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

FORM 10-K

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

For the Fiscal Year Ended December 31, 1998

OR

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

For the transition period from ____________ to ____________

Commission File Number	Registrant, State of Incorporation, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 529-5262	72-1229752
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue, 40th Floor Little Rock, Arkansas 72201 Telephone (501) 377-4000	71-0005900
1-2703	ENTERGY GULF STATES, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 838-6631	74-0662730
1-8474	ENTERGY LOUISIANA, INC. (a Louisiana corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 529-5262	72-0245590
0-320	ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000	64-0205830
0-5807	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 529-5262	72-0273040
1-9067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000	72-0752777

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

Registrant	Title of Class	Name of Each Exchange on Which Registered
Entergy Corporation	Common Stock, $0.01 Par Value - 246,494,143 shares outstanding at February 26, 1999	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	New York Stock Exchange, Inc.
	$4.52 Dividend Series	New York Stock Exchange, Inc.
	$5.08 Dividend Series	New York Stock Exchange, Inc.
	$8.80 Dividend Series	New York Stock Exchange, Inc.
	Adjustable Rate Series B (Depository Receipts)	New York Stock Exchange, Inc.
	Preference Stock, Cumulative, without Par Value $1.75 Dividend Series	New York Stock Exchange, Inc.
Entergy Gulf States Capital I	8.75% Cumulative Quarterly Income Preferred	New York Stock Exchange, Inc.

	Securities, Series A	
Entergy Louisiana Capital I	9% Cumulative Quarterly Income Preferred Securities, Series A	New York Stock Exchange, Inc.

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

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

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

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

The aggregate market value of Entergy Corporation Common Stock, $0.01 Par Value, held by non-affiliates, was $7 billion based on the reported last sale price of such stock on the New York Stock Exchange on February 26, 1999. Entergy Corporation is directly or indirectly the sole holder of the common stock of Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and System Energy Resources, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement of Entergy Corporation to be filed in connection with its Annual Meeting of Stockholders, to be held May 14, 1999, are incorporated by reference into Parts I and III hereof.

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

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

FORWARD LOOKING INFORMATION

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, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and System Energy Resources, Inc. or their affiliated companies may be influenced by factors that could cause actual outcomes to be materially different than anticipated. 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, interest rate changes and changes in financial markets generally, changes in foreign currency exchange rates, the ability to locate and correct computer codes relevant to Year 2000 issues and related matters, and other factors.

DEFINITIONS

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

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction
Algiers	15th Ward of the City of New Orleans, Louisiana
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One Steam Electric Generating Station (nuclear), owned by Entergy Arkansas
APB	Accounting Principles Board
APSC	Arkansas Public Service Commission
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., an electric distribution company serving Melbourne, Australia and surrounding suburbs, which was acquired by Entergy effective January 5, 1996. CitiPower was sold by Entergy effective December 31, 1998.
Council	Council of the City of New Orleans, Louisiana
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
domestic utility companies	Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, collectively
EITF	Emerging Issues Task Force
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
Entergy	Entergy Corporation and its various direct and indirect subsidiaries
Entergy Arkansas	Entergy Arkansas, Inc.
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., including its wholly owned subsidiaries - Varibus Corporation, GSG&T, Inc., Prudential Oil & Gas, Inc., and Southern Gulf Railway Company
Entergy London	Entergy London Investments plc, formerly Entergy Power UK plc (including its wholly owned subsidiary, London Electricity plc). Entergy London was sold by Entergy effective December 4, 1998.

Abbreviation or Acronym	Term
Entergy Louisiana	Entergy Louisiana, Inc.
Entergy Mississippi	Entergy Mississippi, Inc.
Entergy New Orleans	Entergy New Orleans, 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 7% 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 effective February 1, 1997. Entergy London was sold by Entergy effective December 4, 1998.
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
MDEQ	Mississippi Department of Environmental Quality
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

Abbreviation or Acronym	Term
NPL	Superfund National Priorities List
NRC	Nuclear Regulatory Commission
PRP	Potentially Responsible Party (a person or entity that may be responsible for remediation of environmental contamination)
PUCT	Public Utility Commission of Texas
PUHCA	Public Utility Holding Company Act of 1935, as amended
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 could not be exceeded before December 31, 1998
Reallocation Agreement	1981 Agreement, superseded in part by a June 13, 1985 decision of FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy relating to the sale of capacity and energy from Grand Gulf
Ritchie 2	Unit 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 FASB
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

PART I

Item 1. Business

BUSINESS OF ENTERGY

General

Entergy Corporation is a Delaware corporation which, through its subsidiaries, engages principally in the following businesses: domestic utility, power marketing and trading, global power development, and domestic nuclear operations. It has no significant assets other than the stock of its subsidiaries. Entergy Corporation is a registered public utility holding company under PUHCA. As such, Entergy Corporation and its subsidiaries generally are subject to the broad regulatory provisions of PUHCA. PUHCA limits entry by registered public utility holding companies to domestic integrated utility businesses, domestic and foreign electric generation ventures, foreign utility ownership, telecommunications and information service businesses, and other domestic energy related businesses.

Domestic Utility

Entergy Corporation has five wholly-owned domestic retail electric utility subsidiaries: Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. As of December 31, 1998, these utility companies provided retail electric service to approximately 2.5 million customers primarily in portions of the states of Arkansas, Louisiana, Mississippi, and Texas. In addition, Entergy Gulf States furnishes natural gas utility service in and around Baton Rouge, Louisiana, and Entergy New Orleans furnishes natural gas utility service in New Orleans, Louisiana. The business of the domestic utility companies is subject to seasonal fluctuations, with the peak sales period normally occurring during the third quarter of each year. During 1998, the domestic utility companies' combined retail electric sales as a percentage of total electric sales were: residential - 27.8%; commercial - 20.8%; and industrial - 39.0%. Retail electric revenues from these sectors as a percentage of total electric revenues were: residential - 37.5%; commercial - 24.7%; and industrial - 29.8%. Sales to governmental and municipal sectors and to nonaffiliated utilities accounted for the balance of energy sales. The major industrial customers of the domestic utility companies are in the chemical, petroleum refining, paper, and food products industries. The retail rates and services of Entergy's domestic retail utility subsidiaries are regulated by state and/or local regulatory authorities.

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

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

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

Power Marketing and Trading

Entergy conducts its power marketing and trading business primarily through two subsidiaries, Entergy Power and EPMC, which are both Delaware corporations. Entergy Power is a domestic power producer that owns 665 MW of fossil-fueled generation assets located in Arkansas. Entergy Power markets electric capacity and energy in the wholesale market. Entergy Power's wholesale power sales are subject to the jurisdiction of FERC. EPMC engages in the marketing and trading of physical and financial energy commodity products, industrial energy management, and risk management services. It has authority from the SEC to deal in a wide range of energy commodities and related financial products. Entergy's power marketing and trading business has also recently begun trading activities in the UK.

EPMC is exposed to credit risk in the event of nonperformance by counterparties to financial instruments. For each counterparty, EPMC analyzes the financial condition prior to entering into an agreement, establishes credit limits, and monitors the appropriateness of these limits on an ongoing basis. Swap contracts and most other over-the-counter instruments may be subject to margin requirements with the counterparty. The principal markets for power and natural gas are utilities and industrial end-users located throughout the United States. EPMC has a concentration of receivables due from such customers. These industry concentrations may affect EPMC's overall credit risk, either positively or negatively, in that changes in economic, industry, regulatory or other conditions may similarly affect certain customers.

Other Businesses

Entergy's global power development business is focused on acquiring or developing power generation projects in Australia, Europe, Latin America, and North America. This business owns interests in the following foreign electric generation assets:

Investment	Percent Ownership	Status
Argentina - Costanera, 1,260 MW	6%	operational
Argentina - Costanera expansion, 220 MW	10%	operational
Chile - San Isidro, 370 MW	25%	operational
Pakistan - Hub River, 1,292 MW	5%	operational
Peru - Edegel - 819 MW	21%	operational
United Kingdom - Saltend, 1,200 MW	100%	under construction
United Kingdom - Damhead Creek, 792 MW	100%	under construction

Entergy's global power development business has several other development projects located within its focus geographic regions in the planning stages as well as the 24MW Nantong project under construction in China. Management does not intend to pursue further developments in Asia.

Entergy's domestic nuclear business focuses on providing operations and management services (O&M Services), including decommissioning services, to nuclear generating facilities owned by other utilities in the United States. O&M Services include engineering, long term operations and maintenance, fuel procurement, management and supervision, technical support and training, administrative support, and any other managerial or technical services required to operate, maintain and decommission nuclear electric power facilities. Currently such services are provided for the Maine Yankee nuclear power plant.

In November 1998, Entergy's nuclear business signed an agreement to buy Boston Edison's 670 MW Pilgrim Nuclear Station in Plymouth, Massachusetts. Pilgrim is the first plant to be acquired by Entergy as part of a non-regulated business strategy that focuses on competitive nuclear power acquisitions and power generation as primary growth areas. Management expects to close the transaction in the second quarter of 1999. The sales agreement provides that Boston Edison will fully fund a decommissioning cost trust based on estimated decommissioning costs. The sales agreement also includes total output power purchase agreements with Boston Edison and other utilities. One hundred percent of plant output is committed through 2001, which decreases to 50% by 2003. The power purchase agreements will expire at the end of 2004.

Business Sales

Prior to 1998, Entergy acquired interests in a number of foreign utility businesses. In August 1998, Entergy's Board of Directors approved a new strategic focus that included the sale of certain of these businesses. The largest investment was the ownership of London Electricity. Entergy, through Entergy London, acquired London Electricity in February 1997. London Electricity is a regional electric company that is principally engaged in the distribution and supply of electricity to customers in and around London, England. Entergy sold its interest in Entergy London and London Electricity in December 1998. Entergy's second largest investment was CitiPower, which is an Australian company acquired in January 1996. CitiPower is principally engaged in the distribution and supply of electricity to customers in Melbourne, Australia. Entergy sold its interest in CitiPower in December 1998. Entergy also owns a 5% interest in Edesur, S.A., which is the retail electric distribution company for the southern part of Buenos Aires, Argentina. Entergy is seeking to sell its interest in Edesur in 1999.

In September 1998, Entergy sold its energy management subsidiary, Efficient Solutions, Inc. (formerly Entergy Integrated Solutions, Inc.). In January 1999, Entergy disposed of its security monitoring business which operates primarily in North and South Carolina, Alabama, Florida, Georgia, Mississippi, Louisiana, and Texas. In March 1999, Entergy signed an agreement to dispose of its interest in the Hyperion Telecommunications joint ventures, which operate three Competitive Local Exchange Carriers (CLECs) in Little Rock, Arkansas; Jackson, Mississippi; and Baton Rouge, Louisiana. These CLECs provide long distance carrier access and local exchange services.

Domestic and Foreign Generation Investments

Entergy's ability to invest in domestic and foreign generation businesses is subject to the SEC's regulations under PUHCA. Absent SEC approval, these regulations limit the aggregate amount that Entergy may invest in domestic and foreign generation businesses to an amount equal to 50% of consolidated retained earnings at the time an investment is made. Due to the sale of electric distribution businesses in the UK and Australia in 1998, Entergy will have the ability to make significant additional investments in domestic and foreign generation businesses.

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

Selected Data

Selected customer and sales data for 1998 are summarized in the following tables:

	Area Served	Customers as of December 31, 1998 Electric (In Thousands)	Gas
Entergy Arkansas	Portions of Arkansas and Tennessee	629	-
Entergy Gulf States	Portions of Texas and Louisiana	658	89
Entergy Louisiana	Portions of Louisiana	631	-
Entergy Mississippi	Portions of Mississippi	388	-
Entergy New Orleans	City of New Orleans, except Algiers, which is provided electric service by Entergy Louisiana	189	151
Total customers		2,495	240

1998 - Selected Domestic Utility Electric Energy Sales Data

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana (In GWH's)	Entergy Mississippi	Entergy New Orleans	System Energy	Entergy (a)
Electric Department:							
Sales to retail customers	18,456	34,596	29,004	12,325	5,841	-	100,224
Sales for resale:							
Affiliates	6,500	1,091	386	2,424	370	8,259	-
Other	5,948	2,990	855	484	199	-	11,187
Total	30,904	38,677	30,245	15,233	6,410	8,259	111,411
Steam Department:							
Sales to steam products customer	-	1,803	-	-	-	-	1,803
Total	30,904	40,480	30,245	15,233	6,410	8,259	113,214
Average use per residential customer (KWH)	12,333	15,510	15,329	14,555	12,611	-	14,303

(a) Includes the effect of intercompany eliminations.

1998 - Selected Natural Gas Sales Data

Entergy New Orleans and Entergy Gulf States sold 15,969,673 and 6,321,495 MCF, respectively, of natural gas to retail customers in 1998. Revenues from natural gas operations for each of the three years in the period ended December 31, 1998, were not material for Entergy Gulf States. Entergy New Orleans' products and services are discussed below in "BUSINESS SEGMENTS".

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

Employees

As of December 31, 1998, Entergy had 12,816 employees as follows:

Full-time:	
Entergy Corporation	-
Entergy Arkansas	1,413
Entergy Gulf States	1,476
Entergy Louisiana	720
Entergy Mississippi	729
Entergy New Orleans	302

System Energy	-
Entergy Operations	3,581
Entergy Services	3,021
Other subsidiaries	1,455
Total Full-time	12,697
Part-time	119
Total Entergy	12,816

Competition

"MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS, SIGNIFICANT FACTORS AND KNOWN TRENDS" and Note 2 to the financial statements contain detailed discussions of competitive challenges Entergy faces in the utility industry, including the filings made by the domestic utility companies with their respective state and local regulatory authorities addressing transition to a more competitive utility business environment.

CAPITAL REQUIREMENTS AND FUTURE FINANCING

Estimated construction expenditures for the domestic utility companies and System Energy for the period 1999-2001 are set forth in the following table. These estimates include environmental expenditures and AFUDC, but exclude nuclear fuel.

	1999	2000	2001	2002
		(In Millions)		
Entergy Arkansas	$210	$210	$187	$607
Entergy Gulf States	161	157	141	459
Entergy Louisiana	114	111	99	324
Entergy Mississippi	66	66	59	191
Entergy New Orleans	37	31	27	95
System Energy	22	22	19	63

With the exception of Entergy Arkansas, no significant construction costs are expected in connection with the domestic utility companies' and System Energy's generating facilities. Entergy plans to return generating stations at Entergy Arkansas, Entergy Louisiana and Entergy New Orleans with 583 MW of capacity to service in 1999. These stations will be returned to service with estimated capital expenditures of $9.0 million, which is included above. Projected construction expenditures for the replacement of ANO 2's steam generators are included in Entergy Arkansas' estimated figures above. The replacement of ANO 2's steam generators is discussed in Note 9 to the financial statements. Actual construction costs may vary from these estimates for a number of reasons, including changes in load growth estimates, environmental regulations, and labor, equipment, materials, and capital costs, and modifications to generating units to meet regulatory requirements. In addition to construction expenditure requirements, Entergy must meet scheduled long-term debt and preferred stock maturities and cash sinking fund requirements. Capital requirements and financing information are discussed in Notes 4, 5, 6, and 7 to the financial statements.

In December 1997, Entergy's global power development business entered into a BPS646 million (approximately $1.07 billion) nonrecourse credit facility with an international bank group for the construction of the Saltend 1,200 MW gas-fired power plant in northeast England. The power plant will sell power into the UK power pool at prices established by the market. This plant is being constructed under a lump-sum contract with a major international contractor. This business has also entered into a series of contracts, including a long-term ground lease for the site; a long-term gas supply agreement with take-or-pay obligations, and a long-term steam and power supply agreement with the industrial host. The total cost of this project is currently estimated to be approximately $875 million. The project is expected to be operational by January 2000. Financing is discussed in Note 7 to the financial statements.

In September 1997, Entergy's global power generation business acquired land in southeast England and certain rights to build a power station for $67 million. In September 1998, this business began construction of the Damhead Creek 792 MW combined cycle gas turbine merchant power plant on this site. The total cost of this project is currently estimated to be approximately $594 million. Agreements have been finalized regarding permanent financing, construction and gas supply. Damhead Creek's power will be sold through the England and Wales Electricity Pool. The target date for commercial operation is the fourth quarter of 2000. The financing of Damhead Creek is discussed in Note 7 to the financial statements.

Entergy Corporation's primary capital requirements are to invest periodically in, or make loans to, its subsidiaries and to invest in new enterprises. Management discusses Entergy Corporation's current and future planned investments in its subsidiaries and the financial sources for such investments in "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - LIQUIDITY AND CAPITAL RESOURCES". The principal sources of funds for Entergy Corporation are dividend distributions from its subsidiaries, funds available under its bank credit facilities, funds received from its dividend reinvestment and stock purchase plan, and funds received from the sale of foreign utility investments.

Certain System Financial and Support Agreements

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

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

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

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

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

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

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

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

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

Since commercial operation of Grand Gulf 1 began, payments under the Unit Power Sales Agreement to System Energy have exceeded the amounts payable under the Availability Agreement. Therefore, no payments under the Availability Agreement have ever been required. In the event such payments were required, the ability of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans to recover from their customers amounts paid under the Availability Agreement, or under the assignments thereof, would depend upon the outcome of rate proceedings before state and local regulatory authorities. Opposition to full recovery would be likely, and the outcome of such proceedings, should they occur, is not predictable.

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

Capital Funds Agreement (Entergy Corporation and System Energy)

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

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

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

RATE MATTERS AND REGULATION

Rate Matters

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

Wholesale Rate Matters

System Energy

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

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

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

Entergy's domestic utility companies engage in the coordinated planning, construction, and operation of generation and transmission facilities pursuant to the terms of the System Agreement, as described under "PROPERTY - Generating Stations", below.

In connection with the Merger in 1993, FERC approved certain rate schedule changes to integrate Entergy Gulf States into the System Agreement. In approving the Merger, FERC also initiated a new proceeding to consider whether the System Agreement permits certain out-of-service generating units to be included in reserve equalization calculations under Service Schedule MSS-1 of that agreement. The LPSC and the MPSC submitted testimony in this proceeding seeking retroactive refunds for Entergy Louisiana and Entergy Mississippi estimated at $22.6 million and $13.2 million plus related interest charges, respectively. The ALJ recommended that no retroactive refunds should be ordered and that the System Agreement should be amended to allow out-of-service units to be included in reserve equalization. In August 1997, the FERC issued an Opinion and Order affirming the initial decision of the ALJ. The LPSC and the MPSC filed a request for rehearing of FERC's August 1997 decision, which was denied. The LPSC and the MPSC then appealed FERC's decision to the U.S. Court of

Appeals for the D. C. Circuit in March 1998. Oral arguments in this appeal are scheduled for March 1999. No assurance can be given as to the timing or outcome of the appeal.

In March 1995, the LPSC filed a complaint with FERC alleging that the System Agreement results in unjust and unreasonable rates. The LPSC requested FERC to modify the System Agreement to exclude curtailable load from the cost allocation determination and to permit Entergy's domestic utility companies that engage in real-time pricing at the retail level to be assessed only the marginal cost for energy sold among the domestic utility companies. In August 1996, FERC dismissed the LPSC's complaint finding that the LPSC's claim that the System Agreement is unjust and unreasonable was without merit. The FERC confirmed this finding in a September 1997 order denying the LPSC's request for rehearing. The LPSC has appealed FERC's dismissal of its complaint to the D. C. Circuit and oral arguments in this appeal were held in December 1998. No assurance can be given as to the timing or outcome of the appeal.

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

In October 1994, Entergy's domestic utility companies filed revised transmission tariffs. In January 1995, FERC made the transmission tariffs effective, subject to refund, and ordered an investigation of Entergy Power's market pricing authority, thereby making Entergy Power's market price rate schedules subject to refund. In October 1998, the FERC issued an order, which stipulated that Entergy's open access transmission tariff mitigated any transmission market power and affirmed that transmission service should be priced at a rolled-in, system-wide rate rather than the bifurcated bulk and local transmission pricing proposed by Entergy. The FERC also rejected customers' requests to receive credits for customer-owned facilities that are not integrated with, and support, Entergy's transmission system. Requests for rehearing or clarification of that decision are pending before FERC. The October 1998 order also determined that no further action is needed in the investigation of Entergy Power's market pricing authority.

Competition within the wholesale electric energy market has intensified with open access transmission and an increase in marketing and trading activities by utilities and power marketers. Open access transmission allows third party suppliers to transmit energy to customers over transmission facilities owned by another entity. To implement open access transmission to wholesale customers, FERC issued two orders in 1996. Order No. 888 requires all public utilities subject to FERC jurisdiction to provide wholesale transmission access to third parties and specifically addresses issues related to nondiscriminatory transmission and stranded costs. Order No. 889 addresses codes of conduct and requires the implementation and maintenance of an open access same-time information system by each public utility.

In July 1996, Entergy's domestic utility companies filed an open access transmission tariff in compliance with FERC Order No. 888, which superseded the tariffs previously filed. In January 1997, FERC accepted the non-rate terms and conditions of the July 1996 tariff, subject to limited modifications. In a March 1997 order (Order No. 888-A), FERC directed public utilities to file revised tariffs to reflect changes resulting from rehearing of Order No. 888. In July 1997, Entergy Services filed with the FERC its wholesale transmission access compliance tariff incorporating the non-rate terms and conditions of FERC Order No. 888-A. FERC's October 1998 Order discussed above resolved the rate-related issues.

In response to FERC policy strongly favoring independent control over transmission operations as a means of enhancing competitive wholesale power markets, Entergy has proposed to FERC the formation of a regional transmission company (Transco). The proposed Transco would be:

- a separate legal entity regulated by FERC;
- composed of the transmission system transferred to it by the domestic utility companies and other transmission owners in Entergy's region;
- operated and maintained by employees who would work exclusively for the Transco and would not be employed by Entergy or the domestic utility companies; and
- passively owned by the domestic utility companies, which will not control or otherwise direct its operation and management.

Management expects to make additional filings with federal, state, and local regulatory authorities seeking necessary approvals for the formation of the Transco.

Retail Rate Matters

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

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

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

The domestic utility companies have initiated proceedings with state and local regulators regarding an orderly transition to a more competitive market for electricity. The filings by the domestic utility companies and the generic restructuring dockets established by the local and state regulators are discussed more thoroughly in Note 2 to the financial statements.

Entergy Arkansas

Retail Rate Proceedings

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

Recovery of Grand Gulf 1 Costs

Under the settlement agreement entered into with the APSC in 1985 and amended in 1988, Entergy Arkansas agreed to forego recovery of a portion of its Grand Gulf 1-related costs, to recover a portion of such costs currently, and to 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% through rates. In the event Entergy Arkansas is not able to sell its retained share to third parties, it may sell such energy to its retail customers at a price equal to its avoided energy cost, which is currently less than Entergy Arkansas' cost of energy from its retained share.

Fuel Recovery

Entergy Arkansas' rate schedules include an energy cost recovery rider to recover the costs of energy (fuel and purchased energy costs). The rider utilizes projected energy costs for the twelve month period commencing on April 1 of each year to develop an energy cost rate, which is redetermined annually and includes a true-up adjustment reflecting the over-recovery or under-recovery of the energy cost for the prior calendar year.

Rate Freeze

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

Entergy Gulf States

Retail Rate Proceedings

Entergy Gulf States' retail rate proceedings that were resolved during the past year or are currently pending are discussed in Note 2 to the financial statements.

Settlement Agreement

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:

- 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;
- a reduced fixed fuel factor, effective March 1, 1999;
- a methodology for semi-annual revisions of the fixed fuel factor based on the market price of natural gas;
- a base rate freeze through June 1, 2000;
- 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.

Recovery of River Bend Costs

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 allow 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.

Texas Jurisdiction - River Bend

In March 1998, the PUCT issued an order disallowing recovery of $1.4 billion of company-wide abeyed River Bend plant costs 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. Following denial by the PUCT of Entergy Gulf States' latest motion for rehearing, Entergy Gulf States has again appealed the PUCT's decision on this matter to a Texas District Court. The settlement agreement discussed above, 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. The abeyed plant cost proceedings and reserves established to reflect management's estimate of the probable outcome thereof are discussed in more detail in Note 2 to the financial statements.

Fuel Recovery

Entergy Gulf States' Texas rate schedules include a fixed fuel factor to recover fuel and purchased power costs not recovered in base rates. The fixed fuel factor may be revised every six months in accordance with a schedule set by the PUCT. To the extent actual costs vary from the fixed factor, refunds or surcharges are required or permitted. The settlement agreement discussed above, if approved, would establish a methodology for semi-annual revisions of the fixed fuel factor based on the market price of natural gas, effective through December 2001 or until otherwise ordered by the PUCT. Fuel costs are also subject to reconciliation proceedings at least every three years.

Entergy Gulf States' Louisiana electric rate schedules include a fuel adjustment clause designed to recover the cost of fuel and purchased power costs, adjusted by a surcharge (or credit) for deferred fuel expense arising from the monthly reconciliation of actual fuel cost incurred with fuel revenues billed to customers. The LPSC and the PUCT fuel cost reviews that were resolved during the past year or are currently pending are discussed in Note 2 to the financial statements.

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

Entergy Louisiana

Retail Rate Proceedings

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

Recovery of Grand Gulf 1 Costs

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

Performance-Based Formula Rate Plan

In 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. Entergy Louisiana's performance-based formula rate plan filings are discussed in Note 2 to the financial statements.

Fuel Recovery

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

Entergy Mississippi

Retail Rate Proceedings

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

Recovery of Grand Gulf 1 Costs

In September 1985 the MPSC granted Entergy Mississippi an annual base rate increase of approximately $326.5 million in connection with its allocated share of Grand Gulf 1 costs. The MPSC also provided for the deferral of a portion of such costs that were incurred each year through 1992, and recovery of these deferrals over a period of six years, which ended in September 1998.

Performance-Based Formula Rate Plan

Under a performance-based formula rate plan (formula rate plan) effective March 25, 1994, Entergy Mississippi's earned rate of return is calculated automatically every 12 months and compared to and adjusted against a benchmark rate of return (calculated under a separate formula within the formula rate plan). The formula rate plan allows for periodic small adjustments in rates based on a comparison of actual earned returns to benchmark returns and upon certain performance factors. The formula rate plan filing for the 1997 test year is discussed in Note 2 to the financial statements. The formula rate plan filing for the 1998 test year will be submitted in March 1999.

Fuel Recovery

Entergy Mississippi's rate schedules include an energy cost recovery rider to recover the costs of energy (fuel and purchased energy costs). The rider utilizes projected energy costs for the coming calendar year to develop an energy cost rate, which is redetermined annually and includes a true-up adjustment reflecting the over-recovery or under-recovery of the energy cost as of September 30 immediately preceding the annual redetermination.

Entergy New Orleans

Retail Rate Proceedings

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

Recovery of Grand Gulf 1 Costs

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

Fuel Recovery

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

Regulation

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

PUHCA

Entergy Corporation and its various direct and indirect subsidiaries (with the exception of its EWG, FUCO, and ETC subsidiaries) are subject to the broad regulatory provisions of PUHCA. Except with respect to investments in certain domestic power projects, foreign utility company projects, and telecommunication projects, the principal regulatory provisions of PUHCA:

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

Entergy Corporation and other electric utility holding companies have supported legislation in the United States Congress to repeal PUHCA and transfer certain aspects of the oversight of public utility holding companies from the SEC to FERC. Entergy believes that PUHCA inhibits its ability to compete in the evolving electric energy marketplace and largely duplicates the oversight activities already performed by FERC, state and local regulators. In June 1995, the SEC adopted a report proposing options for the repeal or significant modification of PUHCA.

Federal Power Act

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

Entergy Arkansas holds a FERC license for two hydroelectric projects (70 MW), which was renewed on July 2, 1980 and expires in February 2003. In February 1998, Entergy Arkansas filed notice of its intent to relicense these hydroelectric projects.

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

Regulation of Nuclear Power

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

The nuclear power industry faces uncertainties with respect to the cost and long-term availability of sites for disposal of spent nuclear fuel and other radioactive waste, nuclear plant operations, the technological and financial aspects of decommissioning plants at the end of their licensed lives, and requirements relating to nuclear insurance. These matters are briefly discussed below.

Regulation of Spent Fuel and Other High-Level Radioactive Waste

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

Regulation of Low-Level Radioactive Waste

The availability and cost of disposal facilities for low-level radioactive waste resulting from normal nuclear plant operations are subject to a number of uncertainties. Under the Low-Level Radioactive Waste Policy Act of 1980, as amended, each state is responsible for disposal of waste originating in that state, but states may participate in regional compacts to fulfill their responsibilities jointly. The States of Arkansas and Louisiana participate in the Central Interstate Low-Level Radioactive Waste Compact (Central States Compact), and the State of Mississippi participates in the Southeast Low-Level Radioactive Waste

Compact (Southeast Compact). Both the Central States Compact and the Southeast Compact have experienced significant delays in the development of waste storage facilities. Two disposal sites are currently operating in the United States, but only one site, the Barnwell Disposal Facility (Barnwell) located in South Carolina, is open to out-of-region generators. The availability of Barnwell provides only a temporary solution for low-level radioactive waste storage, and does not alleviate the need to develop new disposal capacity.

The Southeast Compact process is currently on hold pending resolution of future funding. In December 1998, the host state for the Central States Compact, Nebraska, denied the license application. On December 30, 1998, Entergy and two other utilities in the Central States Compact filed a lawsuit against the state of Nebraska seeking damages resulting from delays and a faulty license review process. Entergy Arkansas, Entergy Louisiana and Entergy Gulf States, along with other waste generators, fund the development costs for new disposal facilities relating to the Central States Compact. During the fourth quarter of 1997, Entergy Arkansas, Entergy Louisiana, and Entergy Gulf States reserved $17.4 million, $12.3 million, and $13.8 million, respectively, related to previously deferred radioactive waste facility costs incurred in connection with the Central States Compact. However, in 1998 based on actions of the APSC, Entergy Arkansas reversed the 1997 reserve of previously deferred costs. Development costs to be incurred in the future are difficult to predict. The current schedules for the site development in both the Central States Compact and the Southeast Compact are undetermined at this time. Until long-term disposal facilities are established, Entergy will seek continued access to existing facilities. If such access is unavailable, Entergy will store low-level waste at its nuclear plant sites.

Regulation of Nuclear Plant Decommissioning

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy are recovering through electric rates the estimated decommissioning costs for ANO, River Bend, Waterford 3, and Grand Gulf 1, respectively. These amounts are deposited in trust funds which, together with the related earnings, can only be used for future decommissioning costs. Estimated decommissioning costs are periodically reviewed and updated to reflect inflation and changes in regulatory requirements and technology. Applications are periodically made to appropriate regulatory authorities to reflect in rates the changes in projected decommissioning costs. Additional information with respect to decommissioning costs for ANO, River Bend, Waterford 3, and Grand Gulf 1 is found in Note 9 to the financial statements.

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

Nuclear Insurance

The Price-Anderson Act limits public liability for a single nuclear incident to approximately $9.8 billion. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy have protection with respect to this liability through a combination of private insurance and an industry assessment program, as well as insurance for property damage, costs of replacement power, and other risks relating to nuclear generating units. Insurance applicable to the nuclear programs of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy is discussed in Note 9 to the financial statements.

Nuclear Operations

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

Entergy Operations operates ANO, River Bend, Waterford 3, and Grand Gulf 1, subject to the owner oversight of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy, respectively. Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and System Energy pay directly or reimburse Entergy Operations at cost for its operation of the nuclear units.

ANO Matters (Entergy Corporation and Entergy Arkansas)

The replacement of steam generators at ANO 2 is discussed in Note 9 to the financial statements.

River Bend (Entergy Corporation and Entergy Gulf States)

In connection with the Merger, Entergy Gulf States filed two applications with the NRC in January 1993 to amend the River Bend operating license. The applications sought the NRC's consent to the Merger and to a change in the licensed operator of the facility from Entergy Gulf States to Entergy Operations. The NRC Staff issued the two license amendments for River Bend. On February 14, 1994, Cajun filed with the D.C. Circuit petitions for review of the two license amendments for River Bend. In March 1995, the D.C. Circuit ordered that the NRC order and license amendments be set aside, and remanded the case to the NRC for further consideration. Subsequently, the NRC affirmed its original findings and reissued the two license amendments. Subsequent petitions for review and appeals filed by Cajun and the Arkansas Cities and Cooperatives were dismissed in 1997 and 1998. The two license amendments are currently in full force and effect.

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

General

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

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

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

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

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

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

Franchises

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

Entergy Gulf States holds non-exclusive franchises, permits, or certificates of convenience and necessity to provide electric and gas service in approximately 55 incorporated municipalities in Louisiana and approximately 63 incorporated municipalities in Texas. Entergy Gulf States typically is granted 50-year franchises in Texas and 60-year franchises in Louisiana. Entergy Gulf States' current electric franchises will expire during 2007 - 2036 in Texas and during 2015 - 2046 in Louisiana. The natural gas franchise in the City of Baton Rouge will expire in 2015. In addition, Entergy Gulf States has received from the PUCT a certificate of convenience and necessity to provide electric service to areas within 21 counties in eastern Texas.

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

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

Entergy New Orleans provides electric and gas service in the City of New Orleans pursuant to city ordinances. These ordinances contain a continuing option for the City of New Orleans to purchase Entergy New Orleans' electric and gas utility properties.

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

Environmental Regulation

General

Entergy's facilities and operations are subject to regulation by various domestic and foreign governmental authorities having jurisdiction over air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. Management believes that its affected subsidiaries are in substantial compliance with environmental regulations currently applicable to their facilities and operations. Because environmental regulations are subject to change, future compliance costs cannot be precisely estimated. However, management estimates that future capital expenditures for environmental compliance will not be material for Entergy or any of its reporting subsidiaries.

Clean Air Legislation

The Clean Air Act Amendments of 1990 (the Act) established the following three programs that currently or in the future may affect Entergy's fossil-fueled generation: (i) an acid rain program for control of sulfur dioxide (SO2) and nitrogen oxides (NOx); (ii) an ozone nonattainment area program for control of NOx and volatile organic compounds; and (iii) an operating permits program for administration and enforcement of these and other Act programs.

Under the acid rain program, it is anticipated that no additional equipment to control SO2 will be required by Entergy's subsidiaries. The Act provides allowances to most of the affected Entergy generating units for emissions based upon past emission levels and operating characteristics. Each allowance is an entitlement to emit one ton of SO2 per year. Under the Act, utilities are or will be required to possess allowances for SO2 emissions from affected generating units. All Entergy fossil-fueled generating units are classified as "Phase II" units under the Act and are subject to SO2 allowance requirements beginning in the year 2000. Management believes that it will be able to operate the domestic utility companies' generating units efficiently without installing scrubbers or experiencing other significant expenditures.

Control equipment may eventually be required for certain Entergy Gulf States generating units to achieve NOx reductions due to the ozone nonattainment status of areas served in and around Beaumont and Houston, Texas. Texas environmental authorities have imposed NOx controls on power plants that must be in place by November 1999. The aggregate cost of such control equipment for the affected Entergy Gulf States plants is estimated to be less than $1.5 million through the year 2000. It is expected that Texas, in conjunction with the EPA, will publish future control strategies in 1999. Depending on the strategies developed by Texas, additional costs may be incurred between 2000 and 2007, but these costs cannot currently be estimated.

Other Environmental Matters

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

Entergy Arkansas

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

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

Entergy Arkansas entered into a Consent Administrative Order with the ADPC&E in 1991 that named Entergy Arkansas as a PRP for the initial stabilization associated with contamination at the Utilities Services, Inc. state Superfund site located near Rison, Arkansas. This site was found to have soil contaminated by PCBs and pentachlorophenol (a wood preservative). Containers and drums that contained PCBs and other hazardous substances were found at the site. Entergy Arkansas' share of total remediation costs at this site is estimated not to exceed $2.7 million. Entergy Arkansas worked with ADPC&E to identify and notify other PRPs with respect to this site. Entergy Arkansas has received assurances that the ADPC&E will use its enforcement authority to allocate remediation expenses among Entergy Arkansas and any other PRPs that are identified. Approximately 20 PRPs have been identified to date. Entergy Arkansas has performed the activities necessary to stabilize the site, at a cost of approximately $400,000.

Entergy Gulf States

Entergy Gulf States has been designated by the EPA as a PRP for the clean-up of certain hazardous waste disposal sites. Entergy Gulf States is negotiating with the EPA and state authorities regarding the clean-up of these sites. Several class action and other suits have been filed in state and federal courts seeking relief from Entergy Gulf States and others for damages caused by the disposal of hazardous waste and for asbestos-related disease allegedly resulting from exposure on Entergy Gulf States' premises (see "Other Regulation and Litigation" below).

In 1971, Entergy Gulf States purchased property near its Sabine generating station, known as the Bailey site, for possible expansion of cooling water facilities. Entergy Gulf States sold the property in 1984. In October 1984, an abandoned waste site on the property was included on the NPL by the EPA. Entergy Gulf States negotiated with the EPA and a consent decree has been signed by all PRPs for the voluntary clean-up of the Bailey site. On-site remediation was completed during 1997. Total remediation costs at this site are currently expected to be approximately $33 million. However, federal and state agencies are still examining potential liabilities associated with natural resource damage. Entergy Gulf States is expected to be responsible for about 2.26% of the estimated clean-up cost. Entergy Gulf States does not expect that its remaining responsibility with respect to this site will be material after allowance for its existing provision for clean-up in the amount of $300,000.

Entergy Gulf States is currently involved in a multi-phased remedial investigation of a site, known as the Lake Charles Service Center, located in Lake Charles, Louisiana. A manufactured gas plant (MGP) is thought to have operated at this site from approximately 1916 to 1931. Coal tar, a by-product of the distillation process employed at MGPs, was apparently routed to a portion of the property for disposal. The same area has also been used as a landfill. Under an order issued by the LDEQ, which is currently stayed, Entergy Gulf States was required to investigate and, if necessary, take remedial action at the site. Preliminary estimates of remediation costs are approximately $20 million. On February 13, 1995, the EPA published a proposed rule adding the Lake Charles Service Center to the NPL. Another PRP has been identified that may have had a role in the ownership and operation of the MGP. Entergy Gulf States has signed an Administrative Consent Order negotiated with the EPA, but does not presently expect that its ultimate responsibility for this site will materially exceed its existing clean-up provision of $20 million.

Entergy Gulf States is currently involved in an initial investigation of an MGP site, known as the Old Jennings Ice Plant, located in Jennings, Louisiana. The MGP site is believed to have operated from approximately 1909 to 1926. The site is currently used for an electrical substation and storage of transmission and distribution equipment. In July 1996, a petroleum-like substance was discovered on the surface soil, and notification was made to the LDEQ. The LDEQ was aware of this site based upon a survey performed by an environmental consultant for the EPA. Entergy Gulf States obtained the services of an environmental consultant to collect core samples and to perform a search of historical records to determine what activities occurred at Jennings. Results of the core sampling, which found limited amounts of contamination on-site, were submitted to the LDEQ. The review by LDEQ is complete and additional sampling is planned during 1999 to determine a cost-effective remediation strategy. Entergy does not expect that its ultimate financial responsibility with respect to this site will be material. The amount of its existing provision for clean-up is $250,000.

Entergy Louisiana, Entergy New Orleans, and System Energy

Entergy Louisiana, Entergy New Orleans, and System Energy have received notices from the EPA and/or the states of Louisiana and Mississippi that one or more of them may be a PRP for the following disposal sites, which are neither owned nor operated by any Entergy subsidiary:

- In October 1997, the MDEQ ordered Entergy Louisiana to implement a remedial action work plan prepared by a PRP committee for Disposal Systems, Inc. sites at Fifth Street (Clay Point) and Lee Street in Biloxi, Mississippi, and at Woolmarket, Mississippi. Entergy Louisiana filed a petition with the MDEQ denying that it had sent any wastes to the Lee Street or Woolmarket sites. With regard to the Clay Point site, the petition states: 1) that wastes that had been transported by its contractor to the site are not pollutants within the meaning of the applicable Mississippi statutes or regulations; 2) that any wastes at that site have been cleaned up under a consent decree between the EPA and the PRPs, which was approved by the U. S. District Court for the Southern District of Mississippi, Southern Division; 3) that any cleaned up waste is stored at a warehouse on the site; and, 4) that the State of Mississippi has no jurisdiction in view of the consent decree of the federal court. The petition further requested a hearing before the MDEQ. No hearing date has been set. The MDEQ issued a similar order on the same date to Entergy Louisiana's contractor, Ebasco Services, Inc., which Entergy Louisiana has agreed to defend and indemnify. The MDEQ issued a similar order on the same date to Bechtel Power, the contractor for System Energy on the Grand Gulf plant. System Energy was not named as a defendant in the order.

Bechtel has filed a petition asking for a hearing. Entergy is currently negotiating a settlement that was developed by a PRP committee. The settlement would relieve Entergy Louisiana and System Energy of future liability or costs associated with these sites. The settlement for Entergy Louisiana, including EBASCO, is expected to be approximately $300,000. System Energy is not expected to participate in the settlement payments.

- From 1992 to 1994, Entergy Louisiana performed a site assessment and remedial activities at a retired power plant known as the Thibodaux municipal site, previously owned and operated by a Louisiana municipality. Entergy Louisiana purchased the power plant at this site as part of the acquisition of municipal electric systems. The site assessment indicated some subsurface contamination from fuel oil. Remediation of the Thibodaux site is expected to continue through 2000. The cost incurred through December 31, 1998 for the Thibodaux site is $386,000, and future costs are not expected to exceed the existing provision of $433,000.

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

Other Regulation and Litigation

Merger (Entergy Corporation and Entergy Gulf States)

FERC's orders approving the Merger were appealed to the D.C. Circuit by Entergy Services, the Council, the Arkansas Electric Energy Consumers (AEEC), the APSC, Cajun, the MPSC, the American Forest and Paper Association, the State of Mississippi, the City of Benton and other cities, and Occidental Chemical Corporation (Occidental). Entergy Services sought review of FERC's deletion of a 40% cap on the amount of fuel savings Entergy Gulf States may be required to transfer to other Entergy domestic utility companies under a tracking mechanism designed to protect the other companies from certain unexpected increases in fuel costs. The other parties sought to overturn FERC's decisions on various grounds, including issues as to whether FERC appropriately conditioned the Merger to protect various interested parties from alleged harm and FERC's reliance on Entergy's transmission tariff to mitigate any potential anticompetitive impacts of the Merger. On November 18, 1994, the D.C. Circuit denied motions filed by Cajun, Occidental, and AEEC for a remand to FERC and a partial summary grant of the petitions for review. At the same time, the D.C. Circuit ordered that the cases be held in abeyance pending FERC's issuance of (i) a final order on remand in the proceedings on Entergy's transmission tariff (see discussion of tariff case in "RATE MATTERS AND REGULATION - Rate Matters - Wholesale Rate Matters - Open Access Transmission" above), and (ii) a final order on competition issues in the proceedings on the Merger.

In December 1993, Entergy Services submitted tariff revisions to FERC to comply with FERC's order dated December 15, 1993, approving the Merger. In February 1994, the APSC and AEEC filed with FERC a joint protest, alleging that Entergy should be required to insulate the ratepayers of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans from all litigation liabilities related to River Bend. In a May 17, 1994 order on rehearing, FERC addressed Entergy's commitment to insulate the customers of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans against liability resulting from certain litigation involving River Bend. In response to FERC's clarification of Entergy's commitment, Entergy Services filed a new compliance filing in June 1994. The APSC and AEEC subsequently filed protests questioning the adequacy of Entergy's June 1994 compliance filing. FERC accepted the compliance filing in December 1998.

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 that have been filed by former employees alleging 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.

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

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

Asbestos and Hazardous Waste Suits

(Entergy Gulf States)

Several lawsuits have been filed on behalf of plaintiffs in state and federal courts in Jefferson and Orange Counties, Texas. These suits seek relief from Entergy Gulf States as well as numerous other defendants for damages caused to the plaintiffs or others by the alleged exposure to hazardous waste and asbestos on the defendants' premises. The plaintiffs in some of these suits are also suing Entergy Gulf States and all other defendants on a conspiracy claim. There are also asbestos-related lawsuits filed in the District Court of Calcasieu Parish in Lake Charles, Louisiana, naming numerous defendants including Entergy Gulf States. The suits allege that each plaintiff contracted an asbestos-related disease from exposure to asbestos insulation products on the premises of the defendants. Plaintiffs have filed lawsuits in Louisiana in state courts in East Baton Rouge, Iberville, and Ascension Parishes. These suits seek relief from Entergy Gulf States and numerous other defendants for damages caused to the plaintiffs or others by alleged exposure to hazardous waste and asbestos on the defendants' premises. It is not known how many of the plaintiffs in any of the foregoing cases actually worked on Entergy Gulf States' premises. Settlements with the Jefferson County plaintiffs and with the Calcasieu Parish plaintiffs are in the process of being consummated. Entergy Gulf States' share of the settlements of these cases is not material, in the aggregate, to its financial position or results of operations.

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

A discussion of this litigation is included under the caption "Cajun-Coal Contracts" in Note 9 to the financial statements.

Catalyst Technologies, Inc. (Entergy Corporation)

In June 1993, Catalyst Technologies, Inc. (CTI) filed a petition in the Civil District Court for the Parish of Orleans, Louisiana (CDC), against Electec, Inc., now named Entergy Enterprises, Inc. (EEI), which is a wholly-owned non-utility subsidiary of Entergy Corporation. The petition alleged, among other things, breach of contract, and breach of the obligation of good faith and fair dealing. In August 1997, a jury in the CDC returned a verdict against EEI in the amount of $346 million plus interest of approximately $118 million. In November 1997, the trial judge entered a judgment notwithstanding the verdict in favor of EEI in the CTI lawsuit. Finding as a matter of law that the jury's verdict was incorrect, the judge ruled that no contract ever existed between CTI and Entergy Enterprises, and that the verdict was contrary to the law and the evidence. CTI appealed this ruling to the Louisiana Court of Appeal for the Fourth Circuit, and oral argument was heard in November 1998. In March 1999, EEI agreed to settle the lawsuit for a $2.5 million cash payment to the plaintiffs, and the proceeding will be dismissed.

Union Pacific Railroad (Entergy Corporation and Entergy Arkansas)

In October 1997, Entergy Arkansas and Entergy Services filed a civil suit against Union Pacific Railroad Company (Union Pacific) in the United States District Court for the Middle District of Louisiana. This suit seeks damages and the termination of coal shipping contracts with Union Pacific because of Union Pacific's failure to meet its contractual obligations to ship coal to Entergy Arkansas' two large coal-fired plants. The lawsuit also alleges that such failure has impaired Entergy Arkansas' ability to generate and sell electricity from these plants. The case has been transferred to the United States District Court for the District of Nebraska. In January 1999, on cross motions for summary judgment, the court ruled that Union Pacific has breached obligations under the contracts. Under the court's ruling, if the breaches of the contracts by Union Pacific are proven at trial to be material, rescission of the contracts is available to Entergy as a remedy, in addition to any monetary damages awarded. Entergy Arkansas continues to seek an order from the Federal Surface Transportation Board requiring Union Pacific to allow another railroad to bring coal to one of the Entergy Arkansas generating plants.

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

In March 1998, Aquila Power Corporation ("Aquila") filed a complaint with the FERC against Entergy Services, as agent for the domestic utility companies, alleging that the domestic utility companies improperly reserved transmission capacity on Entergy's transmission system, resulting in the denial of Aquila's request for transmission service. Aquila's complaint seeks compensation for lost profits, an order prohibiting Entergy and/or its affiliates from engaging in similar conduct, and suspension of the domestic utility companies' and EPMC's market-rate authority. In May 1998, Entergy filed its response denying the Aquila allegations. Subsequently, Aquila amended and restated its complaint, alleging additional instances of improper activities by Entergy. In addition to its requests in its original complaint, Aquila's amended complaint seeks a finding by FERC that Entergy is in violation of FERC Orders No. 888 and 889, and an order that Entergy should be required to join or agree to the formation of an independent system operator. Entergy filed its response to the amended and restated complaint in July 1998, denying the alleged improper conduct, and also moved in September 1998 to dismiss Aquila's complaint. Aquila has responded, and no hearing date has been set by FERC.

Panda Energy Corporation (Entergy Corporation)

In 1994, Panda Energy Corporation (Panda) commenced litigation in Texas in the Dallas District Court against Entergy Corporation and certain of its subsidiaries. The allegations include, among others, tortious interference with contractual relations, conspiracy, misappropriation of corporate opportunity, unfair competition and fraud, and constructive trust issues. Panda seeks damages of approximately $4.8 billion, of which $3.6 billion is claimed in punitive damages. The district court granted the defendants' motion for summary judgment and dismissed the lawsuit, finding that Panda is unable to show damages and that the facts alleged do not support a cause of action against the defendants. In August 1998, an appellate court reversed the dismissal and remanded the lawsuit to the district court. Entergy and other defendants petitioned the appellate court for rehearing, but that petition was denied in October 1998. Entergy's petition to the Texas Supreme Court for review of the appellate court decision was denied in February 1999, and the case has been remanded to the district court for further proceedings. Entergy believes that Panda's claims have no merit and that Entergy will ultimately prevail in having the case dismissed.

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

In April 1998, a group of residential and business ratepayers filed a complaint against Entergy New Orleans in state court in Orleans Parish purportedly on behalf of all ratepayers in New Orleans. The plaintiffs allege that Entergy New Orleans overcharged ratepayers by at least $300 million since 1975 in violation of limits on Entergy New Orleans' rate of return that the plaintiffs allege are set by the 1922 franchise ordinances passed by the New Orleans City Council. The plaintiffs seek, among other things, (1) a declaratory judgment that such franchise ordinances have been violated, and (2) a remand to the City Council for the establishment of the amount of overcharges plus interest. Entergy New Orleans believes the lawsuit is completely without merit. Entergy New Orleans has charged only those rates authorized by the City Council, which the City Council has set in accordance with applicable law. Entergy New Orleans is vigorously defending itself in the lawsuit.

In May 1998, a group of ratepayers filed a complaint against Entergy Corporation, Entergy Power, and Entergy Louisiana in state court in Orleans Parish purportedly on behalf of all Entergy Louisiana ratepayers. The plaintiffs allege that the fuel costs passed by Entergy Louisiana to customers through its fuel adjustment clause were improper. The plaintiffs seek, among other things, a refund of the amounts allegedly charged in excess of the proper fuel adjustment. This same group of ratepayers also filed with the LPSC a complaint against Entergy Corporation and Entergy Louisiana seeking relief similar to that which they seek by their lawsuit in state court. Entergy Louisiana is vigorously defending itself in the lawsuit.

In May 1998, a group of ratepayers filed a complaint against Entergy Louisiana in state court in East Baton Rouge Parish purportedly on behalf of all Entergy Louisiana ratepayers. The plaintiffs allege that the formula ratemaking plan authorized by the LPSC has allowed Entergy Louisiana to earn amounts in excess of a fair return. The plaintiffs seek, among other things, (1) a declaratory judgment that the formula ratemaking plan is an improper ratemaking practice, and (2) a refund of the amounts allegedly charged in excess of proper ratemaking practices. Entergy Louisiana believes the lawsuit is completely without merit, and is vigorously defending itself.

Franchise Fee Litigation (Entergy Gulf States)

In September 1998, the City of Nederland filed a petition against Entergy Gulf States and Entergy Services in state court in Jefferson County, Texas, purportedly on behalf of all Texas municipalities that have ordinances or agreements with Entergy Gulf States. The lawsuit alleges that Entergy Gulf States has been underpaying its franchise fees due to failure to properly calculate its gross receipts. Plaintiff seeks a judgment for the allegedly underpaid fees and punitive damages. Entergy Gulf States believes the lawsuit is completely without merit, and is vigorously defending itself in the lawsuit.

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

In May 1998, a group of property owners filed a petition against Entergy Corporation, Entergy Gulf States, Entergy Services, and ETHC in state court in Jefferson County, Texas purportedly on behalf of all property owners throughout the Entergy service area who have conveyed easements to the defendants. The lawsuit alleges that Entergy installed fiber optic cable across their property without obtaining appropriate easements. The plaintiffs seek actual damages for the use of the land and a share of the profits made through use of the fiber optic cables and punitive damages. Entergy is vigorously defending itself in the lawsuit, and believes that any damages suffered by the plaintiff landowners is negligible and that there is no basis for the claim seeking a share of profits.

Franchise Service Area Litigation (Entergy Gulf States)

In early 1998, Beaumont Power and Light Company (BP&L) sought unsuccessfully a franchise to provide electric service in the City of Beaumont, Texas, where Entergy Gulf States already holds such a franchise. In November 1998, BP&L filed a request before the PUCT to obtain a certificate of convenience and necessity for those portions of Jefferson County outside the boundaries of any municipality for which Entergy Gulf States provides retail electric service. BP&L's application contemplates using Entergy Gulf States' facilities in their provision of service. In Texas, utilities are required to obtain a certificate of convenience and necessity (CCN) prior to providing retail electric service. Jefferson County is currently singly certificated to Entergy Gulf States. If BP&L's application is granted, BP&L would be able to provide retail service to Entergy Gulf States' customers in the area for which the certificate would apply. The hearing on the merits of the application in the BP&L case is scheduled to be held in June 1999.

The PUCT has raised a number of legal issues that must be addressed prior to reaching the merits of BP&L's application. These legal issues are currently being addressed in another application before the PUCT. In October 1998, Corpus Christi Power & Light Company (CCP&L) filed a request before the PUCT to obtain a CCN to operate in an area certificated to Central Power & Light Company. Entergy Gulf States has intervened and is participating in the CCP&L case. The outcome of certain legal issues in the CCP&L case are likely to be applicable to the BP&L case. It is not known at this time what the decision will be on these threshold issues or when the decision will be rendered. A hearing on the threshold issues in the CCP&L case was held in February 1999. The ALJ should issue a recommendation in the second quarter of 1999 for consideration by the PUCT.

Hindusthan Development Corporation, Ltd. (Entergy Corporation)

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

EARNINGS RATIOS OF DOMESTIC UTILITY COMPANIES AND SYSTEM ENERGY

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

	Ratios of Earnings to Fixed Charges				
	Years Ended December 31,				
	1998	1997	1996	1995	1994
Entergy Arkansas	2.63	2.54	2.93	2.56	2.32
Entergy Gulf States	1.40	1.42	1.47	1.86	(b)
Entergy Louisiana	3.18	2.74	3.16	3.18	2.91
Entergy Mississippi	3.04	2.98	3.40	2.92	2.12
Entergy New Orleans	2.59	2.70	3.51	3.93	1.91
System Energy	2.52	2.31	2.21	2.07	1.23

	Ratios of Earnings to Combined Fixed Charges and Preferred Dividends				
	Years Ended December 31,				
	1998	1997	1996	1995	1994
Entergy Arkansas	2.28	2.24	2.44	2.12	1.97
Entergy Gulf States(a)	1.20	1.23	1.19	1.54	(b)
Entergy Louisiana	2.75	2.36	2.64	2.60	2.43
Entergy Mississippi	2.73	2.69	2.95	2.51	1.81
Entergy New Orleans	2.36	2.44	3.22	3.56	1.73

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

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

BUSINESS SEGMENTS

Entergy Corporation

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

Entergy New Orleans

Electric Service

Entergy New Orleans supplied retail electric service to approximately 189,000 customers as of December 31, 1998. During 1998, 41% of electric operating revenues was derived from residential sales, 37% from commercial sales, 7% from industrial sales, and 15% from sales to governmental and municipal customers.

Natural Gas Service

Entergy New Orleans supplied retail natural gas service to approximately 151,000 customers as of December 31, 1998. During 1998, 53% of gas operating revenues was derived from residential sales, 20% from commercial sales, 10% from industrial sales, and 17% from sales to governmental and municipal customers, as described below in "FUEL SUPPLY -

Natural Gas Purchased for Resale."

Financial Information Relating to Products and Services

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

Entergy Gulf States

For the year ended December 31, 1998, 96% of Entergy Gulf States' operating revenues were derived from the electric utility business. Of the remaining operating revenues, 2% were derived from the steam business and 2% from the natural gas business.

PROPERTY

Generating Stations

The total capability of the generating stations owned and leased by the domestic operating companies and System Energy as of December 31, 1998, by company and by fuel type, is indicated below:

Owned and Leased Capability MW (1)

Company	Total	Fossil	Nuclear	Gas Turbine and Internal Combustion	Hydro
Entergy Arkansas	4,373 (2)	2,379	1,694	230 (4)	70
Entergy Gulf States	6,854 (2)	5,843	936 (5)	75	-
Entergy Louisiana	5,423 (2)	4,329	1,075	19	-
Entergy Mississippi	3,063 (2)	3,052	-	11	-
Entergy New Orleans	934 (2)	918	-	16	-
Sytem Energy	1,080	-	1,080	-	-
Total	21,727 (3)	16,521 (3)	4,785	351	70

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

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

(3) Excludes net capability of generating facilities owned by Entergy Power, which owns 665 MW of fossil-fueled capacity.

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

(5) Includes 281 MW representing the portion of River Bend obtained by Entergy Gulf States as part of the Cajun Settlement in December 1997.

In November 1998, a non-utility subsidiary of Entergy signed an agreement to buy Boston Edison's 670 MW Pilgrim Nuclear Station in Plymouth, MA. Pilgrim will be the first nuclear plant to be acquired by Entergy as part of a non-regulated business strategy that focuses on competitive nuclear power acquisitions and power generation as primary growth areas. The purchase and sale agreement anticipates a closing date in the second quarter of 1999. The sale includes the Pilgrim generating plant and facilities (including nuclear fuel) and a 1600-acre site on Cape Cod Bay.

Entergy's load and capacity projections are reviewed periodically to assess the need and timing for additional generating capacity and of interconnections in light of the availability of power, the location of new loads, and maximum economy to Entergy. Domestically, based on load and capability projections and bulk power availability, when new generation resources are needed, Entergy expects to meet this need by means other than construction of new base load generating capacity. Entergy expects to meet future capacity needs by, among other things, purchasing power in the wholesale power market and/or removing generating stations from extended reserve shutdown. Currently, plans are being implemented to re-activate several units that are in extended reserve shut down. The units, once back on line, will provide an additional 583 MW of capacity to serve customers during peak demand.

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

Entergy's domestic utility business is subject to seasonal fluctuations, with the peak period occurring in the summer months. The 1998 peak demand of 20,591 MW occurred on July 8, 1998. The total operational system capability at the time of peak was 20,485 MW. This yielded a slightly negative reserve margin at the time of the peak of approximately -0.5%.

Interconnections

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

In addition to the many neighboring utilities with which the domestic utility companies interconnect, the domestic utility companies are members of the Southeastern Electric Reliability Council. The primary purpose of this council is to ensure the reliability and adequacy of the electric bulk power supply in the southeast region of the United States. The Southeastern Electric Reliability Council is a member of the North American Electric Reliability Council.

Gas Property

As of December 31, 1998, Entergy New Orleans distributed and transported natural gas for distribution solely within the limits of the City of New Orleans through a total of 1445 miles of gas distribution mains and 41 miles of gas transmission pipelines.

As of December 31, 1998, the gas properties of Entergy Gulf States, which are located in and around Baton Rouge, Louisiana, were not material to Entergy Gulf States.

Titles

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

Substantially all the physical properties owned by each Entergy domestic utility company and System Energy are subject to the lien of mortgages securing the first mortgage bonds of such company. The Lewis Creek generating station is owned by GSG&T, Inc., a subsidiary of Entergy Gulf States, and is not subject to the lien of the Entergy Gulf States mortgage securing the first mortgage bonds of Entergy Gulf States, but is leased to and operated by Entergy Gulf States. In the case of Entergy Louisiana, certain properties are also subject to a second lien securing other obligations of Entergy Louisiana. In the case of Entergy Mississippi, substantially all of its properties and assets are also subject to the second mortgage lien of its general and refunding mortgage bond indenture. However, Entergy Mississippi's first mortgage is expected to be cancelled in 1999.

FUEL SUPPLY

The sources of generation and average fuel cost per KWH for the domestic utility companies and System Energy for the years 1996-1998 were:

	Natural Gas		Fuel Oil		Nuclear Fuel		Coal	
Year	% of Gen	Cents per KWH	% of Gen	Cents per KWH	% of Gen	Cents Per KWH	% of Gen	Cents Per KWH
1998	40	2.50	6	2.37	40	.53	14	1.67
1997	39	2.97	4	3.11	41	.54	16	1.73
1996	42	2.99	1	3.03	41	.56	16	1.73

Actual 1998 and projected 1999 sources of generation for the domestic utility companies and System Energy are:

Natural Gas Fuel Oil Nuclear Coal

	1998	1999	1998	1999	1998	1999	1998	1999
Entergy Arkansas	9%	8%	-	-	58%	38%	32%	54%
Entergy Gulf States	61%	70%	-	-	26%	22%	13%	8%
Entergy Louisiana	58%	58%	1%	1%	41%	41%	-	-
Entergy Mississippi	27%	7%	50%	73%	-	-	23%	20%
Entergy New Orleans	87%	75%	13%	25%	-	-	-	-
System Energy	-	-	-	-	100%(a)	100%(a)	-	-
Total	40%	36%	6%	11%	40%	28%	14%	24%

(a) In addition to the nuclear capacity given above for the following companies, capacity and energy from System Energy's interest in Grand Gulf 1 is allocated as follows: Entergy Arkansas - 36%; Entergy Louisiana - 14%; Entergy Mississippi - 33%; and Entergy New Orleans - 17%.

(b) Immaterial amounts of generation were provided by hydroelectric power.

Natural Gas

The domestic utility companies have long-term firm and short-term interruptible gas contracts. Long-term firm contracts comprise less than 30% of the domestic utility companies' total requirements but can be called upon, if necessary, to satisfy a significant percentage of the domestic utility companies' needs. Short-term contracts and spot-market purchases satisfy additional gas requirements. Entergy Gulf States has a transportation service agreement with a gas supplier that provides flexible natural gas service to certain generating stations by using such supplier's pipeline and gas storage facility.

Many factors, including wellhead deliverability, storage and pipeline capacity, and demand requirements of end users, influence the availability and price of natural gas supplies for power plants. Demand is tied to weather conditions as well as to the prices of other energy sources. Supplies of natural gas are expected to be adequate in 1999. However, pursuant to federal and state regulations, gas supplies to power plants may be interrupted during periods of shortage. To the extent natural gas supplies may be disrupted, the domestic utility companies will use alternate fuels, such as oil, or rely to a larger extent on coal and nuclear generation.

Coal

Entergy Arkansas has long-term contracts with mines in the State of Wyoming for the supply of low-sulfur coal for White Bluff and Independence. These contracts, which expire in 2002 and 2011, provide for approximately 85% of Entergy Arkansas' expected annual coal requirements. Additional requirements are satisfied by spot market purchases. Entergy Gulf States has a contract for a supply of low-sulfur Wyoming coal for Nelson Unit 6, which should be sufficient to satisfy its fuel requirements for that unit 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.

Nuclear Fuel

The nuclear fuel cycle involves the following:

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

System Fuels is responsible for contracts to acquire nuclear material to be used in fueling Entergy Arkansas', Entergy Louisiana's, and System Energy's nuclear units and maintaining inventories of such materials during the various stages of processing. Each of these companies purchases the required enriched uranium hexafluoride from System Fuels, but contracts separately for the fabrication of its own nuclear fuel. The requirements for River Bend are covered by contracts made by Entergy Gulf States. Entergy Operations acts as an agent for System Fuels and Entergy Gulf States in negotiating and/or administering nuclear fuel contracts.

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

Current fabrication contracts will provide a significant percentage of these materials and services for termination dates ranging from 2000-2002. The Nuclear Waste Policy Act of 1982 provides for the disposal of spent nuclear fuel or high level waste by the DOE. There is a discussion of spent nuclear fuel disposal in Note 9 to the financial statements.

Entergy will enter into additional arrangements to acquire nuclear fuel beyond the dates shown above. Except as noted above, it is not possible to predict the ultimate cost of such arrangements.

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

Entergy Gulf States received nuclear fuel as part of the settlement of the Cajun litigation. This nuclear fuel was put under lease in December 1998.

Natural Gas Purchased for Resale

Entergy New Orleans has several suppliers of natural gas for resale. Its system is interconnected with three interstate and three intrastate pipelines. Presently, Entergy New Orleans' primary suppliers are Koch Energy Trading Company (KET), an interstate gas marketer, Bridgeline Gas Distributors and Pontchartrain Natural Gas via Louisiana Gas Services (LGS). Entergy New Orleans has a "no-notice" service gas purchase contract with KET which guarantees Entergy New Orleans gas delivery at any point after the agreed gas volume has been met. The KET gas supply is transported to Entergy New Orleans pursuant to a transportation service agreement with Koch Gateway Pipeline Company (KGPC). This service is subject to FERC-approved rates. Entergy New Orleans has firm contracts with its two intrastate suppliers and also makes interruptible spot market purchases. In recent years, natural gas deliveries have been subject primarily to weather-related curtailments. However, Entergy New Orleans has experienced no such curtailments.

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

Entergy Gulf States purchases natural gas for resale under an agreement with Mid Louisiana Gas Company. The present supplier would not be allowed to discontinue service prior to receiving FERC approval.

Research

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans are members of the Electric Power Research Institute (EPRI). EPRI conducts a broad range of research in major technical fields related to the electric utility industry. Entergy participates in various EPRI projects based on Entergy's needs and available resources. During each of the years 1998, 1997, and 1996, Entergy and its subsidiaries contributed approximately $9 million for EPRI and other research programs.

Item 2. Properties

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

Item 3. Legal Proceedings

Details of the registrants' material rate proceedings, environmental regulation and proceedings, and other regulatory proceedings and litigation that are pending or that terminated in the fourth quarter of 1998 are discussed in Item 1. "Business - RATE MATTERS AND REGULATION," in this report.

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

During the fourth quarter of 1998, no matters were submitted to a vote of the security holders of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, or System Energy.

DIRECTORS AND EXECUTIVE OFFICERS OF ENTERGY CORPORATION

Directors

Information required by this item concerning directors of Entergy Corporation is set forth under the heading "Proposal 1--Election of Directors" contained in the Proxy Statement of Entergy Corporation, (the "Proxy Statement"), to be filed in connection with its Annual Meeting of Stockholders to be held May 14, 1999, ("Annual Meeting"), and is incorporated herein by reference. Information required by this item concerning officers and directors of the remaining registrants is reported in Part III of this document.

Executive Officers

Name	Age	Position	Period
Robert v.d. Luft	63	Chairman of the Board of Entergy Corporation	1998-Present
		Acting Chief Executive Officer of Entergy Corporation	1998
		Director of Entergy Corporation	1992-Present
		Chief Executive Officer of Entergy New Orleans	1998
		Director of Entergy New Orleans and System Energy	1998
		Chairman of the Board of DuPont Dow Elastomers	1996-1998
		Chairman of DuPont International	1993-1996

		President of DuPont Europe	1993-1996
		Senior Vice President DuPont	1988-1996
		In addition, Mr. Luft was an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies in 1998.	
J. Wayne Leonard	48	Chief Executive Officer and Director of Entergy Corporation	1999-Present
		Director of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy	1998-Present
		President and Chief Operating Officer of Entergy Corporation	1998
		Chief Operating Officer of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1998
		Vice Chairman of Entergy New Orleans	1998
		President of Energy Commodities Strategic Business Unit	1996-1998
		President of Cinergy Capital & Trading	1996-1998
		Group Vice President and Chief Financial Officer of Cinergy Corporation	1994-1996
		In addition, Mr. Leonard is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Edwin Lupberger (a)	62	Chairman of the Board, Chief Executive Officer, and Director of Entergy Corporation	1985-1998
		Chairman of the Board and Chief Executive Officer of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1993-1998
		Chairman of the Board, Chief Executive Officer, and Director of Entergy Gulf States	1994-1998
		Chairman of the Board of System Energy	1986-1998
		President of Entergy Corporation	1995-1998
		Director of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy	1986-1998
		In addition, Mr. Lupberger was an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Jerry L. Maulden	62	Vice Chairman of Entergy Corporation	1995-Present
		Vice Chairman of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1993-Present
		Chief Operating Officer of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1993-1998
		Director of Entergy Arkansas	1979-Present
		Director of Entergy Gulf States	1993-Present
		Director of Entergy Louisiana	1991-Present
		Director of Entergy New Orleans	1991-1998
		Director of Entergy Mississippi	1988-Present
		Director of System Energy	1987-1998
		President and Chief Operating Officer of Entergy Corporation	1993-1995
		In addition, Mr. Maulden is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Donald C. Hintz	56	President of Entergy Corporation	1999-Present
		Executive Vice President and Chief Nuclear Officer of Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana	1998
		Group President and Chief Nuclear Operating Officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana	1997-1998
		Chief Executive Officer and President of System Energy	1992-1998
		Executive Vice President and Chief Nuclear Officer of Entergy Corporation	1994-1997
		Executive Vice President - Nuclear of Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana	1994-1997
		Director of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and System Energy	1992-Present
		Director of Entergy Gulf States	1993-Present
		Director of Entergy New Orleans	1999-Present
			1992-1994
		Senior Vice President and Chief Nuclear Officer of Entergy Corporation	1993-1994
		Senior Vice President - Nuclear of Entergy Arkansas	1990-1994
		Senior Vice President - Nuclear of Entergy Gulf States	1993-1994
		Senior Vice President - Nuclear of Entergy Louisiana	1992-1994
		In addition, Mr. Hintz is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Frank F. Gallaher	53	Group President and Chief Utility Operating Officer of Entergy Corporation	1997-Present
		Executive Vice President and Chief Utility Operating Officer for Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1998-Present
		Group President and Chief Utility Operating Officer of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1997-1998
		Director of Entergy Arkansas, Entergy Louisiana, and Entergy Mississippi	1997-Present
		Director of Entergy Gulf States	1993-Present
		Executive Vice President of Operations of Entergy Corporation	1996-1997
		Executive Vice President of Operations of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1993-1997
		President of Entergy Gulf States	1994-1996
		In addition, Mr. Gallaher is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	

Jerry D. Jackson	54	Executive Vice President of Entergy Corporation	1999-Present
		President and Chief Executive Officer of Entergy Gulf States - Louisiana and Entergy Louisiana	1999-Present
		Chief Administrative Officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1997-1998
		Executive Vice President - External Affairs of Entergy Corporation	1994-1998
		Executive Vice President - External Affairs of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1995-1998
		Director of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1992-Present
		Director of Entergy Gulf States	1994-Present
		Executive Vice President of Marketing of Entergy Corporation	1994-1995
		Executive Vice President - Marketing of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1995
		Executive Vice President - Finance and External Affairs of Entergy Corporation	1990-1994
		Executive Vice President - Finance and External Affairs of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1992-1994
		Executive Vice President - Finance and External Affairs of Entergy Gulf States	1993-1994
		Secretary of Entergy Corporation	1991-1994
		Secretary of Entergy Gulf States	1994-1995
		Director of System Energy	1993-1995
		In addition, Mr. Jackson is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
C. John Wilder	40	Executive Vice President and Chief Financial Officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy	1998-Present
		Director of System Energy	1999-Present
		Chief Executive Officer of Shell Capital Company	1998
		Assistant Treasurer of the Royal Dutch/Shell Group	1996-1998
		Director of Economics and Finance of Shell Exploration and Production	1995-1996
		Assistant Treasurer of Shell Oil Company	1992-1995
		In addition, Mr. Wilder is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Michael G. Thompson	58	Senior Vice President and General Counsel of Entergy Corporation	1992-Present
		Senior Vice President, General Counsel, and Secretary of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans	1995-Present
		Secretary of Entergy Corporation	1994-Present
		Assistant Secretary of Entergy Corporation	1993-1994
		In addition, Mr. Thompson is an executive officer and/or director of various other wholly owned subsidiaries of Entergy Corporation and its operating companies.	
Nathan E. Langston	50	Vice President and Chief Accounting Officer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy	1998-Present
		Director of Tax Services of Entergy Services	1993-1998
		Controller of Entergy Arkansas	1980-1993
Steven C. McNeal	42	Vice President and Treasurer of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy	1998-Present
		Assistant Treasurer of Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy	1994-1998
		Director of Corporate Finance of Entergy Services	1994-1998

(a) Mr. Lupberger is a director of International Shipholding Corporation, New Orleans, LA.

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

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.

PART II

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

Entergy Corporation

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

The high and low prices of Entergy Corporation's common stock for each quarterly period in 1998 and 1997 were as follows:

	1998		1997	
	High	Low	High	Low
	(In Dollars)			

First	30 1/8	27 5/16	28 3/8	24
Second	29 5/8	23 1/4	27 1/2	22 3/8
Third	30 13/16	26 3/16	28	24 1/16
Fourth	32 7/16	28 1/16	30 1/4	23

Consecutive quarterly cash dividends on common stock were paid to stockholders of Entergy Corporation in 1998 and 1997. In 1998, dividends of 45 cents per share were paid in the first and second quarters and dividends of 30 cents per share were paid in the third and fourth quarters. Quarterly dividends of 45 cents per share were paid in 1997.

As of February 28, 1999, there were 80,877 stockholders of record of Entergy Corporation.

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

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

There is no market for the common stock of Entergy Corporation's wholly owned subsidiaries. Cash dividends on common stock paid by the subsidiaries to Entergy Corporation during 1998 and 1997, were as follows:

	1998	1997
	(In Millions)	
Entergy Arkansas	$ 92.6	$128.6
Entergy Gulf States	$109.4	$ 77.2
Entergy Louisiana	$138.5	$145.4
Entergy Mississippi	$ 66.0	$ 59.2
Entergy New Orleans	$ 9.7	$ 26.0
System Energy	$ 72.3	$113.8

Information with respect to restrictions that limit the ability of System Energy and the domestic utility companies to pay dividends is presented in Note 8 to the financial statements and "Management's Financial Discussion and Analysis - Liquidity and Capital Resources".

Item 6. Selected Financial Data

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

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data.

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ENTERGY CORPORATION AND SUBSIDIARIES

REPORT OF MANAGEMENT

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

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

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

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

J. WAYNE LEONARD
Chief Executive Officer of Entergy Corporation
and Chairman of the Board of Entergy Arkansas,
Entergy Gulf States, Entergy Louisiana,
Entergy Mississippi, Entergy New Orleans, and
System Energy

C. JOHN WILDER
Executive Vice President and
Chief Financial Officer

ENTERGY CORPORATION AND SUBSIDIARIES

AUDIT COMMITTEE CHAIRPERSON'S LETTER

The Entergy Corporation Board of Directors' Audit Committee is comprised of five directors who are not officers of Entergy Corporation: Dr. Paul W. Murrill, Chairperson, George W. Davis, James R. Nichols, Eugene H. Owen, and Bismark A. Steinhagen. The committee held seven meetings during 1998.

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

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

The Audit Committee believes that management maintains an effective system of internal controls which results in fairly presented financial statements.

DR. PAUL W. MURRILL
Chairperson, Audit Committee

ENTERGY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

OVERVIEW

After a slow start in 1998, Entergy achieved strongcord results for the year in earnings per share and operating cash flow. In addition, Entergy's debt as a percentage of debt, preferred and common equity capital as of year-end was 48.6% in 1998, 56.5% in 1997, and 52.5% in 1996. Entergy's cash and resulting liquidity position improved significantly as compared to one year ago. These financial results were achieved primarily due to Entergy's new strategic focus, which resulted in the sale of several businesses.

In August 1998, Entergy's Board of Directors approved a new strategic focus that should significantly impact Entergy's future operations and financial results. This strategy aligns Entergy's strengths and the businesses it will pursue. These businesses are:

- domestic utility operations;
- global power development; and
- nuclear power operations.

Additionally, Entergy's power marketing and trading business provides the global power development and the nuclear operations businesses with market liquidity and price-risk management, and represents them in interfacing with the wholesale marketplace.

Consistent with its new strategic direction, Entergy sold several businesses. Proceeds from the sales were used, in part, to pay off debt associated with the acquisition of these businesses. Further information on these transactions is presented in Note 12 to the financial statements.

The discussion in the pages that follow reviews the most important items affecting Entergy and includes:

- the electric utility industry's continued progression toward competition;
- sales of significant portions of Entergy's businesses not aligned with its new strategy; and
- substantial improvement in Entergy's financial strength resulting from the sale of over $4 billion of assets.

The changes noted above create significant uncertainties. Resolution of the following uncertainties may have a material impact on Entergy:

- the timing and specific provisions of transition to competition legislation at the local and federal levels relating to the electric utility industry;
- Entergy's ability to achieve fair recovery of its potentially stranded investments;
- the impact of customer choice as more customers have freedom to choose their electricity supplier; and
- Entergy's ability to achieve fair value for assets which may be sold as a result of the breakup of electric utility monopolies.

Both the changes and uncertainties highlighted above must be considered in evaluating Entergy's financial condition. A more detailed explanation of these items and other pertinent information impacting Entergy's financial strength follow.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Entergy's liquidity and capital resources were affected by the following in 1998:

- Cash flow from operations decreased compared to 1997 principally due to completion of rate phase-in plans and other rate activity at certain of the domestic utility companies, partially offset by an increase in net income from competitive businesses.
- Net cash provided by investing activities increased substantially due to the sales of London Electricity and CitiPower.
- Net cash used in financing activities changed significantly from 1997 primarily due to the retirement of the debt associated with the acquisition of London Electricity and CitiPower.

Operations

Net cash flow from operations for Entergy, the domestic utility companies, and System Energy for the years ended December 31, 1998, 1997, and 1996 was:

	1998	1997	1996
	(In Millions)		
Entergy	$1,679	$1,725	$1,528
Entergy Arkansas	$ 357	$ 434	$ 377
Entergy Gulf States	$ 415	$ 466	$ 322
Entergy Louisiana	$ 339	$ 341	$ 352
Entergy Mississippi	$ 172	$ 159	$ 182
Entergy New Orleans	$ 41	$ 49	$ 44
System Energy	$ 263	$ 278	$ 287

Competitive businesses contributed $151.7 million to Entergy Corporation's cash flow from operations in 1998. Substantially all of this contribution came from London Electricity and CitiPower, both of which were sold in December 1998.

Rate phase-in plans contributed to cash flow from operations in 1998. Under these plans, revenues collected exceed the cash cost of expenses. Such plans positively impact current cash flow from operations, but have no net income effect because the higher revenues are offset by the amortization of previously deferred costs. However, during 1998 the following phase-in plans were completed:

- Entergy Gulf States' Louisiana retail phase-in plan for River Bend was completed in February;
- Entergy Mississippi's phase-in plan for Grand Gulf 1 was completed in September; and
- Entergy Arkansas' phase-in plan for Grand Gulf 1 was completed in November.

Entergy New Orleans' phase-in plan for Grand Gulf 1 will be completed in 2001.

LIQUIDITY AND CAPITAL RESOURCES

Investing Activities

Net cash provided by investing activities increased substantially in 1998 principally due to the sales of Entergy London and CitiPower. However, this increase was offset by the investment of the majority of the net proceeds from the Entergy London sale in BPS574 million ($947 million) of notes receivable which will mature in August 1999. Entergy has entered foreign currency forward contracts to hedge the U.S. dollar equivalent amount of these notes and their related interest at maturity. At maturity, Entergy expects to receive approximately $1 billion and will use the proceeds to reduce debt and fund future investments. Business dispositions are discussed in Note 12 to the financial statements.

Capital Resources

Entergy requires capital resources for:

- construction/capital expenditures;
- debt and preferred stock maturities;
- capital investments;
- funding of subsidiaries; and
- dividend payments.

Management provides more information on construction expenditures and long-term debt and preferred stock maturities in Note 9 to the financial statements.

Entergy's sources to meet the above include:

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

During 1998, cash from operations and the sale of businesses and cash on hand met substantially all investing and financing requirements of the domestic utility companies and System Energy. Entergy Corporation received $488.5 million in dividend payments from the domestic utility companies and System Energy in 1998.

All debt and common and preferred stock issuances are subject to regulatory approval. Preferred stock and debt issuances are subject to issuance tests set forth in corporate charters, bond indentures, and other agreements. The domestic utility companies may also establish special purpose trusts or limited partnerships as financing subsidiaries for the purpose of issuing quarterly income preferred securities.

Management expects the domestic utility companies and System Energy to continue to refinance or redeem higher cost debt and preferred stock prior to maturity, to the extent market conditions and interest and dividend rates are favorable.

LIQUIDITY AND CAPITAL RESOURCES

Entergy's ability to invest in domestic and foreign generation businesses is subject to the SEC's regulations under PUHCA. Absent SEC approval, these regulations limit the aggregate amount that Entergy may invest in domestic and foreign generation businesses to an amount equal to 50% of consolidated retained earnings at the time an investment is made. Due to the sale of electric distribution businesses in the UK and Australia in 1998, Entergy will have the ability to make significant additional investments in domestic and foreign generation businesses.

Entergy's global power development business is currently constructing two combined cycle gas turbine merchant power plants in the UK. The first is a 1200 MW plant known as Saltend. It is expected to begin commercial operation in the first quarter of 2000. The second is a 792 MW plant known as Damhead Creek. It is expected to begin commercial operation in the fourth quarter of 2000. The financing of the construction of these two power plants is discussed in Note 7 to the financial statements.

In September 1998, Entergy's nuclear power business signed a long-term contract to provide management oversight of decommissioning activities at the Maine Yankee nuclear power plant through the projected completion of such activities in 2004. Management believes this arrangement is the first of its kind for decommissioning and reflects a growing trend among utilities to utilize outside management for nuclear activities. Also, Entergy's nuclear power business has agreed to acquire the 670 MW Pilgrim Nuclear Station, including the plant's nuclear fuel, for $80 million. This sale is expected to close in the second quarter of 1999.

Entergy has also made investments in energy-related businesses, including power marketing and trading. Under PUHCA, the SEC imposes a limit equal to 15% of consolidated capitalization on the amount that may be invested in such businesses without specific SEC approval. Entergy currently has considerable capacity to make additional investments of this type before such limits would be exceeded.

In 1998, Entergy Corporation paid $373.4 million in cash dividends on its common stock. Declarations of dividends on Entergy's common stock are made at the discretion of Entergy Corporation's Board of Directors (the Board). The Board declared quarterly dividends of $.30 per share on Entergy's common stock in the third and fourth quarters of 1998 and in the first quarter of 1999. These dividends represent a $.15 per share reduction from the previous level of Entergy's dividends. The reduction was made in order to strengthen Entergy's financial position and fund future investments. In the future, the Board will re-evaluate the level of Entergy common stock dividends, based upon Entergy's earnings and financial strength. Dividend restrictions are discussed in Note 8 to the financial statements.

In October 1998, the Board approved a plan for the repurchase of Entergy common stock through December 31, 2001 to fulfill the requirements of various compensation and benefit plans. The stock repurchase plan provides for purchases in the open market of up to 5 million shares for an aggregate consideration of up to $250 million.

Rate proceedings in Texas could have a material adverse impact on Entergy Gulf States' cash flow from operations. However, management believes that Entergy Gulf States' cash flow from operations will be sufficient to fund its capital requirements for the foreseeable future. The rate proceedings are discussed in Note 2 to the financial statements.

Entergy and its subsidiaries' capital and refinancing requirements and available lines of credit are more thoroughly discussed in Notes 4, 5, 6, 7, 9, and 10 to the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Entergy Corporation and System Energy

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

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

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

SIGNIFICANT FACTORS AND KNOWN TRENDS

Domestic Competition

The electric utility industry has traditionally operated as a regulated monopoly, but is transitioning to an environment of increased retail and wholesale competition. This presents opportunities to compete for new customers and creates the risk of loss of existing customers. In addition, it presents opportunities to enter into new businesses and to restructure existing businesses. In an effort to position itself in a competitive environment, Entergy continues to work with regulatory and legislative authorities.

Regulatory and Legislative Activity

Transition-to-Competition Filings

Under historical ratemaking practice, regulated electric utilities are granted exclusive geographic franchises to sell electricity. In return, the utilities are obligated to make investments and incur obligations to serve customers. Prudently incurred costs are recovered from customers along with a return on investment. Additionally, regulators have allowed certain operating costs to be deferred for future recovery from customers. These costs have been recorded as regulatory assets in the financial statements.

As a result of the traditional ratemaking process, Entergy has recorded nuclear investments and nuclear purchase obligations on its balance sheets at amounts that could exceed future expected cash flows in a competitive marketplace. Entergy's domestic utility companies have made transition-to-competition filings requesting accelerated recovery of the majority of the companies' nuclear investments and related obligations over a seven-year period. These filings also seek protection for certain classes of ratepayers from possible cost shifting that may result from competition. To date only Entergy Arkansas has received partial approval for its filing. Management believes the Entergy Arkansas plan puts in place a process for achieving customer choice, meets Entergy's objectives of an orderly transition to competition, and mitigates potentially stranded costs. Management provides details concerning the domestic utility companies' current net investment in nuclear generation in Note 1 to the financial statements and concerning the transition-to-competition filings and other regulatory activity in Note 2 to the financial statements.

Open Access

Competition within the wholesale electric energy market has intensified with the implementation of open access transmission. Open access allows third-party suppliers to transmit energy to customers over transmission facilities owned by another entity. To implement open access to wholesale customers, FERC issued two orders in 1996 requiring all public utilities subject to FERC jurisdiction to provide wholesale transmission access to third parties and requiring each public utility to implement and maintain an open access same-time information system. Entergy's domestic utility companies filed tariffs to comply with the orders issued in 1996.

SIGNIFICANT FACTORS AND KNOWN TRENDS

In response to FERC policy strongly favoring independent control over transmission operations as a means of enhancing competitive wholesale power markets, Entergy has proposed to FERC the formation of a regional transmission company (Transco). The proposed Transco would be:

- a separate legal entity regulated by FERC;
- composed of the transmission system transferred to it by the domestic utility companies and other transmission owners in Entergy's region;
- operated and maintained by employees who would work exclusively for the Transco and would not be employed by Entergy or the domestic utility companies; and
- passively owned by the domestic utility companies, which will not control or otherwise direct its operation and management.

Management expects to make additional filings with federal, state, and local regulatory authorities seeking necessary approvals for the formation of the Transco.

Legislative Activity

The Arkansas and Texas state legislatures are considering legislation to restructure the retail electric utility industry and allow competition. Both of these legislatures convened in January 1999 and have begun addressing this issue. Entergy is actively participating in these deliberations.

The Texas legislature is currently considering legislation that would open the Texas retail market to competition. The most comprehensive proposed bill has been filed in the Texas Senate and calls for a competitive retail access date of January 1, 2002, market power mitigation measures, stranded cost recovery, and securitization of regulatory assets and stranded costs, among other things. The market power mitigation measures include a limit on the ownership of generation by a distribution company within a specified region. It is not clear what the implications of this limit would be for Entergy Gulf States or the Entergy system generally. However, it is possible that the legislation could require that Entergy Gulf States divest some of its generation assets. The bill also freezes rates to residential and certain commercial customers until the competitive retail access date and then implements a five-percent annual rate reduction for five years or until 40 percent of the market for those customers is lost. A similar proposed bill has been introduced in the Arkansas Senate. There can be no certainty as to the outcome of the legislation.

A number of bills have been introduced in the United States Congress to deregulate the electric power industry. Some of these bills would amend or repeal PUHCA and/or PURPA. The bills generally have provisions that would give consumers the ability to choose their own electric service provider. Entergy Corporation has supported legislation in Congress to repeal PUHCA. In June 1998, the Clinton Administration submitted a bill containing the above provisions, along with one allowing states to "opt out" of competition if they felt restructuring would harm residents. Congress took no action on any comprehensive electric restructuring legislation or repeal of PUHCA during 1998.

Industrial and Commercial Customers

In addition to the risks of losing customers due to competition, some large industrial and commercial customers of the domestic utility companies are exploring ways to reduce their energy costs. Among the alternatives available to these customers are self-generation and cogeneration. The domestic utility companies have responded by negotiating electric service contracts that may provide service to large industrial and commercial customers at tariffed rates lower than would otherwise be applicable.

SIGNIFICANT FACTORS AND KNOWN TRENDS

Through December 1998, Entergy Gulf States and Entergy Louisiana had received notices from nine large industrial customers that they were proceeding with proposed cogeneration projects. As a result, it is expected that 1999 net income will decrease by approximately $8 million and sales will decline by 369,000 megawatt-hours from the prior year. These customers will continue to purchase energy at a reduced level from Entergy Gulf States and Entergy Louisiana.

State and Local Regulation

The retail regulatory philosophy is shifting in some jurisdictions from traditional cost-of-service regulation to performance-based regulation. Performance-based formula rate plans are designed to encourage increased efficiency and productivity while permitting utilities and their customers to share in the benefits. Entergy Mississippi and Entergy Louisiana have implemented performance-based rate plans. Entergy Louisiana's 1997 test year under the plan indicated that rates would not be materially changed. Entergy Mississippi implemented a $6.6 million rate reduction in May 1998 resulting from its plan.

All of the domestic utility companies have recently been ordered to grant base rate reductions and have refunded or credited customers for previous overcollections of rates. The continuing pattern of rate reductions reflects completion of rate phase-in plans, lower costs of service ordered by regulators, and the competitive environment in which the domestic utility companies operate. The domestic utility companies' retail and wholesale rate matters and proceedings are discussed more thoroughly in Note 2 to the financial statements.

The PUCT has published proposed "Code of Conduct" rules governing affiliate transactions. Although these rules have not been adopted, management believes that the rules 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.

Other Electric Utility Trends

In some areas of the United States, municipalities whose residents are served by investor-owned utilities are exploring the possibility of establishing new electric distribution systems, or extending existing ones. In some cases, municipalities are also seeking new delivery points in order to serve retail customers, especially large industrial customers that currently receive service from an investor-owned utility. Where successful, these efforts may result in the utility's inability to recover costs that it has incurred for the purpose of serving those customers.

Utility mergers and joint ventures involving domestic and overseas companies are another continuing trend in the transition to competition. In some areas of the country, utilities have either sold or are attempting to sell all or a substantial portion of their generation assets to focus their businesses on transmission and/or distribution services. FERC is currently advocating the creation by utilities of arrangements under which their transmission systems will be operated independently and on a regional basis.

Accounting Issues

Continued Application of SFAS 71

The domestic utility companies' and System Energy's financial statements currently reflect, for the most part, assets and costs based on existing cost-based ratemaking regulation in accordance with SFAS 71, "Accounting for the Effects of Certain Types of Regulation". Continued applicability of SFAS 71 to the financial statements requires that rates set by an independent regulator on a cost-of-service basis be charged to and collected from customers for the foreseeable future. The electric utility industry's movement toward a combination of competition and a modified regulatory environment could result in rates that are not based on cost of service. If a utility company is required to discontinue application of SFAS 71 for a portion or all of its operations, it could be required to remove regulatory assets and liabilities from its balance sheet.

Definitive outcomes have not yet been determined regarding the transition to competition filings in Entergy's jurisdictions; therefore, the regulated operations continue to apply SFAS 71. Discontinuation of the application of SFAS 71 could have a material adverse impact on Entergy's financial statements. The application of SFAS 71 is discussed more thoroughly in Note 1 to the financial statements.

Year 2000 Issues

Management has been evaluating its computer software and hardware, databases, embedded microprocessors (collectively referred to as "IT and non-IT assets"), suppliers, and other relationships to determine actions required to prevent problems related to the Year 2000, and the resources required to take such actions. Unless corrected, these problems may result in malfunctions in certain software applications, databases, and computer equipment with respect to dates on or after January 1, 2000. These malfunctions could disrupt operations of nuclear or fossil generating plants, operation of transmission and distribution systems, and access to interconnections with neighboring utilities, and could cause other operational problems.

Management has adopted a four-step approach to address Year 2000 issues including:

- an inventory of all IT and non-IT assets;
- an assessment to determine if the IT and non-IT assets are critical to the business and, if so, whether Year 2000 has an impact on them;
- remediation or replacement of critical systems determined to be Year 2000 deficient; and
- certification of such critical systems to confirm Year 2000 compliance.

Management has completed its inventory of IT and non-IT assets, has identified systems and equipment that could be affected by the millennium change, and has assessed the risk of potential failure for most of its assets. Management defines services or products as Year 2000 "compliant" when they perform the business, office automation, or process control requirements as designed into the twenty-first century. Management defines an asset as "certified" as Year 2000 compliant after it has been modified, or upgraded if necessary, tested, and deployed in the operating environment. Certification of Entergy's assets that significantly affect operations is scheduled to be substantially complete by the end of the first quarter of 1999, and is on schedule and approximately 77% complete as of January 31, 1999. Certification will continue for assets that do not significantly affect operations, but do impact efficiency and profitability, throughout 1999.

SIGNIFICANT FACTORS AND KNOWN TRENDS

Management is currently performing an assessment of its vendors that affect Entergy's operations with respect to Year 2000 issues. Entergy's goal is to receive written confirmation of the Year 2000 compliance of its critical vendors. Alternative suppliers or contingency plans will be considered for those suppliers that do not demonstrate sufficient Year 2000 readiness. Management will implement Year 2000 contingency plans for suppliers throughout 1999.

Maintenance or modification costs associated with Year 2000 compliance will be expensed as incurred, while the costs of new software will be capitalized and amortized over the software's useful life. Management's current estimate of maintenance and modification costs related to Year 2000 issues to be incurred in 1998 through mid-2000 is approximately $54 million. Entergy has incurred approximately $26 million of this total through January 1999. The sales of Entergy London and CitiPower in December 1998 decreased estimated expenses from $81 million at September 30, 1998 to the $54 million mentioned above. These expenses are being funded through operating cash flows. Additionally, total capitalized costs for projects accelerated due to Year 2000 issues are estimated to be $19 million. Entergy has incurred approximately $11 million of this total through January 1999.

An independent consultant has been engaged to assist management in its assessment of the risks of Year 2000 malfunctions. This assessment is currently in progress. Based on the risk determinations of this assessment, and the results of certification activities, management is creating and implementing contingency plans, as needed, throughout 1999 to address Year 2000 issues. Although Entergy is taking steps that it believes will address the Year 2000 issue, this issue presents risks that may not be entirely foreseen and eliminated and which could significantly affect utility operations and financial performance.

Market Risks

Entergy uses derivative instruments to manage the following market risks:

- the commodity price risk associated with its power marketing and trading business;
- the currency exchange rate risk associated with the investment of the net proceeds of the sale of Entergy London; and
- the interest rate risk associated with certain of its variable rate credit facilities.

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

Entergy's power marketing and trading business utilizes a value-at-risk model to assess the market risk of its derivative financial instruments. Value-at-risk represents the potential loss for an instrument or portfolio from adverse changes in market factors for a specified time period and confidence level. The value-at-risk was estimated using historical simulation calculated on a daily basis over a thirty-day period with a 95% confidence level and a holding period of two business days. Based on these assumptions, this business's value-at-risk as of December 31, 1998 was not material to Entergy.

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

The notes receivable purchased with the proceeds of the Entergy London sale are denominated in BPS. To hedge currency exposure on these notes receivable, Entergy entered into currency forward agreements to fix the U. S. dollar amount that will be received upon maturity of the notes in August 1999. The investment of the sales proceeds and the forward agreements are discussed more thoroughly in Note 12 to the financial statements.

Entergy uses interest rate swaps to reduce the impact of interest rate changes on certain variable-rate credit facilities associated with its global power development business. The interest rate swap agreements involve the exchange of floating rate interest payments for fixed rate interest payments over the life of the agreements. These swaps are discussed more thoroughly in Note 7 to the financial statements.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Entergy Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, of retained earnings and paid-in-capital, and of cash flows present fairly, in all material respects, the financial position of Entergy Corporation and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their 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 CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Net Income

Entergy Corporation's consolidated net income in 1998 would have increased as compared to 1997 by approximately 20%, excluding the effects of the items listed below. This increase was due to increased competitive business revenues, decreased interest charges, and decreased income taxes, partially offset by increased operating expenses and decreased domestic utility electric operating revenues. Net income in 1997 would have decreased as compared to 1996 by approximately 9%, excluding the effects of the items below. This decrease was due to decreased earnings from domestic utility operations, partially offset by increased earnings from competitive businesses, primarily London Electricity.

	1998	1997	1996
		(In Millions)	
Net income	$785.6	$300.9	$490.6
Sales and write-downs of investments in non-regulated businesses	208.9	-	-
UK tax rate changes	31.7	64.7	-
UK windfall profits tax	-	(234.1)	-
Power market counterparty default	(27.0)	-	-
Entergy Gulf States rate reserves (a)	(129.0)	(227.0)	-
Radioactive waste facility write-offs	9.3	(26.4)	-
Entergy Gulf States Cajun Settlement (b)	-	146.6	-
River Bend rate deferrals write-off	-	-	(174.0)
River Bend litigation accrual reversal	-	-	30.0
	$691.7	$577.1	$634.6

(a) The effects of the Entergy Gulf States rate reserves in 1997 are reflected in the financial statement categories of domestic electric revenues (See other revenue herein), other income, and income taxes.

(b) The effects of the Entergy Gulf States Cajun Settlement in 1997 are reflected in the financial statement categories of domestic electric revenues (See other revenue herein), other operation and maintenance expenses, other income, and income taxes.

Note: The items included in the table above are identified based on judgment of management. Factors that management considers in identifying these items include significance, infrequency, unusual nature, and effect on cash flow.

ENTERGY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Revenues and Sales

Domestic Utility Companies and System Energy

The changes in electric operating revenues for Entergy's domestic utility companies and System Energy for 1998 compared to 1997, and 1997 compared to 1996, are as follows:

Description	Increase/(Decrease) 1998	1997
	(In Millions)	
Base revenues	($290.3)	($160.1)
Rate riders	(108.6)	(3.6)
Fuel cost recovery	(80.6)	90.1
Sales volume/weather	187.3	31.3
Other revenue (including unbilled)	(191.0)	146.8
Sales for resale	80.7	(16.6)
Total	($402.5)	$87.9

Base revenues

In 1998, base revenues decreased primarily due to base rate reductions, reserves for refunds, and other regulatory adjustments totaling $216.5 million ($129.0 million net of tax) at Entergy Gulf States.

In 1997, base revenues decreased due to reserves recorded at Entergy Gulf States for potential regulatory adjustments. These adjustments were based on management's estimates of the financial effect of potential adverse rulings in connection with the pending rate proceedings in Texas.

These rate reductions and other pending rate proceedings are discussed in Note 2 to the financial statements.

Rate rider revenues

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

In 1998, rate rider revenues decreased due to the decline in the Grand Gulf 1 cost recovery rate rider revenues at Entergy Arkansas, reflecting scheduled reductions in the phase-in plan that was completed in November 1998. Rate rider revenues also decreased due to reductions required by the settlement agreement between the APSC and Entergy Arkansas. The settlement agreement with the APSC is discussed in Note 2 to the financial statements.

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.

RESULTS OF OPERATIONS

In 1998, fuel cost recovery revenues decreased primarily due to lower pricing at Entergy Louisiana resulting in a change in generation mix.

In 1997, fuel cost recovery revenues increased due to a PUCT order that approved recovery of previously under-recovered fuel expenses by Entergy Gulf States.

Sales volume

In 1998, sales volume increased as a result of significantly warmer weather at all the domestic utility companies. Entergy established a new peak usage record for the system on July 8, 1998.

In 1997, sales volume increased primarily due to an increase in sales to industrial customers, particularly certain cogeneration customers who purchased replacement electricity from Entergy Gulf States. These increases were partially offset by the effects of milder weather in 1997.

Other revenue

In 1998, other revenue decreased primarily due to the revenue portion of the gain recognized in December 1997 on the Cajun Settlement at Entergy Gulf States, the effect of which was partially offset by regulatory reserves recorded at Entergy Gulf States in 1997. Other revenue also decreased due to unfavorable pricing of unbilled revenues resulting from rate reductions at Entergy Gulf States.

In 1997, other revenue increased principally due to the revenue portion of the gain recognized on the Cajun Settlement at Entergy Gulf States, which totaled $154.5 million ($92.0 million net of tax). The effect of the Cajun Settlement was partially offset by regulatory reserves recorded at Entergy Gulf States in 1997 of $70 million ($41.6 million net of tax).

Sales for resale

In 1998, sales for resale increased due to increased sales to non-associated companies, particularly at Entergy Arkansas, and increased demand at Entergy Gulf States.

Competitive business revenues

Competitive business revenues increased by $2.4 billion in 1998 primarily due to increased sales volume in the power marketing and trading business. This business' volume increased dramatically in 1998 due to increased marketing efforts and significantly warmer weather. The impact on net income from these revenues was offset by increased power purchased for resale as discussed in Expenses below.

Competitive business revenues increased by $2.3 billion in 1997 primarily due to the February 1997 acquisition of London Electricity by Entergy London. London Electricity contributed $1.8 billion of revenues to Entergy results of operations during the eleven months it was included in 1997. Competitive business revenues also increased due to an increase of $396 million in power marketing and trading business revenues resulting from a full year of trading in 1997 as compared to six months in 1996.

Expenses

Operating expenses for 1997 include Entergy London's operating expenses of $1.7 billion, which are not comparative with 1996. This change is due to Entergy London's acquisition of London Electricity effective February 1997.

Purchased power expenses

In 1998, purchased power expenses increased primarily due to significantly increased power trading by the power marketing and trading business. The increased trading resulted in a $2.3 billion increase in purchased power expenses for this business. Additionally, in 1998, the power marketing and trading business incurred a $44 million ($27 million net of tax) counterparty default.

In 1997, purchased power expenses increased primarily due to higher power purchased for resale by the power marketing and trading business resulting from a full year of trading in 1997 as compared to six months in 1996.

Nuclear refueling outage expenses

In 1997, nuclear refueling outage expenses increased primarily due to the amortization of previously deferred November 1996 outage expenses at System Energy. These expenses were amortized over an 18-month period that began in December 1996. Prior to this outage, such costs were expensed as incurred. No nuclear refueling outage expenses were incurred at System Energy in 1996.

Other operation and maintenance expenses

In 1998, other operation and maintenance expenses increased primarily due to the following:

- The 1997 Cajun Settlement resulted in the transfer of the 30% interest in River Bend owned by Cajun to Entergy Gulf States. Entergy Gulf States' operating expenses in 1998 included 100% of River Bend's operation and maintenance expenses, as compared to 70% of such expenses for the year ended December 31, 1997.
- Acquisition of security companies whose operation and maintenance expenses were included in 1998 but not in 1997.
- Transmission expenses for the power marketing and trading business were higher due to significantly increased power trading sales volume.

These increases in other operation and maintenance expenses were partially offset by decreased non-refueling outage related contract work and maintenance performed at Entergy Louisiana in 1997. Operation and maintenance expenses also decreased at System Energy due to lower contract labor, materials and supplies expense, and insurance and materials and supplies refunds.

In 1997, other operation and maintenance expenses excluding Entergy London decreased primarily due to the Cajun Settlement at Entergy Gulf States in December 1997, which resulted in a reduction of operation and maintenance expenses of $72.2 million ($43 million net of tax). This decrease was partially offset by the $44 million ($26.4 million net of tax) reserves for the radioactive waste facility deferrals at Entergy Arkansas, Entergy Gulf States, and Entergy Louisiana.

Depreciation, amortization, and decommissioning

In 1997, depreciation, amortization, and decommissioning expenses increased principally due to:

- o the reduction of the regulatory asset established at System Energy to defer depreciation associated with the sale and leaseback of a portion of Grand Gulf 1; and
- o increased plant additions and improvements.

Other regulatory charges

In 1998, other regulatory charges increased primarily due to:

- o additional accruals of $74.0 million ($45.0 million net of tax) for the transition cost account at Entergy Arkansas; and
- o the decrease in the under-recovery of Grand Gulf 1-related costs at Entergy Mississippi.

The increase was partially offset by the $15.3 million ($9.3 million net of tax) reversal of the 1997 reserves for previously deferred radioactive waste facility costs in December 1998.

The settlement agreement with the APSC established the transition cost account to collect earnings in excess of an allowed return on equity for offset against potential stranded costs when retail access is implemented.

Amortization of rate deferrals

In 1998, the increase in operating expenses was partially offset by the decreased amortization of rate deferrals. The amortization of rate deferrals decreased because of the completion of phase-in plans at Entergy Arkansas, Entergy Gulf States, and Entergy Mississippi.

In 1997, rate deferral amortization increased primarily due to greater Grand Gulf 1 rate deferral amortization at Entergy Arkansas and Entergy New Orleans, as prescribed in the Grand Gulf 1 rate phase-in plans, and the December 1997 APSC settlement agreements for Entergy Arkansas.

Other

Other income

In 1998, other income increased primarily due to the following:

- o the gains recorded on the sales of Entergy London of $327.3 million ($246.8 million net of tax) and CitiPower of $29.8 million ($19.3 million net of tax); and
- o the reserve for regulatory adjustments recorded at Entergy Gulf States was less in 1998 than in 1997.

These increases in 1998 were partially offset by:

- o the $68.6 million ($35.9 million net of tax) loss on the sale of Efficient Solutions, Inc. in September 1998;
- o $32.8 million ($21.3 million net of tax) of write-downs of Entergy's investments in two Asian projects; and
- o interest income related to the Cajun Settlement recorded in December 1997 at Entergy Gulf States.

In 1997, other income decreased primarily due to the reserve for regulatory adjustments of $311 million ($185.4 million net of tax) and the 1996 $50 million ($30 million net of tax) reversal of reserves provided for the Cajun litigation at Entergy Gulf States. Partially offsetting this decrease was:

- $19.6 million ($11.6 million net of tax) of interest income related to the Cajun Settlement recorded in December 1997 at Entergy Gulf States; and
- the $194 million ($174.0 million net of tax) write-off of River Bend rate deferrals at Entergy Gulf States in January 1996.

Interest charges

In 1998, interest charges decreased due to the retirement of certain long-term debt at the domestic utility businesses. This decrease was partially offset by an increase in the average amount of debt and preferred securities outstanding during 1998, compared to 1997, at Entergy London.

Income taxes

The effective income tax rates for 1998, 1997, and 1996 were 25.3%, 61.0%, and 46.2%, respectively. The effective income tax rate decreased in 1998 principally due to:

- the UK windfall profits tax of $234.1 million at Entergy London recognized in 1997;
- the tax effects of the Cajun Settlement in 1997;
- recognition of $44 million of deferred tax benefits in 1998 related to expected utilization of Entergy's capital loss carryforwards; and
- a $31.7 million reduction in taxes because of reductions in the UK corporation tax rate from 31% to 30% in the third quarter of 1998.

These decreases were partially offset by a reduction in the UK corporation tax rate from 33% to 31% in 1997, which lowered taxes in 1997 by $64.7 million.

The effective income tax rate increased in 1997 principally due to:

- the $234.1 million UK windfall profits tax at Entergy London;
- the tax effects of the Cajun Settlement; and
- the 1996 write-off at Entergy Gulf States.

These increases were partially offset by a reduction in the UK corporation tax rate from 33% to 31% in 1997, which lowered taxes by $64.7 million.

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

Preferred Dividend Requirements

In 1997, preferred dividend requirements decreased principally due to stock redemptions.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands, Except Share Data)		
Operating Revenues:			
Domestic electric	$6,136,322	$6,538,831	$6,450,940
Natural gas	115,355	137,345	134,456
Steam products	43,167	43,664	59,143
Competitive businesses	5,199,928	2,819,086	518,987
Total	11,494,772	9,538,926	7,163,526
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	1,706,028	1,677,041	1,635,885
Purchased power	4,585,444	2,318,811	704,744
Nuclear refueling outage expenses	83,885	73,857	55,148
Other operation and maintenance	1,988,040	1,886,149	1,577,383
Depreciation, amortization, and decommissioning	984,929	980,008	790,948
Taxes other than income taxes	362,153	365,439	353,270
Other regulatory charges (credits)	35,136	(18,545)	(47,542)
Amortization of rate deferrals	237,302	421,803	414,969
Total	9,982,917	7,704,563	5,484,805
Operating Income	1,511,855	1,834,363	1,678,721
Other Income (Deductions):			
Allowance for equity funds used during construction	12,465	10,057	9,951
Gain on sales of non-regulated businesses	255,718	27,199	13,818
Write-off of River Bend rate deferrals	-	-	(194,498)
Miscellaneous - net	104,841	(237,107)	123,765
Total	373,024	(199,851)	(46,964)
Interest Charges:			
Interest on long-term debt	735,601	797,266	674,532
Other interest - net	65,047	51,624	49,053
Distributions on preferred securities of subsidiaries	42,628	21,319	4,797
Allowance for borrowed funds used during construction	(10,761)	(7,937)	(8,347)
Total	832,515	862,272	720,035
Income Before Income Taxes	1,052,364	772,240	911,722
Income Taxes	266,735	471,341	421,159
Consolidated Net Income	785,629	300,899	490,563
Preferred and Preference Dividend Requirements of Subsidiaries and Other	46,560	53,216	70,536
Earnings Applicable to Common Stock	739,069	247,683	420,027
Other Comprehensive Income:			
Foreign Currency Translation Adjustment	23,078	(91,542)	21,725
Comprehensive Net Income	$762,147	$156,141	$441,752
Earnings per average common share:			
Basic and diluted	$3.00	$1.03	$1.83
Dividends declared per common share	$1.50	$1.80	$1.80
Average number of common shares outstanding:			
Basic	246,396,469	240,207,539	229,084,241
Diluted	246,572,481	240,347,292	229,249,574

See Notes to Financial statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	1998	1997	1996
	For the Years Ended December 31, (In Thousands)		
Operating Activities:			
Consolidated net income	$785,629	$300,899	$490,563
Noncash items included in net income:			
Gain on Cajun Settlement	-	(246,022)	-
Write-off of River Bend rate deferrals	-	-	194,498
Reserve for regulatory adjustments	130,603	381,285	-
Amortization of rate deferrals	237,302	421,803	414,969
Other regulatory charges	35,136	(18,545)	(47,542)
Depreciation, amortization, and decommissioning	984,929	980,008	790,948
Deferred income taxes and investment tax credits	(64,563)	(252,955)	76,920
Allowance for equity funds used during construction	(12,465)	(10,057)	(9,951)
Gain on sale of non-regulated businesses	(255,718)	(27,199)	(13,818)
Changes in working capital, net of effects from dispositions:			
Receivables	24,176	(99,411)	(30,322)
Fuel inventory	28,439	20,272	(17,220)
Accounts payable	31,229	181,243	4,011
Taxes accrued	58,505	143,151	(27,488)
Interest accrued	(37,937)	(9,849)	7,176
Other working capital accounts	24,216	(130,715)	(121,692)
Changes in other regulatory assets	(13,684)	28,016	(85,051)
Provision for estimated losses and reserves	(133,880)	(22,423)	31,063
Decommissioning trust contributions and realized change in trust assets	(73,641)	(68,139)	(52,204)
Proceeds from settlement of Cajun litigation	-	102,299	-
Other	(69,219)	50,971	(76,811)
Net cash flow provided by operating activities	1,679,057	1,724,632	1,528,049
Investing Activities:			
Construction/capital expenditures	(1,143,612)	(847,223)	(571,890)
Allowance for equity funds used during construction	12,465	10,057	9,951
Nuclear fuel purchases	(102,747)	(89,237)	(123,929)
Proceeds from sale/leaseback of nuclear fuel	128,210	144,442	109,980
Proceeds from sale of businesses	2,275,014	54,153	39,398
Acquisition of non-regulated businesses	(41,776)	(2,039,370)	(1,239,112)
Purchase of notes receivable	(947,444)	-	-
Other	(43,238)	(15,966)	1,245
Net cash flow provided by (used in) investing activities	136,872	(2,783,144)	(1,774,357)

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Financing Activities:			
Proceeds from the issuance of:			
Long-term debt	1,904,074	2,047,282	1,538,372
Preferred securities of subsidiary trusts and partnerships	-	382,323	125,963
Common stock	19,341	305,379	118,087
Retirement of long-term debt	(3,151,680)	(751,669)	(1,022,685)
Repurchase of common stock	(2,964)	-	-
Redemption of preferred stock	(17,481)	(124,367)	(157,503)
Changes in short-term borrowings - net	205,412	142,025	(24,981)
Preferred stock dividends paid	(46,809)	(51,270)	(70,536)
Common stock dividends paid	(373,441)	(438,183)	(405,346)
Net cash flow provided by (used in) financing activities	(1,463,548)	1,511,520	101,371
Effect of exchange rates on cash and cash equivalents	1,567	(11,164)	50
Net increase (decrease) in cash and cash equivalents	353,948	441,844	(144,887)
Cash and cash equivalents at beginning of period	830,547	388,703	533,590
Cash and cash equivalents at end of period	$1,184,495	$830,547	$388,703
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	$842,269	$831,307	$691,617
Income taxes	$273,935	$390,238	$373,247
Noncash investing and financing activities:			
Capital lease obligation incurred	-	-	$16,358
Change in unrealized appreciation of decommissioning trust assets	$46,325	$30,951	$7,803
Acquisition of nuclear fuel	-	-	$47,695
Treasury shares issued to acquire security business	-	$21,464	-
Net assets acquired from Cajun settlement	-	$319,056	-

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS

	December 31, 1998	December 31, 1997
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	$386,764	$85,067
Temporary cash investments - at cost, which approximates market	797,731	700,431
Special deposits	-	45,049
Total cash and cash equivalents	1,184,495	830,547
Notes receivable	959,329	8,157
Accounts receivable:		
Customer (less allowance for doubtful accounts of $10.3 million in 1998 and $32.8 million in 1997)	270,348	458,085
Other	197,362	225,523
Accrued unbilled revenues	245,350	580,194
Deferred fuel costs	169,589	150,596
Accumulated deferred income taxes	11,329	-
Fuel inventory - at average cost	90,408	119,331
Materials and supplies - at average cost	374,674	367,870
Rate deferrals	37,507	237,302
Prepayments and other	114,886	193,717
Total	3,655,277	3,171,322
Other Property and Investments:		
Decommissioning trust funds	709,018	589,050
Non-regulated investments	557,347	568,951
Other	221,915	225,818
Total	1,488,280	1,383,819
Utility Plant:		
Electric	22,704,872	25,310,122
Plant acquisition adjustment - Entergy Gulf States	422,895	439,160
Electric plant under leases	675,309	674,483
Property under capital leases - electric	113,736	134,278
Natural gas	183,621	169,964
Steam products	80,537	82,289
Construction work in progress	911,278	565,667
Nuclear fuel under capital leases	282,595	269,011
Nuclear fuel	29,690	72,875
Total	25,404,533	27,717,849
Less - accumulated depreciation and amortization	10,075,951	9,585,021
Utility plant - net	15,328,582	18,132,828
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	125,095	162,602
SFAS 109 regulatory asset - net	1,141,318	1,174,187
Unamortized loss on reacquired debt	191,786	196,891
Other regulatory assets	513,333	466,780
Long-term receivables	34,617	36,984
Distribution licenses (net of amortization of $56.7 million in 1997)	-	1,813,465
Other	369,735	461,822
Total	2,375,884	4,312,731
TOTAL	$22,848,023	$27,000,700

See Notes to Financial Statements.

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

	December 31, 1998	1997
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	$255,221	$390,674
Notes payable	296,790	428,964
Accounts payable	522,072	915,800
Customer deposits	148,972	178,162
Taxes accrued	284,847	359,996
Accumulated deferred income taxes	-	56,524
Interest accrued	185,688	214,763
Dividends declared	7,918	8,166
Obligations under capital leases	176,270	167,700
Other	72,055	81,303
Total	1,949,833	2,802,052
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	3,581,637	4,567,052
Accumulated deferred investment tax credits	565,744	587,781
Obligations under capital leases	220,209	236,000
Other	1,955,965	1,857,514
Total	6,323,555	7,248,347
Long-term debt	6,596,617	9,068,325
Subsidiaries' preferred stock with sinking fund	167,523	185,005
Subsidiary's preference stock	150,000	150,000
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely junior subordinated deferrable debentures	215,000	215,000
Company-obligated redeemable preferred securities of subsidiary partnership holding solely junior subordinated deferrable debentures	-	300,000
Shareholders' Equity:		
Subsidiaries' preferred stock without sinking fund	338,455	338,455
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
Additional 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 - treasury stock, at cost (208,907 shares in 1998 and 306,852 shares in 1997)	6,186	10,612
Total	7,445,495	7,031,971
Commitments and Contingencies (Notes 2, 9 and 10)		
TOTAL	$22,848,023	$27,000,700

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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:			
Earnings applicable to common stock	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	370,093	431,474	413,903
Retained Earnings, December 31	$2,526,888	$2,157,912	$2,341,703
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	17,037	293,143	119,355
Deduct:			
Capital stock discounts and other expenses	-	162	247
Paid-in Capital, December 31	$4,630,609	$4,613,572	$4,320,591

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1998 (1)	1997 (2)	1996 (3)	1995	1994
	(In Thousands, Except Percentages and Per Share Amounts)				
Operating revenues	$11,494,772	$ 9,538,926	$ 7,163,526	$ 6,273,072	$ 5,981,820
Consolidated net income	$ 785,629	$ 300,899	$ 490,563	$ 562,534 (5)	$ 423,559
Earnings per share					
Basic and Diluted	$ 3.00	$ 1.03	$ 1.83	$ 2.13 (5)	$ 1.49
Dividends declared per share	$ 1.50	$ 1.80	$ 1.80	$ 1.80	$ 1.80
Return on average common equity	10.71%	3.71%	6.41%	8.11%	5.31%
Book value per share, year-end	$ 28.82	$ 27.23	$ 28.51	$ 28.41	$ 27.93
Total assets	$22,848,023	$ 27,000,700	$22,956,025	$22,265,930	$22,621,874
Long-term obligations (4)	$ 7,349,349	$ 10,154,330	$ 8,335,150	$ 7,484,248	$ 7,817,366

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

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

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

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

(5) Represents income before cumulative effect of accounting changes.

	1998	1997	1996	1995	1994
Domestic Utility Electric	(Dollars In Thousands)				
Operating Revenues:					
Residential	$2,299,317	$2,271,363	$2,277,647	$2,177,348	$2,127,820
Commercial	1,513,050	1,581,878	1,573,251	1,491,818	1,500,462
Industrial	1,829,085	2,018,625	1,987,640	1,810,045	1,834,155
Governmental	172,368	171,773	169,287	154,032	159,840
Total retail	5,813,820	6,043,639	6,007,825	5,633,243	5,622,277
Sales for resale	440,605	359,881	376,011	334,874	293,702
Other (1)(2)	(118,103)	135,311	67,104	119,901	(123,569)
Total	$6,136,322	$6,538,831	$6,450,940	$6,088,018	$5,792,410
Billed Electric Energy Sales (GWH):					
Residential	30,935	28,286	28,303	27,704	26,231
Commercial	23,177	21,671	21,234	20,719	20,050
Industrial	43,453	44,649	44,340	42,260	41,030
Governmental	2,659	2,507	2,449	2,311	2,233
Total retail	100,224	97,113	96,326	92,994	89,544
Sales for resale	11,187	9,707	10,583	10,471	7,908
Total	111,411	106,820	106,909	103,465	97,452

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

(2) 1998 includes the effect of a reserve for rate refund at Entergy Gulf States.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings, and of cash flows present fairly, in all material respects, the financial position of Entergy Arkansas, 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 ARKANSAS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Net Income

Net income decreased in 1998 and 1997 primarily due to decreased electric operating revenues and recovery of Grand Gulf 1 carrying charges. These decreases were partially offset by lower interest charges and operating expenses in 1998 and lower income taxes in 1997.

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	($7.0)	($8.1)
Rate riders	(106.0)	15.4
Fuel cost recovery	(21.8)	10.3
Sales volume/weather	55.8	5.9
Other revenue (including unbilled)	11.4	(24.2)
Sales for resale	(39.4)	(27.0)
Total	($107.0)	($27.7)

Rate rider revenue

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

In 1998, rate rider revenues decreased primarily due to the decline in the Grand Gulf 1 cost recovery rate rider revenues. This decline reflects scheduled reductions in the phase-in plan, which was completed in November 1998, and reductions required by the settlement agreement with the APSC.

In 1997, rate rider revenues increased as a result of increased Grand Gulf 1 rate rider revenues as a result of warmer weather during the second half of the year.

The settlement agreement with the APSC is discussed in more detail in Note 2 to the financial statements.

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 decreased due to unfavorable pricing resulting from a change to a fixed fuel factor in January 1998, partially offset by an increase in generation.

In 1997, fuel cost recovery revenues increased primarily due to a change in fuel mix as a result of favorable pricing.

ENTERGY ARKANSAS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Sales volume/weather

In 1998, sales volume increased as a result of significantly warmer weather as compared to 1997.

Other revenue

In 1998, other revenue, primarily unbilled, increased as a result of significantly warmer weather as compared to 1997.

In 1997, other revenue, primarily unbilled, decreased due to:

- the volume difference in the unbilled beginning of year amount; and
- the $10.6 million impact of a rate reduction implemented in 1997 related to the transition to competition filing with the APSC.

Sales for resale

In 1998, sales for resale decreased primarily due to a decrease in sales to associated companies as a result of reduced generation due to outages at both ANO1 and ANO2 and restricted generation due to disruption in coal deliveries during the second quarter of 1998. This decrease was partially offset by an increase in sales to non-associated companies as a result of short-term contracts with certain wholesale customers.

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

Expenses

Fuel and purchased power expenses

In 1998, fuel expenses decreased primarily due to the impact of the under-recovered deferred fuel cost in excess of the fixed fuel factor implemented in January 1998, billed to retail customers.

In 1997, fuel and purchased power expenses decreased primarily as a result of significantly lower prices.

Other regulatory charges

In 1998, other regulatory charges increased as a result of additional accruals made in 1998 for the transition cost account, partially offset by a small over-recovery of Grand Gulf 1 related costs and the reversal of the 1997 write-off of previously deferred radioactive waste facility costs.

In 1997, other regulatory charges increased as a result of:

- the recognition of additional regulatory liabilities related to the APSC settlement agreement; and
- the write-off of previously deferred radioactive waste facility costs.

The settlement agreement with the APSC and the transition cost account are discussed more thoroughly in Note 2 to the financial statements.

RESULTS OF OPERATIONS

Amortization of rate deferrals

In 1998, the amortization of Grand Gulf 1 rate deferrals decreased due a decrease in the amortization prescribed in the Grand Gulf 1 rate phase-in plan, which was completed in November 1998.

In 1997, the amortization of Grand Gulf 1 rate deferrals increased due to an increase in the amortization prescribed in the Grand Gulf 1 rate phase-in plan.

Other

Other income

Other income decreased in 1998 and 1997 due to reduced Grand Gulf 1 carrying charges as a result of a decline in the deferral balance, which does not impact net income.

Interest charges

Interest charges decreased in 1998 and 1997 due to the retirement of certain long-term debt.

Income taxes

The effective income tax rates for 1998, 1997, and 1996 were 39%, 31.6% and 34.9%, respectively.

The effective income tax rate increased in 1998 primarily due to the reversal of previously recorded AFUDC amounts included in depreciation.

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 ARKANSAS, INC.
STATEMENTS OF INCOME

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Operating Revenues	$1,608,698	$1,715,714	$1,743,433
Operating Expenses:			
Operation and maintenance:			
Fuel and fuel-related expenses	204,318	254,703	257,008
Purchased power	419,947	419,128	432,825
Nuclear refueling outage expenses	32,046	27,969	29,365
Other operation and maintenance	358,006	360,860	358,789
Depreciation, amortization, and decommissioning	181,436	166,652	167,878
Taxes other than income taxes	37,223	36,700	37,688
Other regulatory charges	45,658	29,686	18,096
Amortization of rate deferrals	75,249	153,141	131,634
Total	1,353,883	1,448,839	1,433,283
Operating Income	254,815	266,875	310,150
Other Income:			
Allowance for equity funds used during construction	5,921	3,563	3,886
Miscellaneous - net	14,069	18,663	32,591
Total	19,990	22,226	36,477
Interest Charges:			
Interest on long-term debt	86,772	95,122	98,531
Other interest - net	4,813	3,943	6,257
Distributions on preferred securities of subsidiary	5,100	5,100	1,927
Allowance for borrowed funds used during construction	(4,205)	(2,261)	(2,330)
Total	92,480	101,904	104,385
Income Before Income Taxes	182,325	187,197	242,242
Income Taxes	71,374	59,220	84,444
Net Income	110,951	127,977	157,798
Preferred Dividend Requirements and Other	10,201	10,988	16,110
Earnings Applicable to Common Stock	$100,750	$116,989	$141,688

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC.
STATEMENTS OF CASH FLOWS

	1998	1997	1996
	For the Years Ended December 31, (In Thousands)		
Operating Activities:			
Net income	$110,951	$127,977	$157,798
Noncash items included in net income:			
Amortization of rate deferrals	75,249	153,141	131,634
Other regulatory charges	45,658	29,686	18,096
Depreciation, amortization, and decommissioning	181,436	166,652	167,878
Deferred income taxes and investment tax credits	(12,293)	(77,814)	(46,026)
Allowance for equity funds used during construction	(5,921)	(3,563)	(3,886)
Changes in working capital:			
Receivables	35,398	9,099	(4,292)
Fuel inventory	8,317	29,150	137
Accounts payable	(7,911)	(25,451)	(1,112)
Taxes accrued	(8,742)	23,133	14,035
Interest accrued	(3,541)	1,201	(2,615)
Deferred fuel costs	(57,435)	(9,289)	(10,882)
Other working capital accounts	(7,050)	(931)	3,353
Decommissioning trust contributions and realized change in trust assets	(25,929)	(24,956)	(30,474)
Provision for estimated losses and reserves	2,032	9,594	4,125
Other	26,897	26,111	(21,191)
Net cash flow provided by operating activities	357,116	433,740	376,578
Investing Activities:			
Construction expenditures	(190,459)	(140,913)	(145,529)
Allowance for equity funds used during construction	5,921	3,563	3,886
Nuclear fuel purchases	(45,845)	(59,104)	(26,084)
Proceeds from sale/leaseback of nuclear fuel	42,055	59,065	25,451
Net cash flow used in investing activities	(188,328)	(137,389)	(142,276)
Financing Activities:			
Proceeds from issuance of:			
First mortgage bonds	-	84,064	84,256
Other long-term debt	-	45,500	-
Preferred securities of subsidiary trust	-	-	58,168
Retirement of:			
First mortgage bonds	(105,774)	(117,587)	(112,807)
Other long-term debt	(45,650)	-	(1,700)
Redemption of preferred stock	(9,000)	(9,000)	(69,624)
Dividends paid:			
Common stock	(92,600)	(128,600)	(142,800)
Preferred stock	(10,407)	(11,194)	(17,736)
Net cash flow used in financing activities	(263,431)	(136,817)	(202,243)
Net increase (decrease) in cash and cash equivalents	(94,643)	159,534	32,059
Cash and cash equivalents at beginning of period	203,391	43,857	11,798
Cash and cash equivalents at end of period	$108,748	$203,391	$43,857
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	$95,050	$ 98,013	$104,651
Income taxes	$91,407	$111,394	$110,211
Noncash investing and financing activities:			
Capital lease obligations incurred	-	-	$16,358
Acquisition of nuclear fuel	-	-	$27,500
Change in unrealized appreciation of decommissioning trust assets	$26,782	$22,343	$5,968

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC.
BALANCE SHEETS
ASSETS

	December 31, 1998	1997
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	$9,814	$6,076
Temporary cash investments - at cost, which approximates market:		
Associated companies	15,643	41,389
Other	83,291	110,877
Special deposits	-	45,049
Total cash and cash equivalents	108,748	203,391
Accounts receivable:		
Customer (less allowance for doubtful accounts of $1.8 million in 1998 and 1997)	70,481	71,910
Associated companies	34,502	46,166
Other	4,510	10,282
Accrued unbilled revenues	73,083	89,616
Fuel inventory - at average cost	19,852	28,169
Materials and supplies - at average cost	89,033	79,692
Deferred fuel cost	41,191	-
Rate deferrals	-	75,249
Deferred nuclear refueling outage costs	17,787	24,335
Prepayments and other	5,557	8,647
Total	464,744	637,457
Other Property and Investments:		
Investment in subsidiary companies - at equity	11,213	11,213
Decommissioning trust fund	303,286	250,573
Other - at cost (less accumulated depreciation)	5,070	4,939
Total	319,569	266,725
Utility Plant:		
Electric	4,731,699	4,650,065
Property under capital leases	49,415	53,843
Construction work in progress	201,853	123,087
Nuclear fuel under capital lease	95,589	92,621
Total	5,078,556	4,919,616
Less - accumulated depreciation and amortization	2,275,170	2,116,826
Utility plant - net	2,803,386	2,802,790
Deferred Debits and Other Assets:		
Regulatory assets:		
SFAS 109 regulatory asset - net	248,275	252,712
Unamortized loss on reacquired debt	51,747	53,780
Other regulatory assets	96,927	79,461
Other	22,003	13,952
Total	418,952	399,905
TOTAL	$4,006,651	$4,106,877

See Notes to Financial Statements.

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

	December 31, 1998	1997
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	$1,094	$60,650
Notes payable	667	667
Accounts payable:		
Associated companies	47,963	59,438
Other	79,969	76,405
Customer deposits	25,196	23,437
Taxes accrued	68,585	77,327
Accumulated deferred income taxes	23,137	32,239
Interest accrued	25,285	28,826
Co-owner advances	4,073	7,666
Deferred fuel cost	-	16,244
Obligations under capital leases	64,068	62,623
Other	16,183	21,696
Total	356,220	467,218
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	757,596	759,489
Accumulated deferred investment tax credits	98,768	103,899
Obligations under capital leases	80,936	83,841
Other	264,010	169,884
Total	1,201,310	1,117,113
Long-term debt	1,172,285	1,244,860
Preferred stock with sinking fund	22,027	31,027
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	60,000	60,000
Shareholders' Equity:		
Preferred stock without sinking fund	116,350	116,350
Common stock, $0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares	470	470
Additional Paid-in capital	590,134	590,134
Retained earnings	487,855	479,705
Total	1,194,809	1,186,659
Commitments and Contingencies (Notes 2, 9 and 10)		
TOTAL	$4,006,651	$4,106,877

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC.
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Retained Earnings, January 1	$479,705	$491,316	$492,386
Add:			
Net income	110,951	127,977	157,798
Increase in investment in subsidiary	-	-	42
Total	110,951	127,977	157,840
Deduct:			
Dividends declared:			
Preferred stock	10,201	10,988	16,110
Common stock	92,600	128,600	142,800
Total	102,801	139,588	158,910
Retained Earnings, December 31 (Note 8)	$487,855	$479,705	$491,316

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1998	1997	1996	1995	1994
	(In Thousands)				
Operating revenues	$1,608,698	$1,715,714	$1,743,433	$1,648,233	$1,590,742
Net income	$ 110,951	$ 127,977	$ 157,798	$ 136,665(2)	$ 142,263
Total assets	$4,006,651	$4,106,877	$4,153,817	$4,204,415	$4,292,215
Long-term obligations (1)	$1,335,248	$1,419,728	$1,439,355	$1,423,804	$1,446,940

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

(2) Represents income before cumulative effect of accounting changes.

	1998	1997	1996	1995	1994
	(Dollars In Thousands)				
Electric Operating Revenues:					
Residential	$562,325	$551,821	$546,100	$542,862	$506,160
Commercial	288,816	332,715	323,328	318,475	307,296
Industrial	330,016	372,083	364,943	362,854	338,988
Governmental	14,640	18,200	16,989	17,084	16,698
Total retail	1,195,797	1,274,819	1,251,360	1,241,275	1,169,142
Sales for resale:					
Associated companies	149,603	213,845	248,211	178,885	212,314
Non-associated companies	240,090	215,249	207,887	195,844	182,920
Other	23,208	11,801	35,975	32,229	26,366
Total	$1,608,698	$1,715,714	$1,743,433	$1,648,233	$1,590,742
Billed Electric Energy Sales (GWH):					
Residential	6,613	5,988	6,023	5,868	5,522
Commercial	4,773	4,445	4,390	4,267	4,147
Industrial	6,837	6,647	6,487	6,314	5,941
Governmental	233	239	234	243	231
Total retail	18,456	17,319	17,134	16,692	15,841
Sales for resale:					
Associated companies	6,500	9,557	10,471	8,386	10,591
Non-associated companies	5,948	6,828	6,720	5,066	4,906
Total	30,904	33,704	34,325	30,144	31,338

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying balance sheets and the related statements of income (loss), of retained earnings, and of cash flows present fairly, in all material respects, the financial position of Entergy Gulf States, 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 GULF STATES, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Net Income

Net income in 1998 as compared to 1997 would have increased by approximately 19%, excluding the special items listed below, due to decreased operating expenses, partially offset by increased income taxes. Net income in 1997 as compared to 1996 would have increased approximately 5%, excluding the items listed below, due to an increase in electric operating revenues.

	1998	1997	1996
		(In Millions)	
Net income (loss)	$ 46.4	$ 60.0	$ (3.9)
Rate reserves (a)	(129.0)	(227.0)	-
Cajun Settlement (b)	-	146.6	-
Radioactive waste facility write-offs	-	(7.4)	-
River Bend rate deferrals write-off	-	-	(174.0)
River Bend litigation accrual reversal	-	-	30.0
	$ 175.4	$ 147.8	$ 140.1

(a) The effects of the rate reserves in 1997 are reflected in the financial statement categories of electric revenues (See other revenues herein), other income and income taxes.

(b) The effects of the Cajun Settlement in 1997 are reflected in the financial statement categories of electric revenues (See other revenues herein), other operation and maintenance expenses, other income and income taxes.

Note: The items included in the table above are identified by management based on judgment. Factors which management considers in identifying special items include significance, infrequency, unusual nature, and effect on cash flow.

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:

Description	Increase/(Decrease) 1998	1997
	(In Millions)	
Base revenues	($228.3)	($103.8)
Fuel cost recovery	1.6	66.8
Sales volume/weather	61.2	46.2
Other revenue (including unbilled)	(171.5)	150.0
Sales for resale	53.1	(23.7)
Total	($283.9)	$135.5

ENTERGY GULF STATES, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Base revenues

In 1998, base revenues decreased due to base rate reductions and reserves for refunds to Louisiana and Texas retail customers totaling $216.5 million ($129.0 million net of tax).

In 1997, base revenues decreased primarily due to the following:

- the reserve for regulatory adjustments;
- the provision for rate reductions implemented for Louisiana retail customers in November 1996 and February 1997;
- aggressive pricing strategies for targeted customer segments; and
- a change in the sales mix from residential customers to industrial customers.

The LPSC and PUCT rate issues and the River Bend plant-related costs are discussed in Note 2 to the financial statements.

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 1997, fuel cost recovery revenues increased due to a PUCT order that approved recovery of under-recovered fuel expenses.

Sales volume

In 1998, sales volume increased due to significantly warmer weather and an increase in customer base.

In 1997, sales volume increased primarily due to an increase in sales to industrial customers, particularly certain cogeneration customers who purchased electricity from Entergy Gulf States for less than their production cost.

Other revenue

In 1998, other revenue decreased primarily due to the revenue recognized on the gain on the Cajun Settlement in December 1997 for the transfer of Cajun's 30% of River Bend, the effect of which was partially offset by regulatory reserves recorded in 1997. Other revenue also decreased due to unfavorable pricing of unbilled revenues due to rate reductions.

In 1997, other revenue increased due to the revenue recognized on the gain resulting from the Cajun Settlement for transfer of Cajun's 30% of River Bend, which totaled $154.5 million ($92.0 million net of tax). The effect of the Cajun Settlement was partially offset by regulatory reserves recorded at Entergy Gulf States in 1997 of $70 million ($41.6 million net of tax).

ENTERGY GULF STATES, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Sales for resale

In 1998, sales for resale increased primarily due to additional revenues related to the sale of energy from the 30% interest in River Bend transferred by the Cajun bankruptcy trustee to Entergy Gulf States in December 1997. Sales for resale also increased due to increased sales to non-associated utilities as a result of increased demand.

In 1997, sales for resale decreased due to decreased sales to both associated and non-associated companies.

Gas and steam operating revenues

Gas operating revenues decreased in 1998 due to a lower unit price for gas purchased for resale.

Gas operating revenues increased in 1997 due to an increase in the fuel factor granted by the LPSC. This increase permits recovery of previously deferred gas costs. A decrease in steam operating revenues due to a change in a customer contract in 1997 and an increase in customer requirements in 1996 offset the increase in gas operating revenues.

Expenses

Fuel and purchased power

In 1998, fuel and purchased power expenses decreased primarily due to favorable gas and nuclear fuel prices and a shift in the generation mix as a result of these prices. Continued under-recovery of deferred expenses also contributed to the decrease in fuel expenses.

In 1997, fuel and purchased power expenses increased due to increased gas usage and increased energy requirements resulting from higher sales volume.

Other operation and maintenance expenses

In 1998, other operation and maintenance expenses increased as a result of the Cajun Settlement in December 1997, pursuant to which the 30% interest in River Bend owned by Cajun was transferred by the Cajun bankruptcy trustee to Entergy Gulf States. Entergy Gulf States now includes 100% of River Bend's operation and maintenance expenses in its operating expenses, as compared to 70% of such expenses for the year ended December 31, 1997.

In 1997, other operation and maintenance expenses decreased due to the Cajun Settlement, which resulted in a reduction of operation and maintenance expenses of $72.2 million ($43 million net of tax). This decrease was partially offset by the $12.4 million ($7.4 million net of tax) write-off of radioactive waste facility costs in December 1997.

Amortization of rate deferrals

In 1998, the amortization of rate deferrals decreased due to the completion in February of the Louisiana retail phase-in plan for River Bend.

In 1997, the amortization of rate deferrals increased based on the LPSC-approved River Bend phase-in plan. The River Bend phase-in plan is discussed in Note 2 to the financial statements.

Other

Other income

In 1998, other income increased due to the 1997 reserve and settlement discussed below.

In 1997, other income decreased due to the reserve for regulatory adjustments of $311 million ($185.4 million net of tax) and the 1996 $50 million ($30 million net of tax) reversal of reserves provided for the Cajun litigation. These decreases were partially offset by interest income of $19.6 million ($11.6 million net of tax) related to the Cajun Settlement recorded in December 1997 and the 1996 $194 million ($174 million net of tax) write-off of River Bend rate deferrals.

Interest charges

Interest charges remained relatively unchanged in 1998. Total interest expense decreased as a result of the retirement, redemption, or refinancing of certain long-term debt in 1997 and 1998. This decrease was offset by an increase in other interest due to the interest component of the provisions recorded for anticipated rate refunds in Louisiana.

Interest expense decreased in 1997 due to the retirement of long-term debt.

Income taxes

The effective income tax rates for 1998, 1997, and 1996 were 40.6%, 27.2%, and 104.0%, respectively.

The increase in the effective income tax rate in 1998 was due to a decrease in the flow-through of tax benefits related to operating reserves and the increased reversal of previously recorded AFUDC amounts included in depreciation.

The decrease in the effective income tax rate in 1997 was due to a decrease in regulatory operating reserves, which received flow through treatment in 1997, and the River Bend SFAS 121 write-down in 1996.

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

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Operating Revenues:			
Electric	$1,777,584	$2,061,511	$1,925,988
Natural gas	33,058	42,654	34,050
Steam products	43,167	43,664	59,143
Total	1,853,809	2,147,829	2,019,181
Operating Expenses:			
Operation and maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	538,388	560,104	520,065
Purchased power	317,684	327,037	295,960
Nuclear refueling outage expenses	14,362	10,829	8,660
Other operation and maintenance	411,303	316,253	402,719
Depreciation, amortization, and decommissioning	199,372	214,644	206,070
Taxes other than income taxes	120,782	109,572	102,170
Other regulatory credits	(5,485)	(26,611)	(25,317)
Amortization of rate deferrals	21,749	105,455	96,956
Total	1,618,155	1,617,283	1,607,283
Operating Income	235,654	530,546	411,898
Other Income (Deductions):			
Allowance for equity funds used during construction	2,143	2,211	2,618
Write-off of River Bend rate deferrals	-	-	(194,498)
Miscellaneous - net	16,719	(272,135)	69,841
Total	18,862	(269,924)	(122,039)
Interest Charges:			
Interest on long-term debt	149,767	163,146	181,071
Other interest - net	21,016	10,026	12,819
Distributions on preferred securities of subsidiary	7,437	6,901	-
Allowance for borrowed funds used during construction	(1,870)	(1,829)	(2,235)
Total	176,350	178,244	191,655
Income Before Income Taxes	78,166	82,378	98,204
Income Taxes	31,773	22,402	102,091
Net Income (Loss)	46,393	59,976	(3,887)
Preferred and Preference Dividend Requirements and Other	19,011	23,865	28,505
Earnings (Loss) Applicable to Common Stock	$27,382	$36,111	($32,392)

See Notes to Financial Statements.

ENTERGY GULF STATES, INC.
STATEMENTS OF CASH FLOWS

	1998	1997	1996
	For the Years Ended December 31, (In Thousands)		
Operating Activities:			
Net income (loss)	$46,393	$59,976	($3,887)
Noncash items included in net income (loss):			
Write-off of River Bend rate deferrals	-	-	194,498
Gain on Cajun Settlement	-	(246,022)	-
Reserve for regulatory adjustments	130,603	381,285	-
Amortization of rate deferrals	21,749	105,455	96,956
Other regulatory credits	(5,485)	(26,611)	(25,317)
Depreciation, amortization, and decommissioning	199,372	214,644	206,070
Deferred income taxes and investment tax credits	(29,174)	(52,486)	101,380
Allowance for equity funds used during construction	(2,143)	(2,211)	(2,618)
Changes in working capital:			
Receivables	43,834	(19,679)	3,691
Fuel inventory	7,426	7,382	(12,868)
Accounts payable	(6,135)	16,999	(26,706)
Taxes accrued	7,462	12,171	(1,266)
Interest accrued	(2,523)	(4,497)	(7,186)
Deferred fuel	12,861	(46,254)	(68,349)
Other working capital accounts	10,963	(11,765)	(70,775)
Decommissioning trust contributions and realized change in trust assets	(11,899)	(9,540)	(7,436)
Provision for estimated losses and reserves	(8,390)	(5,852)	(1,885)
Proceeds from settlement of Cajun litigation	-	102,299	-
Other	(358)	(8,970)	(51,947)
Net cash flow provided by operating activities	414,556	466,324	322,355
Investing Activities:			
Construction expenditures	(136,960)	(132,566)	(154,993)
Allowance for equity funds used during construction	2,143	2,211	2,618
Nuclear fuel purchases	(1,977)	(25,522)	(25,124)
Proceeds from sale/leaseback of nuclear fuel	15,932	25,522	26,523
Net cash flow used in investing activities	(120,862)	(130,355)	(150,976)
Financing Activities:			
Proceeds from the issuance of:			
Long-term debt	21,600	-	780
Preferred securities of subsidiary trust	-	82,323	-
Retirement of:			
First mortgage bonds	(140,000)	(132,240)	(195,417)
Other long-term debt	(72,090)	(50,865)	(50,425)
Redemption of preferred and preference stock	(8,481)	(93,367)	(10,179)
Dividends paid:			
Common stock	(109,400)	(77,200)	-
Preferred and preference stock	(19,055)	(21,862)	(28,336)
Net cash flow used in financing activities	(327,426)	(293,211)	(283,577)
Net increase (decrease) in cash and cash equivalents	(33,732)	42,758	(112,198)
Cash and cash equivalents at beginning of period	165,164	122,406	234,604
Cash and cash equivalents at end of period	$131,432	$165,164	$122,406
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	$173,599	$176,372	$192,196
Income taxes	$46,620	$50,477	$285
Noncash investing and financing activities:			
Change in unrealized appreciation of decommissioning trust assets	$10,410	$3,939	$1,604
Net assets acquired from Cajun settlement	-	$319,056	-

See Notes to Financial Statements.

ENTERGY GULF STATES, INC.
BALANCE SHEETS
ASSETS

	1998	1997
	December 31, (In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	$11,629	$10,549
Temporary cash investments - at cost, which approximates market:		
Associated companies	15,696	37,389
Other	104,107	117,226
Total cash and cash equivalents	131,432	165,164
Accounts receivable:		
Customer (less allowance for doubtful accounts of $1.7 million in 1998 and $1.8 million in 1997)	77,226	99,762
Associated companies	7,554	9,024
Other	28,265	32,837
Accrued unbilled revenues	59,569	74,825
Deferred fuel costs	132,896	145,757
Accumulated deferred income taxes	26,940	22,093
Fuel inventory - at average cost	30,201	37,627
Materials and supplies - at average cost	108,346	104,690
Rate deferrals	9,077	21,749
Prepayments and other	20,495	21,680
Total	632,001	735,208
Other Property and Investments:		
Decommissioning trust fund	209,771	187,462
Other - at cost (less accumulated depreciation)	177,698	176,953
Total	387,469	364,415
Utility Plant:		
Electric	7,250,789	7,168,668
Natural Gas	51,053	47,656
Steam products	80,538	82,289
Property under capital leases	54,427	67,946
Construction work in progress	105,085	90,333
Nuclear fuel under capital lease	46,572	54,390
Nuclear fuel	-	23,051
Total	7,588,464	7,534,333
Less - accumulated depreciation and amortization	3,141,483	2,996,147
Utility plant - net	4,446,981	4,538,186
Deferred Debits and Other Assets:		
Regulatory assets:		
Rate deferrals	89,333	98,410
SFAS 109 regulatory asset - net	376,406	376,275
Unamortized loss on reacquired debt	42,879	48,417
Other regulatory assets	85,730	86,819
Long-term receivables	34,617	36,984
Other	221,085	203,923
Total	850,050	850,828
TOTAL	$6,316,501	$6,488,637

See Notes to Financial Statements.

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

	December 31, 1998	December 31, 1997
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	$71,515	$190,890
Accounts payable:		
Associated companies	60,932	48,726
Other	91,103	109,444
Customer deposits	31,462	30,311
Taxes accrued	55,780	48,318
Interest accrued	42,631	45,154
Nuclear refueling reserve	16,991	3,386
Obligations under capital leases	34,343	30,280
Other	16,324	17,646
Total	421,081	524,155
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	1,113,831	1,124,644
Accumulated deferred investment tax credits	209,477	215,438
Obligations under capital leases	66,656	92,055
Deferred River Bend finance charges	13,127	9,330
Regulatory reserves	511,888	381,285
Other	533,007	532,794
Total	2,447,986	2,355,546
Long-term debt	1,631,658	1,702,719
Preferred stock with sinking fund	60,497	68,978
Preference stock	150,000	150,000
Company - obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	85,000	85,000
Shareholders' Equity:		
Preferred stock without sinking fund	51,444	51,444
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 100 shares	114,055	114,055
Additional paid-in capital	1,152,575	1,152,575
Retained earnings	202,205	284,165
Total	1,520,279	1,602,239
Commitments and Contingencies (Notes 2, 9 and 10)		
TOTAL	$6,316,501	$6,488,637

See Notes to Financial Statements.

ENTERGY GULF STATES, INC.
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Retained Earnings, January 1	$284,165	$325,312	$357,704
Add:			
Net income (loss)	46,393	59,976	(3,887)
Deduct:			
Dividends declared:			
Preferred and preference stock	19,011	21,862	28,336
Common stock	109,400	77,200	-
Preferred and preference stock redemption and other	(58)	2,061	169
Total	128,353	101,123	28,505
Retained Earnings, December 31 (Note 8)	$202,205	$284,165	$325,312

See Notes to Financial Statements.

ENTERGY GULF STATES, INC. AND SUBSIDIARIES

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1998	1997	1996	1995	1994
			(In Thousands)		
Operating revenues	$1,853,809	$2,147,829	$2,019,181	$1,861,974	$1,797,365
Net income (loss)	$ 46,393	$ 59,976	$ (3,887)	$ 122,919	$ (82,755)
Total assets	$6,316,501	$6,488,637	$6,421,179	$6,861,058	$6,843,461
Long-term obligations (1)	$1,993,811	$2,098,752	$2,226,329	$2,521,203	$2,689,042

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

	1998	1997	1996	1995	1994
			(Dollars In Thousands)		
Electric Operating Revenues:					
Residential	$605,759	$624,862	$612,398	$573,566	$569,997
Commercial	422,944	452,724	444,133	412,601	414,929
Industrial	704,393	740,418	685,178	604,688	626,047
Governmental	35,930	33,774	31,023	25,042	25,242
Total retail	1,769,026	1,851,778	1,772,732	1,615,897	1,636,215
Sales for resale:					
Associated companies	14,172	14,260	20,783	62,431	45,263
Non-associated companies	112,182	59,015	76,173	67,103	52,967
Other (1)	(117,796)	136,458	56,300	43,533	(15,244)
Total	$1,777,584	$2,061,511	$1,925,988	$1,788,964	$1,719,201
Billed Electric Energy Sales (GWH):					
Residential	8,903	8,178	8,035	7,699	7,351
Commercial	6,975	6,575	6,417	6,219	6,089
Industrial	18,158	18,038	16,661	15,393	15,026
Governmental	560	481	438	311	297
Total retail	34,596	33,272	31,551	29,622	28,763
Sales for resale:					
Associated companies	1,091	414	656	2,935	1,866
Non-associated companies	2,990	1,503	2,148	2,212	1,650
Total Electric Department	38,677	35,189	34,355	34,769	32,279

(1) 1998 and 1994 include the effects of an Entergy Gulf States reserve for rate refund.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings, and of cash flows present fairly, in all material respects, the financial position of Entergy Louisiana, 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 LOUISIANA, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Net Income

Net income increased in 1998 primarily due to a decrease in operating expenses, partially offset by a decrease in electric operating revenues and higher income taxes.

Net income decreased in 1997 primarily due to 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	($35.0)	($26.9)
Fuel cost recovery	(95.4)	29.7
Sales volume/weather	30.8	(23.8)
Other revenue (including unbilled)	(3.2)	-
Sales for resale	10.4	(4.6)
Total	($92.4)	($25.6)

Base revenues

Base revenues decreased in 1998 and 1997 due to base rate reductions that became effective in the latter parts of 1996 and 1997 and early 1998.

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 decreased due to lower pricing resulting in a change in generation mix.

In 1997, fuel cost recovery revenues increased due to shifting generation requirements as a result of the extended Waterford 3 refueling outage.

Sales volume/weather

Sales volume increased in 1998 primarily due to significantly warmer weather. The increase in sales volume was partially offset by the loss of a large industrial customer as well as substantially lower sales to two other large industrial customers.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Sales volume decreased in 1997 because of milder weather during the first half of 1997 and the loss of a large industrial customer, as well as substantially lower sales to another large industrial customer in 1997 due to customer cogeneration.

Sales for resale

Sales for resale increased in 1998 as a result of an increase in sales to associated companies, primarily due to changes in generation requirements and availability among the domestic utility companies.

Expenses

Fuel and purchased power expenses

In 1998, fuel and purchased power expenses decreased due to:

- lower gas prices;
- a shift in mix to nuclear fuel; and
- shifting generation requirements in 1997 as a result of the extended refueling outage at the Waterford 3 nuclear plant.

In 1997, fuel and purchased power expenses increased primarily due to shifting generation requirements resulting from the extended refueling outage at the Waterford 3 nuclear plant, partially offset by lower fuel prices.

Other operation and maintenance expenses

Other operation and maintenance expenses decreased in 1998 and increased in 1997, primarily due to the following:

- non-refueling outage related contract work at Waterford 3 during 1997;
- maintenance performed at Waterford 3 in 1997;
- the write-off of previously deferred radioactive waste facility costs in 1997; and
- expenses related to fire damage sustained at the Little Gypsy fossil plant in September 1997.

Other

Income taxes

The effective income tax rates for 1998, 1997, and 1996 were 37.8%, 41.1%, and 38.3% respectively.

The effective income tax rate decreased in 1998 primarily due to accelerated tax depreciation deductions reflecting a shorter tax life on certain assets.

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

ENTERGY LOUISIANA, INC.
STATEMENTS OF INCOME

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Operating Revenues	$1,710,908	$1,803,272	$1,828,867
Operating Expenses:			
Operation and maintenance:			
Fuel and fuel-related expenses	383,413	429,823	419,331
Purchased power	372,763	413,532	403,322
Nuclear refueling outage expenses	21,740	18,634	15,885
Other operation and maintenance	289,522	318,856	297,667
Depreciation, amortization, and decommissioning	171,723	172,035	167,779
Taxes other than income taxes	70,621	71,558	72,329
Other regulatory charges (credits)	(1,755)	5,505	(3,752)
Amortization of rate deferrals	-	5,749	19,860
Total	1,308,027	1,435,692	1,392,421
Operating Income	402,881	367,580	436,446
Other Income (Deductions):			
Allowance for equity funds used during construction	1,887	1,149	862
Miscellaneous - net	4,984	(517)	2,933
Total	6,871	632	3,795
Interest Charges:			
Interest on long-term debt	109,463	116,715	122,604
Other interest - net	7,127	5,885	6,938
Distributions on preferred securities of subsidiary	6,300	6,300	2,870
Allowance for borrowed funds used during construction	(1,729)	(1,410)	(1,493)
Total	121,161	127,490	130,919
Income Before Income Taxes	288,591	240,722	309,322
Income Taxes	109,104	98,965	118,560
Net Income	179,487	141,757	190,762
Preferred Dividend Requirements and Other	13,014	13,355	19,947
Earnings Applicable to Common Stock	$166,473	$128,402	$170,815

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Operating Activities:			
Net income	$179,487	$141,757	$190,762
Noncash items included in net income:			
Amortization of rate deferrals	-	5,749	19,860
Other regulatory charges (credits)	(1,755)	5,505	(3,752)
Depreciation, amortization, and decommissioning	171,723	172,035	167,779
Deferred income taxes and investment tax credits	26,910	(15,456)	18,809
Allowance for equity funds used during construction	(1,887)	(1,149)	(862)
Changes in working capital:			
Receivables	(122)	2,445	(4,889)
Accounts payable	(5,878)	9,140	22,838
Taxes accrued	(7,040)	17,853	(11,222)
Interest accrued	18,731	(14,678)	5,047
Other working capital accounts	21,513	19,329	(26,831)
Decommissioning trust contributions and realized change in trust assets	(11,648)	(11,191)	(11,620)
Provision for estimated losses and reserves	6,410	3,986	3,240
Deferred interest-Waterford 3 lease obligation	(17,799)	990	(7,138)
Other regulatory assets	(19,608)	329	(6,385)
Other	(20,473)	4,482	(3,965)
Net cash flow provided by operating activities	338,564	341,126	351,671
Investing Activities:			
Construction expenditures	(105,306)	(84,767)	(103,187)
Allowance for equity funds used during construction	1,887	1,149	862
Nuclear fuel purchases	(38,141)	(43,332)	-
Proceeds from sale/leaseback of nuclear fuel	39,701	43,332	-
Net cash flow used in investing activities	(101,859)	(83,618)	(102,325)
Financing Activities:			
Proceeds from the issuance of:			
First mortgage bonds	112,556	-	113,994
Preferred securities of subsidiary trust	-	-	67,795
Retirement of:			
First mortgage bonds	(150,561)	(34,000)	(130,000)
Other long-term debt	(225)	(288)	(270)
Redemption of preferred stock	-	(7,500)	(67,824)
Changes in short-term borrowings - net	-	(31,066)	(45,393)
Dividends paid:			
Common stock	(138,500)	(145,400)	(179,200)
Preferred stock	(13,014)	(13,251)	(19,072)
Net cash flow used in financing activities	(189,744)	(231,505)	(259,970)
Net increase (decrease) in cash and cash equivalents	46,961	26,003	(10,624)
Cash and cash equivalents at beginning of period	49,749	23,746	34,370
Cash and cash equivalents at end of period	$96,710	$49,749	$23,746
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	$98,801	$138,530	$122,370
Income taxes	$86,830	$68,323	$125,924
Noncash investing and financing activities:			
Acquisition of nuclear fuel	-	-	$32,685
Change in unrealized appreciation of decommissioning trust assets	$5,928	$3,432	$301

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.
BALANCE SHEETS
ASSETS

	December 31, 1998	December 31, 1997
	(In Thousands)	
Current Assets:		
Cash and cash equivalents:		
Cash	$10,187	$5,148
Temporary cash investments - at cost, which approximates market	86,523	44,601
Total cash and cash equivalents	96,710	49,749
Accounts receivable:		
Customer (less allowance for doubtful accounts of $1.2 million in 1998 and 1997)	64,098	69,566
Associated companies	20,095	15,035
Other	19,305	7,441
Accrued unbilled revenues	50,540	61,874
Accumulated deferred income taxes	14,176	10,994
Materials and supplies - at average cost	82,220	82,850
Deferred nuclear refueling outage costs	6,498	27,176
Prepayments and other	11,566	10,793
Total	365,208	335,478
Other Property and Investments:		
Nonutility property	21,627	22,525
Decommissioning trust fund	82,680	65,104
Investment in subsidiary companies - at equity	14,230	14,230
Total	118,537	101,859
Utility Plant:		
Electric	5,095,278	5,058,130
Property under capital leases	234,339	233,513
Construction work in progress	85,565	52,632
Nuclear fuel under capital lease	75,814	57,811
Nuclear fuel	-	1,560
Total	5,490,996	5,403,646
Less - accumulated depreciation and amortization	2,158,968	2,021,392
Utility plant - net	3,332,028	3,382,254
Deferred Debits and Other Assets:		
Regulatory assets:		
SFAS 109 regulatory asset - net	270,068	278,234
Unamortized loss on reacquired debt	30,629	33,468
Other regulatory assets	49,599	29,991
Other	15,816	14,116
Total	366,112	355,809
TOTAL	$4,181,885	$4,175,400

See Notes to Financial Statements.

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

	December 31, 1998	December 31, 1997
	(In Thousands)	
Current Liabilities:		
Currently maturing long-term debt	$6,772	$35,300
Accounts payable:		
Associated companies	43,051	43,508
Other	90,465	95,886
Customer deposits	55,966	55,331
Taxes accrued	18,203	25,243
Interest accrued	53,302	34,571
Dividends declared	3,253	3,253
Deferred fuel costs	7,798	3,268
Obligations under capital leases	32,539	29,232
Other	4,391	8,578
Total	315,740	334,170
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	841,775	813,748
Accumulated deferred investment tax credits	128,689	134,276
Obligations under capital leases	43,275	28,579
Deferred interest - Waterford 3 lease obligation	-	17,799
Other	103,273	119,519
Total	1,117,012	1,113,921
Long-term debt	1,332,315	1,338,464
Preferred stock with sinking fund	85,000	85,000
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	70,000	70,000
Shareholders' Equity:		
Preferred stock without sinking fund	100,500	100,500
Common stock, no par value, authorized 250,000,000 shares; issued and outstanding 165,173,180 shares	1,088,900	1,088,900
Capital stock expense and other	(2,321)	(2,321)
Retained earnings	74,739	46,766
Total	1,261,818	1,233,845
Commitments and Contingencies (Notes 2, 9 and 10)		
TOTAL	$4,181,885	$4,175,400

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.
STATEMENTS OF RETAINED EARNINGS

	For the Years Ended December 31, 1998	1997	1996
	(In Thousands)		
Retained Earnings, January 1	$46,766	$63,764	$72,150
Add:			
Net income	179,487	141,757	190,762
Deduct:			
Dividends declared:			
Preferred stock	13,014	13,016	17,412
Common stock	138,500	145,400	179,200
Capital stock expenses	-	339	2,536
Total	151,514	158,755	199,148
Retained Earnings, December 31 (Note 8)	$74,739	$46,766	$63,764

See Notes to Financial Statements.

ENTERGY LOUISIANA, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1998	1997	1996	1995	1994
		(In Thousands)			
Operating revenues	$1,710,908	$1,803,272	$ 1,828,867	$1,674,875	$1,710,415
Net income	$ 179,487	$ 141,757	$ 190,762	$ 201,537	$ 213,839
Total assets	$4,181,885	$4,175,400	$ 4,279,278	$4,331,523	$4,435,439
Long-term obligations (1)	$1,530,590	$1,522,043	$ 1,545,889	$1,528,542	$1,530,558

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

	1998	1997	1996	1995	1994
			(Dollars In Thousands)		
Electric Operating Revenues:					
Residential	$598,573	$606,173	$609,308	$583,373	$577,084
Commercial	367,151	379,131	374,515	353,582	358,672
Industrial	597,536	708,356	727,505	641,196	659,061
Governmental	32,795	34,171	33,621	31,616	31,679
Total retail	1,596,055	1,727,831	1,744,949	1,609,767	1,626,496
Sales for resale:					
Associated companies	16,002	3,817	5,065	1,178	352
Non-associated companies	53,538	55,345	58,685	48,987	36,928
Other	45,313	16,279	20,168	14,943	46,639
Total	$1,710,908	$1,803,272	$1,828,867	$1,674,875	$1,710,415
Billed Electric Energy Sales (GWH):					
Residential	8,477	7,826	7,893	7,855	7,449
Commercial	5,265	4,906	4,846	4,786	4,631
Industrial	14,781	16,390	17,647	16,971	16,561
Governmental	481	460	457	439	423
Total retail	29,004	29,582	30,843	30,051	29,064
Sales for resale:					
Associated companies	386	104	143	44	10
Non-associated companies	855	805	982	1,293	776
Total	30,245	30,491	31,968	31,388	29,850

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying balance sheets and the related statements of income, of retained earnings, and of cash flows present fairly, in all material respects, the financial position of Entergy Mississippi, 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 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	$38.9	($21.0)

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.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

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:

- 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.
- 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:

- the increased usage as a result of the change in the fuel mix from higher priced fossil fuel to lower priced purchased power; and
- 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:

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

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	171,745	159,086	181,966
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	(58,517)	(49,791)	(83,875)
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	(117,404)	(111,977)	(105,538)
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	$2,640	$6,816	$9,498
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	December 31, 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	128,512	270,301
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	12,600	13,288
Utility Plant:		
Electric	1,718,903	1,687,400
Construction work in progress	35,317	22,960
Total	1,754,220	1,710,360
Less - accumulated depreciation and amortization	685,214	656,828
Utility plant - net	1,069,006	1,053,532
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	140,146	102,440
TOTAL	$1,350,264	$1,439,561

See Notes to Financial Statements.

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

	December 31, 1998	December 31, 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)	$222,449	$229,181	$225,764

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1998	1997	1996	1995	1994
	(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).

	1998	1997	1996	1995	1994
	(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	$976,300	$937,395	$958,430	$889,843	$859,845
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	15,233	13,748	13,161	12,632	12,071

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:

Description	Increase/(Decrease) 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.

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

	1998	1997	1996
	For the Years Ended December 31, (In Thousands)		
Operating Revenues:			
Electric	$431,453	$410,131	$403,254
Natural gas	82,297	94,691	101,023
Total	513,750	504,822	504,277
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	474,691	462,531	446,699
Operating Income	39,059	42,291	57,578
Other Income (Deductions):			
Allowance for equity funds used during construction	284	380	321
Miscellaneous - net	1,409	(77)	1,146
Total	1,693	303	1,467
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	14,573	15,001	16,052
Income Before Income Taxes	26,179	27,593	42,993
Income Taxes	10,042	12,142	16,217
Net Income	16,137	15,451	26,776
Preferred Dividend Requirements and Other	965	965	965
Earnings Applicable to Common Stock	$15,172	$14,486	$25,811

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	40,925	48,588	44,006
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	(21,407)	(15,757)	(27,635)
Financing Activities:			
Proceeds from the issuance of general and refunding mortgage bonds	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	(11,227)	(38,965)	(48,607)
Net increase (decrease) in cash and cash equivalents	8,291	(6,134)	(32,236)
Cash and cash equivalents at beginning of period	11,376	17,510	49,746
Cash and cash equivalents at end of period	$19,667	$11,376	$17,510
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	December 31, 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	December 31, 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	10,665	26,965	34,965
Retained Earnings, December 31 (Note 8)	$67,030	$61,558	$73,072

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1998	1997	1996	1995	1994
		(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).

	1998	1997	1996	1995	1994
			(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	$431,453	$410,131	$403,254	$390,002	$360,430
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	6,410	5,997	5,804	6,094	5,690

(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.

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.

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	263,204	278,146	286,857
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	(28,650)	(32,932)	(29,080)
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	(159,665)	(131,119)	(165,702)
Net increase in cash and cash equivalents	74,889	114,095	92,075
Cash and cash equivalents at beginning of period	206,410	92,315	240
Cash and cash equivalents at end of period	$281,299	$206,410	$92,315
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	December 31, 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	281,299	206,410
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	444,091	365,029
Other Property and Investments:		
Decommissioning trust fund	113,282	85,912
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	3,593,431	3,566,994
Less - accumulated depreciation and amortization	1,198,266	1,086,820
Utility plant - net	2,395,165	2,480,174
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	478,667	500,916
TOTAL	$3,431,205	$3,432,031

See Notes to Financial Statements.

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

	December 31, 1998	December 31, 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)	$94,759	$60,583	$72,088

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.

SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	1998	1997	1996	1995	1994
		(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):

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

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 (leased and owned)	312	96	46	76	-	-	64
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:

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

Generating Stations		Fuel Type	Total Megawatt Capability	Ownership	Investment	Accumulated Depreciation
					(In Millions)	
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:

- managing fossil and nuclear generating plants;
- managing transmission and distribution systems;
- providing human resources, accounting, and legal services; and
- 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:

- 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;
- a reduced fixed fuel factor, effective March 1, 1999;
- a methodology for semi-annual revisions of the fixed fuel factor based on the market price of natural gas;
- a base rate freeze through June 1, 2000;
- 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:

- no increase in rates for any customer class;
- 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;
- a seven-year base rate freeze in the Louisiana areas serviced by Entergy Gulf States and Entergy Louisiana; and
- 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:

- 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;
- a base rate reduction for Entergy New Orleans' gas customers of $1.9 million effective January 1999; and
- 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%

1997	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%

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Computed at statutory rate (35%)	$ 319,103	$ 84,785	$ 34,371	$ 108,262	$ 42,111	$ 15,048	$ 63,626
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	54,801	10,796	19,389	11,535	4,188	1,449	7,444
Depreciation	15,829	(2,102)	(6,305)	6,722	1,604	402	15,508
Rate deferrals - net	1,973	1,115	5,537	(1,829)	(3,430)	580	-
Amortization of investment tax credits	(20,349)	(4,608)	(4,380)	(5,664)	(1,582)	(635)	(3,480)
Flow-through/permanent differences	1,059	(845)	2,792	(449)	(275)	(164)	-
SFAS 121 write-off	48,265	-	48,265	-	-	-	-
Other -- net	478	(4,697)	2,422	(17)	(1,510)	(463)	(977)
Total income taxes	$ 421,159	$ 84,444	$ 102,091	$ 118,560	$ 41,106	$ 16,217	$ 82,121
Effective Income Tax Rate	46.2%	34.9%	104.0%	38.3%	34.2%	37.7%	45.4%

Significant components of net deferred tax liabilities as of December 31, 1998 and 1997, are as follows (in thousands):

1998	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Deferred Tax Liabilities:							
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)
Deferred Tax Assets:							
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	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy 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 1998	Shares Authorized and Outstanding 1997	Total Dollar Value 1998	Total Dollar Value 1997	Call Price Per Share as of December 31, 1998
Entergy Arkansas Preferred Stock					
Without sinking fund:					
Cumulative, $100 par value					
4.32% Series	70,000	70,000	$ 7,000	$ 7,000	$103.65
4.72% Series	93,500	93,500	9,350	9,350	$107.00
4.56% Series	75,000	75,000	7,500	7,500	$102.83
4.56% 1965 Series	75,000	75,000	7,500	7,500	$102.50
6.08% Series	100,000	100,000	10,000	10,000	$102.83
7.32% Series	100,000	100,000	10,000	10,000	$103.17
7.80% Series	150,000	150,000	15,000	15,000	$103.25
7.40% Series	200,000	200,000	20,000	20,000	$102.80
7.88% Series	150,000	150,000	15,000	15,000	$103.00
Cumulative, $0.01 par value:					
$1.96 Series (a)(b)	600,000	600,000	15,000	15,000	$25.00
Total without sinking fund	1,613,500	1,613,500	$116,350	$116,350	
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	281,085	491,085	$ 22,027	$ 31,027	
Fair Value of Preferred Stock with sinking fund (d)			$ 22,986	$ 32,018	

	Shares Authorized and Outstanding 1998	Shares Authorized and Outstanding 1997	Total Dollar Value 1998	Total Dollar Value 1997	Call Price Per Share as of December 31, 1998
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 1998	Shares Authorized and Outstanding 1997	Total Dollar Value 1998	Total Dollar Value 1997	Call Price Per Share as of December 31, 1998
Entergy Louisiana Preferred Stock					
Without sinking fund:					
Cumulative, $100 par value					
4.96% Series	60,000	60,000	$ 6,000	$ 6,000	$104.25
4.16% Series	70,000	70,000	7,000	7,000	$104.21

4.44% Series	70,000	70,000	7,000	7,000	$104.06
5.16% Series	75,000	75,000	7,500	7,500	$104.18
5.40% Series	80,000	80,000	8,000	8,000	$103.00
6.44% Series	80,000	80,000	8,000	8,000	$102.92
7.84% Series	100,000	100,000	10,000	10,000	$103.78
7.36% Series	100,000	100,000	10,000	10,000	$103.36
Cumulative, $25 par value:					
8.00% Series	1,480,000	1,480,000	37,000	37,000	$25.00
Total without sinking fund	2,115,000	2,115,000	$100,500	$100,500	
With sinking fund:					
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	850,000	850,000	$ 85,000	$ 85,000	
Fair Value of Preferred Stock with sinking fund (d)			$ 87,813	$ 87,288	

	Shares Authorized and Outstanding 1998	1997	Total Dollar Value 1998	1997	Call Price Per Share as of December 31, 1998
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	503,808	503,808	$ 50,381	$ 50,381	

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

	Shares Authorized and Outstanding 1998	1997	Total Dollar Value 1998	1997	Call Price Per Share as of December 31, 1998
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:

	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana
		(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:

	1998	1997	1996
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	917,639	$ 26.23	1,172,808	$ 25.15	1,051,808	$ 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:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	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	917,639	6.7	$ 26.23	877,639	$ 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:

	1998	1997	1996
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.

Trusts	Date Of Issue	Preferred Securities Issued	Common Securities Issued	Interest Rate Securities/ Debentures	Trust's Investment in Debentures	Fair Market Value of Preferred Securities at 12-31-98
		(In Millions)			(In Millions)	
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 From	To	Interest From	To	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
							(In Thousands)			
First Mortgage Bonds										
1999	2004	6.000%	8.250%	$1,640,409	$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 From	To	Interest From	To	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
							(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/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 Crt 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:

	Entergy(a)	Entergy Arkansas(b)	Entergy Gulf States(c)	Entergy Louisiana(d)	Entergy Mississippi	Entergy New Orleans	System Energy
				(In Thousands)			
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 BPS463.4 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 BPS36.1 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:

	Total Estimated Decommissioning Costs (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
	$1,918.1

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	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
	$551.1	$21.0	$49.1	$621.2

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:

	1998		1997		1996	
	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	472,429
Total	703,974
Less: Amount representing interest	350,374
Present value of net minimum lease payments	$353,600

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	$481,301

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):

1998	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost-benefits earned during the period	$ 45,470	$ 7,428	$ 5,448	$ 4,148	$ 1,913	$ 818	$ 2,494
Interest cost on projected benefit obligation	192,132	27,919	24,564	16,845	10,362	3,020	3,265
Expected return on assets	(233,058)	(31,119)	(32,506)	(22,526)	(12,335)	(2,082)	(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	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
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	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost-benefits earned during the period	$ 31,584	$ 7,605	$ 5,852	$ 4,684	$ 2,157	$ 1,147	$ 2,658
Interest cost on projected benefit obligation	84,303	24,540	20,952	15,735	9,462	2,973	2,645
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):

1998	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Change in Projected Benefit Obligation (PBO)							
Balance at 1/1/98	$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	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Change in Projected Benefit Obligation (PBO)							
Balance at 1/1/97*	$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:

	1998	1997	1996

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):

1998	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost-benefits earned during the period	$ 13,878	$ 3,325	$ 2,553	$ 1,776	$ 862	$ 432	$ 871
Interest cost on APBO	28,443	6,519	8,103	4,089	2,085	2,714	652
Expected return on assets	(5,260)	(215)	(2,385)	-	(1,059)	(1,155)	(446)
Amortization of transition obligation	17,874	3,954	5,803	2,971	1,502	2,678	262
Amortization of prior service cost	44	-	44	-	-	-	-
Recognized net (gain)/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 Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost-benefits earned during the period	$ 13,991	$ 3,204	$ 3,227	$ 2,081	$ 1,092	$ 618	$ 939
Interest cost on APBO	29,317	6,232	9,466	4,490	2,278	3,106	648
Expected return on assets	(3,386)	-	(1,637)	-	(695)	(840)	(214)
Amortization of transition obligation	15,686	3,954	5,803	2,971	1,502	2,678	262
Amortization of prior service cost	44	-	44	-	-	-	-
Recognized net (gain)/loss	134	(238)	672	(348)	(103)	(742)	-
Net postretirement benefit cost	$ 55,786	$ 13,152	$ 17,575	$ 9,194	$ 4,074	$ 4,820	$ 1,635

1996	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
Service cost-benefits earned during the period	$ 14,351	$ 3,128	$ 3,476	$ 2,155	$ 1,081	$ 661	$ 890
Interest cost on APBO	26,133	5,580	8,164	4,283	2,171	3,085	512
Expected return on assets	(1,654)	-	(388)	-	(479)	(681)	(106)
Amortization of transition obligation	15,686	3,954	5,803	2,971	1,502	2,678	262
Amortization of prior service cost	44	-	44	-	-	-	-
Recognized net (gain)/loss	(1,516)	(557)	(477)	(277)	(44)	(701)	(53)
Net postretirement benefit cost	$ 53,044	$ 12,105	$ 16,622	$ 9,132	$ 4,231	$ 5,042	$ 1,505

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

1998	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
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 asset	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)

1997	Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
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 asset	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):

	1 Percentage Point Increase		1 Percentage Point Decrease	
1998	Increase in the APBO	Increase in the sum of service cost and interest cost	Decrease in the APBO	Decrease in the sum of service cost and interest cost
Entergy	$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:

	1998	1997	1996
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

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

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

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	System Energy
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):

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

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

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

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

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

	1998 Basic and Diluted	1997 Basic and Diluted
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.

Name	Age	Position	Period
ENTERGY ARKANSAS, INC.			
Directors			
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.	
Officers			
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
		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
Joseph F. Domino	50	Director of Entergy Gulf States	1999-Present
		President and Chief Executive Officer -	1998-Present

		Texas	
		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
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.	
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.	

ENTERGY LOUISIANA, INC.

Directors

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.	
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	1998-Present

		Orleans	
		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.	

Officers

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.

		Annual Compensation			Long-Term Compensation Awards		
Name	Year	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

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(b)	
Name	Number of Securities Underlying Options Granted (a)	% of Total Options Granted to Employees in 1998	Exercise Price (per share) (a)	Expiration Date	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.

			Number of Securities Underlying Unexercised Options as of December 31, 1998		Value of Unexercised In-the-Money Options as of December 31, 1998 (b)	
Name	Shares Acquired on Exercise	Value Realized (a)	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.

Estimated Future Payouts Under
Non-Stock Price-Based Plans (a) (b)

Name	Number of Shares	Performance Period Until Maturation or Payout	Threshold	Target	Maximum
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

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

All of the Named Executive Officers participate in a Retirement Income Plan, a defined benefit plan, that provides a benefit for employees at retirement from Entergy based upon (1) generally all years of service beginning at age 21 through termination, with a forty-year maximum, multiplied by (2) 1.5%, multiplied by (3) the final average compensation. Final average compensation is based on the highest consecutive 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is a lifetime annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts. The amount of the Named Executive Officers' annual compensation covered by the plan as of December 31, 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:

	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a)	
Name	Sole Voting and Investment Power	Other Beneficial Ownership(b)
Entergy Corporation		

W. Frank Blount*	5,634	-	
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	

Name	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a) Sole Voting and Investment Power	Other Beneficial Ownership(b)
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

Name	Entergy Corporation Common Stock Amount and Nature of Beneficial Ownership(a) Sole Voting and Investment Power	Other Beneficial Ownership(b)
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 37 and 38)

(a)2. Financial Statement Schedules

Reports of Independent Accountants on Financial Statement Schedules (see page 212)

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 March 12, 1999
(Nathan E. Langston, Attorney-in-fact)

ENTERGY ARKANSAS, INC.

SIGNATURES

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

ENTERGY ARKANSAS, INC.

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

Date: March 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

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 March 12, 1999
(Nathan E. Langston, Attorney-in-fact)

ENTERGY GULF STATES, INC.

SIGNATURES

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

ENTERGY GULF STATES, INC.

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

Date: March 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 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 March 12, 1999
(Nathan E. Langston, Attorney-in-fact)

ENTERGY LOUISIANA, INC.

SIGNATURES

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

ENTERGY LOUISIANA, INC.

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

Date: March 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 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 March 12, 1999
(Nathan E. Langston, Attorney-in-fact)

ENTERGY MISSISSIPPI, INC.

SIGNATURES

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

ENTERGY MISSISSIPPI, INC.

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

Date: March 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

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 March 12, 1999
(Nathan E. Langston, Attorney-in-fact)

ENTERGY NEW ORLEANS, INC.

SIGNATURES

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

ENTERGY NEW ORLEANS, INC.

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

Date: March 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 March 12, 1999
(Nathan E. Langston, Attorney-in-fact)

SYSTEM ENERGY RESOURCES, INC.

SIGNATURES

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

SYSTEM ENERGY RESOURCES, INC.

By /s/ 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 March 12, 1999
(Nathan E. Langston, Attorney-in-fact)

EXHIBIT 23(a)

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in Post-Effective Amendment Nos. 2, 3, 4A, and 5A on Form S-8, and 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	825,294	330,505	464,190
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	14,451	15,908	10,491
Total	86,225	82,822	44,163
Net Income	$739,069	$247,683	$420,027

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	424,769	505,510	533,461
Investing Activities:			
Investment in subsidiaries	(96,383)	(633,449)	(266,681)
Capital expenditures	(212)	(23,079)	-
Net cash flow used in investing activities	(96,595)	(656,528)	(266,681)
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	(257,564)	33,196	(267,259)
Net increase (decrease) in cash and cash equivalents	70,610	(117,822)	(479)
Cash and cash equivalents at beginning of period	10,843	128,665	129,144
Cash and cash equivalents at end of period	$81,453	$10,843	$128,665

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	December 31, 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	370,093	431,474	413,903
Retained Earnings, December 31	$2,526,888	$2,157,912	$2,341,703

	1998	1997	1996
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	17,037	293,143	119,355
Deduct:			
Capital stock discounts and other expenses	-	162	247
Paid-in Capital, December 31	$4,630,609	$4,613,572	$4,320,591

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
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 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
		Additions	Other Changes Deductions from Provisions (Note 1)	
Description	Balance at Beginning of Period	Charged to Income		Balance at End of Period
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

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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
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 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
		Additions	Other Changes Deductions	
Description	Balance at Beginning of Period	Charged to Income	from Provisions (Note 1)	Balance at End of Period
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

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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)

Column A	Column B	Column C	Column D	Column E
		Additions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Deductions from Provisions (Note 1)	Balance at End of Period
Year ended December 31, 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

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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
		Additions	Other Changes Deductions from	
Description	Balance at Beginning of Period	Charged to Income	Provisions (Note 1)	Balance at End of Period
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

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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, Mellon Bank, N.A., First National Bank of Commerce and Whitney National Bank) and Citibank, N.A., as Agent (filed as Exhibit 4(a)17 to Form 10-K for the year ended December 31, 1996 in 1-11299).

System Energy

(b) 1 -- Mortgage and Deed of Trust, dated as of June 15, 1977, as amended by twenty-one Supplemental Indentures (A-1 in 70-5890 (Mortgage); B and C to Rule 24 Certificate in 70-5890 (First); B to Rule 24 Certificate in 70-6259 (Second); 20(a)-5 to Form 10-Q for the quarter ended June 30, 1981, in 1-3517 (Third); A-1(e)-1 to Rule 24 Certificate in 70-6985 (Fourth); B to Rule 24 Certificate in 70-7021 (Fifth); B to Rule 24 Certificate in 70-7021 (Sixth); A-3(b) to Rule 24 Certificate in 70-7026 (Seventh); A-3(b) to Rule 24 Certificate in 70-7158 (Eighth); B to Rule 24 Certificate in 70-7123 (Ninth); B-1 to Rule 24 Certificate in 70-7272 (Tenth); B-2 to Rule 24 Certificate in 70-7272 (Eleventh); B-3 to Rule 24 Certificate in 70-7272 (Twelfth); B-1 to Rule 24 Certificate in 70-7382 (Thirteenth); B-2 to Rule 24 Certificate in 70-7382 (Fourteenth); A-2(c) to Rule 24 Certificate in 70-7946 (Fifteenth); A-2(c) to Rule 24 Certificate in 70-7946 (Sixteenth); A-2(d) to Rule 24 Certificate in 70-7946 (Seventeenth); A-2(e) to Rule 24 Certificate dated May 4, 1993 in 70-7946 (Eighteenth); A-2(g) to Rule 24 Certificate dated May 6, 1994, in 70-7946 (Nineteenth); A-2(a)(1) to Rule 24 Certificate dated August 8, 1996 in File No. 70-8511 (Twentieth); and A-2(a)(2) to Rule 24 Certificate dated August 8, 1996 in File No. 70-8511 (Twenty-first)).

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

(b) 3 -- Facility Lease No. 2, dated as of December 1, 1988 between Meridian Trust Company and Stephen M. Carta (Steven Kaba, successor), as Owner Trustees, and System Energy (B-2(c)(2) to Rule 24 Certificate dated January 9, 1989 in 70-7561), as supplemented by Lease Supplement No. 1 dated as of April 1, 1989 (B-22(b) (2) to Rule 24 Certificate dated April 21, 1989 in 70-7561) and Lease Supplement No. 2 dated as of January 1, 1994 (B-4(d) Rule 24 Certificate dated January 31, 1994 in 70-8215).

(b) 4 -- Indenture (for Unsecured Debt Securities), dated as of September 1, 1995, between System Energy Resources, Inc., and Chemical Bank (B-10(a) to Rule 24 Certificate in 70-8511).

Entergy Arkansas

(c) 1 -- Mortgage and Deed of Trust, dated as of October 1, 1944, as amended by fifty-fourth Supplemental Indentures (7(d) in 2-5463 (Mortgage); 7(b) in 2-7121 (First); 7(c) in 2-7605 (Second); 7(d) in 2-8100 (Third); 7(a)-4 in 2-8482 (Fourth); 7(a)-5 in 2-9149 (Fifth); 4(a)-6 in 2-9789 (Sixth); 4(a)-7 in 2-10261 (Seventh); 4(a)-8 in 2-11043 (Eighth); 2(b)-9 in 2-11468 (Ninth); 2(b)-10 in 2-15767 (Tenth); D in 70-3952 (Eleventh); D in 70-4099 (Twelfth); 4(d) in 2-23185 (Thirteenth); 2(c) in 2-24414 (Fourteenth); 2(c) in 2-25913 (Fifteenth); 2(c) in 2-28869 (Sixteenth); 2(d) in 2-28869 (Seventeenth); 2(c) in 2-35107 (Eighteenth); 2(d) in 2-36646 (Nineteenth); 2(c) in 2-39253 (Twentieth); 2(c) in 2-41080 (Twenty-first); C-1 to Rule 24 Certificate in 70-5151 (Twenty-second); C-1 to Rule 24 Certificate in 70-5257 (Twenty-third); C to Rule 24 Certificate in 70-5343 (Twenty-fourth); C-1 to Rule 24 Certificate in 70-5404 (Twenty-fifth); C to Rule 24 Certificate in 70-5502 (Twenty-sixth); C-1 to Rule 24 Certificate in 70-5556 (Twenty-seventh); C-1 to Rule 24 Certificate in 70-5693 (Twenty-eighth); C-1 to Rule 24 Certificate in 70-6078 (Twenty-ninth); C-1 to Rule 24 Certificate in 70-6174 (Thirtieth); C-1 to Rule 24 Certificate in 70-6246 (Thirty-first); C-1 to Rule 24 Certificate in 70-6498 (Thirty-second); A-4b-2 to Rule 24 Certificate in 70-6326 (Thirty-third); C-1 to Rule 24 Certificate in 70-6607 (Thirty-fourth); C-1 to Rule 24 Certificate in 70-6650 (Thirty-fifth); C-1 to Rule 24 Certificate, dated December 1, 1982, in 70-6774 (Thirty-sixth); C-1 to Rule 24 Certificate, dated February 17, 1983, in 70-6774 (Thirty-seventh); A-2(a) to Rule 24 Certificate, dated December 5, 1984, in 70-6858 (Thirty-eighth); A-3(a) to Rule 24 Certificate in 70-7127 (Thirty-ninth); A-7 to Rule 24 Certificate in 70-7068 (Fortieth); A-8(b) to Rule 24 Certificate dated July 6, 1989 in 70-7346 (Forty-first); A-8(c) to Rule 24 Certificate, dated February 1, 1990 in 70-7346 (Forty-second); 4 to Form 10-Q for the quarter ended September 30, 1990 in 1-10764 (Forty-third); A-2(a) to Rule 24 Certificate, dated November 30, 1990, in 70-7802 (Forty-fourth); A-2(b) to Rule 24 Certificate, dated January 24, 1991, in 70-7802 (Forty-fifth); 4(d)(2) in 33-54298 (Forty-sixth); 4(c)(2) to Form 10-K for the year ended December 31, 1992 in 1-10764 (Forty-seventh); 4(b) to Form 10-Q for the quarter ended June 30, 1993 in 1-10764 (Forty-eighth); 4(c) to Form 10-Q for the quarter ended June 30, 1993 in 1-10764 (Forty-ninth); 4(b) to Form 10-Q for the quarter ended September 30, 1993 in 1-10764 (Fiftieth); 4(c) to Form 10-Q for the quarter ended September 30, 1993 in 1-10764 (Fifty-first); 4(a) to Form 10-Q for the quarter ended June 30, 1994 (Fifty-second); C-2 to Form U5S for the year ended December 31, 1995 (Fifty-third); and C-2(a) to Form U5S for the year ended December 31, 1996 (Fifty-fourth)).

(c) 2 -- Indenture for Unsecured Subordinated Debt Securities relating to Trust Securities between Entergy Arkansas and Bank of New York (as Trustee), dated as of August 1, 1996 (filed as Exhibit A-1(a) to Rule 24 Certificate dated August 26, 1996 in File No. 70-8723).

(c) 3 -- Amended and Restated Trust Agreement of Entergy Arkansas Capital I, dated as of August 14, 1996 (filed as Exhibit A-3(a) to Rule 24 Certificate dated August 26, 1996 in File No. 70-8723).

(c) 4 -- Guarantee Agreement between Entergy Arkansas (as Guarantor) and The Bank of New York (as Trustee), dated as of August 14, 1996, with respect to Entergy Arkansas Capital I's obligations on its 8 1/2% Cumulative Quarterly Income Preferred Securities, Series A (filed as Exhibit A-4(a) to Rule 24 Certificate dated August 26, 1996 in File No. 70-8723).

Entergy Gulf States

(d) 1 -- Indenture of Mortgage, dated September 1, 1926, as amended by certain Supplemental Indentures (B-a-I-1 in Registration No. 2-2449 (Mortgage); 7-A-9 in Registration No. 2-6893 (Seventh); B to Form 8-K dated September 1, 1959 (Eighteenth); B to Form 8-K dated February 1, 1966 (Twenty-second); B to Form 8-K dated March 1, 1967 (Twenty-third); C to Form 8-K dated March 1, 1968 (Twenty-fourth); B to Form 8-K dated November 1, 1968 (Twenty-fifth); B to Form 8-K dated April 1, 1969 (Twenty-sixth); 2-A-8 in Registration No. 2-66612 (Thirty-eighth); 4-2 to Form 10-K for the year ended December 31, 1984 in 1-2703 (Forty-eighth); 4-2 to Form 10-K for the year ended December 31, 1988 in 1-2703 (Fifty-second); 4 to Form 10-K for the year ended December 31, 1991 in 1-2703 (Fifty-third); 4 to Form 8-K dated July 29, 1992 in 1-2703 (Fifth-fourth); 4 to Form 10-K dated December 31, 1992 in 1-2703 (Fifty-fifth); 4 to Form 10-Q for the quarter ended March 31, 1993 in 1-2703 (Fifty-sixth); and 4-2 to Amendment No. 9 to Registration No. 2-76551 (Fifty-seventh)).

(d) 2 -- Indenture, dated March 21, 1939, accepting resignation of The Chase National Bank of the City of New York as trustee and appointing Central Hanover Bank and Trust Company as successor trustee (B-a-1-6 in Registration No. 2-4076).

(d) 3 -- Trust Indenture for 9.72% Debentures due July 1, 1998 (4 in Registration No. 33-40113).

(d) 4 -- Indenture for Unsecured Subordinated Debt

Securities relating to Trust Securities, dated as of January 15, 1997 (filed as Exhibit A-11(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).

(d) 5 -- Amended and Restated Trust Agreement of Entergy Gulf States Capital I dated January 28, 1997 of Series A Preferred Securities (filed as Exhibit A-13(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).

(d) 6 -- Guarantee Agreement between Entergy Gulf States, Inc. (as Guarantor) and The Bank of New York (as Trustee) dated as of January 28, 1997 with respect to Entergy Gulf States Capital I's obligation on its 8.75% Cumulative Quarterly Income Preferred Securities, Series A (filed as Exhibit A-14(a) to Rule 24 Certificate dated February 6, 1997 in File No. 70-8721).

Entergy Louisiana

(e) 1 -- Mortgage and Deed of Trust, dated as of April 1, 1944, as amended by fifty-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 (Forth-seventh); A-3(e) to Rule 24 Certificate dated December 21, 1993 in 70-7822 (Forty-eighth); A-3(f) to Rule 24 Certificate dated August 1, 1994 in 70-7822 (Forty-ninth); A-4(c) to Rule 24 Certificate dated September 28, 1994 in 70-7653 (Fiftieth); 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 Country, 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 Country, 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 Country, 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 Depository Receipts, relating to the Issue of 900,000 Depositary Preferred Shares, each representing 1/2 share of Adjustable Rate Cumulative Preferred Stock, Series E-$100 Par Value (4-17 to Form 10-K for the year ended December 31, 1983 in 1-2703).

(d) 6 -- 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 CEPCO buybacks, dated August 28, 1979, between Entergy Gulf States and Cajun (2, 3, and 4, respectively, to Form 8-K, dated September 7, 1979, in 1-2703).

(d) 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).

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

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

+(g) 38-- 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).

+(g) 46-- Agreement between System Energy and Donald C. Hintz (10(b)-47 to Form 10-K for the year ended December

31, 1991 in 1-9067).

+(g) 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).

+(g) 48-- Amendment to Defined Contribution Restoration Plan of Entergy Corporation and Subsidiaries (10(a) 81 to Form 10-K for the year ended December 31, 1993 in 1-11299).

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

+(g) 50-- 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).

+(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 211.

*(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.

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* Filed herewith.
+ Management contracts or compensatory plans or arrangements.

CONFIDENTIAL SETTLEMENT AGREEMENT AND RECEIPT AND RELEASE

STATE OF LOUISIANA

PARISH OF ORLEANS

This is a Confidential Settlement Agreement and Receipt and Release ("Agreement") between, on the one hand, Edwin A. Lupberger ("Lupberger") and, on the other hand, Entergy Corporation, Entergy Services, Inc., and any direct and indirect subsidiary or affiliated entity of either ("Company").

WHEREAS, prior to May 26, 1998, Lupberger served as Chairman and Chief Executive Officer of the Company; and

WHEREAS, on May 26, 1998, Lupberger requested to begin transition to retirement by relinquishing both his duties as the Chairman and Chief Executive Officer of the Company; and

WHEREAS, at a special meeting of the Board of Directors of the Company on May 26, 1998, it was resolved that the Company grant Lupberger's request to begin the transition to retirement and to accept Lupberger's decision to relinquish his duties as Chairman and Chief Executive Officer of the Company; and

WHEREAS, a dispute has arisen with respect to the period of transition to retirement contemplated by each of the parties; and

WHEREAS, the Board of Directors of the Company further resolved on May 26, 1998, to study and decide upon an appropriate retirement package for Lupberger taking into account the various benefit plans in effect at the Company, Lupberger's eligibility thereunder being in some instances undisputed and in other instances disputed, and also considering a compromise of disputed claims,

NOW THEREFORE, for and in consideration of the provisions of this Agreement and the mutual benefits to be derived thereunder by the parties, Lupberger and the Company agree as follows:

1.a. For and in consideration of the provisions set forth in paragraphs 2 and 7 below, the undersigned Lupberger does hereby fully acquit, release and forever discharge Company, its agents, employees, directors, officers, attorneys, insurers, benefit plans and the administrators and fiduciaries thereof, and all of their predecessors, successors, and assigns ("Released Parties") from any and all claims, causes of action and demands of any kind, whether known or unknown, and whether asserted or not, which he has, ever has had, or ever in the future may have, and which are based on agreements, rights, benefit plans, acts and/or omissions, existing or occurring up to and including the date this Agreement is fully executed. The items of consideration set forth in paragraph 2 are inclusive of any attorney's fees or costs Lupberger could claim or recover under any statute, common law theory, civil law theory and/or any other legal theory of recovery.

b. Lupberger does not waive or release indemnification and insurance that Lupberger may have pursuant to indemnification and insurance arrangements of the Company provided to directors and officers of the Company generally, nor does Lupberger agree to indemnify the Company for matters for which he would be indemnified or insured pursuant to such arrangements.

2. The consideration for this Agreement is all of the following:

a. All stock and stock options currently vested in Lupberger are the property of Lupberger and are unaffected by this Agreement. In accordance with the terms and conditions of the Equity Ownership Plan, all options owned by Lupberger must be exercised no later than six (6) months from Lupberger's effective retirement date or by January 31, 1999. As stated in paragraph 3 below, nothing herein expands or alters the provisions of the Equity Ownership Plan.

b. Lupberger retires effective August 1, 1998.

c. Lupberger will receive, in accordance with incentive plan provisions, and if goals are met, incentive compensation under the three Plans noted below prorated to August 1, 1998. By illustration only, the amount of such incentive compensation reflecting a proration of the "target" levels of achievement would equate to the following:

$326,700	1998 Annual Incentive Plan
$872,645	1996-1998 Long Term Incentive Plan (at $27.625 per share and prorated two-thirds to reflect 1996-1997 performance)
$254,844	1998-2000 Long Term Incentive Plan (at $27.625 per share)
93,333 options	1998 grant of stock options under the Equity Ownership Plan. As stated in paragraph 3 below, nothing herein expands or alters the provisions of the Equity Ownership Plan.

d. Lupberger will receive a severance payment as follows:

$800,000	One year base salary, plus
$538,462	One week for each year of credited service (35 years which includes supplemental credited service per prior agreement), which equals
$1,338,462	Total severance payable in a lump sum or at the bi-weekly rate of

$30,769.24 until paid, at Lupberger's option.

The sum of $15,384.62, representing amounts of miscellaneous payments unrelated to service performed through July 31, 1998, and paid to Lupberger after July 31, 1998, through the date that this Agreement becomes effective and irrevocable under the terms of paragraph 14 below shall be credited against and shall reduce the total severance benefits thereafter due under this paragraph. Lupberger acknowledges that it is the Company's position that he had no rights to the severance payments provided herein, which is in part given in exchange for the receipt and release provided herein.

e. Subject to paragraph 3 below and without limiting the terms and limitations contained in the Retirement Plan for Non-Bargaining Employees ("Qualified Plan"), and the System Executive Retirement Plan and supplemental credited service agreements entered into previously with Lupberger including the agreement entered into on January 31, 1986 (collectively referred to as "Non-Qualified Plans"), Lupberger will also receive the payments from both the Qualified and Non-Qualified Plans in an estimated amount equal to the following:

$4,455.02	Per month from Qualified Plan beginning August 1, 1998. This is based on the assumption that Lupberger elects a single-life annuity with a ten-year certain feature form of benefits.
$64,957.76	Per month from Non-Qualified Plans beginning August 1, 1998. This assumes a single life annuity with a ten year certain feature. Under the terms of this Agreement, the Company does hereby consent to Lupberger's early commencement of benefits under the Non-Qualified Plans in accordance with the terms and conditions of such plans.

f. The Non-Qualified Plans have a lump sum feature which provide Lupberger with the option of a one-time payment of $9,553,226 rather than receiving $64,957.76 per month for Lupberger's lifetime. Any election by Lupberger to receive such Non-

Qualified Plans benefits in a lump sum must be made in writing prior to the expiration of the revocation period described in paragraph 14 and, if so elected, will be paid in accordance with the terms and conditions of such plans.

g. Lupberger will, effective August 1, 1998, be entitled to all other benefits, if any, specifically provided for in the Qualified Plan, Executive Deferred Compensation Plan, the Equity Ownership Plan, the Defined Contribution Restoration Plan, the Savings Plan of Entergy Corporation and Subsidiaries, the Benefits Plus Plans, and the Gulf States Utilities ESOP. Nothing stated herein shall be construed to limit or restrict Lupberger's participation or benefits under the Qualified Plan, Executive Deferred Compensation Plan, the Equity Ownership Plan, the Defined Contribution Restoration Plan, the Savings Plan of Entergy Corporation and Subsidiaries, the Benefits Plus Plans, and the Gulf States Utilities ESOP subject to the terms and conditions of such plans.

h. Lupberger will return all Company property in his possession except his Company-owned personal computer which computer shall become his personal property as of the effective date of the Agreement.

i. Lupberger shall be paid his accrued, unused vacation pay.

3. Nothing in this Agreement shall be interpreted or construed as enlarging or reducing any of Lupberger's existing rights under any benefit plans in effect at the Company. All payments or benefits under any and all such benefit plans shall be made strictly in accordance with the written terms and conditions of said plans. No payments due under this Agreement including payments which Lupberger has the right to elect to receive in a lump sum shall be made until after the expiration of the seven day post-signing period set forth in paragraph 14 hereof except that the Company may, at its option, waive this provision as to any particular payment decided upon by the Company and may make such payment prior to the expiration of the seven day post-signing period.

4. Lupberger agrees that the items referenced in paragraph 1 and set forth in paragraph 2 above are consideration for and are in full accord, satisfaction and final compromise and settlement of any rights and/or claims Lupberger may have for benefits under, or for damages resulting from the Company's alleged breach of, any employment provision, contract or agreement, employee benefit plan, severance agreement, incentive

plan, stock option plan or agreement and/or for any alleged violation of any provision of the Louisiana Employment Discrimination Law, La. R.S. 23:301, et seq., the Louisiana Wage Statute, La. R.S. 23:631, et seq., the Employee Retirement Income Security Act of 1974, 29 U.S.C., 1001, et seq., the Age Discrimination in Employment Act of 1967, 29 U.S.C. 621, et seq., Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e, et seq., as amended, the Americans with Disabilities Act, 42 U.S.C. 12101, et seq., the Fair Labor Standards Act of 1938, 29 U.S.C. 201, et seq., as well as any other federal, state or local civil rights, retaliation, pension or welfare benefit, employment discrimination, employment or labor laws, and/or contract or tort laws, and any and all other claims for any and all other monetary, legal and/or equitable relief which are or may be related to Lupberger's employment with the Company or the termination of that employment.

5. Lupberger represents and warrants that no person other than Lupberger is entitled to assert any claims against the Released Parties based on or arising out of any rights or claims of any kind or character alleged to belong to Lupberger in or as a consequence of his employment with the Company, the termination thereof, or Lupberger's contacts and relationships with the Released Parties. These representations and warranties shall survive the execution of this Agreement. Lupberger does not waive claims that may arise after the date this Agreement is fully executed and which are based on acts and/or omission occurring after the date this Agreement is fully executed. Lupberger also acknowledges that it is his responsibility to comply with the provisions of the Judgment dated March 23, 1998, in the matter of Lupberger v. Lupberger, Case No. 97-16285, Civil District Court for the Parish of Orleans, to the extent said Judgment may pertain to any consideration set forth in paragraph 2 above.

6. Lupberger hereby agrees to defend entirely at Lupberger's own expense and to fully indemnify and forever hold harmless the Released Parties from any and all such claims, causes of actions or demands that may be brought against the Released Parties by anyone in connection with any alleged injury or damage claimed to result from Lupberger's employment with the Company, Lupberger's termination therefrom and any relationship between Lupberger and the Released Parties.

7. Lupberger agrees that any payment or other form of consideration and other terms and conditions set forth in this Agreement are in compromise and settlement of any disputed claims relating to the employment of Lupberger by the Company and the termination of Lupberger's employment, whether said disputed claims be in tort, contract, or otherwise and that the Company expressly denies any and all liability for any and all such

disputed claims.

8. Lupberger agrees that he shall not institute, nor be represented as a party in, any lawsuit, charge, claim, demand, complaint or other proceeding against or involving the Company and/or the Released Parties based on Lupberger's employment with the Company, whether on an individual basis or class action basis or otherwise, with or in any administrative agency, regulatory, judicial or other forum, under any federal, state or local laws, rules, regulations or upon any other basis, based upon any act and/or omission occurring up to and including the date this Agreement is fully executed and Lupberger shall not seek or accept any award or settlement from any such source or proceeding. If Lupberger institutes, is a party to, or is a member of any class that institutes any such action, Lupberger's claims shall be dismissed or class membership terminated with prejudice immediately upon the presentation and/or filing of this Agreement in such action; additionally, in that event, Lupberger agrees that he will pay the Company and/or the Released Parties their costs, including reasonable attorney's fees, in obtaining such dismissal of any claims or termination of any class membership, other than the situation in which he is a member of the class involuntarily.

9. This Agreement shall not be filed with any Court and the parties agree that this Agreement may not be introduced in any proceeding, except (a) to establish conclusively the settlement and release of all potential claims by Lupberger against the Company and/or the Released Parties, or a breach of this Agreement, or (b) as required by applicable laws, regulations, and rules including, without limitation, any disclosure requirements promulgated by the Securities and Exchange Commission, or which exist under securities laws; or (c) as ordered by any court, judicial, or administrative agency.

10. Lupberger and the Company agree to keep the facts and particulars of this Agreement confidential and pledge not to release any information concerning same to any person at any time before or following the execution of this Agreement, except: (a) as required by law or lawful process; (b) to secure advice from a legal or tax advisor; (c) by Lupberger only, to Lupberger's immediate family or to Lupberger's last divorced wife or her attorneys; or (d) in a legal action or proceeding by Lupberger or the Released Parties to enforce the terms of the Agreement. It is expressly agreed and understood that the provisions of this paragraph are material terms of this Agreement.

11. Lupberger agrees that Lupberger shall assume all responsibility for and shall indemnify and hold Company harmless against any and all claims, losses, damages, liabilities, suits and actions, judgments, costs, penalties and expenses including, but not limited to, reasonable attorney's fees and litigation costs and expenses, resulting from any liability or claim of

liability asserted by any federal, state or local authorities for improper withholding or failure to pay taxes including, but not limited to, federal and/or state income taxes and social security and/or Medicare taxes, with respect to any payment made pursuant to this Agreement. Lupberger's indemnity shall not extend to the Company's share, if any, of social security, Medicare, or other payroll taxes which are normally paid by an employer and not withheld from an employee's paycheck, to the extent applicable by law.

12. Lupberger does not now seek, and agrees that Lupberger will not in the future seek employment or reemployment in any position or capacity with the Company, except with the expressed prior written consent of the Company acknowledging the effect of any such reemployment on the terms of this Agreement. Lupberger acknowledges and recognizes that Lupberger is not now and will not in the future be eligible for reemployment by the Company and that any such application can be rejected pursuant to the terms of this Agreement. Furthermore, Lupberger shall not, without the prior written consent of the Company which consent may be freely withheld, engage in any activity or employment that is contrary to the interests of the Company or, for a period of two years after August 1, 1998, which is in direct competition with any business or business units owned and operated by the Company as of the date of this Agreement in any place where the Company does business including, without limitation, any Parish in the State of Louisiana.

13. The parties agree that neither Lupberger nor the Company will engage in any communications of any sort, either internally or with or to third parties, which in any way disparages or tends to disparage the other, either as statements of opinion or of fact. Lupberger shall not divulge, communicate or use to the detriment of the Company, or any of its affiliated companies, or use for the benefit of any person or entity, or misuse in any way, any confidential information or proprietary information or trade secrets of the Company or any of its affiliated companies, including without limitation non-public financial information, know-how, formulae or other technical or operational data. Lupberger agrees that any such information or data he has acquired was received in confidence and as a fiduciary of the Company or its affiliated companies.

14. Lupberger acknowledges that Lupberger was given twenty-one (21) days to review this Agreement from the time Lupberger received the Agreement, and that Lupberger was advised to review the Agreement with an attorney of Lupberger's choice. Lupberger has seven (7) days after signing this Agreement to revoke the Agreement by notifying the Company in writing and returning any payments made by the Company pursuant to paragraph 2. Such notice should be sent to: Daniel Lund, Esq., Montgomery,

Barnett, Brown, Read, Hammond & Mintz, L.L.P., 3200 Energy Centre, 1100 Poydras Street, New Orleans, Louisiana 70163-3200.

15. This Agreement represents the complete understanding between the parties to the Agreement. No other promises or agreements shall be binding or shall nullify this Agreement unless reduced to writing and signed by the parties hereto, or by counsel for and on behalf of the parties. Lupberger affirms that the only consideration for his signing this Agreement is as stated herein, that no other promise or agreement of any kind has been made to or with him by any person or entity whatsoever to cause Lupberger to execute this Agreement, and that Lupberger fully understands the meaning and intent of this Agreement including, but no limited to, its final and binding effect. Lupberger warrants that any attorney's fees or costs due or owing any attorneys for representation of Lupberger will be paid in full by Lupberger, and that Lupberger will defend entirely at Lupberger's own expense and fully indemnify and forever hold harmless the Released Parties from any actions, claims or demands against them by any attorney seeking attorney's fees or costs in connection with legal representation of Lupberger.

16. Lupberger further affirms that he has carefully read the foregoing "Confidential Settlement Agreement and Receipt and Release," knows and understands the contents thereof, that Lupberger executes same as his own free act and deed and it is his intention that he be legally bound thereby. Lupberger further affirms that his attorneys have carefully explained the terms, conditions and final and binding effect of this Agreement to him, answered his questions fully, and that Lupberger indicated to his attorneys that he understood the Agreement and its effect.

17. This Confidential Settlement Agreement and Receipt and Release may be executed by the parties hereto in several counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument, provided, however, that this act shall not be effective as to any party until executed by all parties.

18. In the event that any provision of this Agreement is deemed to be invalid by reason of the operation of any law, or by reason of the interpretation placed thereon by any court, this Agreement shall be construed as not containing such provision and any and all other provisions hereof which otherwise are lawful and valid shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this   day of   , 1998.

WITNESSES:

EDWIN A. LUPBERGER

ENTERGY CORPORATION AND
ENTERGY SERVICES, INC.

BY:
DULY AUTHORIZED

STATE OF LOUISIANA

PARISH OF ORLEANS

VERIFICATION

BEFORE ME, the undersigned Notary, personally came and appeared,

EDWIN A. LUPBERGER

who, after being duly sworn, did depose and say:

I have read the foregoing Confidential Settlement Agreement and Receipt and Release and understand the terms thereof. I have consulted my attorney with regard to this Agreement. By my signature below, I affirm that I have signed the foregoing Agreement as my free act and deed for the purposes stated therein.

EDWIN A. LUPBERGER

SWORN TO AND SUBSCRIBED
BEFORE ME, NOTARY PUBLIC,
THIS DAY OF
, 1998.

NOTARY PUBLIC

STATE OF LOUISIANA

PARISH OF ORLEANS

VERIFICATION

BEFORE ME, the undersigned Notary, personally came and appeared,

ANTHONY J. CORRERO, III

who, after being duly sworn, did depose and say:

As counsel for Edwin A. Lupberger, I hereby certify that I have explained the foregoing Confidential Settlement Agreement and Receipt and Release to my client and that he understands and voluntarily agrees to its provisions. By signature below, I affirm that the items of consideration set forth in paragraph 3 of the Agreement represent consideration for a full and final settlement of any and all claims Lupberger may have against the Released Parties including, but not limited to, claims for attorney's fees and costs. By signature below, I hereby waive any and all claims against the above-described Released Parties for any attorney's fees or costs due or owing myself or my firm as a result of legal representation in this matter. By signature below, I agree that I will not disclose to any person or entity the fact or contents of this Agreement or the considerations therefor except as specifically provided for in the Agreement.

ATTORNEY FOR LUPBERGER

SWORN TO AND SUBSCRIBED
BEFORE ME, NOTARY PUBLIC,
THIS DAY OF
, 1998.

NOTARY PUBLIC

Exhibit 10(a)77

[Letterhead of Jerry L. Maulden]

as amended on September 18, 1998

March 19, 1998

Mr. Edwin A. Lupberger
Chairman and CEO
Mail Unit: L-ENT-28B

Dear Ed:

The purpose of this letter is to record the compensation and benefits package Entergy Corporation and/or its Subsidiaries ("the Company") is to provide to me as a result of my announcing my retirement in March 1999, and begin receiving early retirement benefits, effective April 1, 2000.

The following is my understanding of the retirement package that you and I have agreed upon.

A) Between Now and March 31,1999:

1 will continue to perform my duties as Vice Chairman for which I will continue to receive a compensation, incentives (i.e., Executive Annual Incentive Plan, Long Term Incentive Plan and Equity Ownership Plan), and employee benefits commensurate with the position of Vice Chairman.

B) Between April 1, 1999 and my early retirement, effective April 1, 2000:

1. I will serve as Vice Chairman or as assigned by Entergy C orporation's Chairman and CEO; but, I will be relieved of all my organizational responsibilities and begin my transition toward retirement;

2. I will continue to occupy my present office, receive the Base Salary that is in effect on April 1, 1999, incentives (i.e., Executive Annual Incentive Plan, Long Term Incentive Plan and Equity Ownership Plan), and employee benefits.

3. The Company irrevocably accepts this letter as my formal request for Early Retirement, effective April 1, 2000. The Company also irrevocably consents to pay retirement benefits calculated with either the Post-Retirement Plan or with the System Executive Retirement Plan. I also understand that the choice of benefits is entirely mine; and that, I will be permitted to makes this benefit election at any time prior to the commencement of such payment. The acceptance of this letter itself shall constitute the only consent necessary for me to retire with full retirement benefits, beginning on April 1, 2000; and, this consent shall be irrevocable. Regardless of which benefit I select, the Company shall calculate my years of credited service as if I had continued to be an active employee through age 65 with such benefits beginning at age 65 (i.e., without the application of the 2% per year Early Retirement Discount Factor);

4. I will be permitted to exercise any or all of my stock options at anytime prior to October 1, 2000 (i.e., within six months following my early retirement effective date). If the Company were to solicit and receive stockholder approval to extend the exercise period, that period of extension would also apply to my stock option exercise; and,

5. The Company will fund a Named Chair (for the sum of $1,000,000) at the University of Arkansas at Little Rock (UALR). The funding of this endowment will consist of four equal annual payments of $250.000 each with the first payment due on April 1, 1999, with each subsequent payment due and payable in the first quarter of the years 2000, 2001, and 2002. All payments will be made directly to UALR.

B) At and after my early retirement, effective April 1, 2000:

1. I will receive a lump-sum payment equal to six weeks (i.e., 240 hours) of unused calendar year 2000 vacation which will be paid shortly after March 31, 2000;

2. I will serve as an Entergy Arkansas Advisory Board member until August 13, 2006 (i.e., until I reach age 70) for which I will receive their standard compensation and benefits package;

3. I will be reimbursed on a quarterly basis (not to exceed $30,000

per year) for any and all expenses (actually incurred by me in the preceding quarter) associated with an offsite office and secretary until August 13, 2006 (i.e., until I reach age 70);

4. I will retain my personal computer with fax (i.e., I can retain my current equipment and personal property upon my retirement).

If you concur with these provisions, please indicate by signing this letter below and returning it to me at your convenience.

Sincerely,

/s/ Jerry L. Maulden

Jerry L. Maulden

Approved by: /s/ Edwin A. Lupberger on: March 30, 1998
Edwin A. Lupberger
Chairman of the Board and Chief Executive Officer

Attachment

Exhibit 10(a)78

[Letterhead of C. Gary Clary]

March 13, 1998

Mr. J. Wayne Leonard
5150 Rollman Estate Drive
Cincinnati, OH 45236

Subject:Letter of Intent

Dear Wayne:

I would like to confirm the discussions we have had regarding our intent to extend an employment offer to you for the position of President and Chief Operating Officer, Domestic Operations. The offer will include the following:

* Base Salary:	$600,000
* Target Annual Incentive:	$420,000 (70% of Base Salary)
* Long Term Incentive Plan: (i.e., Performance Shares)	Maximum of 15,000 shares of Entergy Corp. common stock per year -- (Estimated value @ $28 per share + $1.80 dividends = $447,000). (Target annual = 10,000 ETR shares)
* Stock Options:	Maximum = 150,000 options per year (Target = 100,000 per year)
* Signing Bonus:	$500,000 Payable in cash shortly after your date of hire; or, it can be tax deferred until your retirement - your choice.
* Retention Award: (i.e., Restricted Shares)	30,000 ETR shares. Restrictions lifted at the rate of 10,000 shares per year (no dividends) beginning with your first employment anniversary. (Estimated value @ $28 per share = $280,000/yr. & $840,000 total).
* Retirement benefits (with continued employment until age 55):	60% of your highest three-year average base salary and annual incentive payments. Benefit payments can begin as early as your age 55. However, this benefit will be offset to the full extent of your ClNergy's age 62 terminated vested benefit of $12,862.74 per month. ClNergy's offset may be lower if you choose to retire before age 62. Spousal benefit = 50% of this benefit.

* Termination benefits:

- - Voluntary resignation prior to age 55:	Payment of accrued compensation benefits. The 60% of three-year compensation guarantee described herein would be forfeited.
- - Termination prior to age 55 with ETR permission:	Payment of accrued compensation and benefits. The 60% replacement rate under the retirement benefit described herein would be reduced at the annual rate of 6.5% per year for each year your termination date precedes your age 55; and, it would become payable at age 62. Spousal retirement benefit = 50%
- - Change in Control -- resignation for "Good Reason":	Payment of accrued compensation and benefits, including immediate vesting of the 60% replacement rate under the retirement benefit described herein (such payments would begin at age 55). Plus, a lump sum "parachute payment" equal to 2.99 times your average three-year pay (i.e., "Base Amounts, which is equal to the maximum amount that can be paid without the payment becoming subject to the Excise TAX within the meaning of Section 280G(b)(l) of the IRC.)
* Welfare Benefits and Perquisites:	In addition to the full range of benefits offered to all employees, you will be eligible for such benefits as executive car allowance, financial counseling, Executive Medical and country club

membership.

* Home Purchase: Entergy will make you a "directed offer" equal to the cost you incurred to purchase your present home.

* Vacation: Four weeks beginning in 1998 and five weeks after your fifth anniversary of employment.

As I mentioned, this offer is contingent upon Board approval. The Board is next scheduled to meet on Wednesday, March 25, 1998.

Signed: /s/ Gary Clary On: March 13, 1998
Gary Clary, VP, Human Resources & Administration

Signed: J. Wayne Leonard On:___________________________
J. Wayne Leonard

Exhibit 10(b)62

[Letterhead of C. Gary Clary]

June 4,1998

Mr. C. John Wilder
26 Chapel Square
Virginia Park
Virginia Water
Surrey GU25 4SZ
England

Dear John:

On behalf of Entergy Corporation, I would like to offer you the position of Executive Vice President & Chief Financial Officer. The details of the offer consist of:

Starting Salary	$400,000 Annual
	$33,333.33 Monthly

Executive Annual Incentive Plan (EAIP) Payout Opportunity

	ACHIEVEMENT LEVEL	
MINIMUM	TARGET	MAXIMUM
30%	60%	90%
$120,000	$240,000	$360,000

The plan is based on a calendar year. You will be eligible for a prorated payout based on the number of days of employment. The actual award is based on a continuous level of achievement and not bracketed.

Long Term Incentive Plan

This plan provides participants with performance shares which will be earned by achieving pre-approved Entergy Corporation goals for the three-year performance period (1998-2000). You will be eligible for a prorated amount of performance shares based on the number of full months as a participant. The opportunities for a full 36 months of participation are:

	ACHIEVEMENT LEVEL	
MINIMUM	TARGET	MAXIMUM
9,000 shares	18,000 shares	27,000 shares

Stock Option Plan

This Plan provides participants with stock option grants which will be earned by achieving pre-approved, annual Entergy Corporation goals. You will be eligible for a prorated amount of stock options based on the number of full months as a participant. The opportunities for a full 12 months of participation are:

	ACHIEVEMENT LEVEL	
MINIMUM	TARGET	MAXIMUM
20,000 options	40,000 options	60,000 options

Signing Bonus $300,000 paid shortly after your date of hire.

Retention Award (i.e., Restricted Stock)

You will be awarded 21,000 Entergy shares with restrictions lifted at the rate of 7,000 shares per year beginning with your first employment anniversary.

Relocation Assistance

You will receive one month's salary ($33,333.33), paid at the time you relocate, for miscellaneous relocation expenses. Additional conditions of your relocation assistance will be established after your discussions with your current employer.

Retirement Benefits (with SERP)

This Plan accumulates benefits at the rate of 1.5% per year, with full vesting after five years of actual service. The benefit is based on your average five-year salary (including incentive pay), with unreduced monthly retirement benefit at age 65 or reduced (at 2% per year) as early as age 55.

Supplemental Credited Service Agreement

Entergy will include an additional 15 years of credited service to your qualified retirement plan benefits.

Savings Plan

After a six-month waiting period, you may participate in this plan. You may contribute as much as 16% of your base salary and receive tax-deferred benefits in addition to a 50% company match (maximum company match is 3% of your base salary).

Equity Awards Program Deferral

You can defer up to 100% of your EAIP bonus on a pre-tax basis. The deferred funds are used to buy Entergy common stock at a 20% discount--applied to the market price at the time of deferral.

Vacation

You are eligible for four weeks vacation beginning in 1999 (prorated for 1998 - two weeks), and five weeks after your fifth anniversary of employment

PERQUISITES
Monthly Auto Allowance of $825 Per Month and Parking

- - This is net of taxes; the company will gross up this auto allowance for all applicable taxes.
- - You are also eligible for paid parking at your work location, if needed.

Physical Exam

A comprehensive annual physical will be provided to you at company expense.

Lunch Club

You may enroll in a lunch club that is intended and used as a vehicle to conduct business.

Country Club Membership

You are eligible for a country club membership at $5,000 maximum first-year country club dues, with up to $3,000 maximum for annual renewals.

Executive Disability

This plan guarantees that your total disability payments from all sources will equal 65% of your monthly base salary.

Executive Medical

- - Covers IRS approved medical and dental expenses that are not covered by the company's medical and dental plans--up to $4,000 per year, per company policy.
- - Reimbursement of deductibles and co-payments are excluded.

Personal Effects Insurance and Personal Accident Insurance

- - Personal effects insurance coverage for loss of personal effects--$2,500 for any occurrence; $500 limit for jewelry; excludes automobiles, furniture, bicycles, and eyeglasses.
- - Personal accident insurance provides $100,000 in accidental death and dismemberment coverage for you. Additional coverage for you and your dependents is also available.

Termination Benefits

- - If you should voluntary resign prior to age 65, you will receive payment of accrued compensation and benefits. SERP benefits described herein would be forfeited.

- - If you should terminate prior to age 55 with Entergy's permission, you will receive payment of accrued compensation and benefits. The accrued SERP benefit would be reduced at an average annual rate of 6.5% per year for each year your termination date precedes your age 65; and, payments cannot begin prior to you attaining age 55.

- - If, due to a change in control, you resign for "good reason", you will receive payment of accrued compensation and benefits, including immediate vesting of your accrued SERP benefit plus a lump-sum "parachute payment" equal to 2.99 times your average three-year pay (i.e., 2.99 times your "Base Amount", which is equal to the maximum amount that can be paid without the payment becoming subject to the Excise Tax within the meaning of Section 280G(b)(1) of the IRC).

- - If the Company should initiate termination for reasons other than just cause prior to you completing two years of service, Entergy will pay you two years of base salary continuation and health care benefits. In addition, Entergy will immediately vest all earned, but unvested, stock options and performance shares. This will include any remaining shares of the 21,000 restricted stock provided as a retention award.

This offer is contingent upon a security background check and the successful completion of a pre-employment drug screening. I will forward these materials under separate cover.

After you have had a chance to review this offer, please contact me to discuss any questions you may have. I hope this offer meets with your approval, and I look forward to working with you as part of the Entergy team.

Sincerely,

/s/ Gary Clary

Gary Clary
Senior Vice President
Human Resources & Administration

GC/vr
Attachments

Agreed: /s/ C. John Wilder
C. John Wilder

Date: June 5, 1998

Exhibit 12(a)

Entergy Arkansas, Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1993	1994	1995	1996	1997	1998
Fixed charges, as defined:						
Total Interest Charges	$119,591	$110,814	$115,337	$106,716	$104,165	$96,685
Interest applicable to rentals	16,860	19,140	18,158	19,121	17,529	15,511
Total fixed charges, as defined	136,451	129,954	133,495	125,837	121,694	112,196
Preferred dividends, as defined (a)	30,334	23,234	27,636	24,731	16,073	16,763
Combined fixed charges and preferred dividends, as defined	$166,785	$153,188	$161,131	$150,568	$137,767	$128,959
Earnings as defined:						
Net Income	$205,297	$142,263	$136,666	$157,798	$127,977	$110,951
Add:						
Provision for income taxes:						
Total	82,337	29,220	72,081	84,445	59,220	71,374
Fixed charges as above	136,451	129,954	133,495	125,837	121,694	112,196
Total earnings, as defined	$424,085	$301,437	$342,242	$368,080	$308,891	$294,521
Ratio of earnings to fixed charges, as defined	3.11	2.32	2.56	2.93	2.54	2.63
Ratio of earnings to combined fixed charges and preferred dividends, as defined	2.54	1.97	2.12	2.44	2.24	2.28

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(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Exhibit 12(b)

Entergy Gulf States, Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1993	1994	1995	1996	1997	1998
Fixed charges, as defined:						
Total Interest charges	$210,599	$204,134	$200,224	$193,890	$180,073	$178,220
Interest applicable to rentals	23,455	21,539	16,648	14,887	15,747	16,927
Total fixed charges, as defined	234,054	225,673	216,872	208,777	195,820	195,147
Preferred dividends, as defined (a)	65,299	52,210	44,651	48,690	30,028	32,031
Combined fixed charges and preferred dividends, as defined	$299,353	$277,883	$261,523	$257,467	$225,848	$227,178
Earnings as defined:						
Income (loss) from continuing operations before extraordinary items and the cumulative effect of accounting changes	$69,462	($82,755)	$122,919	($3,887)	$59,976	$46,393
Add:						
Income Taxes	58,016	(62,086)	63,244	102,091	22,402	31,773
Fixed charges as above	234,054	225,673	216,872	208,777	195,820	195,147
Total earnings, as defined (b)	$361,532	$80,832	$403,035	$306,981	$278,198	$273,313
Ratio of earnings to fixed charges, as defined	1.54	0.36	1.86	1.47	1.42	1.40
Ratio of earnings to combined fixed charges and preferred dividends, as defined	1.21	0.29	1.54	1.19	1.23	1.20

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

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

Exhibit 12(c)

Entergy Louisiana, Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1993	1994	1995	1996	1997	1998
Fixed charges, as defined:						
Total Interest	$136,957	$136,444	$136,901	$132,412	$128,900	$122,890
Interest applicable to rentals	8,519	8,332	9,332	10,601	9,203	9,564
Total fixed charges, as defined	145,476	144,776	146,233	143,013	138,103	132,454
Preferred dividends, as defined (a)	40,779	29,171	32,847	28,234	22,103	20,925
Combined fixed charges and preferred dividends, as defined	$186,255	$173,947	$179,080	$171,247	$160,206	$153,379
Earnings as defined:						
Net Income	$188,808	$213,839	$201,537	$190,762	$141,757	$179,487
Add:						
Provision for income taxes:						
Total Taxes	110,813	63,288	117,114	118,559	98,965	109,104
Fixed charges as above	145,476	144,776	146,233	143,013	138,103	132,454
Total earnings, as defined	$445,097	$421,903	$464,884	$452,334	$378,825	$421,045
Ratio of earnings to fixed charges, as defined	3.06	2.91	3.18	3.16	2.74	3.18
Ratio of earnings to combined fixed charges and preferred dividends, as defined	2.39	2.43	2.60	2.64	2.36	2.75

- ------------------------

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Exhibit 12(d)

Entergy Mississippi, Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1993	1994	1995	1996	1997	1998
Fixed charges, as defined:						
Total Interest	$55,359	$52,764	$51,635	$48,007	$45,274	$40,927
Interest applicable to rentals	1,264	1,716	2,173	2,165	1,947	1,864
Total fixed charges, as defined	56,623	54,480	53,808	50,172	47,221	42,791
Preferred dividends, as defined (a)	12,990	9,447	9,004	7,610	5,123	4,878
Combined fixed charges and preferred dividends, as defined	$69,613	$63,927	$62,812	$57,782	$52,344	$47,669
Earnings as defined:						
Net Income	$101,743	$48,779	$68,667	$79,210	$66,661	$59,268
Add:						
Provision for income taxes:						
Total income taxes	55,993	12,476	34,877	41,107	26,744	28,031
Fixed charges as above	56,623	54,480	53,808	50,172	47,221	42,791
Total earnings, as defined	$214,359	$115,735	$157,352	$170,489	$140,626	$130,090
Ratio of earnings to fixed charges, as defined	3.79	2.12	2.92	3.40	2.98	3.04
Ratio of earnings to combined fixed charges and preferred dividends, as defined	3.08	1.81	2.51	2.95	2.69	2.73

- ------------------------

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Exhibit 12(e)

Entergy New Orleans, Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Combined Fixed Charges and Preferred Dividends

	1993	1994	1995	1996	1997	1998
Fixed charges, as defined:						
Total Interest	$21,092	$18,272	$17,802	$16,304	$15,287	$14,792
Interest applicable to rentals	544	1,245	916	831	911	1,045
Total fixed charges, as defined	21,636	19,517	18,718	17,135	16,198	15,837
Preferred dividends, as defined (a)	2,952	2,071	1,964	1,549	1,723	1,566
Combined fixed charges and preferred dividends, as defined	$24,588	$21,588	$20,682	$18,684	$17,921	$17,403
Earnings as defined:						
Net Income	$47,709	$13,211	$34,386	$26,776	$15,451	$15,172
Add:						
Provision for income taxes:						
Total	31,938	4,600	20,467	16,216	12,142	10,042
Fixed charges as above	21,636	19,517	18,718	17,135	16,198	15,837
Total earnings, as defined	$101,283	$37,328	$73,571	$60,127	$43,791	$41,051
Ratio of earnings to fixed charges, as defined	4.68	1.91	3.93	3.51	2.70	2.59
Ratio of earnings to combined fixed charges and preferred dividends, as defined	4.12	1.73	3.56	3.22	2.44	2.36

- ------------------------

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

(b) Earnings for the twelve months ended December 31, 1991 include the $90 million effect of the 1991 NOPSI Settlement.

Exhibit 12(f)

System Energy Resources, Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges

	1993	1994	1995	1996	1997	1998
Fixed charges, as defined:						
Total Interest	$190,938	$176,504	$151,512	$143,720	$128,653	$116,060
Interest applicable to rentals	6,790	7,546	6,475	6,223	6,065	5,189
Total fixed charges, as defined	$197,728	$184,050	$157,987	$149,943	$134,718	$121,249
Earnings as defined:						
Net Income	$93,927	$5,407	$93,039	$98,668	$102,295	$106,476
Add:						
Provision for income taxes:						
Total	78,552	36,838	75,493	82,121	74,654	77,263
Fixed charges as above	197,728	184,050	157,987	149,943	134,718	121,249
Total earnings, as defined	$370,207	$226,295	$326,519	$330,732	$311,667	$304,988
Ratio of earnings to fixed charges, as defined	1.87	1.23	2.07	2.21	2.31	2.52

Exhibit 21

The seven registrants, Entergy Corporation, System Energy Resources, Inc., Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc., are listed below:

	State or Other Jurisdiction of Incorporation
Entergy Corporation	Delaware
System Energy Resources, Inc. (a)	Arkansas
Entergy Arkansas, Inc. (a)	Arkansas
Entergy Gulf States, Inc. (a)	Texas
Entergy Louisiana, Inc. (a)	Louisiana
Entergy Mississippi, Inc. (a)	Mississippi
Entergy New Orleans, Inc. (a)	Louisiana

(a) Entergy Corporation owns all of the Common Stock of System Energy Resources, Inc., Entergy Arkansas Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc..

Exhibit 24

February 26, 1999

TO: Nathan E. Langston
Laurence M. Hamric

Re: Power of Attorney; 1998 Form 10-K

Entergy Corporation, referred to herein as the Company, will file with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 1998 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

The Company and the undersigned persons, in their respective capacities as directors and/or officers of the Company, as specified in Attachment I, do each hereby make, constitute and appoint Nathan Langston and Laurence M. Hamric, and each of them, their true and lawful Attorneys (with full power of substitution) for each of the undersigned and in his or her name, place and stead to sign and cause to be filed with the Securities and Exchange Commission the aforementioned Annual Report on Form 10-K and any amendments thereto.

Yours very truly,

ENTERGY CORPORATION

By:/s/ Wayne Leonard
Wayne Leonard
Chief Executive Officer
and Director

/s/ W. Frank Blount, Jr.
W. Frank Blount, Jr.
Director

/s/ John A. Cooper, Jr.
John A. Cooper, Jr.
Director

/s/ George W. Davis
George W. Davis
Director

/s/ Norman C. Francis
Norman C. Francis
Director

/s/ Robert v.d. Luft
Robert v.d. Luft
Chairman of the Board
Director

/s/ Wayne Leonard
Wayne Leonard
Chief Executive Officer
Director

/s/ Kinnaird R. McKee
Kinnaird R. McKee
Director

/s/ Paul W. Murrill
Paul W. Murrill
Director

/s/ James R. Nichols
James R. Nichols
Director

/s/ Eugene H. Owen
Eugene H. Owen
Director

/s/ John N. Palmer, Jr.
John N. Palmer, Jr.
Director

/s/ Robert D. Pugh
Robert D. Pugh
Director

/s/ Bismark A. Steinhagen
Bismark A. Steinhagen
Director

/s/ Wm. Clifford Smith
Wm. Clifford Smith
Director

/s/ C. John Wilder
C. John Wilder
Executive Vice President
and Chief Financial
Officer

ATTACHMENT I

Entergy Corporation

Chief Executive Officer and Director - Wayne Leonard (principal executive officer)
Vice President and Chief Financial Officer - C. John Wilder (principal financial officer)

Directors - W. Frank Blount, John A. Cooper, Jr., George W. Davis, Norman C. Francis, Robert v.d. Luft, Kinnaird R. McKee, Wayne Leonard, Paul W. Murrill, James R. Nichols, Eugene H. Owen, John N. Palmer, Sr., Robert D. Pugh, Wm. Clifford Smith, Bismark A. Steinhagen.

February 26, 1999

TO: Nathan E. Langston
Laurence M. Hamric

Re: Power of Attorney; 1998 Form 10-K

Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Entergy New Orleans and System Energy Resources, Inc. (collectively referred to herein as the Companies) will each file with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 1998 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

The Companies and the undersigned person, in their respective capacities as directors and/or officers of the Companies, as specified in Attachment I, do each hereby make, constitute and appoint Nathan Langston and Laurence M. Hamric, and each of them, their true and lawful Attorneys (with full power of substitution) for each of the undersigned and in his or her name, place and stead to sign and cause to be filed with the Securities and Exchange Commission the aforementioned Annual Report on Form 10-K and any amendments thereto.

Yours very truly,

ENTERGY ARKANSAS, INC. (hereinafter "EAI")
ENTERGY GULF STATES, INC. (hereinafter "EGSI")
ENTERGY LOUISIANA, INC. (hereinafter "ELI")
ENTERGY MISSISSIPPI, INC. (hereinafter "EMI")
ENTERGY NEW ORLEANS, INC. (hereinafter "ENOI")
SYSTEM ENERGY RESOURCES, INC. (hereinafter "SERI")

By: /s/ Wayne Leonard
Wayne Leonard
Chairman of the Board
and Director of EAI, EGSI, ELI,
EMI, ENOI and SERI

/s/ Joseph F. Domino
Joseph F. Domino
Director of EGSI

/s/ Jerry W. Yelverton
Jerry W. Yelverton
Director, President and
Chief Executive Officer
of SERI

/s/ Frank F. Gallaher
Frank F. Gallaher
Director of EAI, EGSI,
ELI and EMI

/s/ Donald C. Hintz
Donald C. Hintz
Director of EAI, EGSI,
ELI, EMI, ENOI and SERI

/s/ Jerry D. Jackson
Jerry D. Jackson
Director of EAI, EGSI,
ELI, EMI, and ENOI and
President and Chief
Executive Officer of
ELI and President and
Chief Executive Officer
- - Louisiana of EGSI

/s/ R. Drake Keith
R. Drake Keith
Director, President and
Chief Executive Officer
of EAI

/s/ Jerry L. Maulden
Jerry L. Maulden
Director of EAI, EGSI,
ELI and EMI

/s/ Daniel F. Packer
Daniel F. Packer
Director, President and
Chief Executive Officer
of ENOI

/s/ Donald E. Meiners
Donald E. Meiners
Director, President and
Chief Executive Officer
of EMI

/s/ C. John Wilder
C. John Wilder
Executive Vice President
and Chief Financial
Officer of EAI, EGSI,
ELI, EMI, ENOI and SERI

ATTACHMENT I

Entergy Arkansas, Inc.

Chairman of the Board - Wayne Leonard; President and Chief Executive Officer - R. Drake Keith (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors -Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, R. Drake Keith, Wayne Leonard, Jerry L. Maulden.

Entergy Gulf States, Inc.

Chairman of the Board - Wayne Leonard; President and Chief Executive Officer - Louisiana - Jerry D. Jackson (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors -Joseph E. Domino, Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, Wayne Leonard , Jerry L. Maulden.

Entergy Louisiana, Inc.

Chairman of the Board - Wayne Leonard; President and Chief Executive Officer - Jerry D. Jackson (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, Wayne Leonard, Jerry L. Maulden.

Entergy Mississippi, Inc.

Chairman of the Board - Wayne Leonard; President and Chief Executive Officer - Donald E. Meiners (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors -Frank F. Gallaher, Donald C. Hintz, Jerry D. Jackson, Wayne Leonard, Jerry L. Maulden, Donald E. Meiners.

Entergy New Orleans, Inc.

Chairman of the Board - Wayne Leonard; President and Chief Executive Officer - Daniel F. Packer (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Jerry D. Jackson, Donald C. Hintz, Wayne Leonard, Daniel F. Packer.

System Energy Resources, Inc.

Chairman of the Board - Wayne Leonard; President and Chief Executive Officer - Jerry W. Yelverton (principal executive officer); Executive Vice President and Chief Financial Officer - C. John Wilder (principal financial officer).

Directors - Donald C. Hintz, Wayne Leonard, C. John Wilder, Jerry W. Yelverton

UT

This schedule contains summary financial information extracted from Entergy Corporation's financial statements for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.

0000065984
ENTERGY CORPORATION AND SUBSIDIARIES

023
ENTERGY CORPORATION AND SUBSIDIARIES
1,000

YEAR
DEC-31-1998
DEC-31-1998
PER-BOOK
15,328,582
1,488,280
3,655,277
2,375,884
0
22,848,023
2,468
4,630,609
2,526,888
7,159,956
382,523
488,455
6,596,617
296,790
0
0
255,221
0
220,209
176,270
7,271,982
22,848,023
11,494,772
266,735
9,982,917
9,982,917
1,511,855
373,024
1,884,879
832,515
785,629
46,560
739,069
373,441
842,269
1,679,057
$3.00
$3.00

UT

This schedule contains summary financial information extracted from Entergy
Arkansas' financial statements for the year ended December 31, 1998 and is
qualified in its entirety by reference to such financial statements.

0000007323
ENTERGY ARKANSAS, INC.

001
ENTERGY ARKANSAS, INC.
1,000

YEAR
DEC-31-1998
DEC-31-1998
PER-BOOK
2,803,386
319,569
464,744
418,952
0
4,006,651
470
590,134
487,855
1,078,459
82,027
116,350
1,172,285
667
0
0
1,094
0
80,936
64,068
1,410,765
4,006,651
1,608,698
71,374
1,353,883
1,353,883
254,815
19,990
274,805
92,480
110,951
10,201
100,750
92,600
95,050
357,116
0
0

UT

This schedule contains summary financial information extracted from Entergy Gulf States' financial statements for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.

0000044570
ENTERGY GULF STATES, INC.

006
ENTERGY GULF STATES, INC.
1,000

YEAR
DEC-31-1998
DEC-31-1998
PER-BOOK
4,446,981
387,469
632,001
850,050
0
6,316,501
114,055
1,152,575
202,205
1,468,835
145,497
201,444
1,631,658
0
0
0
71,515
0
66,656
34,343
2,696,553
6,316,501
1,853,809
31,773
1,618,155
1,618,155
235,654
18,862
254,516
176,350
46,393
19,011
27,382
109,400
173,599
414,556
0
0

UT

This schedule contains summary financial information extracted from Entergy Louisiana's financial statements for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.

0000060527
ENTERGY LOUISIANA, INC.

012
ENTERGY LOUISIANA, INC.
1,000

YEAR
DEC-31-1998
DEC-31-1998
PER-BOOK
3,332,028
118,537
365,208
366,112
0
4,181,885
1,088,900
(2,321)
74,739
1,161,318
155,000
100,500
1,332,315
0
0
0
6,772
0
43,275
32,539
1,350,166
4,181,885
1,710,908
109,104
1,308,027
1,308,027
402,881
6,871
409,752
121,161
179,487
13,014
166,473
138,500
98,801
338,564
0
0

UT

This schedule contains summary financial information extracted from Entergy Mississippi's financial statements for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.

0000066901
ENTERGY MISSISSIPPI, INC.

016
ENTERGY MISSISSIPPI, INC.
1,000

YEAR
DEC-31-1998
DEC-31-1998
PER-BOOK
1,069,006
12,600
128,512
140,146
0
1,350,264
199,326
(59)
222,449
421,716
0
50,381
463,616
445
0
0
20
0
0
0
414,086
1,350,264
976,300
28,031
850,715
850,715
125,585
5,079
130,664
39,995
62,638
3,370
59,268
66,000
39,291
171,745
0
0

UT

This schedule contains summary financial information extracted from Entergy New Orleans' financial statements for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.

0000071508
ENTERGY NEW ORLEANS, INC.

017
ENTERGY NEW ORLEANS, INC.
1,000

YEAR
DEC-31-1998
DEC-31-1998
PER-BOOK
295,879
3,259
112,780
59,986
0
471,904
33,744
36,294
67,030
137,068
0
19,780
169,018
0
0
0
0
0
0
0
146,038
471,904
513,750
10,042
474,691
474,691
39,059
1,693
40,752
14,573
16,137
965
15,172
9,700
14,592
40,925
0
0

UT

This schedule contains summary financial information extracted from System Energy's financial statements for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.

0000202584
SYSTEM ENERGY RESOURCES, INC.

018
SYSTEM ENERGY RESOURCES, INC.
1,000

YEAR
DEC-31-1998
DEC-31-1998
PER-BOOK
2,395,165
113,282
444,091
478,667
0
3,431,205
789,350
0
94,759
884,109
0
0
1,159,830
0
0
0
175,820
0
22,786
41,835
1,146,825
3,431,205
602,373
77,263
319,730
319,730
282,643
15,351
297,994
114,255
106,476
0
106,476
72,300
107,923
263,204
0
0