SYSTEM ENERGY RESOURCES INC
Form 10-Q
August 07, 2008

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2008

OR

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

For the transition period from ____________ to ____________

Commission File Number	Registrant, State of Incorporation, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission File Number	Registrant, State of Incorporation, 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, Building 505 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 Telephone (800) 368-3749	000-53134	ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 838-6631 61-1435798

74-0662730

1-32718	ENTERGY LOUISIANA, LLC (a Texas limited liability company) 446 North Boulevard Baton Rouge, Louisiana 70802 Telephone (225) 381-5868 75-3206126	1-9067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000 72-0752777

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 þ 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

o No þ

Common Stock Outstanding		Outstanding at July 31, 2008
Entergy Corporation	($0.01 par value)	191,574,567

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 Entergy Annual Report on Form 10-K for the calendar year ended December 31, 2007, the Entergy Texas Form 10, and the Entergy and Entergy Texas Quarterly Reports on Form 10-Q for the quarter ended March 31, 2008, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

ENTERGY CORPORATION AND SUBSIDIARIES
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June 30, 2008

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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 "believes," "intends," "plans," "predicts," "estimates," and similar 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 and the Entergy Texas Form 10, (b) Management's Financial Discussion and Analysis in the Form 10-K, the Entergy Texas Form 10, 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 that includes 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 in the Non-Utility Nuclear business
- resolution of pending or future applications for license renewals 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 unregulated 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 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 Katrina and Rita and recovery of costs associated with restoration
- Entergy's and its subsidiaries' ability to manage their 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 service territory
- the effects of Entergy's strategies to reduce tax payments

FORWARD-LOOKING INFORMATION (Concluded)

- 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
- 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
- and the following transactional factors (in addition to others described elsewhere in this and in subsequent securities filings): (i) risks inherent in the contemplated Non-Utility Nuclear spin-off, joint venture and related transactions (including the level of debt incurred by the spun-off company and the terms and costs related thereto); (ii) legislative and regulatory actions; and (iii) conditions of the capital markets during the periods covered by the forward-looking statements. 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.

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DEFINITIONS

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

Abbreviation or Acronym	Term
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.
Entergy Texas Form 10	Registration Statement on Form 10 filed with the SEC by Entergy Texas, as amended July 15, 2008.
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, 2007 filed by Entergy Corporation and its Registrant Subsidiaries (other than Entergy Texas) with the SEC
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 CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

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.

Plan to Pursue Separation of Non-Utility Nuclear

In November 2007, the Board approved a 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. Enexus Energy Corporation, a wholly-owned subsidiary of Entergy and formerly referred to as SpinCo, will be a new, separate, and publicly-traded company. In addition, under the plan, Enexus and Entergy are expected to enter into a nuclear services business joint venture, EquaGen L.L.C., with 50% ownership by Enexus and 50% ownership by Entergy. The EquaGen board of members will be comprised of equal membership from both Entergy and Enexus.

Upon completion of the spin-off, Entergy Corporation's shareholders will own 100% of the common stock in both Enexus and Entergy. Entergy expects that Enexus' business will be substantially comprised of Non-Utility Nuclear's assets, including its six nuclear power plants, and Non-Utility Nuclear's power marketing operation. Entergy Corporation's remaining business will primarily be comprised of the Utility business. EquaGen is expected to operate the nuclear assets owned by Enexus, and provide certain services to the Utility's nuclear operations. EquaGen is also expected to offer nuclear services to third parties, including decommissioning, plant relicensing, plant operations, and ancillary services.

Entergy Nuclear Operations, Inc., the current NRC-licensed operator of the Non-Utility Nuclear plants, filed an application in July 2007 with the NRC seeking indirect transfer of control of the operating licenses for the six Non-Utility Nuclear power plants, and supplemented that application in December 2007 to incorporate the planned business separation. Entergy Nuclear Operations, Inc., which is expected to be wholly-owned by EquaGen, will remain the operator of the plants after the separation. Entergy Operations, Inc., the current NRC-licensed operator of Entergy's five Utility nuclear plants, will remain a wholly-owned subsidiary of Entergy and will continue to be the operator of the Utility nuclear plants. In the December 2007 supplement to the NRC application, Entergy Nuclear Operations, Inc. provided additional information regarding the spin-off transaction, organizational structure, technical and financial qualifications, and general corporate information. The NRC published a notice in the Federal Register establishing a period for the public to submit a request for hearing or petition to intervene in a hearing proceeding. The NRC notice period expired on February 5, 2008 and two petitions to intervene in the hearing proceeding were filed before the deadline. Each of the petitions opposes the NRC's approval of the license transfer on various grounds, including contentions that the approval request is not adequately supported regarding the basis for the proposed structure, the adequacy of decommissioning funding, and the adequacy of financial qualifications. Entergy submitted answers to the petitions on March 31 and April 8, and the NRC or a presiding officer designated by the NRC will determine whether a hearing will be granted. If a hearing is granted, the NRC is expected to issue a procedural schedule providing for limited discovery, written testimony and a legislative-type hearing. Under the NRC's procedural rules for license transfer approvals, the NRC Staff will continue to review the application,

prepare a Safety Evaluation Report and issue an approval or denial without regard to whether a hearing request is pending or has been granted. Thus, resolution of the hearing requests is not a prerequisite to obtaining the required NRC approval. On July 28, 2008 the NRC approved Entergy Nuclear Operations, Inc.'s application.

Pursuant to Federal Power Act Section 203, on February 21, 2008, an application was filed with the FERC requesting approval for the indirect disposition and transfer of control of jurisdictional facilities of a public utility. In June 2008 the FERC issued an order authorizing the requested indirect disposition and transfer of control.

On January 28, 2008, Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations, Inc. requested approval from the Vermont Public Service Board for the indirect transfer of control, consent to pledge assets, issue guarantees and assign material contracts, amendment to certificate of public good, and replacement of guaranty and substitution of a credit support agreement for Vermont Yankee. Two Vermont utilities that buy power from Vermont Yankee, the regional planning commission for the area served by Vermont Yankee, a municipality in which the Vermont Yankee training center is located, the union that represents certain Vermont Yankee employees, and two unions that represent certain employees at the Pilgrim plant in Massachusetts petitioned to intervene. Although the Pilgrim unions' petition to intervene was denied, the Pilgrim unions filed for reconsideration or, in the alternative, for participation as amicus curiae, and the Vermont Public Service Board has allowed the unions to participate as amicus curiae. Discovery is underway in this proceeding, in which parties can ask questions about or request the production of documents related to the transaction.

In addition, the Vermont Department of Public Service, which is the public advocate in proceedings before the Public Service Board, has prefiled its initial and rebuttal testimony in the case in which the Vermont Department of Public Service takes the position that Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations, Inc. have not demonstrated that the restructuring promotes the public good because its benefits do not outweigh the risks, raising concerns that the target rating for Enexus Energy's debt is below investment grade and that the company may not have the financial capability to withstand adverse financial developments, such as an extended outage. The Vermont Department of Public Service's testimony also expresses concern about the EquaGen joint venture structure and Enexus' ability, under the operating agreement between Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations, Inc., to ensure that Vermont Yankee is well-operated. Two distribution utilities that buy Vermont Yankee power prefiled testimony that also expresses concerns about the structure but found that there was a small net benefit to the restructuring. The Vermont Public Service Board conducted hearings on July 28-30, 2008, during which it considered the testimony prefiled by Entergy Nuclear Vermont Yankee, Entergy Nuclear Operations, Inc., the Vermont Department of Public Service, and the two distribution utilities. Briefing will now follow the hearings, and the Vermont Public Service Board will then issue a decision.

On January 28, 2008, Entergy Nuclear FitzPatrick, Entergy Nuclear Indian Point 2, Entergy Nuclear Indian Point 3, Entergy Nuclear Operations, Inc., and corporate affiliate NewCo (now named Enexus) filed a petition with the New York Public Service Commission (NYPSC) requesting a declaratory ruling regarding corporate reorganization or in the alternative an order approving the transaction and an order approving debt financing. Petitioners also requested confirmation that the corporate reorganization will not have an effect on Entergy Nuclear FitzPatrick's, Entergy Nuclear Indian Point 2's, Entergy Nuclear Indian Point 3's, and Entergy Nuclear Operations, Inc.'s status as lightly regulated entities in New York, given that they will continue to be competitive wholesale generators. The New York State Attorney General's Office, Westchester County, and Riverkeeper, Inc. have filed objections to the business separation and to the transfer of the FitzPatrick and Indian Point Energy Center nuclear power plants, arguing that the debt associated with the spin-off could threaten access to adequate financial resources for those nuclear power plants, that Entergy could potentially be able to terminate revenue sharing agreements with the New York Power Authority (NYPA), the entity from which Entergy purchased the FitzPatrick and Indian Point 3 nuclear power plants, and because the New York State Attorney General's Office believes Entergy must file an environmental impact statement assessing the proposed corporate restructuring. In addition to the New York State Attorney General's Office, several other parties have also requested to be added to the service list for this proceeding.

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On May 23, 2008, the NYPSC issued its Order Establishing Further Procedures in this matter. In the order, the NYPSC determined that due to the nuclear power plants' unique role in supporting the reliability of electric service in New York, and their large size and unique operational concerns, a more searching inquiry of the transaction will be conducted than if other types of lightly-regulated generation were at issue. Accordingly, the NYPSC assigned an ALJ to preside over this proceeding and prescribed a sixty (60) day discovery period. The order provided that after at least sixty (60) days, the ALJ would establish when the discovery period would conclude. The NYPSC stated that the scope of discovery will be tightly bounded by the public interest inquiry relevant to this proceeding; namely, adequacy and security of support for the decommissioning of the New York nuclear facilities; financial sufficiency of the proposed capital structure in supporting continued operation of the facilities; and, arrangements for managing, operating and maintaining the facilities. The NYPSC also stated that during the discovery period, the NYPSC Staff may conduct technical conferences to assist in the development of a full record in this proceeding.

On July 23, 2008, the ALJs issued a ruling concerning discovery and seeking comments on a proposed process and schedule. In the ruling, the ALJs proposed a process for completing a limited, prescribed discovery process, to be followed three weeks later by the filing of initial comments addressing defined issues, with reply comments due two weeks after the initial comment deadline. Following receipt of all comments, a ruling will be made on whether, and to what extent, an evidentiary hearing is required. The ALJs' ruling acknowledged that the proposed process will not facilitate a decision by the NYPSC in September 2008. The ALJs asked the parties to address three specific topic areas: (1) the financial impacts related to the specific issues previously outlined by the NYPSC; (2) other obligations associated with the arrangement for managing, operating and maintaining the facilities; and (3) the extent that NYPA revenues from value sharing payments under the value sharing agreement between Entergy and NYPA would decrease. The ALJs have indicated that the potential financial effect of the termination of the value sharing payments on NYPA and New York electric consumers are factors the ALJs believe should be considered by the NYPSC in making its public interest determination. For further discussion of the value sharing agreements, see Note 1 to the financial statements herein. Entergy continues to seek regulatory approval from the NYPSC in a timely manner.

In connection with the separation, Enexus is currently expected to incur up to $4.5 billion of debt in the form of debt securities. The debt will be incurred in the following transactions:

- Enexus is expected to issue up to $3.5 billion of debt securities in partial consideration of Entergy's transfer to it of the non-utility nuclear business.
- These debt securities are expected to be exchanged for up to $3.5 billion of debt securities that Entergy plans to issue prior to the separation. As a result of the exchange (should the exchange occur), the holders of the debt securities that Entergy plans to issue prior to the separation will become holders of the up to $3.5 billion of Enexus debt securities.
- Enexus is expected to incur the balance of the debt through one or more public or private offerings of notes or other debt securities.

Out of the proceeds Enexus receives from the public or private offerings, it expects to retain approximately $500 million, which it intends to use for working capital and other general corporate purposes. All of the remaining proceeds are expected to be transferred to Entergy to settle intercompany debt. Enexus will not receive any proceeds from either the issuance of up to $3.5 billion of its debt securities or the exchange of its debt securities for Entergy debt securities. Entergy expects to use the proceeds that it receives from the issuance of its debt securities to reduce outstanding Entergy debt or repurchase Entergy shares. The amount to be paid to Entergy, the amount and term of the debt Enexus will incur, and the type of debt and entity that will incur the debt have not been finally determined, but will be determined prior to the separation. A number of factors could affect this final determination, and the amount of debt ultimately incurred could be different from the amount disclosed. Additionally, Entergy expects Enexus to enter into one or more credit facilities or other financing arrangements intended to support Enexus' working capital needs, collateral obligations, and other corporate needs arising from hedging and normal course of business requirements.

Entergy is targeting the fourth quarter 2008 as the effective date for the spin-off and EquaGen transactions to be completed. Entergy expects the transactions to qualify for tax-free treatment for U.S. federal income tax purposes for both Entergy and its shareholders, and Entergy submitted a private letter ruling request to the IRS in April 2008 regarding the tax-free treatment. Final terms of the transactions and spin-off completion are subject to several conditions, including the final approval of the Board.

Results of Operations

Income Statement Variances

Second Quarter 2008 Compared to Second Quarter 2007

Following are income statement variances for Utility, Non-Utility Nuclear, Parent & Other, and Entergy comparing the second quarter 2008 to the second quarter 2007 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Non-Utility Nuclear	Parent & Other (1)	Entergy
		(In Thousands)		
2nd Quarter 2007 Consolidated Net Income	$148,194	$108,726	$10,682	$267,602
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	52,329	134,664	8,595	195,588
Other operation and maintenance expenses	17,895	25,546	27,198	70,639
Taxes other than income taxes	5,980	4,156	(542)	9,594
Depreciation and amortization	2,547	6,612	165	9,324
Other income	4,895	(24,551)	(1,941)	(21,597)
Interest charges	(929)	9,227	(19,739)	(11,441)
Other expenses	6,250	9,709	3	15,962
Income taxes	13,961	19,973	42,627	76,561
2nd Quarter 2008 Consolidated Net Income	$159,714	$143,616	($32,376)	$270,954

(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.

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Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the second quarter 2008 to the second quarter 2007.

	Amount (In Millions)
2007 net revenue	$1,129.5
Volume/weather	42.3
Other	10.0
2008 net revenue	$1,181.8

The volume/weather variance is primarily due to increased electricity usage, including the effect of more favorable weather compared to the same period in 2007 and higher sales during the unbilled period. Billed retail electricity usage increased a total of 594 GWh in the residential and commercial sectors, an increase of 4.4%.

Non-Utility Nuclear

Net revenue increased for Non-Utility Nuclear from $419 million for the second quarter 2007 to $553 million for the second quarter 2008 primarily due to higher pricing in its contracts to sell power and increased production resulting from fewer outage days and the acquisition of the Palisades plant on April 11, 2007. In addition to refueling outages, second quarter 2007 was affected by a 28 day unplanned outage. Following are key performance measures for Non-Utility Nuclear for the second quarter 2008 and 2007:

	2008	2007
Net MW in operation at June 30	4,998	4,998
Average realized price per MWh	$58.22	$51.28
GWh billed	10,145	8,896
Capacity factor	92%	82%
Refueling Outage Days:		
Indian Point 2	19	-
Pilgrim	-	33
Vermont Yankee	-	24

<u>Other Operation and Maintenance Expenses</u>

Utility

Other operation and maintenance expenses increased from $461 million for the second quarter 2007 to $479 million for the second quarter 2008 primarily due to:

- an increase of $8 million in loss reserves, including storm damage reserves at Entergy Mississippi;
- an increase of $6 million in storm damage charges as a result of several storms hitting Entergy Arkansas' service territory in 2008. Entergy Arkansas discontinued regulatory storm reserve accounting beginning July 2007 as a result of the APSC order issued in Entergy Arkansas' rate case. As a result, non-capital storm expenses are charged to other operation and maintenance expenses;
- an increase of $6 million in payroll-related costs; and
- various other insignificant factors.

These increases were partially offset by a reimbursement of $7 million of costs in connection with a litigation settlement.

Non-Utility Nuclear

Other operation and maintenance expenses increased from $175 million for the second quarter 2007 to $201 million for the second quarter 2008 primarily due to deferring costs from one refueling outage in 2008 compared to two refueling outages in second quarter 2007, in addition to the acquisition of the Palisades plant in April 2007. Other operation and maintenance expenses associated with the Palisades plant were $31 million for the second quarter 2008 compared to $24 million for the second quarter 2007.

Parent & Other

Other operation and maintenance expenses increased for the parent company, Entergy Corporation, for the second quarter 2008 primarily due to outside services costs related to the planned spin-off of the Non-Utility Nuclear business.

Other Income

Other income decreased primarily due to a $24.4 million charge to interest income in the second quarter 2008 resulting from the recognition of the other than temporary impairment of certain securities held in Non-Utility Nuclear's decommissioning trust funds.

Income Taxes

The effective income tax rates for the second quarters of 2008 and 2007 were 39.9% and 28.0%, respectively. The difference in the effective income tax rate versus the statutory rate of 35% for the second quarter 2008 is primarily due to state income taxes and book and tax differences for utility plant items. The reduction in the effective income tax rate versus the statutory rate of 35% for the second quarter 2007 is primarily due to the resolution of tax audit issues in the 2002-2003 audit cycle, book and tax differences related to the allowance for equity funds used during construction, and the amortization of investment tax credits. These factors were partially offset by book and tax differences for utility plant items and state income taxes.

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Following are income statement variances for Utility, Non-Utility Nuclear, Parent & Other, and Entergy comparing the six months ended June 30, 2008 to the six months ended June 30, 2007 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Non-Utility Nuclear	Parent & Other (1)	Entergy
	(In Thousands)			
2007 Consolidated Net Income	$252,644	$236,896	($9,743)	$479,797

Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	79,620	338,153	7,258	425,031
Other operation and maintenance expenses	29,871	60,183	27,477	117,531
Taxes other than income taxes	(8,518)	9,243	(5,243)	(4,518)
Depreciation and amortization	1,572	20,071	256	21,899
Other income	(13,572)	(21,687)	(5,929)	(41,188)
Interest charges	(6,403)	13,732	(14,213)	(6,884)
Other expenses	7,797	24,608	6	32,411
Income taxes	17,512	60,211	45,775	123,498
2008 Consolidated Net Income	$276,861	$365,314	($62,472)	$579,703

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

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the six months ended June 30, 2008 to the six months ended June 30, 2007.

	Amount (In Millions)
2007 net revenue	$2,136.8
Volume/weather	43.4
Fuel recovery	18.3
Rider revenue	15.3
Base revenues	15.1
Purchased power capacity	(19.1)
Other	6.6
2008 net revenue	$2,216.4

The volume/weather variance is primarily due to increased electricity usage, including the effect of more favorable weather compared to the same period in 2007. Billed retail electricity usage increased a total of 936 GWh in the residential and commercial sectors, an increase of 3.4%.

The fuel recovery variance resulted primarily from a reserve for potential rate refunds in the first quarter 2007 in Texas as a result of a PUCT ruling related to the application of past PUCT rulings addressing transition to competition in Texas.

The rider revenue variance is primarily due to:

- an increase in the Attala power plant costs that are 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;
- a storm damage rider that became effective in October 2007 at Entergy Mississippi; and
- an Energy Efficiency rider that became effective in November 2007 at Entergy Arkansas.

The establishment of the storm damage rider and the Energy Efficiency rider results in an increase in rider revenue and a corresponding increase in other operation and maintenance expense with no impact on net income.

The base revenues variance is primarily due to the interim surcharge to collect $10 million in under-recovered incremental purchased capacity costs incurred through July 2007 in Texas. The surcharge was collected over a two-month period beginning February 2008. The incremental capacity recovery rider and PUCT approval is discussed in Note 2 to the financial statements in the Form 10-K. The variance is also due to a formula rate plan increase effective July 2007 at Entergy Mississippi.

The purchased power capacity variance is due to the amortization of deferred capacity costs and is partially offset in base revenues due to the incremental purchased capacity costs recovered through the interim surcharge, as discussed above.

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Non-Utility Nuclear

Net revenue increased for Non-Utility Nuclear from $840 million for the six months ended June 30, 2007 to $1,178 million for the six months ended June 30, 2008 primarily due to higher pricing in its contracts to sell power, additional production resulting from the acquisition of the Palisades plant in April 2007, and fewer outage days. In addition to refueling outages, second quarter 2007 was affected by a 28 day unplanned outage. Palisades contributed $154 million of net revenue for the six months ended June 30, 2008 compared to $70 million of net revenue for the six months ended June 30, 2007. Included in the Palisades net revenue is $38 million and $15 million for the six months ended June 30, 2008 and 2007, respectively, of amortization of the Palisades purchased power agreement liability, 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 six months ended June 30, 2008 and 2007:

	2008	2007
Net MW in operation at June 30	4,998	4,998
Average realized price per MWh	$59.89	$53.13
GWh billed	20,905	17,211
Capacity factor	95%	86%
Refueling Outage Days:		
Indian Point 2	26	-
Indian Point 3	-	24
Pilgrim	-	33
Vermont Yankee	-	24

<u>Other Operation and Maintenance Expenses</u>

Utility

Other operation and maintenance expenses increased from $870 million for the six months ended June 30, 2007 to $899 million for the six months ended June 30, 2008 primarily due to:

- an increase of $16 million in fossil expenses primarily due to higher costs for plant maintenance outages as a result of differing outage schedules for 2008 compared to 2007;
- an increase of $16 million in storm damage charges as a result of several storms hitting Entergy Arkansas' service territory in 2008. Entergy Arkansas discontinued regulatory storm reserve accounting beginning July 2007 as a result of the APSC order issued in Entergy Arkansas' rate case. As a result, non-capital storm expenses are charged to other operation and maintenance expenses; and
- an increase of $9 million in loss reserves, including storm damage reserves at Entergy Mississippi.

The increase was partially offset by a reimbursement of $7 million of costs in connection with a litigation settlement.

Non-Utility Nuclear

Other operation and maintenance expenses increased from $322 million for the six months ended June 30, 2007 to $382 million for the six months ended June 30, 2008 primarily due to deferring costs from one refueling outage in 2008 compared to three refueling outages in 2007, in addition to the acquisition of the Palisades plant in April 2007. Other operation and maintenance expenses associated with the Palisades plant were $60 million for the six months ended June 30, 2008 compared to $24 million for the six months ended June 30, 2007.

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Parent & Other

Other operation and maintenance expenses increased for the parent company, Entergy Corporation, for the six months ended June 30, 2008 primarily due to outside services costs related to the planned spin-off of the Non-Utility Nuclear business, including approximately $23.7 million of such costs in the second quarter 2008.

Other Income

Other income decreased primarily due to approximately $27 million in charges to interest income in 2008 resulting from the recognition of the other than temporary impairment of certain securities held in Non-Utility Nuclear's decommissioning trust funds. Other factors contributing to the decrease were a reduction in the allowance for equity funds used during construction in the Utility due to a revision in the first quarter 2007 related to removal costs and a reduction in carrying charges on storm costs as recovery of some of those costs has been completed.

Income Taxes

The effective income tax rates for the six months ended June 30, 2008 and 2007 were 38.9% and 33.9%, respectively. The difference in the effective income tax rate versus the statutory rate of 35% for the six months ended June 30, 2008 is primarily due to state income taxes and 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. The reduction in the effective income tax rate versus the statutory rate of 35% for the six months ended June 30, 2007 is primarily due to the resolution of tax audit issues in the 2002-2003 audit cycle, book and tax differences related to the allowance for equity funds used during construction, and the amortization of investment tax credits. These factors were partially offset by book and tax differences for utility plant items and state income taxes.

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 increase in the debt to capital percentage from 2007 to 2008 is primarily the result of additional borrowings under Entergy Corporation's revolving credit facilities, along with a decrease in shareholders' equity primarily due to an increase in accumulated other comprehensive loss and repurchases of common stock, offset by an increase in retained earnings. The increase in accumulated other comprehensive loss is primarily due to derivative instrument fair value changes. See Note 1 (Derivative Financial Instruments and Commodity Derivatives)

and Note 16 to the financial statements in the Form 10-K for additional discussion of the accounting treatment of derivative instruments. The increase in the debt to capital percentage is in line with Entergy's financial and risk management aspirations.

	June 30, 2008	December 31, 2007
Net debt to net capital	58.3%	54.7%
Effect of subtracting cash from debt	2.4%	2.9%
Debt to capital	60.7%	57.6%

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 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.

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 June 30, 2008, amounts outstanding under the credit facility are:

Capacity	Borrowings	Letters of Credit	Capacity Available
	(In Millions)		
$3,500	$2,772	$72	$656

Entergy Corporation's credit facility requires it to maintain a consolidated debt ratio of 65% or less of its total capitalization. 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.

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 2008 through 2010. Following is an update to the discussion in the Form 10-K.

Little Gypsy Repowering Project

The preconstruction and operating air permits for the Little Gypsy repowering project were issued by the Louisiana Department of Environmental Quality (LDEQ) in November 2007 under then-effective federal and state air regulations, including the EPA's Clean Air Mercury Rule that had been issued in 2005 (CAMR 2005). As discussed in more detail in part I, Item 1, "Environmental Regulation, Clean Air Act and Subsequent Amendments, Hazardous Air Pollutants" in the Form 10-K, in February 2008 the U.S. Court of Appeals for the D.C. Circuit struck down CAMR 2005. The D.C. Circuit decision requires utilities that have not yet begun construction of the facility in question to undergo a case-by-case Maximum Achievable Control Technology (MACT) analysis for construction or reconstruction of emission units pursuant to the Clean Air Act before beginning construction. The Little Gypsy project as currently configured is expected to meet MACT standards. Little Gypsy received its construction permit before a formal MACT analysis was required, however, and Entergy Louisiana has sought a MACT determination from the LDEQ. The filing was made in June 2008, and the LDEQ has certified that the filing is complete. A decision on the MACT determination is expected by first quarter 2009. Entergy Louisiana also is awaiting permit determinations from several additional agencies. These permits are unrelated to CAMR 2005 and always have been part of the construction process. Onsite construction of the project was scheduled to begin in July 2008, but obtaining the MACT determination will cause a delay in the start of construction, which Entergy Louisiana now expects to begin in mid-year 2009. This delays the expected commercial operation date of the project to mid-2013. The LPSC approved the temporary suspension of Phase II of the Little Gypsy proceedings because Entergy Louisiana must update its estimated project cost and schedule in order to support the request to recover cash earnings on its construction work in progress costs. Entergy Louisiana plans to refile the Phase II case in September 2008, and a decision is expected in the first quarter 2009. The LPSC Phase I order has been appealed to the state district court in Baton Rouge, Louisiana by a group led by the Sierra Club and represented by the Tulane Environmental Law Clinic. A procedural schedule for the appeal has not been set.

The delayed construction of the Little Gypsy repowering project is expected to increase the total project cost from approximately $1.55 billion to $1.76 billion, primarily due to price escalation on non-contracted equipment and material and increased carrying cost due to the extended construction period.

Waterford 3 Steam Generator Replacement Project

As discussed in more detail in the Form 10-K, Entergy Louisiana plans to replace the Waterford 3 steam generators, along with the reactor vessel closure head and control element drive mechanisms, in 2011. In June 2008, Entergy Louisiana filed with the LPSC for approval of the project, including full cost recovery. Entergy Louisiana estimates in the filing that it will spend approximately $511 million on this project. The filing seeks relief in two phases. Phase I seeks certification within 120 days that the public convenience and necessity would be served by undertaking this project. Among other relief requested, Entergy Louisiana is also seeking approval for a procedure to synchronize permanent base rate recovery when the project is placed in service, either by a formula rate plan or base rate filing. In Phase II, Entergy Louisiana will seek cash earnings on construction work in progress. A status conference was held on July 31, 2008, and a procedural schedule for Phase I was adopted providing for hearings in October 2008 and LPSC consideration in December 2008.

White Bluff Environmental Project

The planned construction and other capital investments disclosure in the Form 10-K includes approximately $24 million for initial spending during the 2008-2010 period on installation of scrubbers and low NOx burners at Entergy Arkansas' White Bluff coal plant, which under current environmental regulations must be operational by September 2013. The project remains in the planning stages and has not been fully designed, but the latest conceptual cost estimate has gone up significantly from previous estimates due to increases in equipment, commodity, and labor costs. These estimates indicate that Entergy Arkansas' share of the project could cost approximately $630 million compared to the $375 million reported in the Form 10-K. Entergy continues to review potential environmental spending needs and financing alternatives for any such spending, and future spending estimates could change based on the results of this continuing analysis.

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.

Hurricane Katrina and Hurricane Rita

In August and September 2005, Hurricanes Katrina and Rita caused catastrophic damage to large portions of the Utility's service territory in Louisiana, Mississippi, and Texas, including the effect of extensive flooding that resulted from levee breaks in and around the greater New Orleans area. The storms and flooding resulted in widespread power outages, significant damage to electric distribution, transmission, and generation and gas infrastructure, and the loss of sales and customers due to mandatory evacuations and the destruction of homes and businesses. Entergy has pursued a broad range of initiatives to recover storm restoration and business continuity costs, including obtaining reimbursement of certain costs covered by insurance and pursuing recovery through existing or new rate mechanisms regulated by the FERC and local regulatory bodies, including the issuance of securitization or bonds. Following are updates regarding Entergy's cost recovery efforts.

Storm Cost Financings

In March 2008, Entergy Gulf States Louisiana, Entergy Louisiana, and the Louisiana Utilities Restoration Corporation (LURC), an instrumentality of the State of Louisiana, filed at the LPSC an application requesting that the LPSC grant financing orders authorizing the financing of Entergy Gulf States Louisiana and Entergy Louisiana storm costs, storm reserves, and issuance costs pursuant to Act 55 of the Louisiana Legislature (Act 55 financings). The Act 55 financings are expected to produce additional customer benefits as compared to Act 64 traditional securitization. Entergy Gulf States Louisiana and Entergy Louisiana also filed an application requesting LPSC approval for ancillary issues including the mechanism to flow charges and savings to customers via a Storm Cost Offset rider. On April 3, 2008, the Louisiana State Bond Commission granted preliminary approval for the Act 55 financings. On April 8, 2008, the Louisiana Public Facilities Authority (LPFA), which is the issuer of the bonds pursuant to the Act 55 financings, approved requests for the Act 55 financings. On April 10, 2008, Entergy Gulf States Louisiana and Entergy Louisiana and the LPSC Staff filed with the LPSC an uncontested stipulated settlement that includes Entergy Gulf States Louisiana and Entergy Louisiana's proposals under the Act 55 financings, which includes a commitment to pass on to customers a minimum of $10 million and $30 million of customer benefits, respectively. On April 16, 2008, the LPSC approved the settlement and issued two financing orders and one ratemaking order intended to facilitate implementation of the Act 55 financings. On May 6, 2008, the State Bond Commission voted to approve the Act 55 financings.

On July 29, 2008, the LPFA issued $679 million in bonds under the aforementioned Act 55. From the bond proceeds received by Entergy Louisiana from the LURC, Entergy Louisiana invested $527 million in affiliate securities. The LURC deposited $152 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana. As approved by the April 16, 2008 LPSC orders, Entergy Louisiana withdrew $17.8 million from the restricted escrow account and also invested this amount in affiliate securities.

Entergy Gulf States Louisiana expects that in September 2008 the LPFA will issue $273 million in bonds under the aforementioned Act 55. From the bond proceeds expected to be received by Entergy Gulf States Louisiana from the LURC, Entergy Gulf States Louisiana is expected to invest $186 million in affiliate securities. In addition, Entergy Gulf States Louisiana expects the LURC to deposit $87 million to a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana. As approved by the April 16, 2008 LPSC orders, it is expected that Entergy Gulf States Louisiana will withdraw $1.7 million from the restricted escrow account and will also invest this amount in affiliate securities.

Insurance Claims

See Note 8 to the financial statements in the Form 10-K for a discussion of Entergy's conventional property insurance program and its Hurricane Katrina and Hurricane Rita claims.

In April 2008, Entergy received from its primary insurer $53.6 million of additional insurance proceeds on its Hurricane Katrina claim, and almost all of the April 2008 proceeds were allocated to Entergy New Orleans.

Entergy has settled its lawsuit against one of its excess insurers on the Hurricane Katrina claim, and in July 2008 received $71.5 million in proceeds on the claim. The July 2008 proceeds were allocated as follows: $2.0 million to Entergy Arkansas, $3.7 million to Entergy Gulf States Louisiana, $12.4 million to Entergy Louisiana, $1.8 million to Entergy Mississippi, and $48.4 million to Entergy New Orleans, with the remainder allocated in smaller amounts to other Entergy subsidiaries.

Cash Flow Activity

As shown in Entergy's Consolidated Statements of Cash Flows, cash flows for the six months ended June 30, 2008 and 2007 were as follows:

	2008	2007

	(In Millions)	
Cash and cash equivalents at beginning of period	$1,253	$1,016
Effect of reconsolidating Entergy New Orleans	-	17
Cash flow provided by (used in):		
Operating activities	914	964
Investing activities	(1,008)	(1,016)
Financing activities	(73)	339
Net increase (decrease) in cash and cash equivalents	(167)	287
Cash and cash equivalents at end of period	$1,086	$1,320

Operating Activities

Entergy's cash flow provided by operating activities decreased by $50 million for the six months ended June 30, 2008 compared to the six months ended June 30, 2007. Following are cash flows from operating activities by segment:

- Utility provided $398 million in cash from operating activities in 2008 compared to providing $764 million in 2007 primarily due to decreased collection of fuel costs in 2008 and the receipt of $177 million of Community Development Block Grant funds by Entergy New Orleans in 2007. Fuel prices have been increasing, and due to the time lag before the fuel recovery rates increase in response, the Utility has under-recovered fuel costs thus far in 2008.
- Non-Utility Nuclear provided $594 million in cash from operating activities in 2008 compared to providing $259 million in 2007, primarily due to an increase in net revenue, partially offset by an increase in operation and maintenance costs.
- Parent & Other used approximately $78 million in cash in operating activities in 2008 and used approximately $59 million in cash in operating activities in 2007.

Investing Activities

Net cash used in investing activities decreased by $8 million for the six months ended June 30, 2008 compared to the six months ended June 30, 2007. The following significant investing cash flow activity occurred in the six months ended June 30, 2008 and 2007:

- Construction expenditures were $62 million higher in 2008 than in 2007, primarily due to increased spending on various projects by the Utility that are discussed further in "Capital Expenditure Plans" in the Form 10-K.
- In April 2007, Non-Utility Nuclear purchased the 798 MW Palisades nuclear power plant located near South Haven, Michigan for a net cash payment of $336 million.
- 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.
- Non-Utility Nuclear made a $72 million payment to NYPA in 2008 under the value sharing agreement associated with the acquisition of the Fitzpatrick and Indian Point 3 power plants. See Note 1 to the financial statements herein for additional discussion of the value sharing agreement.

- In 2008, Non-Utility Nuclear posted $102 million of cash as collateral in support of its agreements to sell power.
- Entergy Mississippi realized proceeds in 2007 from $100 million of investments held in trust that were received from a bond issuance in 2006 and used to redeem bonds in 2007.

Financing Activities

Financing activities used $73 million for the six months ended June 30, 2008 and provided $339 million for the six months ended June 30, 2007. The following significant financing cash flow activity occurred in the six months ended June 30, 2008 and 2007:

- Entergy Corporation increased the net borrowings under its revolving credit facility by $521 million in the six months ended June 30, 2008 and by $1,150 million in the six months ended June 30, 2007. See Note 4 to the financial statements for a description of the Entergy Corporation credit facilities.
- The Utility operating companies increased the borrowings outstanding on their long-term credit facilities by $230 million in the six months ended June 30, 2008.
- A subsidiary of Entergy Texas issued $329.5 million of securitization bonds in June 2007. See Note 5 to the financial statements in the Form 10-K for additional information regarding the securitization bonds.
- Entergy Corporation repaid $87 million of notes payable at their maturity in March 2008.
- Entergy Mississippi redeemed $100 million of first mortgage bonds in 2007.
- The Utility operating companies increased the borrowings outstanding on their short-term credit facilities by $150 million in the six months ended June 30, 2008.
- Entergy Corporation repurchased $370 million of its common stock in the six months ended June 30, 2008 and $825 million of its common stock in the six months ended June 30, 2007.
- Entergy Corporation increased the dividend on its common stock. The quarterly dividend was $0.54 per share in 2007 and $0.75 per share for the first two quarters in 2008.

Significant Factors and Known Trends

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends**" in the Form 10-K for discussions of rate regulation, federal regulation, and market and credit risk sensitive instruments. Following are updates to the information provided in the Form 10-K.

State and Local Rate Regulation

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

Production Cost Equalization Proceeding Commenced by the LPSC

See the Form 10-K for a discussion of the June 2005 FERC decision in the System Agreement litigation that had been commenced by the LPSC, which was essentially affirmed in the FERC's decision in a December 2005 order on rehearing. The LPSC, APSC, MPSC, and the AEEC appealed the FERC's decision to the United States Court of Appeals for the D.C. Circuit. Entergy and the City of New Orleans intervened in the various appeals. The D.C. Circuit issued its decision in April 2008. The D.C. Circuit affirmed the FERC's decision in most respects, but remanded the case to the FERC for further proceedings and reconsideration of its conclusion that it was prohibited from ordering refunds and its determination to

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implement the bandwidth remedy commencing with calendar year 2006 production costs (with the first payments/receipts commencing in June 2007), rather than commencing the remedy on June 1, 2005. The D.C. Circuit concluded the FERC had failed so far in the proceeding to offer a reasoned explanation regarding these issues. On July 17, 2008, the Utility operating companies filed with FERC a motion proposing additional procedures on the remanded issues.

Rough Production Cost Equalization Rates

J007 Rate Filing Based on Calendar Year 2006 Production Costs

See the Form 10-K for a discussion of the proceeding in which Entergy filed the rates to implement the FERC's orders in the production cost equalization proceeding. Intervenor cross-answering testimony was filed during March and April 2008, in which the intervenors and FERC Staff advocate a number of positions on issues that affect the level of production costs the individual Utility operating companies are permitted to reflect in the bandwidth calculation, including the level of depreciation and decommissioning expense for nuclear facilities. The effect of the various positions would be to reallocate costs among the Utility operating companies. Additionally, the APSC, while not taking a position on whether Entergy Arkansas was imprudent for not exercising its right of first refusal to repurchase a portion of the Independence plant in 1996 and 1997 as alleged by the LPSC, alleges that if the FERC finds Entergy Arkansas to be imprudent for not exercising this option, the FERC should disallow recovery from customers by Entergy of approximately $43 million of increased costs. On April 28, 2008 the Utility operating companies filed rebuttal testimony refuting the allegations of imprudence concerning the decision not to acquire the portion of the Independence plant, explaining why the bandwidth payments are properly recoverable under the AmerenUE contract, and explaining why the positions of FERC Staff and intervenors on the other issues should be rejected. A hearing in this proceeding concluded in July 2008, post-hearing briefing is scheduled to conclude in August 2008, and the ALJ is expected to issue an initial decision in September 2008.

As discussed in the Form 10-K, the Utility operating companies had also filed with the FERC during 2007 certain proposed modifications to the rough production cost equalization calculation. The FERC rejected certain of the proposed modifications, accepted certain of the proposed modifications without further proceedings, and set two of the proposed modifications for hearing and settlement procedures. With respect to the proceeding involving changes to the functionalization of costs to the production function, a hearing was held in March 2008 and the ALJ issued an Initial Decision in June 2008 finding the modifications proposed by the Utility operating companies to be just and reasonable. Following briefing, the matter will be submitted to the FERC for decision. In the second proceeding, a contested settlement supported by the Utility operating companies has been submitted to the Settlement ALJ. In conjunction with the second proceeding, the LPSC has appealed to the Court of Appeals for the D.C. Circuit the FERC's determination that changes proposed by the Utility operating companies and accepted by the FERC can become effective for the next bandwidth calculation even though such bandwidth calculation may include production costs incurred prior to the date the change is proposed by the Utility operating companies.

The intervenor AmerenUE has argued that its current wholesale power contract with Entergy Arkansas, pursuant to which Entergy Arkansas sells power to AmerenUE, does not permit Entergy Arkansas to flow through to AmerenUE any portion of Entergy Arkansas' bandwidth payment. According to AmerenUE, Entergy Arkansas has sought to collect from AmerenUE approximately $14.5 million of the 2007 Entergy Arkansas bandwidth payment. The AmerenUE contract is scheduled to expire in August 2009. In April 2008, AmerenUE filed a complaint with the FERC seeking refunds of this amount, plus interest, in the event the FERC ultimately determines that bandwidth payments are not properly recovered under the AmerenUE contract.

On March 31, 2008, the LPSC filed a complaint with the FERC seeking, among other things, three amendments to the rough production cost equalization bandwidth formula. On April 22, 2008, the Utility operating companies filed an answer to the LPSC complaint urging the FERC to reject two of the proposed amendments and not opposing the third. On July 2, 2008, the FERC issued an order that, among other things, ordered the Utility operating companies to implement the LPSC's proposed amendment that they did not oppose and setting two of the LPSC's proposed amendments for hearing and settlement proceedings.

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J008 Rate Filing Based on Calendar Year 2007 Production Costs

In May 2008, Entergy filed with the FERC the rates for the second year to implement the FERC's orders in the System Agreement proceeding that are discussed in the Form 10-K.

The filing shows the following payments/receipts among the Utility operating companies for 2008, based on calendar year 2007 production costs, commencing for service in June 2008, are necessary to achieve rough production cost equalization under the FERC's orders:

	Payments or (Receipts) (In Millions)
Entergy Arkansas	$252
Entergy Gulf States Louisiana	($124)
Entergy Louisiana	($35)
Entergy Mississippi	($20)
Entergy New Orleans	($7)
Entergy Texas	($66)

Several parties intervened in the proceeding at the FERC, including the APSC, the LPSC, and AmerenUE, which have also filed protests. Several other parties, including the MPSC and the City Council, have intervened in the proceeding without filing a protest. On July 29, 2008, the FERC set the proceeding for hearing and settlement procedures. A settlement judge should be appointed and a conference scheduled in August 2008.

Entergy Arkansas will pay $36 million per month for seven months in 2008, and began making the payments in June 2008. As discussed in Note 2 to the financial statements, the APSC has approved a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas.

Independent Coordinator of Transmission

In the FERC's April 2006 order that approved Entergy's 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 have been working with the ICT and a software vendor to develop the software and systems necessary to implement the WPP. The Utility operating companies also filed with the FERC in April 2007 a request to make certain corrections and limited modifications to the current WPP tariff provisions. The Utility operating companies have 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 is still not operational. The Utility operating companies filed a revised tariff with the FERC on January 31, 2008 to address issues identified during the testing of the WPP. The Utility operating companies requested the FERC to rule on the proposed amendments by April 30, 2008 and allow them to go into effect May 11, 2008, following which the WPP would be expected to become operational. In May 2008, the FERC determined it would be premature to implement the WPP on May 11, 2008 as the WPP has not been shown to be just and reasonable. Accordingly, the FERC conditionally accepted and suspended Entergy's proposed tariff amendments for five months from the requested effective date, to become effective October 11, 2008, or on an earlier date, subject to refund and subject to a further order on proposed tariff revisions directed to be filed in the order. The FERC stated that it will consider allowing an effective date earlier than October 11, 2008, if the ICT agrees that the model is ready and Entergy files the required tariff revisions no later than 60 days before that date. The FERC also denied the requests for a technical conference at this time and indicated it will reassess the need for such a technical conference after the WPP is functioning.

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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 June 30, 2008 under physical or financial contracts (2008 represents the remaining two quarters of the year):

	2008	2009	2010	2011	2012
Non-Utility Nuclear :					
Percent of planned energy output sold forward:					
Unit-contingent	48%	48%	31%	29%	17%
Unit-contingent with availability guarantees (1)	40%	35%	28%	14%	7%
Firm liquidated damages	5%	0%	0%	0%	0%
Total	93%	83%	59%	43%	24%
Planned energy output (TWh)	21	41	40	41	41
Average contracted price per MWh (2)	$55	$61	$58	$55	$54

(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 PPA prices, which has not happened thus far and is not expected in the foreseeable future.

Entergy's Non-Utility Nuclear business' purchase of the FitzPatrick and Indian Point 3 plants from NYPA included value sharing agreements with NYPA. In October 2007, NYPA and the subsidiaries that own the FitzPatrick and Indian Point 3 plants amended and restated the value sharing agreements to clarify and amend certain provisions of the original terms. Under the amended value sharing agreements, Entergy's Non-Utility Nuclear business agreed to make annual payments to NYPA based on the generation output of the Indian Point 3 and FitzPatrick plants from January 2007 through December 2014. Entergy's Non-Utility Nuclear business will pay NYPA $6.59 per MWh for power sold from Indian Point 3, up to an annual cap of $48 million, and $3.91 per MWh for power sold from FitzPatrick, up to an annual cap of $24 million. The annual payment for each year is due by January 15 of the following year. If Entergy or an Entergy affiliate ceases to own the plants, then, after January 2009, the annual payment obligation terminates for generation after the date that Entergy ownership ceases. We believe that the contractual obligation to make value sharing payments to NYPA, other than for 2008 generation output, will terminate if the Non-Utility Nuclear spin-off transaction is completed. On June 3, 2008, NYPA informed Entergy in writing that it disagrees with Entergy's interpretation of the termination provisions of the agreement. In addition, in regulatory proceedings in New York, the Administrative Law Judges have indicated that the potential financial effect of the termination of the value sharing payments on NYPA and New York electric consumers are factors the Administrative Law Judges believe should be considered by the New York Public Service Commission in making its public interest determination.

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 June 30, 2008, based on power prices at that time, Entergy had in place as collateral $1,501 million of Entergy Corporation guarantees for wholesale transactions, including $64 million of guarantees that support letters of credit and $102 million of cash collateral. The assurance requirement associated with Non-Utility Nuclear is estimated to increase by an amount of up to $302 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, Entergy will be required to replace Entergy Corporation guarantees with cash or letters of credit under some of the agreements.

In addition to selling the power produced by its plants, the Non-Utility Nuclear business sells installed 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' installed capacity that is currently sold forward, and the blended amount of the Non-Utility Nuclear business' planned generation output and installed capacity that is currently sold forward as of June 30, 2008 (2008 represents the remaining two quarters of the year):

	2008	2009	2010	2011	2012
Non-Utility Nuclear					
:					
Percent of capacity sold forward:					
Bundled capacity and energy contracts	26%	27%	26%	27%	19%
Capacity contracts	62%	38%	31%	15%	2%
Total	88%	65%	57%	42%	21%
Planned net MW in operation	4,998	4,998	4,998	4,998	4,998
Average capacity contract price per kW per month	$2.0	$2.0	$3.4	$3.7	$3.5
Blended Capacity and Energy (based on revenues)					
% of planned generation and capacity sold forward	87%	74%	47%	31%	15%
Average contract revenue per MWh	$57	$62	$61	$57	$54

As of June 30, 2008, approximately 96% of Non-Utility Nuclear's counterparty exposure from energy and capacity contracts is with counterparties with public investment grade credit ratings.

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, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

In March 2008 the FASB issued 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. SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three and Six Months Ended June 30, 2008 and 2007
(Unaudited)

	Three Months Ended		Six Months Ended	
	2008	2007	2008	2007
	(In Thousands, Except Share Data)			
OPERATING REVENUES				
Electric	$2,524,222	$2,194,644	$4,570,449	$4,306,104
Natural gas	53,985	42,909	143,380	127,861
Competitive businesses	686,064	531,799	1,415,176	1,029,446

TOTAL	3,264,271	2,769,352	6,129,005	5,463,411
OPERATING EXPENSES				
Operating and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	726,836	595,602	1,267,337	1,383,014
Purchased power	748,203	601,000	1,368,845	1,045,239
Nuclear refueling outage expenses	55,840	44,614	107,098	87,589
Other operation and maintenance	710,309	639,670	1,321,577	1,204,046
Decommissioning	46,816	42,080	92,812	79,910
Taxes other than income taxes	125,942	116,348	234,513	239,031
Depreciation and amortization	247,977	238,653	492,962	471,063
Other regulatory charges - net	34,239	13,345	69,519	36,885
TOTAL	2,696,162	2,291,312	4,954,663	4,546,777
OPERATING INCOME	568,109	478,040	1,174,342	916,634
OTHER INCOME				
Allowance for equity funds used during construction	9,085	7,459	18,371	24,717
Interest and dividend income	23,399	53,948	77,680	111,058
Equity in earnings (loss) of unconsolidated equity affiliates	(2,572)	477	(3,501)	2,101
Miscellaneous - net	3,916	(6,459)	(7,640)	(11,778)
TOTAL	33,828	55,425	84,910	126,098
INTEREST AND OTHER CHARGES				
Interest on long-term debt	119,903	124,057	243,047	247,156
Other interest - net	28,030	33,553	60,567	65,768
Allowance for borrowed funds used during construction	(4,937)	(4,386)	(10,053)	(14,915)
Preferred dividend requirements and other	4,975	6,188	9,973	12,409
TOTAL	147,971	159,412	303,534	310,418
INCOME BEFORE INCOME TAXES	453,966	374,053	955,718	732,314
Income taxes	183,012	106,451	376,015	252,517
CONSOLIDATED NET INCOME	$270,954	$267,602	$579,703	$479,797
Earnings per average common share:				
Basic	$1.42	$1.36	$3.02	$2.41
Diluted	$1.37	$1.32	$2.93	$2.34
Dividends declared per common share	$0.75	$0.54	$1.50	$1.08
Basic average number of common shares outstanding	191,326,928	196,979,140	191,983,266	198,754,673
Diluted average number of common shares outstanding	197,864,459	203,423,646	198,101,863	204,785,090

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2008 and 2007
(Unaudited)

	2008	2007
	(In Thousands)	
OPERATING ACTIVITIES		
Consolidated net income	$579,703	$479,797
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:		
Reserve for regulatory adjustments	(2,808)	8,038
Other regulatory charges - net	69,519	36,885
Depreciation, amortization, and decommissioning	585,774	550,973
Deferred income taxes, investment tax credits, and non-current taxes accrued	365,337	507,929
Equity in earnings of unconsolidated equity affiliates - net of dividends	3,501	(2,101)
Changes in working capital:		
Receivables	(216,810)	(123,088)
Fuel inventory	(12,257)	(10,533)
Accounts payable	357,503	(137,102)
Taxes accrued	-	(189,410)
Interest accrued	(48,799)	(29,093)
Deferred fuel	(555,444)	37,705
Other working capital accounts	(218,001)	(169,775)
Provision for estimated losses and reserves	10,680	56,241
Changes in other regulatory assets	39,964	132,989
Other	(44,293)	(185,323)
Net cash flow provided by operating activities	913,569	964,132
INVESTING ACTIVITIES		
Construction/capital expenditures	(778,818)	(717,115)
Allowance for equity funds used during construction	18,371	24,717
Nuclear fuel purchases	(217,487)	(219,328)
Proceeds from sale/leaseback of nuclear fuel	152,353	124,185
Proceeds from sale of assets and businesses	30,725	13,063
Payment for purchase of plant	(56,409)	(336,211)
Insurance proceeds received for property damages	63,088	82,081
Changes in transition charge account	9,171	-
NYPA value sharing payment	(72,000)	-
Decrease (increase) in other investments	(95,166)	73,969
Proceeds from nuclear decommissioning trust fund sales	748,181	1,013,414
Investment in nuclear decommissioning trust funds	(809,653)	(1,075,084)
Net cash flow used in investing activities	(1,007,644)	(1,016,309)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2008 and 2007
(Unaudited)

	2008	2007
	(In Thousands)	
FINANCING ACTIVITIES		
Proceeds from the issuance of:		
Long-term debt	1,800,543	2,042,123
Common stock and treasury stock	27,862	53,706
Retirement of long-term debt	(1,383,393)	(699,906)
Repurchase of common stock	(369,612)	(825,460)
Redemption of preferred stock	-	(2,250)
Changes in credit line borrowings - net	150,000	-
Dividends paid:		
Common stock	(288,172)	(215,472)
Preferred stock	(10,030)	(13,344)
Net cash flow provided by (used in) financing activities	(72,802)	339,397
Effect of exchange rates on cash and cash equivalents	(430)	(243)
Net increase (decrease) in cash and cash equivalents	(167,307)	286,977
Cash and cash equivalents at beginning of period	1,253,728	1,016,152
Effect of the reconsolidation of Entergy New Orleans on cash and cash equivalents	-	17,093
Cash and cash equivalents at end of period	$1,086,421	$1,320,222
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	$340,077	$297,229
Income taxes	$127,856	$228,750

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
June 30, 2008 and December 31, 2007

(Unaudited)

	2008	2007
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	$168,624	$126,652
Temporary cash investments - at cost,		
which approximates market	917,797	1,127,076
Total cash and cash equivalents	1,086,421	1,253,728
Securitization recovery trust account	10,102	19,273
Accounts receivable:		
Customer	755,425	610,724
Allowance for doubtful accounts	(20,357)	(25,789)
Other	310,645	303,060
Accrued unbilled revenues	347,163	288,076
Total accounts receivable	1,392,876	1,176,071
Deferred fuel costs	500,498	-
Accumulated deferred income taxes	-	38,117
Fuel inventory - at average cost	220,841	208,584
Materials and supplies - at average cost	725,176	692,376
Deferred nuclear refueling outage costs	194,736	172,936
System agreement cost equalization	215,869	268,000
Gas hedge contracts	122,971	-
Prepayments and other	268,505	129,162
TOTAL	4,737,995	3,958,247
OTHER PROPERTY AND INVESTMENTS		
Investment in affiliates - at equity	76,959	78,992
Decommissioning trust funds	3,154,962	3,307,636
Non-utility property - at cost (less accumulated depreciation)	224,536	220,204
Other	176,500	82,563
TOTAL	3,632,957	3,689,395
PROPERTY, PLANT AND EQUIPMENT		
Electric	33,650,605	32,959,022
Property under capital lease	738,492	740,095
Natural gas	297,622	300,767
Construction work in progress	1,026,306	1,054,833
Nuclear fuel under capital lease	429,414	361,502
Nuclear fuel	609,426	665,620
TOTAL PROPERTY, PLANT AND EQUIPMENT	36,751,865	36,081,839
Less - accumulated depreciation and amortization	15,457,574	15,107,569
PROPERTY, PLANT AND EQUIPMENT - NET	21,294,291	20,974,270
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
SFAS 109 regulatory asset - net	615,832	595,743
Other regulatory assets	2,932,336	2,971,399
Deferred fuel costs	168,122	168,122
Goodwill	377,172	377,172

Other	934,636	908,654
TOTAL	5,028,098	5,021,090
TOTAL ASSETS	$34,693,341	$33,643,002

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY
June 30, 2008 and December 31, 2007
(Unaudited)

	2008	**2007**
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	$397,527	$996,757
Notes payable	175,037	25,037
Accounts payable	1,388,805	1,031,300
Customer deposits	298,632	291,171
Accumulated deferred income taxes	118,061	-
Interest accrued	139,162	187,968
Deferred fuel costs	-	54,947
Obligations under capital leases	151,721	152,615
Pension and other postretirement liabilities	35,765	34,795
System agreement cost equalization	215,909	268,000
Fair value of derivative instruments	363,957	60,025
Other	167,654	154,139
TOTAL	3,452,230	3,256,754
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	6,306,393	6,379,679
Accumulated deferred investment tax credits	334,552	343,539
Obligations under capital leases	287,641	220,438
Other regulatory liabilities	576,601	490,323
Decommissioning and asset retirement cost liabilities	2,575,683	2,489,061
Accumulated provisions	144,875	133,406
Pension and other postretirement liabilities	1,299,857	1,361,326
Long-term debt	10,755,654	9,728,135
Fair value of derivative instruments	370,374	26,964
Other	955,657	1,039,544
TOTAL	23,607,287	22,212,415
Commitments and Contingencies		
Preferred stock without sinking fund	311,019	311,162

SHAREHOLDERS' EQUITY		
Common stock, $.01 par value, authorized 500,000,000 shares; issued 248,174,087 shares in 2008 and in 2007	2,482	2,482
Paid-in capital	4,860,481	4,850,769
Retained earnings	7,027,630	6,735,965
Accumulated other comprehensive income (loss)	(510,958)	8,320
Less - treasury stock, at cost (57,633,453 shares in 2008 and 55,053,847 shares in 2007)	4,056,830	3,734,865
TOTAL	7,322,805	7,862,671
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$34,693,341	$33,643,002

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 June 30, 2008 and 2007
(Unaudited)

	2008		2007	
	(In Thousands)			
RETAINED EARNINGS				
Retained Earnings - Beginning of period	$6,900,345		$6,211,617	
Add: Consolidated net income	270,954	$270,954	267,602	$267,602
Deduct:				
Dividends declared on common stock	143,669		106,532	
Retained Earnings - End of period	$7,027,630		$6,372,687	
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Balance at beginning of period:				
Accumulated derivative instrument fair value changes	($191,306)		($64,111)	
Pension and other postretirement liabilities	(111,281)		(105,431)	
Net unrealized investment gains	89,061		108,547	
Foreign currency translation	6,377		6,435	
Total	(207,149)		(54,560)	

Net derivative instrument fair value changes arising during the period (net of tax expense (benefit) of ($160,474) and $1,851)	(285,280)	(285,280)	4,549	4,549
Pension and other postretirement liabilities (net of tax expense of $348 and $1,092)	2,247	2,247	(339)	(339)
Net unrealized investment gains (losses) (net of tax expense (benefit) of ($7,901) and $4,317)	(21,223)	(21,223)	8,350	8,350
Foreign currency translation (net of tax expense of $241 and $124)	447	447	231	231
Balance at end of period:				
Accumulated derivative instrument fair value changes	(476,586)		(59,562)	
Pension and other postretirement liabilities	(109,034)		(105,770)	
Net unrealized investment gains	67,838		116,897	
Foreign currency translation	6,824		6,666	
Total	($510,958)		($41,769)	
Comprehensive Income (Loss)		($32,855)		$280,393

PAID-IN CAPITAL

Paid-in Capital - Beginning of period	$4,853,837	$4,831,803
Add:		
Common stock issuances related to stock plans	6,644	9,256
Paid-in Capital - End of period	$4,860,481	$4,841,059

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS, COMPREHENSIVE INCOME, AND PAID-IN CAPITAL
For the Six Months Ended June 30, 2008 and 2007
(Unaudited)

	2008	2007
	(In Thousands)	

RETAINED EARNINGS				
Retained Earnings - Beginning of period	$6,735,965		$6,113,042	
Add:				
Consolidated net income	579,703	$579,703	479,797	$479,797
Adjustment related to FIN 48 implementation	-		(4,600)	
Total	579,703		475,197	
Deduct:				
Dividends declared on common stock	288,038		215,552	
Retained Earnings - End of period	$7,027,630		$6,372,687	
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Balance at beginning of period:				
Accumulated derivative instrument fair value changes	($12,540)		($105,578)	
Pension and other postretirement liabilities	(107,145)		(105,909)	
Net unrealized investment gains	121,611		104,551	
Foreign currency translation	6,394		6,424	
Total	8,320		(100,512)	
Net derivative instrument fair value changes arising during the period (net of tax expense (benefit) of ($259,574) and $30,176)	(464,046)	(464,046)	46,016	46,016
Pension and other postretirement liabilities (net of tax expense of $4,325 and $1,366)	(1,889)	(1,889)	139	139
Net unrealized investment gains (losses) (net of tax expense (benefit) of ($34,531) and $7,107)	(53,773)	(53,773)	12,346	12,346
Foreign currency translation (net of tax expense of $232 and $130)	430	430	242	242
Balance at end of period:				
Accumulated derivative instrument fair value changes	(476,586)		(59,562)	
Pension and other postretirement liabilities	(109,034)		(105,770)	
Net unrealized investment gains	67,838		116,897	
Foreign currency translation	6,824		6,666	
Total	($510,958)		($41,769)	
Comprehensive Income		$60,425		$538,540

PAID-IN CAPITAL

Paid-in Capital - Beginning of period	$4,850,769	$4,827,265
Add (Deduct):		
Common stock issuances related to stock plans	9,712	13,794
Paid-in Capital - End of period	$4,860,481	$4,841,059

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
SELECTED OPERATING RESULTS
For the Three and Six Months Ended June 30, 2008 and 2007
(Unaudited)

Description	Three Months Ended 2008	2007	Increase/ (Decrease)	%
	(Dollars in Millions)			
Utility Electric Operating Revenues:				
Residential	$808	$691	$117	17
Commercial	661	576	85	15
Industrial	739	640	99	15
Governmental	59	54	5	9
Total retail	2,267	1,961	306	16
Sales for resale	108	98	10	10
Other	149	136	13	10
Total	$2,524	$2,195	$329	15
Utility Billed Electric Energy				
Sales (GWh):				
Residential	7,372	6,985	387	6
Commercial	6,688	6,481	207	3
Industrial	9,730	9,814	(84)	(1)
Governmental	586	562	24	4
Total retail	24,376	23,842	534	2
Sales for resale	1,440	1,428	12	1
Total	25,816	25,270	546	2
Non-Utility Nuclear:				
Operating Revenues	$610	$472	$138	29
Billed Electric Energy Sales (GWh)	10,145	8,896	1,249	14

Description	Six Months Ended 2008	2007	Increase/ (Decrease)	%

	(Dollars in Millions)			
Utility Electric Operating Revenues:				
Residential	$1,539	$1,435	$104	7
Commercial	1,209	1,132	77	7
Industrial	1,345	1,273	72	6
Governmental	113	105	8	8
Total retail	4,206	3,945	261	7
Sales for resale	196	189	7	4
Other	168	172	(4)	(2)
Total	$4,570	$4,306	$264	6
Utility Billed Electric Energy				
Sales (GWh):				
Residential	15,384	14,777	607	4
Commercial	12,926	12,597	329	3
Industrial	19,107	19,137	(30)	-
Governmental	1,155	1,111	44	4
Total retail	48,572	47,622	950	2
Sales for resale	2,729	3,066	(337)	(11)
Total	51,301	50,688	613	1
Non-Utility Nuclear:				
Operating Revenues	$1,290	$930	$360	39
Billed Electric Energy Sales (GWh)	20,905	17,211	3,694	21

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, the Entergy Texas Form 10, and herein and discusses tax proceedings in Note 3 to the financial statements in the Form 10-K and the Entergy Texas Form 10, and in Note 10 to the financial statements herein.

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 and Note 6 to the financial statements in the Entergy Texas Form 10 for information regarding Entergy's non-nuclear property insurance program. In April 2008, Entergy received from its primary insurer $53.6 million of additional insurance proceeds on its Hurricane Katrina claim, and almost all of the April 2008 proceeds were allocated to Entergy New Orleans.

Entergy has settled its lawsuit against one of its excess insurers on the Hurricane Katrina claim, and in July 2008 received $71.5 million in proceeds on the claim. The July 2008 proceeds were allocated as follows: $2.0 million to Entergy Arkansas, $3.7 million to Entergy Gulf States Louisiana, $12.4 million to Entergy Louisiana, $1.8 million to Entergy Mississippi, and $48.4 million to Entergy New Orleans, with the remainder allocated in smaller amounts to other Entergy subsidiaries.

NYPA Value Sharing Agreements

Entergy's Non-Utility Nuclear business' purchase of the FitzPatrick and Indian Point 3 plants from NYPA included value sharing agreements with NYPA. In October 2007, NYPA and the subsidiaries that own the FitzPatrick and Indian Point 3 plants amended and restated the value sharing agreements to clarify and amend certain provisions of the original terms. Under the amended value sharing agreements, Entergy's Non-Utility Nuclear business agreed to make annual payments to NYPA based on the generation output of the Indian Point 3 and FitzPatrick plants from January 2007 through December 2014. Entergy's Non-Utility Nuclear business will pay NYPA $6.59 per MWh for power sold from Indian Point 3, up to an annual cap of $48 million, and $3.91 per MWh for power sold from FitzPatrick, up to an annual cap of $24 million. The annual payment for each year is due by January 15 of the following year. If Entergy or an Entergy affiliate ceases to own the plants, then, after January 2009, the annual payment obligation terminates for generation after the date that Entergy ownership ceases. We believe that the contractual obligation to make value sharing payments to NYPA, other than for 2008 generation output, will terminate if the Non-Utility Nuclear spin-off transaction is completed. On June 3, 2008, NYPA informed Entergy in writing that it disagrees with Entergy's interpretation of the termination provisions of the agreement. In addition, in regulatory proceedings in New York, the Administrative Law Judges have indicated that the potential financial effect of the termination of the value sharing payments on NYPA and New York electric consumers are factors the Administrative Law Judges believe should be considered by the New York Public Service Commission in making its public interest determination.

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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 and Hazardous Material Litigation

(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 and hazardous material litigation involving Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans and see Note 6 to the financial statements in the Entergy Texas Form 10 for information regarding asbestos and hazardous material litigation involving Entergy Texas.

NOTE 2. RATE AND REGULATORY MATTERS

Regulatory Assets

Other Regulatory Assets

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

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

Production Cost Allocation Rider

In its June 2007 decision on Entergy Arkansas' August 2006 rate filing, the APSC approved a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas as a result of the System Agreement proceedings, but set a termination date of December 31, 2008 for the rider. In December 2007, the APSC issued a subsequent order stating the production cost allocation rider will remain in effect, and any future termination of the rider will be subject to eighteen months advance notice by the APSC, which would occur following notice and hearing. On March 18, 2008, the Arkansas attorney general and the AEEC filed a notice of appeal of the December 2007 APSC order. The Arkansas attorney general's and the AEEC's appeal briefs are due September 5, 2008, and the appellees' briefs, including Entergy Arkansas', are due October 5, 2008.

In June 2008, Entergy Arkansas filed with the APSC its annual redetermination of the production cost allocation rider. The redetermination resulted in a slight increase in the rates beginning with the first billing cycle of July 2008.

See Entergy Corporation and Subsidiaries' "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends - Federal Regulation -** System Agreement Proceedings" in the Form 10-K and herein for a discussion of the System Agreement proceedings.

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Energy Cost Recovery Rider

Entergy Arkansas' retail rates include an energy cost recovery rider. In December 2007, the APSC issued an order stating that Entergy Arkansas' energy cost recovery rider will remain in effect, and any future termination of the rider will be subject to eighteen months advance notice by the APSC, which would occur following notice and hearing. On

March 18, 2008, the Arkansas attorney general and the AEEC filed a notice of appeal of the December 2007 APSC order. The Arkansas attorney general's and the AEEC's appeal briefs are due September 5, 2008, and the appellees' briefs, including Entergy Arkansas', are due October 5, 2008.

In March 2008, Entergy Arkansas filed with the APSC its annual energy cost rate for the period April 2008 through March 2009. The filed energy cost rate increased from $0.01179/kWh to $0.01869/kWh. The increase 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, will have refueling outages in 2008, and the energy cost rate is adjusted to account for the replacement power costs that will be incurred while these units are down; 2) Entergy Arkansas has a deferred fuel cost balance from under-recovered fuel costs at December 31, 2007; and 3) fuel and purchased power prices have increased.

Entergy Mississippi

In May 2008, Entergy Mississippi filed its quarterly fuel adjustment factor for the third quarter 2008, effective beginning with July 2008 bills. The third quarter 2008 factor is $0.038861/kWh, which is an increase from the $0.010878/kWh factor for the second quarter 2008. The increase is due to a significant increase in fuel prices, and Entergy Mississippi has gone from an over-recovery to an under-recovery position during 2008. In July 2008, the MPSC began a proceeding to investigate the fuel procurement practices and fuel adjustment schedules of the Mississippi utility companies, including Entergy Mississippi. A two-day public hearing was held in July 2008, and after a recess as the MPSC reviewed information, the hearing resumed on August 5, 2008 for additional testimony by an expert witness retained by the MPSC. The expert witness presented testimony regarding a review of the utilities' fuel adjustment clauses. The MPSC stated that the goal of the proceeding is fact-finding so that the MPSC may decide whether to amend the current fuel cost recovery process.

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. Several parties have intervened in the proceeding. A hearing was held at the end of July 2008, and a decision is pending.

In October 2007, Entergy Texas filed a request with the PUCT to refund $45.6 million, including interest, of fuel cost recovery over-collections through September 2007. In January 2008, Entergy Texas filed with the PUCT a stipulation and settlement agreement among the parties that updated the over-collection balance through November 2007 and establishes a refund amount, including interest, of $71 million. The PUCT approved the agreement in February 2008. The refund was made over a two-month period beginning February 2008, but was reduced by $10.3 million of under-recovered incremental purchased capacity costs. Amounts refunded through the interim fuel refund are subject to final reconciliation in a future fuel reconciliation proceeding.

Storm Cost Recovery Filings

See Note 2 to the financial statements in the Form 10-K for information regarding storm cost recovery filings involving the Utility operating companies. The following is an update to the Form 10-K.

Entergy Gulf States Louisiana and Entergy Louisiana - Act 55 Storm Cost Financings

In March 2008, Entergy Gulf States Louisiana, Entergy Louisiana, and the Louisiana Utilities Restoration Corporation (LURC), an instrumentality of the State of Louisiana, filed at the LPSC an application requesting that the LPSC grant financing orders authorizing the financing of Entergy Gulf States Louisiana and Entergy Louisiana storm costs, storm reserves, and issuance costs pursuant to Act 55 of the Louisiana Legislature (Act 55 financings). The Act 55 financings are expected to produce additional customer benefits as compared to Act 64 traditional securitization. Entergy Gulf States Louisiana and Entergy Louisiana also filed an application requesting LPSC approval for ancillary issues including the mechanism to flow charges and savings to customers via a Storm Cost Offset rider. On April 3, 2008, the Louisiana State Bond Commission granted preliminary approval for the Act 55 financings. On April 8, 2008, the Louisiana Public Facilities Authority (LPFA), which is the issuer of the bonds pursuant to the Act 55 financings, approved requests for the Act 55 financings. On April 10, 2008, Entergy Gulf States Louisiana and Entergy Louisiana and the LPSC Staff filed with the LPSC an uncontested stipulated settlement that includes Entergy Gulf States Louisiana and Entergy Louisiana's proposals under the Act 55 financings, which includes a commitment to pass on to customers a minimum of $10 million and $30 million of customer benefits, respectively. On April 16, 2008, the LPSC approved the settlement and issued two financing orders and one ratemaking order intended to facilitate implementation of the Act 55 financings. On May 6, 2008, the State Bond Commission voted to approve the Act 55 financings.

On July 29, 2008, the LPFA issued $679 million in bonds under the aforementioned Act 55. From the bond proceeds received by Entergy Louisiana from the LURC, Entergy Louisiana invested $527 million in affiliate securities. The LURC deposited $152 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana. As approved by the April 16, 2008 LPSC orders, Entergy Louisiana withdrew $17.8 million from the restricted escrow account and also invested this amount in affiliate securities.

Entergy Gulf States Louisiana expects that in September 2008 the LPFA will issue $273 million in bonds under the aforementioned Act 55. From the bond proceeds expected to be received by Entergy Gulf States Louisiana from the LURC, Entergy Gulf States Louisiana is expected to invest $186 million in affiliate securities. In addition, Entergy Gulf States Louisiana expects the LURC to deposit $87 million to a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana. As approved by the April 16, 2008 LPSC orders, it is expected that Entergy Gulf States Louisiana will withdraw $1.7 million from the restricted escrow account and will also invest this amount in affiliate securities.

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 (Entergy Arkansas)

Ouachita Acquisition

Entergy Arkansas filed with the APSC in September 2007 for its approval of the Ouachita plant acquisition, including full cost recovery. The APSC Staff and the Arkansas attorney general supported Entergy Arkansas' acquisition of the plant, but oppose the sale of one-third of the capacity and energy to Entergy Gulf States Louisiana. The industrial group AEEC opposes Entergy Arkansas' purchase of the plant. The Arkansas attorney general opposes recovery of the non-fuel costs of the plant through a separate rider, while the APSC Staff recommended revisions to the rider. In December 2007, the APSC issued an order approving recovery through a rider of the capacity costs associated with the interim tolling agreement, which will be in effect until APSC action on the acquisition of the plant. A hearing before the APSC was held in April 2008 to address Entergy Arkansas' request for acquisition of the plant and concurrent cost recovery. In June 2008 the APSC approved Entergy Arkansas' acquisition of the Ouachita plant and approved recovery of the acquisition and ownership costs through a rate rider. The APSC also approved the planned sale of one-third of the capacity and energy to Entergy Gulf States Louisiana. The Arkansas attorney general, the AEEC, and Entergy Arkansas have

requested rehearing of the APSC order. Entergy Arkansas' request for rehearing concerns the 7.61% before-tax return on rate base approved by the APSC, which reflects significant sources of zero-cost capital already reflected in base rates. Entergy Arkansas had requested a 10.87% before-tax return on rate base reflecting the cost of the debt and equity capital resources available to finance the Ouachita plant acquisition.

On March 18, 2008 the Arkansas attorney general and the AEEC filed a notice of appeal of the December 2007 APSC order that approved recovery through a rider of the capacity costs associated with the interim tolling agreement. The Arkansas attorney general's and the AEEC's appeal briefs are due September 20, 2008, and the appellees' briefs, including Entergy Arkansas', are due October 20, 2008.

Storm Cost Recovery Proposal

In June 2008, together with other Arkansas utilities, Entergy Arkansas filed a joint application for approval of storm cost recovery accounting and a storm damage rider. To enable recovery of 2008 storm cost expenditures through the rider and storm reserve accounting, the applicants requested that the APSC establish a procedural schedule that would allow resolution of this proceeding no later than December 15, 2008.

Filings with the LPSC

Retail Rates - Electric

(Entergy Louisiana)

In May 2008, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2007 test year, seeking an $18.4 million rate increase, comprised of $12.6 million of recovery of incremental and deferred capacity costs and $5.8 million related to lost contribution to fixed costs associated with the loss of customers due to Hurricane Katrina. The filing includes two alternative versions of the calculated revenue requirement, one that reflects Entergy Louisiana's full request for recovery of the loss of fixed cost contribution and the other that reflects the anticipated rate implementation in September 2008, subject to refund, of only a portion of the full request, with the remainder deferred, until the lost fixed cost contribution issue is resolved. Under the first alternative, Entergy Louisiana's earned return on common equity was 9.44%, whereas under the other alternative, its earned return on common equity was 9.04%. The LPSC staff and intervenors issued their reports on Entergy Louisiana's filing on July 31, 2008 and, with minor exceptions, primarily raised proposed disallowance issues that were previously raised with regard to Entergy Louisiana's May 2007 filing and remain at issue in that proceeding. Entergy Louisiana disagrees with the majority of the proposed adjustments.

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 recently 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 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 have 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 is set to begin in late September 2008.

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In May 2006, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2005 test year. Entergy Louisiana modified the filing in August 2006 to reflect a 9.45% return on equity which is within the allowed bandwidth. The modified filing includes an increase of $24.2 million for interim recovery of storm costs from Hurricanes Katrina and Rita and a $119.2 million rate increase to recover LPSC-approved incremental deferred and ongoing capacity costs. The filing requested recovery of approximately $50 million for the amortization of capacity deferrals over a three-year period, including carrying charges, and approximately $70 million for ongoing capacity costs. The increase was implemented, subject to refund, with the first billing cycle of September 2006. Entergy Louisiana subsequently updated its formula rate plan rider to reflect adjustments proposed by the LPSC Staff with which it agrees. The adjusted return on equity of 9.56% remains within the allowed bandwidth. Ongoing and deferred incremental capacity costs were reduced to $118.7 million. The updated formula rate plan rider was implemented, subject to refund, with the first billing cycle of October 2006. An uncontested stipulated settlement was filed in February 2008 that will leave the current base rates in place, and the LPSC approved the settlement in March 2008. In the settlement Entergy Louisiana agreed to credit customers $7.2 million, plus $0.7 million of interest, for customer contributions to the Central States Compact in Nebraska that was never completed and agreed to a one-time $2.6 million deduction from the deferred capacity cost balance. The credit, for which Entergy Louisiana had previously recorded a provision, was made in May 2008.

(Entergy Gulf States Louisiana)

In May 2008, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2007 test year. The filing reflected a 9.26% return on common equity, which is below the allowed earnings bandwidth, and indicated a $5.4 million revenue deficiency, offset by a $4.1 million decrease in required additional capacity costs. Consideration of the filing is pending, and under the formula rate plan Entergy Gulf States Louisiana would implement new rates in September 2008.

In May 2007, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2006 test year. The filing reflected a 10.0% return on common equity, which is within the allowed earnings bandwidth, and an anticipated formula rate plan decrease of $23 million annually attributable to adjustments outside of the formula rate plan sharing mechanism related to capacity costs and the anticipated securitization of storm costs related to Hurricane Katrina and Hurricane Rita and the securitization of a storm reserve. In September 2007, Entergy Gulf States Louisiana modified the formula rate plan filing to reflect a 10.07% return on common equity, which is still within the allowed bandwidth. The modified filing also reflected implementation of a $4.1 million rate increase, subject to refund, attributable to recovery of additional LPSC-approved incremental deferred and ongoing capacity costs. The rate decrease anticipated in the original filing did not occur because of the additional capacity costs approved by the LPSC, and because securitization of storm costs associated with Hurricane Katrina and Hurricane Rita and the establishment of a storm reserve have not yet occurred. In October 2007, Entergy Gulf States Louisiana implemented a $16.4 million formula rate plan decrease that is due 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 issued its final report in

December 2007, indicating a $1.6 million decrease in formula rate plan revenues for which interim rates were already in effect. In addition, the LPSC staff recommended that the LPSC give a one-year extension of Entergy Gulf States Louisiana's formula rate plan to synchronize with the final year of Entergy Louisiana's formula rate plan, or alternatively, to extend the formula rate plan for a longer period. Entergy Gulf States Louisiana indicated it is amenable to a one-year extension. An uncontested stipulated settlement was filed in February 2008 that will leave the current base rates in place and extend the formula rate plan for one year, and the LPSC approved the settlement in March 2008.

Retail Rates - Gas

(Entergy Gulf States Louisiana)

In January 2008, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ending September 30, 2007. The filing showed a revenue deficiency of $3.7 million based on a return on common equity mid-point of 10.5%. Entergy Gulf States Louisiana implemented a $3.4 million rate increase in April 2008 pursuant to an uncontested agreement with the LPSC staff.

Filings with the PUCT and Texas Cities

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. The base rate increase includes a $12.2 million annual increase for the storm damage reserve. Entergy Texas requested an 11% return on common equity. In December 2007 the PUCT issued an order setting September 26, 2008 as the effective date for the rate change from the rate filing. In May 2008, Entergy Texas and certain parties in the rate case filed a non-unanimous settlement that provides for a $42.5 million base rate increase beginning in October 2008 and an additional $17 million base rate increase beginning in October 2009. The non-unanimous settlement also provides that $25 million of System Agreement rough production cost equalization payments will offset the effect on customers of the rate increase. The non-unanimous settlement further provides that an additional $17 million on an annual basis of System Agreement rough production cost equalization payments will be retained by Entergy Texas from January 2009 through September 2009. The non-unanimous settlement also resolves the fuel reconciliation portion of the proceeding with a $4.5 million disallowance. The PUCT staff, the Texas Industrial Energy Consumers (TIEC), and the state of Texas did not join in the settlement and filed a separate agreement among them that provides for a rate decrease, later revised to a slight increase, and a $4.7 million fuel cost disallowance. In May 2008 the ALJs issued an order stating that the proceeding will continue with Entergy Texas having the burden of proof to show that the non-unanimous settlement results in reasonable rates. The hearing on the merits of the non-unanimous settlement was held from June 23 through July 2, 2008, and post-hearing briefing by the parties is ongoing.

Filings with the MPSC

In March 2008, Entergy Mississippi made its annual scheduled formula rate plan filing for the 2007 test year with the MPSC. The filing showed that a $10.1 million increase in annual electric revenues is warranted. In June 2008, Entergy Mississippi reached a settlement with the Mississippi Public Utilities Staff that results in a $3.8 million rate increase. An MPSC decision on the settlement is pending.

Filings with the New Orleans City Council

Retail Rates

In January 2008, Entergy New Orleans voluntarily implemented a 6.15% base rate credit (the recovery credit) for electric customers, which Entergy New Orleans estimates will return approximately $10.6 million to electric customers in 2008. Entergy New Orleans was able to implement this credit because during 2007 the recovery of New Orleans after Hurricane Katrina was occurring faster than expected in 2006 projections. In addition, Entergy New Orleans committed to set aside $2.5 million for an energy efficiency program focused on community education and outreach and weatherization of homes.

On July 31, 2008, Entergy New Orleans filed an electric and gas base rate case with the City Council. The filing requests an 11.75% return on common equity. The filing calls for a $23.0 million decrease in electric base rates, which includes keeping the recovery credit in effect, as well as realigning approximately $12.3 million of capacity costs from recovery through the fuel adjustment clause to electric base rates. The filing also calls for a $9.1 million increase in gas base rates to fund on-going operations. This request is unrelated to the on-going rebuild of Entergy New Orleans' natural gas system. The procedural schedule calls for a hearing on the filing to commence on January 5, 2009, with certification of the evidentiary record by a hearing officer on or before February 28, 2009.

Fuel Adjustment Clause Litigation

See Note 2 to the financial statements in the Form 10-K for a discussion of the complaint filed in April 1999 by a group of ratepayers 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 and a corresponding complaint filed with the City Council. 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. Entergy New Orleans believes that the increase in the refund ordered by the Fourth Circuit is not justified. Entergy New Orleans, the City Council, and the plaintiffs requested rehearing, and in April 2008, the Fourth Circuit granted the plaintiffs' request for rehearing. In addition to changing the basis for the court's decision in the manner requested by the plaintiffs, the court also granted the plaintiffs' request that it provide for interest on the refund amount. The court denied the motions for rehearing filed by the City Council and Entergy New Orleans. In May 2008, Entergy New Orleans and the City Council filed with the Louisiana Supreme Court applications for a writ of certiorari seeking, among other things, reversal of the Fourth Circuit decision.

System Energy Rate Proceeding

In March 2008, the LPSC filed a complaint at the FERC under Federal Power Act section 206 against System Energy and Entergy Services. The complaint requests that the FERC set System Energy's rate of return on common equity at no more than 9.75%. The LPSC's complaint further requests that System Energy base its decommissioning and depreciation expenses on a 60-year useful life for Grand Gulf as opposed to the 40-year life specified in the existing NRC operating license. The APSC, the City of New Orleans, the MPSC, and other parties have intervened in the proceeding. System Energy filed its answer to the complaint in April 2008, in which it denies the allegations of the LPSC and requests that the FERC dismiss the complaint without a hearing. On July 1, 2008, the FERC issued an order denying the relief requested by the LPSC.

Electric Industry Restructuring in Texas

Refer to Note 2 to the financial statements in the Form 10-K and Entergy Texas Form 10 for a discussion of electric industry restructuring activity that involves Entergy Texas.

NOTE 3. COMMON EQUITY

Common Stock

Earnings per Share

The following tables present Entergy's basic and diluted earnings per share calculations included on the consolidated income statement:

	For the Three Months Ended June 30,			
	2008		2007	
	(In Millions, Except Per Share Data)			
		$/share		$/share
Consolidated net income	$271.9		$267.6	
Average number of common shares outstanding - basic	191.3	$1.42	197.0	$1.36
Average dilutive effect of:				
Stock Options	5.0	(0.036)	5.1	(0.034)
Equity Units	1.6	(0.011)	1.2	(0.008)
Deferred Units	-	(0.000)	0.1	(0.001)
Average number of common shares outstanding - diluted	197.9	$1.37	203.4	$1.32

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	For the Six Months Ended June 30,			
	2008		2007	
	(In Millions, Except Per Share Data)			
		$/share		$/share
Consolidated net income	$580.6		$479.8	

Average number of common shares outstanding - basic	192.0	$3.02	198.8	$2.41
Average dilutive effect of:				
Stock Options	4.8	(0.073)	5.0	(0.059)
Equity Units	1.3	(0.021)	0.9	(0.011)
Deferred Units	-	(0.001)	0.1	(0.001)
Average number of common shares outstanding - diluted	198.1	$2.93	204.8	$2.34

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

Treasury Stock

During the six months ended June 30, 2008, Entergy Corporation issued 687,693 shares of its previously repurchased common stock to satisfy stock option exercises and other stock-based awards. Also, during the six months ended June 30, 2008, Entergy Corporation purchased 3,267,299 shares of common stock for a total purchase price of $369.6 million.

Retained Earnings

On July 28, 2008, Entergy Corporation's Board of Directors declared a common stock dividend of $0.75 per share, payable on September 2, 2008 to holders of record as of August 8, 2008.

Accumulated Other Comprehensive Income (Loss)

Based on market prices as of June 30, 2008, cash flow hedges with net unrealized losses of approximately $233.2 million net-of-tax at June 30, 2008 are expected to be reclassified from accumulated other comprehensive income to operating revenues during the next twelve months. The actual amount reclassified from accumulated other comprehensive income, however, could vary due to future changes in market prices. See Note 1 (Derivative Financial Instruments and Commodity Derivatives) and Note 16 to the financial statements in the Form 10-K for additional discussion of the accounting treatment of cash flow hedges.

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 June 30, 2008 was 3.002% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of June 30, 2008.

Capacity	Borrowings	Letters of Credit	Capacity Available
	(In Millions)		
$3,500	$2,772	$72	$656

Entergy Corporation's facility requires it to maintain a consolidated debt ratio of 65% or less of its total capitalization. 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.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas each had credit facilities available as of June 30, 2008 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of June 30, 2008
Entergy Arkansas	April 2009	$100 million (b)	4.50%	$100 million
Entergy Gulf States Louisiana	August 2012	$100 million (c)	5.00%	$30 million
Entergy Louisiana	August 2012	$200 million (d)	2.91%	$200 million
Entergy Mississippi	May 2009	$30 million (e)	3.926%	$30 million
Entergy Mississippi	May 2009	$20 million (e)	3.926%	$20 million
Entergy Texas	August 2012	$100 million (f)	2.9075%	-

(a) The interest rate is the weighted average interest rate as of June 30, 2008 applied or that would be applied to the outstanding borrowings under the facility.

(b) The credit facility requires Entergy Arkansas to maintain a debt ratio of 65% or less of its total capitalization.

(c) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against the borrowing capacity of the facility. As of June 30, 2008, 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 ($930 million as of June 30, 2008 and $1.079 billion as of December 31, 2007) 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 June 30, 2008, 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.

(f) The credit facility allows Entergy Texas to issue letters of credit against the borrowing capacity of the facility. As of June 30, 2008, 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 June 30, 2008, 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 $403 million, and Entergy's subsidiaries' had $380 million in outstanding short-term borrowing from external sources.

The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings for the Registrant Subsidiaries as of June 30, 2008:

	Authorized	Borrowings
	(In Millions)	
Entergy Arkansas	$250	$125.5
Entergy Gulf States Louisiana	$200	-
Entergy Louisiana	$250	$52.4
Entergy Mississippi	$175	$50.0
Entergy New Orleans	$100	-
Entergy Texas	$200	-
System Energy	$200	-

Debt Issuances and Redemptions

(Entergy Arkansas)

In July 2008, Entergy Arkansas issued $300 million of 5.4% Series First Mortgage Bonds due August 2013. Entergy Arkansas intends to use the proceeds to fund the purchase of, and improvements relating to, the Ouachita power plant and for general corporate purposes. Pending the application of the net proceeds, Entergy Arkansas intends to use the proceeds for working capital purposes, including repayment of short-term debt, and it may invest them in temporary cash investments or the Entergy System money pool.

(Entergy Gulf States Louisiana)

In May 2008, Entergy Gulf States Louisiana issued $375 million of 6.00% Series First Mortgage Bonds due May 2018. The proceeds were used to pay at maturity the portion of the $325 million of the 3.6% Series First Mortgage Bonds due June 2008 that had not been assumed by Entergy Texas and to redeem, prior to maturity, $189.7 million of the $350 million Floating Rate series of First Mortgage Bonds due December 2008, and for other general corporate purposes.

The portion of the $325 million of 3.6% Series First Mortgage Bonds due June 2008 that had been assumed by Entergy Texas was paid at maturity by Entergy Texas in June 2008, and that bond series is no longer outstanding. The remainder of the $350 million Floating Rate series of First Mortgage Bonds due December 2008 had been assumed by Entergy Texas, and management expects Entergy Texas to redeem those bonds by their maturity date.

(Entergy Louisiana)

In April 2008, Entergy Louisiana repurchased, prior to maturity, $60 million of Auction Rate governmental bonds, which are being held for possible remarketing at a later date.

(Entergy Mississippi)

In April 2008, Entergy Mississippi repurchased its $30 million series of Independence County Pollution Control Revenue Bonds due July 2022. At the time of repurchase, the bonds were converted from an Auction Rate mode to a Daily Mode. In June 2008, Entergy Mississippi remarketed the series and converted the bonds to a Multi-Annual Mode and fixed the rate to maturity at 4.90%. Entergy Mississippi used the proceeds from the remarketing to repay short-term borrowings that were drawn on its credit facilities to repurchase the bonds in April 2008.

(Entergy New Orleans)

On August 1, 2008, Entergy New Orleans paid, at maturity, its $30 million of 3.875% Series first mortgage bonds.

Tax Exempt Bond Audit

The IRS completed an audit of certain Tax Exempt Bonds (Bonds) issued by St. Charles Parish, State of Louisiana (the Issuer). The Bonds were issued to finance previously unfinanced acquisition costs expended by Entergy Louisiana to acquire certain radioactive solid waste disposal facilities (the Facilities) at the Waterford Steam Electric Generating Station. In March and April 2005, the IRS issued proposed adverse determinations that the Issuer's 7.0% Series bonds due 2022, 7.5% Series bonds due 2021, and 7.05% Series bonds due 2022 were not tax exempt. The stated basis for these determinations was that radioactive waste did not constitute "solid waste" within the provisions of the Internal Revenue Code and therefore the Facilities did not qualify as solid waste disposal facilities. The three series of Bonds are the only series of bonds issued by the Issuer for the benefit of Entergy Louisiana that were the subject of audits by the IRS. Because the Issuer, Entergy Louisiana, and IRS Office of Appeals desired to settle the issue that was raised, Entergy Louisiana made a $1.25 million payment to the IRS. The terms of the settlement have no effect on the Issuer or the bondholders.

NOTE 5. STOCK-BASED COMPENSATION

Entergy grants stock options, which are described more fully in Note 12 to the consolidated financial statements in the Form 10-K. Entergy adopted SFAS 123R, "Share-Based Payment" on January 1, 2006. The adoption of the standard did not materially affect Entergy's financial position, results of operations, or cash flows because Entergy adopted the fair value based method of accounting for stock options prescribed by SFAS 123, "Accounting for Stock-Based Compensation" on January 1, 2003. Prior to 2003, Entergy applied the recognition and measurement principles of APB Opinion 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for those plans. Awards under Entergy's plans generally vest over three years.

The following table includes financial information for stock options for the second quarter and six months ended June 30 for each of the years presented:

	2008	2007
	(In Millions)	
Compensation expense included in Entergy's Net Income for the second quarter	$4.7	$3.9
Tax benefit recognized in Entergy's Net Income for the second quarter	$1.8	$1.5
Compensation expense included in Entergy's Net Income for the six months ended June 30,	$9.1	$7.1
Tax benefit recognized in Entergy's Net Income for the six months ended June 30,	$3.5	$2.7
Compensation cost capitalized as part of fixed assets and inventory	$1.7	$1.2

Entergy granted 1,617,400 stock options during the first quarter 2008 with a weighted-average fair value of $14.43. At June 30, 2008, there were 11,464,959 stock options outstanding with a weighted-average exercise price of $65.49. The aggregate intrinsic value of the stock options outstanding was $631 million.

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NOTE 6. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS

Components of Net Pension Cost

Entergy's qualified pension cost, including amounts capitalized, for the second quarters of 2008 and 2007, included the following components:

	2008	2007
	(In Thousands)	
Service cost - benefits earned during the period	$22,598	$24,141
Interest cost on projected benefit obligation	51,646	46,292
Expected return on assets	(57,640)	(50,880)
Amortization of prior service cost	1,266	1,383
Amortization of loss	6,482	11,444
Net pension costs	$24,352	$32,380

Entergy's qualified pension cost, including amounts capitalized, for the six months ended June 30, 2008 and 2007, included the following components:

	2008	2007
	(In Thousands)	
Service cost - benefits earned during the period	$45,196	$48,038
Interest cost on projected benefit obligation	103,293	92,154
Expected return on assets	(115,279)	(101,506)
Amortization of prior service cost	2,532	2,766
Amortization of loss	13,416	22,888
Net pension costs	$49,158	$64,340

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the second quarters of 2008 and 2007, included the following components:

Entergy

2008	Entergy Arkansas	Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System 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

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2007	Entergy 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	$3,638	$3,011	$2,231	$1,089	$470	$1,012	$1,021
Interest cost on projected benefit obligation	10,498	8,139	6,251	3,371	1,260	3,439	1,710
Expected return on assets	(11,009)	(10,750)	(7,808)	(3,837)	(1,446)	(4,536)	(2,136)
Amortization of prior service cost	412	304	160	114	44	133	12
Amortization of loss	2,721	623	1,433	749	368	262	151
Net pension cost	$6,260	$1,327	$2,267	$1,486	$696	$310	$758

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the six months ended June 30, 2008 and 2007, included the following components:

2008	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New	Entergy Texas	System Energy

					Orleans		
				(In Thousands)			
Service cost - benefits earned during the period	$7,168	$3,682	$4,116	$2,126	$890	$1,936	$1,860
Interest cost on projected benefit obligation	23,232	10,094	13,568	7,254	2,830	7,764	3,874
Expected return on assets	(23,530)	(14,330)	(16,268)	(8,150)	(3,678)	(10,094)	(4,904)
Amortization of prior service cost	446	220	238	180	104	160	18
Amortization of loss	4,606	230	1,840	970	638	312	180
Net pension cost/(income)	$11,922	($104)	$3,494	$2,380	$784	$78	$1,028

2007	Entergy 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	$7,276	$6,022	$4,462	$2,178	$940	$2,024	$2,042
Interest cost on projected benefit obligation	20,996	16,278	12,502	6,742	2,520	6,878	3,420
Expected return on assets	(22,018)	(21,500)	(15,616)	(7,674)	(2,892)	(9,072)	(4,272)
Amortization of prior service cost	824	608	320	228	88	266	24
Amortization of loss	5,442	1,246	2,866	1,498	736	524	302
Net pension cost	$12,520	$2,654	$4,534	$2,972	$1,392	$620	$1,516

Entergy recognized $4.3 million and $4.0 million in pension cost for its non-qualified pension plans in the second quarters of 2008 and 2007, respectively. Entergy recognized $8.5 million and $8.0 million in pension cost for its non-qualified pension plans for the six months ended June 30, 2008 and 2007, respectively.

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans in the second quarters of 2008 and 2007:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
Non-Qualified Pension Cost Second Quarter 2008	$133	$78	$7	$54	$12	$227
Non-Qualified Pension Cost Second Quarter 2007	$123	$317	$6	$44	$57	$231

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans for the six months ended June 30, 2008 and 2007:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
Non-Qualified Pension Cost Six Months Ended June 30, 2008	$266	$156	$14	$108	$24	$454
Non-Qualified Pension Cost Six Months Ended June 30, 2007	$246	$634	$12	$88	$114	$462

<u>Components of Net Other Postretirement Benefit Cost</u>

Entergy's other postretirement benefit cost, including amounts capitalized, for the second quarters of 2008 and 2007, included the following components:

	2008	2007
	(In Thousands)	
Service cost - benefits earned during the period	$11,800	$11,034
Interest cost on APBO	17,824	15,808
Expected return on assets	(7,027)	(6,325)
Amortization of transition obligation	957	958
Amortization of prior service cost	(4,104)	(3,959)
Amortization of loss	3,890	4,743
Net other postretirement benefit cost	$23,340	$22,259

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Entergy's other postretirement benefit cost, including amounts capitalized, for the six months ended June 30, 2008 and 2007, included the following components:

	2008	2007
	(In Thousands)	
Service cost - benefits earned during the period	$23,600	$21,927
Interest cost on APBO	35,648	31,494
Expected return on assets	(14,054)	(12,585)
Amortization of transition obligation	1,914	1,916
Amortization of prior service cost	(8,208)	(7,918)
Amortization of loss	7,780	9,486
Net other postretirement benefit cost	$46,680	$44,320

The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the second quarters of 2008 and 2007, included the following components:

2008	Entergy 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	$1,706	$1,251	$1,099	$514	$295	$606	$513
Interest cost on APBO	3,443	1,917	2,187				