ENTERGY ARKANSAS INC
Form 10-Q
August 08, 2012

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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, 2012

OR

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

For the transition period from ____________ to ____________

| Commission File Number | Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No. | Commission File Number | Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No. |
|---|---|---|---|
| 1-11299 | ENTERGY CORPORATION<br>(a Delaware corporation)<br>639 Loyola Avenue<br>New Orleans, Louisiana 70113<br>Telephone (504) 576-4000<br>72-1229752 | 1-31508 | ENTERGY MISSISSIPPI, INC.<br>(a Mississippi corporation)<br>308 East Pearl Street<br>Jackson, Mississippi 39201<br>Telephone (601) 368-5000<br>64-0205830 |
| 1-10764 | ENTERGY ARKANSAS, INC.<br>(an Arkansas corporation)<br>425 West Capitol Avenue<br>Little Rock, Arkansas 72201<br>Telephone (501) 377-4000<br>71-0005900 | 0-05807 | ENTERGY NEW ORLEANS, INC.<br>(a Louisiana corporation)<br>1600 Perdido Street<br>New Orleans, Louisiana 70112<br>Telephone (504) 670-3700<br>72-0273040 |
| 0-20371 | ENTERGY GULF STATES LOUISIANA, L.L.C.<br>(a Louisiana limited liability company)<br>446 North Boulevard<br>Baton Rouge, Louisiana 70802<br>Telephone (800) 368-3749 | 1-34360 | ENTERGY TEXAS, INC.<br>(a Texas corporation)<br>350 Pine Street<br>Beaumont, Texas 77701<br>Telephone (409) 981-2000<br>61-1435798 |

74-0662730

| | | | |
|---|---|---|---|
| 1-32718 | ENTERGY LOUISIANA, LLC<br>(a Texas limited liability company)<br>446 North Boulevard<br>Baton Rouge, Louisiana 70802<br>Telephone (800) 368-3749<br>75-3206126 | 1-09067 | SYSTEM ENERGY RESOURCES, INC.<br>(an Arkansas corporation)<br>Echelon One<br>1340 Echelon Parkway<br>Jackson, Mississippi 39213<br>Telephone (601) 368-5000<br>72-0752777 |

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

Indicate by check mark whether the registrants have submitted electronically and posted on Entergy’s corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  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 | Ö | | | |
| Entergy Arkansas, Inc. | | | Ö | |
| Entergy Gulf States Louisiana, L.L.C. | | | Ö | |
| Entergy Louisiana, LLC | | | Ö | |
| Entergy Mississippi, Inc. | | | Ö | |
| Entergy New Orleans, Inc. | | | Ö | |
| Entergy Texas, Inc. | | | Ö | |
| System Energy Resources, Inc. | | | Ö | |

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, 2012 |
|---|---|---|
| Entergy Corporation | ($0.01 par value) | 177,319,259 |

Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. separately file this combined Quarterly Report on Form 10-Q.  Information contained herein relating to any individual company is filed by such company on its own behalf.  Each company reports herein only as to itself and makes no other representations whatsoever as to any other company.  This combined Quarterly Report on Form 10-Q supplements and updates the Annual Report on Form 10-K for the calendar year ended December 31, 2011 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

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FORWARD-LOOKING INFORMATION

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

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

- resolution of pending and future rate cases and negotiations, including various performance-based rate discussions, Entergy's utility supply plan, and recovery of fuel and purchased power costs;
- the termination of Entergy Arkansas's and Entergy Mississippi's participation in the System Agreement in December 2013 and November 2015, respectively;
- regulatory and operating challenges and uncertainties associated with the Utility operating companies' proposal to move to the MISO RTO, the operations of the independent coordinator of transmission for Entergy's utility service territory, and the scheduled expiration of the current independent coordinator of transmission arrangement in November 2012;
- risks associated with the proposed spin-off and subsequent merger of Entergy's electric transmission business into a subsidiary of ITC Holdings Corp., including the risk that Entergy and the Utility operating companies may not be able to timely satisfy the conditions or obtain the approvals required to complete such transaction or such approvals may contain material restrictions or conditions, and the risk that if completed, the transaction may not achieve its anticipated results;
- 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, and the application of more stringent transmission reliability requirements or market power criteria by the FERC;
- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those owned or operated by the Entergy Wholesale Commodities business, and the effects of new or existing safety or environmental concerns regarding nuclear power plants and nuclear fuel;
- resolution of pending or future applications, and related regulatory proceedings and litigation, for license renewals or modifications of nuclear generating facilities;
- the performance of and deliverability of power from Entergy's generation resources, including the capacity factors at its nuclear generating facilities;
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities;
- prices for power generated by Entergy's merchant generating facilities and the ability to hedge, meet credit support requirements for hedges, sell power forward, or otherwise reduce the market price risk associated with those

facilities, including the Entergy Wholesale Commodities nuclear plants;

- 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;

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FORWARD-LOOKING INFORMATION (Concluded)

- volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities;
- changes in law resulting from federal or state energy legislation or legislation subjecting energy derivatives used in hedging and risk management transactions to governmental regulation;
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances, and changes in costs of compliance with environmental and other laws and regulations;
- 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, ice storms, or other weather events and the recovery of costs associated with restoration, including accessing funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance;
- effects of climate change;
- Entergy's ability to manage its capital projects and operation and maintenance costs;
- Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms;
- the economic climate, and particularly economic conditions in Entergy's Utility service territory and the Northeast United States and events that could influence economic conditions in those areas;
- the effects of Entergy's strategies to reduce tax payments;
- changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions;
- actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria;
- changes in inflation and interest rates;
- the effect of litigation and government investigations or proceedings;
- advances in technology;
- the potential effects of threatened or actual terrorism, cyber attacks or data security breaches, and war or a catastrophic event such as a nuclear accident or a natural gas pipeline explosion;
- Entergy's ability to attract and retain talented management and directors;
- changes in accounting standards and corporate governance;
- declines in the market prices of marketable securities and resulting funding requirements for Entergy's defined benefit pension and other postretirement benefit plans;
- changes in decommissioning trust fund values or earnings or in the timing of or cost to decommission nuclear plant sites;
- factors that could lead to impairment of long-lived assets; and
- the ability to successfully complete merger, acquisition, or divestiture plans, regulatory or other limitations imposed as a result of merger, acquisition, or divestiture, and the success of the business following a merger, acquisition, or divestiture.

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## DEFINITIONS

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

| Abbreviation or Acronym | Term |
|---|---|
| AFUDC | Allowance for Funds Used During Construction |
| ALJ | Administrative Law Judge |
| ANO 1 and 2 | Units 1 and 2 of Arkansas Nuclear One (nuclear), owned by Entergy Arkansas |
| APSC | Arkansas Public Service Commission |
| ASU | Accounting Standards Update issued by the FASB |
| 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 |
| D.C. Circuit | U.S. Court of Appeals for the District of Columbia Circuit |
| 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 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 Wholesale Commodities (EWC) | Entergy's non-utility business segment primarily comprised of the ownership and operation of six nuclear power plants, the ownership of interests in non-nuclear power plants, and the sale of the electric power produced by those plants to wholesale customers |
| EPA | United States Environmental Protection Agency |
| ERCOT | Electric Reliability Council of Texas |
| FASB | Financial Accounting Standards Board |
| FERC | Federal Energy Regulatory Commission |
| FitzPatrick | James A. FitzPatrick Nuclear Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment |
| Form 10-K | Annual Report on Form 10-K for the calendar year ended December 31, 2011 filed with the SEC by Entergy Corporation and its Registrant Subsidiaries |
| Grand Gulf | Unit No. 1 of Grand Gulf Nuclear 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 |
| Indian Point 2 | Unit 2 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment |
| Indian Point 3 | Unit 3 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment |

| | |
|---|---|
| IRS | Internal Revenue Service |
| ISO | Independent System Operator |

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DEFINITIONS (Concluded)

| Abbreviation or Acronym | Term |
|---|---|
| kW | Kilowatt, which equals one thousand watts |
| kWh | Kilowatt-hour(s) |
| LPSC | Louisiana Public Service Commission |
| MISO | Midwest Independent Transmission System Operator, Inc., a regional transmission organization |
| MMBtu | One million British Thermal Units |
| MPSC | Mississippi Public Service Commission |
| MW | Megawatt(s), which equals one thousand kilowatts |
| MWh | Megawatt-hour(s) |
| Net MW in operation | Installed capacity owned and operated |
| NRC | Nuclear Regulatory Commission |
| NYPA | New York Power Authority |
| Palisades | Palisades Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment |
| Pilgrim | Pilgrim Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment |
| PPA | Purchased power agreement or power purchase agreement |
| PUCT | Public Utility Commission of Texas |
| 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 Station (nuclear), owned by Entergy Gulf States Louisiana |
| RTO | Regional transmission organization |
| SEC | Securities and Exchange Commission |
| SPP | Southwest Power Pool |
| 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. |
| TWh | Terawatt-hour(s), which equals one billion kilowatt-hours |
| 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 |
| Vermont Yankee | Vermont Yankee Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment |
| Waterford 3 | Unit No. 3 (nuclear) of the Waterford Steam Electric Station, 100% owned or leased by Entergy Louisiana |
| weather-adjusted usage | Electric usage excluding the effects of deviations from normal weather |

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ENTERGY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Entergy operates primarily through two business segments: Utility and Entergy Wholesale Commodities.

- The Utility business segment includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operates a small natural gas distribution business. As discussed in more detail in "Plan to Spin Off the Utility's Transmission Business," in the Form 10-K, in December 2011, Entergy entered into an agreement to spin off its transmission business and merge it with a newly-formed subsidiary of ITC Holdings Corp.
- The Entergy Wholesale Commodities business segment includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. This business also provides services to other nuclear power plant owners. Entergy Wholesale Commodities also owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers.

Results of Operations

Second Quarter 2012 Compared to Second Quarter 2011

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the second quarter 2012 to the second quarter 2011 showing how much the line item increased or (decreased) in comparison to the prior period:

| | Utility | Entergy Wholesale Commodities | Parent & Other (1) | Entergy |
|---|---|---|---|---|
| | (In Thousands) | | | |
| 2nd Qtr 2011 Consolidated Net Income | $252,741 | $ 65,556 | $2,301 | $320,598 |
| Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits) | (153,294) | (30,239) | (1,090) | (184,623) |
| Other operation and maintenance expenses | 37,324 | 16,831 | 6,230 | 60,385 |
| Taxes other than income taxes | 2,424 | 6,558 | (86) | 8,896 |
| Depreciation and amortization | 6,679 | 3,893 | (23) | 10,549 |
| Other income | (3,946) | 6,096 | 2,669 | 4,819 |
| Interest expense | 2,495 | 1,170 | 8,569 | 12,234 |
| Other expenses | 1,551 | (50,250) | - | (48,699) |
| Income taxes | (263,497) | (18,106) | 8,449 | (273,154) |
| 2nd Qtr 2012 Consolidated Net Income (Loss) | $308,525 | $ 81,317 | $(19,259) | $370,583 |

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

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Net income for Utility in the second quarter 2012 was significantly affected by a settlement with the IRS related to the income tax treatment of the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs, which resulted in a reduction in income tax expense. The net income effect was partially offset by a regulatory charge, which reduced net revenue, because the benefits will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

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

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the second quarter 2012 to the second quarter 2011.

| | Amount (In Millions) |
|---|---|
| 2011 net revenue | $1,305 |
| Louisiana Act 55 financing tax settlement sharing | (165) |
| Volume/weather | (1) |
| Retail electric price | 3 |
| Miscellaneous insignificant items | 10 |
| 2012 net revenue | $1,152 |

The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefits of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers of Entergy Gulf States Louisiana and Entergy Louisiana. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The volume/weather variance is primarily due to the effect of milder weather, as compared to the prior period, on residential and commercial sales. This was substantially offset by an increase of 988 GWh, or 4%, in weather-adjusted usage across all customer classes.

The retail electric price variance is primarily due to:

- a special formula rate plan rate increase at Entergy Louisiana effective May 2011 in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center; and
- a base rate increase at Entergy Texas beginning May 2011 as a result of the settlement of the December 2009 rate case.

These increases were partially offset by a formula rate plan decrease at Entergy New Orleans effective October 2011. See Note 2 to the financial statements in the Form 10-K for further discussion of these proceedings.

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Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the second quarter 2012 to the second quarter 2011.

| | Amount (In Millions) |
|---|---|
| 2011 net revenue | $474 |
| Nuclear realized price changes | (51) |
| Nuclear volume | (1) |
| Other | 22 |
| 2012 net revenue | $444 |

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by $30 million, or 6%, in the second quarter 2012 compared to the second quarter 2011 primarily due to lower pricing in its contracts to sell power. Lower volume in its nuclear fleet resulting from more planned and unplanned outage days in 2012 compared to the same period in 2011 was substantially offset by the exercise of resupply options provided for in purchase power agreements whereby Entergy Wholesale Commodities may elect to supply power from another source when the plant is not running. Amounts related to the exercise of resupply options are included in the GWh billed in the table below. Partially offsetting the lower net revenue from the nuclear fleet was higher net revenue from the Rhode Island State Energy Center, which was acquired in December 2011.

Following are key performance measures for Entergy Wholesale Commodities for the second quarter 2012 and 2011:

| | 2012 | 2011 |
|---|---|---|
| Owned capacity | 6,612 | 6,016 |
| GWh billed | 11,674 | 10,567 |
| Average realized revenue per MWh | $48.27 | $52.74 |
| | | |
| Entergy Wholesale Commodities Nuclear Fleet | | |
| Capacity factor | 85% | 91% |
| GWh billed | 10,426 | 9,993 |
| Average realized revenue per MWh | $48.67 | $52.38 |
| Refueling Outage Days: | | |
| Indian Point 2 | 1 | - |
| Indian Point 3 | - | 7 |
| Palisades | 34 | - |
| Pilgrim | - | 25 |

Realized Revenue per MWh for Entergy Wholesale Commodities Nuclear Plants

See the Form 10-K for a discussion of Entergy Wholesale Commodities nuclear business's average realized price per MWh, including the factors that influence it and the decrease in the annual average realized price per MWh to $54.73 in 2011 from $59.16 in 2010. Entergy Wholesale Commodities' nuclear business is likely to continue to experience a decrease again in 2012 from 2011 because, as shown in the contracted sale of energy table in "Market and Credit Risk Sensitive Instruments," Entergy Wholesale Commodities has sold forward 90% of its planned nuclear energy output for the remainder of 2012 for an average contracted energy price of $49 per MWh.  In addition, Entergy Wholesale Commodities has sold forward 84% of its planned nuclear energy output for 2013 for an average contracted energy price of $45-50 per MWh.



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Other Income Statement Items

Utility

Other operation and maintenance expenses increased from $485 million for the second quarter 2011 to $522 million for the second quarter 2012 primarily due to:

- an increase of $22 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;
- $10 million of costs incurred in 2012 related to the planned spin-off and merger of the Utility's transmission business;
- an increase of $8 million in distribution expenses primarily due to the timing of contract work; and
- an increase of $8 million in fossil-fueled generation expenses resulting from higher outage costs primarily because of the timing of the outages and increased scope of outages compared to the same period in the prior year.

The increase was partially offset by the effect of the deferral, as approved by the FERC, and the LPSC for the Louisiana jurisdiction, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by $12 million.

Depreciation and amortization expense increased primarily due to additions to plant in service.

Entergy Wholesale Commodities

Other operation and maintenance expenses increased from $231 million for the second quarter 2011 to $248 million for the second quarter 2012 primarily due to:

- an increase of $7 million due to the operations of the Rhode Island State Energy Center, which was acquired in December 2011; and
- an increase of $6 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs.

Taxes other than income taxes increased primarily due to increased property taxes at FitzPatrick. Previously, FitzPatrick was granted an exemption from property taxation and paid taxes according to a payment in lieu of property taxes agreement. This agreement expired on June 30, 2011 and FitzPatrick is now being taxed under the current property tax system.

Other expenses decreased primarily due to a credit to decommissioning expense of $49 million in second quarter 2012 resulting from a reduction in the decommissioning cost liability for a plant as a result of a revised decommissioning cost study. See "Critical Accounting Estimates – Nuclear Decommissioning Costs" below for further discussion.

Parent & Other

Interest expense increased primarily due to the issuance of $500 million of 4.7% senior notes by Entergy Corporation in January 2012 and a higher interest rate on outstanding borrowings on the Entergy Corporation credit facility.

Income Taxes

The effective income tax rate for the second quarter 2012 was (49.2%). The difference in the effective income tax rate versus the statutory rate of 35% for the second quarter 2012 is related to (1) an IRS settlement on how to treat the Louisiana Act 55 Financing of the Hurricane Katrina and Hurricane Rita storm costs, as discussed further in Note 10 to the financial statements; and (2) a unanimous court decision from the U.S. Court of Appeals for the Fifth Circuit affirming an earlier decision of the U.S. Tax Court holding that Entergy was entitled to claim a credit against its U.S. tax liability for the U.K. windfall tax that it paid, both of which enabled Entergy to reverse provisions for uncertain tax positions.

The effective income tax rate for the second quarter 2011 was 32%. The difference in the effective income tax rate versus the statutory rate of 35% for the second quarter 2011 was primarily due to a settlement regarding an issue which had previously been considered an uncertain tax position. This was partially offset in 2011 by a Michigan tax law change that repealed the business tax and enacted a corporate income tax, which eliminates a deduction that was available under the business tax; state income taxes; and certain book and tax differences for Utility plant items.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the six months ended June 30, 2012 to the six months ended June 30, 2011 showing how much the line item increased or (decreased) in comparison to the prior period:

| | Utility | Entergy Wholesale Commodities | Parent & Other (1) | Entergy |
|---|---|---|---|---|
| | | (In Thousands) | | |
| 2011 Consolidated Net Income (Loss) | $421,394 | $ 188,789 | $(35,906) | $574,277 |
| Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits) | (195,693) | (103,221) | (2,242) | (301,156) |
| Other operation and maintenance expenses | 79,349 | 40,429 | 6,494 | 126,272 |
| Asset impairment | - | 355,524 | - | 355,524 |
| Taxes other than income taxes | 5,932 | 14,914 | (15) | 20,831 |
| Depreciation and amortization | 14,160 | 11,733 | (12) | 25,881 |
| Other income | 6,389 | 10,947 | 155 | 17,491 |
| Interest expense | 8,060 | 3,573 | 10,355 | 21,988 |
| Other expenses | 2,846 | (49,008) | - | (46,162) |
| Income taxes | (253,995) | (193,454) | 9,883 | (437,566) |
| 2012 Consolidated Net Income (Loss) | $375,738 | $ (87,196) | $(64,698) | $223,844 |

(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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As discussed in more detail in Note 11 to the financial statements, results of operations for the six months ended June 30, 2012 include a $355.5 million ($223.5 million after-tax) impairment charge to write down the carrying values of Vermont Yankee and related assets to their fair values. Also, net income for Utility in the six months ended June 30, 2012 was significantly affected by a settlement with the IRS related to the income tax treatment of the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs, which resulted in a reduction in income tax expense. The net income effect was partially offset by a regulatory charge, which reduced net revenue, because the benefits will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the six months ended June 30, 2012 to the six months ended June 30, 2011.

| | Amount (In Millions) |
|---|---|
| 2011 net revenue | $2,453 |
| Louisiana Act 55 financing tax settlement sharing | (165) |
| Volume/weather | (48) |
| Retail electric price | 14 |
| Other | 3 |
| 2012 net revenue | $2,257 |

The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefits of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The volume/weather variance is primarily due to the effect of milder weather, as compared to the prior period, on residential and commercial sales. This was partially offset by an increase of 1,817 GWh, or 4%, in weather-adjusted usage across all customer classes. Industrial sales growth was largely due to expansions. This sector had growth from both large and small industrial customers. Improvements in chemicals were partially offset by declines in refineries and pipelines.

The retail electric price variance is primarily due to:

- a special formula rate plan rate increase at Entergy Louisiana effective May 2011 in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center; and
- a base rate increase at Entergy Texas beginning May 2011 as a result of the settlement of the December 2009 rate case.

These increases were partially offset by a formula rate plan decrease at Entergy New Orleans effective October 2011. See Note 2 to the financial statements in the Form 10-K for further discussion of these proceedings.

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Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the six months ended June 30, 2012 to the six months ended June 30, 2011.

| | Amount (In Millions) |
|---|---|
| 2011 net revenue | $999 |
| Nuclear realized price changes | (117) |
| Nuclear volume | (8) |
| Other | 21 |
| 2012 net revenue | $895 |

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by $104 million, or 10%, in the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to lower pricing in its contracts to sell power. Lower volume in its nuclear fleet resulting from more planned and unplanned outage days in 2012 compared to the same period in 2011 was substantially offset by the exercise of resupply options provided for in purchase power agreements whereby Entergy Wholesale Commodities may elect to supply power from another source when the plant is not running. Amounts related to the exercise of resupply options are included in the GWh billed in the table below. Partially offsetting the lower net revenue from the nuclear fleet was higher net revenue from the Rhode Island State Energy Center, which was acquired in December 2011.

Following are key performance measures for Entergy Wholesale Commodities for the six months ended June 30, 2012 and 2011:

| | 2012 | 2011 |
|---|---|---|
| Owned capacity | 6,612 | 6,016 |
| GWh billed | 22,955 | 21,121 |
| Average realized revenue per MWh | $48.77 | $54.77 |
| | | |
| Entergy Wholesale Commodities Nuclear Fleet | | |
| Capacity factor | 87% | 91% |
| GWh billed | 20,264 | 19,906 |
| Average realized revenue per MWh | $49.47 | $54.91 |
| Refueling Outage Days: | | |
| Indian Point 2 | 28 | - |
| Indian Point 3 | - | 30 |
| Palisades | 34 | - |
| Pilgrim | - | 25 |

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from $933 million for the six months ended June 30, 2011 to $1,012 million for the six months ended June 30, 2012 primarily due to:

- an increase of $35 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;

- an increase of $21 million in fossil-fueled generation expenses resulting from higher outage costs primarily because of the timing of the outages and increased scope of outages compared to the same period in the prior year;
- $16 million of costs incurred in 2012 related to the planned spin-off and merger of the Utility's transmission business;
- an increase of $8 million in distribution expenses primarily due to the timing of contract work; and
- nuclear insurance refunds of $5 million received in 2011.

The increase was partially offset by the effect of the deferral, as approved by the FERC, and the LPSC for the Louisiana jurisdictions, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by $10 million.

Depreciation and amortization expense increased primarily due to additions to plant in service.

Interest expense increased primarily due to net debt issuances by certain of the Utility operating companies.

Entergy Wholesale Commodities

Other operation and maintenance expenses increased from $440 million for the six months ended June 30, 2011 to $480 million for the six months ended June 30, 2012 primarily due to:

- an increase of $18 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs; and
- an increase of $11 million due to the operations of the Rhode Island State Energy Center, which was acquired in December 2011.

The asset impairment variance is due to a $355.5 million ($223.5 million after-tax) impairment charge recorded in the first quarter 2012 to write down the carrying values of Vermont Yankee and related assets to their fair values. See Note 11 to the financial statements for further discussion of this charge.

Taxes other than income taxes increased primarily due to increased property taxes at FitzPatrick. Previously, FitzPatrick was granted an exemption from property taxation and paid taxes according to a payment in lieu of property taxes agreement. This agreement expired on June 30, 2011 and FitzPatrick is now being taxed under the current property tax system.

Depreciation and amortization expense increased primarily due to additions to plant in service, including the acquisition of the Rhode Island State Energy Center in December 2011.

Other expenses decreased primarily due to a credit to decommissioning expense of $49 million in the second quarter 2012 resulting from a reduction in the decommissioning cost liability for a plant as a result of a revised decommissioning cost study. See "Critical Accounting Estimates – Nuclear Decommissioning Costs" below for further discussion.

Other income increased primarily due to an increase of $9 million in realized earnings on the decommissioning trust funds.

Parent & Other

Interest expense increased primarily due to the issuance of $500 million of 4.7% senior notes by Entergy Corporation in January 2012 and a higher interest rate on outstanding borrowings on the Entergy Corporation credit facility.

Income Taxes

The effective income tax rates for the six months ended June 30, 2012 and 2011 were (120.6%) and 35.4%, respectively. The difference in the effective income tax rate versus the statutory rate of 35% for the six months ended June 30, 2012 is primarily related to (1) an IRS settlement on how to treat the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs, as discussed further in Note 10 to the financial statements; and (2) a unanimous court decision from the U.S. Court of Appeals for the Fifth Circuit affirming an earlier decision of the U.S. Tax Court holding that Entergy was entitled to claim a credit against its U.S. tax liability for the U.K. windfall tax that it paid, both of which enabled Entergy to reverse provisions for uncertain tax positions. The difference in the effective income tax rate versus the statutory rate of 35% for the six months ended June 30, 2011 was primarily due to a settlement regarding an issue which had previously been considered an uncertain tax position. This was partially offset by a Michigan tax law change that repealed the business tax and enacted a corporate income tax, which eliminates a deduction that was available under the business tax; state income taxes; and certain book and tax differences for Utility plant items.

Plan to Spin Off the Utility's Transmission Business

See the Form 10-K for a discussion of Entergy's plan to spin off its transmission business and merge it with a newly formed subsidiary of ITC Holdings Corp.

Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants

In March 2011 and May 2012 the NRC renewed the operating licenses of Vermont Yankee and Pilgrim, respectively, for an additional 20 years, as a result of which each license now expires in 2032. For additional discussion regarding activity in Vermont and the continued operation of the Vermont Yankee plant, see "Impairment of Long-Lived Assets" in Note 11 to the financial statements herein. In the Vermont Yankee license renewal case, Vermont and the New England Coalition appealed the NRC's renewal of Vermont Yankee's license to the D.C. Circuit. In June 2012 the D.C. Circuit denied that appeal. In the Pilgrim license renewal case, three contentions remained pending before the ASLB at the time the license was issued. One of those contentions was subsequently denied by the ASLB and not appealed within the applicable time. A second remaining contention was denied by the ASLB and then appealed to the NRC. A third contention was denied by the ASLB on July 20, 2012 and the deadline of August 6, 2012 for an appeal to the NRC passed without an appeal being filed. The NRC has indicated that should the appeal of a contention result in voiding of the recently-issued license, Pilgrim could operate under the "timely renewal" doctrine in reliance on the prior, and now superseded, license until proceedings concerning the renewed license are final. Massachusetts has appealed the NRC's renewal of Pilgrim's license to the United States Court of Appeals for the First Circuit. Entergy has intervened in that appeal.

The NRC operating licenses for Indian Point 2 and Indian Point 3 expire in September 2013 and December 2015, respectively. Under federal law, nuclear power plants may continue to operate beyond their license expiration dates while their renewal applications are pending NRC approval. In April 2007, Entergy submitted an application to the NRC to renew the operating licenses for Indian Point 2 and 3 for an additional 20 years. The ASLB has admitted 21 contentions raised by the State of New York or other parties, which were combined into 16 discrete issues. Two of the issues have been resolved, leaving 14 issues that are currently subject to ASLB hearings. In July 2011, the ASLB granted the State of New York's motion for summary disposition of an admitted contention challenging the adequacy of a section of Indian Point's environmental analysis as incorporated in the Final Supplemental Environmental Impact Statement (FSEIS) (discussed below). That section provided cost estimates for Severe Accident Mitigation

Alternatives (SAMAs), which are hardware and procedural changes that could be implemented to mitigate estimated impacts of off-site radiological releases in case of a hypothesized severe accident. In addition to finding that the SAMA cost analysis was insufficient, the ASLB directed the NRC staff to explain why cost-beneficial SAMAs should not be required to be implemented. Entergy appealed the ASLB's decision to the NRC and the NRC staff supported Entergy's appeal, while the State of New York opposed it. In December 2011 the NRC denied Entergy's appeal as premature, stating that the appeal could be renewed at the conclusion of the ASLB proceedings.

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Pursuant to ASLB scheduling orders in the Indian Point 2 and 3 license renewal proceeding, the parties have submitted several rounds of testimony on "Track 1" contentions, which represent a majority of the contentions pending before the ASLB. Hearings on Track 1 contentions are scheduled to begin October 15, 2012. Hearings on the remaining issues will follow the submission of additional testimony on dates yet to be set.

The NRC staff currently is also continuing to perform its technical and environmental reviews of the Indian Point 2 and 3 license renewal application. The NRC staff issued a Final Safety Evaluation Report (FSER) in August 2009, a supplement to the FSER in August 2011, a FSEIS in December 2010 and a supplement to the FSEIS in June 2012. The NRC staff issued a draft supplemental FSEIS in June 2012 and has stated its intent to issue, following an opportunity for comment, another supplement to the FSER in August 2012.

The New York State Department of Environmental Conservation has taken the position that Indian Point must obtain a new state-issued Clean Water Act Section 401 water quality certification as part of the license renewal process. In addition, the consistency of Indian Point's operations with New York State's coastal management policies must be resolved as required by the Coastal Zone Management Act (CZMA). On July 24, 2012, Entergy filed a supplement to the Indian Point license renewal application currently pending before the NRC. The supplement states that, based on applicable federal law and in light of prior reviews by the State of New York, the NRC may issue the requested renewed operating licenses for Indian Point without the need for an additional consistency review by the State of New York under the CZMA. On July 30, 2012, Entergy filed a motion for declaratory order with the ASLB seeking confirmation of its position that no further CZMA consistency determination is required before the NRC may issue renewed licenses.

The hearing process is an integral component of the NRC's regulatory framework, and evidentiary hearings on license renewal applications are not uncommon. Entergy intends to participate fully in the hearing process as permitted by the NRC's hearing rules. As noted in Entergy's responses to the various intervenor filings, Entergy believes the contentions proposed by the intervenors are unsupported and without merit. Entergy will continue to work with the NRC staff as it completes its technical and environmental reviews of the Indian Point 2 and 3 license renewal application.

On June 8, 2012, the U.S. Court of Appeals for the D.C. Circuit vacated the NRC's 2010 update to its Waste Confidence Decision, which had found generically that a permanent geologic repository to store spent nuclear fuel would be available when necessary and that spent nuclear fuel could be stored at nuclear reactor sites in the interim without significant environmental effects, and remanded the case for further proceedings. The court concluded that the NRC had not satisfied the requirements of the National Environmental Policy Act (NEPA) when it considered environmental effects in reaching these conclusions. The NRC has not yet announced what steps it will take in response to the court's decision. The Waste Confidence Decision has been relied upon by NRC license renewal applicants to address some of the issues that NEPA requires the NRC to address before it issues a renewed license. Certain nuclear opponents have filed requests with the NRC asking it to address the issues raised by the court's decision in the license renewal proceedings for a number of nuclear plants including Grand Gulf and Indian Point 2 and 3. On August 7, 2012 the NRC issued an order stating that it will not issue final licenses dependent upon the Waste Confidence Decision until the D.C. Circuit's remand is addressed, but also stating that licensing reviews and proceedings should continue to move forward.

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.

| | June 30, 2012 | December 31, 2011 |
|---|---|---|
| Debt to capital | 57.4 % | 57.3 % |
| Effect of excluding the securitization bonds | (2.1)% | (2.3)% |
| Debt to capital, excluding securitization bonds (1) | 55.3 % | 55.0 % |
| Effect of subtracting cash | (0.6)% | (1.5)% |
| Net debt to net capital, excluding securitization bonds (1) | 54.7 % | 53.5 % |

(1) Calculation excludes the Arkansas, Louisiana, and Texas securitization bonds, which are non-recourse to Entergy Arkansas, Entergy Louisiana, and Entergy Texas, respectively.

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

Entergy Corporation has in place a credit facility that has a borrowing capacity of $3.5 billion and expires in March 2017. Entergy Corporation has the ability to issue letters of credit against 50% of the total borrowing capacity of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of June 30, 2012.

| Capacity | Borrowings | Letters of Credit | Capacity Available |
|---|---|---|---|
| | (In Millions) | | |
| $3,500 | $1,470 | $8 | $2,022 |

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

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

Capital Expenditure Plans and Other Uses of Capital

See the table and discussion in the Form 10-K under "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital," that sets forth the amounts of planned construction and other capital investments by operating segment for 2012 through 2014. Following are updates to the discussion in the Form 10-K.

Grand Gulf Uprate

As discussed in more detail in the Form 10-K, the estimated capital investments for 2012-2014 include System Energy's approximately 178 MW uprate of the Grand Gulf nuclear plant. Grand Gulf's spring 2012 refueling outage was completed in June 2012, and the majority of uprate-related capital improvements were made during this outage. Based upon the uprate-related work completed during the spring 2012 refueling outage, additional information from the project's engineering, procurement and construction contractor, the costs required to install instrumentation in the steam dryer in response to evolving guidance from the NRC staff, and delays in obtaining NRC approval, System Energy now estimates the total capital investment to be made in the course of the implementation of the Grand Gulf uprate project is approximately $874 million, including SMEPA's share. Construction work was completed in June 2012 and in July 2012 the NRC approved the license amendment, which allows the plant to operate at the uprated capacity level.

Ninemile Point Unit 6 Self-Build Project

See the Form 10-K for a discussion of Entergy Louisiana's Ninemile Point Unit 6 self-build project. The Ninemile 6 capacity and energy is proposed to be allocated 55% to Entergy Louisiana, 25% to Entergy Gulf States Louisiana, and 20% to Entergy New Orleans. In February 2012 the City Council passed a resolution authorizing Entergy New Orleans to purchase 20% of the Ninemile 6 energy and capacity. In June 2011, Entergy Louisiana filed with the LPSC an application seeking certification that the public necessity and convenience would be served by Entergy Louisiana's construction of the facility. Entergy Gulf States Louisiana joined in the application, seeking certification of its purchase under a life-of-unit power purchase agreement of its allocated share of the capacity and energy generated by Ninemile 6. In March 2012 the LPSC unanimously voted to grant the certifications requested by Entergy Louisiana and Entergy Gulf States Louisiana, and Entergy Louisiana has given the contractor a full notice to proceed with the construction. Under the terms approved by the LPSC, costs may be recovered through Entergy Louisiana's and Entergy Gulf States Louisiana's formula rate plans, if one is in effect when the project is placed in service; alternatively, Entergy Louisiana and Entergy Gulf States Louisiana must file rate cases approximately 12 months prior to the expected in-service date.

Hot Spring Energy Facility Purchase Agreement

See the Form 10-K for a discussion of Entergy Arkansas's agreement to acquire the Hot Spring Energy Facility. In July 2011, Entergy Arkansas filed its application with the APSC requesting approval of the acquisition and full cost recovery. In July 2012 the APSC approved the acquisition and cost recovery through a capacity acquisition rider and set the level of return on equity at the level established in Entergy Arkansas's June 2009 base rate proceeding. The parties have satisfied their obligations under the Hart-Scott-Rodino Act. The U.S. Department of Justice (DOJ) review of the transaction is ongoing. Closing has been delayed while the DOJ continues its review. Entergy Arkansas does not know when the DOJ will conclude its review or the extent to which its review of the transaction will be affected by the ongoing civil investigation of competitive issues concerning the Utility operating companies that is discussed in the Form 10-K.

Hinds Energy Facility Purchase Agreement

See the Form 10-K for a discussion of Entergy Mississippi's agreement to acquire the Hinds Energy Facility. In July 2011, Entergy Mississippi filed with the MPSC requesting approval of the acquisition and full cost recovery. In February 2012 the MPSC granted a certificate of public convenience and necessity and approved the estimated acquisition cost. In April 2012, facilities studies were issued indicating that long-term transmission service is available for the Hinds facility provided that supplemental transmission upgrades estimated at approximately $580,000 are made and assuming that various projects already included in the transmission construction plan are completed. Entergy Mississippi and the Mississippi Public Utilities Staff filed a joint stipulation in the retail cost recovery proceeding that provides that the non-fuel ownership costs of the Hinds facility should be recovered through the power management rider, and the MPSC adopted the stipulation on August 7, 2012. The parties have satisfied their obligations under the Hart-Scott-Rodino Act. The U.S. Department of Justice (DOJ) review of the transaction is ongoing. Closing has been delayed while the DOJ continues its review. Entergy Mississippi does not know when the DOJ will conclude its review or the extent to which its review of the transaction will be affected by the ongoing civil investigation of competitive issues concerning the Utility operating companies that is discussed in the Form 10-K.

Dividends and Stock Repurchases

Declarations of dividends on Entergy’s common stock are made at the discretion of the Board. Among other things, the Board evaluates the level of Entergy’s common stock dividends based upon Entergy’s earnings, financial strength, and future investment opportunities. At its July 2012 meeting, the Board declared a dividend of $0.83 per share, which is the same quarterly dividend per share that Entergy has paid since second quarter 2010.

Cash Flow Activity

As shown in Entergy’s Consolidated Statements of Cash Flows, cash flows for the six months ended June 30, 2012 and 2011 were as follows:

| | 2012 | 2011 |
|---|---|---|
| | (In Millions) | |
| Cash and cash equivalents at beginning of period | $694 | $1,294 |
| Cash flow provided by (used in): | | |
| Operating activities | 1,188 | 977 |
| Investing activities | (1,500) | (1,827) |
| Financing activities | (99) | 86 |
| Net decrease in cash and cash equivalents | (411) | (764) |
| Cash and cash equivalents at end of period | $283 | $530 |

Operating Activities

Entergy's cash flow provided by operating activities increased by $211 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to:

- a decrease of $178 million in pension contributions. See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding; and
- an increase in deferred fuel cost collections.

These increases were partially offset by:

- the decreases in Entergy Wholesale Commodities net revenue that is discussed above;
- an increase of $42 million in income tax payments; and
- a refund of $30.6 million, including interest, paid to AmerenUE in June 2012. The FERC ordered Entergy Arkansas to refund to AmerenUE the rough production cost equalization payments previously collected. See Note 2 to the financial statements for further discussion of the FERC order.

Investing Activities

Net cash used in investing activities decreased by $327 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to:

- the purchase of the Acadia Unit 2 by Entergy Louisiana for approximately $300 million in April 2011;
- a decrease in nuclear fuel purchases because of variations from year to year in the timing and pricing of fuel reload requirements, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle; and

- a change in collateral deposit activity, reflected in the "Decrease (increase) in other investments" line on the Consolidated Statements of Cash Flows, as Entergy received $51 million in net deposits from Entergy Wholesale Commodities' counterparties during 2012 and returned net deposits of $40 million in 2011. Entergy Wholesale Commodities' forward sales contracts are discussed in the Market and Credit Risk Sensitive Instruments section below.

These decreases were partially offset by an increase in construction expenditures, primarily in the Utility business resulting from spending on the power uprate project at Grand Gulf. Entergy's construction spending plans for 2012 through 2014 are discussed in the Form 10-K and are updated in the Capital Expenditure Plans and Other Uses of Capital section in this report.

Financing Activities

Entergy's financing activities used $99 million of cash for the six months ended June 30, 2012 compared to providing $86 million of cash for the six months ended June 30, 2011 primarily due to long-term debt activity providing approximately $125 million of cash in 2012 compared to $519 million of cash in 2011. For details of Entergy's long-term debt activity in 2012 see Note 4 to the financial statements herein. This was partially offset by Entergy repurchasing $160 million of its common stock in the six months ended June 30, 2011 and $51 million in proceeds from the sale in 2012 of a portion of Entergy Gulf States Louisiana's investment in Entergy Holdings Company's Class A preferred membership interests to a third party. Entergy's share repurchase programs are discussed in the Form 10-K.

Rate, Cost-recovery, and Other Regulation

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Rate, Cost-recovery, and Other Regulation" in the Form 10-K for discussions of rate regulation, federal regulation, and related regulatory proceedings.

State and Local Rate Regulation and Fuel-Cost Recovery

See Note 2 to the financial statements herein for updates to the discussion in the Form 10-K regarding these proceedings.

Federal Regulation

Entergy's Proposal to Join the MISO RTO

See the Form 10-K for a discussion of the Utility operating companies' proposal to join the MISO RTO. Following are updates to that discussion.

The LPSC voted to grant Entergy Gulf States Louisiana's and Entergy Louisiana's application for transfer of control to MISO, subject to conditions, on May 23, 2012, and issued its order on June 28, 2012. Staff, advisors, and intervenors have filed testimony in the Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, and Entergy Texas proceedings. Most parties were conditionally supportive of or did not oppose the requested transfer of control to MISO as in the public interest. Several parties, including the MPSC staff, the City Council advisors, and the PUCT staff proposed various conditions to be included in the orders granting the requested change of control. The APSC

Staff argued Entergy Arkansas has yet to provide an RTO option that is in the public interest and noted that Entergy Arkansas should maintain the standalone option until uncertainties are resolved regarding possible RTO membership. The APSC conducted a hearing on the merits on May 30-31, 2012. The APSC issued an order on August 3, 2012 in which it stated that it was unable, at this time, to reach a finding that Entergy Arkansas's application is in the public interest. The order listed several conditions for Entergy Arkansas and MISO to meet before the APSC will approve Entergy Arkansas's application, including some conditions that are of concern to Entergy Arkansas. Entergy Arkansas continues to analyze the order, and it intends to continue to pursue its proposal to join MISO. On July 18, 2012, the MPSC issued an order postponing its hearing on Entergy Mississippi's change of control request, which had been scheduled for July 19-20, 2012, to allow parties additional time to conduct further analysis. The City Council has scheduled a hearing for September 18, 2012. Entergy Texas submitted its change of control filing on April 30, 2012, and hearings in the PUCT proceeding regarding Entergy Texas's request were scheduled to begin on July 30, 2012. A settlement in principle was reached among several of the parties, however, pursuant to which Entergy Texas's membership in MISO would be found in the public interest subject to certain conditions. Entergy Texas and the other settling parties in the case filed a non-unanimous stipulation with the PUCT on August 6, 2012, and further proceedings have been scheduled to consider objections, if any, to the settlement. A hearing on the non-unanimous stipulation is now scheduled for August 24, 2012.

In June 2011, MISO filed with the FERC a request for a transitional waiver of provisions of its open access transmission, energy, and operating reserve markets tariff regarding allocation of transmission network upgrade costs, in order to establish a transition for the integration of the Utility operating companies. In September 2011 the FERC issued an order denying on procedural grounds MISO's request, further advising MISO that submitting modified tariff sheets is the appropriate method for implementing the transition that MISO seeks for the Utility operating companies. The FERC did not address the merits of any transition arrangements that may be appropriate to integrate the Utility operating companies into MISO. MISO worked with its stakeholders to prepare the appropriate changes to its tariff and filed the proposed tariff changes with the FERC in November 2011. On April 19, 2012, the FERC conditionally accepted MISO's proposal related to the allocation of transmission upgrade costs in connection with the transition and integration of the Utility operating companies into MISO. On May 21, 2012, MISO filed a compliance filing in accordance with the provisions of the FERC's April 19, 2012 Order. Two parties filed requests for rehearing of the FERC's April 19, 2012 Order that are still outstanding. On June 11, 2012, FERC issued a tolling order granting the pending rehearing requests for purposes of further consideration.

In addition, the Utility operating companies have proposed giving authority to the E-RSC, upon unanimous vote and within the first five years after the Utility operating companies join the MISO RTO, (i) to require the Utility operating companies to file with the FERC a proposed allocation of certain transmission upgrade costs among the Utility operating companies' transmission pricing zones that would differ from the allocation that would occur under the MISO Open Access Transmission Tariff and (ii) to direct the Utility operating companies as transmission owners to add projects to MISO's transmission expansion plan.

Market and Credit Risk Sensitive Instruments

Commodity Price Risk

Power Generation

As a wholesale generator, Entergy Wholesale Commodities' core business is selling energy, measured in MWh, to its customers. Entergy Wholesale Commodities enters into forward contracts with its customers and sells energy in the day ahead or spot markets. In addition to selling the energy produced by its plants, Entergy Wholesale Commodities sells unforced capacity, which allows load-serving entities to meet specified reserve and related requirements placed on them by the ISOs in their respective areas. Entergy Wholesale Commodities' forward fixed price physical power contracts consist of contracts to sell energy only, contracts to sell capacity only, and bundled contracts in which it sells both capacity and energy. While the terminology and payment mechanics vary in these contracts, each of these types of contracts requires Entergy Wholesale Commodities to deliver MWh of energy, make capacity available, or both. In addition to its forward fixed price physical power contracts, Entergy Wholesale Commodities also uses financial contracts to hedge a portion of its commodity price risk. The following is a summary of the amount of Entergy

Wholesale Commodities’ planned energy output that is currently sold forward under physical or financial contracts (2012 represents the remainder of the year):

Entergy Wholesale Commodities Nuclear Portfolio

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Energy | | | | | |
| Percent of planned generation sold forward (a): | | | | | |
| Unit-contingent (b) | 61% | 41% | 22% | 12% | 12% |
| Unit-contingent with guarantee of availability (c) | 18% | 19% | 15% | 13% | 13% |
| Firm LD (d) | 24% | 24% | 28% | -% | -% |
| Offsetting positions (e) | (13)% | -% | (6)% | -% | -% |
| Total | 90% | 84% | 59% | 25% | 25% |
| Planned generation (TWh) (f) (g) | 21 | 40 | 41 | 41 | 40 |
| Average revenue under contract per MWh (h) | $49 | $45-50 | $46-49 | $49-57 | $50-59 |

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Capacity (o) | | | | | |
| Percent of capacity sold forward (i): | | | | | |
| Bundled capacity and energy contracts (j) | 16% | 16% | 16% | 16% | 16% |
| Capacity contracts (k) | 49% | 26% | 13% | 12% | 5% |
| Total | 65% | 42% | 29% | 28% | 21% |
| Planned net MW in operation (g) (l) | 5,011 | 5,011 | 5,011 | 5,011 | 5,011 |
| Average revenue under contract per kW per month (applies to Capacity contracts only) (h) | $2.3 | $2.4 | $3.0 | $3.3 | $3.4 |
| | | | | | |
| Blended Capacity and Energy Recap (based on revenues) | | | | | |
| % of planned generation and capacity sold forward | 91% | 83% | 63% | 29% | 28% |
| Average revenue under contract per MWh (h) | $51 | $46 | $47 | $51 | $51 |

Entergy Wholesale Commodities Non-Nuclear Portfolio

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Energy | | | | | |
| Percent of planned generation sold forward (a): | | | | | |
| Cost-based contracts (m) | 38% | 34% | 30% | 33% | 31% |
| Firm LD (d) | 5% | 5% | 5% | 6% | 6% |
| Total | 43% | 39% | 35% | 39% | 37% |
| Planned generation (TWh) (f) (n) | 3 | 7 | 7 | 6 | 6 |

| | | | | | |
|---|---|---|---|---|---|
| Capacity | | | | | |
| Percent of capacity sold forward (i): | | | | | |
| Cost-based contracts (m) | 35% | 29% | 24% | 24% | 24% |
| Bundled capacity and energy contracts (j) | 8% | 8% | 8% | 8% | 8% |
| Capacity contracts (k) | 52% | 47% | 47% | 48% | 20% |
| Total | 95% | 84% | 79% | 80% | 52% |
| Planned net MW in operation (l) (n) | 1,052 | 1,052 | 1,052 | 1,052 | 1,052 |

(a) Percent of planned generation output sold or purchased forward under contracts, forward physical contracts, forward financial contracts or options that mitigate price uncertainty that may require regulatory approval or approval of transmission rights
(b) Transaction under which power is supplied from a specific generation asset; if the asset is not operating, seller is generally not liable to buyer for any damages
(c) 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.
(d) Transaction that requires receipt or delivery of energy at a specified delivery point (usually at a market hub not associated with a specific asset) or settles financially on notional quantities; if a party fails to deliver or receive energy, defaulting party must compensate the other party as specified in the contract; a portion of which may be capped through the use of risk management products
(e) Transactions for the purchase of energy, generally to offset a Firm LD transaction
(f) Amount of output expected to be generated by Entergy Wholesale Commodities resources considering plant operating characteristics, outage schedules, and expected market conditions that effect dispatch
(g) Assumes NRC license renewal for plants whose current licenses expire within five years and uninterrupted normal operation at all plants. NRC license renewal applications are in process for two units, as follows (with current license expirations in parentheses): Indian Point 2 (September 2013) and Indian Point 3 (December 2015). For a discussion regarding the continued operation of the Vermont Yankee plant, see "Impairment of Long-Lived Assets" in Note 1 to the financial statements in the Form 10-K and "Vermont Yankee" in Note 11 to the financial statements herein.
(h) Revenue on a per unit basis at which generation output, capacity, or a combination of both is expected to be sold to third parties (including offsetting positions), given existing contract or option exercise prices based on expected dispatch or capacity, excluding the revenue associated with the amortization of the below-market PPA for Palisades. Revenue may fluctuate due to factors including positive or negative basis differentials, option premiums and market prices at time of option expiration, costs to convert firm LD to unit-contingent, and other risk management costs. Also, average revenue under contract excludes payments owed under the value sharing agreement with NYPA.
(i) Percent of planned qualified capacity sold to mitigate price uncertainty under physical or financial transactions
(j) A contract for the sale of installed capacity and related energy, priced per megawatt-hour sold
(k) A contract for the sale of an installed capacity product in a regional market
(l) Amount of capacity to be available to generate power and/or sell capacity considering uprates planned to be completed during the year. The increased capacity figure for the nuclear portfolio from the 10-K reflects the final testing and confirmation of a small incremental increase in output associated with equipment replacements at Palisades.

(m) Contracts priced in accordance with cost-based rates, a ratemaking concept used for the design and development of rate schedules to ensure that the filed rate schedules recover only the cost of providing the service; these contracts are on owned non-utility resources located within Entergy's service territory, which do not operate under market-based rate authority. The percentage sold assumes approval of long-term transmission rights. Includes sales to the Utility through 2013 of 121 MW of capacity and energy from Entergy Power sourced from Independence Steam Electric Station Unit 2.

(n) Non-nuclear planned generation and net MW in operation include purchases from affiliated and non-affiliated counterparties under long-term contracts and exclude energy and capacity from Entergy Wholesale Commodities' wind investment accounted for under the equity method of accounting and from the 544 MW Ritchie plant that is not planned to operate.

(o) Reflects effect of ISO New England's acceptance in the second quarter 2012 of Vermont Yankee's bid to delist for the June 2015 through May 2016 forward capacity auction #6 and retroactively for the June 2013 through May 2014 forward capacity auction #4. ISO New England has until May 2013 to consider Vermont Yankee's delist bid for forward capacity auction #5.

Entergy estimates that a $10 per MWh change in the annual average energy price in the markets in which the Entergy Wholesale Commodities nuclear business sells power, based on June 30, 2012 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of $19 million in 2012.

Some of the agreements to sell the power produced by Entergy Wholesale Commodities' 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 Entergy Wholesale Commodities 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, 2012, based on power prices at that time, Entergy had liquidity exposure of $193 million under the guarantees in place supporting Entergy Wholesale Commodities transactions, $20 million of guarantees that support letters of credit, and $14 million of posted cash collateral to the ISOs. As of June 30, 2012, the liquidity exposure associated with Entergy Wholesale Commodities assurance requirements, including return of previously posted collateral from counterparties, would increase by $151 million for a $1 per MMBtu increase in gas prices in both the short-and long-term markets. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of June 30, 2012, Entergy would have been required to provide approximately $45 million of additional cash or letters of credit under some of the agreements.

As of June 30, 2012, substantially all of the counterparties or their guarantors for 100% of the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2016 have public investment grade credit ratings.

Nuclear Matters

After the nuclear incident in Japan resulting from the March 2011 earthquake and tsunami, the NRC established a task force to conduct a review of processes and regulations relating to nuclear facilities in the United States. The task force issued a near-term (90-day) report in July 2011 that made initial recommendations, which were subsequently refined and prioritized after input from stakeholders. The task force then issued a second report in September 2011. Based upon the task force's recommendations, the NRC issued three orders effective on March 12, 2012. The three orders require U.S. nuclear operators, including Entergy, to undertake plant modifications or perform additional analyses that will, among other things, result in increased operating and capital costs associated with operating Entergy's nuclear plants. The orders are being analyzed and an estimate of the increased costs cannot be made at this time.

With the issuance of the three orders, the NRC also provided members of the public an opportunity to request a hearing. Two established anti-nuclear groups, Pilgrim Watch and Beyond Nuclear, filed hearing requests, focused on Pilgrim, regarding two of the three orders. These requests sought to have the NRC impose expanded remedial requirements to address the issues raised by the NRC's orders. Beyond Nuclear subsequently withdrew its hearing request and the NRC's Atomic Safety and Licensing Board denied Pilgrim Watch's hearing request. Pilgrim Watch appealed the Board's decision to the NRC.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy's accounting for nuclear decommissioning costs, unbilled revenue, impairment of long-lived assets and trust fund investments, qualified pension and other postretirement benefits, and other contingencies. Following are updates to that discussion. For updates of the impairment of long-lived assets discussion regarding Vermont Yankee see Note 11 to the financial statements herein.

Nuclear Decommissioning Costs

In the second quarter 2012, Entergy Louisiana recorded a revision to its estimated decommissioning cost liability for Waterford 3 as a result of a revised decommissioning cost study. The revised estimate resulted in a $48.9 million increase in its decommissioning cost liability, along with a corresponding increase in the related asset retirement costs asset that will be depreciated over the remaining life of the unit.

In the second quarter 2012, Entergy Wholesale Commodities recorded a reduction of $60.6 million in the estimated decommissioning cost liability for a plant as a result of a revised decommissioning cost study. The revised estimate resulted in a credit to decommissioning expense of $49 million, reflecting the excess of the reduction in the liability over the amount of the undepreciated asset retirement costs asset.

Qualified Pension and Other Postretirement Benefits

The Moving Ahead for Progress in the 21st Century Act (MAP-21) became federal law on July 6, 2012. Under the law, the segment rates used to calculate funding liabilities must be within a corridor of the 25-year average of prior segment rates. The interest rate corridor applies to the determination of minimum funding requirements and benefit restrictions. The pension funding stabilization provisions will provide for a near-term reduction in minimum funding requirements for single employer defined benefit plans in response to the current, historically low interest rates. The law does not reduce contribution requirements over the long term. Entergy is currently analyzing the effect this law will have on the planned 2012 contributions to the pension trust. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K for further discussion of pension funding.

New Accounting Pronouncements

The accounting standard-setting process, including projects between the FASB and the International Accounting Standards Board (IASB) to converge U.S. GAAP and International Financial Reporting Standards, is ongoing and the FASB and the IASB are each currently working on several projects that have not yet resulted in final pronouncements. Final pronouncements that result from these projects could have a material effect on Entergy's future net income or financial position.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three and Six Months Ended June 30, 2012 and 2011
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | (In Thousands, Except Share Data) | | | |
| OPERATING REVENUES | | | | |
| Electric | $1,934,550 | $2,212,038 | $3,719,392 | $4,077,936 |
| Natural gas | 23,879 | 28,891 | 69,886 | 100,014 |
| Competitive businesses | 560,171 | 562,350 | 1,112,982 | 1,166,538 |
| TOTAL | 2,518,600 | 2,803,279 | 4,902,260 | 5,344,488 |
| | | | | |
| OPERATING EXPENSES | | | | |
| Operating and Maintenance: | | | | |
| Fuel, fuel-related expenses, and gas purchased for resale | 437,157 | 563,333 | 975,994 | 1,071,026 |
| Purchased power | 345,298 | 451,227 | 630,264 | 813,845 |
| Nuclear refueling outage expenses | 57,822 | 62,966 | 121,706 | 126,951 |
| Asset impairment | - | - | 355,524 | - |
| Other operation and maintenance | 772,881 | 712,496 | 1,494,517 | 1,368,245 |
| Decommissioning | 11,942 | 55,497 | 69,845 | 110,762 |
| Taxes other than income taxes | 138,111 | 129,215 | 275,280 | 254,449 |
| Depreciation and amortization | 274,755 | 264,206 | 554,971 | 529,090 |
| Other regulatory charges | 137,650 | 5,601 | 138,032 | 491 |
| TOTAL | 2,175,616 | 2,244,541 | 4,616,133 | 4,274,859 |
| | | | | |
| OPERATING INCOME | 342,984 | 558,738 | 286,127 | 1,069,629 |
| | | | | |
| OTHER INCOME | | | | |
| Allowance for equity funds used during construction | 28,282 | 20,753 | 52,590 | 38,042 |
| Interest and investment income | 29,285 | 35,921 | 70,276 | 62,668 |
| Miscellaneous - net | (13,036) | (16,962) | (31,025) | (26,360) |
| TOTAL | 44,531 | 39,712 | 91,841 | 74,350 |
| | | | | |
| INTEREST EXPENSE | | | | |
| Interest expense | 149,616 | 136,049 | 296,361 | 272,183 |
| Allowance for borrowed funds used during construction | (10,483) | (9,150) | (19,874) | (17,684) |
| TOTAL | 139,133 | 126,899 | 276,487 | 254,499 |
| | | | | |
| INCOME BEFORE INCOME TAXES | 248,382 | 471,551 | 101,481 | 889,480 |
| | | | | |
| Income taxes | (122,201) | 150,953 | (122,363) | 315,203 |
| | | | | |
| CONSOLIDATED NET INCOME | 370,583 | 320,598 | 223,844 | 574,277 |

| | | | | |
|---|---|---|---|---|
| Preferred dividend requirements of subsidiaries | 5,582 | 5,015 | 10,526 | 10,031 |
| NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION | $365,001 | $315,583 | $213,318 | $564,246 |
| | | | | |
| Earnings per average common share: | | | | |
| Basic | $2.06 | $1.77 | $1.21 | $3.16 |
| Diluted | $2.06 | $1.76 | $1.20 | $3.14 |
| Dividends declared per common share | $0.83 | $0.83 | $1.66 | $1.66 |
| Basic average number of common shares outstanding | 177,166,519 | 177,808,890 | 177,015,941 | 178,318,784 |
| Diluted average number of common shares outstanding | 177,565,351 | 178,925,180 | 177,470,486 | 179,502,551 |

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Six Months Ended June 30, 2012 and 2011
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | (In Thousands) | | | |
| Net Income | $370,583 | $320,598 | $223,844 | $574,277 |
| Other comprehensive income (loss) | | | | |
| Cash flow hedges net unrealized gain (loss) | | | | |
| (net of tax expense (benefit) of ($58,275), ($7,208), $17,219 and ($41,843)) | (108,090) | (13,516) | 37,345 | (71,724) |
| Pension and other postretirement liabilities | | | | |
| (net of tax expense of $10,479, $1,964, $14,355 and $3,057) | 17,060 | 2,339 | 23,327 | 6,598 |
| Net unrealized investment gains (losses) | | | | |
| (net of tax expense (benefit) of ($11,749), $3,386, $37,389 and $28,726) | (18,025) | 3,186 | 32,082 | 27,871 |
| Foreign currency translation | | | | |
| (net of tax expense (benefit) of ($113), $6, $54 and $167) | (209) | 11 | 101 | 311 |
| Other comprehensive income (loss) | (109,264) | (7,980) | 92,855 | (36,944) |
| Comprehensive Income | 261,319 | 312,618 | 316,699 | 537,333 |
| Preferred dividend requirements of subsidiaries | 5,582 | 5,015 | 10,526 | 10,031 |
| Comprehensive Income Attributable to Entergy Corporation | $255,737 | $307,603 | $306,173 | $527,302 |

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, 2012 and 2011
(Unaudited)

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| OPERATING ACTIVITIES | | |
| Consolidated net income | $223,844 | $574,277 |
| Adjustments to reconcile consolidated net income to net cash flow | | |
| provided by operating activities: | | |
| Depreciation, amortization, and decommissioning, including nuclear fuel amortization | 832,662 | 852,028 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | (122,657) | 305,121 |
| Asset impairment | 355,524 | - |
| Changes in working capital: | | |
| Receivables | (52,185) | (168,253) |
| Fuel inventory | (19,222) | (5,457) |
| Accounts payable | 8,339 | (76,803) |
| Prepaid taxes and taxes accrued | (12,446) | (2,810) |
| Interest accrued | (6,978) | (39,404) |
| Deferred fuel costs | 5,909 | (198,052) |
| Other working capital accounts | (108,441) | (112,386) |
| Changes in provisions for estimated losses | (19,267) | (5,954) |
| Changes in other regulatory assets | 113,645 | 96,549 |
| Changes in pensions and other postretirement liabilities | (34,541) | (232,306) |
| Other | 23,733 | (9,301) |
| Net cash flow provided by operating activities | 1,187,919 | 977,249 |
| | | |
| INVESTING ACTIVITIES | | |
| Construction/capital expenditures | (1,252,277) | (991,293) |
| Allowance for equity funds used during construction | 54,417 | 38,681 |
| Nuclear fuel purchases | (240,804) | (403,168) |
| Payment for purchase of plant | (645) | (299,590) |
| Changes in securitization account | 12,876 | 9,106 |
| NYPA value sharing payment | (72,000) | (72,000) |
| Payments to storm reserve escrow account | (2,987) | (3,294) |
| Receipts from storm reserve escrow account | 17,884 | - |
| Decrease (increase) in other investments | 37,076 | (42,994) |
| Proceeds from nuclear decommissioning trust fund sales | 944,833 | 636,359 |
| Investment in nuclear decommissioning trust funds | (998,579) | (699,530) |
| Net cash flow used in investing activities | (1,500,206) | (1,827,723) |

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, 2012 and 2011
(Unaudited)

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| FINANCING ACTIVITIES | | |
| Proceeds from the issuance of: | | |
| Long-term debt | 1,325,162 | 1,075,180 |
| Preferred stock | 51,000 | - |
| Treasury stock | 34,628 | 16,958 |
| Retirement of long-term debt | (1,199,926) | (555,940) |
| Repurchase of common stock | - | (159,602) |
| Changes in credit borrowings - net | (4,615) | 15,960 |
| Dividends paid: | | |
| Common stock | (293,741) | (296,355) |
| Preferred stock | (11,165) | (10,031) |
| Net cash flow provided by (used in) financing activities | (98,657) | 86,170 |
| Effect of exchange rates on cash and cash equivalents | (101) | (310) |
| Net decrease in cash and cash equivalents | (411,045) | (764,614) |
| Cash and cash equivalents at beginning of period | 694,438 | 1,294,472 |
| Cash and cash equivalents at end of period | $283,393 | $529,858 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the period for: | | |
| Interest - net of amount capitalized | $253,617 | $267,493 |
| Income taxes | $42,450 | $77 |

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
June 30, 2012 and December 31, 2011
(Unaudited)

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Cash | $90,279 | $81,468 |
| Temporary cash investments | 193,114 | 612,970 |
| Total cash and cash equivalents | 283,393 | 694,438 |
| Securitization recovery trust account | 37,428 | 50,304 |
| Accounts receivable: | | |
| Customer | 560,924 | 568,558 |
| Allowance for doubtful accounts | (30,226) | (31,159) |
| Other | 147,631 | 166,186 |
| Accrued unbilled revenues | 359,121 | 298,283 |
| Total accounts receivable | 1,037,450 | 1,001,868 |
| Deferred fuel costs | 67,716 | 209,776 |
| Accumulated deferred income taxes | 4,337 | 9,856 |
| Fuel inventory - at average cost | 221,354 | 202,132 |
| Materials and supplies - at average cost | 912,884 | 894,756 |
| Deferred nuclear refueling outage costs | 235,822 | 231,031 |
| System agreement cost equalization | 35,380 | 36,800 |
| Prepayments and other | 367,736 | 291,742 |
| TOTAL | 3,203,500 | 3,622,703 |
| | | |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investment in affiliates - at equity | 45,319 | 44,876 |
| Decommissioning trust funds | 4,015,377 | 3,788,031 |
| Non-utility property - at cost (less accumulated depreciation) | 259,352 | 260,436 |
| Other | 405,494 | 416,423 |
| TOTAL | 4,725,542 | 4,509,766 |
| | | |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Electric | 40,310,515 | 39,385,524 |
| Property under capital lease | 812,214 | 809,449 |
| Natural gas | 348,439 | 343,550 |
| Construction work in progress | 1,582,583 | 1,779,723 |
| Nuclear fuel | 1,505,692 | 1,546,167 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 44,559,443 | 43,864,413 |
| Less - accumulated depreciation and amortization | 18,563,697 | 18,255,128 |
| PROPERTY, PLANT AND EQUIPMENT - NET | 25,995,746 | 25,609,285 |
| | | |
| DEFERRED DEBITS AND OTHER ASSETS | | |
| Regulatory assets: | | |

| | | |
|---|---|---|
| Regulatory asset for income taxes - net | 738,734 | 799,006 |
| Other regulatory assets (includes securitization property of $967,292 as of June 30, 2012 and $1,009,103 as of December 31, 2011) | 4,542,228 | 4,636,871 |
| Deferred fuel costs | 238,428 | 172,202 |
| Goodwill | 377,172 | 377,172 |
| Accumulated deferred income taxes | 29,904 | 19,003 |
| Other | 1,066,351 | 955,691 |
| TOTAL | 6,992,817 | 6,959,945 |
| | | |
| TOTAL ASSETS | $40,917,605 | $40,701,699 |

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
June 30, 2012 and December 31, 2011
(Unaudited)

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Currently maturing long-term debt | $420,389 | $2,192,733 |
| Notes payable | 103,716 | 108,331 |
| Accounts payable | 1,035,834 | 1,069,096 |
| Customer deposits | 357,402 | 351,741 |
| Taxes accrued | 265,789 | 278,235 |
| Accumulated deferred income taxes | 83,107 | 99,929 |
| Interest accrued | 176,534 | 183,512 |
| Deferred fuel costs | 185,914 | 255,839 |
| Obligations under capital leases | 3,753 | 3,631 |
| Pension and other postretirement liabilities | 46,341 | 44,031 |
| System agreement cost equalization | 72,785 | 80,090 |
| Other | 290,379 | 283,531 |
| TOTAL | 3,041,943 | 4,950,699 |
| | | |
| NON-CURRENT LIABILITIES | | |
| Accumulated deferred income taxes and taxes accrued | 7,963,476 | 8,096,452 |
| Accumulated deferred investment tax credits | 280,041 | 284,747 |
| Obligations under capital leases | 36,513 | 38,421 |
| Other regulatory liabilities | 913,736 | 728,193 |
| Decommissioning and asset retirement cost liabilities | 3,400,985 | 3,296,570 |
| Accumulated provisions | 366,799 | 385,512 |
| Pension and other postretirement liabilities | 3,096,805 | 3,133,657 |
| Long-term debt (includes securitization bonds of $1,019,971 as of June 30, 2012 and $1,070,556 as of December 31, 2011) | 11,968,935 | 10,043,713 |
| Other | 537,866 | 501,954 |
| TOTAL | 28,565,156 | 26,509,219 |
| | | |
| Commitments and Contingencies | | |
| | | |
| Subsidiaries' preferred stock without sinking fund | 186,510 | 186,511 |
| | | |
| EQUITY | | |
| Common Shareholders' Equity: | | |
| Common stock, $.01 par value, authorized 500,000,000 shares; issued 254,752,788 shares in 2012 and in 2011 | 2,548 | 2,548 |
| Paid-in capital | 5,356,475 | 5,360,682 |
| Retained earnings | 9,366,221 | 9,446,960 |
| Accumulated other comprehensive loss | (75,597) | (168,452) |
| Less - treasury stock, at cost (77,562,145 shares in 2012 and | | |

| | | |
|---|---|---|
| 78,396,988 shares in 2011) | 5,619,651 | 5,680,468 |
| Total common shareholders' equity | 9,029,996 | 8,961,270 |
| Subsidiaries' preferred stock without sinking fund | 94,000 | 94,000 |
| TOTAL | 9,123,996 | 9,055,270 |
| | | |
| TOTAL LIABILITIES AND EQUITY | $40,917,605 | $40,701,699 |

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2012 and 2011
(Unaudited) (In Thousands)

| | | Common Shareholders' Equity | | | | | |
|---|---|---|---|---|---|---|---|
| | Subsidiaries' Preferred Stock | Common Stock | Treasury Stock | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
| Balance at December 31, 2010 | $94,000 | $2,548 | $(5,524,811) | $5,367,474 | $8,689,401 | $(38,212) | $8,590,400 |
| | | | | | | | |
| Consolidated net income (a) | 10,031 | - | - | - | 564,246 | - | 574,277 |
| Other comprehensive loss | - | - | - | - | - | (36,944) | (36,944) |
| Common stock repurchases | - | - | (159,602) | - | - | - | (159,602) |
| Common stock issuances related to stock plans | - | - | 30,939 | (1,342) | - | - | 29,597 |
| Common stock dividends declared | - | - | - | - | (296,131) | - | (296,131) |
| Preferred dividend requirements of subsidiaries (a) | (10,031) | - | - | - | - | - | (10,031) |
| | | | | | | | |
| Balance at June 30, 2011 | $94,000 | $2,548 | $(5,653,474) | $5,366,132 | $8,957,516 | $(75,156) | $8,691,566 |
| | | | | | | | |
| | | | | | | | |
| Balance at December 31, 2011 | $94,000 | $2,548 | $(5,680,468) | $5,360,682 | $9,446,960 | $(168,452) | $9,055,270 |
| | | | | | | | |
| Consolidated net income (a) | 10,526 | - | - | - | 213,318 | - | 223,844 |
| Other comprehensive income | - | - | - | - | - | 92,855 | 92,855 |
| Common stock issuances related to stock plans | - | - | 60,817 | (4,207) | - | - | 56,610 |
| | - | - | - | - | (294,057) | - | (294,057) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Common stock dividends declared | | | | | | | |
| Preferred dividend requirements of subsidiaries (a) | (10,526 ) | - | - | - | - | - | (10,526 ) |
| Balance at June 30, 2012 | $ 94,000 | $ 2,548 | $ (5,619,651 ) | $ 5,356,475 | $ 9,366,221 | $ (75,597 ) | $ 9,123,996 |

See Notes to Financial Statements.

(a) Consolidated net income and preferred dividend requirements of subsidiaries for 2012 and 2011 include $7.2 million and $6.7 million, respectively, of preferred dividends on subsidiaries' preferred stock without sinking fund that is not presented as equity.

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ENTERGY CORPORATION AND SUBSIDIARIES
SELECTED OPERATING RESULTS
For the Three and Six Months Ended June 30, 2012 and 2011
(Unaudited)

| Description | Three Months Ended 2012 | Three Months Ended 2011 | Increase/ (Decrease) | % |
|---|---|---|---|---|
| | (Dollars in Millions) | | | |
| Utility Electric Operating Revenues: | | | | |
| Residential | $677 | $760 | $(83) | (11) |
| Commercial | 523 | 575 | (52) | (9) |
| Industrial | 506 | 589 | (83) | (14) |
| Governmental | 47 | 52 | (5) | (10) |
| Total retail | 1,753 | 1,976 | (223) | (11) |
| Sales for resale | 21 | 64 | (43) | (67) |
| Other | 161 | 172 | (11) | (6) |
| Total | $1,935 | $2,212 | $(277) | (13) |
| Utility Billed Electric Energy Sales (GWh): | | | | |
| Residential | 7,940 | 7,993 | (53) | (1) |
| Commercial | 7,148 | 6,944 | 204 | 3 |
| Industrial | 10,408 | 10,140 | 268 | 3 |
| Governmental | 605 | 604 | 1 | - |
| Total retail | 26,101 | 25,681 | 420 | 2 |
| Sales for resale | 836 | 1,036 | (200) | (19) |
| Total | 26,937 | 26,717 | 220 | 1 |
| Entergy Wholesale Commodities: | | | | |
| Operating Revenues | $568 | $568 | $- | - |
| Billed Electric Energy Sales (GWh) | 11,674 | 10,567 | 1,107 | 10 |

| Description | Six Months Ended 2012 | Six Months Ended 2011 | Increase/ (Decrease) | % |
|---|---|---|---|---|
| | (Dollars in Millions) | | | |
| Utility Electric Operating Revenues: | | | | |
| Residential | $1,347 | $1,508 | $(161) | (11) |
| Commercial | 1,026 | 1,076 | (50) | (5) |
| Industrial | 995 | 1,068 | (73) | (7) |
| Governmental | 95 | 99 | (4) | (4) |
| Total retail | 3,463 | 3,751 | (288) | (8) |
| Sales for resale | 60 | 128 | (68) | (53) |
| Other | 196 | 199 | (3) | (2) |
| Total | $3,719 | $4,078 | $(359) | (9) |
| Utility Billed Electric Energy Sales (GWh): | | | | |
| Residential | 15,700 | 17,034 | (1,334) | (8) |

| | | | | |
|---|---|---|---|---|
| Commercial | 13,561 | 13,394 | 167 | 1 |
| Industrial | 20,366 | 19,657 | 709 | 4 |
| Governmental | 1,184 | 1,186 | (2) | - |
| Total retail | 50,811 | 51,271 | (460) | (1) |
| Sales for resale | 1,568 | 1,983 | (415) | (21) |
| Total | 52,379 | 53,254 | (875) | (2) |
| | | | | |
| | | | | |
| Entergy Wholesale Commodities: | | | | |
| Operating Revenues | $1,128 | $1,178 | $(50) | (4) |
| Billed Electric Energy Sales (GWh) | 22,955 | 21,121 | 1,834 | 9 |

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ENTERGY CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. COMMITMENTS AND CONTINGENCIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

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, except as otherwise discussed in the Form 10-K or in this report. Entergy discusses regulatory proceedings in Note 2 to the financial statements in the Form 10-K and herein, discusses tax proceedings in Note 3 to the financial statements in the Form 10-K and Note 10 to the financial statements herein, and discusses a judicial proceeding involving Vermont Yankee in Note 1 to the financial statements in the Form 10-K and in Note 11 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 for information on Entergy's non-nuclear property insurance program.

Employment Litigation

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

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

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

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NOTE 2. RATE AND REGULATORY MATTERS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Regulatory Assets

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

Correction of Regulatory Asset for Income Taxes

In the first quarter 2012, Entergy Gulf States Louisiana determined that its regulatory asset for income taxes was overstated because of a difference between the regulatory treatment of the income taxes associated with certain items (primarily pension expense) and the financial accounting treatment of those taxes. Beginning with Louisiana retail rate filings using the 1994 test year, retail rates were developed using the normalization method of accounting for income taxes. With respect to these items, however, the financial accounting for income taxes was computed using the flow-through method of accounting. As a result, over the years Entergy Gulf States Louisiana accumulated a regulatory asset representing the expected future recovery of tax expense for the affected items even though the tax expense was being collected currently in rates from customers and would not be recovered in the future.

The effect was immaterial to the consolidated balance sheets, results of operations, and cash flows of Entergy for all prior reporting periods and on a cumulative basis. Therefore, a cumulative adjustment was recorded in the first quarter 2012 to remove the regulatory asset previously recorded. This adjustment increased 2012 income tax expense by $46.3 million, decreased the regulatory asset for income taxes by $75.3 million, and decreased accumulated deferred income taxes by $29 million.

The effect was also immaterial to the balance sheets, results of operations, and cash flows of Entergy Gulf States Louisiana for all prior reporting periods. Correcting the cumulative effect of the error in the first quarter 2012 could have been material to the 2012 results of operations of Entergy Gulf States Louisiana and, therefore, Entergy Gulf States Louisiana is revising its prior period financial statements to correct the errors. The corrections affect the prior period financial statements as shown in the tables below:

| | Three Months Ended June 30, 2011 | |
|---|---|---|
| | As previously reported | As corrected |
| | (In Thousands) | |
| Income Statement | | |
| Income taxes | $31,071 | $29,976 |
| Net income | $49,310 | $50,405 |
| Earnings applicable to common equity | $49,104 | $50,199 |

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Entergy Corporation and Subsidiaries
Notes to Financial Statements

| | Six Months Ended June 30, 2011 | |
|---|---|---|
| | As previously reported | As corrected |
| | (In Thousands) | |
| Income Statement | | |
| Income taxes | $56,923 | $54,879 |
| Net income | $94,981 | $97,025 |
| Earnings applicable to common equity | $94,569 | $96,613 |
| | | |
| Statement of Cash Flows | | |
| Net income | $94,981 | $97,025 |
| Deferred income taxes, investment tax credits, and non-current taxes accrued | $13,995 | $11,951 |
| Changes in other regulatory assets | $21,505 | $18,182 |
| Other operating activities | $22,707 | $26,030 |

| | December 31, 2011 | |
|---|---|---|
| | As previously reported | As corrected |
| | (In Thousands) | |
| Balance Sheet | | |
| Regulatory asset for income taxes - net | $249,058 | $173,724 |
| Accumulated deferred income taxes - current | $5,427 | $5,107 |
| Accumulated deferred income taxes and taxes accrued | $1,397,230 | $1,368,563 |
| Member's equity | $1,439,733 | $1,393,386 |

| | Six Months Ended June 30, 2011 | | | |
|---|---|---|---|---|
| | Member's Equity | | Total Equity | |
| | As previously reported | As corrected | As previously reported | As corrected |
| | (In Thousands) | | | |
| Statement of Changes in Equity | | | | |
| Balance at December 31, 2010 | $1,539,517 | $1,494,593 | $1,509,213 | $1,464,289 |
| Net income | $94,981 | $97,025 | $94,981 | $97,025 |
| Balance at June 30, 2011 | $1,511,821 | $1,468,941 | $1,482,746 | $1,439,866 |

Fuel and Purchased Power Cost Recovery

Entergy Texas

In December 2011, Entergy Texas filed with the PUCT a request to refund approximately $43 million, including interest, of fuel cost recovery over-collections through October 2011. Entergy Texas and the parties to the proceeding reached an agreement that Entergy Texas will refund $67 million, including interest and additional over-recoveries through December 2011, over a three-month period. Entergy Texas and the parties requested that interim rates consistent with the settlement be approved effective with the March 2012 billing month, and the PUCT approved the application in March 2012.

Retail Rate Proceedings

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

Filings with the LPSC

(Entergy Gulf States Louisiana)

In January 2012, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2011. The filing showed an earned return on common equity of 10.48%, which is within the earnings bandwidth of 10.5%, plus or minus fifty basis points. In April 2012, the LPSC Staff filed its findings, suggesting adjustments that will produce an 11.54% earned return on common equity for the test year and a $0.1 million rate reduction. Entergy Gulf States Louisiana accepted the LPSC Staff's recommendations, and the rate reduction was effective with the first billing cycle of May 2012.

In May 2012, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflects an 11.94% earned return on common equity, which is above the earnings bandwidth and indicates a $6.5 million cost of service rate change is necessary under the formula rate plan. The filing also reflects a $22.9 million rate decrease for incremental capacity costs. The filing is currently subject to LPSC review.

(Entergy Louisiana)

In May 2012, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflects a 9.63% earned return on common equity, which is within the earnings bandwidth and results in no cost of service rate change under the formula rate plan. The filing also reflects an $18.1 million rate increase for incremental capacity costs. Subsequently, in June 2012, Entergy Louisiana supplemented the filing to estimate the first year revenue requirement associated with the Waterford 3 replacement steam generator project. The filing is currently subject to LPSC review.

Filings with the MPSC

In March 2012, Entergy Mississippi submitted its formula rate plan filing for the 2011 test year. The filing shows an earned return on common equity of 10.92% for the test year, which is within the earnings bandwidth and results in no change in rates. The filing is currently subject to MPSC review.

Filings with the City Council

On May 31, 2012, Entergy New Orleans filed its electric and gas formula rate plan evaluation reports for the 2011 test year. The filings request a $3.0 million electric base revenue increase and a $1.0 million gas base revenue increase. As part of the filing, Entergy New Orleans is also requesting to increase annual funding for its storm reserve by approximately $5.7 million for the next five years. The new rates would be effective with the first billing cycle in October 2012. The City Council's and its Advisors' review of these filings is pending.

Filings with the PUCT and Texas Cities

See the Form 10-K for a discussion of the rate case that Entergy Texas filed in November 2011 requesting a $112 million base rate increase reflecting a 10.6% return on common equity based on an adjusted June 2011 test year. In April 2012 the PUCT Staff filed direct testimony recommending a base rate increase of $66 million and a 9.6% return on common equity.  The PUCT Staff, however, subsequently filed a statement of position in the proceeding indicating that it was still evaluating the position it would ultimately take in the case regarding Entergy Texas's recovery of purchased power capacity costs and Entergy Texas's proposal to defer its MISO transition expenses.  In

April 2012, Entergy Texas filed rebuttal testimony indicating a revised request for a $105 million base rate increase. A hearing was held in late-April through early-May 2012. During the hearing and in its post-hearing brief the PUCT Staff revised its recommendation to a base rate increase of $27 million. Additionally, the PUCT Staff recommended rejection of Entergy Texas's request to defer MISO transition expenses.

The ALJs issued a proposal for decision in July 2012 recommending a $16 million rate increase; however, the workpapers supporting the proposal for decision indicated that the result of the ALJs' recommendation was instead a $28.3 million rate increase. The ALJs' proposal for decision includes recommendations for: a 9.80% return on common equity; a reduction in proposed purchased power capacity costs, stating that they are not known and measureable; a reduction in Entergy Texas's regulatory assets associated with Hurricane Rita; the exclusion from rate recovery of capitalized financially-based incentive compensation; and amortization of $2.4 million annually of MISO transition expense for five years. Entergy Texas and other parties filed exceptions to the proposal for decision on July 23, 2012. The PUCT is scheduled to consider the proposal for decision at its August 17, 2012 open meeting.

System Agreement Cost Equalization Proceedings

See the Form 10-K for a discussion of the proceedings regarding the System Agreement, including the FERC's October 2011 order, Entergy's December 2011 compliance filing in response to that order, and Entergy Arkansas's February 2012 filing for an interim adjustment to its production cost allocation rider requesting that the $156 million payment be collected from customers over the 22-month period from March 2012 through December 2013. In March 2012 the APSC issued an order stating that the payment can be recovered from retail customers through the production cost allocation rider, subject to refund. The LPSC and the APSC have requested rehearing of the FERC's October 2011 order. The APSC, LPSC, the PUCT, and other parties intervened in the December 2011 compliance filing proceeding, and the APSC and the LPSC also filed protests.

On May 7, 2012, the FERC issued orders in several System Agreement proceedings, including an order on rehearing in the 2007 rate filing based on 2006 production costs proceeding, an order on the ALJ's initial decision in the 2009 rate filing based on 2008 production costs proceeding, and orders in other proceedings regarding the method of calculating the production costs used in the determination of the rough production cost equalization payments and receipts. The May 7, 2012 FERC orders may result in the reallocation of costs among the Utility operating companies, although there are still FERC decisions pending in other System Agreement proceedings that could affect the rough production cost equalization payments and receipts, including for the 2007 rate filing. The FERC directed Entergy, within 45 days of the issuance of a pending FERC order on rehearing regarding the functionalization of costs in the 2007 rate filing, to file a comprehensive bandwidth recalculation report showing updated payments and receipts in the 2007 rate filing proceeding. In the order in the 2007 rate filing proceeding, the FERC also denied Entergy's request for rehearing regarding the AmerenUE contract and ordered Entergy Arkansas to refund to AmerenUE the rough production cost equalization payments collected from AmerenUE. Under the terms of the FERC's order the refund of $30.6 million, including interest, was made in June 2012. Entergy Arkansas had previously recorded a regulatory provision for the potential refund to AmerenUE. Entergy has appealed the FERC's decision to the U.S. Court of Appeals for the D.C. Circuit.

Rough Production Cost Equalization Rates

2012 Rate Filing Based on Calendar Year 2011 Production Costs

In May 2012, Entergy filed with the FERC the 2012 rates in accordance with the FERC's orders in the System Agreement proceeding. The filing shows the following payments/receipts among the Utility operating companies for 2012, based on calendar year 2011 production costs, commencing for service in June 2012, are necessary to achieve rough production cost equalization under the FERC's orders:

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| | Payments or (Receipts) (In Millions) |
|---|---|
| Entergy Arkansas | $41 |
| Entergy Gulf States Louisiana | $- |
| Entergy Louisiana | ($41) |
| Entergy Mississippi | $- |
| Entergy New Orleans | $- |
| Entergy Texas | $- |

Several parties intervened in the proceeding at the FERC, including the LPSC, which filed a protest as well.

Interruptible Load Proceeding

See the Form 10-K for a discussion of the proceeding regarding the treatment under the System Agreement of the Utility operating companies' interruptible loads. Entergy Arkansas filed an application in November 2010 with the APSC for recovery of the refund that it paid. The APSC denied Entergy Arkansas's application, and also denied Entergy Arkansas's petition for rehearing. If the FERC were to order Entergy Arkansas to pay refunds on rehearing in the interruptible load proceeding the APSC's decision would trap FERC-approved costs at Entergy Arkansas with no regulatory-approved mechanism to recover them. In August 2011, Entergy Arkansas filed a complaint in the United States District Court for the Eastern District of Arkansas asking for a declaratory judgment that the rejection of Entergy Arkansas's application by the APSC is preempted by the Federal Power Act. The APSC filed a motion to dismiss the complaint. In April 2012 the United States district court dismissed Entergy Arkansas's complaint without prejudice stating that Entergy Arkansas's claim is not ripe for adjudication and that Entergy Arkansas did not have standing to bring suit at this time.

Entergy Arkansas Opportunity Sales Proceeding

In June 2009, the LPSC filed a complaint requesting that the FERC determine that certain of Entergy Arkansas's sales of electric energy to third parties: (a) violated the provisions of the System Agreement that allocate the energy generated by Entergy System resources, (b) imprudently denied the Entergy System and its ultimate consumers the benefits of low-cost Entergy System generating capacity, and (c) violated the provision of the System Agreement that prohibits sales to third parties by individual companies absent an offer of a right-of-first-refusal to other Utility operating companies. The LPSC's complaint challenges sales made beginning in 2002 and requests refunds. In their response to the complaint, the Utility operating companies explained that the System Agreement clearly contemplates that the Utility operating companies may make sales to third parties for their own account, subject to the requirement that those sales be included in the load (or load shape) for the applicable Utility operating company. The response further explains that the FERC already has determined that Entergy Arkansas's short-term wholesale sales did not trigger the "right-of-first-refusal" provision of the System Agreement. In addition the response argued that while the D.C. Circuit had determined that the "right-of-first-refusal" issue was not properly before the FERC at the time of its earlier decision on the issue, the LPSC raised no additional claims or facts that would warrant the FERC reaching a different conclusion.

In December 2010 the ALJ issued an initial decision. The ALJ found that the System Agreement allowed for Entergy Arkansas to make the sales to third parties but concluded that the sales should be accounted for in the same manner as joint account sales. The ALJ concluded that "shareholders" should make refunds of the damages to the Utility operating companies, along with interest. Entergy disagrees with several aspects of the ALJ's initial decision and in January 2011 filed with the FERC exceptions to the decision.

The FERC issued a decision in June 2012 and held that, while the System Agreement is ambiguous, it does provide authority for individual Utility operating companies to make opportunity sales for their own account and Entergy Arkansas made and priced these sales in good faith. The FERC found, however, that the System Agreement does not provide authority for an individual Utility operating company to allocate the energy associated with such opportunity sales as part of its load, but provides a different allocation authority. The FERC further found that the after-the-fact accounting methodology used to allocate the energy used to supply the sales was inconsistent with the

System Agreement. Quantifying the effect of FERC's decision will require re-running intra-system bills, and Entergy is unable to estimate the potential effects at this time because in its decision the FERC established further hearing procedures to determine the calculation of the effects. On July 23, 2012, Entergy and the LPSC filed requests for rehearing, which will be pending with the FERC while the calculation hearing procedures move forward before the ALJ appointed to hear that matter.

Storm Cost Recovery Filings with Retail Regulators

Entergy Gulf States Louisiana

Hurricane Katrina and Hurricane Rita

See the Form 10-K for a discussion of Entergy Gulf States Louisiana's Act 55 financing of its Hurricane Katrina and Hurricane Rita storm costs. In February 2012, Entergy Gulf States Louisiana sold 500,000 of its Class A preferred membership units in Entergy Holdings Company LLC, a wholly-owned Entergy subsidiary, to a third party in exchange for $51 million plus accrued but unpaid distributions on the units. The 500,000 preferred membership units are mandatorily redeemable in January 2112.

New Nuclear Generation Development Costs (Entergy Gulf States and Entergy Louisiana)

Entergy Gulf States Louisiana and Entergy Louisiana are developing a project option for new nuclear generation at River Bend. In March 2010, Entergy Gulf States Louisiana and Entergy Louisiana filed with the LPSC seeking approval to continue the limited development activities necessary to preserve an option to construct a new unit at River Bend. The testimony and legal briefs of the LPSC staff generally support the request of Entergy Gulf States Louisiana and Entergy Louisiana, although other parties filed briefs, without supporting testimony, in opposition to the request. At an evidentiary hearing in October 2011, Entergy Gulf States Louisiana, Entergy Louisiana, and the LPSC staff presented testimony in support of certification of activities to preserve an option for a new nuclear plant at River Bend. The ALJ recommended, however, that the LPSC decline the request of Entergy Gulf States Louisiana and Entergy Louisiana on the basis that the LPSC's rule on new nuclear development does not apply to activities to preserve an option to develop and on the further grounds that the companies improperly engaged in advanced preparation activities prior to certification. There has been no suggestion that the planning activities or costs incurred were imprudent. At its June 28, 2012 meeting the LPSC voted to uphold the ALJ's decision and directed that Entergy Gulf States Louisiana and Entergy Louisiana be permitted to seek recovery of these costs in the rate case filings that are anticipated in January 2013, fully reserving the LPSC's right to determine the recoverability of such costs in rates.

Texas Power Price Lawsuit

In August 2003, a lawsuit was filed in the district court of Chambers County, Texas by Texas residents on behalf of a purported class apparently of the Texas retail customers of Entergy Gulf States, Inc. who were billed and paid for electric power from January 1, 1994 to the present. The named defendants include Entergy Corporation, Entergy Services, Entergy Power, Entergy Power Marketing Corp., and Entergy Arkansas. Entergy Gulf States, Inc. was not a named defendant, but was alleged to be a co-conspirator. The court granted the request of Entergy Gulf States, Inc. to intervene in the lawsuit to protect its interests.

Plaintiffs allege that the defendants implemented a "price gouging accounting scheme" to sell to plaintiffs and similarly situated utility customers higher priced power generated by the defendants while rejecting and/or reselling to off-system utilities less expensive power offered and/or purchased from off-system suppliers and/or generated by the Entergy system. In particular, plaintiffs allege that the defendants manipulated and continue to manipulate the dispatch of generation so that power is purchased from affiliated expensive resources instead of buying cheaper off-system power.

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Plaintiffs stated in their pleadings that customers in Texas were charged at least $57 million above prevailing market prices for power. Plaintiffs seek actual, consequential and exemplary damages, costs and attorneys' fees, and disgorgement of profits. The plaintiffs' experts have tendered a report calculating damages in a large range, from $153 million to $972 million in present value, under various scenarios. The Entergy defendants have tendered expert reports challenging the assumptions, methodologies, and conclusions of the plaintiffs' expert reports.

The case is pending in state district court, and in March 2012 the court found that the case met the requirements to be maintained as a class action under Texas law. On April 30, 2012, the court entered an order certifying the class. The defendants have appealed the order to the Texas Court of Appeals – First District.

NOTE 3. EQUITY (Entergy Corporation, Entergy Gulf States Louisiana, and Entergy Louisiana)

Common Stock

Earnings per Share

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

| | For the Three Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2012 | | | 2011 | | |
| | (In Millions, Except Per Share Data) | | | | | |
| Basic earnings per share | Income | Shares | $/share | Income | Shares | $/share |
| Net income attributable to Entergy Corporation | $365.0 | 177.2 | $2.06 | $315.6 | 177.8 | $1.77 |
| Average dilutive effect of: | | | | | | |
| Stock options | | 0.4 | - | | 1.0 | (0.01) |
| Other equity plans | | - | - | | 0.1 | - |
| Diluted earnings per share | $365.0 | 177.6 | $2.06 | $315.6 | 178.9 | $1.76 |

| | For the Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2012 | | | 2011 | | |
| | (In Millions, Except Per Share Data) | | | | | |
| Basic earnings per share | Income | Shares | $/share | Income | Shares | $/share |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net income attributable to Entergy Corporation | $213.3 | 177.0 | $1.21 | $564.2 | 178.3 | $3.16 |
| Average dilutive effect of: | | | | | | |
| Stock options | | 0.4 | (0.01) | | 1.0 | (0.02) |
| Other equity plans | | 0.1 | - | | 0.2 | - |
| | | | | | | |
| Diluted earnings per share | $213.3 | 177.5 | $1.20 | $564.2 | 179.5 | $3.14 |

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Entergy's stock options and other equity compensation plans are discussed in Note 5 herein and in Note 12 to the financial statements in the Form 10-K.

Treasury Stock

During the six months ended June 30, 2012, Entergy Corporation issued 834,843 shares of its previously repurchased common stock to satisfy stock option exercises and other stock-based awards. Entergy Corporation did not repurchase any of its common stock during the six months ended June 30, 2012.

Retained Earnings

On July 27, 2012 Entergy Corporation's Board of Directors declared a common stock dividend of $0.83 per share, payable on September 4, 2012 to holders of record as of August 9, 2012.

Comprehensive Income

Accumulated other comprehensive loss is included in the equity section of the balance sheets of Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana. Accumulated other comprehensive loss in the balance sheets included the following components:

| | Entergy | | Entergy Gulf States Louisiana | | Entergy Louisiana | |
|---|---|---|---|---|---|---|
| | June 30, 2012 | December 31, 2011 | June 30, 2012 | December 31, 2011 | June 30, 2012 | December 31, 2011 |
| | (In Thousands) | | | | | |
| Cash flow hedges net unrealized gain | $214,842 | $177,497 | $- | $- | $- | $- |
| Pension and other postretirement liabilities | (476,229) | (499,556) | (58,075) | (69,610) | (38,247) | (39,507) |
| Net unrealized investment gains | 183,020 | 150,939 | - | - | - | - |
| Foreign currency translation | 2,770 | 2,668 | - | - | - | - |
| Total | ($75,597) | ($168,452) | ($58,075) | ($69,610) | ($38,247) | ($39,507) |

Other comprehensive income (loss) and total comprehensive income for the three and six months ended June 30, 2012 and 2011 are presented in Entergy's, Entergy Gulf States Louisiana's, and Entergy Louisiana's Statements of Comprehensive Income.

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

Entergy Corporation has in place a credit facility that has a borrowing capacity of $3.5 billion and expires in March 2017. Entergy Corporation also has the ability to issue letters of credit against 50% of the total borrowing capacity of the credit facility. The commitment fee is currently 0.275% of the commitment amount. Commitment 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 for the six months ended June 30, 2012 was 2.1% 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, 2012.

| Capacity | Borrowings | Letters of Credit | Capacity Available |
|---|---|---|---|
| | (In Millions) | | |
| $3,500 | $1,470 | $8 | $2,022 |

Entergy Corporation's facility requires it to maintain a consolidated debt ratio of 65% or less of its total capitalization. Entergy is in compliance with this covenant. If Entergy fails to meet this ratio, or if Entergy Corporation 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, 2012 as follows:

| Company | Expiration Date | Amount of Facility | Interest Rate (a) | Amount Drawn as of June 30, 2012 |
|---|---|---|---|---|
| Entergy Arkansas | April 2013 | $20 million (b) | 1.96% | - |
| Entergy Arkansas | March 2017 | $150 million (c) | 1.75% | - |
| Entergy Gulf States Louisiana | March 2017 | $150 million (d) | 1.75% | - |
| Entergy Louisiana | March 2017 | $200 million (e) | 1.75% | - |
| Entergy Mississippi | May 2013 | $35 million (f) | 2.00% | - |
| Entergy Mississippi | May 2013 | $25 million (f) | 2.00% | - |
| Entergy Mississippi | May 2013 | $10 million (f) | 2.00% | - |
| Entergy Texas | March 2017 | $150 million (g) | 2.00% | - |

(a) The interest rate is the rate as of June 30, 2012 that would be applied to 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. Borrowings under the Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable.
(c) The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, no letters of credit were outstanding. The credit facility requires Entergy Arkansas to maintain a consolidated debt ratio of 65% or less of its total

capitalization.

(d) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, 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.

(e) The credit facility allows Entergy Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, 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.

(f) Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable. Entergy Mississippi is required to maintain a consolidated debt ratio of 65% or less of its total capitalization.

(g) The credit facility allows Entergy Texas to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, 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.

The facility fees on the credit facilities range from 0.125% to 0.275% of the commitment amount.

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The short-term borrowings of the Registrant Subsidiaries are limited to amounts authorized by the FERC. The current FERC-authorized limits are effective through October 31, 2013. 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 the Utility subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external borrowings combined may not exceed the FERC-authorized limits. The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings as of June 30, 2012 (aggregating both money pool and external short-term borrowings) for the Registrant Subsidiaries:

| | Authorized | Borrowings |
|---|---|---|
| | (In Millions) | |
| Entergy Arkansas | $250 | $46 |
| Entergy Gulf States Louisiana | $200 | - |
| Entergy Louisiana | $250 | - |
| Entergy Mississippi | $175 | - |
| Entergy New Orleans | $100 | $19 |
| Entergy Texas | $200 | - |
| System Energy | $200 | $41 |

Variable Interest Entities (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy)

See Note 18 to the financial statements in the Form 10-K for a discussion of the consolidation of the nuclear fuel company variable interest entities (VIE). The variable interest entities have credit facilities and also issue commercial paper to finance the acquisition and ownership of nuclear fuel as follows as of June 30, 2012:

| Company | Expiration Date | Amount of Facility | Weighted Average Interest Rate on Borrowings (a) | Amount Outstanding as of June 30, 2012 |
|---|---|---|---|---|
| | | (Dollars in Millions) | | |
| Entergy Arkansas VIE | July 2013 | $85 | n/a | $- |
| Entergy Gulf States Louisiana VIE | July 2013 | $85 | 2.18% | $3.5 |
| Entergy Louisiana VIE | July 2013 | $90 | 2.38% | $12.6 |
| System Energy VIE | July 2013 | $100 | 2.37% | $61.1 |

(a) Includes letter of credit fees and bank fronting fees on commercial paper issuances by the VIEs for Entergy Arkansas, Entergy Louisiana, and System Energy. The VIE for Entergy Gulf States Louisiana does not issue commercial paper, but borrows directly on its bank credit facility.

The amount outstanding on Entergy Gulf States Louisiana's credit facility is included in long-term debt on its balance sheet and the commercial paper outstanding for the other VIEs is classified as a current liability on the respective balance sheets. The commitment fees on the credit facilities are 0.20% of the undrawn commitment amount. Each credit facility requires the respective lessee of nuclear fuel (Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, or Entergy Corporation as guarantor for System Energy) to maintain a consolidated debt ratio of 70% or less of its total capitalization.

The variable interest entities had notes payable that are included in debt on the respective balance sheets as of June 30, 2012 as follows:

| Company | Description | Amount |
|---|---|---|
| Entergy Arkansas VIE | 9% Series H due June 2013 | $30 million |
| Entergy Arkansas VIE | 5.69% Series I due July 2014 | $70 million |
| Entergy Arkansas VIE | 3.23% Series J due July 2016 | $55 million |
| Entergy Gulf States Louisiana VIE | 5.56% Series N due May 2013 | $75 million |
| Entergy Gulf States Louisiana VIE | 5.41% Series O due July 2012 | $60 million |
| Entergy Louisiana VIE | 5.69% Series E due July 2014 | $50 million |
| Entergy Louisiana VIE | 3.30% Series F due March 2016 | $20 million |
| System Energy VIE | 6.29% Series F due September 2013 | $70 million |
| System Energy VIE | 5.33% Series G due April 2015 | $60 million |
| System Energy VIE | 4.02% Series H due February 2017 | $50 million |

In accordance with regulatory treatment, interest on the nuclear fuel company variable interest entities' credit facilities, commercial paper, and long-term notes payable is reported in fuel expense.

Debt Issuances and Redemptions

(Entergy Corporation)

In January 2012, Entergy Corporation issued $500 million of 4.70% senior notes due January 2017. Entergy Corporation used the proceeds to repay borrowings under its $3.5 billion credit facility. The net repayment of Entergy's credit facility during the first quarter 2012 was $455 million.

(Entergy Gulf States)

In April 2012, Entergy Gulf States Louisiana redeemed, prior to maturity, its $10.84 million 5.8% Series pollution control revenue bonds due April 2016.

In July 2012, Entergy Gulf States Louisiana VIE issued $75 million of 3.25% Series Q notes due July 2017. Entergy Gulf States used the proceeds to pay, at maturity, its $60 million 5.41% Series O notes due July 2012 and to repay borrowings of $3.5 million under its $85 million VIE credit facility.

(Entergy Louisiana)

In January 2012, Entergy Louisiana issued $250 million of 1.875% Series first mortgage bonds due December 2014. Entergy Louisiana used a portion of the proceeds to repay short-term borrowings under the Entergy System money pool.

In July 2012, Entergy Louisiana issued $200 million of 5.25% Series first mortgage bonds due July 2052. Entergy Louisiana used the proceeds for general corporate purposes.

In August 2012, Entergy Louisiana VIE issued $25 million of 3.25% Series G notes due July 2017.

(System Energy)

In February 2012, System Energy VIE issued $50 million of 4.02 Series H notes due February 2017.  System Energy used the proceeds to purchase additional nuclear fuel.

Fair Value

The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of June 30, 2012 are as follows:

| | Book Value of Long-Term Debt | Fair Value of Long-Term Debt (a) (b) |
|---|---|---|
| | (In Thousands) | |
| Entergy | $12,389,324 | $12,617,931 |
| Entergy Arkansas | $1,870,015 | $1,763,739 |
| Entergy Gulf States Louisiana | $1,505,810 | $1,636,552 |
| Entergy Louisiana | $2,420,377 | $2,498,456 |
| Entergy Mississippi | $920,469 | $1,004,657 |
| Entergy New Orleans | $166,319 | $172,351 |
| Entergy Texas | $1,645,057 | $1,888,272 |
| System Energy | $757,194 | $631,169 |

(a) The values exclude lease obligations of $169 million at Entergy Louisiana and $139 million at System Energy, long-term DOE obligations of $181 million at Entergy Arkansas, and the note payable to NYPA of $135 million at Entergy, and include debt due within one year.
(b) Fair values are classified as Level 2 in the fair value hierarchy discussed in Note 8 to the financial statements and are based on prices derived from inputs such as benchmark yields and reported trades.

NOTE 5. STOCK-BASED COMPENSATION (Entergy Corporation)

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

Stock Options

Entergy granted 552,400 stock options during the first quarter 2012 with a weighted-average fair value of $9.42. At June 30, 2012, there are 10,131,756 stock options outstanding with a weighted-average exercise price of $77.58. The intrinsic value, which has no effect on net income, of the outstanding stock options is calculated by the difference in the weighted average exercise price of the stock options granted and Entergy Corporation's common stock price as of June 30, 2012. Because Entergy's stock price at June 30, 2012 is less than the weighted average exercise price, the aggregate intrinsic value of the stock options outstanding as of June 30, 2012 is zero. The intrinsic value of "in the money" stock options is $25.8 million as of June 30, 2012.

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:

| | 2012 | 2011 |
|---|---|---|
| | (In Millions) | |
| Compensation expense included in Entergy’s net income for the second quarter | $1.9 | $2.5 |
| Tax benefit recognized in Entergy’s net income for the second quarter | $0.7 | $1.0 |
| | | |
| Compensation expense included in Entergy’s net income for the six months ended June 30, | $3.9 | $5.5 |
| Tax benefit recognized in Entergy’s net income for the six months ended June 30, | $1.5 | $2.1 |
| Compensation cost capitalized as part of fixed assets and inventory as of June 30, | $0.8 | $1.0 |

Other Equity Plans

In January 2012, the Board approved and Entergy granted 339,700 restricted stock awards and 176,742 Long-term Incentive Plan (LTIP) awards under the 2011 Equity Ownership and Long-term Cash Incentive Plan. The restricted stock awards were made effective as of January 26, 2012 and were valued at $71.30 per share, which was the closing price of Entergy's common stock on that date. One-third of the restricted stock awards will vest upon each anniversary of the grant date. Beginning with the 2012 – 2014 performance period, upon vesting, the performance units granted under LTIP will be settled in shares of Entergy common stock rather than cash. The LTIP stock awards were made effective as of January 27, 2012 and were valued at $67.11 per share. Entergy considers various factors, primarily market conditions, in determining the value of the LTIP stock awards. Shares of the stock awards have the same dividend and voting rights as other common stock, are considered issued and outstanding shares of Entergy upon vesting, and are expensed ratably over the three year vesting period.

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

| | 2012 | 2011 |
|---|---|---|
| | (In Millions) | |
| Compensation expense included in Entergy's net income for the second quarter | $3.6 | $1.0 |
| Tax benefit recognized in Entergy's net income for the second quarter | $1.4 | $0.4 |
| | | |
| Compensation expense included in Entergy's net income for the six months ended June 30, | $7.4 | $2.0 |
| Tax benefit recognized in Entergy's net income for the six months ended June 30, | $2.8 | $0.8 |
| Compensation cost capitalized as part of fixed assets and inventory as of June 30, | $1.3 | $0.3 |

NOTE 6. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Components of Net Pension Cost

Entergy's qualified pension cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| Service cost - benefits earned during the period | $37,691 | $30,490 |
| Interest cost on projected benefit obligation | 65,232 | 59,248 |
| Expected return on assets | (79,356) | (75,319) |

| | | |
|---|---|---|
| Amortization of prior service cost | 683 | 838 |
| Amortization of loss | 41,820 | 23,244 |
| Net pension costs | $66,070 | $38,501 |

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Entergy's qualified pension cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| Service cost - benefits earned during the period | $75,382 | $60,980 |
| Interest cost on projected benefit obligation | 130,464 | 118,496 |
| Expected return on assets | (158,712) | (150,638) |
| Amortization of prior service cost | 1,366 | 1,676 |
| Amortization of loss | 83,640 | 46,488 |
| Net pension costs | $132,140 | $77,002 |

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

| 2012 | 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 | $5,542 | $3,068 | $3,669 | $1,602 | $706 | $1,421 | $1,480 |
| Interest cost on projected benefit obligation | 13,922 | 6,420 | 8,800 | 4,070 | 1,902 | 4,206 | 3,247 |
| Expected return on assets | (16,441) | (8,593) | (10,209) | (5,236) | (2,215) | (5,581) | (4,109) |
| Amortization of prior service cost | 50 | 5 | 52 | 7 | 2 | 4 | 3 |
| Amortization of loss | 10,193 | 4,043 | 7,050 | 2,633 | 1,719 | 2,544 | 2,251 |
| Net pension cost | $13,266 | $4,943 | $9,362 | $3,076 | $2,114 | $2,594 | $2,872 |

| 2011 | 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 | $4,518 | $2,462 | $2,886 | $1,327 | $561 | $1,197 | $1,235 |
| Interest cost on projected | | | | | | | |
| | 12,991 | 5,928 | 8,159 | 3,909 | 1,762 | 3,993 | 2,939 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| benefit obligation | | | | | | | |
| Expected return on assets | (15,609) | (8,339) | (9,716) | (5,038) | (2,114) | (5,501) | (3,784) |
| Amortization of prior service cost | 115 | 20 | 70 | 38 | 9 | 16 | 4 |
| Amortization of loss | 6,421 | 2,279 | 4,497 | 1,680 | 1,166 | 1,394 | 1,321 |
| Net pension cost | $8,436 | $2,350 | $5,896 | $1,916 | $1,384 | $1,099 | $1,715 |

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The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

| 2012 | 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 | $11,084 | $6,136 | $7,338 | $3,204 | $1,412 | $2,842 | $2,960 |
| Interest cost on projected benefit obligation | 27,844 | 12,840 | 17,600 | 8,140 | 3,804 | 8,412 | 6,494 |
| Expected return on assets | (32,882) | (17,186) | (20,418) | (10,472) | (4,430) | (11,162) | (8,218) |
| Amortization of prior service cost | 100 | 10 | 104 | 14 | 4 | 8 | 6 |
| Amortization of loss | 20,386 | 8,086 | 14,100 | 5,266 | 3,438 | 5,088 | 4,502 |
| Net pension cost | $26,532 | $9,886 | $18,724 | $6,152 | $4,228 | $5,188 | $5,744 |

| 2011 | 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 | $9,036 | $4,924 | $5,772 | $2,654 | $1,122 | $2,394 | $2,470 |
| Interest cost on projected benefit obligation | 25,982 | 11,856 | 16,318 | 7,818 | 3,524 | 7,986 | 5,878 |
| Expected return on assets | (31,218) | (16,678) | (19,432) | (10,076) | (4,228) | (11,002) | (7,568) |
| Amortization of prior service cost | 230 | 40 | 140 | 76 | 18 | 32 | 8 |
| Amortization of loss | 12,842 | 4,558 | 8,994 | 3,360 | 2,332 | 2,788 | 2,642 |
| Net pension cost | $16,872 | $4,700 | $11,792 | $3,832 | $2,768 | $2,198 | $3,430 |

Entergy recognized $5.1 million and $4.9 million in pension cost for its non-qualified pension plans in the second quarters of 2012 and 2011, respectively. Entergy recognized $10.2 million and $9.8 million in pension cost for its non-qualified pension plans for the six months ended June 30, 2012 and 2011, respectively.

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans in the second quarters of 2012 and 2011:

| | Entergy Arkansas | Entergy Gulf States Louisiana | Entergy Louisiana | Entergy Mississippi | Entergy New Orleans | Entergy Texas |
|---|---|---|---|---|---|---|
| | | | (In Thousands) | | | |
| Non-qualified pension cost second quarter 2012 | $107 | $39 | $3 | $46 | $19 | $163 |
| Non-qualified pension cost second quarter 2011 | $115 | $42 | $4 | $48 | $16 | $192 |

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The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans for the six months ended June 30, 2012 and 2011:

| | 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, 2012 | $214 | $78 | $6 | $92 | $38 | $326 |
| Non-qualified pension cost six months ended June 30, 2011 | $230 | $84 | $8 | $96 | $32 | $384 |

Components of Net Other Postretirement Benefit Cost

Entergy's other postretirement benefit cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| Service cost - benefits earned during the period | $17,221 | $14,835 |
| Interest cost on accumulated postretirement benefit obligation (APBO) | 20,640 | 18,631 |
| Expected return on assets | (8,626) | (7,369) |
| Amortization of transition obligation | 794 | 796 |
| Amortization of prior service cost | (4,541) | (3,518) |
| Amortization of loss | 9,113 | 5,298 |
| Net other postretirement benefit cost | $34,601 | $28,673 |

Entergy's other postretirement benefit cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

| | 2012 | 2011 |
|---|---|---|
| | (In Thousands) | |
| Service cost - benefits earned during the period | $34,442 | $29,670 |
| Interest cost on APBO | 41,280 | 37,262 |
| Expected return on assets | (17,252) | (14,738) |
| Amortization of transition obligation | 1,588 | 1,592 |
| Amortization of prior service cost | (9,082) | (7,036) |
| Amortization of loss | 18,226 | 10,596 |
| Net other postretirement benefit cost | $69,202 | $57,346 |

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The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

| 2012 | 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 | $2,272 | $1,880 | $1,949 | $773 | $422 | $913 | $823 |
| Interest cost on APBO | 3,613 | 2,398 | 2,445 | 1,179 | 856 | 1,663 | 757 |
| Expected return on assets | (3,507) | - | - | (1,130) | (928) | (2,104) | (650) |
| Amortization of transition obligation | 205 | 60 | 96 | 88 | 297 | 47 | 2 |
| Amortization of prior service cost | (133) | (206) | (62) | (35) | 10 | (107) | (16) |
| Amortization of loss | 2,077 | 1,184 | 1,090 | 730 | 390 | 1,079 | 493 |
| Net other postretirement benefit cost | $4,527 | $5,316 | $5,518 | $1,605 | $1,047 | $1,491 | $1,409 |

| 2011 | 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 | $2,013 | $1,540 | $1,635 | $658 | $362 | $769 | $661 |
| Interest cost on APBO | 3,436 | 2,075 | 2,192 | 1,093 | 806 | 1,486 | 667 |
| Expected return on assets | (2,882) | - | - | (977) | (800) | (1,874) | (529) |
| Amortization of transition obligation | 205 | 60 | 96 | 88 | 298 | 47 | 2 |
| Amortization of prior service cost | (133) | (206) | (62) | (35) | 10 | (107) | (147) |
| Amortization of loss | 1,610 | 723 | 698 | 540 | 241 | 700 | 369 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net other postretirement benefit cost | $4,249 | $4,192 | $4,559 | $1,367 | $917 | $1,021 | $1,023 |

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The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

| 2012 | Entergy Arkansas | Entergy Gulf States Louisiana | Entergy Louisiana | Entergy Mississippi (In Thousands) | Entergy New Orleans | Entergy Texas | System Energy |
|---|---|---|---|---|---|---|---|
| Service cost - benefits earned during the period | $4,544 | $3,760 | $3,898 | $1,546 | $844 | $1,826 | $1,646 |
| Interest cost on APBO | 7,226 | 4,796 | 4,890 | 2,358 | 1,712 | 3,326 | 1,514 |
| Expected return on assets | (7,014) | - | - | (2,260) | (1,856) | (4,208) | (1,300) |
| Amortization of transition obligation | 410 | 120 | 192 | 176 | 594 | 94 | 4 |
| Amortization of prior service cost | (266) | (412) | (124) | (70) | 20 | (214) | (32) |
| Amortization of loss | 4,154 | 2,368 | 2,180 | 1,460 | 780 | 2,158 | 986 |
| Net other postretirement benefit cost | $9,054 | $10,632 | $11,036 | $3,210 | $2,094 | $2,982 | $2,818 |

| 2011 | Entergy Arkansas | Entergy Gulf States Louisiana | Entergy Louisiana | Entergy Mississippi (In Thousands) | Entergy New Orleans | Entergy Texas | System Energy |
|---|---|---|---|---|---|---|---|
| Service cost - benefits earned during the period | $4,026 | $3,080 | $3,270 | $1,316 | $724 | $1,538 | $1,322 |
| Interest cost on APBO | 6,872 | 4,150 | 4,384 | 2,186 | 1,612 | 2,972 | 1,334 |
| Expected return on assets | (5,764) | - | - | (1,954) | (1,600) | (3,748) | (1,058) |
| Amortization of transition obligation | 410 | 120 | 192 | 176 | 596 | 94 | 4 |
| Amortization of prior service cost | (266) | (412) | (124) | (70) | 20 | (214) | (294) |
| Amortization of loss | 3,220 | 1,446 | 1,396 | 1,080 | 482 | 1,400 | 738 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net other postretirement benefit cost | $8,498 | $8,384 | $9,118 | $2,734 | $1,834 | $2,042 | $2,046 |

Employer Contributions

Based on current assumptions, Entergy expects to contribute $246.1 million to its qualified pension plans in 2012. As of the end of June 2012, Entergy had contributed $97.6 million to its pension plans. Therefore, Entergy presently anticipates contributing an additional $148.5 million to fund its qualified pension plans in 2012.

Based on current assumptions, the Registrant Subsidiaries expect to contribute the following to qualified pension plans in 2012:

| | Entergy Arkansas | Entergy Gulf States Louisiana | Entergy Louisiana | Entergy Mississippi (In Thousands) | Entergy New Orleans | Entergy Texas | System Energy |
|---|---|---|---|---|---|---|---|
| Expected 2012 pension contributions | $54,301 | $19,763 | $38,813 | $13,854 | $7,815 | $12,829 | $13,496 |
| Pension contributions made through June 2012 | $20,024 | $7,376 | $18,818 | $5,477 | $3,807 | $5,352 | $6,046 |
| Remaining estimated pension contributions to be made in 2012 | $34,277 | $12,387 | $19,995 | $8,377 | $4,008 | $7,477 | $7,450 |

NOTE 7. BUSINESS SEGMENT INFORMATION (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy Corporation

Entergy's reportable segments as of June 30, 2012 are Utility and Entergy Wholesale Commodities. Utility includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Louisiana, Mississippi, and Texas, and natural gas utility service in portions of Louisiana. Entergy Wholesale Commodities includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. Entergy Wholesale Commodities also includes the ownership of interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers. "All Other" includes the parent company, Entergy Corporation, and other business activity, including the earnings on the proceeds of sales of previously-owned businesses.

Entergy's segment financial information for the second quarters of 2012 and 2011 is as follows:

| | Utility | Entergy Wholesale Commodities* | All Other (In Thousands) | Eliminations | Entergy |
|---|---|---|---|---|---|
| 2012 | | | | | |
| Operating revenues | $1,959,576 | $ 567,674 | $1,008 | $ (9,658 ) | $2,518,600 |
| Income taxes | $(124,461 ) | $ 46,218 | $(43,958 ) | $ - | $(122,201 ) |
| Consolidated net income | $308,525 | $ 81,317 | $7,136 | $ (26,395 ) | $370,583 |

| | | | | | |
|---|---|---|---|---|---|
| 2011 | | | | | |
| Operating revenues | $2,241,475 | $ 568,076 | $1,038 | $ (7,310) | $2,803,279 |
| Income taxes | $139,036 | $ 64,324 | $(52,407) | $ - | $150,953 |
| Consolidated net income | $252,741 | $ 65,556 | $29,946 | $ (27,645) | $320,598 |

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Entergy's segment financial information for the six months ended June 30, 2012 and 2011 is as follows:

| | Utility | Entergy Wholesale Commodities* | All Other | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (In Thousands) | | |
| 2012 | | | | | |
| Operating revenues | $3,791,216 | $ 1,127,925 | $1,967 | $ (18,848 ) | $ 4,902,260 |
| Income taxes | $(24,754 ) | $ (44,189 ) | $(53,420 ) | $ - | $ (122,363 ) |
| Consolidated net income (loss) | $375,738 | $ (87,196 ) | $(11,269 ) | $ (53,429 ) | $ 223,844 |
| | | | | | |
| 2011 | | | | | |
| Operating revenues | $4,179,093 | $ 1,178,223 | $2,138 | $ (14,966 ) | $ 5,344,488 |
| Income taxes | $229,241 | $ 149,265 | $(63,303 ) | $ - | $ 315,203 |
| Consolidated net income | $421,394 | $ 188,789 | $19,383 | $ (55,289 ) | $ 574,277 |

Businesses marked with * are sometimes referred to as the "competitive businesses." Eliminations are primarily intersegment activity.

Registrant Subsidiaries

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

NOTE 8. RISK MANAGEMENT AND FAIR VALUES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Market and Commodity Risks

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

| Type of Risk | Affected Businesses |
|---|---|
| Power price risk | Utility, Entergy Wholesale Commodities |
| Fuel price risk | Utility, Entergy Wholesale Commodities |
| Equity price and interest rate risk - investments | Utility, Entergy Wholesale Commodities |

Entergy manages a portion of these risks using derivative instruments, some of which are classified as cash flow hedges due to their financial settlement provisions while others are classified as normal purchase/normal sales transactions due to their physical settlement provisions. Normal purchase/normal sale risk management tools include power purchase and sales agreements, fuel purchase agreements, capacity contracts, and tolling agreements. Financially-settled cash flow hedges can include natural gas and electricity swaps and options, and interest rate swaps. Entergy will occasionally enter into financially settled swap and option contracts to manage market risk under certain hedging transactions which may or may not be designated as hedging instruments. Entergy enters into derivatives only to manage natural risks inherent in its physical or financial assets or liabilities.

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

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

Derivatives

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of June 30, 2012 are as follows:

| Instrument | Balance Sheet Location | Fair Value (a) | Offset (a) | Business |
|---|---|---|---|---|
| Derivatives designated as hedging instruments | | | | |
| Assets: | | | | |
| Electricity swaps and options | Prepayments and other (current portion) | $217 million | ($20) million | Entergy Wholesale Commodities |
| Electricity swaps and options | Other deferred debits and other assets (non-current portion) | $148 million | ($1) million | Entergy Wholesale Commodities |
| | | | | |
| Derivatives not designated as hedging instruments | | | | |
| | | | | |
| Assets: | | | | |
| Electricity swaps and options | Prepayments and other (current portion) | $34 million | ($7) million | Entergy Wholesale Commodities |
| Electricity swaps and options | Other deferred debits and other assets (non-current | $4 million | ($-) | Entergy Wholesale |

| | | | | |
|---|---|---|---|---|
| | portion) | | | Commodities |
| | | | | |
| Liabilities: | | | | |
| Electricity swaps and options | Other current liabilities (current portion) | $27 million | ($27) million | Entergy Wholesale Commodities |
| Electricity swaps and options | Other non-current liabilities (non-current portion) | $1 million | ($1) million | Entergy Wholesale Commodities |
| Natural gas swaps | Other current liabilities | $10 million | ($-) | Utility |

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of December 31, 2011 are as follows:

| Instrument | Balance Sheet Location | Fair Value (a) | Offset (a) | Business |
|---|---|---|---|---|
| Derivatives designated as hedging instruments | | | | |
| Assets: | | | | |
| Electricity swaps and options | Prepayments and other (current portion) | $197 million | ($25) million | Entergy Wholesale Commodities |
| Electricity swaps and options | Other deferred debits and other assets (non-current portion) | $112 million | ($1) million | Entergy Wholesale Commodities |
| Liabilities: | | | | |
| Electricity swaps and options | Other non-current liabilities (non-current portion) | $1 million | ($1) million | Entergy Wholesale Commodities |

| Instrument | Balance Sheet Location | Fair Value (a) | Offset (a) | Business |
|---|---|---|---|---|
| Derivatives not designated as hedging instruments | | | | |
| Assets: | | | | |
| Electricity swaps and options | Prepayments and other (current portion) | $37 million | ($8) million | Entergy Wholesale Commodities |
| Liabilities: | | | | |
| Electricity swaps and options | Other current liabilities (current portion) | $33 million | ($33) million | Entergy Wholesale Commodities |
| Natural gas swaps | Other current liabilities | $30 million | ($-) | Utility |

(a) The balances of derivative assets and liabilities in these tables are presented gross. Certain investments, including those not designated as hedging instruments, are subject to master netting agreements and are presented on the Entergy Consolidated Balance Sheets on a net basis in accordance with accounting guidance for Derivatives and Hedging.

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The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the three months ended June 30, 2012 and 2011 are as follows:

| Instrument | Amount of gain (loss) recognized in AOCI (effective portion) | Income Statement location | Amount of gain reclassified from accumulated OCI into income (effective portion) |
|---|---|---|---|
| 2012 | | | |
| Electricity swaps and options | ($63) million | Competitive businesses operating revenues | $101 million |
| 2011 | | | |
| Electricity swaps and options | $19 million | Competitive businesses operating revenues | $32 million |

The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the six months ended June 30, 2012 and 2011 are as follows:

| Instrument | Amount of gain (loss) recognized in AOCI (effective portion) | Income Statement location | Amount of gain reclassified from accumulated OCI into income (effective portion) |
|---|---|---|---|
| 2012 | | | |
| Electricity swaps and options | $228 million | Competitive businesses operating revenues | $171 million |
| 2011 | | | |
| Electricity swaps and options | ($54) million | Competitive businesses operating revenues | $61 million |

Electricity over-the-counter instruments that financially settle against day-ahead power pool prices are used to manage price exposure for Entergy Wholesale Commodities generation. Based on market prices as of June 30, 2012, cash flow hedges relating to power sales totaled $365 million of net unrealized gains. Approximately $217 million is expected to be reclassified from accumulated other comprehensive income (OCI) to operating revenues in the next twelve months. The actual amount reclassified from accumulated OCI, however, could vary due to future changes in market prices. Gains totaling approximately $101 million and $32 million were realized on the maturity of cash flow hedges, before taxes of $35 million and $11 million, for the three months ended June 30, 2012 and 2011, respectively. Gains totaling approximately $171 million and $61 million were realized on the maturity of cash flow hedges, before taxes of $60 million and $21 million, for the six months ended June 30, 2012 and 2011, respectively. Unrealized gains or losses recorded in OCI result from hedging power output at the Entergy Wholesale Commodities power plants. The related gains or losses from hedging power are included in operating revenues when realized. The maximum length of time over which Entergy is currently hedging the variability in future cash flows with derivatives for forecasted power transactions at June 30, 2012 is approximately 2.5 years.  Planned generation currently sold forward from Entergy Wholesale Commodities nuclear power plants is 90% for the remaining two quarters of 2012, of which approximately 49% is sold under financial derivatives and the remainder under normal purchase/normal sale contracts.  The change in the value of Entergy's cash flow hedges due to ineffectiveness during the three and six months ended June 30, 2012 and 2011 was insignificant.  The ineffective portion of cash flow hedges is recorded in competitive business operating revenues.  Certain of the agreements to sell the power produced by Entergy Wholesale

Commodities power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations when the current market prices exceed the contracted power prices. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. As of June 30, 2012, there were no hedge contracts with counterparties in a liability position. Entergy may effectively liquidate a cash flow hedge instrument by entering into a contract offsetting the original hedge, and then de-designating the original hedge in this situation. Gains or losses accumulated in OCI prior to de-designation continue to be deferred in OCI until they are included in income as the original hedged transaction occurs. From the point of de-designation, the gains or losses on the original hedge and the offsetting contract are recorded as assets or liabilities on the balance sheet and offset as they flow through to earnings.

Natural gas over-the-counter swaps that financially settle against NYMEX futures are used to manage fuel price volatility for the Utility's Louisiana and Mississippi customers. All benefits or costs of the program are recorded in fuel costs. The total volume of natural gas swaps outstanding as of June 30, 2012 is 35,500,000 MMBtu for Entergy, 10,350,000 MMBtu for Entergy Gulf States Louisiana, 15,330,000 MMBtu for Entergy Louisiana, and 9,820,000 MMBtu for Entergy Mississippi. Credit support for these natural gas swaps is covered by master agreements that do not require collateralization based on mark-to-market value, but do carry adequate assurance language that may lead to collateralization requests.

The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the three months ended June 30, 2012 and 2011 is as follows:

| Instrument | Amount of loss recognized in AOCI | Income Statement location | Amount of gain (loss) recorded in income |
|---|---|---|---|
| 2012 | | | |
| Natural gas swaps | $- | Fuel, fuel-related expenses, and gas purchased for resale | $16 million |
| Electricity swaps and options de-designated as hedged items | ($2) million | Competitive business operating revenues | $3 million |
| | | | |
| 2011 | | | |
| Natural gas swaps | $- | Fuel, fuel-related expenses, and gas purchased for resale | ($9) million |
| Electricity swaps and options de-designated as hedged items | ($4) million | Competitive business operating revenues | $4 million |

The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the six months ended June 30, 2012 and 2011 is as follows:

| Instrument | Amount of gain recognized in AOCI | Income Statement location | Amount of gain (loss) recorded in income |
|---|---|---|---|
| 2012 | | | |
| Natural gas swaps | $- | Fuel, fuel-related expenses, and gas purchased for resale | ($35) million |
| Electricity swaps and options de-designated as hedged items | $- | Competitive business operating revenues | $1 million |
| | | | |
| 2011 | | | |
| Natural gas swaps | $- | Fuel, fuel-related expenses, and gas purchased for resale | ($12) million |
| Electricity swaps and options de-designated as hedged items | $6 million | Competitive business operating revenues | $6 million |

Due to regulatory treatment, the natural gas swaps are marked-to-market through fuel, fuel-related expenses, and gas purchased for resale and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as fuel expenses when the swaps are settled are recovered or refunded through fuel cost recovery mechanisms.

The fair values of the Registrant Subsidiaries' derivative instruments on their balance sheets as of June 30, 2012 are as follows:

| Instrument | Balance Sheet Location | Fair Value | Registrant |
|---|---|---|---|
| Derivatives not designated as hedging instruments | | | |
| Liabilities: | | | |
| Natural gas swaps | Gas hedge contracts | $2.9 million | Entergy Gulf States Louisiana |
| Natural gas swaps | Gas hedge contracts | $3.9 million | Entergy Louisiana |
| Natural gas swaps | Other current liabilities | $2.9 million | Entergy Mississippi |

The fair values of the Registrant Subsidiaries' derivative instruments on their balance sheets as of December 31, 2011 are as follows:

| Instrument | Balance Sheet Location | Fair Value | Registrant |
|---|---|---|---|

Derivatives not designated as hedging instruments

Liabilities:

| | | | |
|---|---|---|---|
| Natural gas swaps | Gas hedge contracts | $8.6 million | Entergy Gulf States Louisiana |
| Natural gas swaps | Gas hedge contracts | $12.4 million | Entergy Louisiana |
| Natural gas swaps | Other current liabilities | $7.8 million | Entergy Mississippi |
| Natural gas swaps | Other current liabilities | $1.5 million | Entergy New Orleans |

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their income statements for the three months ended June 30, 2012 and 2011 are as follows:

| Instrument | Statement of Income Location | Amount of gain (loss) recorded in income | Registrant |
|---|---|---|---|
| 2012 | | | |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | $4.7 million | Entergy Gulf States Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | $6.5 million | Entergy Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | $4.5 million | Entergy Mississippi |
| | | | |
| 2011 | | | |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($2.3) million | Entergy Gulf States Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($3.9) million | Entergy Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($2.8) million | Entergy Mississippi |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($0.1) million | Entergy New Orleans |

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their income statements for the six months ended June 30, 2012 and 2011 are as follows:

| Instrument | Statement of Income Location | Amount of loss recorded in income | Registrant |
|---|---|---|---|
| 2012 | | | |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($10.3) million | Entergy Gulf States Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($14.2) million | Entergy Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($8.9) million | Entergy Mississippi |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($1.5) million | Entergy New Orleans |
| | | | |
| 2011 | | | |
| Natural gas swaps | | ($4.2) million | |

| | | | |
|---|---|---|---|
| | Fuel, fuel-related expenses, and gas purchased for resale | | Entergy Gulf States Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($5.0) million | Entergy Louisiana |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($2.5) million | Entergy Mississippi |
| Natural gas swaps | Fuel, fuel-related expenses, and gas purchased for resale | ($0.9) million | Entergy New Orleans |

Fair Values

The estimated fair values of Entergy's financial instruments and derivatives are determined using bid prices, market quotes, and financial modeling. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. Gains or losses realized on financial instruments other than electricity swap and option contracts held by competitive businesses are reflected in future rates and therefore do not accrue to the benefit or detriment of shareholders. Entergy considers the carrying amounts of most financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments.

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

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

- Level 1 - Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of individually owned common stocks, cash equivalents, debt instruments, and gas hedge contracts.

- Level 2 - Level 2 inputs are inputs other than quoted prices included in Level 1 that are, either directly or indirectly, observable for the asset or liability at the measurement date. Assets are valued based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. Prices are reviewed and can be challenged with the independent parties and/or overridden by Entergy if it is believed such would be more reflective of fair value. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 consists primarily of individually owned debt instruments or shares in common trusts. Common trust funds are stated at estimated fair value based on the fair market value of the underlying investments.

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

The values for power contract assets or liabilities are based on both observable inputs including public market prices and interest rates, and unobservable inputs such as implied volatilities, unit contingent discounts, expected basis differences, and credit adjusted counterparty interest rates. They are classified as Level 3 assets and liabilities. The valuations of these assets and liabilities are performed by the Entergy Wholesale Commodities Risk Control group and sent to the Entergy Wholesale Commodities Back Office and Entergy Nuclear Finance groups for evaluation. The primary functions of the Entergy Wholesale Commodities Risk Control Group include: gathering, validating and reporting market data, providing market and credit risk analyses and valuations in support of Entergy Wholesale Commodities' commercial transactions, developing and administering protocols for the management of market and credit risks, implementing and maintaining controls around changes to market data in the energy trading and risk management system, reviewing creditworthiness of counterparties, supporting contract negotiations with new counterparties, administering credit support for contracts, and managing the daily margining process.  The primary functions of the Entergy Wholesale Commodities Back Office are managing the energy trading and risk management system, forecasting revenues, forward positions and analysis, performing contract administration, market and counterparty settlements and revenue reporting and analysis along with maintaining related controls for Entergy Wholesale Commodities.  Both Entergy Wholesale Commodities Risk Control and Entergy Wholesale Commodities Back Office report to the Entergy Wholesale Commodities VP, Finance & Risk Group.  Entergy Nuclear Finance is primarily responsible for the financial planning of Entergy's utility and non-utility nuclear businesses and has a significant role in accounting for the activities and transactions of the associated companies.  The VP, Chief Financial Officer – Nuclear Operations within Entergy Nuclear Finance reports to the Chief Accounting Officer.

The amounts reflected as the fair value of electricity swaps are based on the estimated amount that the contracts are in-the-money at the balance sheet date (treated as an asset) or out-of-the-money at the balance sheet date (treated as a liability) and would equal the estimated amount receivable or payable by Entergy if the contracts were settled at that date.  These derivative contracts include cash flow hedges that swap fixed for floating cash flows for sales of the output from the Entergy Wholesale Commodities business.  The fair values are based on the mark-to-market comparison between the fixed contract prices and the floating prices determined each period from quoted forward power market prices.  The differences between the fixed price in the swap contract and these market-related prices multiplied by the volume specified in the contract and discounted at the counterparties' credit adjusted risk free rate are recorded as derivative contract assets or liabilities.  For contracts that have unit contingent terms, a further discount is applied based on the historical relationship between contract and market prices for similar contract terms.

The amounts reflected as the fair value of electricity options are valued based on a Black Scholes model, and are calculated at the end of each month for accounting purposes.  Inputs to the valuation  include end of day forward market prices for the period when the transactions will settle, implied volatilities based on market volatilities provided by a third party data aggregator, and US Treasury rates for a risk-free return rate.  As described further below, prices and implied volatilities are reviewed and can be adjusted if it is determined that there is a better representation of fair value.  As of June 30, 2012, Entergy had in-the-money derivative contracts with a fair value of $375 million with counterparties or their guarantor who are all currently investment grade.  As of June 30, 2012 there are no out-of-the-money contracts supported by corporate guarantees, which would require additional cash or letters of credit in the event of a decrease in Entergy Corporation's credit rating to below investment grade.

On a daily basis, Entergy Wholesale Commodities calculates the mark-to-market for all derivative transactions.  Entergy Wholesale Commodities Risk Control Group also validates forward market prices by comparing them to settlement prices of actual market transactions.  Significant differences are analyzed and potentially adjusted based on actual transaction clearing prices, or a methodology that considers natural gas prices and market heat rates.  Implied volatilities used to value options are also validated using actual counterparty quotes for Entergy Wholesale Commodities transactions.  Moreover, on at least a monthly basis the Office of Corporate Risk Oversight confirms the mark to market calculations and prepares price scenarios and credit downgrade scenario analysis.  The scenario analysis is communicated to senior management within Entergy and within Entergy Wholesale Commodities.  Finally, for all proposed derivative transactions an analysis is completed to assess the risk of adding the proposed derivative to Entergy Wholesale Commodities' portfolio.  In particular, the credit, liquidity and financial metrics impacts are calculated for this analysis.  This analysis is communicated to senior management within Entergy and Entergy Wholesale Commodities.

The following tables set forth, by level within the fair value hierarchy, Entergy's assets and liabilities that are accounted for at fair value on a recurring basis as of June 30, 2012 and December 31, 2011. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $193 | $- | $- | $193 |
| Decommissioning trust funds (a): | | | | |
| Equity securities | 439 | 1,889 | - | 2,328 |
| Debt securities | 677 | 1,010 | - | 1,687 |
| Power contracts | - | - | 375 | 375 |
| Securitization recovery trust account | 37 | - | - | 37 |
| Storm reserve escrow account | 320 | - | - | 320 |
| | $1,666 | $2,899 | $375 | $4,940 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $10 | $- | $- | $10 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $613 | $- | $- | $613 |
| Decommissioning trust funds (a): | | | | |
| Equity securities | 397 | 1,732 | - | 2,129 |
| Debt securities | 639 | 1,020 | - | 1,659 |
| Power contracts | - | - | 312 | 312 |
| Securitization recovery trust account | 50 | - | - | 50 |
| Storm reserve escrow account | 335 | - | - | 335 |
| | $2,034 | $2,752 | $312 | $5,098 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $30 | $- | $- | $30 |

(a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indexes. Fixed income securities are held in various governmental and corporate securities. See Note 9 for additional information on the investment portfolios.

The following table sets forth a reconciliation of changes in the net assets for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the three months ended June 30, 2012 and 2011:

| | 2012 | 2011 |
|---|---|---|
| | (In Millions) | |
| Balance as of beginning of period, | $528 | $104 |

| | | |
|---|---|---|
| Unrealized gains/(losses) from price changes | (58) | 9 |
| Unrealized gains on originations | 6 | 17 |
| Realized gains on settlements | (101) | (32) |
| Balance as of June 30, | $375 | $98 |

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The following table sets forth a reconciliation of changes in the net assets for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the six months ended June 30, 2012 and 2011:

| | 2012 | 2011 |
|---|---|---|
| | (In Millions) | |
| Balance as of January 1, | $312 | $197 |
| Unrealized gains/(losses) from price changes | 227 | (53) |
| Unrealized gains on originations | 7 | 15 |
| Realized gains on settlements | (171) | (61) |
| Balance as of June 30, | $375 | $98 |

The following table sets forth a description of the types of transactions classified as Level 3 in the fair value hierarchy, and the valuation techniques and significant unobservable inputs to each which cause that classification, as of June 30, 2012:

| Transaction Type | Fair Value as of June 30, 2012 | Significant Unobservable Inputs | Range from Average % | Effect on Fair Value |
|---|---|---|---|---|
| Electricity swaps | $206 million | Unit contingent discount | +/-3% | $13 million |
| Electricity options | $92 million | Implied volatility | +/-12% | $28 million |

The following table sets forth an analysis of each of the types of unobservable inputs impacting the fair value of items classified as Level 3 within the fair value hierarchy, and the sensitivity to changes to those inputs:

| Significant Unobservable Input | Transaction Type | Position | Change to Input | Effect on Fair Value |
|---|---|---|---|---|
| Unit contingent discount | Electricity swaps | Sell | Increase (Decrease) | Decrease (Increase) |
| Implied volatility | Electricity options | Sell | Increase (Decrease) | Increase (Decrease) |
| Implied volatility | Electricity options | Buy | Increase (Decrease) | Increase (Decrease) |

The following table sets forth, by level within the fair value hierarchy, the Registrant Subsidiaries' assets that are accounted for at fair value on a recurring basis as of June 30, 2012 and December 31, 2011.  The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect its placement within the fair value hierarchy levels.

Entergy Arkansas

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Decommissioning trust funds (a): | | | | |
| Equity securities | $3.1 | $352.2 | $- | $355.3 |
| Debt securities | 93.2 | 127.0 | - | 220.2 |
| Securitization recovery trust account | 3.9 | - | - | 3.9 |
| | $100.2 | $479.2 | $- | $579.4 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $17.9 | $- | $- | $17.9 |
| Decommissioning trust funds (a): | | | | |
| Equity securities | 6.3 | 323.1 | - | 329.4 |
| Debt securities | 82.8 | 129.5 | - | 212.3 |
| Securitization recovery trust account | 3.9 | - | - | 3.9 |
| | $110.9 | $452.6 | $- | $563.5 |

Entergy Gulf States Louisiana

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $55.8 | $- | $- | $55.8 |
| Decommissioning trust funds (a): | | | | |
| Equity securities | 7.3 | 262.2 | - | 269.5 |
| Debt securities | 35.8 | 147.2 | - | 183.0 |
| Storm reserve escrow account | 86.9 | - | - | 86.9 |
| | $185.8 | $409.4 | $- | $595.2 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $2.9 | $- | $- | $2.9 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $24.6 | $- | $- | $24.6 |
| Decommissioning trust funds (a): | | | | |
| Equity securities | 5.1 | 233.6 | - | 238.7 |
| Debt securities | 39.5 | 142.7 | - | 182.2 |
| Storm reserve escrow account | 90.2 | - | - | 90.2 |
| | $159.4 | $376.3 | $- | $535.7 |

| | | | | |
|---|---|---|---|---|
| Liabilities: | | | | |
| Gas hedge contracts | $8.6 | $- | $- | $8.6 |

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Entergy Louisiana

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $7.9 | $- | $- | $7.9 |
| Decommissioning trust funds (a): | | | | |
| Equity securities | 2.0 | 161.3 | - | 163.3 |
| Debt securities | 55.7 | 53.6 | - | 109.3 |
| Securitization recovery trust account | 3.0 | - | - | 3.0 |
| Storm reserve escrow account | 186.9 | - | - | 186.9 |
| | $255.5 | $214.9 | $- | $470.4 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $3.9 | $- | $- | $3.9 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Decommissioning trust funds (a): | | | | |
| Equity securities | $2.9 | $146.3 | $- | $149.2 |
| Debt securities | 51.6 | 53.2 | - | 104.8 |
| Securitization recovery trust account | 5.2 | - | - | 5.2 |
| Storm reserve escrow account | 201.2 | - | - | 201.2 |
| | $260.9 | $199.5 | $- | $460.4 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $12.4 | $- | $- | $12.4 |

Entergy Mississippi

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $3.9 | $- | $- | $3.9 |
| Storm reserve escrow account | 31.9 | - | - | 31.9 |
| | $35.8 | $- | $- | $35.8 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $2.9 | $- | $- | $2.9 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |

| | | | | |
|---|---|---|---|---|
| Storm reserve escrow account | $31.8 | $- | $- | $31.8 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $7.8 | $- | $- | $7.8 |

Entergy New Orleans

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Storm reserve escrow account | $14.8 | $- | $- | $14.8 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $9.3 | $- | $- | $9.3 |
| Storm reserve escrow account | 12.0 | - | - | 12.0 |
| | $21.3 | $- | $- | $21.3 |
| | | | | |
| Liabilities: | | | | |
| Gas hedge contracts | $1.5 | $- | $- | $1.5 |

Entergy Texas

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $19.9 | $- | $- | $19.9 |
| Securitization recovery trust account | 30.6 | - | - | 30.6 |
| | $50.5 | $- | $- | $50.5 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Temporary cash investments | $65.1 | $- | $- | $65.1 |
| Securitization recovery trust account | 41.2 | - | - | 41.2 |
| | $106.3 | $- | $- | $106.3 |

System Energy

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |
| Assets: | | | | |
| Decommissioning trust funds (a): | | | | |
| Equity securities | $3.2 | $261.2 | $- | $264.4 |
| Debt securities | 134.7 | 60.7 | - | 195.4 |
| | $137.9 | $321.9 | $- | $459.8 |

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (In Millions) | | |

| | | | | |
|---|---|---|---|---|
| Assets: | | | | |
| Temporary cash investments | $154.2 | $- | $- | $154.2 |
| Decommissioning trust funds (a): | | | | |
| Equity securities | 2.7 | 234.5 | - | 237.2 |
| Debt securities | 123.2 | 63.0 | - | 186.2 |
| | $280.1 | $297.5 | $- | $577.6 |

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(a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indices. Fixed income securities are held in various governmental and corporate securities. See Note 9 for additional information on the investment portfolios.

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

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

Entergy records decommissioning trust funds on the balance sheet at their fair value. Because of the ability of the Registrant Subsidiaries to recover decommissioning costs in rates and in accordance with the regulatory treatment for decommissioning trust funds, the Registrant Subsidiaries have recorded an offsetting amount of unrealized gains/(losses) on investment securities in other regulatory liabilities/assets. For the nonregulated portion of River Bend, Entergy Gulf States Louisiana has recorded an offsetting amount of unrealized gains/(losses) in other deferred credits. Decommissioning trust funds for Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades do not meet the criteria for regulatory accounting treatment. Accordingly, unrealized gains recorded on the assets in these trust funds are recognized in the accumulated other comprehensive income component of shareholders' equity because these assets are classified as available for sale. Unrealized losses (where cost exceeds fair market value) on the assets in these trust funds are also recorded in the accumulated other comprehensive income component of shareholders' equity unless the unrealized loss is other than temporary and therefore recorded in earnings. Generally, Entergy records realized gains and losses on its debt and equity securities using the specific identification method to determine the cost basis of its securities.

The securities held as of June 30, 2012 and December 31, 2011 are summarized as follows:

| | Fair Value | Total Unrealized Gains | Total Unrealized Losses |
|---|---|---|---|
| | | (In Millions) | |
| 2012 | | | |
| Equity Securities | $2,328 | $566 | $4 |
| Debt Securities | 1,687 | 116 | 4 |
| Total | $4,015 | $682 | $8 |
| | | | |
| 2011 | | | |
| Equity Securities | $2,129 | $423 | $14 |
| Debt Securities | 1,659 | 115 | 5 |
| Total | $3,788 | $538 | $19 |

Deferred taxes on unrealized gains/(losses) are recorded in other comprehensive income for the decommissioning trusts which do not meet the criteria for regulatory accounting treatment as described above. Unrealized gains/(losses) above are reported before deferred taxes of $187 million and $149 million as of June 30, 2012 and December 31, 2011, respectively. The amortized cost of debt securities was $1,609 million as of June 30, 2012 and $1,530 million as of December 31, 2011. As of June 30, 2012, the debt securities have an average coupon rate of approximately 4.01%, an average duration of approximately 5.45 years, and an average maturity of approximately 8.67 years. The equity securities are generally held in funds that are designed to approximate or somewhat exceed the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index or the Russell 3000 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of June 30, 2012:

| | Equity Securities | | Debt Securities | |
|---|---|---|---|---|
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| | (In Millions) | | | |
| Less than 12 months | $46 | $2 | $234 | $1 |
| More than 12 months | 26 | 2 | 56 | 3 |
| Total | $72 | $4 | $290 | $4 |

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2011:

| | Equity Securities | | Debt Securities | |
|---|---|---|---|---|
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| | (In Millions) | | | |
| Less than 12 months | $130 | $9 | $123 | $3 |
| More than 12 months | 43 | 5 | 60 | 2 |
| Total | $173 | $14 | $183 | $5 |

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

The fair value of debt securities, summarized by contractual maturities, as of June 30, 2012 and December 31, 2011 are as follows:

| | 2012 | 2011 |
|---|---|---|
| | (In Millions) | |
| Less than 1 year | $64 | $69 |
| 1 year - 5 years | 619 | 566 |
| 5 years - 10 years | 555 | 583 |
| 10 years - 15 years | 208 | 187 |
| 15 years - 20 years | 47 | 42 |
| 20 years+ | 194 | 212 |
| Total | $1,687 | $1,659 |

During the three months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to $409 million and $144 million, respectively. During the three months ended June 30, 2012 and 2011, gross gains of $11 million and $4 million, respectively, and gross losses of $2 million and $1 million, respectively, were reclassified out of other comprehensive income into earnings.

During the six months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to $945 million and $636 million, respectively. During the six months ended June 30, 2012 and 2011, gross gains of $23 million and $8 million, respectively, and gross losses of $4 million and $6 million, respectively, were reclassified out of other comprehensive income into earnings.

Entergy Arkansas

Entergy Arkansas holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of June 30, 2012 and December 31, 2011 are summarized as follows:

| | Fair Value | Total Unrealized Gains | Total Unrealized Losses |
|---|---|---|---|
| | | (In Millions) | |
| 2012 | | | |
| Equity Securities | $355.3 | $97.9 | $- |
| Debt Securities | 220.2 | | |