

During 1996, FERC issued orders that require utilities to provide open access to their transmission system to promote a more competitive market for wholesale power sales. As described in Note 2, the domestic utility companies have filed transition-to-competition proposals with their retail regulators providing, among other things, for accelerated recovery of certain capitalized costs to facilitate an orderly transition to a competitive retail power market. In response to these filings, certain regulatory commissions have begun proceedings to consider retail competition in their jurisdictions.

Regulators, other than in Arkansas, have generally deferred action on the plans in lieu of their general proceedings on competition. Entergy cannot, at this time, predict the completion dates or ultimate outcome of these proceedings. Accordingly, the domestic utility companies and System Energy anticipate that they will continue to meet the criteria for the application of SFAS 71 in the foreseeable future.

Domestic Deregulated Operations

Entergy Gulf States discontinued regulatory accounting principles for its wholesale jurisdiction and its steam department during 1989 and for the Louisiana retail deregulated portion of River Bend in 1991. The latter was in accordance with a deregulated asset plan representing an unregulated portion (approximately 24%) of River Bend (plant costs, generation, revenues, and expenses) established pursuant to a January 1992 LPSC order. The plan allows Entergy Gulf States to sell such generation to Louisiana retail customers at 4.6 cents per KWH or off-system at higher prices, with certain provisions for sharing such incremental revenue above 4.6 cents per KWH between ratepayers and shareholders.

The results of these deregulated operations (before interest charges) for the years ended December 31, 1998, 1997, and 1996 are as follows (in thousands):

	1998	1997	1996
Operating Revenues	\$ 178,303	\$ 155,471	\$ 174,751
Operating Expenses			
Fuel, operating, and maintenance	137,579	89,987	119,784
Depreciation	39,497	36,351	31,455
Total Operating Expense	177,076	126,338	151,239
Income Tax Expense	1,154	9,416	9,598
Net Income From Deregulated Utility Operations	\$ 73	\$ 19,717	\$ 13,914

The net investment associated with these deregulated operations was approximately \$864 million as of December 31, 1998. This amount includes Cajun's interest in River Bend, which was transferred by Cajun's Trustee in Bankruptcy to Entergy Gulf States in late 1997 at a fair value of \$139 million, based on management's estimate of its value at the time of transfer.

Impairment of Long-Lived Assets

Entergy periodically reviews long-lived assets whenever events or changes in circumstances indicate that recoverability of these assets is uncertain. Generally, the determination of recoverability is based on the net cash flows expected to result from such operations and assets. Projected net cash flows depend on the future operating costs associated with the assets, the efficiency and availability of the assets and generating units, and the future market and price for energy over the remaining life of the assets. Based on current estimates of future cash flows, management anticipates that future revenues from such assets and operations of Entergy will fully recover all related costs.

Assets regulated under traditional cost-of-service ratemaking, and thereby subject to SFAS 71 accounting, are generally not subject to impairment because this form of regulation assures that all allowed costs are subject to recovery. However, certain deregulated assets and other operations of the domestic utility companies totaling approximately \$1.6 billion (pre-tax) could be affected in the future. Those assets include Entergy Arkansas' and Entergy Louisiana's retained shares of Grand Gulf 1, Entergy Gulf States' Louisiana deregulated asset plan, the Texas jurisdiction abeyed portion of the River Bend plant and the portion of the plant transferred from Cajun, and wholesale jurisdiction and steam department operations.

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

System Energy filed a rate increase request with FERC in May 1995, which, among other things, proposed a change in the accounting recognition of incremental nuclear refueling outage costs from that of expensing those costs as incurred to deferring and amortizing those costs over the operating period immediately following the nuclear refueling outage. As described in Note 2, the FERC ALJ issued an initial decision in this proceeding in July 1996, agreeing to the change in recognition of outage costs proposed by System Energy. Accordingly, System Energy deferred the refueling outage costs incurred in the fourth quarter of 1996. As of December 31, 1996, System Energy's current assets included \$24.0 million in deferred nuclear refueling outage costs, which were amortized over the next fuel cycle (approximately 18 months). Amortization of these costs in the fourth quarter of 1996 and in 1997 and 1998 amounted to \$1.2 million, \$16.4 million, and \$6.4 million, respectively. This change had no material impact on the net income of either Entergy or System Energy because System Energy is recovering the refueling outage costs from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, and these companies, in turn, will recover these costs from their ratepayers.

Derivative Financial Instruments

Entergy uses a variety of derivative financial instruments, including interest rate and foreign currency swaps, and natural gas and electricity futures, forwards, and options, as a part of its overall risk management strategy.

Entergy accounts for derivative financial instruments used to mitigate risk in accordance with hedge accounting. If such interest rate swap derivatives 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.

Entergy's power marketing and trading business enters into sales and purchases of electricity and natural gas for delivery up to 12 months in the future. Financial instruments used in connection with marketing and trading activities are accounted for using the mark-to-market method. Under the mark-to-market method of accounting, derivative financial instruments are reflected at market value with resulting unrealized gains and losses recognized currently in income.

Additional information concerning Entergy's derivative instruments outstanding as of December 31, 1998 is included in Notes 7, 9, and 12 to the financial statements.

Fair Value Disclosures

The estimated fair value of financial instruments was determined using bid prices reported by dealer markets and by nationally recognized investment banking firms. The estimated fair value of derivative financial instruments is based on market quotes of the applicable interest or foreign currency exchange rates, or a survey of electricity forward prices. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. In addition, gains or losses realized on financial instruments held by regulated businesses may be reflected in future rates and therefore do not accrue to the benefit or detriment of stockholders.

Entergy considers the carrying amounts of financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments. In addition, Entergy does not expect that performance of its obligations will be required in connection with certain off-balance sheet commitments and guarantees considered financial instruments. For these reasons, and because of the related-party nature of these commitments and guarantees, determination of fair value is not considered practicable. Additional information regarding financial instruments is included in Notes 4, 5, 7, and 9 to the financial statements.

New Accounting Pronouncements

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will be effective for Entergy in 2000. This statement requires that all derivatives be recognized in the statement of financial position as either assets or liabilities and measured at fair value. The statement also requires the designation and reassessment of all hedging relationships. The changes in fair value of derivatives will be recognized in earnings or in comprehensive income, depending on the type of hedge relationship involved. The adoption of SFAS 133 is not expected to have a material effect on the financial position, results of operations, or cash flows of Entergy Corporation.

During 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", which will be effective for Entergy in 1999. This SOP requires that computer software costs that are incurred in the preliminary project stage be expensed as incurred. Once the capitalization criteria of the SOP have been met, external direct cost of materials and services used in developing or obtaining internal use computer software, as well as payroll and payroll-

related costs of employees (to the extent of time spent directly on internal use computer software projects), and interest costs incurred in developing such computer software should be capitalized. Training costs and data conversion costs should be expensed as incurred, with certain exceptions. The adoption of SOP 98-1 is not expected to have a material effect on the financial position, results of operations, or cash flows of Entergy Corporation.

NOTE 2. RATE AND REGULATORY MATTERS

Retail Rate Proceedings

Filings with the APSC (Entergy Corporation and Entergy Arkansas)

In December 1997, the APSC approved a settlement agreement, which provides for the following:

- o accelerated amortization of Entergy Arkansas' Grand Gulf purchased power obligation in an amount totaling \$165.3 million over the period from January 1999 to June 2004;
- o the establishment of a transition cost account to collect earnings in excess of an 11% return on equity to offset against stranded costs when retail access is implemented;
- o a rate freeze for at least a three-year period;
- o the establishment of four generic dockets to address competition and transition issues that must be resolved prior to retail access; and
- o rate decreases totaling \$200 million over the two-year period 1998-1999. However, the net income effect from these reductions is only approximately \$22 million.

During 1998, Entergy Arkansas' operating expenses reflected reserves of \$74.0 million (\$45 million net of taxes) to record the 1998 accrual of excess earnings and an adjustment of the December 1997 accrual. As of December 31, 1998, the transition cost account balance was \$90.6 million. Additional reserves may also be required in 1999 based on earnings reviews. In management's opinion, Entergy Arkansas continues to meet each of the criteria required for the continued application of SFAS 71. Refer to "Application of SFAS 71" in Note 1 for a discussion of this issue.

Filings with the PUCT and Texas Cities

Recovery of River Bend Costs (Entergy Corporation and Entergy Gulf States)

In March 1998, the PUCT issued an order disallowing recovery of \$1.4 billion of company-wide abeyed River Bend plant costs and approximately \$157 million of Texas retail jurisdiction deferred River Bend operating and carrying costs (Abeyed Deferrals). Based on its long-lived asset impairment policy, Entergy Gulf States wrote off Abeyed Deferrals of \$169 million, net of tax, effective January 1, 1996. The River Bend plant costs have been held in abeyance since 1988, during which time they have been the subject of several appeals by Entergy Gulf States. As of December 31, 1998, such costs (net of taxes and depreciation) totaled approximately \$249 million.

Following denial by the PUCT of its motion for rehearing, Entergy Gulf States has again appealed the PUCT's decision on this matter to the Travis County District Court in Texas. The settlement agreement discussed below, if approved, would require that Entergy Gulf States not act on its appeal before January 1, 2002 and would limit the potential recovery to \$115 million net plant in service as of January 1, 2002, less depreciation over the remaining life of the plant beginning January 1, 2002 through the date the plant costs are included in rate base, provided that any such recovery shall not be used to increase rates above the level agreed to in the settlement agreement. Based on advice of counsel, management believes that it is probable that the matter will be remanded again to the PUCT for a further ruling on the prudence of the abeyed plant costs and it is reasonably possible that some portion of these costs will be included in rate base. Therefore, management believes that the reserves discussed below are adequate to reflect the probable outcome of the abeyed plant costs proceeding, but no assurance can be given that additional future reserves or write-offs will not be required.

In October 1998, the PUCT issued a final order in the judicial remand of the PUCT's 1988 decision to require Entergy Gulf States to use tax benefits generated by disallowed expenses to reduce rates. The PUCT's order reduced the amount of the requested recovery to \$75 million, primarily by reducing the requested carrying costs based on an overall rate of return to the amounts allowed for the over- and under-billing for utility service. This allowed recovery was used to offset the retroactive rate refund discussed below. Following the overruling of its motion for rehearing, Entergy Gulf States filed an appeal in November 1998 contending that the PUCT had improperly reduced its recovery. No assurance can be given as to the timing or outcome of the appeal. The settlement discussed below, if approved, would require Entergy Gulf States to dismiss this appeal.

Rate Proceedings (Entergy Corporation and Entergy Gulf States)

As the result of an investigation of the reasonableness of Entergy Gulf States' rates, the PUCT in March 1995 ordered an annual base rate reduction of \$36.5 million retroactive to March 31, 1994, which resulted in a 1995 refund to customers of \$61.8 million (including interest). Entergy Gulf States and other parties have appealed the PUCT order, but no assurance can be given as to the timing or outcome of the appeal. The settlement discussed below, if approved, would require Entergy Gulf States and other signatories to the settlement to dismiss this appeal.

In accordance with the Merger agreement, Entergy Gulf States filed a rate proceeding with the PUCT in November 1996. In April 1996, certain cities served by Entergy Gulf States (Cities) instituted investigations of the reasonableness of Entergy Gulf States' rates. In May 1996, the Cities agreed to forego their pending investigation based on the assurance that any rate decrease ordered in the November 1996 filing would be retroactive to June 1, 1996, with accrued interest until refunded. The agreement further provided that no base rate increase would be retroactive. Subsequent to the November 1996 filing, the Cities passed ordinances reducing Entergy Gulf States' rates by \$43.6 million. Entergy Gulf States appealed these ordinances to the PUCT, and these appeals were consolidated in the November 1996 rate proceeding before the PUCT. A proposal to achieve an orderly transition to retail electric competition in Texas, similar to the filing described below that Entergy Gulf States made with the LPSC, was included in the November 1996 filing. This filing with the PUCT was litigated in four phases as follows:

1. fuel factor/fuel reconciliation phase, of which Entergy Gulf States believes there was an under-recovered fuel balance of \$41.4 million, including interest, for the period from July 1995 to June 1996;
2. revenue requirement phase;
3. cost allocation/rate design phase; and
4. competitive issues phase.

A supplemental filing with respect to the fourth phase was made with the PUCT in April 1997, outlining a comprehensive market reform proposal calling for the establishment of retail competition, service quality standards, a regional power exchange, and an independent system operator. Entergy Gulf States requested from the PUCT a reciprocal commitment to provide an opportunity for the full recovery of prudently incurred investments previously approved by regulators. The rebuttal testimony of Entergy Gulf States in the competition phase of the case modified its position to include elements from the 1997 proposed Texas legislation addressing retail access. Most notable were the provisions calling for a transition period through the year 2001 and rate reductions for residential and most commercial customers.

In June 1998, the PUCT began its deliberations on the Entergy Gulf States' rate case filed in November 1996. The PUCT did not accept settlements filed in March and June of 1998 by Entergy Gulf States and various intervenor groups. In July 1998, the PUCT issued an order and, after making modifications on rehearing, issued its second order on rehearing in October 1998. The second order on rehearing reduces Entergy Gulf States' Texas rates by approximately \$111 million annually effective December 18, 1998, offset through May 1999 by accelerated recovery of accounting order deferrals, resulting in a net reduction of \$69 million on an annual basis through that date. This order also required a refund of \$76 million, subject to a true-up adjustment. This refund is calculated as a rate reduction and service quality refund retroactive to June 1996, offset by the accelerated recovery of the

accounting order deferrals, a fuel surcharge, and recovery of amounts allowed in the income tax remand case discussed above. This refund amount was reduced by \$32 million from the original refund ordered in the July 1998 order, but was offset by the passage of time from the original rate reduction's assumed effective date of August 1998 to the new assumed effective date of December 1, 1998. Entergy Gulf States filed a motion for reconsideration, which was overruled by the PUCT. The refunds pursuant to the PUCT's order began in August 1998 and the ordered rate decrease was implemented in December 1998. Entergy Gulf States has appealed the PUCT's October 1998 order on rehearing, but no assurance can be given as to the timing or outcome of the appeal. The settlement discussed below, if approved, would require Entergy Gulf States to dismiss this appeal. During 1997 and 1998, Entergy Gulf States' operating revenues reflected reserves of \$381 million (\$227 million net of taxes) and \$114.3 million (\$68.1 million net of taxes), respectively, which were recorded based on management's estimates of the probable outcome of the rate case and abeyed plant cost proceedings.

In the PUCT's October 1998 second order on rehearing, the PUCT also disallowed recovery of approximately \$49 million of Entergy's affiliate costs allocated to Entergy Gulf States in Texas. Entergy's affiliate costs principally result from:

- o managing fossil and nuclear generating plants;
- o managing transmission and distribution systems;
- o providing human resources, accounting, and legal services; and
- o providing other necessary services to Entergy Corporation's electric utility subsidiaries.

The PUCT has published proposed "Code of Conduct" rules governing affiliate transactions. Although these rules have not been adopted, management believes that the rules, if adopted as proposed, would severely restrict the type and extent of services that Entergy's service companies could provide to Entergy Gulf States. Management believes that adoption of these rules would result in higher costs for Entergy Gulf States and its Texas and Louisiana customers. Other state or local regulators with jurisdiction over Entergy's utility subsidiaries may propose similar rules in the future. Legislation currently pending in Texas and Arkansas also includes provisions governing affiliate transactions or the competitive use of information obtained in the course of the regulated utility business.

In November 1998, Entergy Gulf States filed a new rate application with the PUCT requesting the approval of tariffs and riders designed to collect a total non-fuel base rate revenue requirement for the Texas retail jurisdiction of \$457.2 million based on the test year ended June 30, 1998. In December 1998, Entergy Gulf States updated this filing to reflect the base rate revenues from the PUCT's October 1998 second order on rehearing in its cost of service study. In the update, Entergy Gulf States agreed to cap the base rate revenue requirement at the level proposed in the initial filing. The modified filing seeks an annualized base rate increase of \$84.6 million through January 31, 2000 and \$95.5 million thereafter. Management cannot predict the ultimate outcome of this rate proceeding.

On February 1, 1999, Entergy Gulf States entered into a settlement agreement with all but one of the parties to Entergy Gulf States' pending Texas rate proceeding. If approved, the settlement agreement would resolve the pending approval of Entergy Gulf States' 1996 rate proceedings as well as its 1998 rate proceedings and all pending appeals in other matters, except for the appeal in the River Bend cost recovery proceeding. The settlement agreement provides for the following:

- o an annual \$4.2 million base rate reduction, effective March 1, 1999, which is in addition to the annual \$69 million base rate reduction (net of River Bend accounting order deferrals) in the PUCT's second order on rehearing in October 1998;
- o a reduced fixed fuel factor, effective March 1, 1999;
- o a methodology for semi-annual revisions of the fixed fuel factor based on the market price of natural gas;
- o a base rate freeze through June 1, 2000;
- o remaining River Bend accounting order deferrals as of January 1, 1999, are to be amortized over three years on a straight-line basis, provided that such accounting order deferrals shall not be recognized in any subsequent base rate case or stranded cost calculation;

- the dismissal of all pending appeals relating to Entergy Gulf States' proceedings with the PUCT, except the River Bend appeal discussed below; and
- the potential recovery in the River Bend appeal is limited to \$115 million net plant in service as of January 1, 2002, less depreciation over the remaining life of the plant beginning January 1, 2002 through the date the plant costs are included in rate base, provided that any such recovery shall not be used to increase rates above the level agreed to in the settlement agreement.

On February 19, 1999, the PUCT approved the implementation of new rates consistent with the terms of the settlement agreement on an interim basis, pending final approval of the settlement agreement. The new rates were made effective on March 1, 1999. The PUCT will hold a hearing on the settlement agreement on April 13, 1999, and a final decision is expected in May 1999. Management cannot predict the likelihood that the PUCT will approve the settlement agreement.

PUCT Fuel Cost Review (Entergy Corporation and Entergy Gulf States)

In December 1995, Entergy Gulf States filed a fuel and purchased power reconciliation filing with the PUCT to recover \$22.4 million, including interest, of fuel under-recoveries incurred during the period from January 1994 through June 1995. The PUCT issued an order on rehearing approving the recovery of \$18.5 million of the under-recovered fuel balance. Entergy Gulf States has appealed portions of the PUCT's order to the Texas District Court. No assurance can be given as to the timing or outcome of these appeals. The settlement agreement discussed above, if approved, would require Entergy Gulf States to dismiss this appeal.

In September 1998, Entergy Gulf States filed an application with the PUCT for an increase in its fixed fuel factor and a surcharge to Texas retail customers for the cumulative under-recovery of fuel and purchased power costs. The proposed increase in the fixed fuel factor would have resulted in increased revenues of \$55.6 million annually compared to the then current fixed fuel factor. The proposed surcharge was designed to recover \$128.1 million, including interest, for fuel under-recoveries incurred during the period from July 1996 through June 1998. Hearings on this application were held in October 1998, and the PUCT issued an order in December 1998. The PUCT's order adopted the terms of a non-unanimous stipulation whereby a revised fuel factor and fuel surcharge would be implemented that would result in increased revenues of \$42.4 million annually and recovery of \$112.1 million of under-recovered fuel costs, inclusive of interest, over a 24-month period. These increases were implemented in the first billing cycle in February 1999. As discussed above, Entergy Gulf States has entered into a settlement agreement in its pending base rate proceeding under which the fixed fuel factor will be reduced effective March 1, 1999 and will be adjusted thereafter on a semi-annual basis. This fuel factor reduction was approved by the PUCT on an interim basis on February 18, 1999. All amounts at issue in this proceeding will be the subject of a future fuel reconciliation proceeding before the PUCT, at which time the PUCT will consider the reasonableness of the Entergy Gulf States' fuel and purchased power expenses extending back to July 1, 1996. Management cannot predict the ultimate outcome of the fuel reconciliation proceeding.

NISCO Unrecovered Costs (Entergy Corporation and Entergy Gulf States)

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 ordered the PUCT to allow Entergy Gulf States to recover reasonable and necessary purchased power payments in excess of its avoided cost in future proceedings. Based on a January 1992 filing by Entergy Gulf States requesting a new fixed fuel factor and a final reconciliation of fuel and purchased power costs incurred between December 1986 and September 1991, the PUCT in June 1993 concluded that purchased power costs from NISCO in excess of Entergy Gulf States' avoided costs 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, 1998, Entergy Gulf States had recorded \$200.2 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. The settlement agreement discussed above, if approved, would require Entergy Gulf States to dismiss this appeal.

Filings with the LPSC

(Entergy Corporation and Entergy Gulf States)

Annual Earnings Reviews

In May 1995, Entergy Gulf States filed its second required post-Merger earnings analysis with the LPSC. Hearings on this review were held in December 1995. In October 1996, the LPSC issued an order requiring a \$33.3 million annual base rate reduction and a \$9.6 million refund. One component of the rate reduction removes from base rates approximately \$13.4 million annually of costs that will be recovered in the future through the fuel adjustment clause. Subsequently, Entergy Gulf States appealed the LPSC's order and obtained an injunction to stay the order, except insofar as it requires the \$13.4 million reduction, which Entergy Gulf States implemented in November 1996. In addition, pursuant to an October 1996 settlement with the LPSC, Entergy Gulf States will be allowed to recover \$8.1 million annually related to certain gas transportation and storage facilities costs. This amount will be applied as an offset against any refund that may be required by a final judgment in Entergy Gulf States' appeal of the second post-Merger earnings review order.

In May 1996, Entergy Gulf States filed its third required post-Merger earnings analysis with the LPSC. Based on this filing, Entergy Gulf States implemented a \$5.3 million annual rate reduction in June 1996. In September 1998, the LPSC issued an order in the third required post-Merger earnings analysis that required a refund of \$44.8 million for the period June 1996 through May 1997, and a prospective rate reduction of \$54.6 million effective September 20, 1998. Entergy Gulf States has appealed this order and has been granted injunctive relief pending a final decision on appeal.

In May 1997, Entergy Gulf States filed its fourth post-Merger earnings analysis with the LPSC. Hearings were concluded in 1998 and a final decision by the LPSC is expected during the first half of 1999.

In May 1998, Entergy Gulf States filed its fifth required post-Merger earnings analysis with the LPSC. This filing will be subject to review by the LPSC, which may result in a change in rates. Hearings are scheduled to begin in May 1999.

In July 1998, Entergy Gulf States implemented an \$18 million rate reduction effective July 29, 1998 to reflect reductions that are expected to occur as a result of Entergy Gulf States' annual earnings reviews. In addition, Entergy Gulf States' operating revenues during the fourth quarter of 1998 reflect reserves of \$102.2 million (\$60.9 million net of taxes) based on management's estimates of the probable outcome of such annual earnings reviews as well as the LPSC fuel cost review discussed below. Proceedings on issues in the second, third, fourth and fifth post-Merger earnings analyses will continue.

LPSC Fuel Cost Review

In September 1996, the LPSC completed the second phase of its review of Entergy Gulf States' fuel costs, which covered the period October 1991 through December 1994. In October 1996, the LPSC issued an order requiring a \$34.2 million refund. The refund includes a disallowance of \$14.3 million of capital costs (including interest) related to certain gas transportation and storage facilities, which were recovered through the fuel clause, and which have been refunded pursuant to the October 1996 LPSC Settlement. Entergy Gulf States will be permitted to recover these costs in the future through base rates. Subsequently, Entergy Gulf States appealed and received an injunction to stay this order, except insofar as the order required the \$14.3 million refund. In January 1999, the Louisiana Supreme Court affirmed the LPSC's October 1996 order. Pursuant to this decision, Entergy Gulf States expects to refund the remaining \$19.9 million (including interest) in the first quarter of 1999. In 1998, management

reserved for this refund in connection with estimates of the probable outcome of this proceeding and the annual earnings reviews discussed above.

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

In September 1996, Entergy Gulf States and Entergy Louisiana filed proposals with the LPSC designed to achieve an orderly transition to retail electric competition in Louisiana, while protecting certain classes of ratepayers from bearing the burden of cost shifting. The proposals consist of the following:

- o no increase in rates for any customer class;
- o a universal service charge for customers that remain connected to Entergy Gulf States' or Entergy Louisiana's electric facilities but choose to purchase their electricity from another source;
- o a seven-year base rate freeze in the Louisiana areas serviced by Entergy Gulf States and Entergy Louisiana; and
- o complete recovery, over a seven-year period, of the remaining plant investment associated with River Bend and Waterford 3 as of December 31, 1995.

In February 1997, the LPSC identified certain issues embodied in the Entergy Gulf States and Entergy Louisiana proposals that will be addressed in those companies' existing rate dockets, and other issues that will be addressed in an ongoing generic regulatory proceeding examining electric utility industry restructuring. During 1998, hearings were conducted related to the quantification of potential stranded costs. The ALJ should issue a recommendation in 1999 for consideration by the LPSC.

During 1998, the LPSC also identified seven areas for consideration in the generic rulemaking docket on competition in the electric utility industry to address whether competition in the electric utility industry is in the public's best interest. Each Louisiana electric utility and intervening party filed comments and responses to the LPSC Staff's data requests, and hearings were held on each issue. This proceeding should produce a generic rulemaking order in 1999.

(Entergy Corporation and Entergy Louisiana)

In May 1997, Entergy Louisiana made its second annual performance-based formula rate plan filing with the LPSC for the 1996 test year. This filing resulted in a total rate reduction of approximately \$54.5 million, which was implemented beginning in the first billing cycle of July 1997. Rates were reduced by an additional \$0.7 million effective July 1, 1997, and by an additional \$2.9 million effective March 1998. Upon completion of the hearing process in December 1998, the LPSC issued an order requiring an additional rate reduction and refund, although the amounts thereof were not quantified. Entergy Louisiana has appealed this order, and has obtained a preliminary injunction pending a final decision on appeal.

In September 1998, Entergy Louisiana made its third annual performance-based formula rate plan filing with the LPSC for the 1997 test year. The filing indicated that earnings were such that no change in rates would be warranted with the exception of the elimination of a \$3.7 million one-time credit that will result in a rate increase in this amount. Hearings will be conducted on this filing in 1999, after which the LPSC may order further rate adjustments. In September 1998, the LPSC issued an order extending the annual performance-based formula rate plan filings for Entergy Louisiana for an additional three years, through an April 2000 filing for the 1999 test year.

Filings with the MPSC (Entergy Corporation and Entergy Mississippi)

In March 1998, Entergy Mississippi filed its annual earnings review with the MPSC under its performance-based formula rate plan for the 1997 test year. In April 1998, the MPSC issued an order approving a prospective rate reduction of \$6.6 million. This rate reduction went into effect May 1, 1998.

From 1996 to the present, Entergy Mississippi and the MPSC have been addressing issues regarding an orderly transition to a more competitive market for electricity. As a result of these discussions and recent hearings held in April 1998, the MPSC issued a Revised Proposed Transition Plan (the Plan) in June 1998 that omitted the previous restriction on securitization of stranded costs and provided for enabling legislation necessary to implement the Plan in 2000. The Plan also provides for retail competition in Mississippi to begin January 1, 2001 and for recovery of allowable stranded costs through a non-bypassable charge during a transition period between January 2001 and the end of 2004. The MPSC conducted hearings in September 1998 on the market power and reliability studies previously filed (as requested by the MPSC) by the investor-owned utilities in Mississippi. During November 1998, the MPSC conducted hearings to address certification requirements and load dispatch and control rules.

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

In connection with the Council's rate investigation, Entergy New Orleans submitted its cost of service and revenue requirement filing along with its transition to competition plan in September 1997. In November 1997, the Council severed the traditional ratemaking issues from the transition filings and established separate dockets for electric competition and gas competition. Hearings related to the rate investigation were held and concluded in July 1998. Entergy New Orleans filed a settlement agreement before the Council, which was approved in November 1998. The settlement agreement required the following:

- o base rate reductions for Entergy New Orleans' electric customers of \$7.1 million effective January 1, 1999, \$3.2 million effective October 1, 1999, and \$16.1 million effective October 1, 2000;
- o a base rate reduction for Entergy New Orleans' gas customers of \$1.9 million effective January 1999; and
- o no base rate increases prior to October 1, 2001.

In October 1998, the Council established a procedural schedule for the purpose of determining if natural gas retail competition is in the public's best interest. Under this procedural schedule, several technical conferences will be held, followed by filed testimony from all participants. Hearings are scheduled to begin in May 1999. The electric transition-to-competition filing made in September 1997 is generally similar to those filed for the other domestic utility companies. No procedural schedule has been established for that proceeding.

The Council is currently investigating the prudence of Entergy New Orleans' natural gas purchasing practices. The procedural schedule established for this docket requires all parties to file testimony through the first quarter of 1999 and hearings are expected to begin in May 1999.

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

Entergy Gulf States was amortizing \$182 million of River Bend operating and purchased power costs, depreciation, and accrued carrying charges over a 20-year period; however, the PUCT recently accelerated the recovery of these deferrals to a three-year recovery period ending in May 1999. In 1998, Entergy Gulf States recorded reserves of \$81.6 million (\$48.6 million net of taxes) reflecting such accelerated recovery pending a final decision on Entergy Gulf States' appeal. The settlement agreement discussed above, if approved, would require Entergy Gulf States to dismiss this appeal; however, it also allows Entergy Gulf States to amortize the remaining deferral balance as of January 1, 1999 over three years on a straight-line basis, provided that such accounting order deferrals shall not be recognized in any subsequent base rate case or stranded cost calculation.

Also, 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. These deferrals have been fully recovered pursuant to the phase-in plan, which expired in February 1998.

Grand Gulf 1 Deferrals

(Entergy Corporation and Entergy Arkansas)

Under the settlement agreement entered into with the APSC in 1985 and amended in 1988, Entergy Arkansas agreed to retain a portion of its Grand Gulf 1-related costs, recover a portion of such costs currently, and defer a portion of such costs for future recovery. Deferrals ceased in 1990, and Entergy Arkansas has fully recovered such deferrals pursuant to the phase-in plan, which expired in November 1998. In 1996 and subsequent years, Entergy Arkansas retains 22% of its 36% share (approximately 7.92%) of Grand Gulf 1 costs and recovers the remaining 78%. In the event that Entergy Arkansas is not able to sell its retained share to third parties, it may sell such energy to its retail customers at a price equal to its avoided energy cost, which is currently less than Entergy Arkansas' cost of energy from its retained share.

(Entergy Corporation and Entergy Louisiana)

In a series of LPSC orders, court decisions, and agreements from late 1985 to mid-1988, Entergy Louisiana was granted rate relief with respect to costs associated with Entergy Louisiana's share of capacity and energy from Grand Gulf 1, subject to certain terms and conditions. In November 1988, Entergy Louisiana agreed to retain, and not recover from retail ratepayers, 18% of its 14% share (approximately 2.52%) of the costs of Grand Gulf 1 capacity and energy. Non-fuel operation and maintenance costs for Grand Gulf 1 are recovered through Entergy Louisiana's base rates. Entergy Louisiana is allowed to recover through the fuel adjustment clause 4.6 cents per KWH for the energy related to its retained portion of these costs. Alternatively, Entergy Louisiana may sell such energy to nonaffiliated parties at prices above the fuel adjustment clause recovery amount, subject to the LPSC's approval.

(Entergy Corporation and Entergy Mississippi)

Entergy Mississippi entered into a plan with the MPSC that provided, among other things, for the recovery by Entergy Mississippi, in equal annual installments over 10 years beginning October 1, 1988, of all Grand Gulf 1-related costs deferred through September 30, 1988, pursuant to a final order by the MPSC. Additionally, the plan provided that Entergy Mississippi would defer, in decreasing amounts, a portion of its Grand Gulf 1-related costs over four years beginning October 1, 1988. Entergy Mississippi recovered these deferrals along with related carrying charges over the six-year period from October 1992 to September 1998. The completion of the recovery of the deferred costs and associated carrying charges, offset by i) the accelerated recovery of Entergy Mississippi's Grand Gulf purchased power obligation, and ii) the recovery of a portion of Entergy Mississippi's allocation of the proposed System Energy wholesale rate increase discussed herein, resulted in a \$127.1 million annual rate reduction for Entergy Mississippi as of October 1, 1998. The reduction will not result in a decrease in Entergy Mississippi's income as the phase-in plan deferrals have now been fully amortized and no further expense associated with the phase-in plan will be recognized.

(Entergy Corporation and Entergy New Orleans)

Under Entergy New Orleans' various rate settlements with the Council in 1986, 1988, and 1991, Entergy New Orleans agreed to absorb and not recover from ratepayers a total of \$96.2 million of its Grand Gulf 1 costs. Entergy New Orleans was permitted to implement annual rate increases in decreasing amounts each year through 1995, and to defer certain costs and related carrying charges for recovery on a schedule extending from 1991 through 2001. As of December 31, 1998, the uncollected balance of Entergy New Orleans' deferred costs was \$64.2 million.

FERC Settlement (Entergy Corporation and System Energy)

In November 1994, FERC approved an agreement settling a long-standing dispute involving income tax allocation procedures of System Energy. In accordance with the agreement, System Energy will refund a total of

approximately \$62 million, plus interest, to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans through June 2004. System Energy also reclassified from utility plant to other deferred debits approximately \$81 million of other Grand Gulf 1 costs. Although such costs are excluded from rate base, System Energy is amortizing and recovering these costs over a 10-year period. Interest on the \$62 million refund and the loss of the return on the \$81 million of other Grand Gulf 1 costs will reduce Entergy's and System Energy's net income by approximately \$10 million annually until 2004.

Proposed Rate Increase (System Energy, Entergy Mississippi, and Entergy New Orleans)

(System Energy)

System Energy filed an application with FERC in May 1995, for a \$65.5 million rate increase. The request seeks changes to System Energy's rate schedule, including increases in the revenue requirement associated with decommissioning costs, the depreciation rate, and the rate of return on common equity. The request also includes a proposed change in the accounting recognition of nuclear refueling outage costs from that of expensing those costs as incurred to the deferral and amortization method described in Note 1. In December 1995, System Energy implemented the \$65.5 million rate increase, subject to refund, for which a portion has been reserved. Following hearings on System Energy's request in July 1996, the ALJ issued an initial decision that agreed with certain of System Energy's proposals, including the change in accounting for nuclear refueling outage costs, while rejecting a proposed increase in return on common equity and recommending instead a slight decrease in the allowed return. The ALJ also rejected the proposed change in the decommissioning cost methodology. The decision of the ALJ is preliminary and may be modified in the final decision by FERC. No assurance can be given as to the timing or outcome of the rate increase request or the amount of any refunds in excess of reserves that may be required.

(Entergy Mississippi)

Entergy Mississippi's allocation of the proposed System Energy wholesale rate increase is \$21.6 million annually. In July 1995, Entergy Mississippi filed a schedule with the MPSC that defers the retail recovery of the System Energy rate increase. The deferral plan, which was approved by the MPSC, began in December 1995, the effective date of the System Energy rate increase, and will end after the issuance of a final order by FERC. Under this plan, the deferral period ended September 1998, and the deferred amount would have been amortized over 48 months beginning in October 1998. Although the deferral period under the plan has ended, FERC has not yet issued an order. For that reason, Entergy Mississippi filed a revised deferral plan with the MPSC in August 1998 that provides for recovery, effective with October 1998 billings, of \$11.8 million of the System Energy rate increase that was approved by the FERC ALJ's initial decision in July 1996. The \$11.8 million is being amortized over the original 48-month period, which began in October 1998. The amount of System Energy's proposed increase in excess of the \$11.8 million will continue to be deferred until the issuance of a final order by the FERC, or October 2000, whichever occurs first. These deferred amounts, plus carrying charges, will be amortized over a 45-month period beginning in October 2000.

(Entergy New Orleans)

Entergy New Orleans' allocation of the proposed System Energy wholesale rate increase is \$11.1 million annually. In February 1996, Entergy New Orleans filed a plan with the Council to defer 50% of the amount of the System Energy rate increase. The deferral began in February 1996 and will end after the issuance of a final order by FERC.

Grand Gulf Accelerated Recovery Tariff

(Entergy Arkansas)

In April 1998, FERC approved the Grand Gulf Accelerated Recovery Tariff that Entergy Arkansas filed as part of the settlement agreement that was approved by the APSC in December 1997. The tariff was designed to allow Entergy Arkansas to pay down a portion of its Grand Gulf obligation in advance of the implementation of retail access in Arkansas. The tariff became effective on January 1, 1999. The settlement agreement with the APSC is discussed above in "Filings with the APSC." In December 1998, an intervenor group filed a motion with FERC to suspend this tariff, alleging that the tariff is inconsistent with FERC policy on accelerated depreciation announced in an August 1998 decision.

(Entergy Mississippi)

In September 1998, FERC approved the Grand Gulf Accelerated Recovery Tariff for Entergy Mississippi's allocable portion of Grand Gulf, which was filed with FERC in August 1998. The tariff provides for the acceleration of Entergy Mississippi's Grand Gulf purchased power obligation in an amount totaling \$221.3 million over the period October 1, 1998 through June 30, 2004, and is used to offset the rate reduction described above in "Grand Gulf 1 Deferrals."

NOTE 3. INCOME TAXES

Income tax expenses for 1998, 1997, and 1996 consist of the following (in thousands):

1998

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Current:							
Federal	\$ 235,979	\$ 68,814	\$ 43,729	\$ 69,551	\$ 34,984	\$ 15,010	\$ 91,107
Foreign	28,156	-	-	-	-	-	-
State	67,163	14,853	17,218	12,643	5,541	2,530	14,378
Total	331,298	83,667	60,947	82,194	40,525	17,540	105,485
Deferred - net	(109,474)	(7,153)	(90,314)	32,506	(10,983)	(6,993)	(24,745)
Investment tax credit adjustments - net	44,911	(5,140)	61,140	(5,596)	(1,511)	(505)	(3,477)
Recorded income tax expense	\$ 266,735	\$ 71,374	\$ 31,773	\$ 109,104	\$ 28,031	\$ 10,042	\$ 77,263

1997

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Current:							
Federal	\$ 433,444	\$ 113,278	\$ 68,881	\$ 94,448	\$ 49,472	\$ 12,003	\$ 98,428
Foreign	237,337	-	-	-	-	-	-
State	76,905	23,756	6,007	19,974	9,476	2,096	15,596
Total	747,686	137,034	74,888	114,422	58,948	14,099	114,024
Deferred - net	(312,691)	(73,406)	(104,435)	(9,833)	(30,697)	(1,369)	(35,894)
Investment tax credit adjustments - net	36,346	(4,408)	51,949	(5,624)	(1,507)	(588)	(3,476)
Recorded income tax expense	\$ 471,341	\$ 59,220	\$ 22,402	\$ 98,965	\$ 26,744	\$ 12,142	\$ 74,654

1996

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Current:							
Federal	\$ 272,036	\$ 108,583	\$ 510	\$ 78,629	\$ 64,358	\$ 23,860	\$ 19,637
State	72,204	21,888	201	21,122	9,635	4,631	13,508
Total	344,240	130,471	711	99,751	73,993	28,491	33,145
Deferred – net	100,572	(41,261)	106,715	24,656	(29,390)	(11,587)	52,447
Investment tax credit adjustments – net	(23,653)	(4,766)	(5,335)	(5,847)	(3,497)	(687)	(3,471)
Recorded income tax expense	\$ 421,159	\$ 84,444	\$ 102,091	\$ 118,560	\$ 41,106	\$ 16,217	\$ 82,121

Total income taxes differ from the amounts computed by applying the statutory income tax rate to income before taxes. The reasons for the differences for the years 1998, 1997, and 1996 are (amounts in thousands):

1998

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$ 368,327	\$ 63,814	\$ 27,358	\$ 101,007	\$ 31,734	\$ 9,162	\$ 64,309
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	37,494	9,289	7,744	9,156	3,053	831	7,421
Depreciation	40,578	6,497	11,099	8,147	(686)	888	14,633
Rate deferrals - net	(511)	701	659	372	(2,535)	292	-
Amortization of investment tax credits	(21,285)	(5,136)	(5,061)	(5,592)	(1,512)	(504)	(3,480)
Flow-through/permanent differences	(1,280)	3,150	(4,285)	(188)	149	(88)	(18)
US tax on foreign income	112,799	-	-	-	-	-	-
Non-taxable gain on sale of foreign assets	(20,283)	-	-	-	-	-	-
Change in UK statutory rate	(31,703)	-	-	-	-	-	-
US tax rate in excess of foreign tax rate	(4,605)	-	-	-	-	-	-
Foreign subsidiary basis difference	(58,235)	-	-	-	-	-	-
Reduced rate on gain on sale of foreign assets	(56,712)	-	-	-	-	-	-
Non-deductible franchise fees	7,315	-	-	-	-	-	-
Interest on perpetual instruments	(5,467)	-	-	-	-	-	-
Benefit of Entergy Corporation expenses	-	(5,212)	(4,948)	(3,947)	(2,386)	(629)	(4,999)
Change in valuation allowance	(106,636)	-	-	-	-	-	-
Other – net	6,939	(1,729)	(793)	149	214	90	(603)
Total income taxes	\$ 266,735	\$ 71,374	\$ 31,773	\$ 109,104	\$ 28,031	\$ 10,042	\$ 77,263

Effective Income Tax Rate	25.3%	39.1%	40.6%	37.8%	30.9%	38.4%	42.1%
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<u>1997</u>	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$ 270,284	\$ 64,470	\$ 28,833	\$ 84,253	\$ 32,691	\$ 9,658	\$ 61,932
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	33,272	8,382	1,274	12,106	3,110	1,191	7,209
Depreciation	25,471	(2,784)	(3,670)	13,162	964	2,236	15,563
Rate deferrals - net	3,484	1,543	5,575	(526)	(3,504)	396	-
Amortization of investment tax credits	(19,592)	(4,404)	(3,981)	(5,627)	(1,512)	(589)	(3,479)
Flow-through/permanent differences	(6,537)	(308)	(6,133)	47	(78)	(65)	-
UK windfall profits tax	234,080	-	-	-	-	-	-
Change in UK statutory rate	(64,670)	-	-	-	-	-	-
Non-deductible franchise fees	17,234	-	-	-	-	-	-
Interest on perpetual instruments	(9,094)	-	-	-	-	-	-
Benefit of Entergy Corporation expenses	-	(4,920)	-	(4,788)	(2,704)	(831)	(4,037)
Other - net	(12,591)	(2,759)	504	338	(2,223)	146	(2,534)
Total income taxes	\$ 471,341	\$ 59,220	\$ 22,402	\$ 98,965	\$ 26,744	\$ 12,142	\$ 74,654

Effective Income Tax Rate	61.0%	31.6%	27.2%	41.1%	28.6%	44.0%	42.2%
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<u>1996</u>	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	\$ 319,103	\$ 84,785	\$ 34,371	\$ 108,262	\$ 42,111	\$ 15,048	\$ 63,626
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	54,801	10,796	19,389	11,535	4,188	1,449	7,444
Depreciation	15,829	(2,102)	(6,305)	6,722	1,604	402	15,508
Rate deferrals - net	1,973	1,115	5,537	(1,829)	(3,430)	580	-
Amortization of investment tax credits	(20,349)	(4,608)	(4,380)	(5,664)	(1,582)	(635)	(3,480)
Flow-through/permanent differences	1,059	(845)	2,792	(449)	(275)	(164)	-
SFAS 121 write-off	48,265	-	48,265	-	-	-	-
Other - net	478	(4,697)	2,422	(17)	(1,510)	(463)	(977)
Total income taxes	\$ 421,159	\$ 84,444	\$ 102,091	\$ 118,560	\$ 41,106	\$ 16,217	\$ 82,121

Effective Income Tax Rate	46.2%	34.9%	104.0%	38.3%	34.2%	37.7%	45.4%
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Significant components of net deferred tax liabilities as of December 31, 1998 and 1997, are as follows (in thousands):

<u>1998</u>	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
<u>Deferred Tax Liabilities:</u>							
Net regulatory assets/(liabilities)	\$ (1,334,014)	\$ (286,983)	\$ (432,070)	\$ (319,588)	\$ (34,086)	\$ (2,305)	\$ (258,982)
Plant-related basis differences	(3,053,837)	(505,851)	(1,027,463)	(739,298)	(214,461)	(57,778)	(489,501)
Rate deferrals	(97,071)	(1,350)	(26,986)	-	(36,064)	(32,671)	-
Gain on sale of assets	(80,500)	-	-	-	-	-	-
Other	(55,700)	(63,663)	(8,923)	(23,912)	(6,531)	(5,372)	(20,517)
Total	\$ (4,621,122)	\$ (857,847)	\$ (1,495,442)	\$ (1,082,798)	\$ (291,142)	\$ (98,126)	\$ (769,000)
<u>Deferred Tax Assets:</u>							
Accumulated deferred investment tax credit	192,696	38,708	55,664	49,520	8,571	3,247	36,986
Investment tax credit carryforwards	8,979	-	8,979	-	-	-	-
Net operating loss carryforwards	2,137	-	2,137	-	-	-	-
Capital loss carryforwards	65,939	-	-	-	-	-	-
Foreign tax credits	135,727	-	-	-	-	-	-
Alternative minimum tax credit	40,658	-	40,658	-	-	-	-
Sale and leaseback	240,067	-	-	108,125	-	-	131,942
Removal cost	108,858	1,127	27,015	66,012	2,945	11,759	-
Unbilled revenues	36,802	-	20,365	12,660	(726)	4,503	-
Pension-related items	30,911	-	11,565	9,664	-	5,849	3,833
Rate refund	110,312	-	49,385	-	-	-	60,927
Reserve for regulatory adjustments	158,839	-	158,839	-	-	-	-
Transition cost accrual	35,374	35,374	-	-	-	-	-
FERC Settlement	15,057	-	-	-	-	-	15,057
Other	10,719	1,905	33,944	9,218	-	9,270	8,506
Valuation allowance	(142,261)	-	-	-	-	-	-
Total	\$ 1,050,814	\$ 77,114	\$ 408,551	\$ 255,199	\$ 10,790	\$ 34,628	\$ 257,251
Net deferred tax liability	\$ (3,570,308)	\$ (780,733)	\$ (1,086,891)	\$ (827,599)	\$ (280,352)	\$ (63,498)	\$ (511,749)

1997

	Entertry	Entertry Arkansas	Entertry Gulf States	Entertry Louisiana	Entertry Mississippi	Entertry New Orleans	System Energy
Deferred Tax Liabilities:							
Net regulatory assets/(liabilities)	\$ (1,378,858)	\$ (293,433)	\$ (437,397)	\$ (329,903)	\$ (32,140)	\$ (4,642)	\$ (281,343)
Plant-related basis differences	(3,574,260)	(475,950)	(991,253)	(716,512)	(192,402)	(52,295)	(494,564)
Rate deferrals	(177,609)	(26,164)	(33,665)	-	(74,427)	(43,353)	-
Pension-related items	(74,777)	-	-	-	-	-	-
Distribution license	(411,467)	-	-	-	-	-	-
Other	(181,306)	(53,666)	(66,995)	(32,101)	(7,494)	(4,336)	(16,714)
Total	\$ (5,798,277)	\$ (849,213)	\$ (1,529,310)	\$ (1,078,516)	\$ (306,463)	\$ (104,626)	\$ (792,621)
Deferred Tax Assets:							
Accumulated deferred investment tax credit	204,414	40,721	61,122	51,669	9,147	3,440	38,315
Investment tax credit carryforwards	83,080	-	83,080	-	-	-	-
Net operating loss carryforwards	2,137	-	2,137	-	-	-	-
Foreign tax credits	248,897	-	-	-	-	-	-
Alternative minimum tax credit	40,658	-	40,658	-	-	-	-
Sale and leaseback	235,668	-	-	108,944	-	-	126,724
Removal cost	105,477	1,198	27,027	63,759	2,590	10,903	-
Unbilled revenues	45,505	-	23,848	16,970	(1,195)	5,882	-
Pension-related items	33,724	-	12,897	9,653	1,801	6,097	3,276
Rate refund	63,128	-	28,301	-	-	-	34,827
Reserve for regulatory adjustments	125,852	-	125,852	-	-	-	-
Transition cost accrual	6,504	6,504	-	-	-	-	-
FERC Settlement	17,193	-	-	-	-	-	17,193
Other	211,361	9,062	21,837	24,767	5,379	5,760	10,235
Valuation allowance	(248,897)	-	-	-	-	-	-
Total	\$ 1,174,701	\$ 57,485	\$ 426,759	\$ 275,762	\$ 17,722	\$ 32,082	\$ 230,570
Net deferred tax liability	\$ (4,623,576)	\$ (791,728)	\$ (1,102,551)	\$ (802,754)	\$ (288,741)	\$ (72,544)	\$ (562,051)

As of December 31, 1998, Entergy has investment tax credit (ITC) carryforwards of \$9.0 million and state net operating loss carryforwards of \$25.7 million, all related to Entergy Gulf States. The ITC carryforwards include the 35% reduction required by the Tax Reform Act of 1986 and may be applied solely against the federal income tax liability of Entergy Gulf States. If these carryforwards are not utilized, they will expire between 1999 and 2002. The alternative minimum tax (AMT) credit carryforwards as of December 31, 1998 were \$40.7 million, all related to Entergy Gulf States. This AMT credit can be carried forward indefinitely and may be applied solely against the federal income tax liability of Entergy Gulf States.

The valuation allowance is provided primarily against foreign tax credit carryforwards, which can be utilized against future taxable income in the United States. If these carryforwards are not utilized, they will expire between 2000 and 2003.

NOTE 4. LINES OF CREDIT AND RELATED SHORT-TERM BORROWINGS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

In November 1996, SEC authorization was received by Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy to increase short-term borrowing limits to \$235 million, \$340 million, \$225 million, \$103 million, \$35 million, and \$140 million, respectively (for a total of \$1.078 billion). This authorization is effective through November 30, 2001. Of these companies, only Entergy Mississippi had borrowings outstanding as of December 31, 1998. Entergy Mississippi had \$445,000 of borrowings outstanding from the money pool. The money pool is an inter-company borrowing arrangement designed to reduce

the domestic utility companies' dependence on external short-term borrowings. Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi had undrawn external lines of credit as of December 31, 1998, of \$18 million, \$47 million, and \$24 million, respectively.

In September 1998, Entergy Corporation replaced its \$300 million bank credit facility with a \$250 million, 364 day bank credit facility. As of December 31, 1998, \$120 million was outstanding under this facility.

In September 1996, Entergy Corporation and ETHC obtained a three-year \$100 million bank line of credit which was increased to \$300 million in 1998. Either Entergy Corporation or ETHC, with a guarantee from Entergy Corporation, can draw on this line. The proceeds are to be used exclusively for exempt telecommunication investments as defined in PUHCA. As of December 31, 1998, Entergy Corporation and ETHC had \$165.5 million and \$112.8 million, respectively, outstanding under this facility. In February 1999, in conjunction with the sale of Entergy Security, Entergy reduced this line of credit to \$100 million. At that time, the Entergy Corporation indebtedness on the line of credit was paid off and the ETHC indebtedness was paid down to \$62.8 million.

Other Entergy companies have SEC authorization to borrow through the money pool from Entergy Corporation and from commercial banks in an aggregate principal amount up to \$265 million, of which \$104.4 million was outstanding as of December 31, 1998. Some of these borrowings are restricted as to use, and are collateralized by certain assets.

In total, Entergy had committed short-term credit facilities in the amount of \$639.2 million as of December 31, 1998, of which \$128.2 million was unused. The weighted-average interest rate on Entergy's outstanding borrowings as of December 31, 1998 and 1997 was 5.97% and 7.09%, respectively. Commitment fees on the lines of credit for Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi are .125% of the undrawn amounts. The commitment fee for Entergy Corporation's \$250 million credit facility is currently .15% of the undrawn amount and for Entergy Corporation/ETHC's \$300 million credit facility is currently .17% of the undrawn amount. Commitment fees and interest rates on loans under these two credit facilities can fluctuate depending on the senior debt ratings of the domestic utility companies. There is further discussion of commitments for long-term financing arrangements in Note 7 to the financial statements.

NOTE 5. PREFERRED, PREFERENCE, AND COMMON STOCK (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

The number of shares authorized and outstanding, and dollar value of preferred and preference stock for Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans as of December 31, 1998, and 1997 were:

	Shares Authorized and Outstanding				Call Price Per Share as of December 31, 1998
	1998	1997	1998	1997	
	(Dollars in Thousands) ¹				
<u>Entergy Arkansas Preferred Stock</u>					
Without sinking fund:					
Cumulative, \$100 par value:					
4.32% Series	70,000	70,000	\$7,000	\$7,000	\$103.65
4.72% Series	93,500	93,500	9,350	9,350	\$107.00
4.56% Series	75,000	75,000	7,500	7,500	\$102.83
4.56% 1965 Series	75,000	75,000	7,500	7,500	\$102.50
6.08% Series	100,000	100,000	10,000	10,000	\$102.83
7.32% Series	100,000	100,000	10,000	10,000	\$103.17
7.80% Series	150,000	150,000	15,000	15,000	\$103.25
7.40% Series	200,000	200,000	20,000	20,000	\$102.80
7.88% Series	150,000	150,000	15,000	15,000	\$103.00
Cumulative, \$0.01 par value:					
\$1.96 Series (a)	600,000	600,000	15,000	15,000	\$25.00
Total without sinking fund	<u>1,613,500</u>	<u>1,613,500</u>	<u>\$116,350</u>	<u>\$116,350</u>	
With sinking fund:					
Cumulative, \$100 par value:					
8.52% Series	200,000	250,000	\$20,000	\$25,000	\$104.26
Cumulative, \$25 par value:					
9.92% Series	81,085	241,085	2,027	6,027	\$26.32
Total with sinking fund	<u>281,085</u>	<u>491,085</u>	<u>\$22,027</u>	<u>\$31,027</u>	
Fair Value of Preferred Stock with sinking fund (d)			<u>\$22,986</u>	<u>\$32,018</u>	

	Shares Authorized and Outstanding				Call Price Per Share as of December 31, 1998
	1998	1997	1998	1997	
			(Dollars in Thousands)		
Entergy Gulf States Preferred and Preference Stock					
Preference Stock					
Cumulative, without par value					
7% Series (a) (b)	6,000,000	6,000,000	\$150,000	\$150,000	
Preferred Stock					
Authorized 6,000,000, \$100 par value, cumulative					
Without sinking fund:					
4.40% Series	51,173	51,173	\$5,117	\$5,117	\$108.00
4.50% Series	5,830	5,830	583	583	\$105.00
4.40% - 1949 Series	1,655	1,655	166	166	\$103.00
4.20% Series	9,745	9,745	975	975	\$102.82
4.44% Series	14,804	14,804	1,480	1,480	\$103.75
5.00% Series	10,993	10,993	1,099	1,099	\$104.25
5.08% Series	26,845	26,845	2,685	2,685	\$104.63
4.52% Series	10,564	10,564	1,056	1,056	\$103.57
6.08% Series	32,829	32,829	3,283	3,283	\$103.34
7.56% Series	350,000	350,000	35,000	35,000	\$101.80
Total without sinking fund	514,438	514,438	\$51,444	\$51,444	
With sinking fund:					
8.80% Series	139,971	162,283	\$13,997	\$16,228	\$100.00
8.64% Series	84,000	112,000	8,400	11,200	\$101.00
Adjustable Rate - A, 7.00% (c)	156,000	168,000	15,600	16,800	\$100.00
Adjustable Rate - B, 7.00% (c)	225,000	247,500	22,500	24,750	\$100.00
Total with sinking fund	604,971	689,783	\$60,497	\$68,978	
Fair Value of Preference Stock and Preferred Stock with sinking fund (d)			\$203,456	\$220,413	

	Shares Authorized and Outstanding				Call Price Per Share as of December 31,
	1998	1997	1998	1997	1998
Entergy Louisiana Preferred Stock					
Without sinking fund:					
Cumulative, \$100 par value:			(Dollars in Thousands)		
4.96% Series	60,000	60,000	\$6,000	\$6,000	\$104.25
4.16% Series	70,000	70,000	7,000	7,000	\$104.21
4.44% Series	70,000	70,000	7,000	7,000	\$104.06
5.16% Series	75,000	75,000	7,500	7,500	\$104.18
5.40% Series	80,000	80,000	8,000	8,000	\$103.00
6.44% Series	80,000	80,000	8,000	8,000	\$102.92
7.84% Series	100,000	100,000	10,000	10,000	\$103.78
7.36% Series	100,000	100,000	10,000	10,000	\$103.36
Cumulative, \$25 par value:					
8.00% Series	1,480,000	1,480,000	37,000	37,000	\$25.00
Total without sinking fund	<u>2,115,000</u>	<u>2,115,000</u>	<u>\$100,500</u>	<u>\$100,500</u>	
With sinking fund:					
Cumulative, \$100 par value:					
7.00% Series	500,000	500,000	\$50,000	\$50,000	\$100.00
8.00% Series (b)	350,000	350,000	35,000	35,000	-
Total with sinking fund	<u>850,000</u>	<u>850,000</u>	<u>\$85,000</u>	<u>\$85,000</u>	
Fair Value of Preferred Stock with sinking fund (d)			<u>\$87,813</u>	<u>\$87,288</u>	
Entergy Mississippi Preferred Stock					
Without sinking fund:					
Cumulative, \$100 par value:					
4.36% Series	59,920	59,920	\$5,992	\$5,992	\$103.86
4.56% Series	43,888	43,888	4,389	4,389	\$107.00
4.92% Series	100,000	100,000	10,000	10,000	\$102.88
7.44% Series	100,000	100,000	10,000	10,000	\$102.81
8.36% Series	200,000	200,000	20,000	20,000	\$100.00
Total without sinking fund	<u>503,808</u>	<u>503,808</u>	<u>\$50,381</u>	<u>\$50,381</u>	

	Shares Authorized and Outstanding				Call Price Per Share as of December 31,
	1998	1997	1998	1997	1998
<u>Entergy New Orleans Preferred Stock</u>	(Dollars in Thousands)				
Without sinking fund:					
Cumulative, \$100 par value:					
4.75% Series	77,798	77,798	\$7,780	\$7,780	\$105.00
4.36% Series	60,000	60,000	6,000	6,000	\$104.57
5.56% Series	60,000	60,000	6,000	6,000	\$102.59
Total without sinking fund	197,798	197,798	\$19,780	\$19,780	

Entergy Corporation

Subsidiary's Preference Stock (a)(b):	6,000,000	6,000,000	\$150,000	\$150,000
Subsidiaries' Preferred Stock:				
Without sinking fund	4,944,544	4,944,544	\$338,455	\$338,455
With sinking fund	1,736,056	2,030,868	\$167,523	\$185,005
Fair Value of Preference Stock and Preferred Stock with sinking fund (d)			\$314,255	\$339,719

- (a) The total dollar value represents the liquidation value of \$25 per share.
(b) These series are not redeemable as of December 31, 1998.
(c) Represents weighted-average annualized rates for 1998.
(d) Fair values were determined using bid prices reported by dealer markets and by nationally recognized investment banking firms. There is additional disclosure of fair value of financial instruments in Note 1 to the financial statements.

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

	Number of Shares		
	1998	1997	1996
Preferred stock retirements			
Entergy Arkansas			
\$100 par value	(50,000)	(50,000)	(50,000)
\$25 par value	(160,000)	(160,000)	(560,000)
\$0.01 par value	-	-	(2,000,000)
Entergy Gulf States			
\$100 par value	(84,812)	(934,812)	(101,943)
Entergy Louisiana			
\$100 par value	-	-	(100,000)
\$25 par value	-	(300,000)	(2,300,370)
Entergy Mississippi			
\$100 par value	-	(145,000)	(97,700)

Cash sinking fund requirements and mandatory redemptions for the next five years for preferred and preference stock, outstanding as of December 31, 1998, are as follows:

	<u>Entergy</u>	<u>Entergy Arkansas</u>	<u>Entergy Gulf States</u>	<u>Entergy Louisiana</u>
	(In Thousands)			
1999	\$60,466	\$4,500	\$5,966	\$50,000
2000	160,466	4,500	155,966	-
2001	45,466	4,500	5,966	35,000
2002	10,466	4,500	5,966	-
2003	10,466	4,500	5,966	-

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

Entergy Corporation from time to time reissues treasury shares to meet the requirements of the Stock Plan for Outside Directors (Directors' Plan), the Equity Ownership Plan of Entergy Corporation and Subsidiaries (Equity Plan), and certain other stock benefit plans. The Directors' Plan awards to nonemployee directors a portion of their compensation in the form of a fixed number of shares of Entergy Corporation common stock. Shares awarded under the Directors' Plan were 5,100; 9,104; and 6,750 during 1998, 1997, and 1996, respectively.

During 1998, Entergy Corporation issued 392,845 shares of its previously repurchased common stock to satisfy stock options exercised and stock purchases under its Equity Ownership Plan. In 1998, Entergy Corporation repurchased 300,000 shares. In addition, Entergy Corporation received proceeds of \$11 million from the issuance of 385,770 shares of common stock under its dividend reinvestment and stock purchase plan during 1998.

The Equity Plan grants stock options, equity awards, and incentive awards to key employees of the domestic utility companies. The costs of equity and incentive awards are charged to income over the period of the grant or restricted period, as appropriate. Amounts charged to compensation expense in 1998 were immaterial. Stock options, which comprise 50% of the shares targeted for distribution under the Equity Plan, are granted at exercise prices not less than market value on the date of grant. The options are generally exercisable six months from the date of grant, with the exception of 40,000 options granted on December 31, 1998, which are not exercisable until January 1, 2000, but not more than 10 years after the date of grant.

Entergy does not recognize compensation expense for stock options issued at market value on the date of grant. The impact on Entergy's net income for each of the years 1998, 1997, and 1996 would have been \$144,000, \$296,000, and \$166,000, respectively, had compensation cost for the stock options been recognized based on the fair value of options at the grant date for awards under the option plan.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following stock option weighted-average assumptions:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Stock price volatility	20.9%	19%	19%
Expected term in years	5	5	5
Risk-free interest rate	5.1%	6.3%	5.4%
Dividend yield	5.4%	6.8%	6.1%
Dividend payment	\$1.58	\$1.80	\$1.80

Nonstatutory stock option transactions are summarized as follows:

	1998		1997		1996	
	Number of Options	Average Option Price	Number of Options	Average Option Price	Number of Options	Average Option Price
Beginning-of-year balance	1,172,808	\$ 25.15	1,051,808	\$ 24.97	1,009,308	\$ 24.61
Options granted	123,750	29.47	255,000	25.84	82,500	29.38
Options exercised	(340,919)	23.29	(2,500)	23.38	(7,500)	23.38
Options forfeited	(38,000)	29.89	(131,500)	25.08	(32,500)	25.40
End-of-year balance	<u>917,639</u>	\$ 26.23	<u>1,172,808</u>	\$ 25.15	<u>1,051,808</u>	\$ 24.97
Options exercisable at year-end	877,639		422,909		277,909	
Weighted average fair value of options granted	\$ 4.12		\$ 3.10		\$ 3.27	

The following table summarizes information about stock options outstanding as of December 31, 1998:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	As of 12/31/98	Weighted- Avg Remaining Contractual Life-Yrs.	Weighted- Avg. Exercise Price	Number Exercisable at 12/31/98	Weighted- Avg. Exercise Price
\$20 - \$30	769,032	6.8	\$ 24.57	769,032	\$ 24.57
\$30 - \$40	148,607	6.0	\$ 34.77	108,607	\$ 36.12
\$20 - \$40	<u>917,639</u>	6.7	\$ 26.23	<u>877,639</u>	\$ 26.00

To meet the requirements of the Employee Stock Investment Plan (ESIP), Entergy Corporation was authorized to issue or acquire, through March 31, 1997, up to 2,000,000 shares of its common stock to be held as treasury shares. In February 1997, Entergy received authority from the SEC to extend the ESIP for an additional three years ending on March 31, 2000. Under the extended plan, Entergy Corporation may issue either treasury shares or previously authorized but unissued shares. Under the terms of the ESIP, employees can choose each year to have up to 10% of their regular annual salary (not to exceed \$25,000) withheld to purchase the Company's common stock at a purchase price equal to 85% of the lower of the market value on the first or last business day of the plan year ending March 31. Under the plan, the number of subscribed shares was 294,108; 319,457; and 327,017 in 1998, 1997, and 1996, respectively.

The fair value of ESIP shares granted was estimated on the date of the grant using the Black-Scholes option-pricing model with expected ESIP weighted-average assumptions:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Stock price volatility	19%	19%	18%
Expected term in years	1	1	1
Risk-free interest rate	5.1%	6.1%	5.4%
Dividend yield	6.1%	7.4%	6.4%
Dividend payment	\$1.80	\$1.80	\$1.80

The weighted-average fair value of those purchase rights granted was \$5.94, \$4.75, and \$5.41 in 1998, 1997, and 1996, respectively. The impact on Entergy's net income would have been (\$325,000), \$48,000, and \$894,000 in 1998, 1997, and 1996, respectively, had compensation cost for the ESIP been determined based on the fair value at the grant date for awards under the ESIP.

Entergy sponsors the Savings Plan of Entergy Corporation and Subsidiaries (Savings Plan). Effective December 31, 1997, the Employee Stock Ownership Plan of Entergy Corporation and Subsidiaries (ESOP) and the Gulf States Utilities Company Employees' Thrift Plan (GSU Thrift Plan) were merged into the Savings Plan. Subsequent to the merger, the Savings Plan constitutes two plans: a Profit Sharing Plan and an ESOP. The Savings Plan is a defined contribution plan covering eligible employees of Entergy and its subsidiaries who have completed certain service requirements. Entergy's subsidiaries' contributions to the Profit Sharing Plan and voluntary participant contributions to the ESOP, and any income thereon, are invested in shares of Entergy Corporation common stock. Management does not expect to make any future contributions to the ESOP.

The Profit Sharing Plan provides that the employing Entergy subsidiary may make matching contributions to the plan in an amount equal to 50% of the participant's basic contribution, up to 6% of their salary, in shares of Entergy Corporation common stock. Entergy's subsidiaries contributed \$13.6 million in 1998 and \$13.2 million in both 1997 and 1996 to the Entergy Savings Plan. Prior to the merger of the GSU Thrift Plan into the Entergy Savings Plan, Entergy Gulf States contributed \$306,000 and \$300,000 to the GSU Thrift Plan in 1997 and 1996, respectively.

Entergy Gulf States sponsors the Gulf States Utilities Company Employee Stock Ownership Plan (GSU ESOP). The GSU ESOP is available to all employees of the domestic utility companies' and certain other affiliate companies, upon completion of certain eligibility requirements. All contributions to the plan are invested in shares of Entergy Corporation common stock. Entergy Gulf States makes contributions to the GSU ESOP based on expected utilization of additional investment tax credits in the Entergy federal tax return and on expected participants' contributions. In 1998, Entergy Gulf States contributed \$7.7 million. No contributions were made to the GSU ESOP during 1997, and 1996. Effective December 31, 1998, the GSU ESOP was merged into the Savings Plan due to the utilization of all available tax credits. Therefore, no additional contributions will be made to the GSU ESOP.

NOTE 6. COMPANY-OBLIGATED REDEEMABLE PREFERRED SECURITIES**(Entergy Arkansas, Entergy Louisiana, Entergy Gulf States)**

Entergy Arkansas Capital I, Entergy Louisiana Capital I, and Entergy Gulf States Capital I (Trusts) were established as financing subsidiaries of Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States, respectively, for the purpose of issuing common and preferred securities. The Trusts issue Cumulative Quarterly Income Preferred Securities (Preferred Securities) to the public and common securities to the parent company. Proceeds from such issues are used to purchase junior subordinated deferrable interest debentures (Debentures) from the parent company. The Debentures held by each Trust are its only assets. Each Trust uses interest payments received on the Debentures owned by it to make cash distributions on the Preferred Securities.

<u>Trusts</u>	<u>Date Of Issue</u>	<u>Preferred Securities Issued</u> (In Millions)	<u>Common Securities Issued</u>	<u>Interest Rate Securities/ Debentures</u>	<u>Trust's Investment in Debentures</u> (In Millions)	<u>Fair Market Value of Preferred Securities at 12-31-98</u>
Arkansas Capital I	8-14-96	\$ 60.0	\$ 1.9	8.50%	\$ 61.9	\$ 60.3
Louisiana Capital I	7-16-96	\$ 70.0	\$ 2.2	9.00%	\$ 72.2	\$ 71.4
Gulf States Capital I	1-28-97	\$ 85.0	\$ 2.6	8.75%	\$ 87.6	\$ 86.9

The Preferred Securities of the Trusts mature in the years 2045 and 2046. The Preferred Securities are redeemable at 100% of their principal amount at the option of Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States beginning in 2001 and 2002, or earlier under certain limited circumstances, including the loss of the tax deduction arising out of the interest paid on the Debentures. Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States have, pursuant to certain agreements, fully and unconditionally guaranteed payment of distributions on the Preferred Securities issued by their respective trusts. Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States are the owners of all of the common securities of their individual Trusts, which constitute 3% of each Trust's total capital.

NOTE 7. LONG - TERM DEBT (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

Long-term debt as of December 31, 1998 was:

Maturities		Interest Rates		Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
From	To	From	To							
(In Thousands)										
First Mortgage Bonds										
1999	2004	6.000%	8.250%	\$1,640,709	\$265,000	\$674,750	\$335,959			\$365,000
2005	2010	6.500%	7.500%	428,000	215,000	98,000	115,000			
2020	2026	7.000%	8.940%	833,237	273,287	444,950	115,000			
G&R Bonds										
2002	2026	6.625%	8.750%	590,000				\$420,000	\$170,000	
Governmental Obligations (a)										
1999	2008	5.900%	8.500%	36,537	1,540	22,920	11,212	865		
2009	2026	5.600%	9.500%	1,618,335	286,200	457,335	412,170	46,030		416,600
Debentures										
1999	2000	7.380%	7.800%	75,000						75,000
Saltend Project Senior Credit Facility, avg rate 7.13% due 2014				320,485						
Damhead Creek Project Senior Credit Facility, avg rate 6.88% due 2016				166,482						
EP Edegel, Inc. Note Payable, 7.7%, due 2000				67,000						
Long-Term DOE Obligation (Note 9)				129,891	129,891					
Waterford 3 Lease Obligation 8.09% (Note 10)				353,600			353,600			
Grand Gulf Lease Obligation 7.02% (Note 10)				481,301						481,301
Other Long-Term Debt				134,313	10,614	9,771				
Unamortized Premium and Discount - Net				(23,052)	(8,153)	(4,553)	(3,854)	(3,259)	(982)	(2,251)
Total Long-Term Debt				6,851,838	1,173,379	1,703,173	1,339,087	463,636	169,018	1,335,650
Less Amount Due Within One Year				255,221	1,094	71,515	6,772	20	-	175,820
Long-Term Debt Excluding Amount Due Within One Year				\$6,596,617	\$1,172,285	\$1,631,658	\$1,332,315	\$463,616	\$169,018	\$1,159,830
Fair Value of Long-Term Debt (c)				\$6,244,711	\$1,081,502	\$1,871,739	\$1,059,893	\$481,520	\$207,538	\$878,446

Long-term debt as of December 31, 1997 was:

Maturities		Interest Rates		Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
From	To	From	To							
					(In Thousands)					
First Mortgage Bonds										
1998	1999	6.000%	11.375%	\$491,000	\$15,000	\$211,000	\$35,000			\$230,000
2000	2004	6.000%	8.250%	1,435,270	265,000	603,750	361,520			205,000
2005	2009	6.650%	7.500%	313,000	215,000	98,000				
2010	2019	9.750%		75,000	75,000					
2020	2026	7.000%	10.000%	939,011	289,061	444,950	205,000			
G&R Bonds										
2000	2023	6.625%	8.800%	590,000				\$420,000	\$170,000	
Governmental Obligations (a)										
1998	2008	5.900%	8.750%	104,617	47,190	45,010	11,532	885		
2009	2026	5.600%	9.875%	1,596,735	286,200	435,735	412,170	46,030		416,600
Debentures										
1998	2000	7.380%	9.720%	125,000		50,000				75,000
Eurobonds										
2003	2005	8.000%	8.625%	325,940						
Loan Notes Due 2003 (b)				33,814						
Revolving Bank Debt Facility:										
Facility A, avg. rate 8.789% due 2002				1,332,774						
Facility B				117,000						
EPDC Revolving Credit Facility due 2000				70,307						
Saltend Project Senior Credit Facility due 2014				39,610						
Long-Term DOE Obligation (Note 9)				123,506	123,506					
Waterford 3 Lease Obligation 8.09% (Note 10)				353,600			353,600			
Grand Gulf Lease Obligation 7.02% (Note 10)				489,162						489,162
EP Edegel, Inc. Note Payable, due 2000				67,000						
CitiPower Credit Line, avg. rate 8.31% due 2000				715,330						
Other Long-Term Debt				149,201		9,937				
Unamortized Premium and Discount - Net				(27,878)	(10,447)	(4,773)	(5,058)	(2,739)	(1,047)	(3,814)
Total Long-Term Debt				9,458,999	1,305,510	1,893,609	1,373,764	464,176	168,953	1,411,948
Less Amount Due Within One Year				390,674	60,650	190,890	35,300	20	-	70,000
Long-Term Debt Excluding Amount Due Within One Year				\$9,068,325	\$1,244,860	\$1,702,719	\$1,338,464	\$464,156	\$168,953	\$1,341,948
Fair Value of Long-Term Debt (c)				\$8,635,583	\$1,223,591	\$1,990,881	\$1,074,053	\$488,145	\$171,199	\$969,724

- (a) Consists of pollution control bonds, certain series of which are secured by non-interest bearing first mortgage bonds.
- (b) Loan notes are included as current maturities of long-term debt based on the option of the holders to redeem such notes on March 31 of each year until their final maturity on March 31, 2003.
- (c) The fair value excludes lease obligations, long-term DOE obligations, and other long-term debt and includes debt due within one year. It is determined using bid prices reported by dealer markets and by nationally recognized investment banking firms.

The annual long-term debt maturities (excluding lease obligations) and annual cash sinking fund requirements for debt outstanding as of December 31, 1998, for the next five years are as follows:

	<u>Entergy(a)</u>	<u>Entergy Arkansas(b)</u>	<u>Entergy Gulf States(c)</u>	<u>Entergy Louisiana(d)</u> (In Thousands)	<u>Entergy Mississippi</u>	<u>Entergy New Orleans</u>	<u>System Energy</u>
1999	\$ 232,854	\$ 1,094	\$ 71,515	\$ 225	\$ 20	-	\$ 160,000
2000	176,035	245	545	100,225	20	-	75,000
2001	277,310	35	123,325	18,925	25	-	135,000
2002	613,159	110,035	150,610	217,489	65,025	-	70,000
2003	219,930	155,035	39,640	230	25	\$ 25,000	-

- (a) Not included are other sinking fund requirements of approximately \$66.2 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 \$4.6 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 \$53.7 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 \$7.9 million annually, which may be satisfied by cash or by certification of property additions at the rate of 167% of such requirements.

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, 1998, approximately BPS6.8 million (\$10.5 million) was outstanding under this facility. As of December 31, 1998, EPDC had obtained BPS89.7 million (\$148.0 million) of letters of credit under the credit facility to support project commitments on the Saltend and Damhead Creek projects. The interest rate on the outstanding borrowings was 6.97% as of December 31, 1998.

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 1,200-MW gas-fired power plant in northeast 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. In February 1998, SCC entered into 15-year interest rate swap agreements for 85% of the Senior Debt Facility on a fixed-rate basis of 6.7%. SCC is exposed to market risks from movements in interest rates if the counterparties to the interest rate swap agreements were to default on contractual payments. SCC does not anticipate nonperformance by any counterparty to these interest rate swap agreements. At December 31, 1998, SCC has outstanding interest rate swap agreements totaling a notional amount of \$302.3 million. The estimated fair value of the interest rate swap agreements, which represent the estimated amount SCC would pay to terminate the swaps at December 31, 1998, is a net liability of \$45 million. 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 \$25.7 million as of December 31, 1998.

In December 1998, Damhead Creek Finance Limited (DCFL), an indirect wholly-owned subsidiary of EPDC, entered into a BPS\$463.4 million (\$764.6 million) non-recourse senior credit facility (Senior Credit Facility) to finance the construction of a 792-MW gas-fired power plant in southeast England. Borrowings under the Senior Credit Facility are payable after completion of construction over a fifteen-year period beginning December 31, 2001. DCFL also entered into a BPS\$36.1 million (\$59.6 million) Subordinated Credit Facility that provides funding upon the earlier of completion of construction or July 22, 2001. Borrowings under this facility will be used to repay a portion of the Senior Credit Facility. The Subordinated Credit Facility is payable over a ten-year period beginning December 31, 2001. All of the assets of DCFL are pledged as collateral under the Senior Credit Facility. Furthermore, the Senior Credit Facility requires DCFL to enter into interest rate hedge agreements for a majority of the project debt. Certain cash balances, primarily related to this project, 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 \$16.3 million at December 31, 1998.

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

Provisions within the Articles of Incorporation or pertinent indentures and various other agreements relating to the long-term debt and preferred stock of certain of Entergy Corporation's subsidiaries restrict the payment of cash dividends or other distributions on their common and preferred stock. Additionally, PUHCA prohibits Entergy Corporation's subsidiaries from making loans or advances to Entergy Corporation. As of December 31, 1998, Entergy Arkansas and Entergy Mississippi had restricted retained earnings unavailable for distribution to Entergy Corporation of \$199.3 million and \$15.8 million, respectively. During 1998, cash dividends paid to Entergy Corporation by its subsidiaries totaled \$488.5 million.

NOTE 9. COMMITMENTS AND CONTINGENCIES

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

Entergy Gulf States filed declaratory judgment actions in the U.S. Bankruptcy Court in which the Cajun bankruptcy case is pending. These actions were filed to seek rulings declaring that Entergy Gulf States is not liable for damages to certain coal suppliers and the rail and barge companies that transport coal to Big Cajun 2, Unit 3 if their contracts are rejected in the bankruptcy proceeding. Collectively, the coal suppliers and transporters have asserted claims in the Cajun bankruptcy case that exceed \$1.6 billion. Entergy Gulf States believes the damages alleged are significantly exaggerated. In February 1999, the bankruptcy judge entered an order declaring that Entergy Gulf States has no obligation under the contracts between the coal suppliers and transporters and Cajun. Therefore, if the contracts are rejected in the bankruptcy proceeding, Entergy Gulf States will not be liable to the coal suppliers and transporters for the damages claimed by them. The decision of the bankruptcy judge is subject to appeal.

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

Construction expenditures (including AFUDC and excluding nuclear fuel) for Entergy for the years 1999, 2000, and 2001 are estimated to total \$1.4 billion, \$1.3 billion, and \$1.4 billion, respectively. Entergy will also require \$952 million during the period 1999-2001 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 from outstanding credit facilities. Certain domestic utility companies and System Energy may also continue the acquisition or refinancing of all or a portion of certain outstanding series of preferred stock and long-term debt.

Sales Warranties and Indemnities (Entergy Corporation)

In the Entergy London and CitiPower sales transactions, Entergy or its subsidiaries made certain warranties to the purchasers. These warranties include representations regarding litigation, accuracy of financial accounts, and the adequacy of existing tax provisions. Notice of a claim on the CitiPower warranties must be given by December 2000, and Entergy's potential liability is limited to A\$100 million (\$60 million). Notice of a claim on the Entergy London warranties must be given by June 30, 2001, and Entergy's liability is limited to BPS1.4 billion (\$2.3 billion) on certain tax warranties and BPS140 million (\$232 million) on the remaining warranties. Entergy has also agreed to maintain the net asset value of the subsidiary that sold Entergy London at \$700 million through June 30, 2001. Management believes it has adequately provided reserves for the ultimate resolution of such matters at December 31, 1998.

Fuel Purchase Agreements

(Entergy Arkansas and Entergy Mississippi)

Entergy Arkansas has long-term contracts with mines in Wyoming for the supply of low-sulfur coal to White Bluff and Independence (which is also 25% owned by Entergy Mississippi). These contracts, which expire in 2002 and 2011, 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 for the operation of Big Cajun 2, Unit 3.

Entergy Gulf States has long-term gas contracts that will satisfy approximately 17% 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.

(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 \$7.8 million. Such charges aggregate \$109 million for the years 1999 through 2012. Entergy Louisiana recovers the cost of fuel consumed during the generation of electricity through its fuel adjustment clause.

(Entergy Corporation)

Entergy's global power development business has entered into gas supply contracts at the project level to supply up to 100% of the gas requirements for the Saltend and Damhead Creek power plants located in the UK. Both contracts have 15-year terms, are expected to commence upon operations of the applicable power plant, and include a take or pay obligation for approximately 75% of the gas requirement for each plant.

Sales Agreements/Power Purchases

(Entergy Gulf States)

In 1988, Entergy Gulf States entered into a joint venture with a primary term of 20 years with Conoco, Inc., Citgo Petroleum Corporation, and Vista Chemical Company (collectively the Industrial Participants), whereby Entergy Gulf States' Nelson Units 1 and 2 were sold to NISCO, a partnership consisting of the Industrial Participants and Entergy Gulf States. The Industrial Participants supply the fuel for the units, while Entergy Gulf States operates the units at the discretion of the Industrial Participants and purchases the electricity produced by the units. Entergy Gulf States is continuing to sell electricity to the Industrial Participants. For the years ended December 31, 1998, 1997, and 1996, the purchases by Entergy Gulf States of electricity from the joint venture totaled \$57.5 million, \$70.7 million, and \$62.0 million, respectively.

(Entergy Louisiana)

Entergy Louisiana has an agreement extending through the year 2031 to purchase energy generated by a hydroelectric facility. During 1998, 1997, and 1996, Entergy Louisiana made payments under the contract of approximately \$77.8 million, \$64.6 million, and \$56.3 million, respectively. If the maximum percentage (94%) of the energy is made available to Entergy Louisiana, current production projections would require estimated payments of approximately \$71.0 million in 1999, and a total of \$3.5 billion for the years 2000 through 2031. Entergy Louisiana currently recovers the costs of purchased energy through its fuel adjustment clause.

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

Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans have ownership interests in System Fuels of 35%, 33%, 19%, and 13%, respectively. The owners of System Fuels have agreed to make loans to System Fuels to finance its fuel procurement, delivery, and storage activities. As of December 31, 1998, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans had approximately \$11.0 million, \$14.2 million, \$5.5 million, and \$3.3 million, respectively, in loans outstanding to System Fuels, which 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 \$9.8 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 \$88.1 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 that 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, 1998, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy were each 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, 1998, the maximum amounts of such possible assessments were: Entergy Arkansas - \$17.9 million; Entergy Gulf States - \$13.5 million; Entergy Louisiana - \$15.5 million; Entergy Mississippi - \$0.7 million; Entergy New Orleans - \$0.4 million; and System Energy - \$12.4 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 is the only Entergy company that generated electricity with nuclear fuel prior to that date and has recorded a liability as of December 31, 1998 of approximately \$130 million. 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 for the disposal of spent nuclear fuel, except accrued interest, to be proper components of nuclear fuel expense. Provisions to recover such costs have been or will be made 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 February 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 in the U.S. Court of Appeals for the D.C. Circuit, seeking clarification of the DOE's responsibility to receive spent nuclear fuel beginning in 1998. The original suits asked for: 1) a ruling stating that the Nuclear Waste Policy Act requires the DOE to begin taking title to the spent fuel and to start removing it from nuclear power plants in 1998; 2) a mandate for the DOE's nuclear waste management program to begin accepting fuel in 1998 and for court monitoring of the program; and 3) the potential for escrow of payments to a nuclear waste fund instead of directly to the DOE. In July 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.

In December 1996, the DOE notified contract holders that it anticipated it would not be able to begin such acceptance until after that date. In January 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 asked the court to: (i) find that the December 1996 DOE letter demonstrates breach of contract on the part of the DOE; (ii) order utilities to place the Nuclear Waste Fund payments in an escrow account and not provide the funds to the DOE until it fulfills its obligation; (iii) prevent the DOE from taking adverse action against utilities that withhold payments; and (iv) order the DOE to submit a plan to the court describing how the agency intends to fulfill its obligation on an ongoing basis. In November 1997, the court reaffirmed the DOE's unconditional obligation to begin accepting spent fuel by January 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, in December 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. In January 1998, the DOE rejected the coalition's petition. In February 1998, Entergy Operations and the coalition of 36 electric utilities

filed a motion with the court seeking enforcement of its November 1997 order and other relief. The court denied this petition in May 1998.

Pending DOE acceptance and disposal of spent nuclear fuel, all Entergy companies are responsible for their own spent fuel storage. Current on-site spent fuel storage capacity at Grand Gulf 1 and River Bend is estimated to be sufficient until approximately 2004 and 2008, respectively. The spent fuel pool at Waterford 3 is being expanded through the replacement of the existing storage racks with higher density storage racks. This expansion should provide sufficient storage for Waterford 3 until 2010. 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 as required. The initial cost of providing additional on-site spent fuel storage capability anticipated to be required at Grand Gulf 1 and River Bend is expected to be in the range of \$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 2004 and 2008 for Grand Gulf 1 and River Bend, respectively, until the DOE's repository or storage facility begins accepting such units' spent fuel.

Total decommissioning costs as of December 31, 1998, for the Entergy nuclear power plants, excluding co-owner shares, have been estimated as follows:

	<u>Total Estimated Decommissioning Costs</u> (In Millions)
ANO 1 and ANO 2 (based on a 1998 cost study reflecting 1997 dollars)	\$ 813.1
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
	<u>\$ 1,918.1</u>

A decommissioning cost update was prepared for River Bend in 1998 that produced a revised decommissioning cost estimate of \$562.7 million. The cost update was filed with the PUCT in November 1998 for review.

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 that total \$385.2 million, based on the 1996 cost study. Entergy Gulf States included decommissioning costs based on the 1998 update in the PUCT rate review filed in November 1998. That review is ongoing. In the Louisiana retail jurisdiction, Entergy Gulf States included decommissioning costs, based on the 1996 study, in the LPSC rate review filed in May 1996. In June 1996, a rate decrease was implemented that included decommissioning revenue requirements based on the 1996 study. In September 1998, the LPSC issued an order accepting the 1996 cost study amount of \$419 million. The September 1998 order has been appealed. 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 under-recovering 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 is recorded as other deferred credits for System Energy. The liability associated with the trust funds received from Cajun with the transfer of Cajun's 30% share of River Bend is also recorded as other deferred credits by Entergy Gulf States.

The cumulative liabilities and actual decommissioning expenses recorded in 1998 by Entergy were as follows:

	Cumulative Liabilities as of December 31, 1997	1998 Trust Earnings (In Millions)	1998 Decommissioning Expenses	Cumulative Liabilities as of December 31, 1998
ANO 1 and ANO 2	\$ 227.0	\$ 10.8	\$ 15.6	\$ 253.4
River Bend	180.7	2.1	5.8	188.6
Waterford 3	60.2	2.9	8.8	71.9
Grand Gulf 1	83.2	5.2	18.9	107.3
	<u>\$ 551.1</u>	<u>\$ 21.0</u>	<u>\$ 49.1</u>	<u>\$ 621.2</u>

In 1997 and 1996, ANO's decommissioning expense was \$17.3 million and \$20.1 million, respectively; River Bend's decommissioning expense was \$7.5 million and \$6.0 million, respectively; Waterford 3's decommissioning expense was \$8.8 million in both years, and Grand Gulf 1's decommissioning expense was \$19.0 million in both years. The actual decommissioning costs may vary from the estimates because of regulatory requirements, changes in technology, and increased costs of labor, materials, and equipment. Management believes that actual decommissioning costs are likely to be higher than the estimated amounts presented above.

The SEC has questioned certain of the financial accounting practices of the electric utility industry regarding the recognition, measurement, and classification of decommissioning costs for nuclear plants in the financial statements of electric utilities. In response to these questions, the FASB has been reviewing the accounting for decommissioning and has expanded the scope of its review to include liabilities related to the closure and removal of all long-lived assets. 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 EPAct contains a provision that assesses domestic nuclear utilities with fees for the decontamination and decommissioning of the DOE's past uranium enrichment operations. The decontamination and decommissioning assessments are being used to set up a fund into which contributions from utilities and the federal government will be placed. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy's annual assessments, which will be adjusted annually for inflation, are approximately \$3.8 million, \$0.9 million, \$1.4 million, and \$1.6 million (in 1998 dollars), respectively, for approximately 15 years. As of December 31, 1998, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy had recorded liabilities of \$30.2 million, \$5.3 million, \$11.5 million, and \$11.3 million, respectively, for decontamination and decommissioning fees in other current liabilities and other noncurrent liabilities. 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 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 mid-cycle outage in May 1998. 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. In October 1996, Entergy Corporation's Board of Directors authorized Entergy Arkansas and Entergy Operations to negotiate a contract for the fabrication and installation of replacement 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 contracts, with certain cancellation provisions, for the design, fabrication, and installation of replacement steam generators. It is anticipated that the steam generators will be installed during a planned refueling outage in 2000. In December 1998, the APSC issued an order finding replacement of the ANO 2 steam generators is in the public interest. 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, 1998, a remaining provision of \$20 million existed relating to the clean-up of the remaining sites at which Entergy Gulf States has been designated as a PRP.

(Entergy Louisiana)

During 1993, the LDEQ issued new rules for solid waste regulation, including regulation of wastewater impoundments. Entergy Louisiana has determined that certain of its power plant wastewater impoundments were affected by these regulations and has chosen to upgrade or close them. As a result, a remaining recorded liability in the amount of \$5.9 million existed as of December 31, 1998, for wastewater impoundment upgrades and closures. Completion of this work is pending LDEQ approval. Cumulative expenditures relating to the upgrades and closures of wastewater impoundments are \$7.1 million as of December 31, 1998.

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. These ordinances contain a continuing option for the City 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 were reduced to reflect the lower interest costs. Upon the occurrence of certain events, Entergy Louisiana may be obligated to pay amounts sufficient to permit the Owner Participants to withdraw from the lease transactions. 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.

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

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

Grand Gulf 1-Related Agreements

Capital Funds Agreement (Entergy Corporation and System Energy)

Entergy Corporation has agreed to supply System Energy with sufficient capital to (i) maintain System Energy's equity capital at an amount equal to a minimum of 35% of its total capitalization (excluding short-term debt), and (ii) permit the continued commercial operation of Grand Gulf 1 and pay in full all indebtedness for borrowed money of System Energy when due. In addition, under supplements to the Capital Funds Agreement assigning System Energy's rights as security for specific debt of System Energy, Entergy Corporation has agreed to make cash capital contributions to enable System Energy to make payments on such debt when due.

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

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

System Energy has agreed to sell all of its 90% owned and leased share of capacity and energy from Grand Gulf 1 to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans in accordance with specified percentages (Entergy Arkansas-36%, Entergy Louisiana-14%, Entergy Mississippi-33%, and Entergy New Orleans-17%) as ordered by FERC. Charges under this agreement are paid in consideration for the purchasing companies' respective entitlement to receive capacity and energy and are payable irrespective of the quantity of energy delivered so long as the unit remains in commercial operation. The agreement will remain in effect until terminated by the parties and the termination is approved by FERC, most likely upon Grand Gulf 1's retirement from service. Monthly obligations for payments under the agreement are approximately \$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 separate, but identical, arrangements for the sale and leaseback of an approximate aggregate 11.5% ownership interest in Grand Gulf 1. In connection with the equity funding of the sale and leaseback arrangements, letters of credit are required to be maintained to secure certain amounts payable for the benefit of the equity investors by System Energy under the leases. The current letters of credit are effective until 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, 1998, System Energy's equity approximated 37.33% of its adjusted capitalization, and its fixed charge coverage ratio was 2.58.

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

In addition to those discussed above, Entergy and the domestic utility companies are involved in a number of legal proceedings and claims in the ordinary course of their business. While management is unable to predict the outcome of such litigation, it is not expected that the ultimate resolution of these matters will have a material adverse effect on results of operations, cash flows, or financial condition of these entities.

NOTE 10. LEASES

General

As of December 31, 1998, Entergy had capital leases and non-cancelable operating leases for equipment, buildings, vehicles, and fuel storage facilities (excluding nuclear fuel leases and the sale and leaseback transactions) with minimum lease payments as follows:

Capital Leases

Year	Entergy	Entergy Arkansas	Entergy Gulf States
	(In Thousands)		
1999	\$26,926	\$10,953	\$12,063
2000	25,380	9,646	11,829
2001	23,677	9,646	11,853
2002	19,415	9,646	9,720
2003	19,566	9,646	9,720
Years thereafter	59,031	32,565	26,466
Minimum lease payments	173,995	82,102	81,651
Less: Amount representing interest	40,538	23,898	15,540
Present value of net minimum lease payments	\$133,457	\$58,204	\$66,111

Operating Leases

Year	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana
	(In Thousands)			
1999	\$66,644	\$22,781	\$17,437	\$4,597
2000	64,047	22,620	17,157	4,522
2001	57,708	22,699	14,914	1,167
2002	48,666	20,173	12,226	1,025
2003	34,576	9,221	11,763	917
Years thereafter	146,003	37,171	45,236	-
Minimum lease payments	\$417,644	\$134,665	\$118,733	\$12,228

Rental expense for Entergy's leases (excluding nuclear fuel leases and the sale and leaseback transactions) amounted to approximately \$69.4 million, \$70.7 million, and \$62.1 million in 1998, 1997, and 1996, respectively. These amounts include \$19.4 million, \$19.7 million, and \$26.0 million, respectively, for Entergy Arkansas; \$18.1 million, \$17.6 million, and \$11.8 million, respectively, for Entergy Gulf States; and \$13.3 million, \$12.8 million, and \$13.7 million, respectively, for Entergy Louisiana.

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

As of December 31, 1998, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy each had arrangements to lease nuclear fuel in an aggregate amount up to \$110 million, \$75 million, \$80 million, and \$100 million, respectively. As of December 31, 1998, the unrecovered cost base of Entergy Arkansas', Entergy Gulf States', Entergy Louisiana's, and System Energy's nuclear fuel leases amounted to approximately \$95.6 million, \$46.6 million, \$75.8 million, and \$64.6 million, respectively. The lessors finance the acquisition and ownership of nuclear fuel through credit agreements and the issuance of notes. 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 2000, and February 2001, respectively. Such termination dates may be extended from time to time with the consent of the lenders. The intermediate-term notes issued pursuant to these fuel lease arrangements have varying maturities through February 15, 2001. It is expected that additional financing under the leases will be arranged as needed to acquire additional fuel, to pay interest, and to pay maturing debt. However, if such additional financing cannot be arranged, the lessee in each case must purchase sufficient nuclear fuel to allow the lessor to meet its obligations.

Lease payments are based on nuclear fuel use. The table below represents the nuclear fuel lease expense and related interest charged to operations by the domestic utility companies and System Energy in 1998, 1997, and 1996:

	<u>1998</u>		<u>1997</u>		<u>1996</u>	
	Lease Expense	Interest	Lease Expense	Interest	Lease Expense	Interest
	(in millions)					
Entergy Arkansas	\$50.5	\$4.9	\$53.7	\$6.4	\$53.9	\$7.1
Entergy Gulf States	26.1	3.1	25.5	3.2	27.1	4.2
Entergy Louisiana	36.8	3.9	29.4	3.7	39.8	4.9
System Energy	35.4	4.7	41.1	5.4	37.7	5.5
Total	\$148.8	\$16.6	\$149.7	\$18.7	\$158.5	\$21.7

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 \$307.6 million 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, 1998, Entergy Louisiana's total equity capital (including preferred stock) was 47.5% of adjusted capitalization and its fixed charge coverage ratio was 3.10.

As of December 31, 1998, 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):

1999	\$ 49,108
2000	42,573
2001	40,909
2002	39,246
2003	59,709
Years thereafter	<u>472,429</u>
Total	703,974
Less: Amount representing interest	<u>350,374</u>
Present value of net minimum lease payments	<u><u>\$ 353,600</u></u>

Grand Gulf 1 Lease Obligations (System Energy)

In December 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.

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 ratemaking 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 net 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 \$85.9 million and \$84.0 million as of December 31, 1998, and 1997, respectively.

As of December 31, 1998, 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):

1999	\$ 42,753
2000	42,753
2001	46,803
2002	53,827
2003	48,524
Years thereafter	610,913
Total	845,573
Less: Amount representing interest	364,272
Present value of net minimum lease payments	<u>\$ 481,301</u>

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

Pension Plans

Entergy has two postretirement benefit plans, "Entergy Corporation Retirement Plan for Non-Bargaining Employees" and "Entergy Corporation Retirement Plan for Bargaining Employees," covering substantially all of its 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.

Total 1998, 1997, and 1996 pension cost of Entergy Corporation and its subsidiaries, including amounts capitalized, included the following components (in thousands):

<u>1998</u>		<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>System</u>
		<u>Arkansas</u>	<u>Gulf States</u>	<u>Louisiana</u>	<u>Mississippi</u>	<u>New Orleans</u>	<u>Energy</u>
Service cost - benefits earned during the period	\$45,470	\$7,428	\$5,448	\$4,148	\$1,913	\$818	\$2,494
Interest cost on projected benefit obligation	192,132	27,919	24,564	16,845	10,362	3,020	3,265
Expected return on assets	(233,058)	(31,119)	(32,506)	(22,526)	(12,335)	(2,082)	(3,979)
Amortization of transition asset	(9,740)	(2,335)	(2,387)	(2,808)	(1,250)	(196)	(597)
Amortization of prior service cost	11,459	1,226	1,434	558	480	259	80
Net pension cost (income)	\$ 6,263	\$ 3,119	\$ (3,447)	\$ (3,783)	\$ (830)	\$ 1,819	\$ 1,263

1997

<u>1997</u>	Entergy	Entergy	Entergy	Entergy	Entergy	Entergy	System
	<u>Arkansas</u>	<u>Gulf States</u>	<u>Louisiana</u>	<u>Mississippi</u>	<u>New Orleans</u>	<u>Energy</u>	
Service cost - benefits earned during the period	\$47,703	\$6,937	\$5,365	\$3,762	\$1,893	\$763	\$2,389
Interest cost on projected benefit obligation	193,665	26,472	23,684	15,778	10,011	2,783	2,942
Expected return on assets	(220,641)	(28,050)	(29,119)	(19,988)	(11,258)	(1,915)	(3,480)
Amortization of transition asset	(2,546)	(2,336)	(2,387)	(2,808)	(1,250)	(195)	(597)
Amortization of prior service cost	4,266	1,227	1,434	558	480	259	80
Net pension cost (income)	\$22,447	\$4,250	(\$1,023)	(\$2,698)	(\$124)	\$1,695	\$1,334

1996

<u>1996</u>		Entergy	Entergy	Entergy	Entergy	Entergy	System
	Entergy	Arkansas	Gulf States	Louisiana	Mississippi	New Orleans	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
Expected return on assets	(94,438)	(26,090)	(28,122)	(18,656)	(10,614)	(1,802)	(3,141)
Amortization of transition asset	(2,547)	(2,336)	(2,387)	(2,808)	(1,250)	(195)	(597)
Amortization of prior service cost	4,656	1,227	1,825	558	479	259	80
Recognized net (gain)/loss	69	31	-	-	-	-	38
Net pension cost (income)	\$23,627	\$4,977	(\$1,880)	(\$487)	\$234	\$2,382	\$1,683

The funded status of Entergy's various pension plans as of December 31, 1998 and 1997 was (in thousands):

<u>1998*</u>	<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>System</u>	
	<u>Arkansas</u>	<u>Gulf States</u>	<u>Louisiana</u>	<u>Mississippi</u>	<u>New Orleans</u>	<u>Energy</u>	
Change in Projected Benefit Obligation (PBO)							
Balance at 1/1/98	\$2,495,107	\$381,581	\$327,842	\$226,254	\$140,317	\$40,568	\$46,433
Service cost	45,470	7,428	5,448	4,148	1,913	818	2,494
Interest cost	192,132	27,919	24,564	16,845	10,362	3,020	3,265
Actuarial (gain)/loss	142,217	41,742	45,302	29,769	15,544	5,319	4,005
Benefits paid	(161,999)	(23,032)	(25,868)	(15,158)	(9,358)	(1,844)	(658)
Disposition of subsidiaries	(1,159,676)	-	-	-	-	-	-
Balance at 12/31/98	\$1,553,251	\$435,638	\$377,288	\$261,858	\$158,778	\$47,881	\$55,539
Change in Plan Assets							
Fair value of assets at 1/1/98	\$3,133,232	\$427,175	\$454,912	\$317,650	\$174,434	\$23,145	\$52,539
Actual return on plan assets	472,181	67,058	76,254	54,171	27,318	2,000	8,440
Employer contributions	72,596	2,152	8,067	-	44	5,626	211
Benefits paid	(161,999)	(23,032)	(25,868)	(15,158)	(9,358)	(1,844)	(658)
Disposition of subsidiaries	(1,724,818)	-	-	-	-	-	-
Fair value of assets at 12/31/98	\$1,791,192	\$473,353	\$513,365	\$356,663	\$192,438	\$28,927	\$60,532
Funded status	\$237,941	\$37,715	\$136,077	\$94,805	\$33,660	(\$18,954)	\$4,993
Unrecognized transition asset	(24,798)	(7,007)	(4,775)	(8,423)	(3,751)	(376)	(4,097)
Unrecognized prior service cost	32,748	12,429	11,215	4,796	3,935	1,447	941
Unrecognized net (gain)/loss	(239,781)	(63,274)	(178,188)	(87,536)	(33,921)	12,507	(7,100)
Prepaid/(accrued) pension cost	\$6,110	(\$20,137)	(\$35,671)	\$3,642	(\$77)	(\$5,376)	(\$5,263)

1997

	<u>Entergy</u>	<u>Entergy</u> <u>Arkansas</u>	<u>Entergy</u> <u>Gulf States</u>	<u>Entergy</u> <u>Louisiana</u>	<u>Entergy</u> <u>Mississippi</u>	<u>Entergy</u> <u>New Orleans</u>	<u>System</u> <u>Energy</u>
Change in Projected Benefit Obligation (PBO)							
Balance at 1/1/97*	\$2,358,442	\$338,306	\$315,781	\$217,710	\$129,577	\$41,511	\$38,401
Service cost	47,703	6,937	5,365	3,762	1,893	763	2,389
Interest cost	193,665	26,472	23,684	15,778	10,011	2,783	2,942
Amendments	2,121	-	2,121	-	-	-	-
Employee contributions	6,107	-	-	-	-	-	-
Actuarial (gain)/loss	48,563	32,405	7,262	3,907	7,871	(3,025)	3,302
Benefits paid	(161,494)	(22,539)	(26,371)	(14,903)	(9,035)	(1,464)	(601)
Balance at 12/31/97	\$2,495,107	\$381,581	\$327,842	\$226,254	\$140,317	\$40,568	\$46,433
Change in Plan Assets							
Fair value of assets at 1/1/97*	\$2,870,072	\$374,849	\$397,749	\$271,857	\$150,398	\$21,801	\$43,824
Actual return on plan assets	392,908	73,994	83,291	59,038	30,058	1,896	9,044
Employer contributions	31,746	871	243	1,658	3,013	912	272
Benefits paid	(161,494)	(22,539)	(26,371)	(14,903)	(9,035)	(1,464)	(601)
Fair value of assets at 12/31/97	\$3,133,232	\$427,175	\$454,912	\$317,650	\$174,434	\$23,145	\$52,539
Funded status	\$638,125	\$45,594	\$127,070	\$91,396	\$34,117	(\$17,423)	\$6,106
Unrecognized transition asset	(32,151)	(9,343)	(7,162)	(11,230)	(5,001)	(571)	(4,694)
Unrecognized prior service cost	35,500	13,656	12,649	5,353	4,414	1,706	1,021
Unrecognized net (gain)/loss	(420,802)	(69,076)	(179,742)	(85,660)	(34,482)	7,106	(6,645)
Prepaid/(accrued) pension cost	\$220,672	(\$19,169)	(\$47,185)	(\$141)	(\$952)	(\$9,182)	(\$4,212)

* As a result of the London Electricity acquisition, effective February 7, 1997, the PBO balance and the fair value of assets at January 1, 1997 include \$1.1 billion and \$1.5 billion, respectively, related to Entergy London.

The significant actuarial assumptions used in computing the information above for the domestic utility companies and System Energy for 1998, 1997, and 1996 were as follows:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Weighted-average discount rate	6.75%	7.25%	7.75%
Weighted-average rate of increase in future compensation levels	4.6%	4.6%	4.6%
Expected long-term rate of return on plan assets	9.0%	9.0%	9.0%

Transition assets of Entergy are being amortized over the greater of the remaining service period of active participants or 15 years.

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. In 1998, Entergy Arkansas began to recover its SFAS 106 expenses (including the amortization of the regulatory asset) in rates as allowed by the APSC. 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.

Pursuant to regulatory directives, Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, the portion of Entergy Gulf States regulated by the PUCT, and System Energy fund postretirement benefit obligations collected in rates. System Energy is funding on behalf of Entergy Operations postretirement benefits associated with Grand Gulf 1. Entergy Louisiana and Entergy Gulf States continue to 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 1998, 1997, and 1996 postretirement benefit costs of Entergy Corporation and its subsidiaries, including amounts capitalized and deferred, included the following components (in thousands):

<u>1998</u>		<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>Entergy</u>	<u>System</u>
	<u>Entergy</u>	<u>Arkansas</u>	<u>Gulf States</u>	<u>Louisiana</u>	<u>Mississippi</u>	<u>New Orleans</u>	<u>Energy</u>
Service cost - benefits earned during the period	\$13,878	\$3,325	\$2,553	\$1,776	\$862	\$432	\$871
Interest cost on APBO	28,443	6,519	8,103	4,089	2,085	2,714	652
Expected return on assets	(5,260)	(215)	(2,385)	-	(1,059)	(1,155)	(446)
Amortization of transition obligation	17,874	3,954	5,803	2,971	1,502	2,678	262
Amortization of prior service cost	44	-	44	-	-	-	-
Recognized net (gain)/loss	(3,501)	-	(1,216)	(686)	(264)	(1,024)	(79)
Net postretirement benefit cost	\$51,478	\$13,583	\$12,902	\$8,150	\$3,126	\$3,645	\$1,260

1997

	Entergy	Entergy	Entergy	Entergy	Entergy	System
	Arkansas	Gulf States	Louisiana	Mississippi	New Orleans	Energy
Service cost - benefits earned during the period	\$13,991	\$3,204	\$3,227	\$2,081	\$1,092	\$939
Interest cost on APBO	29,317	6,232	9,466	4,490	2,278	648
Expected return on assets	(3,386)	-	(1,637)	-	(695)	(214)
Amortization of transition obligation	15,686	3,954	5,803	2,971	1,502	262
Amortization of prior service cost	44	-	44	-	-	-
Recognized net (gain)/loss	134	(238)	672	(348)	(103)	-
Net postretirement benefit cost	\$55,786	\$13,152	\$17,575	\$9,194	\$4,074	\$1,635

1996

	Entergy	Entergy	Entergy	Entergy	Entergy	System
	Arkansas	Gulf States	Louisiana	Mississippi	New Orleans	Energy
Service cost - benefits earned during the period	\$14,351	\$3,128	\$3,476	\$2,155	\$1,081	\$890
Interest cost on APBO	26,133	5,580	8,164	4,283	2,171	512
Expected return on assets	(1,654)	-	(388)	-	(479)	(106)
Amortization of transition obligation	15,686	3,954	5,803	2,971	1,502	262
Amortization of prior service cost	44	-	44	-	-	-
Recognized net (gain)/loss	(1,516)	(557)	(477)	(277)	(44)	(53)
Net postretirement benefit cost	\$53,044	\$12,105	\$16,622	\$9,132	\$4,231	\$1,505

The funded status of Entergy's postretirement plans as of December 31, 1998 and 1997 was (in thousands):

<u>1998</u>	<u>Entergy</u>	<u>Entergy</u> <u>Arkansas</u>	<u>Entergy</u> <u>Gulf States</u>	<u>Entergy</u> <u>Louisiana</u>	<u>Entergy</u> <u>Mississippi</u>	<u>Entergy</u> <u>New Orleans</u>	<u>System</u> <u>Energy</u>
Change in APBO							
Balance at 1/1/98	\$427,962	\$91,097	\$136,228	\$65,385	\$33,273	\$43,833	\$10,464
Service cost	13,878	3,325	2,553	1,776	862	432	871
Interest cost	28,443	6,519	8,103	4,089	2,085	2,714	652
Amendments	8,005	8,005	-	-	-	-	-
Actuarial (gain)/loss	(13,773)	(7,090)	(15,007)	(3,698)	(1,545)	(2,589)	(573)
Benefits paid	(20,006)	-	(7,446)	(4,103)	(2,271)	(3,552)	(346)
Balance at 12/31/98	\$444,509	\$101,856	\$124,431	\$63,449	\$32,404	\$40,838	\$11,068
Change in Plan Assets							
Fair value of assets at 1/1/98	\$59,688	\$ -	\$25,696	\$ -	\$11,807	\$17,350	\$4,835
Actual return on plan assets	4,616	713	1,165	-	1,612	405	721
Employer contributions	52,372	18,151	12,095	4,103	7,611	6,177	1,947
Benefits paid	(27,097)	(7,090)	(7,446)	(4,103)	(2,271)	(3,552)	(347)
Fair value of assets at 12/31/98	\$89,579	\$11,774	\$31,510	\$ -	\$18,759	\$20,380	\$7,156
Funded status	(\$354,930)	(\$90,082)	(\$92,921)	(\$63,449)	(\$13,645)	(\$20,458)	(\$3,912)
Unrecognized transition obligation	160,613	55,344	81,247	41,604	21,027	37,505	3,670
Unrecognized prior service cost	379	-	379	-	-	-	-
Unrecognized net (gain)/loss	24,704	3,403	(14,186)	(7,351)	(4,539)	(12,337)	(1,327)
Prepaid/(accrued) postretirement benefit asset/(liability)	(\$169,234)	(\$31,335)	(\$25,481)	(\$29,196)	\$2,843	\$4,710	(\$1,569)

<u>1997</u>	<u>Entergy</u>	<u>Entergy</u> <u>Arkansas</u>	<u>Entergy</u> <u>Gulf States</u>	<u>Entergy</u> <u>Louisiana</u>	<u>Entergy</u> <u>Mississippi</u>	<u>Entergy</u> <u>New Orleans</u>	<u>System</u> <u>Energy</u>
Change in APBO							
Balance at 1/1/97	\$365,199	\$78,049	\$112,801	\$59,699	\$30,229	\$41,937	\$7,849
Service cost	13,991	3,204	3,227	2,081	1,092	618	939
Interest cost	29,317	6,232	9,466	4,490	2,278	3,106	648
Actuarial (gain)/loss	43,908	9,072	17,897	3,040	1,573	1,880	1,225
Benefits paid	(24,453)	(5,460)	(7,163)	(3,925)	(1,899)	(3,708)	(197)
Balance at 12/31/97	\$427,962	\$91,097	\$136,228	\$65,385	\$33,273	\$43,833	\$10,464
Change in Plan Assets							
Fair value of assets at 1/1/97	\$38,152	\$ -	\$15,599	\$ -	\$7,553	\$12,711	\$2,289
Actual return on plan assets	11,626	-	6,080	-	1,819	3,216	511
Employer contributions	34,363	5,460	11,180	3,925	4,334	5,131	2,232
Benefits paid	(24,453)	(5,460)	(7,163)	(3,925)	(1,899)	(3,708)	(197)
Fair value of assets at 12/31/97	\$59,688	\$ -	\$25,696	\$ -	\$11,807	\$17,350	\$4,835
Funded status	(\$368,274)	(\$91,097)	(\$110,532)	(\$65,385)	(\$21,466)	(\$26,483)	(\$5,629)
Unrecognized transition obligation	172,085	59,298	87,050	44,575	22,529	40,183	3,932
Unrecognized prior service cost	423	-	423	-	-	-	-
Unrecognized net (gain)/loss	25,638	(4,104)	(1,615)	(4,338)	(2,705)	(11,522)	(559)
Prepaid/(accrued) postretirement benefit asset/(liability)	(\$170,128)	(\$35,903)	(\$24,674)	(\$25,148)	(\$1,642)	\$2,178	(\$2,256)

The assumed health care cost trend rate used in measuring the APBO of Entergy was 6.0% for 1999, gradually decreasing each successive year until it reaches 5.0% in 2006. A one percentage-point change in the assumed health care cost trend rate for 1998 would have the following effects (in thousands):

<u>1998</u>	<u>1 Percentage Point Increase</u>		<u>1 Percentage Point Decrease</u>	
	<u>Increase in the APBO</u>	<u>Increase in the sum of service cost and interest cost</u>	<u>Decrease in the APBO</u>	<u>Decrease in the sum of service cost and interest cost</u>
Entergy	\$37,073	\$4,930	(\$31,149)	(\$4,037)
Entergy Arkansas	7,997	1,119	(6,746)	(918)
Entergy Gulf States	11,085	1,214	(9,338)	(1,000)
Entergy Louisiana	4,801	626	(4,051)	(515)
Entergy Mississippi	2,422	301	(2,042)	(248)
Entergy New Orleans	2,574	239	(2,206)	(201)
System Energy	1,248	250	(1,025)	(201)

The significant actuarial assumptions used in determining the APBO for 1998, 1997, and 1996 were as follows:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Weighted-average discount rate	6.75%	7.25%	7.75%
Weighted-average rate of increase in future compensation levels	4.6%	4.6%	4.6%
Expected long-term rate of return on plan assets	9.0%	9.0%	9.0%

NOTE 12. DISPOSITION OF SUBSIDIARY BUSINESSES (Entergy Corporation)

In August 1998, Entergy's Board of Directors approved a new strategic direction for Entergy that included the sale of several businesses. These businesses include Entergy London and its wholly-owned subsidiary London Electricity; CitiPower Pty.; Edesur, S.A.; Entergy Security, Inc.; Efficient Solutions, Inc.; and certain portions of Entergy's telecommunications businesses. The results of operations of these businesses are included in Entergy's Consolidated Statements of Income and Comprehensive Income through their respective dates of sale. Gains or losses arising from sales concluded in 1998 are included in "Other Income (Deductions), Sale of non-regulated businesses" in that statement.

In September 1998, Entergy sold its energy management subsidiary, Efficient Solutions, Inc. (formerly Entergy Integrated Solutions, Inc.). The loss on the sale was approximately \$69 million (\$36 million net of tax, or \$0.15 per common share).

In December 1998, Entergy sold its London, England electricity distribution and supply subsidiary, London Electricity. The gain on the sale was approximately \$327 million (\$247 million net of tax, or \$1.00 per common share). The majority of the net proceeds from the London Electricity sale were invested in notes receivable totaling BPS574 million (\$947 million). The banks obligated on the notes receivable are each rated by Standard & Poor's at A-1+ on their short-term obligations. These notes mature in August 1999.

Entergy has entered into foreign currency forward contracts to hedge the U.S. dollar equivalent amount of these notes and related accrued interest at maturity. The forward contracts are in the notional amount of BPS600 million, mature in August 1999, and lock in an average spot rate of \$1.666125 to BPS1. The banks obligated on the

forward contracts are rated by Standard & Poor's at A-1 or above on their short-term obligations. At maturity, Entergy expects to receive approximately \$1 billion, including accrued interest, from the notes after the effects of hedging. Management's estimate of the fair value of the forward contracts as of December 31, 1998, based on quoted currency exchange rates, is a net asset of approximately \$7.3 million.

In December 1998, Entergy sold its Melbourne, Australia electricity distribution subsidiary, CitiPower. The gain on the sale was approximately \$30 million (\$19 million net of tax, or \$0.08 per common share).

In January 1999, Entergy sold its security monitoring subsidiary, Entergy Security, Inc., at a small gain. This gain will be reflected in Entergy's 1999 results of operations.

The businesses sold through December 31, 1998 collectively represented \$6.7 billion of Entergy's total assets at the time of their respective sales and generated \$177 million of Entergy's net income, excluding gains or losses from disposition, for the year ended December 31, 1998. Further information on the results of operations and total assets of Entergy London and CitiPower is included in Note 14 to the financial statements.

An adjustment to the carrying amounts of Entergy's investments in businesses located in Asia was recorded in the fourth quarter 1998. The adjustment reduced net income by \$22 million, or \$0.09 per common share. Management believes that the sale prices of businesses remaining to be sold at December 31, 1998 will exceed their net book value, and no further adjustments to their carrying values are necessary.

NOTE 13. TRANSACTIONS WITH AFFILIATES (Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The various domestic utility companies purchase electricity from and/or sell electricity to other domestic utility companies, System Energy, and Entergy Power (in the case of Entergy Arkansas) under rate schedules filed with FERC. In addition, the domestic utility companies and System Energy purchase fuel from System Fuels; receive management, technical, advisory, operating, and administrative services from Entergy Services; and receive management, technical, and operating services from Entergy Operations.

As described in Note 1, all of System Energy's operating revenues consist of billings to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.

The tables below contain the various affiliate transactions among the domestic utility companies and System Entergy (in millions).

Intercompany Revenues

	<u>Entergy Arkansas</u>	<u>Entergy Gulf States</u>	<u>Entergy Louisiana</u>	<u>Entergy Mississippi</u>	<u>Entergy New Orleans</u>	<u>System Energy</u>
1998	\$ 162.0	\$ 16.7	\$ 16.7	\$ 88.3	\$ 11.0	\$ 602.4
1997	\$ 230.8	\$ 15.9	\$ 3.4	\$ 85.5	\$ 11.1	\$ 633.7
1996	\$ 283.6	\$ 22.1	\$ 6.8	\$ 66.4	\$ 2.9	\$ 623.6

Intercompany Operating Expenses (excluding transactions with Entergy Operations)

	<u>Entergy Arkansas</u> (1)	<u>Entergy Gulf States</u>	<u>Entergy Louisiana</u>	<u>Entergy Mississippi</u>	<u>Entergy New Orleans</u>	<u>System Energy</u>
1998	\$ 353.7	\$ 419.7	\$ 269.0	\$ 338.1	\$ 194.9	\$ 39.6
1997	\$ 335.0	\$ 416.4	\$ 326.7	\$ 316.1	\$ 177.1	\$ 36.5
1996	\$ 346.7	\$ 395.7	\$ 331.3	\$ 294.6	\$ 185.9	\$ 8.6

(1) Includes \$18.8 million in 1998, \$16.5 million in 1997, and \$38.8 million in 1996 for power purchased from Entergy Power.

Operating Expenses Paid or Reimbursed to Entergy Operations

	<u>Entergy Arkansas</u>	<u>Entergy Gulf States</u>	<u>Entergy Louisiana</u>	<u>System Energy</u>
1998	\$ 167.5	\$ 114.2	\$ 125.0	\$ 62.8
1997	\$ 162.1	\$ 63.5	\$ 133.3	\$ 64.7
1996	\$ 163.3	\$ 133.7	\$ 97.7	\$ 98.1

NOTE 14. BUSINESS SEGMENT INFORMATION (Entergy Corporation and Entergy New Orleans)

In 1998, Entergy adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." Entergy's reportable segments as of December 31, 1998 are domestic utility and power marketing and trading. Entergy's international electric distribution businesses, Entergy London and CitiPower, were sold in December 1998. These businesses would have been a reportable segment had they been held as of December 31, 1998, and financial information regarding them is also provided below.

Domestic utility provides retail electric service in portions of Arkansas, Louisiana, Mississippi, and Texas, and provides natural gas utility service in portions of Louisiana. Entergy's power marketing and trading segment markets wholesale electricity, gas, other generating fuels, and electric capacity, and markets financial instruments to third parties. Entergy's reportable segments are strategic business units managed separately due to their different operating and regulatory environments.

Entergy's segment financial information is as follows (in thousands):

	Domestic Utility	Power Marketing and Trading	Entergy London	CitiPower	All Other	Eliminations	Consolidated
1998							
Net income (loss)	\$528,498	(\$15,539)	\$117,749	\$3,103	\$151,818	-	\$785,629
Operating revenues	6,310,543	2,879,507	1,911,875	303,245	125,770	(\$36,168)	11,494,772
Depreciation and amortization	717,068	5,059	126,586	28,444	61,022	-	938,179
Decommissioning	46,750	-	-	-	-	-	46,750
Interest expense	548,299	170	182,479	80,586	21,803	(822)	832,515
Interest income	51,750	7,688	9,033	-	31,295	-	99,766
Income tax expense (benefit)	331,931	(8,216)	4,589	-	(61,569)	-	266,735
Total assets	19,738,995	359,626	-	-	2,783,732	(34,330)	22,848,023
1997							
Net income (loss)	\$517,691	\$14,161	(\$147,335)	(\$1,546)	(\$82,072)	-	\$300,899
Operating revenues	6,731,872	526,614	1,847,042	342,959	124,053	(\$33,614)	9,538,926
Depreciation and amortization	713,490	4,789	121,365	32,702	55,110	-	927,456
Decommissioning	52,552	-	-	-	-	-	52,552
Interest expense	583,613	91	178,647	69,011	32,911	(2,001)	862,272
Interest income	56,578	2,497	22,328	45	23,603	-	105,051
Income tax expense (benefit)	296,430	8,318	177,023	22,924	(33,354)	-	471,341
Total assets	20,114,594	354,694	4,403,625	1,068,564	1,093,783	(34,560)	27,000,700
1996							
Net income (loss)	\$555,284	\$6,152	-	(\$1,659)	(\$69,214)	-	\$490,563
Operating revenues	6,654,495	130,262	-	378,326	49,374	(\$48,931)	7,163,526
Depreciation and amortization	676,749	5,580	-	34,477	20,370	-	737,176
Decommissioning	53,772	-	-	-	-	-	53,772
Interest expense	626,774	119	-	75,707	22,065	(4,630)	720,035
Interest income	32,388	2,560	-	326	8,101	-	43,375
Income tax expense (benefit)	448,445	4,760	-	-	(32,046)	-	421,159
Total assets	20,597,669	145,089	-	1,324,228	923,083	(34,044)	22,956,025

The All Other category includes the parent Entergy Corporation, segments below the quantitative threshold for separate disclosure, and other business activities. Other segments principally include global power development and nuclear power operations and management. Other business activities principally include the gains on the sales of Entergy London and CitiPower, and the loss on the sale of Efficient Solutions. Reconciling items are principally intersegment activity.

Products and Services

In addition to retail electric service, Entergy New Orleans supplies natural gas services in the City of New Orleans. Revenue from these two services is disclosed in Entergy New Orleans' Statements of Income.

Geographic areas

For the years ended December 31, 1998, 1997, and 1996, Entergy did not derive material revenues from outside of the United States, other than from Entergy London and CitiPower, which are noted above.

Long-lived assets as of December 31 were as follows (in thousands):

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Domestic	\$14,863,488	\$15,228,107	\$15,599,221
Foreign	\$ 465,094	\$ 2,904,721	\$ 623,902
Consolidated	<u>\$15,328,582</u>	<u>\$18,132,828</u>	<u>\$16,223,123</u>

NOTE 15. QUARTERLY FINANCIAL DATA (UNAUDITED) (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

The business of the domestic utility companies and System Energy is subject to seasonal fluctuations with the peak periods occurring during the third quarter. Operating results for the four quarters of 1998 and 1997 were:

Operating Revenue

	<u>Entergy</u>	<u>Entergy Arkansas</u>	<u>Entergy Gulf States</u>	<u>Entergy Louisiana</u>	<u>Entergy Mississippi</u>	<u>Entergy New Orleans</u>	<u>System Energy</u>
	(In Thousands)						
1998:							
First Quarter	\$ 2,313,092	\$ 329,789	\$ 457,509	\$ 356,038	\$ 205,017	\$ 113,663	\$ 148,606
Second Quarter	2,508,814	391,357	423,655	424,115	268,908	125,106	144,336
Third Quarter	4,587,447	527,059	609,362	537,632	324,784	165,808	152,083
Fourth Quarter	2,085,419	360,493	363,283	393,123	177,591	109,173	157,348
1997:							
First Quarter	\$ 2,045,753	\$ 374,731	\$ 481,328	\$ 433,983	\$ 200,328	\$ 124,956	\$ 155,662
Second Quarter	2,155,295	423,619	476,421	412,263	212,892	109,803	161,021
Third Quarter	2,797,587	545,849	599,974	554,486	294,983	139,940	160,573
Fourth Quarter	2,540,291	371,515	590,106	402,540	229,192	130,123	156,442

Operating Income

	<u>Entergy</u>	<u>Entergy Arkansas</u>	<u>Entergy Gulf States</u>	<u>Entergy Louisiana</u>	<u>Entergy Mississippi</u>	<u>Entergy New Orleans</u>	<u>System Energy</u>
	(In Thousands)						
1998:							
First Quarter	\$ 285,507	\$ 27,254	\$ 63,661	\$ 55,222	\$ 16,406	\$ 1,891	\$ 71,959
Second Quarter	472,710	83,837	31,529	114,540	55,720	15,468	72,177
Third Quarter	590,673	140,837	166,404	164,393	54,028	20,210	68,772
Fourth Quarter	162,965	2,887	(25,940)	68,726	(569)	1,490	69,735
1997:							
First Quarter	\$ 372,218	\$ 30,890	\$ 93,014	\$ 77,880	\$ 22,694	\$ 8,755	\$ 74,316
Second Quarter	433,887	80,873	75,643	87,911	40,395	9,400	73,568
Third Quarter	672,617	148,688	158,365	147,976	52,832	18,096	72,813
Fourth Quarter	355,641	6,424	203,524	53,813	20,827	6,040	72,496

Net Income (Loss)

	<u>Entergy</u>	<u>Entergy Arkansas</u>	<u>Entergy Gulf States</u>	<u>Entergy Louisiana</u>	<u>Entergy Mississippi</u>	<u>Entergy New Orleans</u>	<u>System Energy</u>
	(In Thousands)						
1998:							
First Quarter	\$ 60,054	\$ 5,623	\$ 14,756	\$ 13,917	\$ 5,194	\$ (902)	\$ 24,587
Second Quarter	215,979	39,967	(5,241)	49,546	29,512	6,577	24,779
Third Quarter	262,596	73,731	78,313	81,470	29,321	10,258	25,139
Fourth Quarter	247,000	(8,370)	(41,435)	34,554	(1,389)	204	31,971
1997:							
First Quarter	\$ 126,485	\$ 9,848	\$ 32,535	\$ 26,172	\$ 8,352	\$ 2,818	\$ 24,345
Second Quarter	158,579	38,085	27,028	32,607	19,399	3,038	24,093
Third Quarter	93,321	78,251	70,740	70,681	27,335	8,590	24,449
Fourth Quarter	(77,486)	1,793	(70,327)	12,297	11,575	1,005	29,408

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

	<u>1998</u>	<u>1997</u>
	<u>Basic and Diluted</u>	<u>Basic and Diluted</u>
First Quarter	\$ 0.20	\$ 0.47
Second Quarter	\$ 0.83	\$ 0.61
Third Quarter	\$ 1.01	\$ 0.33
Fourth Quarter	\$ 0.96	\$ (0.38)

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

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

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

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

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Period</u>
ENTERGY ARKANSAS, INC.			
<u>Directors</u>			
R. Drake Keith	63	Chief Executive Officer of Entergy Arkansas	1998-Present
		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.	
J. Wayne Leonard		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.	
<u>Officers</u>			
Cecil L. Alexander	63	Vice President - Governmental Affairs of Entergy Arkansas	1991-Present
C. Gary Clary	54	Senior Vice President - Human Resources and Administration of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1998-Present
		Vice President - Human Resources and Administration of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1997-1998
		Director-System Human Resources of Entergy Services	1993-1996
C. Hiram Walters	62	Vice President - Customer Service of Entergy Arkansas	1993-Present
		Vice President - Customer Service of Entergy Louisiana	1994-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.	
R. Drake Keith		See information under the Entergy Arkansas Directors above.	
Nathan E. Langston		See information under the Entergy Corporation Officers Section in Part I.	
J. Wayne Leonard		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.	
Steven C. McNeal		See information under the Entergy Corporation Officers Section in Part I.	
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	

ENTERGY GULF STATES, INC.**Directors**

John J. Cordaro	65	Chief Executive Officer - Louisiana	1998
		President - Louisiana	1997-1998

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Period</u>
Joseph F. Domino	50	Director of Entergy Gulf States and Entergy Louisiana	1996-1998
		State President - Louisiana	1996-1997
		President and Director of Entergy Louisiana and Entergy New Orleans	1992-1996
		Director of Entergy Gulf States	1999-Present
		President and Chief Executive Officer - Texas	1998-Present
		Director - Southwest Franchise of Entergy Gulf States	1997-1998
		Director - Eastern Region of Entergy Services	1995-1997
		Director - Southern Region of Entergy Services	1994-1995
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.	
J. Wayne Leonard		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.	

Officers

James D. Bruno	59	Vice President of Customer Service of Entergy Louisiana and Entergy Gulf States	1998-Present
		Vice President of Customer Service of Entergy Louisiana and Entergy New Orleans	1994-1998
		Vice President - Metro Region of Entergy Services	1993-1994
S. G. Cunningham, Jr.	58	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
Murphy A. Dreher	46	Vice President - State Governmental Affairs of Entergy Gulf States and Entergy Louisiana	1999-Present
		Legislative Executive - Governmental Affairs of Entergy Gulf States	1995-1998
		Director of Governmental Affairs of Entergy Gulf States	1993-1995
Randall W. Helmick	44	Vice President of Operations - Louisiana	1998-Present
		Director of Special Projects of London Electricity	1997-1998
		Director of Reliability of Entergy Services	1997
		Director of Operations and Engineering of Entergy Services	1994-1997
J. Parker McCollough	47	Vice President - State Governmental Affairs of Entergy Gulf States - Texas	1996-Present
		Vice President - Governmental Affairs, Texas Association of Realtors (trade association)	1993-1996
		See information under the Entergy Arkansas Officers Section above.	
C. Gary Clary		See information under the Entergy Gulf States Directors Section above.	
John J. Cordaro		See information under the Entergy Gulf States Directors Section above.	
Joseph F. Domino		See information under the Entergy Gulf States Directors Section above.	
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.	
Nathan E. Langston		See information under the Entergy Corporation Officers Section in Part I.	
J. Wayne Leonard		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.	
Steven C. McNeal		See information under the Entergy Corporation Officers Section in Part I.	
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Period</u>
ENTERGY LOUISIANA, INC.			
<u>Directors</u>			
John J. Cordaro		See information under the Entergy Gulf States Directors Section above.	
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.	
J. Wayne Leonard		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.	

Officers

James D. Bruno		See information under the Entergy Gulf States Officers Section above.
C. Gary Clary		See information under the Entergy Arkansas Officers Section above.
John J. Cordaro		See information under the Entergy Gulf States Directors Section above.
S. G. Cunningham, Jr.		See information under the Entergy Gulf States Officers Section above.
Murphy A. Dreher		See information under the Entergy Gulf States Officers Section above.
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.
Randall W. Helmick		See information under the Entergy Gulf States Officers 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.
Nathan E. Langston		See information under the Entergy Corporation Officers Section in Part I.
J. Wayne Leonard		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.
Steven C. McNeal		See information under the Entergy Corporation Officers Section in Part I.
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.
C. Hiram Walters		See information under the Entergy Arkansas Officers Section above.
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.

ENTERGY MISSISSIPPI, INC.

Directors

Donald E. Meiners (a)	63	Chief Executive Officer of Entergy Mississippi	1998-Present
		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.	
J. Wayne Leonard		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.	

Officers

Bill F. Cossar	60	Vice President - Governmental Affairs of Entergy Mississippi	1987-Present
C. Gary Clary		See information under the Entergy Arkansas Officers Section above.	
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Nathan E. Langston		See information under the Entergy Corporation Officers Section in Part I.	
J. Wayne Leonard		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.	
Steven C. McNeal		See information under the Entergy Corporation Officers Section in Part I.	
Donald E. Meiners		See information under the Entergy Mississippi Directors Section above.	

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Period</u>
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	

ENTERGY NEW ORLEANS, INC.

Directors

Daniel F. Packer	51	Chief Executive Officer of Entergy New Orleans	1998-Present
		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
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.	
J. Wayne Leonard		See information under the Entergy Corporation Officers Section in Part I.	
Robert v.d. Luft		See information under the Entergy Corporation Officers Section in Part I.	
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	

Officers

Elaine Coleman	49	Vice President External Affairs of Entergy New Orleans	1998-Present
		Director of Customer Service of Entergy Services	1998
		Lead Customer Service Manager of Entergy Services	1995-1998
		Manager of Employee Communication of Entergy Services	1993-1995
C. Gary Clary		See information under the Entergy Arkansas Officers Section above.	
Frank F. Gallaher		See information under the Entergy Corporation Officers Section in Part I.	
Jerry D. Jackson		See information under the Entergy Corporation Officers Section in Part I.	
Nathan E. Langston		See information under the Entergy Corporation Officers Section in Part I.	
J. Wayne Leonard		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.	
Steven C. McNeal		See information under the Entergy Corporation Officers Section in Part I.	
Daniel F. Packer		See information under the Entergy New Orleans Directors Section above.	
Michael G. Thompson		See information under the Entergy Corporation Officers Section in Part I.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	

SYSTEM ENERGY RESOURCES, INC.

Directors

Jerry W. Yelverton	54	Director, President and Chief Executive Officer of System Energy	1999-Present
		Senior Vice President of Nuclear of Entergy Services	1997-1998
		Executive Vice President and Chief Operating Officer of Entergy Operations	1996-1998
		Vice President of Operations of ANO	1992-1996
		In addition, Mr. Yelverton is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
J. Wayne Leonard		See information under the Entergy Corporation Officers Section in Part I.	
Robert v.d. Luft		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.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Period</u>
<u>Officers</u>			
Joseph L. Blount	52	Secretary of System Energy and Entergy Operations	1991-Present
		Vice President Legal and External Affairs of Entergy Operations	1990-1993
		In addition, Mr. Yelverton is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Donald C. Hintz		See information under the Entergy Corporation Officers Section in Part I.	
Nathan E. Langston		See information under the Entergy Corporation Officers Section in Part I.	
Edwin Lupberger		See information under the Entergy Corporation Officers Section in Part I.	
Steven C. McNeal		See information under the Entergy Corporation Officers Section in Part I.	
C. John Wilder		See information under the Entergy Corporation Officers Section in Part I.	
Jerry W. Yelverton		See information under the System Energy Directors section above.	

- (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 14, 1999, 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, AND SYSTEM ENERGY

Summary Compensation Table

The following table includes the Chief Executive Officer and the four other most highly compensated executive officers in office as of December 31, 1998 at Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy (collectively, the "Named Executive Officers"). This determination was based on total annual base salary and bonuses from all Entergy sources earned by each officer for the year 1998. See Item 10, "Directors and Executive Officers of the Registrants," for information on the principal positions of the Named Executive Officers in the table below.

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

As shown in Item 10, most Named Executive Officers are employed by several Entergy companies. Because it would be impracticable to allocate such officers' salaries among the various companies, the table below includes the aggregate compensation paid by all Entergy companies.

Name	Year	Annual Compensation			Long-Term Compensation Awards		
		Salary	Bonus	Other Annual Compensation	Restricted Stock Awards	Securities Underlying Options	(a) All Other Compensation
John J. Cordaro	1998	\$ 227,556	\$ 67,211	\$ 45,209	(b)	1,250 shares	\$ 5,833
CEO-Entergy Gulf States	1997	206,410	0	37,986	(b)	2,500	6,192
and Entergy Louisiana	1996	199,141	79,012	23,052	(b)	2,500	9,873
Joseph F. Domino	1998	\$ 164,011	\$ 39,492	\$ 4,558	(b)	0 shares	\$ 5,409
CEO-Entergy Gulf States	1997	138,374	0	16,205	(b)	0	0
	1996	132,138	34,080	20,900	(b)	0	0
Frank F. Gallaher	1998	\$ 382,829	\$ 350,934	\$ 89,137	(b)	2,500 shares	\$ 12,396
	1997	327,385	0	11,132	(b)	5,000	9,822
	1996	276,538	130,150	35,641	(b)	5,000	10,321
Donald C. Hintz	1998	\$ 423,379	\$ 269,846	\$ 28,508	(b)	2,500 shares	\$ 14,236
CEO-System Energy	1997	365,077	0	18,245	(b)	5,000	10,952
	1996	343,269	231,299	12,516	(b)	5,000	14,197
Jerry D. Jackson	1998	\$ 408,456	\$ 348,156	\$ 59,630	(b)	2,500 shares	\$ 13,849
	1997	342,077	0	56,359	(b)	5,000	10,262
	1996	332,115	209,489	37,928	(b)	5,000	13,862
R. Drake Keith	1998	\$ 289,145	\$ 165,582	\$ 67,239	(b)	1,250 shares	\$ 10,259
CEO-Entergy Arkansas	1997	276,728	0	41,230	(b)	2,500	8,292
	1996	275,343	108,927	27,621	(b)	2,500	11,413
Nathan E. Langston	1998	\$ 158,563	\$ 111,125	\$ 21,953	(b)	0 shares	\$ 5,243
	1997	131,660	10,504	17,462	(b)	0	0
	1996	127,089	23,551	15,149	(b)	0	0
J. Wayne Leonard	1998	\$ 412,843	\$ 1,145,416	\$ 65,787(e)	\$ 796,860(b)(c)	0 shares	\$ 18,125
CEO-Entergy Corporation							
Edwin Lupberger (d)	1998	\$ 589,231	\$ 441,336	\$ 94,867	(b)	5,000 shares	\$ 11,081,645(f)
	1997	785,385	0	271,422	(b)	10,000	23,562
	1996	735,577	448,794	123,601	(b)	10,000	23,567
Jerry L. Maulden	1998	\$ 476,287	\$ 388,022	\$ 42,712	(b)	2,500 shares	\$ 17,782
	1997	445,615	0	67,485	(b)	5,000	13,369
	1996	435,000	260,301	27,056	(b)	5,000	14,550
Steven C. McNeal	1998	\$ 154,721	\$ 94,400	\$ 4,432	(b)	0 shares	\$ 5,145
	1997	122,474	9,818	14,237	(b)	0	0
	1996	116,364	21,649	10,491	(b)	0	0
Donald E. Meiners	1998	\$ 268,345	\$ 148,734	\$ 60,353	(b)	1,250 shares	\$ 9,388
CEO-Entergy Mississippi	1997	255,410	0	33,748	(b)	2,500	7,662
	1996	254,064	100,536	37,021	(b)	2,500	10,775
Daniel F. Packer	1998	\$ 170,326	\$ 123,513	\$ 54,208(e)	(b)	0 shares	\$ 4,018
CEO-Entergy New Orleans	1997	147,077	0	96,097(e)	(b)	0	3,028
	1996	135,292	39,363	31,391(e)	(b)	0	6,428
C. John Wilder	1998	\$ 201,413	\$ 513,106	\$ 7,255	\$ 758,560(b)(c)	0 shares	\$ 3,300

- (a) Includes the following:
- (1) 1998 benefit accruals under the Defined Contribution Restoration Plan as follows: Mr. Cordaro \$345; Mr. Gallaher \$6,908; Mr. Hintz \$8,748; Mr. Jackson \$8,361; Mr. Keith \$4,771; Mr. Lupberger \$16,131; Mr. Maulden \$12,982; and Mr. Meiners \$3,934.
 - (2) 1998 employer contributions to the Entergy Stock Ownership Plan of \$688 each for Mr. Cordaro, Mr. Domino, Mr. Gallaher, Mr. Hintz, Mr. Jackson, Mr. Keith, Mr. Langston, Mr. McNeal, and Mr. Meiners, and \$403 for Mr. Lupberger.
 - (3) 1998 employer contributions to the System Savings Plan as follows: Mr. Cordaro \$4,800; Mr. Domino \$4,721; Mr. Gallaher \$4,800; Mr. Hintz \$4,800; Mr. Jackson \$4,800; Mr. Keith \$4,800; Mr. Langston \$4,555; Mr. Lupberger \$4,800; Mr. McNeal \$4,457; Mr. Maulden \$4,800; Mr. Meiners \$4,766; and Mr. Packer \$4,018.
 - (4) 1998 reimbursements for moving expenses as follows: Mr. Leonard \$18,125 and Mr. Wilder \$3,300.
- (b) Restricted stock awards in 1998 are reported under the "Long-Term Incentive Plan Awards" table, and reference is made to this table for information on the aggregate number of restricted shares awarded during 1998 and the vesting schedule for such shares. At December 31, 1998, the number and value of the aggregate restricted stock holdings were as follows: Mr. Cordaro 4,500 shares, \$140,063; Mr. Domino 3,252 shares, \$101,219; Mr. Gallaher 7,497 shares, \$233,344; Mr. Hintz 27,006 shares, \$840,562; Mr. Jackson 27,000 shares, \$840,375; Mr. Keith 4,500 shares, \$140,063; Mr. Langston 4,506 shares, \$140,249; Mr. Leonard 85,080 shares, \$2,648,115; Mr. Lupberger 13,056 shares, \$406,368; Mr. Maulden 13,500 shares, \$420,188; Mr. Meiners 4,500 shares, \$140,063; Mr. Packer 4,500 shares, \$140,063; and Mr. Wilder 47,777 shares, \$1,487,059. Accumulated dividends are paid on restricted stock when vested. No restrictions were lifted in 1998, 1997, and 1996. The value of restricted stock holdings as of December 31, 1998 is determined by multiplying the total number of shares held by the closing market price of Entergy Corporation common stock on the New York Stock Exchange Composite Transactions on December 31, 1998 (\$31.125 per share).
- (c) In addition to the restricted shares granted under the Long Term Incentive Plan Mr. Leonard and Mr. Wilder were granted 30,000 and 26,000 additional restricted shares, respectively. Restricted shares awarded will vest incrementally over a three-year period, beginning in 1999, based on continued service with Entergy Corporation. Restrictions will be lifted annually. The value Mr. Leonard and Mr. Wilder may realize is dependent upon both the number of shares that vest and the future market price of Entergy Corporation common stock. Accumulated dividends are not paid on Mr. Leonard's 30,000 shares and 21,000 shares of Mr. Wilder's restricted stock when vested. Accumulated dividends will be paid on 5,000 shares of Mr. Wilder's restricted stock when vested.
- (d) Edwin Lupberger is the former Chief Executive Officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.
- (e) Includes Mr. Packer's living expenses of approximately \$24,000 in 1998, \$68,000 in 1997, and \$11,700 in 1996, including taxes and housing. Includes Mr. Leonard's living expenses of approximately \$18,000 in 1998.
- (f) Includes \$1,338,461 of severance payments; \$9,553,226 of a lump sum distribution under the System Executive Retirement Plan (SERP); and a \$168,623 payment under the Defined Contribution Restoration Plan.

Option Grants in 1998

The following table summarizes option grants during 1998 to the Named Executive Officers. The absence, in the table below, of any Named Executive Officer indicates that no options were granted to such officer.

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

Name	Individual Grants			Potential Realizable Value		
	Number of Securities Underlying Options Granted (a)	% of Total Options Granted to Employees in 1998	Exercise Price (per share) (a)	Expiration Date	at Assumed Annual Rates of Stock Price Appreciation for Option Term(b)	
					5%	10%
John J. Cordaro	1,250	1.0%	\$ 28.625	1/22/08	\$ 22,503	\$ 57,026
Frank F. Gallaher	2,500	2.0%	28.625	1/22/08	45,005	114,052
Donald C. Hintz	2,500	2.0%	28.625	1/22/08	45,005	114,052
Jerry D. Jackson	2,500	2.0%	28.625	1/22/08	45,005	114,052
R. Drake Keith	1,250	1.0%	28.625	1/22/08	22,503	57,026
Edwin Lupberger	5,000	4.0%	28.625	1/22/08	90,011	228,104
Jerry L. Maulden	2,500	2.0%	28.625	1/22/08	45,005	114,052
Donald E. Meiners	1,250	1.0%	28.625	1/22/08	22,503	57,026

(a) Options were granted on January 22, 1998, 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 22, 1998. These options became exercisable on July 22, 1998.

(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 1998 and December 31, 1998 Option Values

The following table summarizes the number and value of options exercised during 1998, as well as the number and value of all unexercised options held by the Named Executive Officers. The absence, in the table below, of any Named Executive Officer indicates that no options are held by such officer.

Name	Shares Acquired on Exercise	Value Realized (a)	Number of Securities Underlying Unexercised Options as of December 31, 1998		Value of Unexercised In-the-Money Options as of December 31, 1998(b)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John J. Cordaro	6,250	\$ 20,625	5,000	-	\$ -	\$ -
Joseph F. Domino	-	-	1,500	-	11,438	-
Frank F. Gallaher	-	-	45,000	-	313,750	-
Donald C. Hintz	-	-	55,000	-	336,875	-
Jerry D. Jackson	-	-	51,911	-	298,413	-
R. Drake Keith	-	-	13,424	-	20,899	-
Nathan E. Langston	-	-	1,500	-	11,438	-
Edwin Lupberger	-	-	113,824	-	674,329	-
Jerry L. Maulden	25,000	221,875	32,500	-	84,375	-
Steven C. McNeal	-	-	1,500	-	11,438	-
Donald E. Meiners	5,000	23,123	11,250	-	11,250	-
Daniel F. Packer	2,000	11,250	-	-	-	-

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

- (b) Based on the difference between the closing price of Entergy Corporation's common stock on the New York Stock Exchange Composite Transactions on December 31, 1998, and the option exercise price.

Long-Term Incentive Plan Awards in 1998

The following Table summarizes the awards of restricted shares of Entergy Corporation common stock granted under the Equity Ownership Plan in 1998 to the Named Executive Officers.

<u>Name</u>	<u>Number of Shares</u>	<u>Performance Period Until Maturation or Payout</u>	<u>Estimated Future Payouts Under Non-Stock Price-Based Plans (a) (b)</u>		
			<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
John J. Cordaro	4,500	1/1/98-12/31/00	1,500	3,000	4,500
Joseph F. Domino	3,252	1/1/98-12/31/00	1,084	2,168	3,252
Frank F. Gallaher	7,497	1/1/98-12/31/00	2,499	4,998	7,497
Donald C. Hintz	27,006	1/1/98-12/31/00	9,002	18,004	27,006
Jerry D. Jackson	27,000	1/1/98-12/31/00	9,000	18,000	27,000
R. Drake Keith	4,500	1/1/98-12/31/00	1,500	3,000	4,500
Nathan E. Langston	4,506	1/1/98-12/31/00	1,127	2,253	4,506
J. Wayne Leonard	55,080	1/1/98-12/31/00	18,360	36,720	55,080
Edwin Lupberger	13,056	1/1/98-12/31/00	4,352	8,704	13,056
Jerry L. Maulden	13,500	1/1/98-12/31/00	4,500	9,000	13,500
Donald E. Meiners	4,500	1/1/98-12/31/00	1,500	3,000	4,500
Daniel F. Packer	4,500	1/1/98-12/31/00	1,500	3,000	4,500
C. John Wilder	21,777	1/1/98-12/31/00	7,259	14,518	21,777

- (a) Restricted shares awarded will vest at the end of a three-year period, subject to the attainment of approved performance goals for Entergy. Restrictions are lifted based upon the achievement of the cumulative result of these goals for the performance period. The value any Named Executive Officer may realize is dependent upon both the number of shares that vest and the future market price of Entergy Corporation common stock.
- (b) The threshold, target, and maximum levels correspond to the achievement of 50%, 100%, and 150%, respectively, of Equity Ownership Plan goals. Achievement of a threshold, target, or maximum level would result in the award of the number of shares indicated in the respective column. Achievement of a level between these three specified levels would result in the award of a number of shares calculated by means of interpolation.

Pension Plan Tables

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

Retirement Income Plan Table

<u>Annual Covered Compensation</u>	<u>Years of Service</u>				
	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>
\$100,000	\$ 22,500	\$ 30,000	\$ 37,500	\$ 45,000	\$ 52,500
200,000	45,000	60,000	75,000	90,000	105,000
300,000	67,500	90,000	112,500	135,000	157,500
400,000	90,000	120,000	150,000	180,000	210,000
500,000	112,500	150,000	187,500	225,000	262,500
650,000	146,250	195,000	243,750	292,500	341,250
950,000	213,750	285,000	356,250	427,500	498,750

All of the Named Executive Officers participate in a Retirement Income Plan, a defined benefit plan, that provides a benefit for employees at retirement from Entergy based upon (1) generally all years of service beginning at age 21 through termination, with a forty-year maximum, multiplied by (2) 1.5%, multiplied by (3) the final average compensation. Final average compensation is based on the highest consecutive 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is a lifetime annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts. The amount of the Named Executive Officers' annual compensation covered by the plan as of December 31, 1998, 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, 1998, for the following Named Executive Officers is as follows: Mr. Cordaro 40; Mr. Domino 28; Mr. Gallaher 29; Mr. Langston 27; Mr. Leonard 1; Mr. Maulden 33; Mr. McNeal 16; Mr. Meiners 28; and Mr. Packer 16. The credited years of service under the Retirement Income Plan, as of December 31, 1998 for the following Named Executive Officers, as a result of entering into supplemental retirement agreements, is as follows: Mr. Hintz 27; Mr. Jackson 19; Mr. Keith 32; Mr. Lupberger 35; and Mr. Wilder 15.

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

In addition to the Retirement Income Plan discussed above, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy participate in the Supplemental Retirement Plan of Entergy Corporation and Subsidiaries and the Post-Retirement Plan of Entergy Corporation and Subsidiaries. Participation is limited to one of these two plans and is at the invitation of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy. The participant may receive from the appropriate Entergy company a monthly benefit payment not in excess of .025 (under the Supplemental Retirement Plan) or .0333 (under the Post-Retirement Plan) times the participant's average basic annual salary (as defined in the plans) for a maximum of 120 months. Mr. Hintz and Mr. Packer have entered into a Supplemental Retirement Plan participation contract, and Mr. Cordaro, Mr. Gallaher, Mr. Jackson, Mr. Keith, Mr. Lupberger, Mr. Maulden, and Mr. Meiners have entered into Post-Retirement Plan participation contracts. Current estimates indicate that the annual payments to each Named Executive Officer under the above plans would be less than the payments to that officer under the System Executive Retirement Plan discussed below.

System Executive Retirement Plan Table (1)

Annual Covered Compensation	Years of Service			
	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) Covered pay includes the average of the highest three years of annual base pay and incentive awards earned by the executive during the ten years immediately preceding his retirement. Benefits shown are based on a target replacement ratio of 50% based on the years of service and covered compensation shown. The benefits for 10, 15, and 20 or more years of service at the 45% and 55% replacement levels would decrease (in the case of 45%) or increase (in the case of 55%) by the following percentages: 3.0%, 4.5%, and 5.0%, respectively.

In 1993, Entergy Corporation adopted the System Executive Retirement Plan (SERP). This plan was amended in 1998. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy are participating employers in the SERP. The SERP is an unfunded defined benefit plan offered at retirement to certain senior executives, which would currently include all the Named Executive Officers (except for Mr. Langston, Mr. Leonard, Mr. McNeal, and Mr. Packer). Participating executives choose, at retirement, between the retirement benefits paid under provisions of the SERP or those payable under the Supplemental Retirement Plan or the Post-Retirement Plan discussed above. The plan was amended in 1998 to provide that covered pay is the average of the highest three years annual base pay and incentive awards earned by the executive during the ten years immediately preceding his retirement. Benefits paid under the SERP are calculated by multiplying the covered pay times target pay replacement ratios (45%, 50%, or 55%, dependent on job rating at retirement) that are attained, according to plan design, at 20 years of credited service. The target ratios are increased by 1% for each year of service over 20 years, up to a maximum of 30 years of service. In accordance with the SERP formula, the target ratios are reduced for each year of service below 20 years. The credited years of service under this plan are identical to the years of service for Named Executive Officers (other than Mr. Jackson, Mr. Keith, and Mr. Wilder) disclosed above in the section entitled "Pension Plan Tables-Retirement Income Plan Table". Mr. Jackson, Mr. Keith, and Mr. Wilder have 25 years, 15 years, and 5 months, respectively, of credited service under this plan. Mr. Maulden's retirement benefits are discussed under the "Employment Contracts" section below. His benefits will be calculated based on the provisions in effect prior to the 1998 SERP amendment.

The amended plan provides that a single employee receives a lifetime annuity and a married employee receives the reduced benefit with a 50% surviving spouse annuity. Other actuarially equivalent options are available to each retiree. SERP benefits are offset by any and all defined benefit plan payments from Entergy. SERP benefits are not subject to Social Security offsets.

Eligibility for and receipt of benefits under any of the executive plans described above are contingent upon several factors. The participant must agree, without the specific consent of the Entergy company for which such participant was last employed, not to take employment after retirement with any entity that is in competition with, or similar in nature to, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy or any affiliate thereof. Eligibility for benefits is forfeitable for various reasons, including violation of an agreement with Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, certain resignations of employment, or certain terminations of employment without Company permission.

In addition to the Retirement Income Plan discussed above, Entergy Gulf States provides, among other benefits to officers, an Executive Income Security Plan for key managerial personnel. The plan provides participants with certain retirement, disability, termination, and survivors' benefits. To the extent that such benefits are not funded by the employee benefit plans of Entergy Gulf States or by vested benefits payable by the participants' former employers, Entergy Gulf States is obligated to make supplemental payments to participants or their survivors. The plan provides that upon the death or disability of a participant during his employment, he or his designated survivors will receive (i) during the first year following his death or disability an amount not to exceed his annual base salary, and (ii) thereafter for a number of years until the participant attains or would have attained age 65, but not less than nine years, an amount equal to one-half of the participant's annual base salary. The plan also provides supplemental retirement benefits for life for participants retiring after reaching age 65 equal to one-half of the participant's average final compensation rate, with one-half of such benefit upon the death of the participant being payable to a surviving spouse for life.

Entergy Gulf States amended and restated the plan effective March 1, 1991, to provide such benefits for life upon termination of employment of a participating officer or key managerial employee without cause (as defined in the plan) or if the participant separates from employment for good reason (as defined in the plan), with 1/2 of such benefits to be payable to a surviving spouse for life. Further, the plan was amended to provide medical benefits for a participant and his family when the participant separates from service. These medical benefits generally continue until the participant is eligible to receive medical benefits from a subsequent employer; but in the case of a participant who is over 50 at the time of separation and was participating in the plan on March 1, 1991, medical benefits continue for life. By virtue of the 1991 amendment and restatement, benefits for a participant under such plan cannot be modified once he becomes eligible to participate in the plan. Mr. Domino is a participant in this plan.

Compensation of Directors

For information regarding compensation of the directors of Entergy Corporation, see the Proxy Statement under the heading "Director Compensation", which information is incorporated herein by reference. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy currently have no non-employee directors, and none of the current directors of Entergy Corporation are compensated for their responsibilities as director.

Retired non-employee directors of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans with a minimum of five years of service on the respective Boards of Directors are paid \$200 a month for a term of years corresponding to the number of years of active service as directors. Retired non-employee directors with over ten years of service receive a lifetime benefit of \$200 a month. Years of service as an advisory director are included in calculating this benefit. System Energy has no retired non-employee directors.

Retired non-employee directors of Entergy Gulf States receive retirement benefits under a plan in which all directors who served continuously for a period of years will receive a percentage of their retainer fee in effect at the time of their retirement for life. The retirement benefit is 30 percent of the retainer fee for service of not less than five nor more than nine years, 40 percent for service of not less than ten nor more than fourteen years, and 50 percent for fifteen or more years of service. For those directors who retired prior to the retirement age, their benefits are reduced. The plan also provides disability retirement and optional hospital and medical coverage if the director has served at least five years prior to the disability. The retired director pays one-third of the premium for such optional hospital and medical coverage and Entergy Gulf States pays the remaining two-thirds. Years of service as an advisory director are included in calculating this benefit.

Employment Contracts, Termination of Employment Agreements, Retirement Agreements and Change-in-Control Arrangements

Entergy Gulf States

As a result of the Merger, Entergy Gulf States is obligated to pay benefits under the Executive Income Security Plan to those persons who were participants at the time of the Merger and who later terminated their employment under circumstances described in the plan. For additional description of the benefits under the Executive Income Security Plan, see the "Pension Plan Tables-System Executive Retirement Plan Table" section noted above.

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

In connection with Mr. Leonard's employment, the Company entered into an agreement with him that provided for an annual salary of \$600,000 and a potential annual incentive payout of 70%. In addition to participation in the incentive and stock option plans, Mr. Leonard received a signing bonus of \$500,000 and a

retention award of 30,000 restricted shares of Common Stock. As long as Mr. Leonard remains employed, the restrictions will be lifted on 10,000 shares per year beginning on his first employment anniversary. In lieu of participation in Entergy Executive Retirement Plans, Entergy agreed to provide Mr. Leonard with a retirement benefit comparable to the one provided by his previous employer. This benefit will be calculated on the basis of 60% of his highest three year average base salary and annual incentive payments, and will be offset by Mr. Leonard's vested retirement benefit from his previous employment. This retirement benefit can begin at age 55. If Mr. Leonard should resign prior to age 55 without permission, he will forfeit this replacement benefit and receive only regular accrued pension benefits. If he should resign prior to age 55 with the Corporation's permission, he will receive the replacement benefit, but discounted at the rate of 6.5% for each year before age 55. This benefit would not be payable until age 62. Mr. Leonard's agreement contains a "change of control" provision that provides for an immediate vesting of the 60% replacement pension benefit plus a lump sum payment of 2.99 times his average three years base pay.

Mr. Wilder entered into an employment agreement with the Corporation pursuant to which he will receive an annual salary of \$400,000 and the potential maximum annual incentive payout of 90%. Mr. Wilder will be eligible for a pro-rata share of the performance award for the period 1998-2001 and the pro-rata share of stock option grant at the end of the first year. The Corporation granted Mr. Wilder a signing bonus of \$300,000, and 21,000 shares of restricted stock upon which restrictions will be lifted on 7,000 shares each year beginning on his first employment anniversary. Mr. Wilder was offered participation in the System Executive Retirement Plan and was credited with 15 years of service. If Entergy terminates Mr. Wilder's employment within two years other than for just cause, he will receive his annual base salary and continuation of his health benefits for two years; all remaining earned but unvested stock options and performance shares would immediately vest. Upon a change of control, if Mr. Wilder resigns for "good reason" his executive pension benefits will immediately vest and he will receive a lump sum payment of 2.99 times his average three years base pay.

In connection with his retirement, Mr. Lupberger entered into an agreement with the Corporation, which provided that he would receive, subject to certain conditions, a severance payment of \$1,338,462 paid in a lump sum. In addition, Mr. Lupberger received all benefits he would have received under the incentive plans, pro rated through July 31, 1998, the last day of his employment. All amounts paid or earned are included in the Summary Compensation Table above, except for 93,333 shares of stock at an exercise price of \$29.94 that he received at his pro rata share of the 1998 Long Term Incentive Award. Mr. Lupberger has until January 31, 2009 to exercise these options. Mr. Lupberger will receive all retirement benefits pursuant to the retirement plans in which he participated.

In connection with his early retirement, Mr. Maulden entered into an agreement with Entergy. Beginning on April 1, 1999, Mr. Maulden will continue to serve as Vice Chairman, and will continue to receive his base salary, incentive pay and all other benefits but will no longer be responsible for any organizational responsibilities. On April 1, 2000, his retirement date, Mr. Maulden will receive retirement benefits as though he had continued as an active employee until age 65 without the application of any early retirement discount factor. In addition, the Company has agreed to fund a named chair at the University of Arkansas at Little Rock for \$1,000,000. The funding will be made in four equal installments to be paid directly to the university on April 1, 1999, 2000, 2001, and 2002.

Personnel Committee Interlocks and Insider Participation

The compensation of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy executive officers was set by the Personnel Committee of Entergy Corporation's Board of Directors, composed solely of Directors of Entergy Corporation. No current or former officers or employees of any Entergy company participated in deliberations concerning compensation during 1998.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Entergy Corporation owns 100% of the outstanding common stock of registrants Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy. The information with respect to persons known by Entergy Corporation to be beneficial owners of more than 5% of Entergy Corporation's outstanding common stock is included under the heading "Stockholders Who Own at Least Five Percent" in the Proxy Statement, which information is incorporated herein by reference. 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, 1998, the directors, the Named Executive Officers, and the directors and officers as a group for Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, respectively, beneficially owned directly or indirectly common stock of Entergy Corporation as indicated:

<u>Name</u>	<u>Entergy Corporation Common Stock</u>	
	<u>Amount and Nature of Beneficial Ownership(a)</u>	
	<u>Sole Voting and Investment Power</u>	<u>Other Beneficial Ownership(b)</u>
Entergy Corporation		
W. Frank Blount*	5,634	-
John A. Cooper, Jr.*	8,134	-
George W. Davis*	300	-
Norman C. Francis*	1,500	-
Frank F. Gallaher**	15,223	45,000
Donald C. Hintz**	3,157	55,000
Jerry D. Jackson**	21,804	51,911
J. Wayne Leonard***(d)	-	-
Robert v.d. Luft***(d)	8,884	-
Edwin Lupberger**(d)	30,203	116,824 (c)
Jerry L. Maulden**	9,453	32,500
Adm. Kinnaird R. McKee*	3,367	-
Paul W. Murrill*	3,011	-
James R. Nichols*	7,014	-
Eugene H. Owen*	4,292	-
John N. Palmer, Sr.*	16,182	-
Robert D. Pugh****	6,400	6,500 (c)
Wm. Clifford Smith*	7,598	-
Bismark A. Steinhagen*	8,837	-
All directors and executive officers	180,366	330,735

<u>Name</u>	<u>Entergy Corporation</u>	
	<u>Common Stock</u>	
	<u>Amount and Nature of</u>	
	<u>Beneficial Ownership(a)</u>	
	<u>Sole Voting</u>	
	<u>and</u>	<u>Other</u>
	<u>Investment</u>	<u>Beneficial</u>
	<u>Power</u>	<u>Ownership(b)</u>
Entergy Arkansas		
Frank F. Gallaher***	15,223	45,000
Donald C. Hintz*	3,157	55,000
Jerry D. Jackson***	21,804	51,911
R. Drake Keith***	6,304	13,424
J. Wayne Leonard***(d)	-	-
Edwin Lupberger**(d)	30,203	116,824 (c)
Jerry L. Maulden***	9,453	32,500
All directors and executive officers	142,653	343,409
Entergy Gulf States		
John J. Cordaro***	4,269	5,000
Joseph F. Domino***	5,809	1,500
Frank F. Gallaher***	15,223	45,000
Donald C. Hintz*	3,157	55,000
Jerry D. Jackson***	21,804	51,911
J. Wayne Leonard***(d)	-	-
Edwin Lupberger**(d)	30,203	116,824 (c)
Jerry L. Maulden***	9,453	32,500
All directors and executive officers	152,704	339,235
Entergy Louisiana		
John J. Cordaro***	4,269	5,000
Frank F. Gallaher***	15,223	45,000
Donald C. Hintz*	3,157	55,000
Jerry D. Jackson***	21,804	51,911
J. Wayne Leonard***(d)	-	-
Edwin Lupberger**(d)	30,203	116,824 (c)
Jerry L. Maulden***	9,453	32,500
All directors and executive officers	148,650	339,235

Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a)		
<u>Name</u>	<u>Sole Voting</u> <u>and</u> <u>Investment</u> <u>Power</u>	<u>Other</u> <u>Beneficial</u> <u>Ownership(b)</u>
Entergy Mississippi		
Frank F. Gallaher***	15,223	45,000
Donald C. Hintz*	3,157	55,000
Jerry D. Jackson***	21,804	51,911
J. Wayne Leonard***(d)	-	-
Edwin Lupberger**(d)	30,203	116,824 (c)
Jerry L. Maulden***	9,453	32,500
Donald E. Meiners***	11,337	11,250
All directors and executive officers	143,489	339,235
Entergy New Orleans		
Frank F. Gallaher**	15,223	45,000
Donald C. Hintz*	3,157	55,000
Jerry D. Jackson***	21,804	51,911
J. Wayne Leonard***(d)	-	-
Robert v.d. Luft*(d)	8,884	-
Edwin Lupberger**(d)	30,203	116,824 (c)
Jerry L. Maulden**	9,453	32,500
Daniel F. Packer ***	2,271	-
All directors and executive officers	141,213	327,985
System Energy		
Donald C. Hintz*	3,157	55,000
Nathan E. Langston**	8,666	1,500
J. Wayne Leonard*(d)	-	-
Robert v.d. Luft*(d)	8,884	-
Edwin Lupberger**(d)	30,203	116,824 (c)
Jerry L. Maulden*	9,453	32,500
Steven C. McNeal**	2,571	1,500
C. John Wilder***	-	-
Jerry W. Yelverton*	7,334	8,250
All directors and executive officers	74,223	215,574

* Director of the respective Company

** Named Executive Officer of the respective Company

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

**** Mr. Pugh's term will expire at the Annual Meeting and he 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 number of shares of Entergy corporation common stock owned by each individual and by all directors and executive officers as a group does not exceed one percent of the outstanding Entergy Corporation common stock.
- (b) Includes, 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: John J. Cordaro, 5,000 shares; Joseph F. Domino, 1,500 shares; Frank F. Gallaher, 45,000 shares; Donald C. Hintz, 55,000 shares; Jerry D. Jackson, 51,911 shares; R. Drake Keith, 13,424 shares; Nathan E. Langston, 1,500 shares; Edwin Lupberger, 113,824 shares; Jerry L. Maulden, 32,500 shares; Steven C. McNeal, 1,500 shares; and Donald E. Meiners, 11,250 shares.
- (c) Includes Common Stock held by Mrs. Pugh of 6,500 shares of which Mr. Pugh disclaims beneficial ownership and 2,500 shares held by Mrs. Lupberger of which Mr. Lupberger disclaims beneficial ownership. In addition, Mr. Lupberger owns 500 shares in joint tenancy with his mother, for which he disclaims beneficial ownership.
- (d) Mr. Luft served as acting Chief Executive Officer of Entergy Corporation and a director of Entergy New Orleans and System Energy during 1998. Mr. Lupberger is the former Chief Executive Officer and a former director of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. Mr. Lupberger is a former director of System Energy. As of January 1, 1999, Mr. Leonard was appointed Chief Executive Officer and director of Entergy Corporation, and Chairman of the Board for Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy.

Item 13. Certain Relationships and Related Transactions

During 1998, T. Baker Smith & Son, Inc. performed land surveying services for, and received payments of approximately \$13,624 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, and System Energy are listed in the Index to Financial Statements (see pages 38 and 39)

- (a)2. Financial Statement Schedules

Reports of Independent Accountants on Financial Statement Schedules (see page 214)

Financial Statement Schedules are listed in the Index to Financial Statement Schedules (see page S-1)

- (a)3. Exhibits

Exhibits for Entergy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy are listed in the Exhibit Index (see page E-1). Each management contract or compensatory plan or arrangement required to be filed as an exhibit hereto is identified as such by footnote in the Exhibit Index.

- (b) Reports on Form 8-K

Entergy Corporation

A current report on Form 8-K, dated November 25, 1998, was filed with the SEC on November 25, 1998, reporting information under Item 5. "Other Events".

Entergy Corporation and Entergy London Investments

A current report on Form 8-K, dated November 30, 1998, was filed with the SEC on December 1, 1998, reporting information under Item 5. "Other Events".

Entergy Corporation

A current report on Form 8-K, dated December 4, 1998, was filed with the SEC on December 21, 1998, reporting information under Item 2. "Acquisition or Disposition of Assets" and Item 7. "Financial Statements, Pro Forma Financial Statements and Exhibits".

ENTERGY CORPORATION

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

ENTERGY CORPORATION

By /s/ Nathan E. Langston
Nathan E. Langston, Vice President and
Chief Accounting Officer

Date: March 12, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature

Title

Date

/s/ Nathan E. Langston

Nathan E. Langston

Vice President and Chief
Accounting Officer
(Principal Accounting Officer)

March 12, 1999

J. Wayne Leonard (Chief Executive Officer and Director; Principal Executive Officer) and Robert v.d. Luft (Chairman of the Board and Director); W. Frank Blount, John A. Cooper, Jr., George W. Davis, N. C. Francis, , Kinnaird R. McKee, Paul W. Murrill, James R. Nichols, Eugene H. Owen, John N. Palmer, Sr., Robert D. Pugh, Wm. Clifford Smith, and Bismark A. Steinhagen (Directors).

By: /s/ Nathan E. Langston
(Nathan E. Langston, Attorney-in-fact)

March 12, 1999

ENTERGY ARKANSAS, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

ENTERGY ARKANSAS, INC.

By /s/ Nathan E. Langston
Nathan E. Langston, Vice President and Chief
Accounting Officer

Date: March 12, 1999

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Nathan E. Langston</u> Nathan E. Langston	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 12, 1999

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

By: /s/ Nathan E. Langston
(Nathan E. Langston, Attorney-in-fact)

March 12, 1999

ENTERGY GULF STATES, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

ENTERGY GULF STATES, INC.

By /s/ Nathan E. Langston
Nathan E. Langston, Vice President and Chief
Accounting Officer

Date: March 12, 1999

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Nathan E. Langston</u> Nathan E. Langston	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 12, 1999

Jerry D. Jackson (President, Chief Executive Officer-Louisiana and Director; Principal Executive Officer), Joseph F. Domino (President, Chief Executive Officer-Texas and Director; Principal Executive Officer), and J. Wayne Leonard (Chairman of the Board and Director); Frank F. Gallaher, Donald C. Hintz, and Jerry L. Maulden (Directors).

By: /s/ Nathan E. Langston
(Nathan E. Langston, Attorney-in-fact)

March 12, 1999

ENTERGY LOUISIANA, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

ENTERGY LOUISIANA, INC.

By /s/ Nathan E. Langston
Nathan E. Langston, Vice President and Chief
Accounting Officer

Date: March 12, 1999

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Nathan E. Langston</u> Nathan E. Langston	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 12, 1999

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

By: /s/ Nathan E. Langston
(Nathan E. Langston, Attorney-in-fact)

March 12, 1999

ENTERGY MISSISSIPPI, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

ENTERGY MISSISSIPPI, INC.

By /s/ Nathan E. Langston
Nathan E. Langston, Vice President and Chief
Accounting Officer

Date: March 12, 1999

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Nathan E. Langston</u> Nathan E. Langston	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 12, 1999

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

By: /s/ Nathan E. Langston
(Nathan E. Langston, Attorney-in-fact)

March 12, 1999

ENTERGY NEW ORLEANS, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

ENTERGY NEW ORLEANS, INC.

By /s/ Nathan E. Langston
Nathan E. Langston, Vice President and Chief
Accounting Officer

Date: March 12, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature

Title

Date

/s/ Nathan E. Langston
Nathan E. Langston

Vice President and Chief
Accounting Officer
(Principal Accounting Officer)

March 12, 1999

Daniel F. Packer (President, Chief Executive Officer and Director; Principal Executive Officer) and J. Wayne Leonard (Chairman of the Board and Director); Donald C. Hintz and Jerry D. Jackson (Directors).

By: /s/ Nathan E. Langston
(Nathan E. Langston, Attorney-in-fact)

March 12, 1999

SYSTEM ENERGY RESOURCES, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

SYSTEM ENERGY RESOURCES, INC.

By /s/ Nathan E. Langston
Nathan E. Langston, Vice President and Chief
Accounting Officer

Date: March 12, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature

Title

Date

/s/ Nathan E. Langston

Nathan E. Langston

Vice President and Chief
Accounting Officer
(Principal Accounting Officer)

March 12, 1999

Jerry W. Yelverton (President, Chief Executive Officer and Director; Principal Executive Officer) and J. Wayne Leonard (Chairman of the Board and Director), Donald C. Hintz and C. John Wilder (Directors).

By: /s/ Nathan E. Langston
(Nathan E. Langston, Attorney-in-fact)

March 12, 1999

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 their related Prospectuses, to the registration statement of Entergy Corporation on Form S-4 (File Number 33-54298) and the registration statements and related Prospectuses on Form S-3 (File Numbers 333-02503 and 333-22007) of our reports dated February 18, 1999, on our audits of the consolidated financial statements and financial statement schedules of Entergy Corporation as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, 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 Arkansas, Inc. on Form S-3 (File Numbers 33-50289, 333-00103 and 333-05045) of our reports dated February 18, 1999, on our audits of the financial statements and financial statement schedule of Entergy Arkansas, Inc. as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, 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. on Form S-3 (File Numbers 33-49739, 33-51181 and 333-60957), on Form S-8 (File Numbers 2-76551 and 2-98011) and on Form S-2 (File Number 333-17911), of our reports dated February 18, 1999, on our audits of the financial statements and financial statement schedule of Entergy Gulf States, Inc. as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, 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 Louisiana, Inc. on Form S-3 (File Numbers 33-46085, 33-39221, 33-50937, 333-00105, 333-01329 and 333-03567) of our reports dated February 18, 1999, on our audits of the financial statements and financial statement schedule of Entergy Louisiana, Inc. as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, 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. on Form S-3 (File Numbers 33-53004, 33-55826, 33-50507 and 333-64023) of our reports dated February 18, 1999, on our audits of the financial statements and financial statement schedule of Entergy Mississippi, Inc. as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, 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. on Form S-3 (File Numbers 33-57926 and 333-00255) of our reports dated February 18, 1999, on our audits of the financial statements and financial statement schedule of Entergy New Orleans, Inc. as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, which are included in this Annual Report on Form 10-K.

We consent to the incorporation by reference in the registration statements and the related Prospectuses of System Energy Resources, Inc. on Form S-3 (File Numbers 33-47662, 33-61189 and 333-06717) of our report dated February 18, 1999, on our audits of the financial statements of System Energy Resources, Inc. as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, which is included in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP

New Orleans, Louisiana
March 10, 1999

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and Shareholders
of Entergy Corporation

Our audits of the consolidated financial statements of Entergy Corporation and the financial statements of Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc. (which reports and financial statements are included in this Annual Report on Form 10-K) also included audits of the financial statement schedules listed in Item 14(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related financial statements.

PricewaterhouseCoopers LLP

New Orleans, Louisiana
February 18, 1999

INDEX TO FINANCIAL STATEMENT SCHEDULES

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Schedules other than those listed above are omitted because they are not required, not applicable or the required information is shown in the financial statements or notes thereto.

Columns have been omitted from schedules filed because the information is not applicable.

ENTERGY CORPORATION
SCHEDULE I-FINANCIAL STATEMENTS OF ENTERGY CORPORATION
STATEMENTS OF INCOME

	For the Years Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Income:			
Equity in income of subsidiaries	\$822,758	\$325,419	\$459,350
Interest on temporary investments	2,536	5,086	4,840
Total	<u>825,294</u>	<u>330,505</u>	<u>464,190</u>
Expenses and Other Deductions:			
Administrative and general expenses	77,296	62,250	34,402
Income taxes (credit)	(6,847)	3,438	(1,558)
Taxes other than income	1,325	1,226	828
Interest	<u>14,451</u>	<u>15,908</u>	<u>10,491</u>
Total	<u>86,225</u>	<u>82,822</u>	<u>44,163</u>
Net Income	<u><u>\$739,069</u></u>	<u><u>\$247,683</u></u>	<u><u>\$420,027</u></u>

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,		
	1998	1997	1996
	(In Thousands)		
Operating Activities:			
Net income	\$739,069	\$247,683	\$420,027
Noncash items included in net income:			
Equity in earnings of subsidiaries	(822,758)	(325,419)	(459,350)
Deferred income taxes	(1,997)	898	8,499
Depreciation	2,069	1,442	1,628
Changes in working capital:			
Receivables	(21,033)	(8,683)	3,232
Payables	357	(3,690)	9,919
Other working capital accounts	3,614	(400)	(1,170)
Common stock dividends received from subsidiaries	488,500	550,200	554,200
Other	36,948	43,479	(3,524)
 Net cash flow provided by operating activities	<u>424,769</u>	<u>505,510</u>	<u>533,461</u>
 Investing Activities:			
Investment in subsidiaries	(96,383)	(633,449)	(266,681)
Capital expenditures	(212)	(23,079)	-
 Net cash flow used in investing activities	<u>(96,595)</u>	<u>(656,528)</u>	<u>(266,681)</u>
 Financing Activities:			
Changes in short-term borrowings	99,500	166,000	20,000
Common stock dividends paid	(373,441)	(438,183)	(405,346)
Repurchase of common stock	(2,964)	-	-
Issuance of common stock	19,341	305,379	118,087
 Net cash flow provided by (used in) financing activities	<u>(257,564)</u>	<u>33,196</u>	<u>(267,259)</u>
 Net increase (decrease) in cash and cash equivalents	70,610	(117,822)	(479)
 Cash and cash equivalents at beginning of period	<u>10,843</u>	<u>128,665</u>	<u>129,144</u>
 Cash and cash equivalents at end of period	<u><u>\$81,453</u></u>	<u><u>\$10,843</u></u>	<u><u>\$128,665</u></u>

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,	
	1998	1997
	(In Thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents:		
Temporary cash investments - at cost,		
which approximates market:		
Associated companies	\$12,879	\$2,947
Other	68,574	7,896
Total cash and cash equivalents	81,453	10,843
Accounts receivable:		
Associated companies	35,781	14,700
Interest receivable	253	301
Other	9,380	20,345
Total	126,867	46,189
Investment in Wholly-owned Subsidiaries	7,268,768	6,832,590
Deferred Debits and Other Assets	71,543	89,315
Total	\$7,467,178	\$6,968,094
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$285,500	\$186,000
Accounts payable:		
Associated companies	6,041	4,331
Other	531	1,884
Interest accrued	-	1,918
Other current liabilities	3,394	8,827
Total	295,466	202,960
Deferred Credits and Noncurrent Liabilities	64,672	71,618
Shareholders' Equity:		
Common stock, \$.01 par value, authorized		
500,000,000 shares; issued 246,829,076 shares		
in 1998 and 246,149,198 shares in 1997	2,468	2,461
Paid-in capital	4,630,609	4,613,572
Retained earnings	2,526,888	2,157,912
Cumulative foreign currency translation adjustment	(46,739)	(69,817)
Less cost of treasury stock (208,907 shares in		
1998 and 306,852 shares in 1997)	6,186	10,612
Total common shareholders' equity	7,107,040	6,693,516
Total	\$7,467,178	\$6,968,094

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,		
	1998	1997	1996
	(In Thousands)		
Retained Earnings, January 1	\$2,157,912	\$2,341,703	\$2,335,579
Add:			
Net income	739,069	247,683	420,027
Deduct:			
Dividends declared on common stock	369,498	432,268	412,250
Capital stock and other expenses	595	(794)	1,653
Total	<u>370,093</u>	<u>431,474</u>	<u>413,903</u>
Retained Earnings, December 31	<u>\$2,526,888</u>	<u>\$2,157,912</u>	<u>\$2,341,703</u>
 Paid-in Capital, January 1	 \$4,613,572	 \$4,320,591	 \$4,201,483
Add:			
Gain on reacquisition of subsidiaries' preferred stock	-	273	1,795
Common stock issuances related to stock plans	17,037	292,870	117,560
Total	<u>17,037</u>	<u>293,143</u>	<u>119,355</u>
Deduct:			
Capital stock discounts and other expenses	-	162	247
Paid-in Capital, December 31	<u>\$4,630,609</u>	<u>\$4,613,572</u>	<u>\$4,320,591</u>

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

ENTERGY CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1998, 1997, and 1996

(In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions	Other Changes	Balance at End of Period
		Charged to Income	Deductions from Provisions (Note 1)	
Year ended December 31, 1998				
Accumulated Provisions--				
Deducted from Assets--				
Doubtful Accounts	\$9,800	\$16,451	\$15,996	\$10,255
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$23,422	\$28,838	\$67,106	\$(14,846)
Injuries and damages (Note 2)	26,484	17,960	16,282	28,162
Environmental	36,368	7,596	8,107	35,857
Total	\$86,274	\$54,394	\$91,495	\$49,173
Year ended December 31, 1997				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$9,189	\$17,106	\$16,495	\$9,800
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	\$19,770	\$17,690	\$9,189
Other	12,337	-	12,337	-
Total	\$19,446	\$19,770	\$30,027	\$9,189
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

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.

ENTERGY ARKANSAS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1998, 1997, and 1996

(In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions	Other Changes	Balance at End of Period
		Charged to Income	Deductions from Provisions (Note 1)	
Year ended December 31, 1998				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,799	\$3,848	\$3,894	\$1,753
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$858	\$18,805	\$12,063	\$7,600
Injuries and damages (Note 2)	4,798	3,144	3,324	4,618
Environmental	4,753	1,470	1,329	4,894
Total	\$10,409	\$23,419	\$16,716	\$17,112
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

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.

ENTERGY GULF STATES, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1998, 1997, and 1996

(In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions	Other Changes	Balance at End of Period
		Charged to Income	Deductions	
			from Provisions (Note 1)	
Year ended December 31, 1998				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,791	\$3,169	\$3,225	\$1,735
Accumulated Provisions				
Not Deducted from Assets--				
Property insurance	\$4,317	\$5,583	\$14,084	\$(4,184)
Injuries and damages (Note 2)	5,339	4,634	5,214	4,759
Environmental	23,789	3,058	4,538	22,309
Total	\$33,445	\$13,275	\$23,836	\$22,884
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

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.

ENTERGY LOUISIANA, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1998, 1997, and 1996

(In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions	Other Changes	Balance at End of Period
		Charged to Income	Deductions	
			from Provisions (Note 1)	
Year ended December 31, 1998				
Accumulated Provisions				
Deducted from Assets--				
Doubtful Accounts	\$1,157	\$1,919	\$1,912	\$1,164
Accumulated Provisions Not				
Deducted from Assets:				
Property insurance	\$581	\$2,930	\$21,336	\$(17,825)
Injuries and damages (Note 2)	9,944	9,263	6,083	13,124
Environmental	7,599	668	1,031	7,236
Total	\$18,124	\$12,861	\$28,450	\$2,535
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

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.

ENTERGY MISSISSIPPI, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1998, 1997, and 1996

(In Thousands)

Description	Column A	Column B	Column C	Column D	Column E
			Additions	Other Changes	
		Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 1998					
Accumulated Provisions					
Deducted from Assets—					
Doubtful Accounts		\$931	\$2,747	\$2,461	\$1,217
Accumulated Provisions Not					
Deducted from Assets:					
Property insurance		\$2,179	\$1,520	\$15,242	\$(11,543)
Injuries and damages (Note 2)		4,662	(437)	429	3,796
Environmental		227	900	423	704
Total		\$7,068	\$1,983	\$16,094	\$(7,043)
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

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.

ENTERGY NEW ORLEANS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1998, 1997, and 1996

(In Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions	Other Changes	Balance at End of Period
		Charged to Income	Deductions	
			from Provisions (Note 1)	
Year ended December 31, 1998				
Accumulated Provisions				
Deducted from Assets-- Doubtful Accounts	\$711	-	\$(50)	\$761
Accumulated Provisions Not Deducted from Assets:				
Property insurance	\$15,487	-	\$4,381	\$11,106
Injuries and damages (Note 2)	1,741	\$1,356	1,232	1,865
Environmental	-	1,500	786	714
Total	\$17,228	\$2,856	\$6,399	\$13,685
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

Notes:

- (1) Deductions from provisions represent losses or expenses for which the respective provisions were created. In the case of the provision for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.
- (2) Injuries and damages provision is provided to absorb all current expenses as appropriate and for the estimated cost of settling claims for injuries and damages.

EXHIBIT INDEX

The following exhibits indicated by an asterisk preceding the exhibit number are filed herewith. The balance of the exhibits have heretofore been filed with the SEC, respectively, as the exhibits and in the file numbers indicated and are incorporated herein by reference. The exhibits marked with a (+) are management contracts or compensatory plans or arrangements required to be filed herewith and required to be identified as such by Item 14 of Form 10-K. Reference is made to a duplicate list of exhibits being filed as a part of this Form 10-K, which list, prepared in accordance with Item 102 of Regulation S-T of the SEC, immediately precedes the exhibits being physically filed with this Form 10-K.

(3) (i) Articles of Incorporation

Entergy Corporation

- (a) 1 -- Certificate of Incorporation of Entergy Corporation dated December 31, 1993 (A-1(a) to Rule 24 Certificate in 70-8059).

System Energy

- (b) 1 -- Amended and Restated Articles of Incorporation of System Energy and amendments thereto through April 28, 1989 (A-1(a) to Form U-1 in 70-5399).

Entergy Arkansas

- (c) 1 -- Amended and Restated Articles of Incorporation of Entergy Arkansas and amendments thereto through April 22, 1996 (3(a) to Form 10-Q for the quarter ended March 31, 1996 in 1-10764).

Entergy Gulf States

- (d) 1 -- Restated Articles of Incorporation of Entergy Gulf States and amendments thereto through April 22, 1996 (3(b) to Form 10-Q for the quarter ended March 31, 1996 in 1-2703).

Entergy Louisiana

- (e) 1 -- Restated Articles of Incorporation of Entergy Louisiana and amendments thereto through April 22, 1996 (3(c) to Form 10-Q for the quarter ended March 31, 1996 in 1-8474).

Entergy Mississippi

- (f) 1 -- Restated Articles of Incorporation of Entergy Mississippi and amendments thereto through November 17, 1997 (3(i)(f)1 to Form 10-K for the year ended December 31, 1997 in 0-320).

Entergy New Orleans

- (g) 1 -- Restatement of Articles of Incorporation of Entergy New Orleans and amendments thereto through April 22, 1996 (3(e) to Form 10-Q for the quarter ended March 31, 1996 in 0-5807).

(3) (ii) By-Laws

- (a) -- By-Laws of Entergy Corporation as amended September 14, 1998, and as presently in effect (3(a) to Form 10-Q for the quarter ended September 30, 1998).
- (b) -- By-Laws of System Energy effective July 6, 1998, and as presently in effect (3(f) to Form 10-Q for the quarter ended June 30, 1998).
- (c) -- By-Laws of Entergy Arkansas as of October 5, 1998, and as presently in effect (3(b) to Form 10-Q for the quarter ended September 30, 1998).
- (d) -- By-Laws of Entergy Gulf States as of October 5, 1998, and as presently in effect (3(c) to Form 10-Q for the quarter ended September 30, 1998).
- (e) -- By-Laws of Entergy Louisiana as of October 5, 1998, and as presently in effect (3(d) to Form 10-Q for the quarter ended September 30, 1998).
- (f) -- By-Laws of Entergy Mississippi as of October 5, 1998, and as presently in effect (3(e) to Form 10-Q for the quarter ended September 30, 1998).
- (g) -- By-Laws of Entergy New Orleans as of October 5, 1998, and as presently in effect (3(f) to Form 10-Q for the quarter ended September 30, 1998).

(4) Instruments Defining Rights of Security Holders, Including Indentures

Entergy Corporation

- (a) 1 -- See (4)(b) through (4)(g) below for instruments defining the rights of holders of long-term debt of System Energy, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans.
- (a) 2 -- Credit Agreement, dated as of 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) 3 -- 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) 4 -- 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) 5 -- 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) 6 -- 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) 7 -- 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, Mellon¹Bank, 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).

- (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 (Fifty-fourth); 4 to Form 10-K dated December 31, 1992 in 1-2703 (Fifty-fifth); 4 to Form 10-Q for the quarter ended March 31, 1993 in 1-2703 (Fifty-sixth); and 4-2 to Amendment No. 9 to Registration No. 2-76551 (Fifty-seventh)).
- (d) 2 -- Indenture, dated March 21, 1939, accepting resignation of The Chase National Bank of the City of New York as trustee and appointing Central Hanover Bank and Trust Company as successor trustee (B-a-1-6 in Registration No. 2-4076).
- (d) 3 -- Trust Indenture for 9.72% Debentures due July 1, 1998 (4 in Registration No. 33-40113).
- (d) 4 -- Indenture for Unsecured Subordinated Debt Securities relating to Trust Securities, dated as of January 15, 1997 (filed as Exhibit A-11(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).
- (d) 5 -- Amended and Restated Trust Agreement of Entergy Gulf States Capital I dated January 28, 1997 of Series A Preferred Securities (filed as Exhibit A-13(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).
- (d) 6 -- Guarantee Agreement between Entergy Gulf States, Inc. (as Guarantor) and The Bank of New York (as Trustee) dated as of January 28, 1997 with respect to Entergy Gulf States Capital I's obligation on its 8.75% Cumulative Quarterly Income Preferred Securities, Series A (filed as Exhibit A-14(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).

Entergy Louisiana

- (e) 1 -- Mortgage and Deed of Trust, dated as of April 1, 1944, as amended by fifty-two Supplemental Indentures (7(d) in 2-5317 (Mortgage); 7(b) in 2-7408 (First); 7(c) in 2-8636 (Second); 4(b)-3 in 2-10412 (Third); 4(b)-4 in 2-12264 (Fourth); 2(b)-5 in 2-12936 (Fifth); D in 70-3862 (Sixth); 2(b)-7 in 2-22340 (Seventh); 2(c) in 2-24429 (Eighth); 4(c)-9 in 2-25801 (Ninth); 4(c)-10 in 2-26911 (Tenth); 2(c) in 2-28123 (Eleventh); 2(c) in 2-34659 (Twelfth); C to Rule 24 Certificate in 70-4793 (Thirteenth); 2(b)-2 in 2-38378 (Fourteenth); 2(b)-2 in 2-39437 (Fifteenth); 2(b)-2 in 2-42523 (Sixteenth); C to Rule 24 Certificate in 70-5242 (Seventeenth); C to Rule 24 Certificate in 70-5330 (Eighteenth); C-1 to Rule 24 Certificate in 70-5449 (Nineteenth); C-1 to Rule 24 Certificate in 70-5550 (Twentieth); A-6(a) to Rule 24 Certificate in 70-5598 (Twenty-first); C-1 to Rule 24 Certificate in 70-5711 (Twenty-second); C-1 to Rule 24 Certificate in 70-5919 (Twenty-third); C-1 to Rule 24 Certificate in 70-6102 (Twenty-fourth); C-1 to Rule 24 Certificate in 70-6169 (Twenty-fifth); C-1 to Rule 24 Certificate in 70-6278 (Twenty-sixth); C-1 to Rule 24 Certificate in 70-6355 (Twenty-seventh); C-1 to Rule 24 Certificate in 70-6508 (Twenty-eighth); C-1 to Rule 24

Certificate in 70-6556 (Twenty-ninth); C-1 to Rule 24 Certificate in 70-6635 (Thirtieth); C-1 to Rule 24 Certificate in 70-6834 (Thirty-first); C-1 to Rule 24 Certificate in 70-6886 (Thirty-second); C-1 to Rule 24 Certificate in 70-6993 (Thirty-third); C-2 to Rule 24 Certificate in 70-6993 (Thirty-fourth); C-3 to Rule 24 Certificate in 70-6993 (Thirty-fifth); A-2(a) to Rule 24 Certificate in 70-7166 (Thirty-sixth); A-2(a) in 70-7226 (Thirty-seventh); C-1 to Rule 24 Certificate in 70-7270 (Thirty-eighth); 4(a) to Quarterly Report on Form 10-Q for the quarter ended June 30, 1988, in 1-8474 (Thirty-ninth); A-2(b) to Rule 24 Certificate in 70-7553 (Fortieth); A-2(d) to Rule 24 Certificate in 70-7553 (Forty-first); A-3(a) to Rule 24 Certificate in 70-7822 (Forty-second); A-3(b) to Rule 24 Certificate in 70-7822 (Forty-third); A-2(b) to Rule 24 Certificate in File No. 70-7822 (Forty-fourth); A-3(c) to Rule 24 Certificate in 70-7822 (Forty-fifth); A-2(c) to Rule 24 Certificate dated April 7, 1993 in 70-7822 (Forty-sixth); A-3(d) to Rule 24 Certificate dated June 4, 1993 in 70-7822 (Forty-seventh); A-3(e) to Rule 24 Certificate dated December 21, 1993 in 70-7822 (Forty-eighth); A-3(f) to Rule 24 Certificate dated August 1, 1994 in 70-7822 (Forty-ninth); A-4(c) to Rule 24 Certificate dated September 28, 1994 in 70-7653 (Fiftieth); A-2(a) to Rule 24 Certificate dated April 4, 1996 in File No. 70-8487 (Fifty-first); and A-2(a) to Rule 24 Certificate dated April 3, 1998 in File No. 70-9141 (Fifty-second).

- (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 twelve Supplemental Indentures (A-2(a)-2 to Rule 24 Certificate in 70-7461 (Mortgage); A-2(b)-2 in 70-7461 (First); A-5(b) to Rule 24 Certificate in 70-7419 (Second); A-4(b) to Rule 24 Certificate in 70-7554 (Third); A-1(b)-1 to Rule 24 Certificate in 70-7737 (Fourth); A-2(b) to Rule 24 Certificate dated November 24, 1992 in 70-7914 (Fifth); A-2(e) to Rule 24 Certificate dated January 22, 1993 in 70-7914 (Sixth); A-2(g) to Form U-1 in 70-7914 (Seventh); A-2(i) to Rule 24 Certificate dated November 10, 1993 in 70-7914 (Eighth); A-2(j) to Rule 24 Certificate dated July 22, 1994 in 70-7914 (Ninth); (A-2(l) to Rule 24 Certificate dated April 21, 1995 in File 70-7914 (Tenth); A-2(a) to Rule 24 Certificate dated June 27, 1997 in File 70-8719 (Eleventh); and A-2(b) to Rule 24 Certificate dated April 16, 1998 in File 70-8719 (Twelfth)).

Entergy New Orleans

- (g) 1 -- Mortgage and Deed of Trust, dated as of May 1, 1987, as amended by seven 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); 4(a) to Form 8-K dated March 22, 1996 in File No. 0-5807 (Sixth); and 4(b) to Form 10-Q for the quarter ended June 30, 1998 in 0-5807 (Seventh)).

(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 -- Reallocation Agreement, dated as of July 28, 1981, among System Energy and certain other System companies (B-1(a) in 70-6624).
- (a) 39 -- 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) 40 -- Operating Agreement dated as of May 1, 1980, between System Energy and SMEPA (B(2)(a) in 70-6337).
- (a) 41 -- 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) 42 -- 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) 43 -- Substitute Power Agreement, dated as of May 1, 1980, among Entergy Mississippi, System Energy and SMEPA (B(3)(a) in 70-6337).
- (a) 44 -- Grand Gulf Unit No. 2 Supplementary Agreement, dated as of February 7, 1986, between System Energy and SMEPA (10(aaa) in 33-4033).

- (a) 45 -- 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) 46 -- Post-Retirement Plan (10(a)37 to Form 10-K for the year ended December 31, 1983, in 1-3517).
- (a) 47 -- Unit Power Sales Agreement, dated as of June 10, 1982, between System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans (10(a)-39 to Form 10-K for the year ended December 31, 1982, in 1-3517).
- (a) 48 -- 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) 49 -- Revised Unit Power Sales Agreement (10(ss) in 33-4033).
- (a) 50 -- 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) 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).
- (a) 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).
- (a) 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).
- (a) 54 -- 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) 55 -- 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) 56 -- 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) 57 -- 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) 58 -- 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) 59 -- 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) 60 -- 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) 61 -- 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) 62 -- Entergy Corporation Annual Incentive Plan (10(a) 54 to Form 10-K for the year ended December 31, 1989, in 1-3517).
- + (a) 63 -- Equity Ownership Plan of Entergy Corporation and Subsidiaries (A-4(a) to Rule 24 Certificate, dated May 24, 1991, in 70-7831).
- + (a) 64 -- 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) 65 -- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- + (a) 66 -- Retired Outside Director Benefit Plan (10(a) 63 to Form 10-K for the year ended December 31, 1991, in 1-3517).
- + (a) 67 -- 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) 68 -- Supplemental Retirement Plan (10(a) 69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (a) 69 -- 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) 70 -- 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) 71 -- 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) 72 -- 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) 73 -- 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) 74 -- 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) 75 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).

*(a)76 -- Edwin A. Lupberger's Confidential Settlement Agreement and Receipt and Release.

*(a)77 -- Jerry L. Maulden's Retirement Letter Agreement.

*(a)78 -- Letter of Intent regarding the Employment of Wayne Leonard.

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 -- Loan Agreement, dated as of October 15, 1998, between System Energy and Mississippi Business Finance Corporation (B-6(b) to Rule 24 Certificate in 70-8511).

(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 -- 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).
- +(b) 61 -- Edwin A. Lupberger's Confidential Settlement Agreement and Receipt and Release (10(a)76 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- *+(b)62 -- Letter to John Wilder offering Employment.
- +(b) 63 -- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).

Entergy Arkansas

- (c) 1 -- Agreement, dated April 23, 1982, among Entergy Arkansas and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982, in 1-3517).
- (c) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)2 in 2-41080).
- (c) 3 -- Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).
- (c) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).
- (c) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).
- (c) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-41080).
- (c) 7 -- Amendment, dated January 1, 1972, to Service Agreement with Entergy Services (5(a)- 6 in 2-43175).
- (c) 8 -- Amendment, dated April 27, 1984, to Service Agreement, with Entergy Services (10(a)- 7 to Form 10-K for the year ended December 31, 1984, in 1-3517).
- (c) 9 -- Amendment, dated August 1, 1988, to Service Agreement with Entergy Services (10(c)- 8 to Form 10-K for the year ended December 31, 1988, in 1-10764).
- (c) 10 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(c)-9 to Form 10-K for the year ended December 31, 1990, in 1-10764).
- (c) 11 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).
- (c) 12 through
- (c) 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 -- 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) 78 -- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- +(c) 79 -- Agreement between Arkansas Power & Light Company and R. Drake Keith. (10(c) 78 to Form 10-K for the year ended December 31, 1992 in 1-10764).
- +(c) 80 -- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(c) 81 -- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a)53 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- +(c) 82 -- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a)72 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(c) 83 -- 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) 84 -- 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) 85 -- 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) 86 -- 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) 87 -- 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) 88 -- 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) 89 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- (c) 90 -- Loan Agreement dated June 15, 1993, between Entergy Arkansas and Independence County, Arkansas (B-1 (a) to Rule 24 Certificate dated July 9, 1993 in 70-8171).
- (c) 91 -- Installment Sale Agreement dated January 1, 1991, between Entergy Arkansas and Pope County, Arkansas (B-1 (b) to Rule 24 Certificate dated January 24, 1991 in 70-7802).
- (c) 92 -- Installment Sale Agreement dated November 1, 1990, between Entergy Arkansas and Pope County, Arkansas (B-1 (a) to Rule 24 Certificate dated November 30, 1990 in 70-7802).
- (c) 93 -- 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) 94 -- Loan Agreement dated June 15, 1994, between Entergy Arkansas and Pope County, Arkansas (B-1(b) to Rule 24 Certificate in 70-8405).
- (c) 95 -- 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) 96 -- 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) 97-- Loan Agreement dated December 1, 1997, between Entergy Arkansas and Jefferson County, Arkansas (10(c)100 to Form 10-K for the year ended December 31, 1997 in 1-10764).
- + (c) 98 -- Edwin A. Lupberger's Confidential Settlement Agreement and Receipt and Release (10(a)76 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- + (c) 99-- Jerry L. Maulden's Retirement Letter Agreement (10(a)77 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- + (c) 100-- Letter of Intent regarding the Employment of Wayne Leonard (10(a)78 to Form 10-K for the year ended December 31, 1998 in 1-11299).

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 Depositary 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 -- 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) 7 -- Joint Ownership Participation and Operating Agreement regarding River Bend Unit 1 Nuclear Plant, dated August 20, 1979, between Entergy Gulf States, Cajun, and SRG&T; Power Interconnection Agreement with Cajun, dated June 26, 1978, and approved by the REA on August 16, 1979, between Entergy Gulf States and Cajun; and Letter Agreement regarding CEPSCO 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) 8 -- Ground Lease, dated August 15, 1980, between Statmont Associates Limited Partnership (Statmont) and Entergy Gulf States, as amended (3 to Form 8-K, dated August 19, 1980, and A-3-b to Form 10-Q for the quarter ended September 30, 1983 in 1-2703).
- (d) 9 -- Lease and Sublease Agreement, dated August 15, 1980, between Statmont and Entergy Gulf States, as amended (4 to Form 8-K, dated August 19, 1980, and A-3-c to Form 10-Q for the quarter ended September 30, 1983 in 1-2703).
- (d) 10 -- Lease Agreement, dated September 18, 1980, between BLC Corporation and Entergy Gulf States (1 to Form 8-K, dated October 6, 1980 in 1-2703).
- (d) 11 -- Joint Ownership Participation and Operating Agreement for Big Cajun, between Entergy Gulf States, Cajun Electric Power Cooperative, Inc., and Sam Rayburn G&T, Inc, dated November 14, 1980 (6 to Form 8-K, dated January 29, 1981 in 1-2703); 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) 12 -- Agreement of Joint Ownership Participation between SRMPA, SRG&T and Entergy Gulf States, dated June 6, 1980, for Nelson Station, Coal Unit #6, as amended (8 to Form 8-K, dated June 11, 1980, A-2-b to Form 10-Q For the quarter ended June 30, 1982; and 10-1 to Form 8-K, dated February 19, 1988 in 1-2703).
- (d) 13 -- Agreements between Southern Company and Entergy Gulf States, dated February 25, 1982, which cover the construction of a 140-mile transmission line to connect the two systems, purchase of power and use of transmission facilities (10-31 to Form 10-K, for the year ended December 31, 1981 in 1-2703).
- +(d) 14 -- Executive Income Security Plan, effective October 1, 1980, as amended, continued and completely restated effective as of March 1, 1991 (10-2 to Form 10-K for the year ended December 31, 1991 in 1-2703).
- (d) 15 -- Transmission Facilities Agreement between Entergy Gulf States and Mississippi Power Company, dated February 28, 1982, and Amendment, dated May 12, 1982 (A-2-c to Form 10-Q for the quarter ended March 31, 1982 in 1-2703) and Amendment, dated December 6, 1983 (10-43 to Form 10-K, for the year ended December 31, 1983 in 1-2703).
- (d) 16 -- Lease Agreement dated as of June 29, 1983, between Entergy Gulf States and City National Bank of Baton Rouge, as Owner Trustee, in connection with the leasing of a Simulator and Training Center for River Bend Unit 1 (A-2-a to Form 10-Q for the quarter ended June 30, 1983 in 1-2703) and Amendment, dated December 14, 1984 (10-55 to Form 10-K, for the year ended December 31, 1984 in 1-2703).
- (d) 17 -- Participation Agreement, dated as of June 29, 1983, among Entergy Gulf States, City National Bank of Baton Rouge, PruFunding, Inc. Bank of the Southwest National Association, Houston and Bankers Life Company, in connection with the leasing of a Simulator and Training Center of River Bend Unit 1 (A-2-b to Form 10-Q for the quarter ended June 30, 1983 in 1-2703).
- (d) 18 -- Tax Indemnity Agreement, dated as of June 29, 1983, between Entergy Gulf States and PruFunding, Inc., in connection with the leasing of a Simulator and Training Center for River Bend Unit I (A-2-c to Form 10-Q for the quarter ended June 30, 1993 in 1-2703).
- (d) 19 -- Agreement to Lease, dated as of August 28, 1985, among Entergy Gulf States, City National Bank of Baton Rouge, as Owner Trustee, and Prudential Interfunding Corp., as Trustor, in connection with the leasing of improvement to a Simulator and Training Facility for River Bend Unit I (10-69 to Form 10-K, for the year ended December 31, 1985 in 1-2703).
- (d) 20 -- First Amended Power Sales Agreement, dated December 1, 1985 between Sabine River Authority, State of Louisiana, and Sabine River Authority, State of Texas, and Entergy Gulf States, Central Louisiana Electric Co., Inc., and Louisiana Power and Light Company (10-72 to Form 10-K for the year ended December 31, 1985 in 1-2703).
- +(d) 21 -- Deferred Compensation Plan for Directors of Entergy Gulf States and Varibus Corporation, as amended January 8, 1987, and effective January 1, 1987 (10-77 to Form 10-K for the year ended December 31, 1986 in 1-2703). Amendment dated December 4, 1991 (10-3 to Amendment No. 8 in Registration No. 2-76551).

- + (d) 22 -- Trust Agreement for Deferred Payments to be made by Entergy Gulf States pursuant to the Executive Income Security Plan, by and between Entergy Gulf States and Bankers Trust Company, effective November 1, 1986 (10-78 to Form 10-K for the year ended December 31, 1986 in 1-2703).
- + (d) 23 -- Trust Agreement for Deferred Installments under Entergy Gulf States' Management Incentive Compensation Plan and Administrative Guidelines by and between Entergy Gulf States and Bankers Trust Company, effective June 1, 1986 (10-79 to Form 10-K for the year ended December 31, 1986 in 1-2703).
- + (d) 24 -- Nonqualified Deferred Compensation Plan for Officers, Nonemployee Directors and Designated Key Employees, effective December 1, 1985, as amended, continued and completely restated effective as of March 1, 1991 (10-3 to Amendment No. 8 in Registration No. 2-76551).
- + (d) 25 -- Trust Agreement for Entergy Gulf States' Nonqualified Directors and Designated Key Employees by and between Entergy Gulf States and First City Bank, Texas-Beaumont, N.A. (now Texas Commerce Bank), effective July 1, 1991 (10-4 to Form 10-K for the year ended December 31, 1992 in 1-2703).
- (d) 26 -- Lease Agreement, dated as of June 29, 1987, among GSG&T, Inc., and Entergy Gulf States related to the leaseback of the Lewis Creek generating station (10-83 to Form 10-K for the year ended December 31, 1988 in 1-2703).
- (d) 27 -- Nuclear Fuel Lease Agreement between Entergy Gulf States and River Bend Fuel Services, Inc. to lease the fuel for River Bend Unit 1, dated February 7, 1989 (10-64 to Form 10-K for the year ended December 31, 1988 in 1-2703).
- (d) 28 -- Trust and Investment Management Agreement between Entergy Gulf States and Morgan Guaranty and Trust Company of New York (the "Decommissioning Trust Agreement") with respect to decommissioning funds authorized to be collected by Entergy Gulf States, dated March 15, 1989 (10-66 to Form 10-K for the year ended December 31, 1988 in 1-2703).
- (d) 29 -- Amendment No. 2 dated November 1, 1995 between Entergy Gulf States and Mellon Bank to Decommissioning Trust Agreement (10(d) 31 to Form 10-K for the year ended December 31, 1995).
- (d) 30 -- Credit Agreement, dated as of December 29, 1993, among River Bend Fuel Services, Inc. and Certain Commercial Lending Institutions and CIBC Inc. as Agent for the Lenders (10(d) 34 to Form 10-K for year ended December 31, 1994).
- (d) 31 -- Amendment No. 1 dated as of January 31, to Credit Agreement, dated as of December 31, 1993, among River Bend Fuel Services, Inc. and certain commercial lending institutions and CIBC Inc. as agent for Lenders (10(d) 33 to Form 10-K for the year ended December 31, 1995).
- (d) 32 -- Partnership Agreement by and among Conoco Inc., and Entergy Gulf States, CITGO Petroleum Corporation and Vista Chemical Company, dated April 28, 1988 (10-67 to Form 10-K for the year ended December 31, 1988 in 1-2703).

- + (d) 33 -- Gulf States Utilities Company Executive Continuity Plan, dated January 18, 1991 (10-6 to Form 10-K for the year ended December 31, 1990 in 1-2703).
- + (d) 34 -- Trust Agreement for Entergy Gulf States' Executive Continuity Plan, by and between Entergy Gulf States and First City Bank, Texas-Beaumont, N.A. (now Texas Commerce Bank), effective May 20, 1991 (10-5 to Form 10-K for the year ended December 31, 1992 in 1-2703).
- + (d) 35 -- Gulf States Utilities Board of Directors' Retirement Plan, dated February 15, 1991 (10-8 to Form 10-K for the year ended December 31, 1990 in 1-2703).
- + (d) 36 -- Gulf States Utilities Company Employees' Trustee Retirement Plan effective July 1, 1955 as amended, continued and completely restated effective January 1, 1989; and Amendment No. 1 effective January 1, 1993 (10-6 to Form 10-K for the year ended December 31, 1992 in 1-2703).
- (d) 37 -- Agreement and Plan of Reorganization, dated June 5, 1992, between Entergy Gulf States and Entergy Corporation (2 to Form 8-K, dated June 8, 1992 in 1-2703).
- + (d) 38 -- Gulf States Utilities Company Employee Stock Ownership Plan, as amended, continued, and completely restated effective January 1, 1984, and January 1, 1985 (A to Form 11-K, dated December 31, 1985 in 1-2703).
- + (d) 39 -- Trust Agreement under the Gulf States Utilities Company Employee Stock Ownership Plan, dated December 30, 1976, between Entergy Gulf States and the Louisiana National Bank, as Trustee (2-A to Registration No. 2-62395).
- + (d) 40 -- Letter Agreement dated September 7, 1977 between Entergy Gulf States and the Trustee, delegating certain of the Trustee's functions to the ESOP Committee (2-B to Registration Statement No. 2-62395).
- + (d) 41 -- Gulf States Utilities Company Employees Thrift Plan as amended, continued and completely restated effective as of January 1, 1992 (28-1 to Amendment No. 8 to Registration No. 2-76551).
- + (d) 42 -- Restatement of Trust Agreement under the Gulf States Utilities Company Employees Thrift Plan, reflecting changes made through January 1, 1989, between Entergy Gulf States and First City Bank, Texas-Beaumont, N.A., (now Texas Commerce Bank), as Trustee (2-A to Form 8-K dated October 20, 1989 in 1-2703).
- (d) 43 -- Operating Agreement between Entergy Operations and Entergy Gulf States, dated as of December 31, 1993 (B-2(f) to Rule 24 Certificate in 70-8059).
- (d) 44 -- Guarantee Agreement between Entergy Corporation and Entergy Gulf States, dated as of December 31, 1993 (B-5(a) to Rule 24 Certificate in 70-8059).
- (d) 45 -- Service Agreement with Entergy Services, dated as of December 31, 1993 (B-6(c) to Rule 24 Certificate in 70-8059).
- + (d) 46 -- 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) 47 -- 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) 48 -- Third Amendment, dated January 1, 1994, to Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement (D-3(a) to Form U5S for the year ended December 31, 1993).
- (d) 49 -- 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) 50 -- 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) 51 -- Refunding Agreement between Entergy Gulf States and Parish of Iberville, State of Louisiana dated as of May 1, 1998 (B-3(a) to Rule 24 Certificate dated May 29, 1998 in 70-8721).
- +(d) 52 -- Edwin A. Lupberger's Confidential Settlement Agreement and Receipt and Release (10(a)76 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- +(d) 53-- Jerry L. Maulden's Retirement Letter Agreement (10(a)77 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- +(d) 54-- Letter of Intent regarding the Employment of Wayne Leonard (10(a)78 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- +(d) 55 -- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).

Entergy Louisiana

- (e) 1 -- Agreement, dated April 23, 1982, among Entergy Louisiana and certain other System companies, relating to System Planning and Development and Intra-System Transactions (10(a) 1 to Form 10-K for the year ended December 31, 1982, in 1-3517).
- (e) 2 -- Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).
- (e) 3 -- Amendment, dated as of February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).
- (e) 4 -- Amendment, dated May 12, 1988, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a) 4 in 2-41080).
- (e) 5 -- Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

- (e) 6 -- Service Agreement with Entergy Services, dated as of April 1, 1963 (5(a)-5 in 2-42523).
- (e) 7 -- Amendment, dated as of January 1, 1972, to Service Agreement with Entergy Services (4(a)-6 in 2-45916).
- (e) 8 -- Amendment, dated as of April 27, 1984, to Service Agreement with Entergy Services (10(a) 7 to Form 10-K for the year ended December 31, 1984, in 1-3517).
- (e) 9 -- Amendment, dated as of August 1, 1988, to Service Agreement with Entergy Services (10(d)-8 to Form 10-K for the year ended December 31, 1988, in 1-8474).
- (e) 10 -- Amendment, dated January 1, 1991, to Service Agreement with Entergy Services (10(d)-9 to Form 10-K for the year ended December 31, 1990, in 1-8474).
- (e) 11 -- Amendment, dated January 1, 1992, to Service Agreement with Entergy Services (10(a)-11 to Form 10-K for the year ended December 31, 1994 in 1-3517).
- (e) 12 through
- (e) 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 -- 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) 43 -- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- + (e) 44 -- Supplemental Retirement Plan (10(a) 69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e) 45 -- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 53 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (e) 46 -- 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) 47 -- 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) 48 -- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries (10(a) 74 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (e) 49 -- 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) 50 -- Agreement between System Energy and Donald C. Hintz (10(b) 47 to Form 10-K for the year ended December 31, 1991 in 1-9067).
- + (e) 51 -- Summary Description of Retired Outside Director Benefit Plan (10(c)90 to Form 10-K for the year ended December 31, 1992 in 1-10764).
- + (e) 52 -- Amendment to Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 81 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- + (e) 53 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- (e) 54 -- 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) 55 -- 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) 56 -- 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).
- + (e) 57 -- Edwin A. Lupberger's Confidential Settlement Agreement and Receipt and Release (10(a)76 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- + (e) 58 -- Jerry L. Maulden's Retirement Letter Agreement (10(a)77 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- + (e) 59 -- Letter of Intent regarding the Employment of Wayne Leonard (10(a)78 to Form 10-K for the year ended December 31, 1998 in 1-11299).

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 -- Amendment No. 1 to the Equity Ownership Plan of Entergy Corporation and Subsidiaries (10(a)71 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (f) 51 -- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- + (f) 52 -- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (f) 53 -- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a)53 to Form 10-K for the year ended December 31, 1989 in 1-3517).
- + (f) 54 -- Executive Disability Plan of Entergy Corporation and Subsidiaries (10(a)72 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (f) 55 -- 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) 56 -- 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) 57 -- 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) 58 -- 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) 59 -- 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) 60 -- 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) 61 -- System Executive Retirement Plan (10(a) 82 to Form 10-K for the year ended December 31, 1993 in 1-11299).
- + (f) 62 -- Edwin A. Lupberger's Confidential Settlement Agreement and Receipt and Release (10(a)76 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- + (f) 63 -- Jerry L. Maulden's Retirement Letter Agreement (10(a)77 to Form 10-K for the year ended December 31, 1998 in 1-11299).

- + (f) 64-- Letter of Intent regarding the Employment of Wayne Leonard (10(a)78 to Form 10-K for the year ended December 31, 1998 in 1-11299).

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).
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- +(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 -- 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) 39 -- 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (Filed with the Proxy Statement dated March 30, 1998).
- +(g) 40 -- Supplemental Retirement Plan (10(a)69 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- +(g) 41 -- Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a)53 to Form 10-K for the year ended December 31, 1989 in 1-3517).

- + (g) 42 -- 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) 43 -- 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) 44 -- Stock Plan for Outside Directors of Entergy Corporation and Subsidiaries, as amended (10(a)74 to Form 10-K for the year ended December 31, 1992 in 1-3517).
- + (g) 45 -- 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).
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- + (g) 47 -- 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).
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- + (g) 51-- Jerry L. Maulden's Retirement Letter Agreement (10(a)77 to Form 10-K for the year ended December 31, 1998 in 1-11299).
- + (g) 52-- Letter of Intent regarding the Employment of Wayne Leonard (10(a)78 to Form 10-K for the year ended December 31, 1998 in 1-11299).

(12) Statement Re Computation of Ratios

- * (a) Entergy Arkansas's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- * (b) Entergy Gulf States' Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- * (c) Entergy Louisiana's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- * (d) Entergy Mississippi's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.
- * (e) Entergy New Orleans' Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.

***(f) System Energy's Computation of Ratios of Earnings to Fixed Charges, as defined.**

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

(23) Consents of Experts and Counsel

***(a) The consent of PricewaterhouseCoopers LLP is contained herein at page 213.**

***(24) Powers of Attorney**

(27) Financial Data Schedule

***(a) Financial Data Schedule for Entergy Corporation and Subsidiaries as of December 31, 1998.**

***(b) Financial Data Schedule for Entergy Arkansas as of December 31, 1998.**

***(c) Financial Data Schedule for Entergy Gulf States as of December 31, 1998.**

***(d) Financial Data Schedule for Entergy Louisiana as of December 31, 1998.**

***(e) Financial Data Schedule for Entergy Mississippi as of December 31, 1998.**

***(f) Financial Data Schedule for Entergy New Orleans as of December 31, 1998.**

***(g) Financial Data Schedule for System Energy as of December 31, 1998.**

*** 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, 1997

OR



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

For the transition period from _____ to _____

<u>Commission File Number</u>	<u>Registrant, State of Incorporation, Address of Principal Executive Offices and Telephone Number</u>	<u>IRS Employer Identification No.</u>
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
333-33331	ENTERGY LONDON INVESTMENTS PLC (England and Wales) Templar House 81-87 High Holborn London WC1V 6NU England Telephone 011-44-171-242-9050	N/A

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

<u>Registrant</u>	<u>Title of Class</u>	<u>Name of Each Exchange on Which Registered</u>
Entergy Corporation	Common Stock, \$0.01 Par Value - 245,880,306 shares outstanding at February 27, 1998	New York Stock Exchange, Inc. Chicago Stock Exchange Inc. Pacific Exchange Inc.
Entergy Arkansas Capital I	8-1/2% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.
Entergy Gulf States, Inc.	Preferred Stock, Cumulative, \$100 Par Value: \$4.40 Dividend Series \$4.52 Dividend Series \$5.08 Dividend Series \$8.80 Dividend Series Adjustable Rate Series B (Depository Receipts)	New York Stock Exchange, Inc. New York Stock Exchange, Inc. New York Stock Exchange, Inc. New York Stock Exchange, Inc. New York Stock Exchange, Inc.
	Preference Stock, Cumulative, without Par Value \$1.75 Dividend Series	New York Stock Exchange, Inc.
Entergy Gulf States Capital I	8.75% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.
Entergy Louisiana Capital I	9% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.
Entergy London Capital, L.P.	8-5/8% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.

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

<u>Registrant</u>	<u>Title of Class</u>
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 \$7.1 billion based on the reported last sale price of such stock on the New York Stock Exchange on February 27, 1998. Entergy Corporation is directly or indirectly the sole holder of the common stock of Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., System Energy Resources, Inc., and Entergy London Investments plc.

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 15, 1998, are incorporated by reference into Parts I and III hereof.

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This combined Form 10-K is separately filed by Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., System Energy Resources, Inc., and Entergy London Investments plc. 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.

EXCHANGE RATES

For the convenience of the reader, this Form 10-K contains translations of certain British pounds sterling (BPS) amounts into U.S. dollars at specified rates, or, if not so specified, the noon buying rate in New York City for cable transfers in BPS as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") on December 31, 1997 of \$1.6454 = BPS1.00. No representation is made that the BPS amounts have been, could have been or could be converted into U.S. dollars at the rates indicated or at any other rates.

The following table sets out, for the periods indicated, certain information concerning the exchange rates between BPS and U.S. dollars based on the Noon Buying Rate in New York City for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York.

<u>Fiscal Year Ending (1)</u>	<u>Period End</u>	<u>Average (2)</u> (\$ per BPS1.00)	<u>High</u>	<u>Low</u>
March 31, 1994.....	1.49	1.50	1.57	1.48
March 31, 1995.....	1.62	1.57	1.64	1.51
March 31, 1996.....	1.53	1.56	1.61	1.51
Period from April 1, 1996 to January 31, 1997.....	1.60	1.58	1.71	1.49
December 31, 1997.....	1.65	1.64	1.71	1.58

- (1) London Electricity plc, the predecessor company of Entergy London Investments plc (Entergy London), had a fiscal year ending March 31 and Entergy London, the successor company, has a fiscal year ending December 31. Effective February 1, 1997, Entergy London acquired London Electricity plc.
- (2) The average of the Noon Buying Rates in effect on the last business day of each month during the relevant period.

FORWARD LOOKING STATEMENTS

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, Entergy London, 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:

<u>Abbreviation or Acronym</u>	<u>Term</u>
AFUDC	Allowance for Funds Used During Construction
Algiers	15th Ward of the City of New Orleans, Louisiana
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One Steam Electric Generating Station (nuclear), owned by Entergy Arkansas
APB	Accounting Principles Board
APSC	Arkansas Public Service Commission
Arkansas Cities and Cooperatives	Cities of Benton, North Little Rock, Prescott and Osceola; the Conway Corporation, the West Memphis Utilities Commission and the Farmers' Electric Cooperative
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
BPS	British pounds sterling
Cajun	Cajun Electric Power Cooperative, Inc. (currently in chapter 11 bankruptcy reorganization)
Capital Funds Agreement	Agreement, dated as of June 21, 1974, as amended, between System Energy and Entergy Corporation, and the assignments thereof
CitiPower	CitiPower Pty.
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
EMF	Electromagnetic fields
EPA	Environmental Protection Agency
EPAct	Energy Policy Act of 1992
EPDC	Entergy Power Development Corporation
EPMC	Entergy Power Marketing Corp.
ETC	Exempt telecommunications company under PUHCA
ETHC	Entergy Technology Holding Company
EWG	Exempt wholesale generator under PUHCA
Electricity Act	Electricity Act 1989
Electricity Pool	Wholesale electricity market in England and Wales
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 London	Entergy London Investments plc, formerly Entergy Power UK plc (including its wholly owned subsidiary, London Electricity plc)
Entergy Louisiana	Entergy Louisiana, Inc., formerly Louisiana Power & Light Company

DEFINITIONS (Continued)

<u>Abbreviation or Acronym</u>	<u>Term</u>
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.
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FUCO	an exempt foreign utility company under PUHCA
G&R Mortgage Bonds	General and Refunding Mortgage Bonds
Grand Gulf 1 and 2	Units 1 and 2 of Grand Gulf Steam Electric Generating Station (nuclear), 90% owned by System Energy
GWH	one million kilowatt-hours
Independence	Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 11% by Entergy Power
IRS	Internal Revenue Service
KPL	Kingsnorth Power Ltd.
KV	kilovolt
KW	kilowatt
KWH	kilowatt-hour(s)
London Electricity	London Electricity plc - a regional electric company serving London, England, which was acquired by Entergy London Investments plc effective February 1, 1997
LDEQ	Louisiana Department of Environmental Quality
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
MGP	Manufactured gas plant
MCEQ	Mississippi Commission on Environmental Quality
MMC	UK Monopolies and Mergers Commission
MPSC	Mississippi Public Service Commission
MW	Megawatt(s)
N/A	Not applicable
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

DEFINITIONS (Concluded)

<u>Abbreviation or Acronym</u>	<u>Term</u>
NPL	Superfund National Priorities List
NRC	Nuclear Regulatory Commission
PES License	Public Electricity Supply License in the UK
PRP	Potentially Responsible Party (a person or entity that may be responsible for remediation of environmental contamination)
PUCT	Public Utility Commission of Texas
PUHCA	Public Utility Holding Company Act of 1935, as amended
PURPA	Public Utility Regulatory Policies Act of 1978
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
REC	Regional Electricity Company - UK
Regulator	Director General of Electricity Supply for the UK
Ritchie 2	Unit 2 of the R. E. Ritchie Steam Electric Generating Station (gas/oil)
River Bend	River Bend Steam Electric Generating Station (nuclear)
RUS	Rural Utility Services (formerly the Rural Electrification Administration or "REA")
SCC	Saltend Cogeneration Company
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.
UK	The United Kingdom of Great Britain and Northern Ireland
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.
White Bluff	White Bluff Steam Electric Generating Station 57% owned by Entergy Arkansas