

ENTERGY CORP /DE/
Form 10-Q
May 08, 2009

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2009

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 or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No. | Commission File Number | Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No. |
|---------------------------|--|---------------------------|--|
| 1-11299 | ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 72-1229752 | 1-31508 | ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 64-0205830 |
| 1-10764 | ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 71-0005900 | 0-5807 | ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040 |
| 333-148557 | ENTERGY GULF STATES LOUISIANA, L.L.C. (a Louisiana limited liability company) 446 North Boulevard Baton Rouge, Louisiana 70802 | 000-53134 | ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 838-6631 |

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1-9067 SYSTEM ENERGY RESOURCES,
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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes

No o

Indicate by check mark whether the registrants have submitted electronically and posted on Entergy's corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes

No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

| | Large accelerated filer | Accelerated filer | Non-accelerated filer | Smaller reporting company |
|---------------------------------------|-------------------------------|-------------------|--------------------------|---------------------------------|
| Entergy Corporation | √ | | | |
| Entergy Arkansas, Inc. | | | √ | |
| Entergy Gulf States Louisiana, L.L.C. | | | √ | |
| Entergy Louisiana, LLC | | | √ | |
| Entergy Mississippi, Inc. | | | √ | |
| Entergy New Orleans, Inc. | | | √ | |
| Entergy Texas, Inc. | | | √ | |
| System Energy Resources, Inc. | | | √ | |

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).
Yes

No p

Common Stock Outstanding

Outstanding at April 30, 2009

Entergy Corporation

(\$0.01 par value)

196,103,065

Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc. and System Energy Resources, Inc. separately file this combined Quarterly Report on Form 10-Q. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company reports herein only as to itself and makes no other representations whatsoever as to any other company. This combined Quarterly Report on Form 10-Q supplements and updates the Annual Report on Form 10-K for the calendar year ended December 31, 2008, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

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FORWARD-LOOKING INFORMATION

In this combined report and from time to time, Entergy Corporation and the Registrant Subsidiaries each makes statements as a registrant concerning its expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "could," "project," "believe," "anticipate," "intend," "expect," "estimate," "continue," "potential," "plan," "predict," "forecast," and other similar words or expressions are intended to identify forward-looking statements but are not the only means to identify these statements. Although each of these registrants believes that these forward-looking statements and the underlying assumptions are reasonable, it cannot provide assurance that they will prove correct. Any forward-looking statement is based on information current as of the date of this combined report and speaks only as of the date on which such statement is made. Except to the extent required by the federal securities laws, these registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including those factors discussed or incorporated by reference in (a) Item 1A. Risk Factors in the Form 10-K, (b) Management's Financial Discussion and Analysis in the Form 10-K and in this report, and (c) the following factors (in addition to others described elsewhere in this combined report and in subsequent securities filings):

- resolution of pending and future rate cases and negotiations, including various performance-based rate discussions and implementation of Texas restructuring legislation, and other regulatory proceedings, including those related to Entergy's System Agreement, Entergy's utility supply plan, recovery of storm costs, and recovery of fuel and purchased power costs
- changes in utility regulation, including the beginning or end of retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, the operations of the independent coordinator of transmission for Entergy's utility service territory, and the application of more stringent transmission reliability requirements or market power criteria by the FERC
- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those owned or operated by the Non-Utility Nuclear business
- resolution of pending or future applications for license extensions or modifications of nuclear generating facilities
- the performance of Entergy's generating plants, and particularly the capacity factors at its nuclear generating facilities
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities
- prices for power generated by Entergy's merchant generating facilities, the ability to hedge, sell power forward or otherwise reduce the market price risk associated with those facilities, including the Non-Utility Nuclear plants, and the prices and availability of fuel and power Entergy must purchase for its utility customers, and Entergy's ability to meet credit support requirements for fuel and power supply contracts
- volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities
- changes in law resulting from federal or state energy legislation
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal
- variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of hurricanes and ice storms (including most recently, Hurricane Gustav and Hurricane Ike and the January 2009 ice storm in Arkansas) and recovery of costs associated with restoration, including accessing funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance
- Entergy's ability to manage its capital projects and operation and maintenance costs
- Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms
- the economic climate, and particularly growth in Entergy's Utility service territory and the Northeast United States

FORWARD-LOOKING INFORMATION (Concluded)

- the effects of Entergy's strategies to reduce tax payments
- changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute its share repurchase program, and fund investments and acquisitions
- actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria
- changes in inflation and interest rates
- the effect of litigation and government investigations or proceedings
- advances in technology
- the potential effects of threatened or actual terrorism and war
- Entergy's ability to attract and retain talented management and directors
- changes in accounting standards and corporate governance
- declines in the market prices of marketable securities and resulting funding requirements for Entergy's defined benefit pension and other postretirement benefit plans
- changes in the results of decommissioning trust fund earnings or in the timing of or cost to decommission nuclear plant sites
- the ability to successfully complete merger, acquisition, or divestiture plans, regulatory or other limitations imposed as a result of merger, acquisition, or divestiture, and the success of the business following a merger, acquisition, or divestiture
- and the risks inherent in the contemplated Non-Utility Nuclear spin-off, joint venture, and related transactions. Entergy Corporation cannot provide any assurances that the spin-off or any of the proposed transactions related thereto will be completed, nor can it give assurances as to the terms on which such transactions will be consummated. The transaction is subject to certain conditions precedent, including regulatory approvals and the final approval by the Board.

DEFINITIONS

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

| <u>Abbreviation or Acronym</u> | <u>Term</u> |
|--------------------------------|--|
| AEEC | Arkansas Electric Energy Consumers |
| AFUDC | Allowance for Funds Used During Construction |
| 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 |
| APSC | Arkansas Public Service Commission |
| Board | Board of Directors of Entergy Corporation |
| capacity factor | Actual plant output divided by maximum potential plant output for the period |
| City Council or Council | Council of the City of New Orleans, Louisiana |
| Entergy | Entergy Corporation and its direct and indirect subsidiaries |
| Entergy Corporation | Entergy Corporation, a Delaware corporation |
| Entergy Gulf States, Inc. | Predecessor company for financial reporting purposes to Entergy Gulf States Louisiana that included the assets and business operations of both Entergy Gulf States Louisiana and Entergy Texas |
| Entergy Gulf States Louisiana | |

Entergy Gulf States Louisiana, L.L.C., a company created in connection with the jurisdictional separation of Entergy Gulf States, Inc. and the successor company to Entergy Gulf States, Inc. for financial reporting purposes. The term is also used to refer to the Louisiana jurisdictional business of Entergy Gulf States, Inc., as the context requires.

| | |
|-------------------------|--|
| Entergy-Koch | Entergy-Koch, LP, a joint venture equally owned by subsidiaries of Entergy and Koch Industries, Inc. |
| Entergy Texas | Entergy Texas, Inc., a company created in connection with the jurisdictional separation of Entergy Gulf States, Inc. The term is also used to refer to the Texas jurisdictional business of Entergy Gulf States, Inc., as the context requires. |
| EPA | United States Environmental Protection Agency |
| ERCOT | Electric Reliability Council of Texas |
| FASB | Financial Accounting Standards Board |
| FERC | Federal Energy Regulatory Commission |
| firm liquidated damages | Transaction that requires receipt or delivery of energy at a specified delivery point (usually at a market hub not associated with a specific asset); if a party fails to deliver or receive energy, the defaulting party must compensate the other party as specified in the contract |
| Form 10-K | Annual Report on Form 10-K for the calendar year ended December 31, 2008 filed by Entergy Corporation and its Registrant Subsidiaries with the SEC |
| FSP | FASB Staff Position |
| Grand Gulf | Unit No. 1 of Grand Gulf Steam Electric Generating Station (nuclear), 90% owned or leased by System Energy |
| GWh | Gigawatt-hour(s), which equals 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 |
| ISO | Independent System Operator |
| kW | Kilowatt |
| kWh | Kilowatt-hour(s) |
| LPSC | Louisiana Public Service Commission |
| MMBtu | One million British Thermal Units |

DEFINITIONS (Continued)

| | |
|----------------|--|
| MPSC | Mississippi Public Service Commission |
| MW | Megawatt(s), which equals one thousand kilowatt(s) |
| MWh | Megawatt-hour(s) |
| Net debt ratio | Gross debt less cash and cash equivalents divided by total capitalization less cash and cash equivalents |

| | |
|-----------------------------|---|
| Net MW in operation | Installed capacity owned or operated |
| Non-Utility Nuclear | Entergy's business segment that owns and operates six nuclear power plants and sells electric power produced by those plants to wholesale customers |
| NRC | Nuclear Regulatory Commission |
| NYPA | New York Power Authority |
| PPA | Purchased power agreement |
| production cost | Cost in \$/MMBtu associated with delivering gas, excluding the cost of the gas |
| PUCT | Public Utility Commission of Texas |
| PUHCA 1935 | Public Utility Holding Company Act of 1935, as amended |
| PUHCA 2005 | Public Utility Holding Company Act of 2005, which repealed PUHCA 1935, among other things |
| Registrant Subsidiaries | Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. |
| River Bend | River Bend Steam Electric Generating Station (nuclear), owned by Entergy Gulf States Louisiana |
| SEC | Securities and Exchange Commission |
| SFAS | Statement of Financial Accounting Standards as promulgated by the FASB |
| System Agreement | Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources |
| System Energy | System Energy Resources, Inc. |
| TIEC | Texas Industrial Energy Consumers |
| TWh | Terawatt-hour(s), which equals one billion kilowatt-hours |
| unit-contingent | Transaction under which power is supplied from a specific generation asset; if the asset is unavailable, the seller is not liable to the buyer for any damages |
| 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 |
| Utility | Entergy's business segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution |
| Utility operating companies | Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas |
| Waterford 3 | Unit No. 3 (nuclear) of the Waterford Steam Electric Generating Station, 100% owned or leased by Entergy Louisiana |
| weather-adjusted usage | Electric usage excluding the effects of deviations from normal weather |

Entergy operates primarily through two business segments: Utility and Non-Utility Nuclear.

- **Utility**

generates, transmits, distributes, and sells electric power in a four-state service territory that includes portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operates a small natural gas distribution business.

- **Non-Utility Nuclear**

owns and operates six nuclear power plants located in the northern United States and sells the electric power produced by those plants primarily to wholesale customers. This business also provides services to other nuclear power plant owners.

In addition to its two primary, reportable, operating segments, Entergy also operates the non-nuclear wholesale assets business. The non-nuclear wholesale assets business sells to wholesale customers the electric power produced by power plants that it owns while it focuses on improving performance and exploring sales or restructuring opportunities for its power plants. Such opportunities are evaluated consistent with Entergy's market-based point-of-view.

Plan to Pursue Separation of Non-Utility Nuclear

See the Form 10-K for a discussion of the Board-approved plan to pursue a separation of the Non-Utility Nuclear business from Entergy through a tax-free spin-off of the Non-Utility Nuclear business to Entergy shareholders. There are no substantive updates to that disclosure.

Hurricane Gustav and Hurricane Ike

See the Form 10-K for a discussion of Hurricane Gustav and Hurricane Ike, which caused catastrophic damage to portions of Entergy's service territories in Louisiana and Texas, and to a lesser extent in Arkansas and Mississippi, in September 2008. Entergy is still considering its options to recover its storm restoration costs associated with these storms, including securitization. In April 2009 a law was enacted in Texas that authorizes recovery of these types of costs by securitization. Entergy Texas filed its storm cost recovery case in April 2009 seeking a determination that \$577.5 million of Hurricane Ike restoration costs are recoverable, including estimated costs for work to be completed. Entergy Texas also expects to make a filing seeking approval to recover its approved costs, plus carrying costs, by securitization. Entergy Gulf States Louisiana and Entergy Louisiana expect to initiate their storm cost recovery proceedings with the LPSC in May 2009.

Entergy Arkansas January 2009 Ice Storm

See the Form 10-K for a discussion of the severe ice storm that caused significant damage to Entergy Arkansas' transmission and distribution lines, equipment, poles, and other facilities in January 2009. See Note 2 to the financial statements herein for a discussion of Entergy Arkansas' accounting for and recovery of these storm costs.

Results of Operations

Income Statement Variances

Following are income statement variances for Utility, Non-Utility Nuclear, Parent & Other, and Entergy comparing the first quarter 2009 to the first quarter 2008 showing how much the line item increased or (decreased) in comparison to the prior period:

| | Utility | Non-Utility Nuclear (In Thousands) | Parent & Other (1) | Entergy |
|--|-----------|--|-----------------------|-----------|
| 1st Qtr 2008 Consolidated Net Income | \$121,479 | \$221,697 | (\$29,429) | \$313,747 |
| Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits) | 2,131 | (22,317) | 874 | (19,312) |
| Other operation and maintenance expenses | 1,885 | 18,387 | 13,162 | 33,434 |
| Taxes other than income taxes | 19,092 | 6,079 | 655 | 25,826 |
| Depreciation and amortization | 9,628 | 2,965 | 274 | 12,867 |
| Other income | 25,187 | (12,922) | (29,050) | (16,785) |
| Interest charges | 5,537 | 240 | (18,897) | (13,120) |
| Other expenses | 7,466 | 801 | - | 8,267 |
| Income taxes | (10,780) | (22,896) | 3,719 | (29,957) |
| 1st Qtr 2009 Consolidated Net Income | \$115,969 | \$180,882 | (\$56,518) | \$240,333 |

(1) Parent & Other includes eliminations, which are primarily intersegment activity.

Refer to "**ENTERGY CORPORATION AND SUBSIDIARIES - SELECTED OPERATING RESULTS**" for further information with respect to operating statistics.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | Amount (In Millions) |
|-----------------------|-------------------------|
| 2008 net revenue | \$1,035 |
| Retail electric price | 8 |
| Volume/weather | (7) |
| Other | 1 |
| 2009 net revenue | \$1,037 |

The retail electric price increase is primarily due to:

- a capacity acquisition rider that became effective in February 2008 at Entergy Arkansas;
- rate increases that were implemented in January 2009 at Entergy Texas; and
- an increase in the Attala power plant costs recovered through the power management rider by Entergy Mississippi. The net income effect of this recovery is limited to a portion representing an allowed return on equity with the remainder offset by Attala power plant costs in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes.

The retail electric price increase was partially offset by:

- the absence of interim storm recoveries through the formula rate plans at Entergy Louisiana and Entergy Gulf States Louisiana, which ceased upon the Act 55 financing of storm costs in the third quarter 2008; and
- a credit passed on to customers as a result of the Act 55 storm cost financings.

The volume/weather variance is primarily due to decreased electricity usage of 13% by industrial customers. The overall decline of the economy led to lower usage affecting both the large customer industrial segment as well as small and mid-sized industrial customers, who are also being affected by overseas competition. The effect of the industrial sales volume decrease is mitigated, however, because of the fixed charge basis of many industrial customers' rates, which causes average price per KWh sold to increase as the fixed charges are spread over lower volume.

Non-Utility Nuclear

Following is an analysis of the change in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | Amount (In Millions) |
|------------------------|-------------------------|
| 2008 net revenue | \$625 |
| Volume variance | (38) |
| Realized price changes | 19 |
| Other | (3) |
| 2009 net revenue | \$603 |

As shown in the table above, net revenue for Non-Utility Nuclear decreased by \$22 million, or 4%, in the first quarter 2009 compared to the first quarter 2008 primarily due to lower volume resulting from more refueling outage days, partially offset by higher pricing in its contracts to sell power. Included in net revenue is \$13 million and \$19 million of amortization of the Palisades purchased power agreement in the first quarter 2009 and 2008, respectively, which is non-cash revenue and is discussed in Note 15 to the financial statements in the Form 10-K. Following are key performance measures for Non-Utility Nuclear for the first quarter 2009 and 2008:

| | 2009 | 2008 |
|---------------------------------|---------|---------|
| Net MW in operation at March 31 | 4,998 | 4,998 |
| Average realized price per MWh | \$63.84 | \$61.47 |

| | | |
|------------------------|--------|--------|
| GWh billed | 10,074 | 10,760 |
| Capacity factor | 92% | 97% |
| Refueling Outage Days: | | |
| Indian Point 2 | - | 7 |
| Indian Point 3 | 21 | - |
| Palisades | 9 | - |

5

Realized Price per MWh

See the Form 10-K for a discussion of factors that have influenced Non-Utility Nuclear's realized price per MWh. Non-Utility Nuclear's annual average realized price per MWh increased from \$39.40 for 2003 to \$59.51 for 2008. In addition, as shown in the contracted sale of energy table in "**Market and Credit Risk Sensitive Instruments**," Non-Utility Nuclear has sold forward 87% of its planned energy output for the remainder of 2009 for an average contracted energy price of \$60 per MWh. Recent trends in the energy commodity markets have resulted in lower natural gas prices and consequently current prevailing market prices for electricity in the New York and New England power regions are generally below the prices in Non-Utility Nuclear's existing contracts in those regions. Therefore, it is uncertain whether Non-Utility Nuclear will continue to experience increases in its annual realized price per MWh.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$420 million for the first quarter 2008 to \$422 million for the first quarter 2009 primarily due to:

- an increase of \$9 million in nuclear expenses primarily due to increased nuclear labor and contract costs; and
- an increase of \$4 million in transmission expenses, including independent coordinator of transmission expenses and transmission line and substation maintenance.

These increases were substantially offset by a decrease of \$12 million in payroll-related and benefits costs.

Taxes other than income taxes increased primarily due to the favorable resolution in the first quarter 2008 of issues relating to the tax exempt status of bonds for the Utility, which reduced taxes other than income taxes in 2008. Approximately half of the decrease in 2008 related to resolution of this issue is at System Energy and has no effect on net income because System Energy also has a corresponding decrease in its net revenue.

Depreciation and amortization expenses increased primarily due to an increase in plant in service.

Other income increased primarily due to:

- distributions of \$14 million earned by Entergy Louisiana and \$5 million earned by Entergy Gulf States Louisiana on investments in preferred membership interests of Entergy Holdings Company. The distributions on preferred membership interests are eliminated in consolidation and have no effect on net income because the investment is in another Entergy subsidiary. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Hurricane Katrina and Hurricane Rita - Storm Cost Financings**" in the Form 10-K for discussion of these investments in preferred membership interests;

- an increase of \$8 million in allowance for equity funds used during construction due to more construction work in progress primarily as a result of Hurricane Gustav and Hurricane Ike; and
- an increase of \$7 million in carrying charges on storm restoration costs.

This increase was partially offset by a decrease of \$6 million resulting from lower interest earned on the decommissioning trust funds and short-term investments.

Non-Utility Nuclear

Other operation and maintenance expenses increased from \$182 million for the first quarter 2008 to \$200 million for the first quarter 2009 primarily due to \$8 million in outside service costs and incremental labor costs related to the planned spin-off of the Non-Utility Nuclear business.

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Other income decreased primarily due to \$16 million in charges to interest income in 2009 resulting from the recognition of impairments of certain equity securities held in Non-Utility Nuclear's decommissioning trust funds that are not considered temporary.

Parent & Other

Other operation and maintenance expenses increased for the parent company, Entergy Corporation, primarily due to outside services costs of \$15 million related to the planned spin-off of the Non-Utility Nuclear business.

Other income decreased primarily due to the elimination for consolidation purposes of distributions earned of \$14 million by Entergy Louisiana and \$5 million by Entergy Gulf States Louisiana on investments in preferred membership interests of Entergy Holdings Company, as discussed above.

Interest charges decreased primarily due to lower interest rates on borrowings under Entergy Corporation's revolving credit facility.

Income Taxes

The effective income tax rates for the first quarters of 2009 and 2008 were 40.4% and 38.1%, respectively. The difference in the effective income tax rate versus the statutory rate of 35% for the first quarter 2009 is primarily due to state income taxes and certain book and tax differences for utility plant items, partially offset by book and tax differences related to the storm cost financing and allowance for equity funds used during construction. The difference in the effective income tax rate versus the statutory rate of 35% for the first quarter 2008 is primarily due to state income taxes and certain book and tax differences for utility plant items, partially offset by an adjustment to state income taxes for Non-Utility Nuclear to reflect the effect of a change in the methodology of computing New York state income taxes as required by that state's taxing authority.

Liquidity and Capital Resources

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy's capital structure, capital expenditure plans and other uses of capital, and sources of capital. Following are updates to that discussion.

Capital Structure

Entergy's capitalization is balanced between equity and debt, as shown in the following table. The decrease in the debt to capital percentage from 2008 to 2009 is primarily due to the unsuccessful remarketing of \$500 million of notes associated with Entergy Corporation's equity units resulting in a decrease in long-term debt and an increase in common shareholders' equity.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 53.4% | 55.6% |
| Effect of subtracting cash from debt | 4.0% | 4.1% |
| Debt to capital | 57.4% | 59.7% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, common shareholders' equity, and subsidiaries' preferred stock without sinking fund. Net capital consists of capital less cash and cash equivalents. Entergy uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy's financial condition.

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As discussed in the Form 10-K, Entergy Corporation has in place a \$3.5 billion credit facility that expires in August 2012. Entergy Corporation has the ability to issue letters of credit against the total borrowing capacity of the facility. As of March 31, 2009, amounts outstanding under the credit facility are:

| Capacity | Borrowings | Letters of Credit | Capacity Available |
|---------------|------------|----------------------|-----------------------|
| (In Millions) | | | |
| \$3,500 | \$3,232 | \$68 | \$200 |

Entergy Corporation's credit facility requires it to maintain a consolidated debt ratio of 65% or less of its total capitalization. The calculation of this debt ratio under Entergy Corporation's credit facility and in the indenture governing the Entergy Corporation senior notes is different than the calculation of the debt to capital ratio above. Entergy is currently in compliance with this covenant. If Entergy fails to meet this ratio, or if Entergy or one of the Utility operating companies (except Entergy New Orleans) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the facility's maturity date may occur, and there may be an acceleration of amounts due under Entergy Corporation's senior notes.

See Note 4 to the financial statements herein for additional discussion of the Entergy Corporation credit facility and discussion of the Registrant Subsidiaries' credit facilities.

Capital Expenditure Plans and Other Uses of Capital

See the table and discussion in the Form 10-K under "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital**," that sets forth the amounts of planned construction and other capital investments by operating segment for 2009 through 2011. Following is an update to the discussion in the Form 10-K.

Little Gypsy Repowering Project

See the Form 10-K for a discussion of Entergy Louisiana's Little Gypsy repowering project. On March 11, 2009, the LPSC voted in favor of a motion directing Entergy Louisiana to temporarily suspend the repowering project and, based upon an analysis of the project's economic viability, to make a recommendation regarding whether to proceed with the project. This action was based upon a number of factors including the recent decline in natural gas prices, as well as environmental concerns, the unknown costs of carbon legislation and changes in the capital/financial markets. On April 1, 2009, Entergy Louisiana complied with the LPSC's directive and recommended that the project be suspended for an extended period of time of three years or more. Entergy Louisiana estimates that its total costs for the project, if suspended, including actual spending to date and estimated contract cancellation costs, will be approximately \$300 million. Entergy Louisiana had obtained all major environmental permits required to begin construction. A longer-term suspension places these permits at risk and may adversely affect the project's economics and technological feasibility. The LPSC has not yet taken action on Entergy Louisiana's recommendation, and Entergy Louisiana filed with the LPSC on May 5, 2009, a motion requesting a ruling from the LPSC that the decision to suspend the project for an extended period of time is prudent, without prejudice to subsequent consideration of the prudence of Entergy Louisiana's management of the project and recovery of the project costs. Entergy Louisiana expects to make a filing later in 2009 with the LPSC regarding the recovery of project costs.

White Bluff Coal Plant Project

See the Form 10-K for a discussion of the environmental compliance project that will install scrubbers and low NOx burners at Entergy Arkansas' White Bluff coal plant. In March 2009, Entergy Arkansas made a filing with the APSC seeking a declaratory order that the project is in the public interest. The filing requests a procedural schedule providing for an APSC decision in September 2009. In May 2009 the

APSC Staff filed a motion requesting that the APSC require Entergy Arkansas to file testimony on several issues and suggesting a procedural schedule that culminates in a February 2010 hearing date. The APSC has not set a procedural schedule at this time.

Pension Contributions

For an update to the discussion on pension contributions see "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding."**

Sources of Capital

The short-term borrowings of the Registrant Subsidiaries and certain other Entergy subsidiaries are limited to amounts authorized by the FERC. The current FERC-authorized limits are effective through March 31, 2010, as established by a FERC order issued March 31, 2008 (except for Entergy Gulf States Louisiana and Entergy Texas, which are effective through November 8, 2009, as established by an earlier FERC order). See Note 4 to the financial statements for further discussion of Entergy's short-term borrowing limits.

Cash Flow Activity

As shown in Entergy's Consolidated Statements of Cash Flows, cash flows for the three months ended March 31, 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|---------------|---------|
| | (In Millions) | |
| Cash and cash equivalents at beginning of period | \$1,920 | \$1,254 |
| Cash flow provided by (used in): | | |
| Operating activities | 375 | 448 |
| Investing activities | (646) | (588) |
| Financing activities | 154 | (198) |
| Net decrease in cash and cash equivalents | (117) | (338) |
| Cash and cash equivalents at end of period | \$1,803 | \$916 |

Operating Activities

Entergy's cash flow provided by operating activities decreased by \$73 million for the three months ended March 31, 2009 compared to the three months ended March 31, 2008. Following are cash flows from operating activities by segment:

- Utility provided \$151 million in cash from operating activities in 2009 compared to providing \$168 million in 2008 primarily due to Hurricane Gustav, Hurricane Ike, and Arkansas ice storm restoration spending, and working capital requirements, offset by increased collection of fuel costs and a decrease of \$27 million in pension contributions.
- Non-Utility Nuclear provided \$304 million (excluding the effect of intercompany transactions) in cash from operating activities in 2009 compared to providing \$340 million in 2008 primarily due to spending related to the planned separation of Non-Utility Nuclear and an increase of \$26 million in pension contributions.
- Parent & Other used approximately \$81 million (excluding the effect of intercompany transactions) in cash from operating activities in 2009 compared to using \$60 million in 2008 primarily due to spending related to the planned separation of Non-Utility Nuclear.

Investing Activities

Net cash used in investing activities increased by \$58 million for the three months ended March 31, 2009 compared to the three months ended March 31, 2008 primarily due to the following activity:

- Construction expenditures were \$82 million higher in 2009 than in 2008 primarily due to Hurricane Gustav, Hurricane Ike, and Arkansas ice storm restoration spending.
- In March 2008, Entergy Gulf States Louisiana purchased the Calcasieu Generating Facility, a 322 MW simple-cycle, gas-fired power plant located near the city of Sulphur in southwestern Louisiana, for approximately \$56.4 million.

Financing Activities

Financing activities provided net cash flow of \$154 million for the three months ended March 31, 2009 compared to using \$198 million for the three months ended March 31, 2008. The following significant financing cash flow activity occurred in the first quarters of 2009 and 2008:

- Entergy Corporation decreased the net borrowings under its credit facilities by \$5 million in the first quarter 2009 compared to increasing the net borrowings under its credit facilities by \$225 million in the first quarter 2008. See Note 4 to the financial statements for a description of the Entergy Corporation credit facilities.
- Entergy Texas issued \$500 million of 7.125% Series Mortgage Bonds in January 2009 and used a portion of the proceeds to repay \$100 million in borrowings outstanding on its long-term credit facility and \$70.8 million in long-term debt prior to maturity.
- Entergy Corporation repaid \$87 million of notes payable at their maturity in March 2008.
- Entergy Corporation repurchased \$158 million of its common stock in the first quarter 2008.

Rate, Cost-recovery, and Other Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Rate, Cost-recovery, and Other Regulation**" in the Form 10-K for discussions of rate regulation and federal regulation. Following are updates to the information provided in the Form 10-K.

State and Local Rate Regulation and Fuel-Cost Recovery

See the Form 10-K for a chart summarizing material rate proceedings. See Note 2 to the financial statements herein for updates to the proceedings discussed in that chart.

Federal Regulation

See the Form 10-K for a discussion of federal regulatory proceedings. Following are updates to that discussion.

System Agreement Proceedings

Entergy Arkansas and Entergy Mississippi Notices of Termination of System Agreement Participation and Related APSC Investigation

On February 2, 2009, Entergy Arkansas and Entergy Mississippi filed with the FERC their notices of cancellation to effectuate the termination of their participation in the Entergy System Agreement, effective December 18, 2013 and November 7, 2015, respectively. While the FERC had indicated previously that the notices should be filed 18 months prior to Entergy Arkansas' termination (approximately mid-2012), the filing explains that resolving this issue now, rather than later, is important to ensure that informed long-term resource planning decisions can be made during the years leading up to Entergy Arkansas' withdrawal and that all of the Utility operating companies are properly positioned to continue to operate reliably following Entergy Arkansas' and, eventually, Entergy Mississippi's, departure from the

System Agreement. Entergy Arkansas and Entergy Mississippi requested that the FERC accept the proposed notices of cancellation without further proceedings. Various parties intervened or filed protests in the proceeding, including the APSC, the LPSC, the MPSC, and the City Council. The APSC and the MPSC support the notices, but the other parties generally request either dismissal of the filings or that the proceeding be set for hearing. Entergy Arkansas and Entergy Mississippi responded to the interventions and protests. Entergy Arkansas and Entergy Mississippi reiterated their request that the FERC accept the proposed notices of cancellation. If further inquiry by the FERC is necessary, Entergy Arkansas and Entergy Mississippi proposed that the FERC institute a paper hearing to resolve the major policy and legal issues and then, if necessary, set any remaining factual questions for an expedited hearing.

Independent Coordinator of Transmission

In the FERC's April 2006 order that approved Entergy's Independent Coordinator of Transmission (ICT) proposal, the FERC stated that the Weekly Procurement Process (WPP) must be operational within approximately 14 months of the FERC order, or June 24, 2007, or the FERC may reevaluate all approvals to proceed with the ICT. The Utility operating companies filed status reports with the FERC notifying the FERC that, due to unexpected issues with the development of the WPP software and testing, the WPP was still not operational. The Utility operating companies also filed various tariff revisions with the FERC in 2007 and 2008 to address issues identified during the testing of the WPP and changes to the effective date of the WPP. On October 10, 2008, the FERC issued an order accepting a tariff amendment establishing that the WPP shall take effect at a date to be determined, after completion of successful simulation trials and the ICT's endorsement of the WPP's implementation. On January 16, 2009, the Utility operating companies filed a compliance filing with the FERC that included the ICT's endorsement of the WPP implementation, subject to the FERC's acceptance of certain additional tariff amendments and the completion of simulation testing and certain other items. The Utility operating companies filed the tariff amendments supported by the ICT on the same day. The amendments proposed to further amend the WPP to (a) limit supplier offers in the WPP to on-peak periods and (b) eliminate the granting of certain transmission service through the WPP.

On March 17, 2009, the FERC issued an order conditionally approving the proposed modification to the WPP to allow the process to be implemented the week of March 23, 2009. In its order approving the requested modifications, the FERC imposed additional conditions related to the ICT arrangement and indicated it was going to evaluate the success of the ICT arrangement, including the cost and benefits of implementing the WPP and whether the WPP goes far enough to address the transmission access issues that the ICT and WPP were intended to address. On April 17, 2009, the FERC issued a notice announcing that the FERC, in conjunction with the APSC, the LPSC, the MPSC, the PUCT, and the City Council, will host a conference on June 24, 2009, to discuss the ICT arrangement and transmission access on the Entergy transmission system.

Market and Credit Risk Sensitive Instruments

Commodity Price Risk

Power Generation

As discussed more fully in the Form 10-K, the sale of electricity from the power generation plants owned by Entergy's Non-Utility Nuclear business, unless otherwise contracted, is subject to the fluctuation of market power prices. Following is an updated summary of the amount of the Non-Utility Nuclear business' output that is sold forward as of March 31, 2009 under physical or financial contracts (2009 represents the remaining three quarters of the year):

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------|------|------|------|------|
| Non-Utility Nuclear | | | | | |
| : | | | | | |
| Percent of planned generation sold forward: | | | | | |
| Unit-contingent | 47% | 31% | 29% | 18% | 12% |
| Unit-contingent with availability guarantees | 40% | 35% | 17% | 7% | 6% |
| (1) | | | | | |
| Total | 87% | 66% | 46% | 25% | 18% |
| Planned generation (TWh) | 31 | 40 | 41 | 41 | 40 |
| Average contracted price per MWh (2) | \$60 | \$60 | \$56 | \$54 | \$50 |

- (1) A sale of power on a unit-contingent basis coupled with a guarantee of availability provides for the payment to the power purchaser of contract damages, if incurred, in the event the seller fails to deliver power as a result of the failure of the specified generation unit to generate power at or above a specified availability threshold. All of Entergy's outstanding guarantees of availability provide for dollar limits on Entergy's maximum liability under such guarantees.
- (2) The Vermont Yankee acquisition included a 10-year PPA under which the former owners will buy most of the power produced by the plant, which is through the expiration in 2012 of the current operating license for the plant. The PPA includes an adjustment clause under which the prices specified in the PPA will be adjusted downward monthly, beginning in November 2005, if power market prices drop below prices specified in the PPA, which has not happened thus far.

Some of the agreements to sell the power produced by Entergy's Non-Utility Nuclear power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations under the agreements. The Entergy subsidiary is required to provide collateral based upon the difference between the current market and contracted power prices in the regions where Non-Utility Nuclear sells power. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. Cash and letters of credit are also acceptable forms of collateral. At March 31, 2009, based on power prices at that time, Entergy had in place as collateral \$499 million of Entergy Corporation guarantees for wholesale transactions, including \$60 million of guarantees that support letters of credit and \$2 million of cash collateral. As of March 31, 2009, the assurance requirement associated with Non-Utility Nuclear is estimated to increase by an amount of up to \$191 million if gas prices increase \$1 per MMBtu in both the short- and long-term markets. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of March 31, 2009, Entergy would have been required under some of the agreements to replace approximately \$73 million of the Entergy Corporation guarantees with cash or letters of credit.

For the planned energy output under contract through 2013 as of March 31, 2009, 61% of the planned energy output is under contract with counterparties with public investment grade credit ratings; 38% is with counterparties with public non-investment grade credit ratings, primarily a utility from which Non-Utility Nuclear purchased one of its power plants and entered into a long-term fixed-price purchased power agreement; and 1% is with load-serving entities without public credit ratings.

In addition to selling the power produced by its plants, the Non-Utility Nuclear business sells unforced capacity to load-serving distribution companies in order for those companies to meet requirements placed on them by the ISO in their area. Following is a summary of the amount of the Non-Utility Nuclear business' unforced capacity that is currently sold forward, and the blended amount of the Non-Utility Nuclear business' planned generation output and

unforced capacity that is currently sold forward as of March 31, 2009 (2009 represents the remaining three quarters of the year):

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| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------|-------|-------|-------|-------|
| Non-Utility Nuclear | | | | | |
| : | | | | | |
| Percent of capacity sold forward: | | | | | |
| Bundled capacity and energy contracts | 26% | 26% | 25% | 18% | 16% |
| Capacity contracts | 53% | 34% | 25% | 10% | 0% |
| Total | 79% | 60% | 50% | 28% | 16% |
| Planned net MW in operation | 4,998 | 4,998 | 4,998 | 4,998 | 4,998 |
| Average capacity contract price per kW per month | \$2.3 | \$3.4 | \$3.6 | \$3.6 | \$- |
| <u>Blended Capacity and Energy (based on revenues)</u> | | | | | |
| % of planned generation and capacity sold forward | 89% | 68% | 46% | 22% | 14% |
| Average contract revenue per MWh | \$62 | \$62 | \$59 | \$56 | \$50 |

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy's accounting for nuclear decommissioning costs, unbilled revenue, impairment of long-lived assets and trust fund investments, qualified pension and other postretirement benefits, and other contingencies. The following are updates to that discussion.

Nuclear Decommissioning Costs

In the first quarter 2009, Entergy Arkansas recorded a revision to its estimated decommissioning cost liabilities for ANO 1 and 2 as a result of a revised decommissioning cost study. The revised estimates resulted in an \$8.9 million reduction in its decommissioning liability, along with a corresponding reduction in the related regulatory asset.

Qualified Pension and Other Postretirement Benefits

Costs and Funding

The recent decline in stock market prices will affect Entergy's planned levels of contributions in the future. Minimum required funding calculations as determined under Pension Protection Act guidance are performed annually as of January 1 of each year and are based on measurements of the market-related values of assets and funding liabilities as measured at that date. An excess of the funding liability over the market-related value of assets results in a funding shortfall which, under the Pension Protection Act, must be funded over a seven-year rolling period. Entergy's minimum required contributions for the 2009 plan year are generally payable in installments throughout 2009 and 2010 and will be based on the funding calculations as of January 1, 2009. The final date at which 2009 plan year contributions may be made is September 15, 2010.

On March 31, 2009, the United States Treasury Department issued guidance that allows plan sponsors to use interest rates earlier in 2008 to measure the present value of the funding liability at January 1, 2009. Prior to this change, the

rates required to be used for Entergy were from the month of December 2008 and the sharp decrease in interest rates during December 2008 was expected to generate significant increases in the funding liability. A higher liability coupled with losses in the fair market value of pension assets would have increased the funding shortfall at January 1, 2009 and resulted in larger future contributions for the 2009 plan year, payable in 2009 and 2010 as described above. Entergy's January 1, 2009 funding liability valuation was favorably impacted by this guidance and 2009 contributions are not expected to materially increase. However, to the extent that the higher interest rates experienced in 2008 do not recur in future periods and the fair market values of pension assets do not significantly recover, Entergy's January 1, 2010 funded status could be adversely affected and significantly increase future pension plan contributions.

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New Accounting Pronouncements

In December 2008 the FASB issued FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (FSP 132(R)-1), that requires enhanced disclosures about plan assets of defined benefit pension and other postretirement plans, including disclosure of each major category of plan assets using the fair value hierarchy and concentrations of risk within plan assets. FSP 132(R)-1 is effective for fiscal years ending after December 15, 2009.

In April 2009 the FASB issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" (FSP 107-1 and APB 28-1). FSP 107-1 and APB 28-1 relates to fair value disclosures for all financial instruments not measured on the balance sheet at fair value, and requires these disclosures on a quarterly basis. FSP 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

2009 **2008**
(In Thousands, Except Share Data)

OPERATING REVENUES

| | | |
|------------------------|------------------|------------------|
| Electric | \$2,026,916 | \$2,046,227 |
| Natural gas | 74,049 | 89,395 |
| Competitive businesses | 688,147 | 729,112 |
| TOTAL | 2,789,112 | 2,864,734 |

OPERATING EXPENSES

| | | |
|--|---------|---------|
| Operating and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 846,332 | 540,501 |
| Purchased power | 323,255 | 620,642 |
| Nuclear refueling outage expenses | 56,779 | 51,258 |
| Other operation and maintenance | 644,702 | 611,268 |
| Decommissioning | 48,742 | 45,996 |
| Taxes other than income taxes | 134,397 | 108,571 |

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| | | |
|---|------------------|------------------|
| Depreciation and amortization | 257,852 | 244,985 |
| Other regulatory charges (credits) - net | (29,474) | 35,280 |
| TOTAL | 2,282,585 | 2,258,501 |
| OPERATING INCOME | 506,527 | 606,233 |
| OTHER INCOME | | |
| Allowance for equity funds used during construction | 16,947 | 9,286 |
| Interest and dividend income | 30,650 | 54,282 |
| Equity in losses of unconsolidated equity affiliates | (3,127) | (929) |
| Miscellaneous - net | (10,172) | (11,556) |
| TOTAL | 34,298 | 51,083 |
| INTEREST AND OTHER CHARGES | | |
| Interest on long-term debt | 127,965 | 123,144 |
| Other interest - net | 19,293 | 32,538 |
| Allowance for borrowed funds used during construction | (9,812) | (5,116) |
| TOTAL | 137,446 | 150,566 |
| INCOME BEFORE INCOME TAXES | 403,379 | 506,750 |
| Income taxes | 163,046 | 193,003 |
| CONSOLIDATED NET INCOME | 240,333 | 313,747 |
| Preferred dividend requirements of subsidiaries | 4,998 | 4,998 |
| NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION | \$235,335 | \$308,749 |
| Earnings per average common share: | | |
| Basic | \$1.22 | \$1.60 |
| Diluted | \$1.20 | \$1.56 |
| Dividends declared per common share | \$0.75 | \$0.75 |
| Basic average number of common shares outstanding | 192,593,601 | 192,639,605 |
| Diluted average number of common shares outstanding | 198,058,002 | 198,300,041 |

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|--|------------------|------------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Consolidated net income | \$240,333 | \$313,747 |
| Adjustments to reconcile consolidated net income to net cash flow provided by operating activities: | | |
| Reserve for regulatory adjustments | 1,210 | (2,909) |
| Other regulatory charges (credits) - net | (29,474) | 35,280 |
| Depreciation, amortization, and decommissioning | 306,594 | 290,981 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | 155,029 | 97,984 |
| Equity in earnings of unconsolidated equity affiliates - net of dividends | 3,127 | 929 |
| Changes in working capital: | | |
| Receivables | 102,428 | (9,374) |
| Fuel inventory | (17,631) | (22,665) |
| Accounts payable | (134,008) | 9,522 |
| Taxes accrued | (12,784) | - |
| Interest accrued | (37,413) | (34,238) |
| Deferred fuel | 275,508 | (195,650) |
| Other working capital accounts | (120,505) | (181,401) |
| Provision for estimated losses and reserves | 1,281 | 4,034 |
| Changes in other regulatory assets | (447,882) | 40,569 |
| Other | 88,806 | 101,361 |
| Net cash flow provided by operating activities | 374,619 | 448,170 |
| INVESTING ACTIVITIES | | |
| Construction/capital expenditures | (455,737) | (373,317) |
| Allowance for equity funds used during construction | 16,947 | 9,286 |
| Nuclear fuel purchases | (118,890) | (170,381) |
| Proceeds from sale/leaseback of nuclear fuel | 11,040 | 112,700 |
| Payment for purchase of plant | - | (56,409) |
| Changes in transition charge account | (7,831) | (8,352) |
| NYPA value sharing payment | (72,000) | (72,000) |
| Decrease in other investments | 7,339 | 7,974 |
| Proceeds from nuclear decommissioning trust fund sales | 583,166 | 257,718 |
| Investment in nuclear decommissioning trust funds | (610,836) | (294,840) |
| Net cash flow used in investing activities | (646,802) | (587,621) |

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|------------------|
| | (In Thousands) | |
| FINANCING ACTIVITIES | | |
| Proceeds from the issuance of: | | |
| Long-term debt | 489,987 | 545,000 |
| Common stock and treasury stock | 927 | 4,670 |
| Retirement of long-term debt | (215,023) | (438,227) |
| Repurchase of common stock | - | (158,182) |
| Changes in credit line borrowings - net | 25,000 | - |
| Dividends paid: | | |
| Common stock | (142,085) | (144,579) |
| Preferred stock | (4,998) | (7,270) |
| Net cash flow provided by (used in) financing activities | 153,808 | (198,588) |
| Effect of exchange rates on cash and cash equivalents | 842 | 17 |
| Net decrease in cash and cash equivalents | (117,533) | (338,022) |
| Cash and cash equivalents at beginning of period | 1,920,491 | 1,253,728 |
| Cash and cash equivalents at end of period | \$1,802,958 | \$915,706 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid (received) during the period for: | | |
| Interest - net of amount capitalized | \$176,892 | \$183,787 |
| Income taxes | (\$15,139) | \$2,157 |
| Noncash financing activities: | | |
| Long-term debt retired (equity unit notes) | (\$500,000) | - |

| | | |
|---|-----------|---|
| Common stock issued in settlement of equity unit purchase contracts | \$500,000 | - |
|---|-----------|---|

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|--|------------------|------------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Cash | \$94,372 | \$115,876 |
| Temporary cash investments | 1,708,586 | 1,804,615 |
| Total cash and cash equivalents | 1,802,958 | 1,920,491 |
| Securitization recovery trust account | 19,893 | 12,062 |
| Accounts receivable: | | |
| Customer | 617,132 | 734,204 |
| Allowance for doubtful accounts | (25,859) | (25,610) |
| Other | 155,029 | 206,627 |
| Accrued unbilled revenues | 248,683 | 282,914 |
| Total accounts receivable | 994,985 | 1,198,135 |
| Deferred fuel costs | 19,527 | 167,092 |
| Accumulated deferred income taxes | 36,232 | 7,307 |
| Fuel inventory - at average cost | 233,776 | 216,145 |
| Materials and supplies - at average cost | 782,279 | 776,170 |
| Deferred nuclear refueling outage costs | 219,236 | 221,803 |
| System agreement cost equalization | 394,000 | 394,000 |
| Prepayments and other | 362,480 | 247,184 |
| TOTAL | 4,865,366 | 5,160,389 |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investment in affiliates - at equity | 63,624 | 66,247 |
| Decommissioning trust funds | 2,718,689 | 2,832,243 |
| Non-utility property - at cost (less accumulated depreciation) | 230,566 | 231,115 |
| Other | 110,890 | 107,939 |
| TOTAL | 3,123,769 | 3,237,544 |
| PROPERTY, PLANT AND EQUIPMENT | | |

| | | |
|--|-------------------------|-------------------------|
| Electric | 35,182,393 | 34,495,406 |
| Property under capital lease | 745,152 | 745,504 |
| Natural gas | 306,854 | 303,769 |
| Construction work in progress | 1,561,230 | 1,712,761 |
| Nuclear fuel under capital lease | 416,913 | 465,374 |
| Nuclear fuel | 672,300 | 636,813 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 38,884,842 | 38,359,627 |
| Less - accumulated depreciation and amortization | 16,265,165 | 15,930,513 |
| PROPERTY, PLANT AND EQUIPMENT - NET | 22,619,677 | 22,429,114 |
| DEFERRED DEBITS AND OTHER ASSETS | | |
| Regulatory assets: | | |
| SFAS 109 regulatory asset - net | 607,706 | 581,719 |
| Other regulatory assets | 3,703,332 | 3,615,104 |
| Deferred fuel costs | 168,122 | 168,122 |
| Goodwill | 377,172 | 377,172 |
| Other | 1,147,443 | 1,047,654 |
| TOTAL | 6,003,775 | 5,789,771 |
| TOTAL ASSETS | \$36,612,587 | \$36,616,818 |

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|---|------------------|------------------|
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Currently maturing long-term debt | \$575,647 | \$544,460 |
| Notes payable | 80,034 | 55,034 |
| Accounts payable | 874,068 | 1,475,745 |
| Customer deposits | 310,033 | 302,303 |
| Taxes accrued | 62,426 | 75,210 |
| Interest accrued | 149,896 | 187,310 |
| Deferred fuel costs | 311,482 | 183,539 |
| Obligations under capital leases | 162,415 | 162,393 |
| Pension and other postretirement liabilities | 38,338 | 46,288 |
| System agreement cost equalization | 460,315 | 460,315 |
| Other | 229,463 | 273,297 |
| TOTAL | 3,254,117 | 3,765,894 |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 6,796,949 | 6,565,770 |

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| | | |
|---|-------------------|-------------------|
| Accumulated deferred investment tax credits | 321,276 | 325,570 |
| Obligations under capital leases | 294,257 | 343,093 |
| Other regulatory liabilities | 284,239 | 280,643 |
| Decommissioning and asset retirement cost liabilities | 2,717,086 | 2,677,495 |
| Accumulated provisions | 139,712 | 147,452 |
| Pension and other postretirement liabilities | 2,156,785 | 2,177,993 |
| Long-term debt | 10,921,435 | 11,174,289 |
| Other | 785,294 | 880,998 |
| TOTAL | 24,417,033 | 24,573,303 |

Commitments and Contingencies

| | | |
|--|---------|---------|
| Subsidiaries' preferred stock without sinking fund | 217,031 | 217,029 |
|--|---------|---------|

EQUITY

| | | |
|--|------------------|------------------|
| Common Shareholders' Equity: | | |
| Common stock, \$.01 par value, authorized 500,000,000 shares; | | |
| issued 254,772,087 shares in 2009 and 248,174,087 shares in 2008 | 2,548 | 2,482 |
| Paid-in capital | 5,370,446 | 4,869,303 |
| Retained earnings | 7,482,329 | 7,382,719 |
| Accumulated other comprehensive loss | (58,466) | (112,698) |
| Less - treasury stock, at cost (58,693,564 shares in 2009 and 58,815,518 shares in 2008) | 4,166,451 | 4,175,214 |
| Total common shareholders' equity | 8,630,406 | 7,966,592 |
| Subsidiaries' preferred stock without sinking fund | 94,000 | 94,000 |
| TOTAL | 8,724,406 | 8,060,592 |

| | | |
|-------------------------------------|---------------------|---------------------|
| TOTAL LIABILITIES AND EQUITY | \$36,612,587 | \$36,616,818 |
|-------------------------------------|---------------------|---------------------|

See Notes to Financial Statements.

**ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS, COMPREHENSIVE INCOME, AND
PAID-IN CAPITAL
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)**

| | |
|-----------------------|-------------|
| 2009 | 2008 |
| (In Thousands) | |

RETAINED EARNINGS

| | | | | |
|--|-------------|-----------|-------------|-----------|
| Retained Earnings - Beginning of period | \$7,382,719 | | \$6,735,965 | |
| Add: | | | | |
| Net income attributable to Entergy Corporation | 235,335 | \$235,335 | 308,749 | \$308,749 |
| Adjustment related to FSP FAS 115-2 implementation | 6,365 | | - | |
| Total | 241,700 | | 308,749 | |
| Deduct: | | | | |
| Dividends declared on common stock | 142,090 | | 144,369 | |
| Retained Earnings - End of period | \$7,482,329 | | \$6,900,345 | |
| ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Balance at beginning of period: | | | | |
| Accumulated derivative instrument fair value changes | \$120,830 | | (\$12,540) | |
| Pension and other postretirement liabilities | (232,232) | | (107,145) | |
| Net unrealized investment gains (losses) | (4,402) | | 121,611 | |
| Foreign currency translation | 3,106 | | 6,394 | |
| Total | (112,698) | | 8,320 | |
| Net derivative instrument fair value changes arising during the period (net of tax expense (benefit) of \$57,186 and (\$99,400)) | 87,714 | 87,714 | (178,766) | (178,766) |
| Pension and other postretirement liabilities (net of tax expense (benefit) of (\$135) and \$3,977) | (857) | (857) | (4,136) | (4,136) |
| Net unrealized investment losses (net of tax benefit of (\$35,977) and (\$26,630)) | (25,417) | (25,417) | (32,550) | (32,550) |
| Adjustment related to FSP FAS 115-2 implementation (net of tax benefit of (\$4,921)) | (6,365) | - | - | - |
| Foreign currency translation (net of tax benefit of (\$454) and (\$9)) | (843) | (843) | (17) | (17) |
| Balance at end of period: | | | | |
| Accumulated derivative instrument fair value changes | 208,544 | | (191,306) | |
| Pension and other postretirement liabilities | (233,089) | | (111,281) | |
| Net unrealized investment gains (losses) | (36,184) | | 89,061 | |
| Foreign currency translation | 2,263 | | 6,377 | |
| Total | (\$58,466) | | (\$207,149) | |

| | | |
|--|-----------|----------|
| Add: preferred dividend requirements of subsidiaries | 4,998 | 4,998 |
| Comprehensive Income | \$300,930 | \$98,278 |

PAID-IN CAPITAL

| | | |
|--|-------------|-------------|
| Paid-in Capital - Beginning of period | \$4,869,303 | \$4,850,769 |
| Add: | | |
| Common stock issuances in settlement of equity unit purchase contracts | 499,934 | - |
| Common stock issuances related to stock plans | 1,209 | 3,068 |
| Total | 501,143 | 3,068 |
| Paid-in Capital - End of period | \$5,370,446 | \$4,853,837 |

See Notes to Financial Statements.

**ENTERGY CORPORATION AND SUBSIDIARIES
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)**

| Description | 2009 | 2008 | Increase/ (Decrease) | % |
|---|------------------------------|-------------|---------------------------------|----------|
| | (Dollars in Millions) | | | |
| Utility Electric Operating Revenues: | | | | |
| Residential | \$756 | \$731 | \$25 | 3 |
| Commercial | 560 | 548 | 12 | 2 |
| Industrial | 548 | 606 | (58) | (10) |
| Governmental | 53 | 52 | 1 | 2 |
| Total retail | 1,917 | 1,937 | (20) | (1) |
| Sales for resale | 74 | 88 | (14) | (16) |
| Other | 36 | 21 | 15 | 71 |
| Total | \$2,027 | \$2,046 | (\$19) | (1) |
| Utility Billed Electric Energy Sales (GWh): | | | | |
| Residential | 7,893 | 8,011 | (118) | (1) |

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| | | | | |
|------------------------------------|--------|--------|---------|------|
| Commercial | 6,194 | 6,238 | (44) | (1) |
| Industrial | 8,139 | 9,377 | (1,238) | (13) |
| Governmental | 562 | 569 | (7) | (1) |
| Total retail | 22,788 | 24,195 | (1,407) | (6) |
| Sales for resale | 1,387 | 1,290 | 97 | 8 |
| Total | 24,175 | 25,485 | (1,310) | (5) |
| Non-Utility Nuclear: | | | | |
| Operating Revenues | \$656 | \$680 | (\$24) | (4) |
| Billed Electric Energy Sales (GWh) | 10,074 | 10,760 | (686) | (6) |

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ENTERGY CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

NOTE 1. COMMITMENTS AND CONTINGENCIES

Entergy and the Registrant Subsidiaries are involved in a number of legal, regulatory, and tax proceedings before various courts, regulatory commissions, and governmental agencies in the ordinary course of business. While management is unable to predict the outcome of such proceedings, management does not believe that the ultimate resolution of these matters will have a material adverse effect on Entergy's results of operations, cash flows, or financial condition. Entergy discusses regulatory proceedings in Note 2 to the financial statements in the Form 10-K and herein and discusses tax proceedings in Note 3 to the financial statements in the Form 10-K.

Nuclear Insurance

See Note 8 to the financial statements in the Form 10-K for information on nuclear liability and property insurance associated with Entergy's nuclear power plants.

Conventional Property Insurance

See Note 8 to the financial statements in the Form 10-K for information on Entergy's non-nuclear property insurance program.

Employment Litigation

The Registrant Subsidiaries and other Entergy subsidiaries are responding to various lawsuits in both state and federal courts and to other labor-related proceedings filed by current and former employees and third parties not selected for open positions. These actions include, but are not limited to, allegations of wrongful employment actions; wage disputes and other claims under the Fair Labor Standards Act or its state counterparts; claims of race, gender and disability discrimination; disputes arising under collective bargaining agreements; unfair labor practice proceedings and other administrative proceedings before the National Labor Relations Board; claims of retaliation; and claims for or regarding benefits under various Entergy Corporation sponsored plans. Entergy and the Registrant Subsidiaries are

responding to these suits and proceedings and deny liability to the claimants.

Asbestos Litigation

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

See Note 8 to the financial statements in the Form 10-K for information regarding asbestos litigation at Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas.

NOTE 2. RATE AND REGULATORY MATTERS

Regulatory Assets

See Note 2 to the financial statements in the Form 10-K for information regarding regulatory assets in the Utility business reflected on the balance sheets of Entergy and the Registrant Subsidiaries. Following are updates to that discussion.

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Fuel and purchased power cost recovery

See Note 2 to the financial statements in the Form 10-K for information regarding fuel proceedings involving the Utility operating companies. Following are updates to that information.

Entergy Arkansas

Energy Cost Recovery Rider

In March 2009, Entergy Arkansas filed with the APSC its annual energy cost rate for the period April 2009 through March 2010. The filed energy cost rate decreased from \$0.02456/kWh to \$0.01552/kWh. The decrease was caused by the following: 1) all three of the nuclear power plants from which Entergy Arkansas obtains power, ANO 1 and 2 and Grand Gulf, had refueling outages in 2008, and the previous energy cost rate had been adjusted to account for the replacement power costs that would be incurred while these units were down; 2) Entergy Arkansas has a deferred fuel cost liability from over-recovered fuel costs at December 31, 2008, as compared to a deferred fuel cost asset from under-recovered fuel costs at December 31, 2007; offset by 3) an increase in the fuel and purchased power prices included in the calculation.

Entergy Texas

In January 2008, Entergy Texas made a compliance filing with the PUCT describing how its 2007 Rough Production Cost Equalization receipts under the System Agreement were allocated between Entergy Gulf States, Inc.'s Texas and Louisiana jurisdictions. A hearing was held at the end of July 2008, and in October 2008 the ALJ issued a proposal for decision recommending an additional \$18.6 million allocation to Texas retail customers. The PUCT adopted the ALJ's proposal for decision in December 2008. Because the PUCT allocation to Texas retail customers is inconsistent with the LPSC allocation to Louisiana retail customers, adoption of the proposal for decision by the PUCT could result in

trapped costs between the Texas and Louisiana jurisdictions with no mechanism for recovery. The PUCT denied Entergy Texas' motion for rehearing and Entergy Texas appealed the PUCT's decision to both the state and federal district courts. The Utility operating companies also filed with the FERC an amendment to the System Agreement bandwidth formula that would specifically calculate the payments to the Texas and Louisiana businesses of Entergy Gulf States, Inc. of the Rough Production Cost Equalization receipts that Entergy Gulf States, Inc. received during 2007. Several parties, including the LPSC, the City Council, certain Cities served by Entergy Texas, the PUCT, and the TIEC have filed oppositions to the proposed amendment arguing, among other things, that the FERC does not have jurisdiction to allocate the receipts/payments between retail jurisdictions, that any relief that Entergy Texas may be entitled to must be obtained through the court system and not through the FERC, and that the proposed amendments violate the rule against retroactive ratemaking. The Utility operating companies responded to the interventions and protests.

In May 2009, Entergy Texas filed with the PUCT a request to refund \$46.1 million, including interest, of fuel cost recovery over-collections through February 2009. Entergy Gulf States requested that the proposed refund be made over a four-month period beginning June 2009.

Storm Cost Recovery Filings

Entergy Arkansas Storm Reserve Accounting

The APSC's June 2007 order in Entergy Arkansas' base rate proceeding, which is discussed in the Form 10-K, eliminated storm reserve accounting for Entergy Arkansas. In March 2009 a law was enacted in Arkansas that requires the APSC to permit storm reserve accounting for utilities that request it. Entergy Arkansas filed its request with the APSC, and has reinstated storm reserve accounting effective January 1, 2009.

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Entergy Arkansas January 2009 Ice Storm

In January 2009 a severe ice storm caused significant damage to Entergy Arkansas' transmission and distribution lines, equipment, poles, and other facilities. The current cost estimate for the damage caused by the ice storm is approximately \$120 million to \$140 million, of which approximately \$65 million to \$80 million is estimated to be operating and maintenance type costs and the remainder is estimated to be capital investment. On January 30, 2009, the APSC issued an order inviting and encouraging electric public utilities to file specific proposals for the recovery of extraordinary storm restoration expenses associated with the ice storm. Although Entergy Arkansas has not yet filed a proposal for the method of recovery of its costs, on February 16, 2009, it did file a request with the APSC for an accounting order authorizing deferral of the operating and maintenance cost portion of Entergy Arkansas' ice storm restoration costs pending their recovery. The APSC issued such an order in March 2009 subject to certain conditions, including that if Entergy Arkansas seeks to recover the deferred costs, those costs will be subject to investigation for whether they are incremental, prudent, and reasonable. Entergy Arkansas is still analyzing its options for the method of recovery of the ice storm restoration costs. One option is securitization, and in April 2009 a law was enacted in Arkansas that authorizes securitization of storm damage restoration costs.

Entergy Texas Hurricane Ike Filing

See the Form 10-K for a discussion of Hurricane Gustav and Hurricane Ike, which caused catastrophic damage to portions of Entergy's service territories in Louisiana and Texas, and to a lesser extent in Arkansas and Mississippi, in September 2008. In April 2009 a law was enacted in Texas that authorizes recovery of these types of costs by securitization. Entergy Texas filed its storm cost recovery case in April 2009 seeking a determination that \$577.5

million of Hurricane Ike restoration costs are recoverable, including estimated costs for work to be completed. Entergy Texas also expects to make a filing seeking approval to recover its approved costs, plus carrying costs, by securitization.

Retail Rate Proceedings

See Note 2 to the financial statements in the Form 10-K for information regarding retail rate proceedings involving the Utility operating companies. The following are updates to the Form 10-K.

Filings with the APSC

Retail Rates

See the Form 10-K for a discussion of the rate filing made by Entergy Arkansas and the proceedings regarding that filing. On April 23, 2009, the Arkansas Supreme Court denied Entergy Arkansas' petition for review of the Court of Appeals decision.

Filings with the PUCT and Texas Cities (Entergy Texas)

Retail Rates

As discussed in the Form 10-K, Entergy Texas made a rate filing in September 2007 with the PUCT requesting an annual rate increase totaling \$107.5 million, including a base rate increase of \$64.3 million and riders totaling \$43.2 million. On December 16, 2008, Entergy Texas filed a term sheet that reflected a settlement agreement that included the PUCT Staff and the other active participants in the rate case. On December 19, 2008, the ALJs approved Entergy Texas' request to implement interim rates reflecting the agreement. The agreement includes a \$46.7 million base rate increase, among other provisions. Under the ALJs' interim order, Entergy Texas implemented interim rates, subject to refund and surcharge, reflecting the rates established through the settlement. These rates became effective with bills rendered on and after January 28, 2009, for usage on and after December 19, 2008. In addition, the existing recovery mechanism for incremental purchased power capacity costs ceased as of January 28, 2009, with purchased power capacity costs then subsumed within the base rates set in this proceeding. Certain Texas municipalities have exercised their original jurisdiction and taken final action to approve rates consistent

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with the interim rates approved by the ALJs. In March 2009, the PUCT approved the settlement, which makes the interim rates final, and the PUCT's decision is now final and non-appealable.

Filings with the LPSC

Retail Rates - Electric

(Entergy Louisiana)

In May 2007, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2006 test year, indicating a 7.6% earned return on common equity. That filing included Entergy Louisiana's request to recover \$39.8 million in unrecovered fixed costs associated with the loss of customers that resulted from Hurricane Katrina, a request that was reduced to \$31.7 million. In September 2007, Entergy Louisiana modified its formula rate plan filing to reflect its implementation of certain adjustments proposed by the LPSC Staff in its review of Entergy Louisiana's original filing with which Entergy Louisiana agreed, and to reflect its implementation of an \$18.4 million annual formula rate plan increase comprised of (1) a \$23.8 million increase representing 60% of Entergy Louisiana's revenue deficiency, and (2) a \$5.4 million decrease for reduced incremental and deferred capacity costs. The LPSC authorized Entergy Louisiana to defer for accounting purposes the difference between its \$39.8 million claim, now at \$31.7 million, for unrecovered fixed cost and 60% of the revenue deficiency to preserve Entergy Louisiana's right to pursue that claim in full during the formula rate plan proceeding. In October 2007, Entergy Louisiana implemented a \$7.1 million formula rate plan decrease that was due primarily to the reclassification of certain franchise fees from base rates to collection via a line item on customer bills pursuant to an LPSC Order. The LPSC staff and intervenors recommended disallowance of certain costs included in Entergy Louisiana's filing. Entergy Louisiana disagrees with the majority of the proposed disallowances and a hearing on the disputed issues was held in late-September/early-October 2008. In March 2009 the ALJ issued a proposed recommendation, which does not allow recovery of the unrecovered fixed costs and also disallows recovery of all costs associated with Entergy's stock option plan. Entergy Louisiana has filed exceptions to the ALJ's proposed recommendation.

Retail Rates - Gas

(Entergy Gulf States Louisiana)

In January 2009, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ending September 30, 2008. The filing showed a revenue deficiency of \$529 thousand based on a return on common equity mid-point of 10.5%. In April 2009, Entergy Gulf States Louisiana implemented a \$255 thousand rate increase pursuant to an uncontested settlement with the LPSC staff.

Filings with the MPSC

In March 2009, Entergy Mississippi made with the MPSC its annual scheduled formula rate plan filing for the 2008 test year. The filing reported a \$27.0 million revenue deficiency and an earned return on common equity of 7.41%. Based on the terms of the formula rate plan, Entergy Mississippi is requesting a \$14.5 million increase in annual electric revenues. The Mississippi Public Utilities Staff disputed the filing, which extends the resolution deadline to June 30, 2009.

Filings with the City Council

Retail Rates

As discussed in the Form 10-K, on July 31, 2008, Entergy New Orleans filed an electric and gas base rate case with the City Council. On April 2, 2009, the City Council approved a comprehensive settlement. The settlement provides for a total electric bill reduction of \$35.3 million, including conversion of the \$10.6 million voluntary recovery credit to a permanent reduction and complete realignment of Grand Gulf cost recovery from fuel to base rates, and a \$4.95 million gas rate increase, both effective June 1, 2009. A new three-year formula rate plan was also adopted, with terms including an 11.1% electric return on common equity (ROE) with a +/- 40 basis point bandwidth and a 10.75% gas ROE with a +/- 50 basis point bandwidth. Earnings outside the bandwidth reset to the midpoint ROE, with the difference flowing to customers or Entergy New Orleans depending on whether Entergy New Orleans is over or under-earning. The formula rate plan

also includes a recovery mechanism for City Council-approved capacity additions, plus provisions for extraordinary cost changes and force majeure.

Fuel Adjustment Clause Litigation

See the Form 10-K for a discussion of the lawsuit filed by a group of ratepayers in April 1999 against Entergy New Orleans, Entergy Corporation, Entergy Services, and Entergy Power in state court in Orleans Parish purportedly on behalf of all Entergy New Orleans ratepayers. In February 2004, the City Council approved a resolution that resulted in a refund to customers of \$11.3 million, including interest, during the months of June through September 2004. In May 2005 the Civil District Court for the Parish of Orleans affirmed the City Council resolution, finding no support for the plaintiffs' claim that the refund amount should be higher. In June 2005, the plaintiffs appealed the Civil District Court decision to the Louisiana Fourth Circuit Court of Appeal. On February 25, 2008, the Fourth Circuit Court of Appeal issued a decision affirming in part, and reversing in part, the Civil District Court's decision. Although the Fourth Circuit Court of Appeal did not reverse any of the substantive findings and conclusions of the City Council or the Civil District Court, the Fourth Circuit found that the amount of the refund was arbitrary and capricious and increased the amount of the refund to \$34.3 million. In April 2009 the Louisiana Supreme Court reversed the decision of the Louisiana Fourth Circuit Court of Appeal and reinstated the decision of the Civil District Court. On April 17, 2009, the plaintiffs requested rehearing by the Louisiana Supreme Court.

Electric Industry Restructuring in Texas

See Note 2 to the financial statements in the Form 10-K for a discussion of electric industry restructuring activity that involves Entergy Texas. On April 15, 2009, ERCOT filed an updated and revised study delineating the projects, and their costs, necessary to reliably interconnect Entergy Texas' service area with ERCOT. On April 29, 2009, Entergy Texas filed its updated transition to competition plan indicating that it is agreeable to either stay in the SERC Reliability Corporation or move to ERCOT, depending on the PUCT's policy direction. A prehearing conference is scheduled for May 11, 2009 to address the procedural schedule. In addition, legislation is pending in Texas addressing the transition to competition that could end Entergy Texas' efforts to continue the transition to competition process. The Texas legislature adjourns June 1, 2009.

NOTE 3. EQUITY

Common Stock

Common Stock Issuances

In February 2009, Entergy Corporation was unable to remarket successfully \$500 million of notes associated with its equity units. The note holders therefore put the notes to Entergy, Entergy retired the notes, and Entergy issued 6,598,000 shares of common stock to the note holders.

Earnings per Share

The following table presents Entergy's basic and diluted earnings per share calculation included on the consolidated statements of income:

| | For the Three Months Ended March 31, | | | | | |
|--|--------------------------------------|--------|----------|---------|--------|----------|
| | 2009 | | | 2008 | | |
| | (In Millions, Except Per Share Data) | | | | | |
| Basic earnings per share | Income | Shares | \$/share | Income | Shares | \$/share |
| Net income attributable to Entergy Corporation | \$235.3 | 192.6 | \$1.22 | \$308.7 | 192.6 | \$1.60 |
| Average dilutive effect of: | | | | | | |
| Stock options | - | 2.0 | (0.013) | - | 4.6 | (0.037) |
| Equity units | \$3.2 | 3.5 | (0.005) | - | 1.1 | (0.009) |
| Diluted earnings per share | \$238.5 | 198.1 | \$1.20 | \$308.7 | 198.3 | \$1.56 |

Entergy's stock option and other equity compensation plans are discussed in Note 12 to the financial statements in the Form 10-K.

Treasury Stock

During the first quarter 2009, Entergy Corporation issued 121,954 shares of its previously repurchased common stock to satisfy stock option exercises and other stock-based awards.

Retained Earnings

On April 7, 2009, Entergy Corporation's Board of Directors declared a common stock dividend of \$0.75 per share, payable on June 1, 2009 to holders of record as of May 13, 2009.

Presentation of Non-Controlling Interests

In 2007, the FASB issued SFAS 160, "Non-Controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51," which requires generally that the ownership interests in subsidiaries held by parties other than the parent (non-controlling interests) be clearly identified, labeled, and presented in the consolidated balance sheet within equity, but separate from the parent's equity, and that the amount of consolidated net income attributable to the parent and to the non-controlling interest be clearly identified and presented on the face of the consolidated income statement. SFAS 160 became effective for Entergy in the first quarter of 2009 and applies to preferred securities issued by Entergy subsidiaries to third parties.

Presentation of Preferred Stock without Sinking Fund

In connection with the adoption of SFAS 160 Entergy evaluated the requirements of EITF Topic No. 98, Classification and Measurement of Redeemable Securities (Topic D-98). Topic D-98 requires the classification of securities between liabilities and shareholders' equity if the holders of those securities have protective rights that allow them to gain control of the board of directors in certain circumstances. These rights would have the effect of giving the holders the ability to potentially redeem their securities, even if the likelihood of occurrence of these circumstances is considered remote. The Entergy Arkansas, Entergy Mississippi and Entergy New Orleans articles of incorporation provide, generally, that the holders of each of those company's preferred securities may elect a majority of the respective company's board of directors if dividends are not paid for a year, until such time as the dividends in arrears are paid. In accordance with Topic D-98, Entergy

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Arkansas, Entergy Mississippi and Entergy New Orleans have presented their preferred securities outstanding at March 31, 2009, between liabilities and shareholders' equity and are restating the December 31, 2008 amounts presented in each affected company's financial statements to reflect this same presentation, which reduces the previously reported total shareholders' equity amount by \$116 million, \$50 million and \$20 million for Entergy Arkansas, Entergy Mississippi and Entergy New Orleans, respectively. The 2007 shareholders' equity for each of the affected companies is restated by the same respective amount. This change has no net effect on those companies' reported amount of total liabilities and equity or any other financial statements presented or amounts included therein. Entergy Gulf States Louisiana and Entergy Louisiana, both organized as limited liability companies, have outstanding preferred securities with similar protective rights with respect to unpaid dividends, but provide for the election of board members that would not constitute a majority of the board; and their preferred securities are therefore classified for all periods presented as a component of members' equity in accordance with SFAS 160.

The outstanding preferred securities of Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, and Entergy Asset Management (whose preferred holders also have protective rights as described in Note 6 to the financial statements in the Form 10-K) are similarly presented between liabilities and shareholders' equity in Entergy's consolidated financial statements and the outstanding preferred securities of Entergy Gulf States Louisiana and Entergy Louisiana are presented within total equity in Entergy's consolidated financial statements. The preferred dividends paid by all subsidiaries are reflected for all periods presented outside of consolidated net income in accordance with SFAS 160. The accompanying financial statements do not separately reconcile the beginning and ending balances of preferred securities because there is no net change in the balance of the securities between periods.

NOTE 4. LINES OF CREDIT, RELATED SHORT-TERM BORROWINGS, AND LONG-TERM DEBT

Entergy Corporation has in place a credit facility that expires in August 2012 and has a borrowing capacity of \$3.5 billion. Entergy Corporation also has the ability to issue letters of credit against the total borrowing capacity of the credit facility. The facility fee is currently 0.09% of the commitment amount. Facility fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The weighted average interest rate as of March 31, 2009 was 1.755% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of March 31, 2009.

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| Capacity | Borrowings (In Millions) | Letters of Credit | Capacity Available |
|----------|-----------------------------|----------------------|-----------------------|
| \$3,500 | \$3,232 | \$68 | \$200 |

Entergy Corporation's facility requires it to maintain a consolidated debt ratio of 65% or less of its total capitalization. Entergy is in compliance with this covenant. If Entergy fails to meet this ratio, or if Entergy or one of the Utility operating companies (except Entergy New Orleans) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the facility maturity date may occur.

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Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas each had credit facilities available as of March 31, 2009 as follows:

| Company | Expiration Date | Amount of Facility | Interest Rate (a) | Amount Drawn as of March 31, 2009 |
|----------------------------------|-----------------|-----------------------|-------------------|--------------------------------------|
| Entergy Arkansas | April 2009 | \$100 million (b) | 2.75% | - |
| Entergy Gulf States Louisiana | August 2012 | \$100 million (c) | 0.99313% | - |
| Entergy Louisiana | August 2012 | \$200 million (d) | 0.92813% | - |
| Entergy Mississippi | May 2009 | \$30 million (e) | 2.194% | \$15 million |
| Entergy Mississippi | May 2009 | \$20 million (e) | 2.194% | \$10 million |
| Entergy Texas | August 2012 | \$100 million (f) | 0.99313% | - |

- (a) The interest rate is the weighted average interest rate as of March 31, 2009 that would be applied to the outstanding borrowings under the facility.
- (b) In April 2009, Entergy Arkansas renewed its credit facility through April 2010 in the amount of \$88 million. The renewed credit facility requires Entergy Arkansas to maintain a debt ratio of 65% or less of its total capitalization and contains an interest rate floor of 5%. Borrowings under the Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable.
- (c) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against the borrowing capacity of the facility. As of March 31, 2009, no letters of credit were outstanding. The credit facility requires Entergy Gulf States Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization. Pursuant to the terms of the credit agreement, the amount of debt assumed by Entergy Texas (\$699 million as of March 31, 2009 and \$770 million as of December 31, 2008) is excluded from debt and capitalization in calculating the debt ratio.
- (d) The credit facility allows Entergy Louisiana to issue letters of credit against the borrowing capacity of the facility. As of March 31, 2009, no letters of credit were outstanding. The credit facility requires Entergy Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.
- (e) Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable. Prior to expiration on May 31, 2009, Entergy Mississippi expects to renew both of its credit facilities.
- (f) The credit facility allows Entergy Texas to issue letters of credit against the borrowing capacity of the facility. As of March 31, 2009, no letters of credit were outstanding. The credit facility requires Entergy

Texas to maintain a consolidated debt ratio of 65% or less of its total capitalization. Pursuant to the terms of the credit agreement, the transition bonds issued by Entergy Gulf States Reconstruction Funding I, LLC, a subsidiary of Entergy Texas, are excluded from debt and capitalization in calculating the debt ratio.

The facility fees on the credit facilities range from 0.09% to 0.15% of the commitment amount.

The short-term borrowings of the Registrant Subsidiaries and certain other Entergy subsidiaries are limited to amounts authorized by the FERC. The current FERC-authorized limits are effective through March 31, 2010 (except Entergy Gulf States Louisiana and Entergy Texas, which are effective through November 8, 2009). In addition to borrowings from commercial banks, these companies are authorized under a FERC order to borrow from the Entergy System money pool. The money pool is an inter-company borrowing arrangement designed to reduce Entergy's subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external borrowings combined may not exceed the FERC authorized limits. As of March 31, 2009, Entergy's subsidiaries' aggregate money pool and external short-term borrowings authorized limit was \$2.1 billion, the aggregate outstanding borrowing from the money pool was \$551 million, and Entergy's subsidiaries' had \$25 million in outstanding short-term borrowing from external sources.

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The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings (aggregating both money pool and external short-term borrowings) for the Registrant Subsidiaries as of March 31, 2009:

| | Authorized | Borrowings |
|----------------------------------|---------------|------------|
| | (In Millions) | |
| Entergy Arkansas | \$250 | - |
| Entergy Gulf States Louisiana | \$200 | - |
| Entergy Louisiana | \$250 | - |
| Entergy Mississippi | \$175 | \$95 |
| Entergy New Orleans | \$100 | - |
| Entergy Texas | \$200 | \$42 |
| System Energy | \$200 | - |

Entergy Texas Note Payable to Entergy Corporation

In December 2008, Entergy Texas borrowed \$160 million from its parent company, Entergy Corporation, under a \$300 million revolving credit facility pursuant to an Inter-Company Credit Agreement between Entergy Corporation and Entergy Texas. The note had a December 3, 2013 maturity date. Entergy Texas used these borrowings, together with other available corporate funds, to pay at maturity the portion of the \$350 million Floating Rate series of First Mortgage Bonds due December 2008 that had been assumed by Entergy Texas, and that bond series is no longer outstanding. In January 2009, Entergy Texas repaid its \$160 million note payable to Entergy Corporation with the

proceeds from the bond issuance discussed below.

Debt Issuances

(Entergy Texas)

In January 2009, Entergy Texas issued \$500 million of 7.125% Series Mortgage Bonds due February 2019. Entergy Texas used a portion of the proceeds to repay its \$160 million note payable to Entergy Corporation, to repay the \$100 million outstanding on its credit facility, to repay short-term borrowings under the Entergy System money pool, and to repay prior to maturity the following obligations that had been assumed by Entergy Texas under the debt assumption agreement with Entergy Gulf States Louisiana:

| | Amount |
|---|----------------|
| | (In Thousands) |
| Governmental Bonds share assumed under debt assumption agreement: | |
| 6.75% Series due 2012, Calcasieu Parish | \$22,115 |
| 6.7% Series due 2013, Point Coupee Parish | \$7,990 |
| 7.0% Series due 2015, West Feliciana Parish | \$22,400 |
| 6.6% Series due 2028, West Feliciana Parish | \$18,320 |

Entergy Texas used the remaining proceeds for other general corporate purposes.

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NOTE 5. STOCK-BASED COMPENSATION

Entergy grants stock options, which are described more fully in Note 12 to the financial statements in the Form 10-K. Awards under Entergy's plans generally vest over three years.

The following table includes financial information for stock options for the first quarter for each of the years presented:

| | 2009 | 2008 |
|---|---------------|-------|
| | (In Millions) | |
| Compensation expense included in Entergy's Net Income | \$4.3 | \$4.4 |
| Tax benefit recognized in Entergy's Net Income | \$1.6 | \$1.7 |
| Compensation cost capitalized as part of fixed assets and inventory | \$0.8 | \$0.8 |

Entergy granted 1,084,800 stock options during the first quarter 2009 with a weighted-average fair value of \$12.47. At March 31, 2009, there were 12,071,491 stock options outstanding with a weighted-average exercise price of \$67.62. The aggregate intrinsic value of the stock options outstanding at March 31, 2009 was \$5.7 million.

NOTE 6. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS

Components of Net Pension Cost

Entergy's qualified pension cost, including amounts capitalized, for the first quarters of 2009 and 2008, included the following components:

| | 2009 | 2008 |
|--|----------------|----------|
| | (In Thousands) | |
| Service cost - benefits earned during the period | \$22,412 | \$22,598 |
| Interest cost on projected benefit obligation | 54,543 | 51,647 |
| Expected return on assets | (62,305) | (57,639) |
| Amortization of prior service cost | 1,249 | 1,266 |
| Amortization of loss | 5,600 | 6,934 |
| Net pension costs | \$21,499 | \$24,806 |

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the first quarters of 2009 and 2008, included the following components:

| | Entergy | Entergy | Entergy | Entergy | Entergy | Entergy | System |
|--|----------------|--|-----------|-------------|----------------|---------|---------|
| 2009 | Arkansas | Entergy Gulf States Louisiana | Louisiana | Mississippi | New Orleans | Texas | Energy |
| | (In Thousands) | | | | | | |
| Service cost - benefits earned during the period | \$3,400 | \$1,748 | \$1,974 | \$995 | \$425 | \$917 | \$880 |
| Interest cost on projected benefit obligation | 11,761 | 5,279 | 6,940 | 3,676 | 1,470 | 3,935 | 2,139 |
| Expected return on assets | (12,187) | (7,516) | (8,197) | (4,236) | (1,815) | (5,185) | (2,766) |
| Amortization of prior service cost | 212 | 110 | 119 | 85 | 52 | 80 | 9 |
| Amortization of loss | 1,764 | 79 | 703 | 324 | 305 | 43 | 109 |
| Net pension cost/(income) | \$4,950 | (\$300) | \$1,539 | \$844 | \$437 | (\$210) | \$371 |

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| | Entergy | | | | | | |
|--|----------|-------------|-----------|-------------|-------------|---------|---------|
| | Entergy | Gulf States | Entergy | Entergy | Entergy | Entergy | System |
| 2008 | Arkansas | Louisiana | Louisiana | Mississippi | New Orleans | Texas | Energy |
| (In Thousands) | | | | | | | |
| Service cost - benefits earned during the period | \$3,584 | \$1,841 | \$2,058 | \$1,063 | \$445 | \$968 | \$930 |
| Interest cost on projected benefit obligation | 11,616 | 5,047 | 6,784 | 3,627 | 1,415 | 3,882 | 1,937 |
| Expected return on assets | (11,765) | (7,165) | (8,134) | (4,075) | (1,839) | (5,047) | (2,452) |
| Amortization of prior service cost | 223 | 110 | 119 | 90 | 52 | 80 | 9 |
| Amortization of loss | 2,303 | 115 | 920 | 485 | 319 | 156 | 90 |
| Net pension cost/(income) | \$5,961 | (\$52) | \$1,747 | \$1,190 | \$392 | \$39 | \$514 |

Entergy recognized \$4.4 million and \$4.3 million in pension cost for its non-qualified pension plans in the first quarters of 2009 and 2008, respectively.

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans in the first quarters of 2009 and 2008:

| | Entergy | | | | | | |
|---|----------|-------------|-----------|-------------|-------------|---------|---------|
| | Entergy | Gulf States | Entergy | Entergy | Entergy | Entergy | Entergy |
| | Arkansas | Louisiana | Louisiana | Mississippi | New Orleans | Texas | |
| (In Thousands) | | | | | | | |
| Non-Qualified Pension Cost First Quarter 2009 | \$99 | \$97 | \$6 | \$43 | \$20 | \$185 | |
| Non-Qualified Pension Cost First Quarter 2008 | \$133 | \$78 | \$7 | \$54 | \$12 | \$227 | |

Components of Net Other Postretirement Benefit Cost

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Entergy's other postretirement benefit cost, including amounts capitalized, for the first quarters of 2009 and 2008, included the following components:

| | 2009 | 2008 |
|--|----------------|----------|
| | (In Thousands) | |
| Service cost - benefits earned during the period | \$11,691 | \$11,800 |
| Interest cost on APBO | 18,816 | 17,824 |
| Expected return on assets | (5,871) | (7,027) |
| Amortization of transition obligation | 933 | 957 |
| Amortization of prior service cost | (4,024) | (4,104) |
| Amortization of loss | 4,743 | 3,890 |
| Net other postretirement benefit cost | \$26,288 | \$23,340 |

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The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the first quarters of 2009 and 2008, included the following components:

| | Entergy | Entergy | Entergy | Entergy | Entergy | Entergy | System |
|--|----------------|--|----------------------|------------------------|---------------------------|------------------|------------------|
| 2009 | Arkansas | Entergy Gulf States Louisiana | Entergy Louisiana | Entergy Mississippi | Entergy New Orleans | Entergy Texas | System Energy |
| | (In Thousands) | | | | | | |
| Service cost - benefits earned during the period | \$1,765 | \$1,196 | \$1,147 | \$530 | \$311 | \$619 | \$513 |
| Interest cost on APBO | 3,759 | 2,005 | 2,297 | 1,173 | 967 | 1,490 | 605 |
| Expected return on assets | (2,143) | - | - | (757) | (684) | (1,556) | (414) |
| Amortization of transition obligation | 205 | 60 | 96 | 88 | 416 | 66 | 2 |
| Amortization of prior service cost | (197) | (77) | 117 | (62) | 90 | 19 | (245) |
| Amortization of loss | 2,087 | 494 | 553 | 657 | 381 | 799 | 320 |
| Net other postretirement benefit | \$5,476 | \$3,678 | \$4,210 | \$1,629 | \$1,481 | \$1,437 | \$781 |

cost

| | Entergy | Entergy Gulf States | Entergy | Entergy | Entergy | Entergy | System |
|--|----------------|---------------------------|-----------|-------------|----------------|---------|--------|
| 2008 | Arkansas | Louisiana | Louisiana | Mississippi | New Orleans | Texas | Energy |
| | (In Thousands) | | | | | | |
| Service cost - benefits earned | | | | | | | |
| during the period | \$1,706 | \$1,251 | \$1,099 | \$514 | \$295 | \$606 | \$513 |
| Interest cost on APBO | 3,443 | 1,917 | 2,187 | 1,141 | 953 | 1,440 | 531 |
| Expected return on assets | (2,492) | - | - | (905) | (789) | (1,885) | (511) |
| Amortization of transition obligation | 205 | 84 | 96 | 88 | 415 | 66 | 2 |
| Amortization of prior service cost | (197) | 146 | 117 | (62) | 90 | 72 | (283) |
| Amortization of loss | 1,440 | 494 | 677 | 534 | 291 | 357 | 177 |
| Net other postretirement benefit cost | \$4,105 | \$3,892 | \$4,176 | \$1,310 | \$1,255 | \$656 | \$429 |

Employer Contributions

Based on current assumptions, Entergy expects to contribute \$140 million to its qualified pension plans in 2009. Guidance pursuant to the Pension Protection Act of 2006 rules, effective for the 2009 plan year and beyond, may affect the level of Entergy's pension contributions in the future. As of the end of April 2009, Entergy had contributed \$72 million to its pension plans. Therefore, Entergy presently anticipates contributing an additional \$68 million to fund its qualified pension plans in 2009.

Based on current assumptions, the Registrant Subsidiaries expect to contribute the following to qualified pension plans in 2009:

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| | Entergy Arkansas | Entergy Gulf States Louisiana | Entergy Louisiana | Entergy Mississippi | Entergy New Orleans | Entergy Texas | System Energy |
|--|---------------------|-------------------------------------|----------------------|------------------------|---------------------------|------------------|------------------|
| | (In Thousands) | | | | | | |
| Expected 2009 pension contributions disclosed in Form 10-K | \$28,627 | \$4,728 | \$11,112 | \$6,902 | \$1,739 | \$4,118 | \$5,845 |
| Pension contributions made through April 2009 | \$9,909 | \$1,433 | \$2,176 | \$2,220 | \$105 | \$1,480 | \$2,180 |
| Remaining estimated pension contributions to be made in 2009 | \$18,718 | \$3,295 | \$8,936 | \$4,682 | \$1,634 | \$2,638 | \$3,665 |

Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Act)

Based on actuarial analysis, the estimated impact of future Medicare subsidies reduced the December 31, 2008 Accumulated Postretirement Benefit Obligation (APBO) by \$187 million, and reduced the first quarter 2009 and 2008 other postretirement benefit cost by \$6.0 million and \$6.2 million, respectively. In the first quarter 2009, Entergy received \$1.0 million in Medicare subsidies for prescription drug claims.

Based on actuarial analysis, the estimated impact of future Medicare subsidies reduced the December 31, 2008 APBO and the first quarters 2009 and 2008 other postretirement benefit cost for the Registrant Subsidiaries as follows:

| | Entergy Arkansas | Entergy Gulf States Louisiana | Entergy Louisiana | Entergy Mississippi | Entergy New Orleans | Entergy Texas | System Energy |
|---|---------------------|-------------------------------------|----------------------|------------------------|---------------------------|------------------|------------------|
| | (In Thousands) | | | | | | |
| Reduction in 12/31/2008 APBO | (\$40,610) | (\$19,650) | (\$22,222) | (\$13,280) | (\$9,135) | (\$14,961) | (\$6,628) |
| Reduction in first quarter 2009 other postretirement benefit cost | (\$1,235) | (\$814) | (\$695) | (\$391) | (\$261) | (\$240) | (\$231) |
| Reduction in first quarter 2008 other postretirement benefit cost | (\$1,266) | (\$876) | (\$706) | (\$406) | (\$279) | (\$263) | (\$236) |

Medicare
subsidies received
in the

| | | | | | | | |
|--------------------|-------|-------|-------|------|------|------|------|
| first quarter 2009 | \$226 | \$144 | \$149 | \$73 | \$86 | \$91 | \$23 |
|--------------------|-------|-------|-------|------|------|------|------|

For further information on the Medicare Act refer to Note 11 to the financial statements in the Form 10-K.

NOTE 7. BUSINESS SEGMENT INFORMATION

Entergy Corporation

Entergy's reportable segments as of March 31, 2009 are Utility and Non-Utility Nuclear. Utility generates, transmits, distributes, and sells electric power in portions of Arkansas, Louisiana, Mississippi, and Texas, and provides natural gas utility service in portions of Louisiana. Non-Utility Nuclear owns and operates six nuclear power plants and is primarily focused on selling electric power produced by those plants to wholesale customers. "All Other" includes the parent company, Entergy Corporation, and other business activity, including the non-nuclear wholesale assets business, and earnings on the proceeds of sales of previously-owned businesses.

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Entergy's segment financial information for the first quarters of 2009 and 2008 is as follows:

| | Utility | Non-Utility Nuclear* | All Other* (In Thousands) | Eliminations | Consolidated |
|--|--------------|-------------------------|------------------------------|---------------|--------------|
| 2009 | | | | | |
| Operating revenues | \$2,102,206 | \$656,187 | \$37,742 | (\$7,023) | \$2,789,112 |
| Equity in loss of unconsolidated equity affiliates | \$- | \$- | (\$3,127) | \$- | (\$3,127) |
| Income taxes (benefit) | \$73,464 | \$102,077 | (\$12,495) | \$- | \$163,046 |
| Net income (loss) | \$115,968 | \$180,882 | (\$38,158) | (\$18,359) | \$240,333 |
| Total assets | \$28,658,115 | \$8,136,681 | \$2,175,033 | (\$2,357,242) | \$36,612,587 |
| 2008 | | | | | |
| Operating revenues | \$2,136,330 | \$680,484 | \$54,800 | (\$6,880) | \$2,864,734 |
| Equity in loss of unconsolidated equity affiliates | \$- | \$- | (\$929) | \$- | (\$929) |
| Income taxes (benefit) | \$84,243 | \$124,973 | (\$16,213) | \$- | \$193,003 |
| Net income (loss) | \$121,480 | \$221,697 | (\$29,430) | \$- | \$313,747 |
| Total assets | \$26,101,880 | \$7,175,012 | \$1,938,323 | (\$1,450,448) | \$33,764,767 |

Businesses marked with * are sometimes referred to as the "competitive businesses," with the exception of the parent company, Entergy Corporation. Eliminations are primarily intersegment activity. Almost all of Entergy's goodwill is related to the Utility segment.

Registrant Subsidiaries

The Registrant Subsidiaries have one reportable segment, which is an integrated utility business, except for System Energy, which is an electricity generation business. The Registrant Subsidiaries' operations are managed on an integrated basis because of the substantial effect of cost-based rates and regulatory oversight on the business process, cost structures, and operating results.

NOTE 8. RISK MANAGEMENT AND FAIR VALUES

Market and Commodity Risks

In the normal course of business, Entergy is exposed to a number of market and commodity risks. Market risk is the potential loss that Entergy may incur as a result of changes in the market or fair value of a particular instrument or commodity. All financial and commodity-related instruments, including derivatives, are subject to market risk. Entergy is subject to a number of commodity and market risks, including:

| Type of Risk | Affected Businesses |
|---|--|
| Power price risk | Utility, Non-Utility Nuclear, Non-nuclear wholesale assets |
| Fuel price risk | Utility, Non-Utility Nuclear, Non-nuclear wholesale assets |
| Foreign currency exchange rate risk | Utility, Non-Utility Nuclear, Non-nuclear wholesale assets |
| Equity price and interest rate risk - investments | Utility, Non-Utility Nuclear |

Entergy manages these risks through both contractual arrangements and

derivatives. Contractual risk management tools include long-term power purchase and sales agreements and fuel purchase agreements, capacity contracts, and tolling agreements. Commodity and financial

derivative risk management tools can include natural gas and electricity futures, forwards, swaps, and options; foreign currency forwards; and interest rate swaps. Entergy enters into derivatives only to manage natural risks inherent in its physical or financial assets or liabilities.

Entergy manages fuel price risk for its Louisiana jurisdictions (Entergy Gulf States Louisiana, Entergy Louisiana, and Entergy New Orleans) and Entergy Mississippi primarily through the purchase of short-term swaps. These swaps are marked-to-market with offsetting regulatory assets or liabilities. The notional volumes of these swaps are based on a portion of projected annual purchases of gas for electric generation and projected winter purchases for gas distribution at Entergy Gulf States Louisiana and Entergy New Orleans.

Entergy's exposure to market risk is determined by a number of factors, including the size, term, composition, and diversification of positions held, as well as market volatility and liquidity. For instruments such as options, the time period during which the option may be exercised and the relationship between the current market price of the underlying instrument and the option's contractual strike or exercise price also affects the level of market risk. A significant factor influencing the overall level of market risk to which Entergy is exposed is its use of hedging techniques to mitigate such risk. Entergy manages market risk by actively monitoring compliance with stated risk management policies as well as monitoring the effectiveness of its hedging policies and strategies. Entergy's risk management policies limit the amount of total net exposure and rolling net exposure during the stated periods. These policies, including related risk limits, are regularly assessed to ensure their appropriateness given Entergy's objectives.

Hedging Derivatives

Effective January 1, 2009, Entergy adopted Statement of Financial Accounting Standards No. 161 "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161), which requires enhanced disclosures about an entity's derivative and hedging activities. The fair values of Entergy's derivative instruments in the consolidated balance sheet as of March 31, 2009 are as follows:

| Instrument | Balance Sheet Location | Fair Value | Business |
|--|--|---------------|---------------------|
| Derivatives designated as hedging instruments under FASB 133 | | | |
| <u>Assets:</u> | | | |
| Electricity futures, forwards, and swaps | Prepayments and other (current portion) | \$213 million | Non-Utility Nuclear |
| Electricity futures, forwards, and swaps | Other deferred debits and other assets (non-current portion) | \$138 million | Non-Utility Nuclear |
| Derivatives not designated as hedging instruments under FASB 133 | | | |
| <u>Liabilities:</u> | | | |
| Natural gas futures | Other current liabilities | \$91 million | Utility |

The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated statements of income for the three months ended March 31, 2009 is as follows:

| Instrument | Amount of gain (loss) recognized in OCI (effective portion) | Statement of Income location | Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) |
|------------|---|------------------------------|---|
|------------|---|------------------------------|---|

| | | | |
|--|---------------|---|--------------|
| Electricity futures, forwards, and swaps | \$201 million | Competitive businesses operating revenues | \$57 million |
|--|---------------|---|--------------|

Based on market prices as of March 31, 2009, cash flow hedges relating to power sales totaled \$351 million of gross gains, of which approximately \$213 million are expected to be reclassified from accumulated other comprehensive income to operating revenues in the next twelve months. The actual amount reclassified from accumulated other comprehensive income, however, could vary due to future changes in market prices. Gains totaling approximately \$57 million were realized during the first quarter of 2009 on the maturity of cash flow hedges. Unrealized gains or losses recorded in other comprehensive income result from hedging power output at the Non-Utility Nuclear power stations. The related gains or losses from hedging power are included in operating revenues when realized. The maximum length of time over which Entergy is currently hedging the variability in future cash flows for forecasted power transactions at March 31, 2009 is approximately four years. Planned generation sold forward from Non-Utility Nuclear power stations as of March 31, 2009 is 87% for the remaining three quarters of 2009 of which approximately one-third is sold under financial hedges and the remainder under normal purchase/sale contracts. The ineffective portion of the change in the value of Entergy's cash flow hedges during the past three years was insignificant.

Natural gas futures are used to manage fuel price risk for the Utility's Louisiana and Mississippi customers. All benefits or costs of the program are recorded in fuel costs. The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated statements of income for the three months ended March 31, 2009 is as follows:

| Instrument | Statement of Income Location | Amount of gain (loss) recorded in income |
|---|------------------------------|---|
| Natural gas futures | | |
| Fuel, fuel-related expenses, and gas purchased for resale | | |
| | | (\$24) million |

Due to regulatory treatment, the natural gas futures are marked to market through fuel, fuel-related expenses, and gas purchased for resale and then such amounts are simultaneously reversed and recorded as offsetting regulatory assets or liabilities.

The fair values of the Registrant Subsidiaries' derivative instruments in their balance sheets as of March 31, 2009 are as follows:

| Instrument | Balance Sheet Location | Fair Value | Registrant |
|---|---------------------------|----------------|-------------------------------|
| Derivatives not designated as hedging instruments under FASB 133 | | | |
| <u>Liabilities:</u> | | | |
| Natural gas futures | Gas hedge contracts | \$22.9 million | Entergy Gulf States Louisiana |
| Natural gas futures | Gas hedge contracts | \$39.9 million | Entergy Louisiana |
| Natural gas futures | Gas hedge contracts | \$27.0 million | Entergy Mississippi |
| Natural gas futures | Other current liabilities | \$1.3 million | Entergy New Orleans |

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their statements of income for the three months ended March 31, 2009 are as follows:

| Instrument | Statement of Income Location | Amount of gain (loss) recorded in income | Registrant |
|---------------------|---|--|-------------------------------|
| Natural gas futures | Fuel, fuel-related expenses, and gas purchased for resale | (\$2.7) million | Entergy Gulf States Louisiana |
| Natural gas futures | Fuel, fuel-related expenses, and gas purchased for resale | (\$13.2) million | Entergy Louisiana |
| Natural gas futures | Fuel, fuel-related expenses, and gas purchased for resale | (\$11.4) million | Entergy Mississippi |
| Natural gas futures | Fuel, fuel-related expenses, and gas purchased for resale | \$3.0 million | Entergy New Orleans |

Fair Values

The estimated fair values of Entergy's financial instruments and derivatives are determined using bid prices and market quotes. 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. 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 shareholders. Entergy considers the carrying amounts of most 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. Effective January 1, 2008, Entergy and the Registrant Subsidiaries adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS 157), which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 generally does not require any new fair value measurements. However, in some cases, the application of SFAS 157 in the future may change Entergy's and the Registrant Subsidiaries' practice for measuring and disclosing fair values under other accounting pronouncements that require or permit fair value measurements.

SFAS 157 defines fair value as an exit price, or the price that would be received to sell an asset or the amount that would be paid to transfer a liability in an orderly transaction between knowledgeable market participants at date of measurement. Entergy and the Registrant Subsidiaries use assumptions or market input data that market participants would use in pricing assets or liabilities at fair value. The inputs can be readily observable, corroborated by market data, or generally unobservable. Entergy and the Registrant Subsidiaries endeavor to use the best available

information to determine fair value.

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SFAS 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy establishes the highest priority for unadjusted market quotes in an active market for the identical asset or liability and the lowest priority for unobservable inputs. The three levels of fair value hierarchy defined in SFAS 157 are as follows:

- Level 1 - Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of individually owned common stocks, cash equivalents, debt instruments, and gas hedge contracts.
- ◆ Level 2 - Level 2 inputs are inputs other than quoted prices included in Level 1 that are, either directly or indirectly, observable for the asset or liability at the measurement date. Level 2 inputs include the following:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; or
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 consists primarily of individually owned debt instruments or shares in common trusts.

- Level 3 - Level 3 inputs are pricing inputs that are generally less observable or unobservable from objective sources. These inputs are used with internally developed methodologies to produce management's best estimate of fair value for the asset or liability. Level 3 consists primarily of derivative power contracts used as cash flow hedges of power sales at merchant power plants.

The values for the cash flow hedges that are recorded as derivative contract assets or liabilities are based on both observable inputs including public market prices and unobservable inputs such as model-generated prices for longer-term markets and are classified as Level 3 assets and liabilities. The amounts reflected as the fair value of derivative assets or liabilities are based on the estimated amount that the contracts are in-the-money at the balance sheet date (treated as an asset) or out-of-the-money at the balance sheet date (treated as a liability) and would equal the estimated amount receivable or payable by Entergy if the contracts were settled at that date. These derivative contracts include cash flow hedges that swap fixed for floating cash flows for sales of the output from Entergy's Non-Utility Nuclear business. The fair values are based on the mark-to-market comparison between the fixed contract prices and the floating prices determined each period from a combination of quoted forward power market prices for the period for which such curves are available, and model-generated prices using quoted forward gas market curves and estimates regarding heat rates to convert gas to power and the costs associated with the transportation of the power from the plants' bus bar to the contract's point of delivery, generally a power market hub, for the period thereafter. The difference between the fixed price in the swap contract and these market-related prices multiplied by the volume specified in the contract and discounted at the counterparties' credit adjusted risk free rate are recorded as derivative contract assets or liabilities. All of the \$351 million net assets at March 31, 2009 are in-the-money contracts with counterparties who are all currently investment grade.

Effective January 1, 2009, Entergy adopted FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (FSP 157-4), which provides additional guidance for estimating fair value in accordance with SFAS 157 when the volume and level of activity for the asset and liability have significantly decreased and includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of FSP 157-4 had no impact on net income or total equity.

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The following table sets forth, by level within the fair value hierarchy established by SFAS 157, Entergy's assets and liabilities that are accounted for at fair value on a recurring basis as of March 31, 2009. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------------|---------|---------|---------|
| | (In Millions) | | | |
| Assets: | | | | |
| Temporary cash investments | \$1,709 | \$- | \$- | \$1,709 |
| Decommissioning trust funds: | | | | |
| Equity securities | 181 | 1,146 | - | 1,327 |
| Debt securities | 314 | 1,078 | - | 1,392 |
| Power contracts | - | - | 351 | 351 |
| Securitization recovery trust account | 20 | - | - | 20 |
| Other investments | 37 | - | - | 37 |
| | \$2,261 | \$2,224 | \$351 | \$4,836 |
| Liabilities: | | | | |
| Gas hedge contracts | \$91 | \$- | \$- | \$91 |

The following table sets forth a reconciliation of changes in the assets (liabilities) for the fair value of derivatives classified as Level 3 in the SFAS 157 fair value hierarchy:

| | 2009 | 2008 |
|---|---------------|--------|
| | (In Millions) | |
| Balance as of January 1 | \$207 | (\$12) |
| Price changes (unrealized gains/losses) | 201 | (196) |
| Originated | - | (74) |
| Settlements | (57) | (6) |

Balance as of March 31 \$351 (\$288)

The following table sets forth, by level within the fair value hierarchy established by SFAS 157, the Registrant Subsidiaries' assets that are accounted for at fair value on a recurring basis as of March 31, 2009. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect its placement within the fair value hierarchy levels.

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------------|---------|---------|---------|
| | (In Millions) | | | |
| Entergy Arkansas: | | | | |
| Assets: | | | | |
| Temporary cash investments | \$92.2 | \$- | \$- | \$92.2 |
| Decommissioning trust funds: | | | | |
| Equity securities | 4.7 | 138.5 | - | 143.2 |
| Debt securities | 11.8 | 218.2 | - | 230.0 |
| | \$108.7 | \$356.7 | \$- | \$465.4 |

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| | | | | |
|--------------------------------|--------|---------|-----|---------|
| Entergy Gulf States Louisiana: | | | | |
| Assets: | | | | |
| Temporary cash investments | \$32.9 | \$- | \$- | \$32.9 |
| Decommissioning trust funds: | | | | |
| Equity securities | 4.9 | 112.6 | - | 117.5 |
| Debt securities | 19.0 | 156.4 | - | 175.4 |
| | \$56.8 | \$269.0 | \$- | \$325.8 |

| | | | | |
|---------------------|--------|-----|-----|--------|
| Liabilities: | | | | |
| Gas hedge contracts | \$22.9 | \$- | \$- | \$22.9 |

| | | | | |
|------------------------------|--------|------|-----|--------|
| Entergy Louisiana: | | | | |
| Assets: | | | | |
| Temporary cash investments | \$72.8 | \$- | \$- | \$72.8 |
| Decommissioning trust funds: | | | | |
| Equity securities | 7.9 | 75.8 | - | 83.7 |
| Debt securities | 43.3 | 45.4 | - | 88.7 |

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| | | | | |
|---------------------------------------|---------|---------|-----|---------|
| Other investments | 0.8 | - | - | 0.8 |
| | \$124.8 | \$121.2 | \$- | \$246.0 |
| Liabilities: | | | | |
| Gas hedge contracts | \$39.9 | \$- | \$- | \$39.9 |
| Entergy Mississippi: | | | | |
| Assets: | | | | |
| Other investments | \$31.8 | \$- | \$- | \$31.8 |
| Liabilities: | | | | |
| Gas hedge contracts | \$27.0 | \$- | \$- | \$27.0 |
| Entergy New Orleans: | | | | |
| Assets: | | | | |
| Temporary cash investments | \$119.4 | \$- | \$- | \$119.4 |
| Other investments | 4.6 | - | - | 4.6 |
| | \$124.0 | \$- | \$- | \$124.0 |
| Liabilities: | | | | |
| Gas hedge contracts | \$1.3 | \$- | \$- | \$1.3 |
| Entergy Texas: | | | | |
| Assets: | | | | |
| Securitization recovery trust account | \$19.9 | \$- | \$- | \$19.9 |
| System Energy: | | | | |
| Assets: | | | | |
| Temporary cash investments | \$78.5 | \$- | \$- | \$78.5 |
| Decommissioning trust funds: | | | | |
| Equity securities | 14.0 | 107.5 | - | 121.5 |
| Debt securities | 62.4 | 72.1 | - | 134.5 |
| | \$154.9 | \$179.6 | \$- | \$334.5 |

NOTE 9. DECOMMISSIONING TRUST FUNDS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy)

Entergy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The NRC requires Entergy to maintain trusts to fund the costs of decommissioning ANO 1, ANO 2, River Bend, Waterford 3, Grand Gulf, Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades (NYPA currently retains the decommissioning trusts and liabilities for Indian Point 3 and FitzPatrick). The funds are invested primarily in equity securities; fixed-rate, fixed-income securities; and cash and cash equivalents.

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 records the decommissioning trust funds on the balance sheet at their fair value. Because of the ability of the Registrant Subsidiaries to recover decommissioning costs in rates and in accordance with the regulatory treatment for decommissioning trust funds, the Registrant Subsidiaries have recorded an offsetting amount of unrealized gains/(losses) on investment securities in other regulatory liabilities/assets. For the nonregulated portion of River Bend, Entergy Gulf States Louisiana has recorded an offsetting amount of unrealized gains/(losses) in other deferred credits/debits. Decommissioning trust funds for Pilgrim, Indian Point 2, Vermont Yankee, and Palisades do not receive regulatory treatment. Accordingly, unrealized gains recorded on the assets in these trust funds are recognized in the accumulated other comprehensive income component of common shareholders' equity because these assets are classified as available for sale. Unrealized losses (where cost exceeds fair market value) on the assets in these trust funds are also recorded in the accumulated other comprehensive income component of common shareholders' equity unless the unrealized loss is other-than-temporary and therefore recorded in earnings. Entergy records realized gains and losses on its debt and equity securities generally using the specific identification method to determine the cost basis of its securities.

The securities held at March 31, 2009 and December 31, 2008 are summarized as follows:

| | Fair Value | Total Unrealized Gains | Total Unrealized Losses |
|-------------------|------------|------------------------|-------------------------|
| | | (In Millions) | |
| <u>2009</u> | | | |
| Equity Securities | \$1,327 | \$55 | \$232 |
| Debt Securities | 1,392 | 50 | 28 |
| Total | \$2,719 | \$105 | \$260 |
| <u>2008</u> | | | |
| Equity Securities | \$1,436 | \$85 | \$177 |
| Debt Securities | 1,396 | 77 | 21 |
| Total | \$2,832 | \$162 | \$198 |

The amortized cost of debt securities was \$1,370 million and \$1,340 million at March 31, 2009 and December 31, 2008, respectively. The debt securities have an average coupon rate of approximately 4.94%, an average duration of approximately 5.22 years, and an average maturity of approximately 8.9 years. The equity securities are generally held in funds that are designed to approximate or somewhat exceed the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index or the Russell 3000 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows at March 31, 2009:

| | Equity Securities | | Debt Securities | |
|---------------------|-------------------|-------------------------|-----------------|-------------------------|
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| | (In Millions) | | | |
| Less than 12 months | \$981 | \$212 | \$255 | \$22 |
| More than 12 months | 24 | 20 | 41 | 6 |
| Total | \$1,005 | \$232 | \$296 | \$28 |

The unrealized losses in excess of twelve months above relate to Entergy's Utility operating companies and System Energy.

The fair value of debt securities, summarized by contractual maturities, at March 31, 2009 and December 31, 2008 are as follows:

| | 2009 | 2008 |
|---------------------|---------------|---------|
| | (In Millions) | |
| less than 1 year | \$20 | \$21 |
| 1 year - 5 years | 552 | 526 |
| 5 years - 10 years | 461 | 490 |
| 10 years - 15 years | 129 | 146 |
| 15 years - 20 years | 50 | 52 |
| 20 years+ | 180 | 161 |
| Total | \$1,392 | \$1,396 |

During the three months ended March 31, 2009 and 2008, proceeds from the dispositions of securities amounted to \$583 million and \$257 million, respectively. During the three months ended March 31, 2009 and 2008, gross gains of \$14 million and \$6 million, respectively, and gross losses of \$16 million and \$2 million, respectively, were either reclassified out of other comprehensive income into earnings or recorded into earnings.

Entergy Arkansas

Entergy Arkansas holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held at March 31, 2009 and December 31, 2008 are summarized as follows:

| | Fair Value | Total Unrealized Gains | Total Unrealized Losses |
|-------------------|---------------|------------------------|-------------------------|
| | (In Millions) | | |
| <u>2009</u> | | | |
| Equity Securities | \$143.2 | \$19.2 | \$19.9 |
| Debt Securities | 230.0 | 12.6 | 3.8 |

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| | | | |
|-------------------|---------|--------|--------|
| Total | \$373.2 | \$31.8 | \$23.7 |
| <u>2008</u> | | | |
| Equity Securities | \$165.6 | \$31.7 | \$13.7 |
| Debt Securities | 224.9 | 12.8 | 2.4 |
| Total | \$390.5 | \$44.5 | \$16.1 |

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The amortized cost of debt securities was \$221.2 million and \$214.5 million as of March 31, 2009 and December 31, 2008, respectively. The debt securities have an average coupon rate of approximately 4.79%, an average duration of approximately 4.66 years, and an average maturity of approximately 5.6 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows at March 31, 2009:

| | Equity Securities | | Debt Securities | |
|---------------------|-------------------|-------------------------|-----------------|-------------------------|
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| | (In Millions) | | | |
| Less than 12 months | \$54.5 | \$18.4 | \$32.9 | \$2.6 |
| More than 12 months | 2.0 | 1.5 | 10.9 | 1.2 |
| Total | \$56.5 | \$19.9 | \$43.8 | \$3.8 |

The fair value of debt securities, summarized by contractual maturities, at March 31, 2009 and December 31, 2008 are as follows:

| | 2009 | 2008 |
|---------------------|---------------|---------|
| | (In Millions) | |
| less than 1 year | \$5.2 | \$2.0 |
| 1 year - 5 years | 124.6 | 127.0 |
| 5 years - 10 years | 96.5 | 93.9 |
| 10 years - 15 years | 2.5 | 2.0 |
| 15 years - 20 years | - | - |
| 20 years+ | 1.2 | - |
| Total | \$230.0 | \$224.9 |

During the three months ended March 31, 2009 and 2008, proceeds from the dispositions of securities amounted to \$29.8 million and \$23.4 million, respectively. During the three months ended March 31, 2009 and 2008, gross gains of \$0.1 million and \$0.3 million, respectively, and gross losses of \$0.8 million and \$0.3 million, respectively, were recorded in earnings.

Entergy Gulf States Louisiana

Entergy Gulf States Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held at March 31, 2009 and December 31, 2008 are summarized as follows:

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| | Fair Value | Total Unrealized Gains (In Millions) | Total Unrealized Losses |
|-------------------|---------------|---|-------------------------------|
| <u>2009</u> | | | |
| Equity Securities | \$117.5 | \$2.6 | \$37.3 |
| Debt Securities | 175.4 | 9.3 | 3.1 |
| Total | \$292.9 | \$11.9 | \$40.4 |
| <u>2008</u> | | | |
| Equity Securities | \$132.3 | \$4.6 | \$24.5 |
| Debt Securities | 170.9 | 8.7 | 3.3 |
| Total | \$303.2 | \$13.3 | \$27.8 |

The amortized cost of debt securities was \$169.2 million and \$165.5 million as of March 31, 2009 and December 31, 2008, respectively. The debt securities have an average coupon rate of approximately 4.95%, an average duration of approximately 6.18 years, and an average maturity of approximately 9.4 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows at March 31, 2009:

| | Equity Securities | | Debt Securities | |
|------------------------|-------------------|-------------------------------|-----------------|-------------------------------|
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| | (In Millions) | | | |
| Less than 12 months | \$94.4 | \$33.6 | \$23.8 | \$1.1 |
| More than 12 months | 4.5 | 3.7 | 14.9 | 2.0 |
| Total | \$98.9 | \$37.3 | \$38.7 | \$3.1 |

The fair value of debt securities, summarized by contractual maturities, at March 31, 2009 and December 31, 2008 are as follows:

| 2009 | 2008 |
|---------------|------|
| (In Millions) | |

| | | |
|---------------------|---------|---------|
| less than 1 year | \$5.2 | \$6.5 |
| 1 year - 5 years | 37.1 | 36.5 |
| 5 years - 10 years | 73.1 | 75.7 |
| 10 years - 15 years | 41.6 | 36.0 |
| 15 years - 20 years | 9.9 | 8.7 |
| 20 years+ | 8.5 | 7.5 |
| Total | \$175.4 | \$170.9 |

During the three months ended March 31, 2009 and 2008, proceeds from the dispositions of securities amounted to \$23.8 million and \$11.0 million, respectively. During the three months ended March 31, 2009 and 2008, gross gains of \$0.8 million and \$0.2 million, respectively, and gross losses of \$0.1 million and \$0.01 million, respectively, were recorded in earnings.

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Entergy Louisiana

Entergy Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held at March 31, 2009 and December 31, 2008 are summarized as follows:

| | Fair Value | Total Unrealized Gains (In Millions) | Total Unrealized Losses |
|-------------------|------------|---|-------------------------|
| <u>2009</u> | | | |
| Equity Securities | \$83.7 | \$1.5 | \$24.5 |
| Debt Securities | 88.7 | 6.0 | 1.7 |
| Total | \$172.4 | \$7.5 | \$26.2 |
| <u>2008</u> | | | |
| Equity Securities | \$93.3 | \$3.9 | \$17.2 |
| Debt Securities | 87.6 | 7.1 | 1.6 |
| Total | \$180.9 | \$11.0 | \$18.8 |

The amortized cost of debt securities was \$84.4 million and \$82.1 million as of March 31, 2009 and December 31, 2008, respectively. The debt securities have an average coupon rate of approximately 4.61%, an average duration of approximately 4.44 years, and an average maturity of approximately 9.7 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows at March 31, 2009:

| Equity Securities | | Debt Securities | |
|-------------------|-------------------------|-----------------|-------------------------|
| Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |

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(In Millions)

| | | | | |
|---------------------|--------|--------|--------|-------|
| Less than 12 months | \$52.9 | \$19.4 | \$11.1 | \$0.8 |
| More than 12 months | 6.2 | 5.1 | 4.4 | 0.9 |
| Total | \$59.1 | \$24.5 | \$15.5 | \$1.7 |

The fair value of debt securities, summarized by contractual maturities, at March 31, 2009 and December 31, 2008 are as follows:

| | 2009 | 2008 |
|---------------------|---------------|--------|
| | (In Millions) | |
| less than 1 year | \$1.6 | \$1.2 |
| 1 year - 5 years | 33.5 | 33.4 |
| 5 years - 10 years | 22.2 | 21.4 |
| 10 years - 15 years | 12.0 | 10.5 |
| 15 years - 20 years | 5.5 | 6.8 |
| 20 years+ | 13.9 | 14.3 |
| Total | \$88.7 | \$87.6 |

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During the three months ended March 31, 2009 and 2008, proceeds from the dispositions of securities amounted to \$10.2 million and \$5.0 million, respectively. During the three months ended March 31, 2009 and 2008, gross gains of \$0.4 million and \$0.01 million, respectively, and gross losses of \$0.1 million and \$0.02 million, respectively, were recorded in earnings.

System Energy

System Energy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held at March 31, 2009 and December 31, 2008 are summarized as follows:

| | Fair Value | Total Unrealized Gains (In Millions) | Total Unrealized Losses |
|-------------------|------------|---|-------------------------|
| <u>2009</u> | | | |
| Equity Securities | \$121.5 | \$0.4 | \$13.5 |
| Debt Securities | 134.5 | 2.5 | 4.9 |
| Total | \$256.0 | \$2.9 | \$18.4 |
| <u>2008</u> | | | |
| Equity Securities | \$127.8 | \$2.0 | \$36.3 |
| Debt Securities | 141.0 | 6.9 | 3.9 |
| Total | \$268.8 | \$8.9 | \$40.2 |

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The amortized cost of debt securities was \$136.9 million and \$138.0 million as of March 31, 2009 and December 31, 2008, respectively. The debt securities have an average coupon rate of approximately 4.39%, an average duration of approximately 5.70 years, and an average maturity of approximately 11.6 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows at March 31, 2009:

| | Equity Securities | | | Debt Securities | | |
|---------------------|-------------------|--|-------------------------|-----------------|--|-------------------------|
| | Fair Value | | Gross Unrealized Losses | Fair Value | | Gross Unrealized Losses |
| | (In Millions) | | | | | |
| Less than 12 months | \$100.3 | | \$4.0 | \$26.3 | | \$2.6 |
| More than 12 months | 11.6 | | 9.5 | 10.9 | | 2.3 |
| Total | \$111.9 | | \$13.5 | \$37.2 | | \$4.9 |

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The fair value of debt securities, summarized by contractual maturities, at March 31, 2009 and December 31, 2008 are as follows:

| | 2009 | 2008 |
|---------------------|---------------|---------|
| | (In Millions) | |
| less than 1 year | \$2.3 | \$2.0 |
| 1 year - 5 years | 58.5 | 48.0 |
| 5 years - 10 years | 31.8 | 44.0 |
| 10 years - 15 years | .5 | 10.0 |
| 15 years - 20 years | 1.0 | 1.2 |
| 20 years+ | 40.4 | 35.8 |
| Total | \$134.5 | \$141.0 |

During the three months ended March 31, 2009 and 2008, proceeds from the dispositions of securities amounted to \$151.9 million and \$35.0 million, respectively. During the three months ended March 31, 2009 and 2008, gross gains of \$3.0 million and \$0.8 million, respectively, and gross losses of \$2.4 million and \$0.6 million, respectively, were recorded in earnings.

Other-than-temporary impairments and unrealized gains and losses

Entergy, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy evaluate these

unrealized losses at the end of each period to determine whether an other than temporary impairment has occurred. Effective January 1, 2009, Entergy adopted FSP FAS 115-2, "Recognition and Presentation of Other-Than-Temporary Impairments". The assessment of whether an investment in a debt security has suffered an other-than-temporary impairment is based on whether Entergy has the intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized costs. Further, if Entergy does not expect to recover the entire amortized cost basis of the debt security, an other-than-temporary-impairment shall have been considered to have occurred and it is measured by the present value of cash flows expected to be collected less the amortized cost basis (credit loss). For debt securities held as of January 1, 2009 for which an other-than-temporary impairment had previously been recognized but for which assessment under the new guidance indicates this impairment is temporary, Entergy recorded an adjustment to its opening balance of retained earnings of \$11.3 million (\$6.4 million net-of-tax). Entergy did not have any material other than temporary impairments relating to credit losses on debt securities for the three months ended March 31, 2009. The assessment of whether an investment in an equity security has suffered an other than temporary impairment continues to be based on a number of factors including, first, whether Entergy has the ability and intent to hold the investment to recover its value, the duration and severity of any losses, and, then, whether it is expected that the investment will recover its value within a reasonable period of time. Entergy's trusts are managed by third parties who operate in accordance with agreements that define investment guidelines and place restrictions on the purchases and sales of investments. Non-Utility Nuclear recorded charges to interest income of \$16 million in the three months ended March 31, 2009, resulting from the recognition of the other than temporary impairment of certain equity securities held in its decommissioning trust funds.

NOTE 10. INCOME TAXES

Income Tax Audits and Litigation

See Note 3 to the financial statements in the Form 10-K for a discussion of tax proceedings.

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NOTE 11. NEW ACCOUNTING PRONOUNCEMENTS

In December 2008 the FASB issued FSP FAS 132(R)-1 "Employers' Disclosures about Postretirement Benefit Plan Assets" (FSP 132(R)-1) which requires enhanced disclosures about plan assets of defined benefit pension and other postretirement plans including disclosure of each major category of plan assets using the fair value hierarchy and concentrations of risk within plan assets. FSP 132(R)-1 is effective for fiscal years ending after December 15, 2009.

In April 2009 the FASB issued FSP FAS 107-1 and APB 28-1 "Interim Disclosures about Fair Value of Financial Instruments" (FSP 107-1 and APB 28-1). FSP 107-1 and APB 28-1 relates to fair value disclosures for all financial instruments not measured on the balance sheet at fair value, and requires these disclosures on a quarterly basis. FSP 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009.

In the opinion of the management of Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas and System Energy, the accompanying unaudited financial statements contain all adjustments (consisting primarily of normal recurring accruals and

reclassification of previously reported amounts to conform to current classifications) necessary for a fair statement of the results for the interim periods presented. The business of the Registrant Subsidiaries is subject to seasonal fluctuations, however, with the peak periods occurring during the third quarter. The results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

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Part I, Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of March 31, 2009, evaluations were performed under the supervision and with the participation of Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy (individually "Registrant" and collectively the "Registrants") management, including their respective Chief Executive Officers (CEO) and Chief Financial Officers (CFO). The evaluations assessed the effectiveness of the Registrants' disclosure controls and procedures. Based on the evaluations, each CEO and CFO has concluded that, as to the Registrant or Registrants for which they serve as CEO or CFO, the Registrant's or Registrants' disclosure controls and procedures are effective to ensure that information required to be disclosed by each Registrant in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms; and that the Registrant's or Registrants' disclosure controls and procedures are also effective in reasonably assuring that such information is accumulated and communicated to the Registrant's or Registrants' management, including their respective CEOs and CFOs, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

Under the supervision and with the participation of the Registrants' management, including their respective CEOs and CFOs, the Registrants evaluated changes in internal control over financial reporting that occurred during the quarter ended March 31, 2009 and found no change that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

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ENTERGY ARKANSAS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

Net income decreased \$6.6 million for the first quarter 2009 compared to the first quarter 2008 primarily due to higher taxes other than income taxes, higher depreciation and amortization expenses, and a higher effective income tax rate, partially offset by higher net revenue.

Net Revenue

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | Amount (In Millions) |
|--------------------------|-------------------------|
| 2008 net revenue | \$248.2 |
| Storm cost recovery | 4.4 |
| Retail electric price | 4.0 |
| Purchased power capacity | 3.7 |
| Volume/weather | (5.6) |
| Other | 5.1 |
| 2009 net revenue | \$259.8 |

The storm cost recovery variance is due to the recovery of 2008 extraordinary storm costs as approved by the APSC, effective January 2009. The recovery of 2008 extraordinary storm costs is discussed in Note 2 to the financial statements in the Form 10-K.

The retail electric price variance is primarily due to the capacity acquisition rider which became effective in February 2008.

The purchased power capacity variance is primarily due to lower purchased power capacity charges.

The volume/weather variance is primarily due to a 12.5% volume decrease in industrial sales primarily in the wood industry and the small customer class.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues increased primarily due to an increase of \$61.1 million in fuel cost recovery revenues due to changes in the energy cost recovery rider effective April 2008 and September 2008, partially offset by a decrease of \$25.1 million in gross wholesale revenue due to a decrease in the average price of energy available for resale sales. The energy cost recovery rider filings are discussed in Note 2 to the financial statements in the Form 10-K.

Fuel and purchased power expenses increased primarily due to an increase in deferred fuel expense due to a higher energy cost recovery rate, as discussed above and an increase in the average market price of natural gas. The increase was partially offset by a decrease in the average market price of purchased power.

Other Income Statement Variances

Taxes other than income taxes increased primarily due to a \$3.5 million decrease recorded in the first quarter 2008 resulting from the favorable resolution of issues relating to the tax exempt status of bonds.

Depreciation and amortization expenses increased primarily due to an increase in plant in service.

Income Taxes

The effective income tax rates for the first quarters of 2009 and 2008 were 51.8% and 41.7%, respectively. The difference in the effective income tax rate for the first quarter 2009 versus the federal statutory rate of 35.0% is primarily due to certain book and tax differences related to utility plant items. The difference in the effective income tax rate for the first quarter 2008 versus the federal statutory rate of 35.0% is primarily due to certain book and tax differences related to utility plant items and an adjustment of the federal tax reserve for prior tax years, partially offset by flow-through book and tax timing differences.

Liquidity and Capital Resources

Cash Flow

Cash flows for the first quarters of 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|----------------|----------|
| | (In Thousands) | |
| Cash and cash equivalents at beginning of period | \$39,568 | \$212 |
| Cash flow provided by (used in): | | |
| Operating activities | 186,834 | 103,754 |
| Investing activities | (126,669) | (99,056) |
| Financing activities | (7,518) | 5,129 |
| Net increase in cash and cash equivalents | 52,647 | 9,827 |
| Cash and cash equivalents at end of period | \$92,215 | \$10,039 |

Operating Activities

Cash flow from operations increased \$83.1 million for the first quarter 2009 compared to the first quarter 2008 primarily due to an increase in recovery of fuel costs and higher income tax refunds in 2009.

Investing Activities

Net cash flow used in investing activities increased \$27.6 million for the first quarter 2009 compared to the first quarter 2008 primarily due to money pool activity and an increase in distribution construction expenditures in 2009 as a result of an ice storm hitting Entergy Arkansas' service territory in the first quarter of 2009. The increase was partially offset by a decrease in fossil construction expenditures resulting from a coal plant equipment purchase in 2008 and a decrease in nuclear construction expenditures resulting from various nuclear projects in 2008.

Increases in Entergy Arkansas' receivable from the money pool are a use of cash flow, and Entergy Arkansas' receivable from the money pool increased \$43.2 million in the first quarter 2009. The money pool is an inter-company borrowing arrangement designed to reduce Entergy's subsidiaries' need for external short-term borrowings.

Financing Activities

Financing activities used \$7.5 million of cash for the first quarter 2009 compared to providing \$5.1 million of cash for the first quarter 2008 primarily due to money pool activity. Increases in Entergy Arkansas' payable to the money pool is a source of cash flow, and Entergy Arkansas' payable to the money pool increased by \$13.6 million in the first quarter 2008.

Capital Structure

Entergy Arkansas' capitalization is balanced between equity and debt, as shown in the following table.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 51.8% | 52.9% |
| Effect of subtracting cash from debt | 1.3% | 0.6% |
| Debt to capital | 53.1% | 53.5% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, preferred stock without sinking fund, and shareholders' equity. Net capital consists of capital less cash and cash equivalents. Entergy Arkansas uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Arkansas' financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Arkansas' uses and sources of capital. Following are updates to the information provided in the Form 10-K.

In April 2009, Entergy Arkansas renewed its credit facility through April 2010 in the amount of \$88 million. There were no outstanding borrowings under the Entergy Arkansas credit facility as of March 31, 2009.

Entergy Arkansas' receivables from or (payables to) the money pool were as follows:

| March 31, 2009 | December 31, 2008 | March 31, 2008 | December 31, 2007 |
|-------------------|----------------------|-------------------|----------------------|
| (In Thousands) | | | |
| \$59,218 | \$15,991 | (\$91,448) | (\$77,882) |

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

White Bluff Coal Plant Project

See the Form 10-K for a discussion of the environmental compliance project that will install scrubbers and low NOx burners at Entergy Arkansas' White Bluff coal plant. In March 2009, Entergy Arkansas made a filing with the APSC seeking a declaratory order that the project is in the public interest. The filing requests a procedural schedule providing for an APSC decision in September 2009. In May 2009 the APSC Staff filed a motion requesting that the APSC require Entergy Arkansas to file testimony on several issues and suggesting a procedural schedule that culminates in a February 2010 hearing date. The APSC has not set a procedural schedule at this time.

Pension Contributions

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on pension contributions.

Ouachita Power Plant

In August 2008, the LPSC issued an order approving an uncontested settlement between Entergy Gulf States Louisiana and the LPSC Staff authorizing Entergy Gulf States Louisiana's purchase, under a life-of-unit agreement, of one-third of the capacity and energy from the 789 MW Ouachita power plant, which Entergy Arkansas acquired on September 30, 2008. The LPSC's approval was subject to certain conditions, including a study to determine the costs and benefits of Entergy Gulf States Louisiana exercising an option to purchase one-third of the plant (Unit 3) from Entergy Arkansas. In April 2009, Entergy Gulf States Louisiana made a filing with the LPSC seeking approval of Entergy Gulf States Louisiana exercising its option to convert its purchased power agreement into the ownership interest in Unit 3 and a one-third interest in the Ouachita common facilities. Entergy Gulf States Louisiana estimates that the purchase price will be approximately \$72.6 million, subject to change based on several factors, including the timing of the closing. The filing also requests LPSC approval of the cost-recovery mechanism for the acquisition. In addition, in April 2009, Entergy Arkansas and Entergy Gulf States Louisiana filed with the FERC for its approval of the transaction. Both the LPSC filing and the FERC filing anticipate an August 31, 2009 closing date for the acquisition.

State and Local Rate Regulation

See

"**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation**" in the Form 10-K for a discussion of state and local rate regulation. Following are updates to the information provided in the Form 10-K.

Retail Rates

See the Form 10-K for a discussion of the rate filing made by Entergy Arkansas and the proceedings regarding that filing. On April 23, 2009, the Arkansas Supreme Court denied Entergy Arkansas' petition for review of the Court of Appeals decision.

Energy Cost Recovery Rider

In March 2009, Entergy Arkansas filed with the APSC its annual energy cost rate for the period April 2009 through March 2010. The filed energy cost rate decreased from \$0.02456/kWh to \$0.01552/kWh. The decrease was caused by the following: 1) all three of the nuclear power plants from which Entergy Arkansas obtains power, ANO 1 and 2 and Grand Gulf, had refueling outages in 2008, and the previous energy cost rate had been adjusted to account for the replacement power costs that would be incurred while these units were down; 2) Entergy Arkansas has a deferred fuel cost liability from over-recovered fuel costs at December 31, 2008, as compared to a deferred fuel cost asset from under-recovered fuel costs at December 31, 2007; offset by 3) an increase in the fuel and purchased power prices included in the calculation.

Storm Cost Recovery

Entergy Arkansas Storm Reserve Accounting

The APSC's June 2007 order in Entergy Arkansas' base rate proceeding, which is discussed in the Form 10-K, eliminated storm reserve accounting for Entergy Arkansas. In March 2009 a law was enacted in Arkansas that requires the APSC to permit storm reserve accounting for utilities that request it. Entergy Arkansas filed its request with the APSC, and has reinstated storm reserve accounting effective January 1, 2009.

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Entergy Arkansas January 2009 Ice Storm

In January 2009 a severe ice storm caused significant damage to Entergy Arkansas' transmission and distribution lines, equipment, poles, and other facilities. The current cost estimate for the damage caused by the ice storm is approximately \$120 million to \$140 million, of which approximately \$65 million to \$80 million is estimated to be operating and maintenance type costs and the remainder is estimated to be capital investment. On January 30, 2009, the APSC issued an order inviting and encouraging electric public utilities to file specific proposals for the recovery of extraordinary storm restoration expenses associated with the ice storm. Although Entergy Arkansas has not yet filed a proposal for the method of recovery of its costs, on February 16, 2009, it did file a request with the APSC for an accounting order authorizing deferral of the operating and maintenance cost portion of Entergy Arkansas' ice storm restoration costs pending their recovery. The APSC issued such an order in March 2009 subject to certain conditions, including that if Entergy Arkansas seeks to recover the deferred costs, those costs will be subject to investigation for whether they are incremental, prudent, and reasonable. Entergy Arkansas is still analyzing its options for the method of recovery of the ice storm restoration costs. One option is securitization, and in April 2009 a law was enacted in Arkansas that authorizes securitization of storm damage restoration costs.

Federal Regulation

See "System Agreement Proceedings" and "Independent Coordinator of Transmission" in the "**Rate, Cost-recovery, and Other Regulation**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the discussion in the Form 10-K.

Utility Restructuring

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Utility Restructuring**" in the Form 10-K for a discussion of utility restructuring.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Arkansas' accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits.

Nuclear Decommissioning Costs

In the first quarter 2009, Entergy Arkansas recorded a revision to its estimated decommissioning cost liabilities for ANO 1 and 2 as a result of a revised decommissioning cost study. The revised estimates resulted in an \$8.9 million reduction in its decommissioning liability, along with a corresponding reduction in the related regulatory asset.

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Qualified Pension and Other Postretirement Benefits

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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ENTERGY ARKANSAS, INC.
INCOME STATEMENTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|-------------|
| | (In Thousands) | |
| OPERATING REVENUES | | |
| Electric | \$535,994 | \$499,374 |
| OPERATING EXPENSES | | |
| Operation and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 185,156 | 83,562 |
| Purchased power | 94,327 | 166,524 |
| Nuclear refueling outage expenses | 9,494 | 6,931 |
| Other operation and maintenance | 107,426 | 107,123 |
| Decommissioning | 9,143 | 8,552 |
| Taxes other than income taxes | 21,367 | 15,739 |

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| | | |
|---|----------|----------|
| Depreciation and amortization | 62,361 | 57,237 |
| Other regulatory charges (credits) - net | (3,335) | 1,045 |
| TOTAL | 485,939 | 446,713 |
| OPERATING INCOME | 50,055 | 52,661 |
| OTHER INCOME | | |
| Allowance for equity funds used during construction | 1,775 | 1,778 |
| Interest and dividend income | 3,224 | 5,257 |
| Miscellaneous - net | (928) | (1,014) |
| TOTAL | 4,071 | 6,021 |
| INTEREST AND OTHER CHARGES | | |
| Interest on long-term debt | 21,212 | 18,628 |
| Other interest - net | 674 | 1,938 |
| Allowance for borrowed funds used during construction | (1,103) | (850) |
| TOTAL | 20,783 | 19,716 |
| INCOME BEFORE INCOME TAXES | 33,343 | 38,966 |
| Income taxes | 17,273 | 16,248 |
| NET INCOME | 16,070 | 22,718 |
| Preferred dividend requirements and other | 1,718 | 1,718 |
| EARNINGS APPLICABLE TO COMMON STOCK | \$14,352 | \$21,000 |

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|-----------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$16,070 | \$22,718 |
| Adjustments to reconcile net income to net cash flow provided by operating activities: | | |
| Reserve for regulatory adjustments | 1,203 | (3,010) |
| Other regulatory charges (credits) - net | (3,335) | 1,045 |
| Depreciation, amortization, and decommissioning | 71,504 | 65,789 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | 38,870 | 21,837 |
| Changes in working capital: | | |
| Receivables | 12,383 | 48,573 |
| Fuel inventory | (16,087) | (7,339) |
| Accounts payable | (2,904) | (71,886) |
| Interest accrued | (2,413) | 2,771 |
| Deferred fuel costs | 115,120 | 27,179 |
| Other working capital accounts | 14,784 | (7,711) |
| Provision for estimated losses and reserves | (3,247) | 285 |
| Changes in other regulatory assets | (33,221) | 8,132 |
| Other | (21,893) | (4,629) |
| Net cash flow provided by operating activities | 186,834 | 103,754 |
| INVESTING ACTIVITIES | | |
| Construction expenditures | (83,527) | (97,961) |
| Allowance for equity funds used during construction | 1,775 | 1,778 |
| Nuclear fuel purchases | - | (58,998) |
| Proceeds from sale/leaseback of nuclear fuel | - | 60,184 |
| Proceeds from nuclear decommissioning trust fund sales | 29,779 | 23,449 |
| Investment in nuclear decommissioning trust funds | (31,469) | (27,508) |
| Change in money pool receivable - net | (43,227) | - |
| Net cash flow used in investing activities | (126,669) | (99,056) |
| FINANCING ACTIVITIES | | |
| Change in money pool payable - net | - | 13,566 |
| Dividends paid: | | |
| Common stock | (5,800) | (5,000) |

| | | |
|---|-----------------|-----------------|
| Preferred stock | (1,718) | (3,437) |
| Net cash flow provided by (used in) financing activities | (7,518) | 5,129 |
| Net increase in cash and cash equivalents | 52,647 | 9,827 |
| Cash and cash equivalents at beginning of period | 39,568 | 212 |
| Cash and cash equivalents at end of period | \$92,215 | \$10,039 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid/(received) during the period for: | | |
| Interest - net of amount capitalized | \$23,197 | \$15,227 |
| Income taxes | (\$24,911) | (\$3,554) |

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC.
BALANCE SHEETS
ASSETS
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|--|-----------------------|-------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | | |
| Cash | \$14 | \$3,292 |
| Temporary cash investments | 92,201 | 36,276 |
| Total cash and cash investments | 92,215 | 39,568 |
| Accounts receivable: | | |
| Customer | 118,244 | 113,135 |
| Allowance for doubtful accounts | (19,836) | (19,882) |
| Associated companies | 102,356 | 56,534 |
| Other | 60,566 | 64,762 |
| Accrued unbilled revenues | 55,181 | 71,118 |
| Total accounts receivable | 316,511 | 285,667 |
| Deferred fuel costs | 3,941 | 119,061 |
| Fuel inventory - at average cost | 31,310 | 15,223 |
| Materials and supplies - at average cost | 127,684 | 121,769 |
| Deferred nuclear refueling outage costs | 34,372 | 42,932 |
| System agreement cost equalization | 394,000 | 394,000 |
| Prepayments and other | 24,477 | 36,530 |

| | | |
|--|--------------------|--------------------|
| TOTAL | 1,024,510 | 1,054,750 |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investment in affiliates - at equity | 11,200 | 11,200 |
| Decommissioning trust funds | 373,191 | 390,529 |
| Non-utility property - at cost (less accumulated depreciation) | 1,438 | 1,439 |
| Other | 5,391 | 5,391 |
| TOTAL | 391,220 | 408,559 |
| UTILITY PLANT | | |
| Electric | 7,562,621 | 7,305,165 |
| Property under capital lease | 1,405 | 1,417 |
| Construction work in progress | 156,349 | 142,391 |
| Nuclear fuel under capital lease | 109,041 | 125,072 |
| Nuclear fuel | 10,561 | 12,115 |
| TOTAL UTILITY PLANT | 7,839,977 | 7,586,160 |
| Less - accumulated depreciation and amortization | 3,521,474 | 3,272,280 |
| UTILITY PLANT - NET | 4,318,503 | 4,313,880 |
| DEFERRED DEBITS AND OTHER ASSETS | | |
| Regulatory assets: | | |
| SFAS 109 regulatory asset - net | 52,200 | 58,455 |
| Other regulatory assets | 733,100 | 688,964 |
| Other | 40,191 | 43,605 |
| TOTAL | 825,491 | 791,024 |
| TOTAL ASSETS | \$6,559,724 | \$6,568,213 |

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC.
BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|-----------------------------------|----------------|-----------|
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Accounts payable: | | |
| Associated companies | \$421,737 | \$433,460 |
| Other | 151,072 | 142,974 |
| Customer deposits | 61,998 | 60,558 |
| Accumulated deferred income taxes | 172,522 | 198,902 |
| Interest accrued | 22,794 | 25,207 |
| Obligations under capital leases | 60,278 | 60,276 |
| Other | 15,936 | 17,290 |

| | | |
|--|--------------------|--------------------|
| TOTAL | 906,337 | 938,667 |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 1,365,277 | 1,307,596 |
| Accumulated deferred investment tax credits | 50,888 | 51,881 |
| Obligations under capital leases | 50,168 | 66,214 |
| Other regulatory liabilities | 8,113 | 27,141 |
| Decommissioning | 540,941 | 540,709 |
| Accumulated provisions | 12,678 | 15,925 |
| Pension and other postretirement liabilities | 440,482 | 441,920 |
| Long-term debt | 1,618,230 | 1,618,171 |
| Other | 41,849 | 43,780 |
| TOTAL | 4,128,626 | 4,113,337 |
| Commitments and Contingencies | | |
| Preferred stock without sinking fund | 116,350 | 116,350 |
| SHAREHOLDERS' EQUITY | | |
| Common stock, \$0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2009 and 2008 | 470 | 470 |
| Paid-in capital | 588,444 | 588,444 |
| Retained earnings | 819,497 | 810,945 |
| TOTAL | 1,408,411 | 1,399,859 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$6,559,724 | \$6,568,213 |

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC.
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| Description | 2009 | 2008 | Increase/ (Decrease) | % |
|------------------------------|-----------------------|--------|-------------------------|----|
| | (Dollars In Millions) | | | |
| Electric Operating Revenues: | | | | |
| Residential | \$ 211 | \$ 179 | \$ 32 | 18 |
| Commercial | 114 | 94 | 20 | 21 |

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| | | | | |
|--------------------------|--------|--------|-------|-------|
| Industrial | 104 | 92 | 12 | 13 |
| Governmental | 4 | 4 | - | - |
| Total retail | 433 | 369 | 64 | 17 |
| Sales for resale | | | | |
| Associated companies | 73 | 96 | (23) | (24) |
| Non-associated companies | 32 | 33 | (1) | (3) |
| Other | (2) | 1 | (3) | (300) |
| Total | \$ 536 | \$ 499 | \$ 37 | 7 |
| Billed Electric Energy | | | | |
| Sales (GWh): | | | | |
| Residential | 2,109 | 2,143 | (34) | (2) |
| Commercial | 1,352 | 1,347 | 5 | - |
| Industrial | 1,499 | 1,713 | (214) | (12) |
| Governmental | 64 | 65 | (1) | (2) |
| Total retail | 5,024 | 5,268 | (244) | (5) |
| Sales for resale | | | | |
| Associated companies | 1,870 | 1,954 | (84) | (4) |
| Non-associated companies | 563 | 540 | 23 | 4 |
| Total | 7,457 | 7,762 | (305) | (4) |

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ENTERGY GULF STATES LOUISIANA, L.L.C.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Hurricane Gustav and Hurricane Ike

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Hurricane Gustav and Hurricane Ike" in the Form 10-K for a discussion of Hurricane Gustav and Hurricane Ike, which caused catastrophic damage to Entergy Gulf States Louisiana's service territory in September 2008. Entergy Gulf States Louisiana expects to initiate its storm cost recovery proceedings with the LPSC in May 2009.

Results of Operations

Net Income

Net income decreased by \$3.7 million for the first quarter 2009 compared to the first quarter 2008 primarily due to lower other income.

Net Revenue

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses and 3) other regulatory charges. Following is an analysis of the change in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | Amount (In Millions) |
|-----------------------|-------------------------|
| 2008 net revenue | \$195.5 |
| Retail electric price | 2.5 |
| Volume/weather | (1.7) |
| Other | (0.2) |
| 2009 net revenue | \$196.1 |

The retail electric price variance is primarily due to a formula rate plan increase effective September 2008. Refer to "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation - Retail Rates - Electric" and Note 2 to the financial statements in the Form 10-K for a discussion of the formula rate plan increase.

The volume/weather variance is primarily due to a 22.3% volume decrease in industrial sales. The effect of the industrial sales volume decrease is mitigated, however, because of the fixed charge basis of many industrial customers' rates, which causes average price per KWh sold to increase as the fixed charges are spread over lower volume. Billed electricity usage decreased 524 GWh, or 12.4%, across all customer classes.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues decreased primarily due to a decrease of \$61.5 million in fuel cost recovery revenues due to lower fuel rates and decreased usage.

Fuel and purchased power expenses decreased primarily due to a decrease in net area demand and the average market price of purchased power, partially offset by an increase in deferred fuel expense due to fuel and purchased power expense increases in excess of fuel cost recovery revenues.

Other Income Statement Variances

Other income decreased primarily due to:

- a decrease of \$4.2 million in interest and dividend income related to the debt assumption agreement with Entergy Texas. Entergy Gulf States Louisiana remains primarily liable on this debt, of which \$699 million remained outstanding as of March 31, 2009 and \$1,079 million as of March 31, 2008;
- the cessation of carrying charges on storm restoration costs as a result of the Act 55 storm cost financing;
- a decrease in interest earned on decommissioning trust funds; and
- a decrease in interest earned on money pool investments.

The decrease is partially offset by distributions of \$4.7 million earned on preferred membership interests purchased from Entergy Holdings Company with the proceeds received from the Act 55 storm cost financings. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Hurricane Rita and Hurricane Katrina" and Note 2 to the financial statements in the Form 10-K for a discussion of the Act 55 storm cost financing.

Income Taxes

The effective income tax rate was 41.1% for the first quarter 2009 and 39.5% for the first quarter 2008. The difference in the effective income tax rate for the first quarter 2009 versus the federal statutory rate of 35% is primarily due to certain book and tax differences related to the utility plant items and state income taxes, partially offset by book and tax differences related to storm cost financing, flow through book and tax timing differences, book and tax differences related to allowance for equity funds used during construction, and the amortization of investment tax credits. The difference in the effective income tax rate for the first quarter 2008 versus the federal statutory rate of 35% is due to book and tax differences related to utility plant items and state income taxes, partially offset by flow-through book and tax timing differences and the amortization of investment tax credits.

Liquidity and Capital Resources

Cash Flow

Cash flows for the first quarters of 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|----------------|-----------|
| | (In Thousands) | |
| Cash and cash equivalents at beginning of period | \$49,303 | \$108,036 |
| Cash flow provided by (used in): | | |
| Operating activities | 38,818 | 64,214 |
| Investing activities | (54,820) | (121,392) |
| Financing activities | (206) | (30,641) |
| Net decrease in cash and cash equivalents | (16,208) | (87,819) |
| Cash and cash equivalents at end of period | \$33,095 | \$20,217 |

Operating Activities

Net cash flow provided in operating activities decreased \$25.4 million for the first quarter 2009 compared to the first quarter 2008 primarily due to storm restoration spending resulting from Hurricane Gustav and Hurricane Ike and income tax payments of \$28 million in 2009 compared to income tax refunds of \$0.6 million in 2008, substantially offset by increased collection of fuel costs.

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Investing Activities

Net cash flow used in investing activities decreased \$66.6 million for the first quarter 2009 compared to the first quarter 2008 primarily due to:

- the purchase of the Calcasieu Generating Facility for \$56 million in March 2008. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of this purchase; and

- timing differences between nuclear fuel purchases and fuel trust reimbursements.

The decrease was partially offset by money pool activity. Increases in Entergy Gulf States Louisiana's receivable from the money pool are a use of cash flow, and Entergy Gulf States Louisiana's receivable from the money pool increased by \$9.2 million for the three months ended March 31, 2009 compared to decreasing by \$15.1 million for the three months ended March 31, 2008. The money pool is an inter-company borrowing arrangement designed to reduce Entergy subsidiaries' need for external short-term borrowings.

Financing Activities

Net cash flow used in financing activities decreased \$30.4 million for the first quarter 2009 compared to the first quarter 2008 primarily due to a decrease in common equity distributions.

Capital Structure

Entergy Gulf States Louisiana's capitalization is balanced between equity and debt, as shown in the following table.

The calculation below does not reduce the debt by the debt assumed by Entergy Texas (\$699 million as of March 31, 2009, and \$770 million as of December 31, 2008) because Entergy Gulf States Louisiana remains primarily liable on the debt.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 60.4% | 61.6% |
| Effect of subtracting cash from debt | 0.4% | 0.6% |
| Debt to capital | 60.8% | 62.2% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations and long-term debt, including the currently maturing portion. Capital consists of debt and members' equity. Net capital consists of capital less cash and cash equivalents. Entergy Gulf States Louisiana uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Gulf States Louisiana's financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Gulf States Louisiana's uses and sources of capital. Following are updates to the information provided in the Form 10-K.

Entergy Gulf States Louisiana's receivables from the money pool were as follows:

| March 31, 2009 | December 31, 2008 | March 31, 2008 | December 31, 2007 |
|-------------------|----------------------|-------------------|----------------------|
| (In Thousands) | | | |
| \$20,805 | \$11,589 | \$40,372 | \$55,509 |

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

As discussed in the Form 10-K, Entergy Gulf States Louisiana has a credit facility in the amount of \$100 million scheduled to expire in August 2012. No borrowings were outstanding under the facility as of March 31, 2009.

Little Gypsy Repowering Project

See the Form 10-K for a discussion of Entergy Louisiana's Little Gypsy repowering project. On March 11, 2009, the LPSC voted in favor of a motion directing Entergy Louisiana to temporarily suspend the repowering project and, based upon an analysis of the project's economic viability, to make a recommendation regarding whether to proceed with the project. This action was based upon a number of factors including the recent decline in natural gas prices, as well as environmental concerns, the unknown costs of carbon legislation and changes in the capital/financial markets.

On April 1, 2009, Entergy Louisiana complied with the LPSC's directive and recommended that the project be suspended for an extended period of time of three years or more. Entergy Louisiana estimates that its total costs for the project, if suspended, including actual spending to date and estimated contract cancellation costs, will be approximately \$300 million. Entergy Louisiana had obtained all major environmental permits required to begin construction. A longer-term suspension places these permits at risk and may adversely affect the project's economics and technological feasibility. The LPSC has not yet taken action on Entergy Louisiana's recommendation, and Entergy Louisiana filed with the LPSC on May 5, 2009, a motion requesting a ruling from the LPSC that the decision to suspend the project for an extended period of time is prudent, without prejudice to subsequent consideration of the prudence of Entergy Louisiana's management of the project and recovery of the project costs. Entergy Louisiana expects to make a filing later in 2009 with the LPSC regarding the recovery of project costs.

Pension Contributions

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on pension contributions.

Ouachita Power Plant

In August 2008, the LPSC issued an order approving an uncontested settlement between Entergy Gulf States Louisiana and the LPSC Staff authorizing Entergy Gulf States Louisiana's purchase, under a life-of-unit agreement, of one-third of the capacity and energy from the 789 MW Ouachita power plant, which Entergy Arkansas acquired on September 30, 2008. The LPSC's approval was subject to certain conditions, including a study to determine the costs and benefits of Entergy Gulf States Louisiana exercising an option to purchase one-third of the plant (Unit 3) from Entergy Arkansas. In April 2009, Entergy Gulf States Louisiana made a filing with the LPSC seeking approval of Entergy Gulf States Louisiana exercising its option to convert its purchased power agreement into the ownership interest in Unit 3 and a one-third interest in the Ouachita common facilities. Entergy Gulf States Louisiana estimates that the purchase price will be approximately \$72.6 million, subject to change based on several factors, including the timing of the closing. The filing also requests LPSC approval of the cost-recovery mechanism for the acquisition. In addition, in April 2009, Entergy Arkansas and Entergy Gulf States Louisiana filed with the FERC for its approval of the transaction. Both the LPSC filing and the FERC filing anticipate an August 31, 2009 closing date for the acquisition.

Jurisdictional Separation of Entergy Gulf States, Inc. into Entergy Gulf States Louisiana and Entergy Texas

See the Form 10-K for a discussion of the jurisdictional separation of Entergy Gulf States, Inc. into two vertically integrated utility companies, one operating under the sole retail jurisdiction of the PUCT, Entergy Texas, and the other operating under the sole retail jurisdiction of the LPSC, Entergy Gulf States Louisiana. Pursuant to the LPSC order

approving the jurisdictional separation plan, Entergy Gulf States Louisiana made two compliance filings in 2008. On March 31, 2008, Entergy Gulf States Louisiana made its jurisdictional separation plan balance

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sheet compliance filing with the LPSC. On June 11, 2008, Entergy Gulf States Louisiana made its revenue and expense compliance filing. On December 29, 2008, the LPSC staff filed a motion with the LPSC seeking resolution of certain issues in the proceeding, and a hearing on these matters was scheduled to be held in April 2009. That hearing has been continued and is now scheduled to be held in July 2009.

State and Local Rate Regulation

See

"**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation**" in the Form 10-K for a discussion of state and local rate regulation. Following are updates to the information provided in the Form 10-K.

In January 2009, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ending September 30, 2008. The filing showed a revenue deficiency of \$529 thousand based on a return on common equity mid-point of 10.5%. In April 2009, Entergy Gulf States Louisiana implemented a \$255 thousand rate increase pursuant to an uncontested settlement with the LPSC staff.

Federal Regulation

See "System Agreement Proceedings" and "Independent Coordinator of Transmission" in Entergy Corporation and Subsidiaries' Management's Financial Discussion and Analysis for updates to the discussion in the Form 10-K.

Industrial and Commercial Customers

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Industrial and Commercial Customers**" in the Form 10-K for a discussion of industrial and commercial customers.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Gulf States Louisiana's

accounting for nuclear decommissioning costs, the application of SFAS 71, unbilled revenue, and qualified pension and other postretirement benefits.

Qualified Pension and Other Postretirement Benefits

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries' Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
INCOME STATEMENTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|----------------|
| | (In Thousands) | |
| OPERATING REVENUES | | |
| Electric | \$459,005 | \$520,296 |
| Natural gas | 29,900 | 38,268 |
| TOTAL | 488,905 | 558,564 |
| OPERATING EXPENSES | | |
| Operation and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 107,991 | 25,722 |
| Purchased power | 179,942 | 331,806 |
| Nuclear refueling outage expenses | 5,235 | 3,699 |
| Other operation and maintenance | 79,752 | 79,477 |
| Decommissioning | 3,295 | 3,039 |
| Taxes other than income taxes | 17,723 | 17,282 |
| Depreciation and amortization | 33,260 | 33,126 |
| Other regulatory charges - net | 4,882 | 5,546 |
| | 432,080 | 499,697 |
| OPERATING INCOME | 56,825 | 58,867 |
| OTHER INCOME | | |
| Allowance for equity funds used during construction | 2,272 | 1,693 |
| Interest and dividend income | 18,238 | 22,808 |
| Miscellaneous - net | (1,392) | (928) |
| TOTAL | 19,118 | 23,573 |

| INTEREST AND OTHER CHARGES | | |
|---|-----------------|-----------------|
| Interest on long-term debt | 29,026 | 31,766 |
| Other interest - net | 2,234 | 824 |
| Allowance for borrowed funds used during construction | (1,336) | (1,079) |
| TOTAL | 29,924 | 31,511 |
| | | |
| INCOME BEFORE INCOME TAXES | 46,019 | 50,929 |
| | | |
| Income taxes | 18,898 | 20,103 |
| | | |
| NET INCOME | 27,121 | 30,826 |
| | | |
| Preferred distribution requirements and other | 206 | 206 |
| | | |
| EARNINGS APPLICABLE TO COMMON EQUITY | \$26,915 | \$30,620 |

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|-------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$27,121 | \$30,826 |
| Adjustments to reconcile net income to net cash flow provided by operating activities: | | |
| Other regulatory charges - net | 4,882 | 5,546 |
| Depreciation, amortization, and decommissioning | 36,555 | 36,165 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | (17,870) | 45,885 |
| Changes in working capital: | | |
| Receivables | 68,525 | (69,806) |
| Fuel inventory | (4,663) | (10,278) |
| Accounts payable | (55,279) | 111,852 |
| Taxes accrued | 19,454 | - |
| Interest accrued | 1,924 | (995) |
| Deferred fuel costs | 20,501 | (45,841) |
| Other working capital accounts | 4,243 | (67,801) |
| Provision for estimated losses and reserves | (165) | 439 |
| Changes in other regulatory assets | (38,556) | 5,891 |

| | | |
|---|---------------|---------------|
| Other | (27,854) | 22,331 |
| Net cash flow provided by operating activities | 38,818 | 64,214 |

INVESTING ACTIVITIES

| | | |
|--|-----------------|------------------|
| Construction expenditures | (54,775) | (60,204) |
| Allowance for equity funds used during construction | 2,272 | 1,693 |
| Nuclear fuel purchases | (27) | (21,713) |
| Proceeds from sale/leaseback of nuclear fuel | 10,459 | - |
| Payment for purchase of plant | - | (56,409) |
| Investment in affiliates | 160 | - |
| Proceeds from nuclear decommissioning trust fund sales | 23,769 | 11,049 |
| Investment in nuclear decommissioning trust funds | (27,462) | (14,879) |
| Change in money pool receivable - net | (9,216) | 15,137 |
| Changes in other investments - net | - | 3,934 |
| Net cash flow used in investing activities | (54,820) | (121,392) |

FINANCING ACTIVITIES**Distributions paid:**

| | | |
|---|--------------|-----------------|
| Common equity | - | (30,400) |
| Preferred membership interests | (206) | (241) |
| Net cash flow used in financing activities | (206) | (30,641) |

| | | |
|--|-----------------|-----------------|
| Net decrease in cash and cash equivalents | (16,208) | (87,819) |
|--|-----------------|-----------------|

| | | |
|---|---------------|----------------|
| Cash and cash equivalents at beginning of period | 49,303 | 108,036 |
|---|---------------|----------------|

| | | |
|---|-----------------|-----------------|
| Cash and cash equivalents at end of period | \$33,095 | \$20,217 |
|---|-----------------|-----------------|

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid/(received) during the period for:

| | | |
|--------------------------------------|----------|----------|
| Interest - net of amount capitalized | \$28,592 | \$32,824 |
| Income taxes | \$27,937 | (\$621) |

Noncash financing activities:

| | | |
|--|----------|-----|
| Repayment by Entergy Texas of assumed long-term debt | \$70,825 | \$- |
|--|----------|-----|

See Notes to Financial Statements.

ENTERGY GULF STATES LOUISIANA, L.L.C.
BALANCE SHEETS

ASSETS**March 31, 2009 and December 31, 2008****(Unaudited)**

| | 2009 | 2008 |
|--|------------------|------------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Cash | \$178 | \$22,671 |
| Temporary cash investments | 32,917 | 26,632 |
| Total cash and cash equivalents | 33,095 | 49,303 |
| Accounts receivable: | | |
| Customer | 68,044 | 69,264 |
| Allowance for doubtful accounts | (1,441) | (1,230) |
| Associated companies | 146,175 | 179,217 |
| Other | 35,328 | 60,618 |
| Accrued unbilled revenues | 50,726 | 50,272 |
| Total accounts receivable | 298,832 | 358,141 |
| Accumulated deferred income taxes | 50,611 | 50,039 |
| Fuel inventory - at average cost | 38,414 | 33,751 |
| Materials and supplies - at average cost | 106,312 | 104,579 |
| Deferred nuclear refueling outage costs | 12,200 | 17,135 |
| Debt assumption by Entergy Texas | 100,509 | 100,509 |
| Prepayments and other | 8,708 | 6,381 |
| TOTAL | 648,681 | 719,838 |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investment in affiliate preferred membership interests | 189,400 | 189,560 |
| Decommissioning trust funds | 292,917 | 303,178 |
| Non-utility property - at cost (less accumulated depreciation) | 121,907 | 120,829 |
| Other | 13,574 | 13,245 |
| TOTAL | 617,798 | 626,812 |
| UTILITY PLANT | | |
| Electric | 6,518,827 | 6,402,668 |
| Natural gas | 107,788 | 106,125 |
| Construction work in progress | 101,147 | 201,544 |
| Nuclear fuel under capital lease | 133,518 | 140,689 |
| Nuclear fuel | 9,822 | 11,177 |
| TOTAL UTILITY PLANT | 6,871,102 | 6,862,203 |
| Less - accumulated depreciation and amortization | 3,564,414 | 3,560,458 |
| UTILITY PLANT - NET | 3,306,688 | 3,301,745 |
| DEFERRED DEBITS AND OTHER ASSETS | | |
| Regulatory assets: | | |
| SFAS 109 regulatory asset - net | 311,050 | 316,421 |
| Other regulatory assets | 302,186 | 287,912 |
| Deferred fuel costs | 100,124 | 100,124 |
| Long-term receivables | 21,564 | 21,558 |

| | | |
|----------------------------------|--------------------|--------------------|
| Debt assumption by Entergy Texas | 598,637 | 669,462 |
| Other | 15,406 | 13,089 |
| TOTAL | 1,348,967 | 1,408,566 |
| TOTAL ASSETS | \$5,922,134 | \$6,056,961 |

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
BALANCE SHEETS
LIABILITIES AND MEMBERS' EQUITY
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|------------------|
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Currently maturing long-term debt | \$219,470 | \$219,470 |
| Accounts payable: | | |
| Associated companies | 125,965 | 155,147 |
| Other | 91,527 | 162,319 |
| Customer deposits | 42,666 | 40,484 |
| Taxes accrued | 19,872 | 418 |
| Interest accrued | 32,036 | 30,112 |
| Deferred fuel costs | 112,477 | 91,976 |
| Obligations under capital leases | 24,368 | 24,368 |
| Pension and other postretirement liabilities | 7,593 | 7,479 |
| Gas hedge contracts | 22,904 | 20,184 |
| System agreement cost equalization | 67,000 | 67,000 |
| Other | 7,572 | 9,220 |
| TOTAL | 773,450 | 828,177 |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 1,284,531 | 1,308,449 |
| Accumulated deferred investment tax credits | 90,787 | 91,634 |
| Obligations under capital leases | 109,150 | 116,321 |
| Other regulatory liabilities | 29,615 | 22,007 |
| Decommissioning and asset retirement cost liabilities | 227,661 | 222,909 |
| Accumulated provisions | 13,731 | 13,896 |
| Pension and other postretirement liabilities | 186,365 | 188,390 |
| Long-term debt | 1,757,103 | 1,827,859 |
| Other | 90,286 | 105,176 |
| TOTAL | 3,789,229 | 3,896,641 |

Commitments and Contingencies

MEMBERS' EQUITY

| | | |
|---|------------------|------------------|
| Preferred membership interests without sinking fund | 10,000 | 10,000 |
| Members' equity | 1,379,318 | 1,352,408 |
| Accumulated other comprehensive loss | (29,863) | (30,265) |
| TOTAL | 1,359,455 | 1,332,143 |

TOTAL LIABILITIES AND MEMBERS' EQUITY

| | |
|-------------|-------------|
| \$5,922,134 | \$6,056,961 |
|-------------|-------------|

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
STATEMENTS OF MEMBERS' EQUITY AND COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | | 2008 | |
|--|-----------------------|----------|-------------|----------|
| | (In Thousands) | | | |
| MEMBERS' EQUITY | | | | |
| Members' Equity - Beginning of period | \$1,352,408 | | \$1,312,701 | |
| Add: | | | | |
| Net Income | 27,121 | \$27,121 | 30,826 | \$30,826 |
| Other | - | | 12 | |
| | 27,121 | | 30,838 | |
| Deduct: | | | | |
| Distributions declared on common equity | - | | 30,400 | |
| Distributions declared on preferred membership interests | 206 | 206 | 206 | 206 |
| Other | 5 | | - | |
| | 211 | | 30,606 | |
| Members' Equity - End of period | \$1,379,318 | | \$1,312,933 | |
| ACCUMULATED OTHER COMPREHENSIVE LOSS | | | | |
| (Net of Taxes): | | | | |
| Balance at beginning of period: | | | | |
| Pension and other postretirement liabilities | (\$30,265) | | (\$22,934) | |
| Pension and other postretirement liabilities (net of tax expense of \$436 and \$428) | 402 | 402 | 329 | 329 |

Balance at end of period:

| | | | | |
|--|------------|----------|------------|----------|
| Pension and other postretirement liabilities | (\$29,863) | | (\$22,605) | |
| Comprehensive Income | | \$27,317 | | \$30,949 |

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| Description | 2009 | 2008 | Increase/ (Decrease) | % |
|------------------------------|-----------------------|-------|-------------------------|------|
| | (Dollars In Millions) | | | |
| Electric Operating Revenues: | | | | |
| Residential | \$101 | \$115 | (\$14) | (12) |
| Commercial | 99 | 111 | (12) | (11) |
| Industrial | 112 | 153 | (41) | (27) |
| Governmental | 5 | 6 | (1) | (17) |
| Total retail | 317 | 385 | (68) | (18) |
| Sales for resale | | | | |
| Associated companies | 96 | 86 | 10 | 12 |
| Non-associated companies | 32 | 45 | (13) | (29) |
| Other | 14 | 4 | 10 | 250 |
| Total | \$459 | \$520 | (\$61) | (12) |
| Billed Electric Energy | | | | |
| Sales (GWh): | | | | |
| Residential | 1,056 | 1,091 | (35) | (3) |
| Commercial | 1,125 | 1,135 | (10) | (1) |
| Industrial | 1,660 | 2,137 | (477) | (22) |
| Governmental | 51 | 53 | (2) | (4) |
| Total retail | 3,892 | 4,416 | (524) | (12) |
| Sales for resale | | | | |
| Associated companies | 1,783 | 746 | 1,037 | 139 |
| Non-associated companies | 661 | 664 | (3) | - |
| Total | 6,336 | 5,826 | 510 | 9 |

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ENTERGY LOUISIANA, LLC

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Hurricane Gustav and Hurricane Ike

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Hurricane Gustav and Hurricane Ike" in the Form 10-K for a discussion of Hurricane Gustav (and, to a much lesser extent, Hurricane Ike), which caused catastrophic damage to Entergy Louisiana's service territory in September 2008. Entergy Louisiana expects to initiate its storm cost recovery proceedings with the LPSC in May 2009.

Results of Operations

Net Income

Net income increased \$16.9 million for the first quarter 2009 compared to the first quarter 2008 primarily due to higher other income and lower operation and maintenance expenses, partially offset by lower net revenue.

Net Revenue

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges. Following is an analysis of the change in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | Amount (In Millions) |
|-----------------------|-------------------------|
| 2008 net revenue | \$219.2 |
| Retail electric price | (17.3) |
| Volume/weather | 5.1 |
| Other | 4.9 |
| 2009 net revenue | \$211.9 |

The retail electric price variance is primarily due to:

- a credit passed on to customers as a result of the Act 55 storm cost financing; and
- a net decrease in the formula rate plan effective August 2008 to remove interim storm recovery upon the Act 55 financing of storm costs as well as the storm damage accrual. A portion of the decrease is offset in other operation and maintenance expenses. See Note 2 to the financial statements in the Form 10-K for further discussion of the formula rate plan.

Refer to "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Hurricane Rita and Hurricane Katrina" and Note 2 to the financial statements in the Form 10-K for a discussion of the interim recovery of storm costs and the Act 55 storm cost financing.

The volume/weather variance is primarily due to an increase in the average price of sales from the entire industrial sector as a result of a decrease in volume primarily in the lower-priced large industrial customer class. As volume

decreases in this particular industrial class, average price per KWh sold increases as there are fixed charges spread over less volume. Industrial sales volume decreased overall by 5.8%. Billed electricity usage decreased 224 GWh across all customer classes.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues decreased primarily due to a decrease of \$35.9 million in fuel cost recovery revenues due to lower fuel rates and decreased usage.

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Fuel and purchased power expenses decreased primarily due to a decrease in net area demand and decreases in the average market prices of natural gas and purchased power, partially offset by an increase in deferred fuel expense due to fuel and purchased power expense increases in excess of fuel cost recovery revenues.

Other Income Statement Variances

Other operation and maintenance expenses decreased primarily due to:

- a decrease of \$4.9 million in loss reserves for storm damage in 2009 because of the completion of the Act 55 storm cost financing;
- a decrease of \$3.6 million in payroll-related costs; and
- a decrease of \$3.1 million due to lower fossil plant outage expenses compared to 2008.

Other income increased primarily due to:

- distributions of \$13.6 million earned on preferred membership interests purchased from Entergy Holdings Company with the proceeds received from the Act 55 storm cost financings. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Hurricane Rita and Hurricane Katrina**" and Note 2 to the financial statements in the Form 10-K for a discussion of the Act 55 storm cost financing;
- an increase in the allowance for equity funds used during construction due to more construction work in progress in 2009; and
- carrying charges on storm restoration costs as provided for by the LPSC.

Income Taxes

The effective income tax rates for the first quarters of 2009 and 2008 were 25.1% and 44.5%, respectively. The difference in the effective income tax rate for the first quarter 2009 versus the federal statutory rate of 35.0% is primarily due to book and tax differences related to the storm cost financing and allowance for equity funds used during construction, partially offset by certain book and tax differences related to utility plant items and state income taxes. The difference in the effective income tax rate for the first quarter 2008 versus the federal statutory rate of 35.0% is primarily due to certain book and tax differences related to utility plant items, state income taxes, and a federal tax reserve adjustment, partially offset by book and tax differences related to the allowance for equity funds used during construction and the amortization of investment tax credits.

Liquidity and Capital Resources

Cash Flow

Cash flows for the first quarters of 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|----------------|----------|
| | (In Thousands) | |
| Cash and cash equivalents at beginning of period | \$138,918 | \$300 |
| Cash flow provided by (used in): | | |
| Operating activities | 41,503 | 29,049 |
| Investing activities | (95,845) | (72,029) |
| Financing activities | (11,235) | 43,210 |
| Net increase (decrease) in cash and cash equivalents | (65,577) | 230 |
| Cash and cash equivalents at end of period | \$73,341 | \$530 |

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Operating Activities

Cash flow provided by operating activities increased \$12.5 million for the first quarter 2009 compared to the first quarter 2008 primarily due to increased recovery of fuel costs and income tax refunds of \$31.0 million in 2009 compared to income tax payments of \$1.3 million in 2008, almost entirely offset by storm restoration spending caused by Hurricane Gustav.

Investing Activities

Net cash flow used in investing activities increased \$23.8 million for the first quarter 2009 compared to the first quarter 2008 primarily due to increased construction expenditures in 2009 due to Hurricane Gustav and the Little Gypsy Unit 3 repowering project, partially offset by money pool activity.

Decreases in Entergy Louisiana's receivable from the money pool is a source of cash flow, and Entergy Louisiana's receivable from the money pool decreased \$14.5 million in the first quarter 2009. The money pool is an inter-company borrowing arrangement designed to reduce Entergy's subsidiaries need for external short-term borrowings.

Financing Activities

Entergy Louisiana's financing activities used \$11.2 million of cash for the first quarter 2009 compared to providing \$43.2 million of cash for the first quarter 2008 primarily due to money pool activity and a principal payment of \$6.6 million in 2009 for the Waterford 3 sale-leaseback obligation.

Increases in Entergy Louisiana's payable to the money pool is a source of cash flow, and Entergy Louisiana's payable to the money pool increased by \$44.7 million for the first quarter 2008.

Capital Structure

Entergy Louisiana's capitalization is balanced between equity and debt, as shown in the following table.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 44.0% | 43.6% |
| Effect of subtracting cash from debt | 1.3% | 2.5% |
| Debt to capital | 45.3% | 46.1% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt and members' equity. Net capital consists of capital less cash and cash equivalents. Entergy Louisiana uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Louisiana's financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Louisiana's uses and sources of capital. Following are updates to the discussion in the Form 10-K.

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Entergy Louisiana's receivables from or (payables to) the money pool were as follows:

| March 31, 2009 | December 31, 2008 | March 31, 2008 | December 31, 2007 |
|-------------------|----------------------|-------------------|----------------------|
| (In Thousands) | | | |
| \$46,784 | \$61,236 | (\$47,460) | (\$2,791) |

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

As discussed in the Form 10-K, Entergy Louisiana has a credit facility in the amount of \$200 million scheduled to expire in August 2012. No borrowings were outstanding under the facility as of March 31, 2009.

Little Gypsy Repowering Project

See the Form 10-K for a discussion of Entergy Louisiana's Little Gypsy repowering project. On March 11, 2009, the LPSC voted in favor of a motion directing Entergy Louisiana to temporarily suspend the repowering project and, based upon an analysis of the project's economic viability, to make a recommendation regarding whether to proceed with the project. This action was based upon a number of factors including the recent decline in natural gas prices, as well as environmental concerns, the unknown costs of carbon legislation and changes in the capital/financial markets.

On April 1, 2009, Entergy Louisiana complied with the LPSC's directive and recommended that the project be suspended for an extended period of time of three years or more. Entergy Louisiana estimates that its total costs for the project, if suspended, including actual spending to date and estimated contract cancellation costs, will be approximately \$300 million. Entergy Louisiana had obtained all major environmental permits required to begin construction. A longer-term suspension places these permits at risk and may adversely affect the project's economics and technological feasibility. The LPSC has not yet taken action on Entergy Louisiana's recommendation, and Entergy Louisiana filed with the LPSC on May 5, 2009, a motion requesting a ruling from the LPSC that the decision to

suspend the project for an extended period of time is prudent, without prejudice to subsequent consideration of the prudence of Entergy Louisiana's management of the project and recovery of the project costs. Entergy Louisiana expects to make a filing later in 2009 with the LPSC regarding the recovery of project costs.

Pension Contributions

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on pension contributions.

State and Local Rate Regulation

See

"**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation**" in the Form 10-K for a discussion of state and local rate regulation. Following are updates to the information provided in the Form 10-K.

In May 2007, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2006 test year, indicating a 7.6% earned return on common equity. That filing included Entergy Louisiana's request to recover \$39.8 million in unrecovered fixed costs associated with the loss of customers that resulted from Hurricane Katrina, a request that was reduced to \$31.7 million. In September 2007, Entergy Louisiana modified its formula rate plan filing to reflect its implementation of certain adjustments proposed by the LPSC Staff in its review of Entergy Louisiana's original filing with which Entergy Louisiana agreed, and to reflect its implementation of an \$18.4 million annual formula rate plan increase comprised of (1) a \$23.8 million increase representing 60% of Entergy Louisiana's revenue deficiency, and (2) a \$5.4 million decrease for reduced incremental and deferred capacity costs. The LPSC authorized Entergy Louisiana to defer for accounting purposes the difference between its \$39.8 million claim, now at \$31.7 million, for unrecovered fixed costs and 60% of the revenue deficiency to preserve

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Entergy Louisiana's right to pursue that claim in full during the formula rate plan proceeding. In October 2007, Entergy Louisiana implemented a \$7.1 million formula rate plan decrease that was due primarily to the reclassification of certain franchise fees from base rates to collection via a line item on customer bills pursuant to an LPSC Order. The LPSC staff and intervenors recommended disallowance of certain costs included in Entergy Louisiana's filing. Entergy Louisiana disagrees with the majority of the proposed disallowances and a hearing on the disputed issues was held in late-September/early-October 2008. In March 2009 the ALJ issued a proposed recommendation, which does not allow recovery of the unrecovered fixed costs and also disallows recovery of all costs associated with Entergy's stock option plan. Entergy Louisiana has filed exceptions to the ALJ's proposed recommendation.

Federal Regulation

See "**System Agreement Proceedings**" and "**Independent Coordinator of Transmission**" in the "**Rate, Cost-recovery, and Other Regulation**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the discussion in the Form 10-K.

Utility Restructuring

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Utility Restructuring" in the Form 10-K for a discussion of utility restructuring.

Industrial and Commercial Customers

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Industrial and Commercial Customers" in the Form 10-K for a discussion of industrial and commercial customers.

Nuclear Matters

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Louisiana's accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits.

Qualified Pension and Other Postretirement Benefits

See the "Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "New Accounting Pronouncements" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

ENTERGY LOUISIANA, LLC
INCOME STATEMENTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---------------------------|----------------|-----------|
| | (In Thousands) | |
| OPERATING REVENUES | | |
| Electric | \$529,257 | \$564,744 |

OPERATING EXPENSES

| | | |
|---|-----------------|-----------------|
| Operation and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 134,574 | 112,995 |
| Purchased power | 176,522 | 222,527 |
| Nuclear refueling outage expenses | 5,594 | 4,503 |
| Other operation and maintenance | 93,642 | 100,872 |
| Decommissioning | 5,202 | 4,844 |
| Taxes other than income taxes | 16,644 | 14,741 |
| Depreciation and amortization | 49,447 | 47,060 |
| Other regulatory charges - net | 6,255 | 9,983 |
| TOTAL | 487,880 | 517,525 |
| OPERATING INCOME | 41,377 | 47,219 |
| OTHER INCOME | | |
| Allowance for equity funds used during construction | 7,446 | 3,257 |
| Interest and dividend income | 21,513 | 4,749 |
| Miscellaneous - net | (773) | (1,213) |
| TOTAL | 28,186 | 6,793 |
| INTEREST AND OTHER CHARGES | | |
| Interest on long-term debt | 23,407 | 19,555 |
| Other interest - net | 2,160 | 1,155 |
| Allowance for borrowed funds used during construction | (4,810) | (1,997) |
| TOTAL | 20,757 | 18,713 |
| INCOME BEFORE INCOME TAXES | 48,806 | 35,299 |
| Income taxes | 12,268 | 15,703 |
| NET INCOME | 36,538 | 19,596 |
| Preferred dividend requirements and other | 1,738 | 1,738 |
| EARNINGS APPLICABLE TO COMMON EQUITY | \$34,800 | \$17,858 |

See Notes to Financial Statements.

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ENTERGY LOUISIANA, LLC
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|---------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$36,538 | \$19,596 |
| Adjustments to reconcile net income to net cash flow provided by operating activities: | | |
| Other regulatory charges - net | 6,255 | 9,983 |
| Depreciation, amortization, and decommissioning | 54,649 | 51,904 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | 56,390 | 7,407 |
| Changes in working capital: | | |
| Receivables | 45,195 | 23,570 |
| Accounts payable | (56,547) | (25,241) |
| Taxes accrued | 254 | 26,052 |
| Interest accrued | (14,682) | (8,215) |
| Deferred fuel costs | 5,779 | (65,003) |
| Other working capital accounts | 21,877 | (38,510) |
| Provision for estimated losses and reserves | 8,592 | (3) |
| Changes in other regulatory assets | (143,715) | 6,272 |
| Other | 20,918 | 21,237 |
| Net cash flow provided by operating activities | 41,503 | 29,049 |
| INVESTING ACTIVITIES | | |
| Construction expenditures | (115,970) | (75,244) |
| Allowance for equity funds used during construction | 7,446 | 3,257 |
| Nuclear fuel purchases | - | (50,096) |

| | | |
|--|-----------------|-----------------|
| Proceeds from the sale/leaseback of nuclear fuel | - | 52,482 |
| Investment in affiliates | 159 | - |
| Proceeds from nuclear decommissioning trust fund sales | 10,223 | 5,169 |
| Investment in nuclear decommissioning trust funds | (12,652) | (7,597) |
| Change in money pool receivable - net | 14,452 | - |
| Changes in other investments - net | 497 | - |
| Net cash flow used in investing activities | (95,845) | (72,029) |

FINANCING ACTIVITIES

| | | |
|---|-----------------|---------------|
| Retirement of long-term debt | (6,597) | - |
| Change in money pool payable - net | - | 44,669 |
| Distributions paid: | | |
| Common stock | (2,900) | - |
| Preferred membership interests | (1,738) | (1,459) |
| Net cash flow provided by (used in) financing activities | (11,235) | 43,210 |
| Net increase (decrease) in cash and cash equivalents | (65,577) | 230 |
| Cash and cash equivalents at beginning of period | 138,918 | 300 |
| Cash and cash equivalents at end of period | \$73,341 | \$530 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid/(received) during the period for:

| | | |
|--------------------------------------|------------|----------|
| Interest - net of amount capitalized | \$39,421 | \$28,041 |
| Income taxes | (\$31,044) | \$1,250 |

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC
BALANCE SHEETS
ASSETS
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|---------------------------------|-----------------------|-------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Cash | \$499 | \$ - |
| Temporary cash investments | 72,842 | 138,918 |
| Total cash and cash equivalents | 73,341 | 138,918 |
| Accounts receivable: | | |

| | | |
|--|----------------|----------------|
| Customer | 90,722 | 127,765 |
| Allowance for doubtful accounts | (1,694) | (1,698) |
| Associated companies | 227,860 | 244,575 |
| Other | 9,712 | 11,271 |
| Accrued unbilled revenues | 63,178 | 67,512 |
| Total accounts receivable | 389,778 | 449,425 |
| Accumulated deferred income taxes | 69,353 | 66,229 |
| Materials and supplies - at average cost | 123,371 | 128,388 |
| Deferred nuclear refueling outage costs | 14,196 | 19,962 |
| Prepayments and other | 10,598 | 10,046 |
| TOTAL | 680,637 | 812,968 |

**OTHER PROPERTY AND
INVESTMENTS**

| | | |
|--|----------------|----------------|
| Investment in affiliate preferred membership interests | 544,995 | 545,154 |
| Decommissioning trust funds | 172,458 | 180,862 |
| Non-utility property - at cost (less accumulated depreciation) | 1,260 | 1,306 |
| Note receivable - Entergy New Orleans | 9,353 | 9,353 |
| Other | 1,308 | 1,805 |
| TOTAL | 729,374 | 738,480 |

UTILITY PLANT

| | | |
|--|------------------|------------------|
| Electric | 6,843,524 | 6,734,732 |
| Property under capital lease | 256,348 | 256,348 |
| Construction work in progress | 583,561 | 602,070 |
| Nuclear fuel under capital lease | 61,137 | 74,197 |
| TOTAL UTILITY PLANT | 7,744,570 | 7,667,347 |
| Less - accumulated depreciation and amortization | 3,271,393 | 3,245,701 |
| UTILITY PLANT - NET | 4,473,177 | 4,421,646 |

**DEFERRED DEBITS AND OTHER
ASSETS**

| | | |
|---------------------------------|--------------------|--------------------|
| Regulatory assets: | | |
| SFAS 109 regulatory asset - net | 127,937 | 107,596 |
| Other regulatory assets | 551,027 | 515,053 |
| Deferred fuel costs | 67,998 | 67,998 |
| Long-term receivables | 1,209 | 1,209 |
| Other | 21,938 | 20,218 |
| TOTAL | 770,109 | 712,074 |
| TOTAL ASSETS | \$6,653,297 | \$6,685,168 |

See Notes to Financial Statements.

LIABILITIES AND MEMBERS' EQUITY
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|--------------------|
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Currently maturing long-term debt | \$17,326 | \$ - |
| Accounts payable: | | |
| Associated companies | 49,324 | 67,465 |
| Other | 115,263 | 254,055 |
| Customer deposits | 80,371 | 78,401 |
| Taxes accrued | 25,947 | 25,693 |
| Interest accrued | 23,598 | 38,280 |
| Deferred fuel costs | 97,342 | 91,563 |
| Obligations under capital leases | 38,362 | 38,362 |
| Pension and other postretirement liabilities | 9,044 | 8,935 |
| System agreement cost equalization | 156,000 | 156,000 |
| Gas hedge contracts | 39,884 | 26,668 |
| Other | 30,192 | 33,841 |
| TOTAL | 682,653 | 819,263 |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 2,018,306 | 1,940,065 |
| Accumulated deferred investment tax credits | 82,048 | 82,848 |
| Obligations under capital leases | 22,782 | 35,843 |
| Other regulatory liabilities | 59,191 | 43,562 |
| Decommissioning | 282,041 | 276,839 |
| Accumulated provisions | 28,508 | 19,916 |
| Pension and other postretirement liabilities | 283,615 | 282,683 |
| Long-term debt | 1,363,558 | 1,387,473 |
| Other | 92,139 | 88,838 |
| TOTAL | 4,232,188 | 4,158,067 |
| Commitments and Contingencies | | |
| MEMBERS' EQUITY | | |
| Preferred membership interests without sinking fund | 100,000 | 100,000 |
| Members' equity | 1,662,253 | 1,632,053 |
| Accumulated other comprehensive loss | (23,797) | (24,215) |
| TOTAL | 1,738,456 | 1,707,838 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$6,653,297 | \$6,685,168 |

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC
STATEMENTS OF MEMBERS' EQUITY AND COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | | 2008 | |
|--|-----------------------|----------|-------------|----------|
| | (In Thousands) | | | |
| MEMBERS' EQUITY | | | | |
| Members' Equity - Beginning of period | \$1,632,053 | | \$1,481,509 | |
| Add: | | | | |
| Net income | 36,538 | \$36,538 | 19,596 | \$19,596 |
| | 36,538 | | 19,596 | |
| Deduct: | | | | |
| Distributions declared: | | | | |
| Preferred membership interests | 1,738 | 1,738 | 1,738 | 1,738 |
| Common equity | 4,600 | | - | |
| | 6,338 | | 1,738 | |
| Members' Equity - End of period | \$1,662,253 | | \$1,499,367 | |
| ACCUMULATED OTHER COMPREHENSIVE | | | | |
| LOSS (Net of Taxes): | | | | |
| Balance at beginning of period: | | | | |
| Pension and other postretirement liabilities | (\$24,215) | | (\$27,968) | |
| Pension and other postretirement liabilities (net of tax expense of \$348 and \$409) | 418 | 418 | 482 | 482 |
| Balance at end of period: | | | | |
| Pension and other postretirement liabilities | (\$23,797) | | (\$27,486) | |
| Comprehensive Income | | \$35,218 | | \$18,340 |

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| Description | 2009 | 2008 | Increase/ (Decrease) | % |
|------------------------------|-----------------------|-------|-------------------------|------|
| | (Dollars In Millions) | | | |
| Electric Operating Revenues: | | | | |
| Residential | \$164 | \$182 | (\$18) | (10) |
| Commercial | 118 | 128 | (10) | (8) |
| Industrial | 184 | 205 | (21) | (10) |
| Governmental | 10 | 11 | (1) | (9) |
| Total retail | 476 | 526 | (50) | (10) |
| Sales for resale | | | | |
| Associated companies | 32 | 31 | 1 | 3 |
| Non-associated companies | 2 | 2 | - | - |
| Other | 19 | 6 | 13 | 217 |
| Total | \$529 | \$565 | (\$36) | (6) |
| Billed Electric Energy | | | | |
| Sales (GWh): | | | | |
| Residential | 1,931 | 1,970 | (39) | (2) |
| Commercial | 1,312 | 1,308 | 4 | - |
| Industrial | 3,043 | 3,230 | (187) | (6) |
| Governmental | 115 | 117 | (2) | (2) |
| Total retail | 6,401 | 6,625 | (224) | (3) |
| Sales for resale | | | | |
| Associated companies | 349 | 480 | (131) | (27) |
| Non-associated companies | 55 | 23 | 32 | 139 |
| Total | 6,805 | 7,128 | (323) | (5) |

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MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

Net income increased slightly, by \$0.6 million, for the first quarter 2009 compared to the first quarter 2008 primarily due to higher net revenue, lower other operation and maintenance expenses, and a lower effective income tax rate, substantially offset by higher taxes other than income taxes.

Net Revenue

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | Amount (In Millions) |
|-----------------------|-------------------------|
| 2008 net revenue | \$105.5 |
| Retail electric price | 1.9 |
| Net wholesale revenue | 1.0 |
| Volume/weather | (4.1) |
| Other | 2.4 |
| 2009 net revenue | \$106.7 |

The retail electric price variance is primarily due to an increase in the Attala power plant costs that are recovered through the power management rider. The net income effect of this recovery is limited to a portion representing an allowed return on equity with the remainder offset by Attala power plant costs in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes.

The net wholesale revenue variance is primarily due to a change in a contract with a wholesale customer that increased the volume in its monthly demand charge.

The volume/weather variance is primarily due to decreased electricity usage in the industrial sector. Billed electricity usage decreased a total of 148 GWh primarily in the industrial sector.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges (credits)

Gross operating revenues decreased primarily due to:

- a decrease of \$31.7 million due to lower power management rider revenue; and
- a decrease of \$14.3 million in gross wholesale revenues primarily due to a decrease in net generation and purchases in excess of decreased net area demand resulting in less energy available for resale sales.

These decreases were partially offset by an increase of \$19.3 million in fuel recovery revenues due to an increase in the energy cost recovery rider.

Fuel and purchased power expenses increased primarily due to an increase in deferred fuel expenses due to a higher energy cost recovery rate, significantly offset by decreases in the average market prices of natural gas and purchased power.

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Other regulatory charges decreased primarily due to decreased recovery of costs associated with the power management recovery rider and decreased recovery through the Grand Gulf Rider of Grand Gulf capacity costs due to lower rates and decreased usage. There is no material effect on net income due to quarterly adjustments to the power management recovery rider.

Other Income Statement Variances

Other operation and maintenance expenses decreased primarily due to:

- a decrease of \$1.9 million in fossil expenses due to the timing of outages and lower plant maintenance costs; and
- a decrease of \$1.8 million due to payroll-related and benefit costs.

These decreases were partially offset by an increase of \$1.2 million in legal spending due to increased regulatory activity.

Taxes other than income taxes increased primarily due to a revision in January 2008 based on the receipt of information to finalize 2007 expense.

Income Taxes

The effective income tax rates for the first quarters 2009 and 2008 were 25.1% and 31.1%, respectively. The difference between the effective income tax rate for the first quarter 2009 versus the federal statutory rate of 35.0% is primarily due to a state income tax benefit resulting from a manufacturing credit in the first quarter 2009. The difference between the effective income tax rate for the first quarter 2008 versus the federal statutory rate of 35.0% is primarily due to book and tax differences related to the allowance for equity funds used during construction and the amortization of investment tax credits, partially offset by state income taxes.

Liquidity and Capital Resources

Cash Flow

Cash flows for the first quarters of 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|----------------|----------|
| | (In Thousands) | |
| Cash and cash equivalents at beginning of period | \$1,082 | \$40,582 |
| Cash flow provided by (used in): | | |
| Operating activities | 1,989 | (9,123) |
| Investing activities | (27,826) | (18,299) |
| Financing activities | 24,789 | (9,407) |

| | | |
|--|---------|----------|
| Net decrease in cash and cash equivalents | (1,048) | (36,829) |
| Cash and cash equivalents at end of period | \$34 | \$3,753 |

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Operating Activities

Entergy Mississippi's operating activities provided \$2.0 million in cash flow for the first quarter 2009 compared to using \$9.1 million in cash flow for the first quarter 2008 primarily due to increased recovery of fuel costs.

Investing Activities

Cash flow used in investing activities increased \$9.5 million for the first quarter 2009 compared to the first quarter 2008 primarily due to money pool activity.

Decreases in Entergy Mississippi's receivable from the money pool are a source of cash flow, and Entergy Mississippi's receivable from the money pool decreased by \$9.7 million in the first quarter 2008. The money pool is an inter-company borrowing arrangement designed to reduce Entergy's subsidiaries' need for external short-term borrowings.

Financing Activities

Entergy Mississippi's financing activities provided \$24.8 million in cash flow for the first quarter 2009 compared to using \$9.4 million in cash flow for the first quarter 2008 primarily due to borrowings of \$25 million on Entergy Mississippi's credit facility, a decrease of \$5.7 million in common stock dividends paid, and money pool activity.

Increases in Entergy Mississippi's payable to the money pool are a source of cash flow, and Entergy Mississippi's payable to the money pool increased by \$3.5 million in the first quarter 2009. The money pool is an inter-company borrowing arrangement designed to reduce Entergy's subsidiaries' need for external short-term borrowings.

Capital Structure

Entergy Mississippi's capitalization is balanced between equity and debt, as shown in the following table.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 50.3% | 49.5% |
| Effect of subtracting cash from debt | 0.0% | 0.0% |
| Debt to capital | 50.3% | 49.5% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, preferred stock without sinking fund, and shareholders' equity. Net capital consists of capital less cash and cash equivalents. Entergy Mississippi uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Mississippi's financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Mississippi's uses and sources of capital. Following are updates to the information presented in the Form 10-K.

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Entergy Mississippi's receivables from or (payables to) the money pool were as follows:

| March 31, 2009 | December 31, 2008 | March 31, 2008 | December 31, 2007 |
|-------------------|----------------------|-------------------|----------------------|
| (In Thousands) | | | |
| (\$69,540) | (\$66,044) | \$11,256 | \$20,997 |

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

As discussed in the Form 10-K, Entergy Mississippi has two separate credit facilities in the aggregate amount of \$50 million scheduled to expire in May 2009. Entergy Mississippi expects to renew both of its credit facilities prior to expiration. As of March 31, 2009, \$25 million was outstanding on the credit facilities.

Pension Contributions

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on pension contributions.

State and Local Rate Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation**" in the Form 10-K for a discussion of the formula rate plan and fuel and purchased power cost recovery. Following is an update to that discussion.

Formula Rate Plan

In March 2009, Entergy Mississippi made with the MPSC its annual scheduled formula rate plan filing for the 2008 test year. The filing reported a \$27.0 million revenue deficiency and an earned return on common equity of 7.41%. Based on the terms of the formula rate plan, Entergy Mississippi is requesting a \$14.5 million increase in annual electric revenues. The Mississippi Public Utilities Staff disputed the filing, which extends the resolution deadline to June 30, 2009.

Federal Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Federal Regulation**" in the Form 10-K for a discussion of "System Agreement Proceedings," "Transmission," and "Interconnection Orders."

Utility Restructuring

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Utility Restructuring**" in the Form 10-K for a discussion of utility restructuring.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Mississippi's accounting for unbilled revenue and qualified pension and other postretirement benefits.

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Qualified Pension and Other Postretirement Benefits

See the "Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "New Accounting Pronouncements" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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ENTERGY MISSISSIPPI, INC.

INCOME STATEMENTS

For the Three Months Ended March 31, 2009 and 2008

(Unaudited)

| | 2009 | 2008 |
|--|----------------|-----------|
| | (In Thousands) | |
| OPERATING REVENUES | | |
| Electric | \$261,705 | \$294,850 |
| OPERATING EXPENSES | | |
| Operation and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 100,898 | 78,764 |
| Purchased power | 95,269 | 96,099 |
| Other operation and maintenance | 50,143 | 51,106 |
| Taxes other than income taxes | 16,610 | 14,812 |
| Depreciation and amortization | 21,283 | 20,415 |
| Other regulatory charges (credits) - net | (41,147) | 14,485 |
| TOTAL | 243,056 | 275,681 |

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| | | |
|---|---------|---------|
| OPERATING INCOME | 18,649 | 19,169 |
| OTHER INCOME | | |
| Allowance for equity funds used during construction | 965 | 776 |
| Interest and dividend income | 226 | 210 |
| Miscellaneous - net | (507) | (661) |
| TOTAL | 684 | 325 |
| INTEREST AND OTHER CHARGES | | |
| Interest on long-term debt | 10,467 | 10,550 |
| Other interest - net | 1,154 | 1,136 |
| Allowance for borrowed funds used during construction | (617) | (435) |
| TOTAL | 11,004 | 11,251 |
| INCOME BEFORE INCOME TAXES | 8,329 | 8,243 |
| Income taxes | 2,091 | 2,564 |
| NET INCOME | 6,238 | 5,679 |
| Preferred dividend requirements and other | 707 | 707 |
| EARNINGS APPLICABLE TO COMMON STOCK | \$5,531 | \$4,972 |

See Notes to Financial Statements.

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ENTERGY MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|-------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$6,238 | \$5,679 |
| Adjustments to reconcile net income to net cash flow provided by (used in) | | |
| operating activities: | | |
| Other regulatory charges (credits) - net | (41,147) | 14,485 |
| Depreciation and amortization | 21,283 | 20,415 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | (3,202) | (13,210) |
| Changes in working capital: | | |
| Receivables | 28,491 | 7,259 |
| Fuel inventory | 1,095 | 474 |
| Accounts payable | (21,837) | (894) |
| Taxes accrued | (24,726) | (9,851) |
| Interest accrued | (3,494) | 1,741 |
| Deferred fuel costs | 45,154 | (29,538) |
| Other working capital accounts | 13,063 | (28,170) |
| Provision for estimated losses and reserves | 3,427 | 805 |
| Changes in other regulatory assets | (40,760) | 11,551 |
| Other | 18,404 | 10,131 |

| | | |
|---|-----------------|-----------------|
| Net cash flow provided by (used in) operating activities | 1,989 | (9,123) |
| INVESTING ACTIVITIES | | |
| Construction expenditures | (28,676) | (28,474) |
| Allowance for equity funds used during construction | 965 | 776 |
| Change in money pool receivable - net | - | 9,741 |
| Payment to storm reserve escrow account | (115) | (342) |
| Net cash flow used in investing activities | (27,826) | (18,299) |
| FINANCING ACTIVITIES | | |
| Change in money pool payable - net | 3,496 | - |
| Changes in credit borrowings - net | 25,000 | - |
| Dividends paid: | | |
| Common stock | (3,000) | (8,700) |
| Preferred stock | (707) | (707) |
| Net cash flow provided by (used in) financing activities | 24,789 | (9,407) |
| Net decrease in cash and cash equivalents | (1,048) | (36,829) |
| Cash and cash equivalents at beginning of period | 1,082 | 40,582 |
| Cash and cash equivalents at end of period | \$34 | \$3,753 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid/(received) during the period for: | | |
| Interest - net of amount capitalized | \$14,573 | \$9,419 |
| Income taxes | \$- | (\$1,025) |

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.
BALANCE SHEETS
ASSETS
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|---------------------------------|-----------------------|-------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Cash | \$24 | \$1,072 |
| Temporary cash investment | 10 | 10 |
| Total cash and cash equivalents | 34 | 1,082 |

| | | |
|--|------------------------|------------------------|
| Accounts receivable: | | |
| Customer | 56,203 | 76,503 |
| Allowance for doubtful accounts | (835) | (687) |
| Associated companies | 28,181 | 29,291 |
| Other | 11,716 | 11,675 |
| Accrued unbilled revenues | 28,477 | 35,451 |
| Total accounts receivable | 123,742 | 152,233 |
| Deferred fuel costs | - | 5,025 |
| Accumulated deferred income taxes | 14,961 | 19,335 |
| Fuel inventory - at average cost | 8,193 | 9,288 |
| Materials and supplies - at average cost | 31,513 | 31,921 |
| Prepayments and other | 6,287 | 6,290 |
| TOTAL | 184,730 | 225,174 |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investment in affiliates - at equity | 5,535 | 5,615 |
| Non-utility property - at cost (less accumulated depreciation) | 4,967 | 5,000 |
| Storm reserve escrow account | 31,807 | 31,692 |
| Note receivable - Entergy New Orleans | 7,610 | 7,610 |
| TOTAL | 49,919 | 49,917 |
| UTILITY PLANT | | |
| Electric | 2,981,533 | 2,951,636 |
| Property under capital lease | 7,466 | 7,806 |
| Construction work in progress | 74,869 | 81,959 |
| TOTAL UTILITY PLANT | 3,063,868 | 3,041,401 |
| Less - accumulated depreciation and amortization | 1,073,680 | 1,058,426 |
| UTILITY PLANT - NET | 1,990,188 | 1,982,975 |
| DEFERRED DEBITS AND OTHER ASSETS | | |
| Regulatory assets: | | |
| SFAS 109 regulatory asset - net | 27,087 | 23,693 |
| Other regulatory assets | 259,194 | 226,933 |
| Other | 22,566 | 19,451 |
| TOTAL | 308,847 | 270,077 |
| TOTAL ASSETS | \$2,533,684 | \$2,528,143 |

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.
BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY
March 31, 2009 and December 31, 2008
(Unaudited)

2009 **2008**
(In Thousands)

| CURRENT LIABILITIES | | |
|--|--------------------|--------------------|
| Notes payable | \$25,034 | \$34 |
| Accounts payable: | | |
| Associated companies | 113,637 | 115,842 |
| Other | 20,510 | 39,623 |
| Customer deposits | 60,075 | 58,517 |
| Taxes accrued | 16,170 | 40,896 |
| Interest accrued | 13,619 | 17,113 |
| Deferred fuel costs | 40,129 | - |
| System agreement cost equalization | 23,000 | 23,000 |
| Gas hedge contracts | 27,023 | 15,610 |
| Other | 5,054 | 5,373 |
| TOTAL | 344,251 | 316,008 |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 566,049 | 571,193 |
| Accumulated deferred investment tax credits | 8,333 | 8,605 |
| Obligations under capital lease | 6,059 | 6,418 |
| Other regulatory liabilities | - | 22,331 |
| Asset retirement cost liabilities | 4,854 | 4,784 |
| Accumulated provisions | 40,384 | 36,957 |
| Pension and other postretirement liabilities | 117,414 | 118,223 |
| Long-term debt | 695,346 | 695,330 |
| Other | 32,825 | 32,656 |
| TOTAL | 1,471,264 | 1,496,497 |
| Commitments and Contingencies | | |
| Preferred stock without sinking fund | 50,381 | 50,381 |
| SHAREHOLDERS' EQUITY | | |
| Common stock, no par value, authorized 12,000,000 shares; issued and outstanding 8,666,357 shares in 2009 and 2008 | 199,326 | 199,326 |
| Capital stock expense and other | (690) | (690) |
| Retained earnings | 469,152 | 466,621 |
| TOTAL | 667,788 | 665,257 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$2,533,684 | \$2,528,143 |

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, INC.
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| Description | 2009 | 2008 | Increase/ (Decrease) | % |
|------------------------------|-----------------------|--------|-------------------------|------|
| | (Dollars In Millions) | | | |
| Electric Operating Revenues: | | | | |
| Residential | \$ 107 | \$ 111 | (\$4) | (4) |
| Commercial | 93 | 99 | (6) | (6) |
| Industrial | 36 | 42 | (6) | (14) |
| Governmental | 9 | 10 | (1) | (10) |
| Total retail | 245 | 262 | (17) | (6) |
| Sales for resale | | | | |
| Associated companies | 5 | 20 | (15) | (75) |
| Non-associated companies | 7 | 6 | 1 | 17 |
| Other | 5 | 7 | (2) | (29) |
| Total | \$ 262 | \$ 295 | (\$33) | (11) |
| Billed Electric Energy | | | | |
| Sales (GWh): | | | | |
| Residential | 1,284 | 1,289 | (5) | - |
| Commercial | 1,071 | 1,097 | (26) | (2) |
| Industrial | 507 | 622 | (115) | (18) |
| Governmental | 93 | 95 | (2) | (2) |
| Total retail | 2,955 | 3,103 | (148) | (5) |
| Sales for resale | | | | |
| Associated companies | 20 | 181 | (161) | (89) |
| Non-associated companies | 71 | 36 | 35 | 97 |
| Total | 3,046 | 3,320 | (274) | (8) |

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ENTERGY NEW ORLEANS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

Net income decreased \$2.5 million in the first quarter 2009 compared to the first quarter 2008 primarily due to lower net revenue and higher other operation and maintenance expenses, partially offset by lower interest charges and a lower effective income tax rate in 2008.

Net Revenue

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the changes in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | Amount (In Millions) |
|--|-------------------------|
| 2008 net revenue | \$62.4 |
| Price applied to unbilled electric sales | (4.1) |
| Net gas revenue | (1.1) |
| Other | (1.4) |
| 2009 net revenue | \$55.8 |

The price applied to unbilled electric sales variance is due to a decrease in the fuel cost component of the price applied to unbilled sales. See Note 1 to the financial statements in the Form 10-K for further discussion of the accounting for unbilled revenues.

The net gas revenue variance is primarily due to decreased usage.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues decreased primarily due to:

- a decrease of \$5.7 million in affiliated wholesale revenue primarily due to a decrease in the average price of the energy available for resale sales;
- a decrease of \$5.6 million in gross gas revenues primarily due to lower fuel cost recovery revenues; and
- a decrease of \$4.1 million in the price applied to unbilled electric sales as discussed above.

Fuel and purchased power decreased primarily due to decreases in the average market prices of natural gas and purchased power.

Other Income Statement Variances

Other operation and maintenance expenses increased primarily due to litigation costs and legal fees associated with the Entergy New Orleans rate case.

Interest and other charges decreased primarily due to a reduction in the interest rate on notes payable issued to affiliates as part of Entergy New Orleans' plan of reorganization, as described more fully in Note 18 to the financial statements in the Form 10-K.

Income Taxes

The effective income tax rate was 39.4% for the first quarter 2009 and 48.8% for the first quarter 2008. The difference in the effective income tax rates for the first quarters of 2009 and 2008 versus the federal statutory rate of 35.0% is primarily due to certain book and tax differences related to utility plant items and state income taxes.

Liquidity and Capital Resources

Cash Flow

Cash flows for the first quarters of 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|----------------|----------|
| | (In Thousands) | |
| Cash and cash equivalents at beginning of period | \$137,444 | \$92,010 |
| Cash flow provided by (used in): | | |
| Operating activities | 17,714 | 5,212 |
| Investing activities | (31,834) | (71,413) |
| Financing activities | (3,741) | (482) |
| Net decrease in cash and cash equivalents | (17,861) | (66,683) |
| Cash and cash equivalents at end of period | \$119,583 | \$25,327 |

Operating Activities

Net cash flow provided by operating activities increased \$12.5 million for the first quarter 2009 compared to the first quarter 2008 primarily due to the timing of collections of receivables from customers and increased recovery of deferred fuel costs, partially offset by the timing of payments to vendors.

Investing Activities

Net cash used in investing activities decreased \$39.6 million for the first quarter 2009 compared to the first quarter 2008 primarily due to money pool activity and lower capital expenditures due to the timing of various projects.

Increases in Entergy New Orleans' receivable from the money pool are a use of cash flow, and Entergy New Orleans' receivable from the money pool increased by \$16.6 million in the first quarter 2009 compared to increasing \$47.0 million in the first quarter 2008.

Financing Activities

Net cash used in financing activities increased \$3.3 million for the first quarter 2009 compared to the first quarter 2008 primarily due to dividends paid on common stock.

Capital Structure

Entergy New Orleans' capitalization is shown in the following table. The increase in net debt to net capital ratio is primarily due to the decrease in cash and cash equivalents as a result of an increase in Entergy New Orleans' money pool receivable.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 39.7% | 37.0% |
| Effect of subtracting cash from debt | 14.3% | 17.1% |
| Debt to capital | 54.0% | 54.1% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and long-term debt, including the currently maturing portion. Capital consists of debt, preferred stock without sinking fund, and shareholders' equity. Net capital consists of capital less cash and cash equivalents. Entergy New Orleans uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy New Orleans' financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy New Orleans' uses and sources of capital. The following are updates to the Form 10-K.

Entergy New Orleans' receivables from the money pool were as follows:

| March 31, 2009 | December 31, 2008 | March 31, 2008 | December 31, 2007 |
|-------------------|----------------------|-------------------|----------------------|
| (In Thousands) | | | |
| \$76,700 | \$60,093 | \$94,689 | \$47,705 |

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Pension Contributions

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on pension contributions.

State and Local Rate Regulation

See

"**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation**" in the Form 10-K for a discussion of state and local rate regulation. Following are updates to the information provided in the Form 10-K.

Filings with the City Council

Retail Rates

As discussed in the Form 10-K, on July 31, 2008, Entergy New Orleans filed an electric and gas base rate case with the City Council. On April 2, 2009, the City Council approved a comprehensive settlement. The settlement provides for a total electric bill reduction of \$35.3 million, including conversion of the \$10.6 million voluntary recovery credit to a permanent reduction and complete realignment of Grand Gulf

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cost recovery from fuel to base rates, and a \$4.95 million gas rate increase, both effective June 1, 2009. A new three-year formula rate plan was also adopted, with terms including an 11.1% electric return on common equity (ROE) with a +/- 40 basis point bandwidth and a 10.75% gas ROE with a +/- 50 basis point bandwidth. Earnings outside the bandwidth reset to the midpoint ROE, with the difference flowing to customers or Entergy New Orleans depending on whether Entergy New Orleans is over or under-earning. The formula rate plan also includes a recovery mechanism for City Council-approved capacity additions, plus provisions for extraordinary cost changes and force majeure.

Fuel Adjustment Clause Litigation

See the Form 10-K for a discussion of the lawsuit filed by a group of ratepayers in April 1999 against Entergy New Orleans, Entergy Corporation, Entergy Services, and Entergy Power in state court in Orleans Parish purportedly on behalf of all Entergy New Orleans ratepayers. In February 2004, the City Council approved a resolution that resulted in a refund to customers of \$11.3 million, including interest, during the months of June through September 2004. In May 2005 the Civil District Court for the Parish of Orleans affirmed the City Council resolution, finding no support for the plaintiffs' claim that the refund amount should be higher. In June 2005, the plaintiffs appealed the Civil District Court decision to the Louisiana Fourth Circuit Court of Appeal. On February 25, 2008, the Fourth Circuit Court of Appeal issued a decision affirming in part, and reversing in part, the Civil District Court's decision. Although the Fourth Circuit Court of Appeal did not reverse any of the substantive findings and conclusions of the City Council or the Civil District Court, the Fourth Circuit found that the amount of the refund was arbitrary and capricious and increased the amount of the refund to \$34.3 million. In April 2009 the Louisiana Supreme Court reversed the decision of the Louisiana Fourth Circuit Court of Appeal and reinstated the decision of the Civil District Court. On April 17, 2009, the plaintiffs requested rehearing by the Louisiana Supreme Court.

Federal Regulation

See "System Agreement Proceedings" and "Independent Coordinator of Transmission" in the "**Federal Regulation**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the discussion in the Form 10-K.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy New Orleans' accounting for unbilled revenue and qualified pension and other postretirement benefits.

Qualified Pension and Other Postretirement Benefits

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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ENTERGY NEW ORLEANS, INC.
INCOME STATEMENTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|--|-----------------------|----------------|
| | (In Thousands) | |
| OPERATING REVENUES | | |
| Electric | \$126,944 | \$140,228 |
| Natural gas | 44,150 | 51,127 |
| TOTAL | 171,094 | 191,355 |
| OPERATING EXPENSES | | |
| Operation and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 68,028 | 79,898 |
| Purchased power | 47,277 | 48,011 |
| Other operation and maintenance | 26,209 | 24,820 |
| Taxes other than income taxes | 10,455 | 10,134 |
| Depreciation and amortization | 8,313 | 8,094 |
| Other regulatory charges (credits) - net | (46) | 1,030 |
| TOTAL | 160,236 | 171,987 |
| OPERATING INCOME | 10,858 | 19,368 |
| OTHER INCOME | | |
| Allowance for equity funds used during construction | 219 | 78 |
| Interest and dividend income | 1,782 | 2,354 |
| Miscellaneous - net | (257) | (762) |

| | | |
|---|---------|---------|
| TOTAL | 1,744 | 1,670 |
| INTEREST AND OTHER CHARGES | | |
| Interest on long-term debt | 2,911 | 3,242 |
| Other interest - net | 900 | 2,332 |
| Allowance for borrowed funds used during construction | (119) | (50) |
| TOTAL | 3,692 | 5,524 |
| INCOME BEFORE INCOME TAXES | 8,910 | 15,514 |
| Income taxes | 3,511 | 7,567 |
| NET INCOME | 5,399 | 7,947 |
| Preferred dividend requirements and other | 241 | 241 |
| EARNINGS APPLICABLE TO COMMON STOCK | \$5,158 | \$7,706 |

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|-----------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$5,399 | \$7,947 |
| Adjustments to reconcile net income to net cash flow provided by operating activities: | | |
| Other regulatory charges (credits) - net | (46) | 1,030 |
| Depreciation and amortization | 8,313 | 8,094 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | 15,631 | 11,702 |
| Changes in working capital: | | |
| Receivables | 17,020 | (13,306) |
| Fuel inventory | 4,787 | 3,727 |
| Accounts payable | (12,719) | 2,010 |
| Taxes accrued | (8,338) | (2,212) |
| Interest accrued | (1,984) | (2,165) |
| Deferred fuel costs | 6,240 | (8,509) |
| Other working capital accounts | (8,595) | (5,734) |
| Provision for estimated losses and reserves | (907) | 867 |
| Changes in other regulatory assets | (15,423) | 3,128 |
| Other | 8,336 | (1,367) |
| Net cash flow provided by operating activities | 17,714 | 5,212 |
| INVESTING ACTIVITIES | | |
| Construction expenditures | (13,752) | (22,760) |
| Allowance for equity funds used during construction | 219 | 78 |
| Change in money pool receivable - net | (16,607) | (46,984) |
| Changes in other investments - net | (1,694) | (1,747) |
| Net cash flow used in investing activities | (31,834) | (71,413) |
| FINANCING ACTIVITIES | | |
| Dividends paid: | | |
| Common stock | (3,500) | - |
| Preferred stock | (241) | (482) |
| Net cash flow used in financing activities | (3,741) | (482) |
| Net decrease in cash and cash equivalents | (17,861) | (66,683) |
| Cash and cash equivalents at beginning of period | 137,444 | 92,010 |
| Cash and cash equivalents at end of period | \$119,583 | \$25,327 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid (received) during the period for:

| | | |
|--------------------------------------|-----------|---------|
| Interest - net of amount capitalized | \$5,636 | \$7,552 |
| Income taxes | (\$3,212) | \$716 |

See Notes to Financial Statements.

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ENTERGY NEW ORLEANS, INC.
BALANCE SHEETS
ASSETS
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|--|----------------|----------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | | |
| Cash | \$164 | \$1,119 |
| Temporary cash investments | 119,419 | 136,325 |
| Total cash and cash equivalents | 119,583 | 137,444 |
| Accounts receivable: | | |
| Customer | 46,606 | 53,934 |
| Allowance for doubtful accounts | (1,133) | (1,112) |
| Associated companies | 85,423 | 70,608 |
| Other | 2,795 | 3,270 |
| Accrued unbilled revenues | 20,703 | 28,107 |
| Total accounts receivable | 154,394 | 154,807 |
| Deferred fuel costs | 15,587 | 21,827 |
| Fuel inventory - at average cost | 3,411 | 8,198 |
| Materials and supplies - at average cost | 9,888 | 9,472 |
| Prepayments and other | 10,069 | 4,483 |
| TOTAL | 312,932 | 336,231 |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investment in affiliates - at equity | 3,259 | 3,259 |
| Non-utility property at cost (less accumulated depreciation) | 1,016 | 1,016 |
| Other property and investments | 4,572 | 2,878 |
| TOTAL | 8,847 | 7,153 |
| UTILITY PLANT | | |
| Electric | 782,953 | 767,327 |
| Natural gas | 198,629 | 197,231 |

| | | |
|--|---------|---------|
| Construction work in progress | 7,461 | 22,314 |
| TOTAL UTILITY PLANT | 989,043 | 986,872 |
| Less - accumulated depreciation and amortization | 535,538 | 542,499 |
| UTILITY PLANT - NET | 453,505 | 444,373 |

**DEFERRED DEBITS AND OTHER
ASSETS**

| | | |
|-------------------------|-----------|-------------|
| Regulatory assets: | | |
| Other regulatory assets | 199,934 | 208,524 |
| Other | 7,882 | 7,254 |
| TOTAL | 207,816 | 215,778 |
| TOTAL ASSETS | \$983,100 | \$1,003,535 |

See Notes to Financial Statements.

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**ENTERGY NEW ORLEANS, INC.
BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY
March 31, 2009 and December 31, 2008
(Unaudited)**

| | 2009 | 2008 |
|---|----------------|----------|
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Accounts payable: | | |
| Associated companies | \$21,440 | \$24,523 |
| Other | 21,502 | 39,327 |
| Customer deposits | 19,413 | 18,944 |
| Taxes accrued | 12,008 | 20,346 |
| Accumulated deferred income taxes | 4,978 | 7,387 |
| Interest accrued | 1,946 | 3,930 |
| Other | 6,141 | 9,203 |
| TOTAL CURRENT LIABILITIES | 87,428 | 123,660 |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 140,987 | 112,827 |
| Accumulated deferred investment tax credits | 2,391 | 2,471 |
| SFAS 109 regulatory liability - net | 61,461 | 72,046 |
| Other regulatory liabilities | 11,441 | 12,040 |
| Retirement cost liability | 3,017 | 2,966 |
| Accumulated provisions | 9,702 | 10,609 |
| Pension and other postretirement liabilities | 48,446 | 49,322 |
| Long-term debt | 272,975 | 272,973 |
| Gas system rebuild insurance proceeds | 97,386 | 98,418 |

| | | |
|--------------------------------------|----------------|----------------|
| Other | 15,002 | 14,997 |
| TOTAL NON-CURRENT LIABILITIES | 662,808 | 648,669 |

Commitments and Contingencies

| | | |
|--------------------------------------|--------|--------|
| Preferred stock without sinking fund | 19,780 | 19,780 |
|--------------------------------------|--------|--------|

SHAREHOLDERS' EQUITY

Common stock, \$4 par value, authorized
10,000,000
shares; issued and outstanding 8,435,900 shares
in 2009

| | | |
|-------------------|----------------|----------------|
| and 2008 | 33,744 | 33,744 |
| Paid-in capital | 36,294 | 36,294 |
| Retained earnings | 143,046 | 141,388 |
| TOTAL | 213,084 | 211,426 |

**TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY**

| | | |
|--|-----------|-------------|
| | \$983,100 | \$1,003,535 |
|--|-----------|-------------|

See Notes to Financial Statements.

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ENTERGY NEW ORLEANS, INC.
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| Description | 2009 | 2008 | Increase/ (Decrease) | % |
|------------------------------|------------------------------|-------------|---------------------------------|----------|
| | (Dollars In Millions) | | | |
| Electric Operating Revenues: | | | | |
| Residential | \$35 | \$33 | \$2 | 6 |
| Commercial | 39 | 40 | (1) | (3) |
| Industrial | 9 | 10 | (1) | (10) |
| Governmental | 16 | 16 | - | - |
| Total retail | 99 | 99 | - | - |
| Sales for resale | | | | |
| Associated companies | 31 | 36 | (5) | (14) |
| Other | (3) | 5 | (8) | (160) |
| Total | \$127 | \$140 | (\$13) | (9) |

Billed Electric Energy

| | | | | |
|--------------------------|-------|-------|------|------|
| Sales (GWh): | | | | |
| Residential | 333 | 306 | 27 | 9 |
| Commercial | 405 | 408 | (3) | (1) |
| Industrial | 113 | 131 | (18) | (14) |
| Governmental | 182 | 178 | 4 | 2 |
| Total retail | 1,033 | 1,023 | 10 | 1 |
| Sales for resale | | | | |
| Associated companies | 488 | 326 | 162 | 50 |
| Non-associated companies | 8 | 3 | 5 | 167 |
| Total | 1,529 | 1,352 | 177 | 13 |

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ENTERGY TEXAS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Hurricane Ike

See the Form 10-K for a discussion of Hurricane Ike, which caused catastrophic damage to Entergy Texas' service territory in September 2008. In April 2009 a law was enacted in Texas that authorizes recovery of these types of costs by securitization. Entergy Texas filed its storm cost recovery case in April 2009 seeking a determination that \$577.5 million of Hurricane Ike restoration costs are recoverable, including estimated costs for work to be completed. Entergy Texas also expects to make a filing seeking approval to recover its approved costs, plus carrying costs, by securitization.

Results of Operations

Net Income

Net income decreased slightly by \$1.4 million for the first quarter 2009 compared to the first quarter 2008 primarily due to higher other operation and maintenance expenses, partially offset by higher other income.

Net Revenue

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses and 3) other regulatory charges. Following is an analysis of the change in net revenue comparing the first quarter 2009 to the first quarter 2008.

| | |
|-----------------------|-------------------------|
| | Amount (In Millions) |
| 2008 net revenue | \$97.6 |
| Retail electric price | 5.6 |

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| | |
|----------------------|--------|
| Reserve equalization | (2.3) |
| Other | (2.3) |
| 2009 net revenue | \$98.6 |

The retail electric price variance is primarily due to rate increases effective late-January 2009. See Note 2 to the financial statements for further discussion of the rate increases.

The reserve equalization variance is primarily due to increased reserve equalization expense related to changes in the Entergy System generation mix compared to the same period in 2008.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues increased primarily due to an increase of \$56.3 million in fuel cost recovery revenues primarily attributable to higher fuel rates and the interim fuel refund in the first quarter 2008. The interim refund and the PUCT approval is discussed in Note 2 to the financial statements in the Form 10-K. The increase was partially offset by a decrease of \$37.9 million in affiliated wholesale revenue due to a decrease in the average price of energy available for resale sales.

Fuel and purchased power expenses increased primarily due to an increase in deferred fuel expense as the result of higher fuel revenues as discussed above, partially offset by decreases in the average market prices of natural gas and purchased power.

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Other Income Statement Variances

Other operation and maintenance expenses increased primarily due to:

- an increase of \$2.6 million in payroll and payroll-related costs;
- an increase of \$1.3 million in local easement fees as the result of higher gross revenues; and
- an increase of \$1.2 million in transmission spending for transmission equalization expenses, costs related to the Independent Coordinator of Transmission, and costs related to vegetation maintenance.

Other income increased primarily due to:

- carrying charges on storm restoration costs as approved by the PUCT; and
- an increase in the allowance for equity funds used during construction due to more construction work in progress in the first quarter 2009 compared to the first quarter 2008 because of the effects of Hurricane Ike.

The increase was partially offset by a decrease in interest earned on money pool investments.

Income Taxes

The effective income tax rate was 38.4% for the first quarter 2009 and 36.9% for the first quarter 2008. The difference in the effective income tax rate for the first quarter 2009 versus the federal statutory rate of 35% is primarily due to state income taxes and a reserve on uncertain tax positions, substantially offset by book and tax differences related to the allowance for equity funds used during construction and the amortization of investment tax credits. The difference in the effective income tax rate for the first quarter 2008 versus the federal statutory rate of 35% is due to state income taxes, substantially offset by an adjustment of the federal income tax reserve for prior tax

years and the amortization of investment tax credits.

Liquidity and Capital Resources

Cash Flow

Cash flows for the first quarters 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|----------------|-----------|
| | (In Thousands) | |
| Cash and cash equivalents at beginning of period | \$2,239 | \$297,082 |
| Cash flow provided by (used in): | | |
| Operating activities | (93,941) | (32,790) |
| Investing activities | (60,383) | (64,937) |
| Financing activities | 152,405 | (150,000) |
| Net decrease in cash and cash equivalents | (1,919) | (247,727) |
| Cash and cash equivalents at end of period | \$320 | \$49,355 |

Operating Activities

Net cash flow used in operating activities increased \$61.2 million for the first quarter 2009 compared to the first quarter 2008 primarily due to Hurricane Ike restoration spending, partially offset by increased recovery of deferred fuel costs and the timing of the collection of receivables from customers. The increased fuel recovery was primarily caused by the \$71 million fuel cost over-recovery refund in 2008 that is discussed in Note 2 to the financial statements in the Form 10-K, in addition to the over-recovery of fuel costs in the first quarter 2009 compared to the first quarter 2008.

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Investing Activities

Net cash flow used in investing activities decreased \$4.6 million for the first quarter 2009 compared to the first quarter 2008 primarily due to money pool activity, partially offset by increased construction expenditures due to Hurricane Ike. Increases in Entergy Texas' receivable from the money pool is a use of cash flow, and Entergy Texas' receivable from the money pool increased by \$30.4 million in the first quarter 2008. The money pool is an inter-company borrowing arrangement designed to reduce Entergy's subsidiaries' need for external short-term borrowings.

Financing Activities

Financing activities provided cash of \$152.4 million for the first quarter 2009 compared to using cash of \$150 million for the first quarter 2008 primarily due to:

- the issuance of \$500 million of 7.125% Series Mortgage Bonds in January 2009; and
- \$150 million of capital returned to Entergy Corporation in February 2008 as discussed in the Form 10-K.

The cash provided was partially offset by:

- the repayment of Entergy Texas' \$160 million note payable from Entergy Corporation in January 2009;
- the repayment of \$100 million outstanding on Entergy Texas' credit facility in February 2009; and
- the retirement of \$70.8 million of long-term debt.

Capital Structure

Entergy Texas' capitalization is balanced between equity and debt, as shown in the following table. The increase in the debt to capital ratio for Entergy Texas as of March 31, 2009 is primarily due to the issuance of \$500 million 7.125% Series Mortgage Bonds in January 2009, partially offset by the repayment of Entergy Texas' \$160 million note payable from Entergy Corporation in January 2009, the repayment of \$100 million outstanding on Entergy Texas' credit facility in February 2009, the repayment of short-term borrowings under the Entergy System money pool, and the retirement of \$70.8 million of long-term debt prior to maturity.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 62.5% | 59.9% |
| Effect of subtracting cash from debt | 0.0% | 0.0% |
| Debt to capital | 62.5% | 59.9% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and long-term debt, including the currently maturing portion and also including the debt assumption liability. Capital consists of debt and shareholder's equity. Net capital consists of capital less cash and cash equivalents. Entergy Texas uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Texas' financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Texas' uses and sources of capital. Following are updates to the information provided in the Form 10-K.

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Entergy Texas' receivables from or (payables to) the money pool were as follows:

| March 31, 2009 | December 31, 2008 | March 31, 2008 | December 31, 2007 |
|-------------------|----------------------|-------------------|----------------------|
| (In Thousands) | | | |
| (\$41,703) | (\$50,794) | \$184,609 | \$154,176 |

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

As discussed in the Form 10-K, Entergy Texas has a credit facility in the amount of \$100 million scheduled to expire in August 2012. No borrowings were outstanding under the facility as of March 31, 2009.

In December 2008, Entergy Texas borrowed \$160 million from its parent company, Entergy Corporation, under a \$300 million revolving credit facility pursuant to an Inter-Company Credit Agreement between Entergy Corporation and Entergy Texas. This borrowing would have matured on December 3, 2013. Entergy Texas used these borrowings, together with other available corporate funds, to pay at maturity the portion of the \$350 million Floating Rate series of First Mortgage Bonds due December 2008 that had been assumed by Entergy Texas, and that bond series is no longer outstanding. In January 2009, Entergy Texas repaid its \$160 million note payable to Entergy Corporation with the proceeds from the bond issuance discussed below.

In January 2009, Entergy Texas issued \$500 million of 7.125% Series Mortgage Bonds due February 2019. Entergy Texas used a portion of the proceeds to repay its \$160 million note payable to Entergy Corporation, to repay the \$100 million outstanding on its credit facility, to repay short-term borrowings under the Entergy System money pool, and to repay prior to maturity the following obligations that had been assumed by Entergy Texas under the debt assumption agreement with Entergy Gulf States Louisiana:

| | Amount (In Thousands) |
|--|--------------------------|
| Governmental Bonds share assumed under debt assumption agreement: | |
| 6.75% Series due 2012, Calcasieu Parish | \$22,115 |
| 6.7% Series due 2013, Point Coupee Parish | \$7,990 |
| 7.0% Series due 2015, West Feliciana Parish | \$22,400 |
| 6.6% Series due 2028, West Feliciana Parish | \$18,320 |

Entergy Texas used the remaining proceeds for other general corporate purposes.

Pension Contributions

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on pension contributions.

Transition to Retail Competition in Texas

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Transition to Retail Competition in Texas**" in the Form 10-K for a discussion of transition to retail competition in Texas. On April 15, 2009, ERCOT filed an updated and revised study delineating the projects, and their costs, necessary to reliably interconnect Entergy Texas' service area with ERCOT. On April 29, 2009, Entergy Texas filed its updated transition to competition plan indicating that it is agreeable to either stay in the SERC Reliability Corporation or move to ERCOT, depending on the PUCT's policy direction. A prehearing conference is scheduled for May 11, 2009 to address the procedural schedule. In addition, legislation is pending in Texas addressing the transition to competition that could end Entergy Texas' efforts to continue the transition to competition process. The Texas legislature adjourns June 1, 2009.

State and Local Rate Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Transition to Retail Competition in Texas**" in the Form 10-K for a discussion of state and local rate regulation. Following are updates to that discussion.

Filings with the PUCT

In January 2008, Entergy Texas made a compliance filing with the PUCT describing how its 2007 Rough Production Cost Equalization receipts under the System Agreement were allocated between Entergy Gulf States, Inc.'s Texas and Louisiana jurisdictions. A hearing was held at the end of July 2008, and in October 2008 the ALJ issued a proposal for decision recommending an additional \$18.6 million allocation to Texas retail customers. The PUCT adopted the ALJ's proposal for decision in December 2008. Because the PUCT allocation to Texas retail customers is inconsistent with the LPSC allocation to Louisiana retail customers, adoption of the proposal for decision by the PUCT could result in trapped costs between the Texas and Louisiana jurisdictions with no mechanism for recovery. The PUCT denied Entergy Texas' motion for rehearing and Entergy Texas appealed the PUCT's decision to both the state and federal district courts. The Utility operating companies also filed with the FERC an amendment to the System Agreement bandwidth formula that would specifically calculate the payments to the Texas and Louisiana businesses of Entergy Gulf States, Inc. of the Rough Production Cost Equalization receipts that Entergy Gulf States, Inc. received during 2007. Several parties, including the LPSC, the City Council, certain Cities served by Entergy Texas, the PUCT, and the TIEC have filed oppositions to the proposed amendment arguing, among other things, that the FERC does not have jurisdiction to allocate the receipts/payments between retail jurisdictions, that any relief that Entergy Texas may be entitled to must be obtained through the court system and not through the FERC, and that the proposed amendments violate the rule against retroactive ratemaking. The Utility operating companies responded to the interventions and protests.

In May 2009, Entergy Texas filed with the PUCT a request to refund \$46.1 million, including interest, of fuel cost recovery over-collections through February 2009. Entergy Gulf States requested that the proposed refund be made over a four-month period beginning June 2009.

As discussed in the Form 10-K, Entergy Texas made a rate filing in September 2007 with the PUCT requesting an annual rate increase totaling \$107.5 million, including a base rate increase of \$64.3 million and riders totaling \$43.2 million. On December 16, 2008, Entergy Texas filed a term sheet that reflected a settlement agreement that included the PUCT Staff and the other active participants in the rate case. On December 19, 2008, the ALJs approved Entergy Texas' request to implement interim rates reflecting the agreement. The agreement includes a \$46.7 million base rate increase, among other provisions. Under the ALJs' interim order, Entergy Texas implemented interim rates, subject to refund and surcharge, reflecting the rates established through the settlement. These rates became effective with bills rendered on and after January 28, 2009, for usage on and after December 19, 2008. In addition, the existing recovery mechanism for incremental purchased power capacity costs ceased as of January 28, 2009, with purchased power capacity costs then subsumed within the base rates set in this proceeding. Certain Texas municipalities have exercised their original jurisdiction and taken final action to approve rates consistent with the interim rates approved by the ALJs. In March 2009, the PUCT approved the settlement, which makes the interim rates final, and the PUCT's decision is now final and non-appealable.

Federal Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Federal Regulation**" in the Form 10-K for a discussion of "System Agreement Proceedings," "Transmission," and "Interconnection Orders."

Industrial and Commercial Customers

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Industrial and Commercial Customers**" in the Form 10-K for a discussion of industrial and commercial customers.

Environmental Risks

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Texas' accounting for the application of SFAS 71, unbilled revenue, and qualified pension and other postretirement benefits.

Qualified Pension and Other Postretirement Benefits

See the "Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "New Accounting Pronouncements" section of Entergy Corporation and Subsidiaries' Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|--|-----------------------|----------------|
| | (In Thousands) | |
| OPERATING REVENUES | | |
| Electric | \$413,474 | \$397,042 |
| OPERATING EXPENSES | | |
| Operation and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 166,949 | 68,894 |
| Purchased power | 141,257 | 225,404 |
| Other operation and maintenance | 45,503 | 38,421 |
| Decommissioning | 48 | 45 |
| Taxes other than income taxes | 14,121 | 13,600 |
| Depreciation and amortization | 18,523 | 18,365 |
| Other regulatory charges - net | 6,621 | 5,179 |
| TOTAL | 393,022 | 369,908 |
| OPERATING INCOME | 20,452 | 27,134 |

OTHER INCOME

| | | |
|---|---------------|--------------|
| Allowance for equity funds used during construction | 2,370 | 576 |
| Interest and dividend income | 6,724 | 4,207 |
| Miscellaneous - net | 1,306 | 1,810 |
| TOTAL | 10,400 | 6,593 |

INTEREST AND OTHER CHARGES

| | | |
|---|---------------|---------------|
| Interest on long-term debt | 21,512 | 19,962 |
| Other interest - net | 294 | 1,877 |
| Allowance for borrowed funds used during construction | (1,188) | (327) |
| TOTAL | 20,618 | 21,512 |

| | | |
|-----------------------------------|---------------|---------------|
| INCOME BEFORE INCOME TAXES | 10,234 | 12,215 |
|-----------------------------------|---------------|---------------|

| | | |
|--------------|-------|-------|
| Income taxes | 3,931 | 4,503 |
|--------------|-------|-------|

| | | |
|-------------------|----------------|----------------|
| NET INCOME | \$6,303 | \$7,712 |
|-------------------|----------------|----------------|

See Notes to Financial Statements.

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(Unaudited)

| | 2009 | 2008 |
|---|-----------------|------------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$6,303 | \$7,712 |
| Adjustments to reconcile net income to net cash flow used in operating activities: | | |
| Other regulatory charges - net | 6,621 | 5,179 |
| Depreciation, amortization, and decommissioning | 18,571 | 18,410 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | 26,944 | (9,253) |
| Changes in working capital: | | |
| Receivables | 36,013 | (40,877) |
| Fuel inventory | (2,700) | (4,759) |
| Accounts payable | (69,019) | 51,381 |
| Taxes accrued | (35,410) | 7,172 |
| Interest accrued | 8,372 | 4,962 |
| Deferred fuel costs | 82,712 | (73,939) |
| Other working capital accounts | 9,774 | 5,345 |
| Provision for estimated losses and reserves | (2,933) | (323) |
| Changes in other regulatory assets | (170,733) | 4,321 |
| Other | (8,456) | (8,121) |
| Net cash flow used in operating activities | (93,941) | (32,790) |
| INVESTING ACTIVITIES | | |
| Construction expenditures | (54,922) | (26,728) |
| Allowance for equity funds used during construction | 2,370 | 576 |
| Change in money pool receivable - net | - | (30,433) |
| Collections remitted to securitization recovery trust account | (7,831) | (8,352) |
| Net cash flow used in investing activities | (60,383) | (64,937) |
| FINANCING ACTIVITIES | | |
| Proceeds from the issuance of long-term debt | 492,721 | - |
| Return of capital to parent | - | (150,000) |
| Retirement of long-term debt | (70,825) | - |
| Changes in money pool payable - net | (9,091) | - |
| Repayment of loan from Entergy Corporation | (160,000) | - |
| Changes in credit borrowings - net | (100,000) | - |
| Dividends paid: | | |
| Common stock | (400) | - |
| Net cash flow provided by (used in) financing activities | 152,405 | (150,000) |
| Net decrease in cash and cash equivalents | (1,919) | (247,727) |
| Cash and cash equivalents at beginning of period | 2,239 | 297,082 |
| Cash and cash equivalents at end of period | \$320 | \$49,355 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid/(received) during the period for:

| | | |
|--------------------------------------|----------|-----------|
| Interest - net of amount capitalized | \$12,564 | \$15,947 |
| Income taxes | \$- | (\$1,383) |

See Notes to Financial Statements.

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ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|--|----------------|----------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Cash | \$282 | \$2,201 |
| Temporary cash investments | 38 | 38 |
| Total cash and cash equivalents | 320 | 2,239 |
| Securitization recovery trust account | 19,893 | 12,062 |
| Accounts receivable: | | |
| Customer | 61,750 | 82,583 |
| Allowance for doubtful accounts | (921) | (1,001) |
| Associated companies | 248,602 | 258,629 |
| Other | 9,519 | 14,122 |
| Accrued unbilled revenues | 29,632 | 30,262 |
| Total accounts receivable | 348,582 | 384,595 |
| Deferred fuel costs | - | 21,179 |
| Accumulated deferred income taxes | 86,617 | 88,611 |
| Fuel inventory - at average cost | 60,345 | 57,645 |
| Materials and supplies - at average cost | 31,289 | 36,329 |
| Prepayments and other | 8,000 | 12,785 |
| TOTAL | 555,046 | 615,445 |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investments in affiliates - at equity | 840 | 845 |
| Non-utility property - at cost (less accumulated depreciation) | 1,715 | 1,788 |
| Other | 17,948 | 17,451 |
| TOTAL | 20,503 | 20,084 |

UTILITY PLANT

| | | |
|--|------------------|------------------|
| Electric | 3,047,606 | 2,912,972 |
| Construction work in progress | 103,284 | 221,387 |
| TOTAL UTILITY PLANT | 3,150,890 | 3,134,359 |
| Less - accumulated depreciation and amortization | 1,088,132 | 1,104,116 |
| UTILITY PLANT - NET | 2,062,758 | 2,030,243 |

DEFERRED DEBITS AND OTHER ASSETS

| | | |
|---------------------------------|--------------------|--------------------|
| Regulatory assets: | | |
| SFAS 109 regulatory asset - net | 86,045 | 84,997 |
| Other regulatory assets | 1,079,452 | 1,117,257 |
| Long-term receivables | 559 | 559 |
| Other | 113,819 | 116,186 |
| TOTAL | 1,279,875 | 1,318,999 |
| TOTAL ASSETS | \$3,918,182 | \$3,984,771 |

See Notes to Financial Statements.

| | | | | | | | | | |
|--|-------------------------------------|--|------------------------------------|--|----------------------------|---------|------------------------------------|---------------|--|
| 116 ENTERGY TEXAS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS | | | | | | | | | |
| LIABILITIES AND SHAREHOLDER'S EQUITY March 31, 2009 and December 31, 2008 (Unaudited) | | | | | | | | | |
| 2009 | 2008 | (In Thousands) | | | CURRENT LIABILITIES | | Currently maturing portion of debt | | |
| assumption liability | \$100,509 | \$100,509 | Accounts payable: | Associated companies | | | | | |
| 111,249 | 144,662 | Other | 87,383 | 342,449 | Customer deposits | 40,683 | 40,589 | Taxes accrued | |
| 14,185 | 49,595 | Interest accrued | 30,474 | 22,102 | Deferred fuel costs | 61,533 | - | Pension | |
| and other postretirement liabilities | 1,269 | 1,269 | System agreement cost equalization | 214,315 | | | | | |
| 214,315 | Other | 4,406 | 4,551 | TOTAL | 666,006 | 920,041 | NON-CURRENT | | |
| LIABILITIES | | Accumulated deferred income taxes and taxes accrued | | 781,802 | 756,996 | | | | |
| Accumulated deferred investment tax credits | 23,729 | 24,128 | Asset retirement cost liabilities | 3,297 | | | | | |
| 3,250 | Accumulated provisions | 10,003 | 12,936 | Pension and other postretirement liabilities | 86,543 | | | | |
| 91,316 | Note payable to Entergy Corporation | - | 160,000 | Long-term debt - assumption liability | 598,637 | | | | |
| 669,462 | Other long-term debt | 811,266 | 414,906 | Other | 30,847 | 31,587 | TOTAL | | |
| 2,346,124 | 2,164,581 | Commitments and Contingencies | | | | | | | |
| SHAREHOLDER'S EQUITY | | Common stock, no par value, authorized 200,000,000 shares; | | | | | | | |
| issued and outstanding 46,525,000 shares in 2009 and 2008 | 49,452 | 49,452 | Paid-in capital | 481,994 | | | | | |
| 481,994 | Retained earnings | 374,606 | 368,703 | TOTAL | 906,052 | 900,149 | | | |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | | \$3,918,182 | | \$3,984,771 | | | | | |

See Notes to Financial Statements.

ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND PAID-IN CAPITAL
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|-------------|
| | (In Thousands) | |
| RETAINED EARNINGS | | |
| Retained Earnings - Beginning of period | \$368,703 | \$322,808 |
| Add: | | |
| Net Income | 6,303 | 7,712 |
| | 6,303 | 7,712 |
| Deduct: | | |
| Dividends declared on common stock | 400 | - |
| | 400 | - |
| Retained Earnings - End of period | \$374,606 | \$330,520 |
| PAID-IN CAPITAL | | |
| Paid-in Capital - Beginning of period | \$481,994 | \$631,994 |
| Deduct: | | |
| Return of capital to parent | - | (150,000) |
| Paid-in capital - End of period | \$481,994 | \$481,994 |

See Notes to Financial Statements.

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ENTERGY TEXAS, INC. AND
SUBSIDIARIES
SELECTED OPERATING RESULTS
For the Three Months Ended March 31,
2009 and 2008
(Unaudited)

| Description | 2009 | 2008 | Increase/ (Decrease) | | % |
|------------------------------|-------------|-------------|---------------------------------|--|----------|
| (Dollars In Millions) | | | | | |
| Electric Operating Revenues: | | | | | |
| Residential | \$139 | \$111 | \$28 | | 25 |
| Commercial | 98 | 77 | 21 | | 27 |
| Industrial | 104 | 104 | - | | - |
| Governmental | 6 | 5 | 1 | | 20 |
| Total retail | 347 | 297 | 50 | | 17 |
| Sales for resale | 50 | 17 | 33 | | 65 |
| Associated companies | 58 | 96 | (38) | | (40) |
| Non-associated companies | 1 | 2 | (1) | | (50) |
| Other | 7 | 2 | 5 | | 250 |
| Total | \$413 | \$397 | \$16 | | 4 |
| Billed Electric Energy | | | | | |
| Sales | | | | | |

(GWh): Residential 1,179 1,212 (33) (3) Commercial 928 943 (15) (2) Industrial 1,316
 1,544 (228) (15) Governmental 60 61 (1) (2) Total retail 3,483 3,760 (277) (7) Sales for resale
 Associated companies 888 897 (9) (1) Non-associated companies 29 22 7 32 Total 4,400
 4,679 (279) (6)

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SYSTEM ENERGY RESOURCES, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

System Energy's principal asset consists of a 90% ownership and leasehold interest in Grand Gulf. The capacity and energy from its 90% interest is sold under the Unit Power Sales Agreement to its only four customers, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. System Energy's operating revenues are derived from the allocation of the capacity, energy, and related costs associated with its 90% interest in Grand Gulf pursuant to the Unit Power Sales Agreement. Payments under the Unit Power Sales Agreement are System Energy's only source of operating revenues.

Net income remained relatively unchanged, increasing \$0.8 million.

Liquidity and Capital Resources

Cash Flow

Cash flows for the first quarters of 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|----------------|-----------|
| | (In Thousands) | |
| Cash and cash equivalents at beginning of period | \$102,788 | \$105,005 |
| Cash flow provided by (used in): | | |
| Operating activities | 41,325 | 52,852 |
| Investing activities | (22,113) | (77,502) |
| Financing activities | (43,440) | (49,301) |
| Net decrease in cash and cash equivalents | (24,228) | (73,951) |
| Cash and cash equivalents at end of period | \$78,560 | \$31,054 |

Operating Activities

Net cash provided by operating activities decreased \$11.5 million for the first quarter 2009 compared to the first quarter 2008 primarily due to an increase of \$6.4 million in income tax payments.

Investing Activities

Net cash used in investing activities decreased \$55.4 million for the first quarter 2009 compared to the first quarter 2008 primarily due to money pool activity. Increases in System Energy's receivable from the money pool are a use of cash flow, and System Energy's receivable from the money pool increased by \$4.6 million in the first quarter 2009 compared to increasing by \$57.6 million in the first quarter 2008.

Financing Activities

Net cash used in financing activities decreased by \$5.9 million for the first quarter 2009 compared to the first quarter 2008 primarily due to a decrease of \$7.6 million in common stock dividends.

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Capital Structure

System Energy's capitalization is balanced between equity and debt, as shown in the following table.

| | March 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|----------------------|
| Net debt to net capital | 47.4% | 48.2% |
| Effect of subtracting cash from debt | 2.4% | 3.0% |
| Debt to capital | 49.8% | 51.2% |

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt and common shareholder's equity. Net capital consists of capital less cash and cash equivalents. System Energy uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating System Energy's financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of System Energy's uses and sources of capital. The following is an update to the Form 10-K.

System Energy's receivables from the money pool were as follows:

| March 31, 2009 | December 31, 2008 | March 31, 2008 | December 31, 2007 |
|-------------------|----------------------|-------------------|----------------------|
| (In Thousands) | | | |
| \$47,560 | \$42,915 | \$111,245 | \$53,620 |

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Pension Contributions

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an

update to the Form 10-K discussion on pension contributions.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in System Energy's accounting for nuclear decommissioning costs and qualified pension and other postretirement benefits.

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Qualified Pension and Other Postretirement Benefits

See the "**Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits - Costs and Funding**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for an update to the Form 10-K discussion on qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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**SYSTEM ENERGY RESOURCES, INC.
INCOME STATEMENTS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)**

| | 2009 | 2008 |
|---------------------------|-----------------------|-------------|
| | (In Thousands) | |
| OPERATING REVENUES | | |
| Electric | \$127,372 | \$114,372 |
| OPERATING EXPENSES | | |

| | | |
|--|-----------------|-----------------|
| Operation and Maintenance: | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 15,767 | 10,616 |
| Nuclear refueling outage expenses | 4,767 | 4,204 |
| Other operation and maintenance | 25,355 | 24,989 |
| Decommissioning | 7,229 | 6,724 |
| Taxes other than income taxes | 6,183 | (2,072) |
| Depreciation and amortization | 27,293 | 26,555 |
| Other regulatory credits - net | (2,703) | (1,986) |
| TOTAL | 83,891 | 69,030 |
| OPERATING INCOME | 43,481 | 45,342 |
| OTHER INCOME | | |
| Allowance for equity funds used during construction | 1,901 | 1,129 |
| Interest and dividend income | 3,317 | 2,547 |
| Miscellaneous - net | (172) | (167) |
| TOTAL | 5,046 | 3,509 |
| INTEREST AND OTHER CHARGES | | |
| Interest on long-term debt | 11,211 | 11,962 |
| Other interest - net | 19 | 43 |
| Allowance for borrowed funds used during construction | (639) | (378) |
| TOTAL | 10,591 | 11,627 |
| INCOME BEFORE INCOME TAXES | 37,936 | 37,224 |
| Income taxes | 15,544 | 15,623 |
| NET INCOME | \$22,392 | \$21,601 |

See Notes to Financial Statements.

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SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 and 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|-----------------|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$22,392 | \$21,601 |
| Adjustments to reconcile net income to net cash flow provided by operating activities: | | |
| Other regulatory credits - net | (2,703) | (1,986) |
| Depreciation, amortization, and decommissioning | 34,522 | 33,279 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | (49,901) | 24,917 |
| Changes in working capital: | | |
| Receivables | 9,710 | 29,425 |
| Accounts payable | (6,197) | (10,550) |
| Interest accrued | (34,446) | (32,863) |
| Other working capital accounts | 42,893 | (34,307) |
| Provision for estimated losses and reserves | (99) | - |
| Changes in other regulatory assets | (7,052) | (536) |
| Other | 32,206 | 23,872 |
| Net cash flow provided by operating activities | 41,325 | 52,852 |
| INVESTING ACTIVITIES | | |
| Construction expenditures | (11,953) | (13,376) |
| Allowance for equity funds used during construction | 1,901 | 1,129 |
| Proceeds from nuclear decommissioning trust fund sales | 151,931 | 35,097 |
| Investment in nuclear decommissioning trust funds | (159,347) | (42,727) |
| Change in money pool receivable - net | (4,645) | (57,625) |
| Net cash flow used in investing activities | (22,113) | (77,502) |

| FINANCING ACTIVITIES | | |
|--|-----------------|-----------------|
| Retirement of long-term debt | (28,440) | (26,701) |
| Dividends paid: | | |
| Common stock | (15,000) | (22,600) |
| Net cash flow used in financing activities | (43,440) | (49,301) |
| Net decrease in cash and cash equivalents | (24,228) | (73,951) |
| Cash and cash equivalents at beginning of period | 102,788 | 105,005 |
| Cash and cash equivalents at end of period | \$78,560 | \$31,054 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the period for: | | |
| Interest - net of amount capitalized | \$44,790 | \$43,584 |
| Income taxes | \$6,409 | \$36 |

See Notes to Financial Statements.

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SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
ASSETS
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|--|-----------------------|----------------|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Cash | \$23 | \$250 |
| Temporary cash investments | 78,537 | 102,538 |
| Total cash and cash equivalents | 78,560 | 102,788 |
| Accounts receivable: | | |
| Associated companies | 86,889 | 91,119 |
| Other | 2,239 | 3,074 |
| Total accounts receivable | 89,128 | 94,193 |
| Materials and supplies - at average cost | 76,277 | 74,496 |
| Deferred nuclear refueling outage costs | 21,731 | 26,485 |
| Prepaid taxes | 29,833 | 74,779 |
| Prepayments and other | 6,019 | 993 |
| TOTAL | 301,548 | 373,734 |

OTHER PROPERTY AND INVESTMENTS

| | | |
|---------------------------------------|----------------|----------------|
| Decommissioning trust funds | 255,960 | 268,822 |
| Note receivable - Entergy New Orleans | 25,560 | 25,560 |
| TOTAL | 281,520 | 294,382 |

UTILITY PLANT

| | | |
|--|------------------|------------------|
| Electric | 3,311,004 | 3,314,473 |
| Property under capital lease | 479,933 | 479,933 |
| Construction work in progress | 135,645 | 122,952 |
| Nuclear fuel under capital lease | 113,217 | 125,416 |
| Nuclear fuel | 6,463 | 7,448 |
| TOTAL UTILITY PLANT | 4,046,262 | 4,050,222 |
| Less - accumulated depreciation and amortization | 2,232,194 | 2,206,780 |
| UTILITY PLANT - NET | 1,814,068 | 1,843,442 |

DEFERRED DEBITS AND OTHER ASSETS

| | | |
|---------------------------------|----------------|----------------|
| Regulatory assets: | | |
| SFAS 109 regulatory asset - net | 92,643 | 89,473 |
| Other regulatory assets | 355,787 | 333,389 |
| Other | 10,675 | 10,970 |
| TOTAL | 459,105 | 433,832 |

| | | |
|---------------------|--------------------|--------------------|
| TOTAL ASSETS | \$2,856,241 | \$2,945,390 |
|---------------------|--------------------|--------------------|

See Notes to Financial Statements.

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SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
LIABILITIES AND SHAREHOLDER'S EQUITY
March 31, 2009 and December 31, 2008
(Unaudited)

| | 2009 | 2008 |
|---|-----------------------|----------------|
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Currently maturing long-term debt | \$41,715 | \$28,440 |
| Accounts payable: | | |
| Associated companies | 2,847 | 2,723 |
| Other | 28,894 | 35,215 |
| Accumulated deferred income taxes | 7,809 | 9,645 |
| Interest accrued | 14,144 | 48,590 |
| Obligations under capital leases | 37,619 | 37,619 |
| TOTAL | 133,028 | 162,232 |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 318,226 | 365,134 |

| | | |
|--|------------------|------------------|
| Accumulated deferred investment tax credits | 60,838 | 61,708 |
| Obligations under capital leases | 75,598 | 87,797 |
| Other regulatory liabilities | 224,388 | 197,051 |
| Decommissioning | 403,430 | 396,201 |
| Accumulated provisions | 1,926 | 2,025 |
| Pension and other postretirement liabilities | 71,877 | 72,008 |
| Long-term debt | 703,204 | 744,900 |
| TOTAL | 1,859,487 | 1,926,824 |

Commitments and Contingencies

SHAREHOLDER'S EQUITY

| | | |
|--|----------------|----------------|
| Common stock, no par value, authorized 1,000,000 shares; issued and outstanding 789,350 shares in 2009 and 2008 | 789,350 | 789,350 |
| Retained earnings | 74,376 | 66,984 |
| TOTAL | 863,726 | 856,334 |

| | | |
|---|--------------------|--------------------|
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | \$2,856,241 | \$2,945,390 |
|---|--------------------|--------------------|

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See "**PART I, Item 1, Litigation**" in the Form 10-K for a discussion of legal, administrative, and other regulatory proceedings affecting Entergy.

Item 1A. Risk Factors

There have been no material changes to the risk factors discussed in "**PART I, Item 1A, Risk Factors**" in the Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities (1)

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased | Maximum \$ Amount |
|--------|-------------------------------------|---------------------------------|-------------------------------------|----------------------|
|--------|-------------------------------------|---------------------------------|-------------------------------------|----------------------|

| | | | as Part of a Publicly Announced Plan | of Shares that May Yet be Purchased Under a Plan (2) |
|---------------------|---|-----|--|--|
| 1/01/2009-1/31/2009 | - | \$- | - | \$596,766,948 |
| 2/01/2009-2/28/2009 | - | \$- | - | \$596,766,948 |
| 3/01/2009-3/31/2009 | - | \$- | - | \$596,766,948 |
| Total | - | \$- | - | |

1. In accordance with Entergy's stock-based compensation plans, Entergy periodically grants stock options to key employees, which may be exercised to obtain shares of Entergy's common stock. According to the plans, these shares can be newly issued shares, treasury stock, or shares purchased on the open market. Entergy's management has been authorized by the Board to repurchase on the open market shares up to an amount sufficient to fund the exercise of grants under the plans. In addition to this authority, on January 29, 2007, the Board approved a repurchase program under which Entergy is authorized to repurchase up to \$1.5 billion of its common stock. In January 2008, the Board authorized an incremental \$500 million share repurchase program to enable Entergy to consider opportunistic purchases in response to equity market conditions. The programs do not have an expiration date, but Entergy expects to complete both of them in 2009. See Note 12 to the financial statements in the Form 10-K for additional discussion of the stock-based compensation plans.
2. Maximum amount of shares that may yet be repurchased relates only to the \$1.5 billion and \$500 million plans and does not include an estimate of the amount of shares that may be purchased to fund the exercise of grants under the stock-based compensation plans.

The amount of share repurchases may vary as a result of material changes in business results or capital spending or new investment opportunities.

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Item 5. Other Information

Environmental Regulation

Clean Air Act and Subsequent Amendments

Regional Haze

Entergy Arkansas has withdrawn its petition (discussed in the Form 10-K) to the Arkansas Commission on Environmental Quality requesting the revision of Regulation 19, which sets an operational deadline of September 2013 for the regional haze air emissions control project at Entergy Arkansas' White Bluff facility.

Potential Legislative, Regulatory, and Judicial Developments

In April 2009, the EPA issued a proposal "to find that greenhouse gases in the atmosphere endanger the public health and welfare of current and future generations" pursuant to section 202(a) of the Clean Air Act in response to the opinion of the United States Supreme Court in *Massachusetts v. EPA*. The EPA published the proposed endangerment finding in the Federal Register on April 24, 2009, and began a sixty-day notice and comment period on the proposal. The current proposal applies directly only to emissions from mobile sources such as cars and trucks. The proposed endangerment finding lists six air pollutants, including carbon dioxide, that would undergo further proposed EPA regulation as mobile sources emissions under the federal Clean Air Act. The EPA has stated that the

endangerment finding itself does not create any immediate requirements for any emissions source, but this regulatory action may lead to the proposal of similar regulations to control greenhouse gas emissions, including carbon dioxide, from stationary sources such as Entergy's generating facilities either through new EPA regulations or through the Clean Air Act's current new source review program, new source performance standard program, or otherwise. Such a proposal of new regulations applicable to stationary sources also would undergo a notice-and-comment rulemaking process through the EPA. Application of the current new source review program or the new source performance standards programs to new or modified sources of emissions through state or federal air permitting programs could occur. Proposed new regulations for stationary sources could take the form of market-based cap-and-trade programs, direct requirements for the installation of air emission controls onto air emission sources, or other or combined regulatory programs. The effect on Entergy is impossible to estimate at this time due to the uncertainty of the regulatory format.

Clean Water Act

316(b) Cooling Water Intake Structures

The EPA finalized new regulations in July 2004 governing the intake of water at large existing power plants employing cooling water intake structures. The rule sought to reduce perceived impacts on aquatic resources by requiring covered facilities to implement technology or other measures to meet EPA-targeted reductions in water use and corresponding perceived aquatic impacts. Entergy, other industry members and industry groups, environmental groups, and a coalition of northeastern and mid-Atlantic states challenged various aspects of the rule. In January 2007, the United States Court of Appeals for the Second Circuit remanded the rule to the EPA for reconsideration. The court instructed the EPA to reconsider several aspects of the rule that were beneficial to the regulated community after finding that these provisions of the rule were contrary to the language of the Clean Water Act or were not sufficiently explained in the rule. In April 2008, the United States Supreme Court agreed to review the decision of the Second Circuit on the question of whether the EPA may take into consideration a cost-benefit analysis in developing these regulations, a consideration beneficial to the regulated community that the Second Circuit disallowed. Oral argument before the Supreme Court was held in December 2008. Entergy is one of the petitioners who sought Supreme Court review. In March 2009, the Supreme Court ruled in favor of the petitioners that cost-benefit analysis may be taken into consideration. The EPA may now reissue a rule similar in structure to the rule remanded by the Second Circuit, or the EPA may issue a rule with a substantially different structure and effect. Until the EPA issues guidance to the regulated community on what actions should be taken to comply with the Clean Water Act, and until the form and substance of the new rule itself is determined, it is impossible to estimate the effect of the Supreme Court's decision on Entergy's business.

Other Environmental Matters

Entergy Louisiana and Entergy New Orleans

In March 2009, Entergy Louisiana received a Certificate of Completion from the LDEQ for the former site of the Southern Transformer Shop, located in Algiers, Orleans Parish. This document certifies compliance with Louisiana's "Voluntary Remediation Program." Termination of the property lease is anticipated for early May 2009. The excavation and removal of impacted soils was completed in January 2008. Prior to the soil remediation, a thorough site assessment and risk evaluation had been performed at the property utilizing Louisiana's Risk Evaluation and Corrective Action Program. No further work at this site is anticipated.

Entergy Arkansas

In February 2009, Entergy Arkansas received notice that the Arkansas Natural Resources Commission has proposed a rule that would set minimum stream flows for the White River, from which Entergy Arkansas' Independence generating facility withdraws its cooling water. If the river reaches the low flow conditions described in the proposed regulation, at a time when registered users of the river were withdrawing 300 cubic feet per second or more, all users of the river other than municipal and domestic users would be required to cease all withdrawals from the river. Because current registered withdrawals do not total 300 cubic feet per second, the regulation would have no immediate effect on Independence; however, Entergy Arkansas estimates that once the regulation became effective, it could cause Independence to cease water withdrawals, and thus to cease operation, for as many as 18 days during an average flow year and for as many as 90 days during a very low flow year, based on historical flows. Entergy Arkansas has submitted comments to the agency expressing its concern and the potential costs to customers for replacement power and will continue to monitor the rule's development.

Earnings Ratios

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

The Registrant Subsidiaries have calculated ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preferred dividends/distributions pursuant to Item 503 of Regulation S-K of the SEC as follows:

| | Ratios of Earnings to Fixed Charges | | | | | |
|----------------------------------|-------------------------------------|------|----------------------|------|------|-------------------|
| | Twelve Months Ended | | | | | |
| | 2004 | 2005 | December 31, 2006 | 2007 | 2008 | March 31, 2009 |
| Entergy Arkansas | 3.37 | 3.75 | 3.37 | 3.19 | 2.33 | 2.37 |
| Entergy Gulf States Louisiana | 3.04 | 3.34 | 3.01 | 2.84 | 2.44 | 2.47 |
| Entergy Louisiana | 3.60 | 3.50 | 3.23 | 3.44 | 3.14 | 3.28 |
| Entergy Mississippi | 3.41 | 3.16 | 2.54 | 3.22 | 2.92 | 2.92 |
| Entergy New Orleans | 3.60 | 1.22 | 1.52 | 2.74 | 3.71 | 3.61 |
| Entergy Texas | 2.07 | 2.06 | 2.12 | 2.07 | 2.04 | 2.01 |
| System Energy | 3.95 | 3.85 | 4.05 | 3.95 | 3.29 | 3.50 |

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| | Ratios of Earnings to Combined Fixed Charges and Preferred Dividends/Distributions | | | | | |
|----------------------------------|---|------|----------------------|------|------|-------------------|
| | Twelve Months Ended | | | | | |
| | 2004 | 2005 | December 31, 2006 | 2007 | 2008 | March 31, 2009 |
| Entergy Arkansas | 2.98 | 3.34 | 3.06 | 2.88 | 1.95 | 1.95 |
| Entergy Gulf States Louisiana | 2.90 | 3.18 | 2.90 | 2.73 | 2.42 | 2.45 |
| Entergy Louisiana | 3.60 | 3.50 | 2.90 | 3.08 | 2.87 | 3.31 |
| Entergy Mississippi | 3.07 | 2.83 | 2.34 | 2.97 | 2.67 | 2.68 |
| Entergy New Orleans | 3.31 | 1.12 | 1.35 | 2.54 | 3.45 | 3.35 |

Item 6. Exhibits *

- 12(a) - Entergy Arkansas' Computation of Ratios of Earnings to Fixed Charges and of Earnings to Combined Fixed Charges and Preferred Dividends, as defined.
- 12(b) - Entergy Gulf States Louisiana's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Combined Fixed Charges and Preferred Distributions, as defined.
- 12(c) - Entergy Louisiana's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Combined Fixed Charges and Preferred Distributions, as defined.
- 12(d) - Entergy Mississippi's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Combined Fixed Charges and Preferred Dividends, as defined.
- 12(e) - Entergy New Orleans' Computation of Ratios of Earnings to Fixed Charges and of Earnings to Combined Fixed Charges and Preferred Dividends, as defined.
- 12(f) - Entergy Texas' Computation of Ratios of Earnings to Fixed Charges, as defined.
- 12(g) - System Energy's Computation of Ratios of Earnings to Fixed Charges, as defined.
- 31(a) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Corporation.
- 31(b) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Corporation.
- 31(c) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Arkansas.
- 31(d) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Arkansas.
- 31(e) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Gulf States Louisiana.
- 31(f) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Gulf States Louisiana.
- 31(g) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Louisiana.

- 31(h) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Louisiana.
- 31(i) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Mississippi.
- 31(j) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Mississippi.
- 31(k) - Rule 13a-14(a)/15d-14(a) Certification for Entergy New Orleans.

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- 31(l) - Rule 13a-14(a)/15d-14(a) Certification for Entergy New Orleans.
- 31(m) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Texas.
- 31(n) - Rule 13a-14(a)/15d-14(a) Certification for Entergy Texas.
- 31(o) - Rule 13a-14(a)/15d-14(a) Certification for System Energy.
- 31(p) - Rule 13a-14(a)/15d-14(a) Certification for System Energy.
- 32(a) - Section 1350 Certification for Entergy Corporation.
- 32(b) - Section 1350 Certification for Entergy Corporation.
- 32(c) - Section 1350 Certification for Entergy Arkansas.
- 32(d) - Section 1350 Certification for Entergy Arkansas.
- 32(e) - Section 1350 Certification for Entergy Gulf States Louisiana.
- 32(f) - Section 1350 Certification for Entergy Gulf States Louisiana.
- 32(g) - Section 1350 Certification for Entergy Louisiana.
- 32(h) - Section 1350 Certification for Entergy Louisiana.
- 32(i) - Section 1350 Certification for Entergy Mississippi.
- 32(j) - Section 1350 Certification for Entergy Mississippi.

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| | |
|---------|---|
| 32(k) - | Section 1350 Certification for Entergy New Orleans. |
| 32(l) - | Section 1350 Certification for Entergy New Orleans. |
| 32(m) - | Section 1350 Certification for Entergy Texas. |
| 32(n) - | Section 1350 Certification for Entergy Texas. |
| 32(o) - | Section 1350 Certification for System Energy. |
| 32(p) - | Section 1350 Certification for System Energy. |

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, Entergy Corporation agrees to furnish to the Commission upon request any instrument with respect to long-term debt that is not registered or listed herein as an Exhibit because the total amount of securities authorized under such agreement does not exceed ten percent of the total assets of Entergy Corporation and its subsidiaries on a consolidated basis.

* Reference is made to a duplicate list of exhibits being filed as a part of this report on Form 10-Q for the quarter ended March 31, 2009, which list, prepared in accordance with Item 102 of Regulation S-T of the SEC, immediately precedes the exhibits being filed with this report on Form 10-Q for the quarter ended March 31, 2009.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

ENTERGY CORPORATION
ENTERGY ARKANSAS, INC.
ENTERGY GULF STATES LOUISIANA, L.L.C.
ENTERGY LOUISIANA, LLC
ENTERGY MISSISSIPPI, INC.
ENTERGY NEW ORLEANS, INC.
ENTERGY TEXAS, INC.
SYSTEM ENERGY RESOURCES, INC.

/s/ Theodore H. Bunting, Jr.

Theodore H. Bunting, Jr
Senior Vice President and Chief Accounting Officer
(For each Registrant and for each as
Principal Accounting Officer)

Date: May 8, 2009