Entergy
Operations

Entergy Operations, Inc.
Route 3, Box 137G
Russellville, AR 72801
Tel 501-964-3100

10CFR50.71(b)

April 29, 1993

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U. S. Nuclear Regulatory Commission
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Subject: Arkansas Nuclear One - Units 1 and 2
Docket Nos. 50-313 & 50-368
License Nos. DPR-51 & NPF-6
1992 Annual Financial Report - Proof
of Financial Protection

Gentlemen:

The 1992 Annual Financial Report for Entergy Corporation is attached. This report is submitted in accordance with the requirements of 10CFR50.71(b). If there are any questions concerning this submittal, please contact me.

Very truly yours,

James J. Fisicaro

James J. Fisicaro
Director, Licensing

JJF/NBM/sjf
Attachments

040084

M004 1/1

cc: Mr. James L. Milhoan
Regional Administrator
U. S. Nuclear Regulatory Commission
Region IV
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011-8064

NRC Senior Resident Inspector
Arkansas Nuclear One - ANO-1 & 2
Number 1, Nuclear Plant Road
Russellville, AR 72801

Mr. Roby B. Bevan, Jr.
NRR Project Manager, Region IV/ANO-1
U. S. Nuclear Regulatory Commission
NRR Mail Stop 13-H-3
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852

Mr. Thomas W. Alexion
NRR Project Manager, Region IV/ANO-2
U. S. Nuclear Regulatory Commission
NRR Mail Stop 13-H-3
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852

ENTERGY

THE NEW WAY TO LOOK AT ELECTRICITY

1992 ANNUAL REPORT

THE NEW ENTERGY

Entergy Corporation is one of the larger investor-owned public utility holding companies in the United States, and the leading electricity supplier in the Middle South region. Headquartered in New Orleans, Entergy serves more than 1.7 million retail customers through its operating companies in Arkansas, Louisiana, and Mississippi. Entergy also provides wholesale electricity off-System to other utilities, and markets its energy expertise worldwide.

Entergy's core business is structured along functional lines and is composed of three System groups: Energy Supply; Transmission, Distribution, and Customer Service; and Entergy Business Support. A fourth group, Entergy Enterprises, Inc., manages the company's consulting services and nonregulated businesses.

ENERGY SUPPLY

Energy Supply operates the System's 54 fossil, nuclear, and hydroelectric generating units.

Fifty units, fired by coal, natural gas and oil, and hydroelectric energy, provided 53 percent of the System's electric generation in 1992 and constituted 74 percent of its capacity.

Four nuclear units provided 47 percent of the electricity generated in 1992 and comprised about 26 percent of the System's total capacity. The plants – Arkansas Nuclear One (Units 1 & 2), Grand Gulf, and Waterford 3 – are operated by a subsidiary company, Entergy Operations, Inc., headquartered in Jackson, Mississippi.

The System Operations Center in Pine Bluff, Arkansas, derives the most efficient generation from the combination of plants and fuels, and dispatches the power over System lines throughout the service area and to wholesale markets beyond. The SOC administers Entergy's participation in the interconnected electric system that stretches from the Gulf of Mexico to Missouri and beyond, and extends from the Rocky Mountains to the eastern United States.

TRANSMISSION, DISTRIBUTION, AND CUSTOMER SERVICE

Headquartered in Little Rock, Arkansas, the Transmission, Distribution, and Customer Service organization moves power from the generating plants over 80,000 miles of interconnected transmission and distribution lines, delivering it to Entergy's retail customers. This group is primarily responsible for the retail side of the business: transmission, distribution, customer service, and marketing.

Retail sales are made through Entergy's four operating companies: Arkansas Power & Light (585,000 customers), Louisiana Power & Light (595,000 customers), Mississippi Power & Light (355,000 customers), and New Orleans Public Service Inc. (190,000 customers).

ENTERGY BUSINESS SUPPORT

Entergy Business Support, formed in 1991 and headquartered in New Orleans, provides administrative and general services to the other functional organizations. Principal areas of support include finance and accounting, information systems, legal, human resources and administration, communications, and regulatory and governmental affairs.

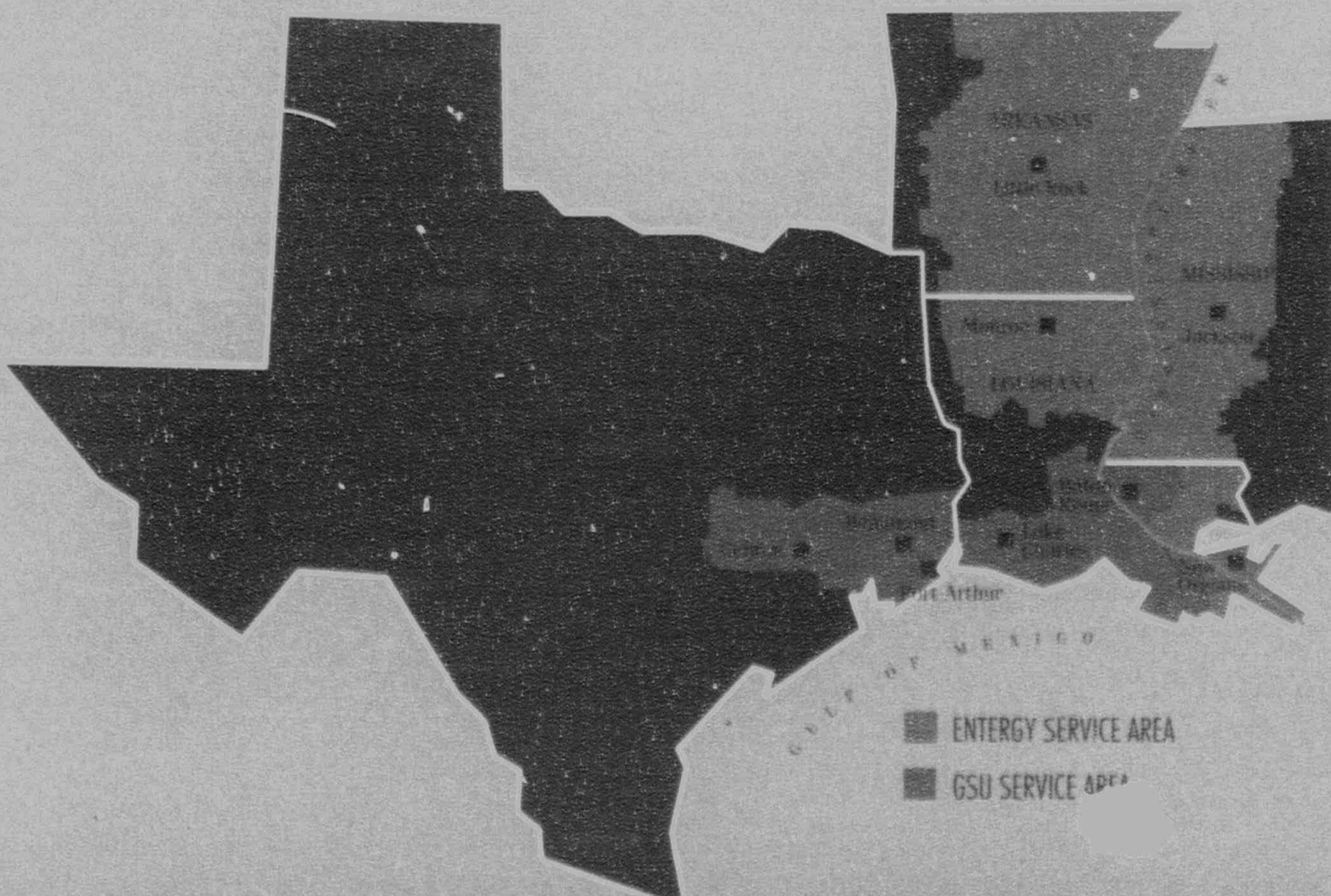
ENTERGY ENTERPRISES

Entergy Enterprises, Inc., was formed in 1992 to manage companies and investments that are directly related to the electric energy business, but are outside the realm of the regulated utility.

Included in this group is the company's independent power producer, Entergy Power, Inc., a

subsidiary formed in 1990 to sell capacity and energy in the wholesale market from two System plants.

Also included in this group are various investments made in domestic and international markets, including: participation in consortia that own and operate a major generating plant and a large electric distribution system in Buenos Aires, Argentina; investment in First Pacific Networks, Inc., and its PowerView energy management technology; investment in Entergy Systems and Service, Inc., a lighting efficiency services company; and joint ownership of an independent power plant in Richmond, Virginia.



PLANNED ENTERGY/GSU MERGER

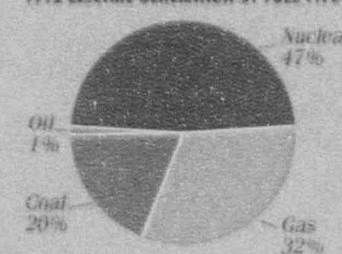
Entergy and Gulf States Utilities Company, headquartered in Beaumont, Texas, agreed in 1992 to combine the two companies. When the transaction is complete, Entergy will own all of the common stock of GSU. Based on progress in regulatory proceedings to date, Entergy is optimistic it will obtain all necessary approvals for the merger by the end of 1993.

The merger will create a combined Entergy with a customer base of more than 2.3 million and a service area of about 112,000 square miles. The GSU territory that will be added to Entergy's stretches 350 miles across Louisiana and Texas from its eastern edge at Baton Rouge to about 50 miles northeast of Austin.

1992 PERFORMANCE HIGHLIGHTS

		1992	1991	1990
FINANCIAL RESULTS:	Total operating revenues	$4,116	$4,051	$3,982
(In millions)	Operating income	$ 959	$1,067	$1,047
	Net income	$ 438	$ 482	$ 478
OPERATING DATA:	Megawatt-hour sales (retail) (millions of kwh)	55,926	56,862	55,777
	Peak demand (megawatts)	11,963	11,852	12,189
	Customers served at year end (retail)	1,725,012	1,733,422	1,722,022
COMMON STOCK DATA:	Earnings per share	$ 2.48	$ 2.64	$ 2.44
	Dividends paid per share	$ 1.45	$ 1.25	$ 1.05
	Book value per share	$24.43	$23.53	$22.25
	Return on average common equity	10.31%	11.57%	11.47%
	Share price at year end	$ 33	$ 29 5/8	$ 22 3/8
	Shares outstanding at year end	175,137,392	178,809,292	185,257,192

1992 ELECTRIC GENERATION BY FUEL TYPE



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Photographs and brief biographical sketches of certain Entergy officers and of the Entergy Board of Directors appear throughout this report.

CHAIRMAN'S LETTER

DEAR FELLOW SHAREHOLDERS:

In 1992, Entergy "stepped out" on its way to becoming a major competitive force in the evolving electric energy industry. As a company, we began to see tangible results from our planning and restructuring of recent years. And, by focusing on what we term "value drivers" – activities that directly affect shareholder value – we improved operating results and expanded into new, but related businesses.

Last year, in our 1991 annual report, we described the forces – technological, regulatory, and social – that we believed would shape our industry by the year 2000. During 1992, we began to actively manage those forces by establishing aggressive cost-reduction and profitability performance targets that will put us in the top quartile of U.S. utility companies. We also recommitted ourselves to our goal of producing total returns for shareholders that consistently rank in the top 25 percent of U.S. utilities.

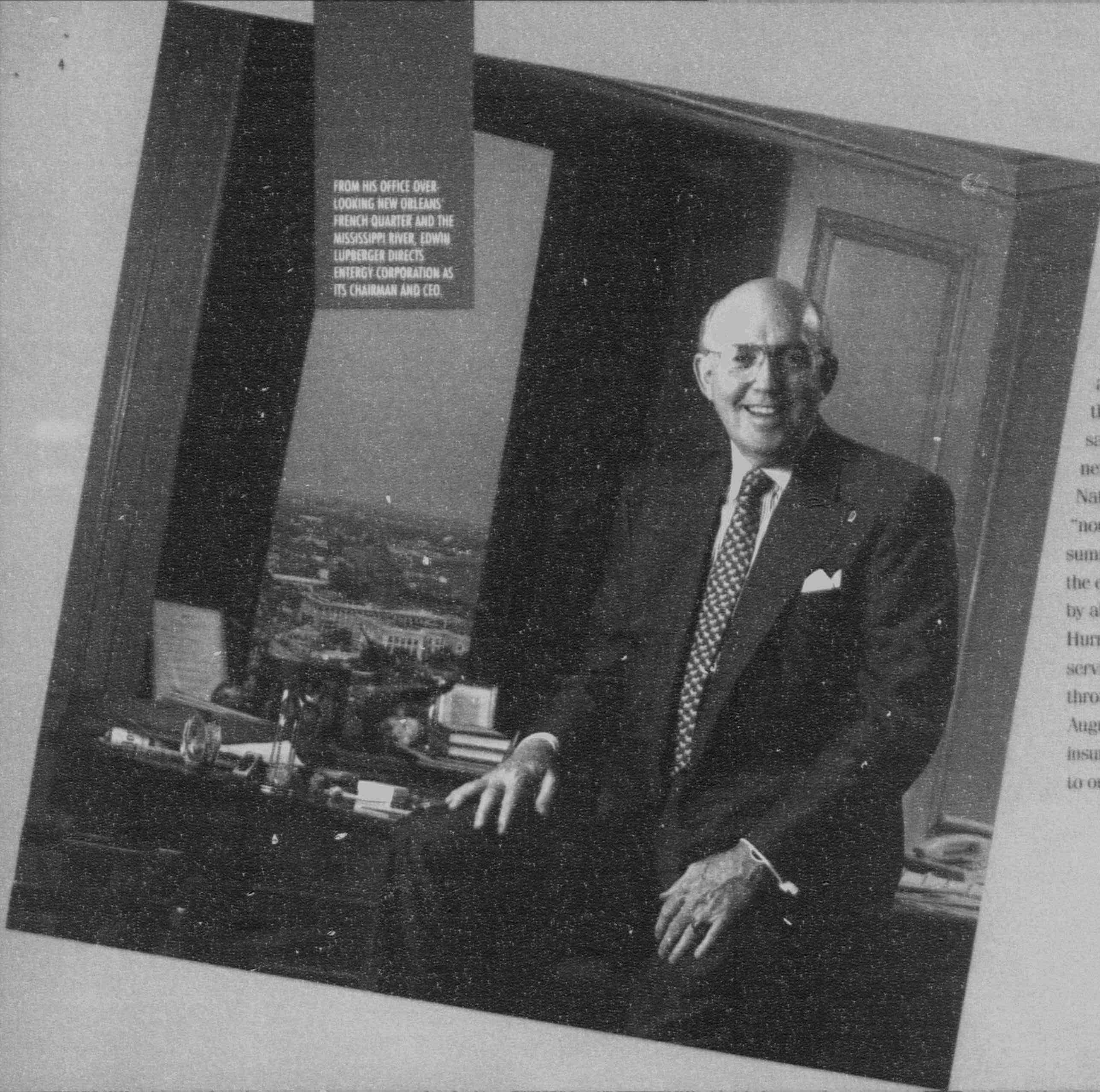
More about these developments in a moment; first, let's look at the year's major accomplishments.

In 1992, Entergy:

- Entered into a merger agreement with Gulf States Utilities, a major first step on the road to creating a combination that will result in a more competitive and efficient Entergy, one incorporating the synergies of a larger, four-state System. We already have begun planning for the efficient integration of our companies, based on our belief that all needed regulatory approvals will be granted before the end of this year. Ultimately, benefits should flow to customers, employees, and shareholders.
- Took a major leadership role in the shaping of the Energy Policy Act of 1992, legislation that encourages a national market for electricity and frees Entergy to compete on an equal footing with other suppliers in the wholesale power market, as well as to enter other new markets.
- Filed a 20-year Least Cost Integrated Resource Plan in each of our regulatory jurisdictions, initiating a "win-win" process for assuring investors a fair rate of return, while minimizing customer rate impact.
- Completed fine-tuning of the prior year's major restructuring, further eliminating unnecessary layers of management, improving decision making, and reducing overhead costs.
- Expanded into new electric energy ventures, both in the U.S. and abroad.
- Entered the market for energy conservation products and services.
- Achieved a total return for our shareholders that, in 1992, and for the past five years, ranks in the top 25 percent of U.S. utilities.

VISION

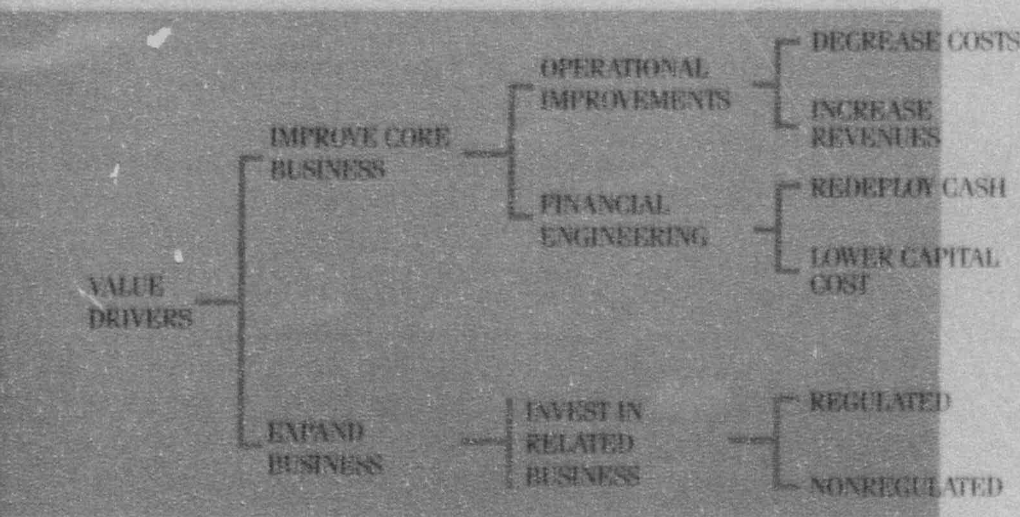
Entergy will become and be widely recognized as a customer oriented, socially responsible, financially strong, successful competitor in the evolving electric energy business.



FROM HIS OFFICE OVERLOOKING NEW ORLEANS' FRENCH QUARTER AND THE MISSISSIPPI RIVER, EDWIN LUPBERGER DIRECTS ENTERGY CORPORATION AS ITS CHAIRMAN AND CEO.

Overall, 1992 was a year of remarkable accomplishment and financial progress, even though mild weather depressed sales of electricity, revenues, and net income. Compared with the National Weather Service's 20-year "norm," the region's milder spring, summer, and fall temperatures had the effect of reducing 1992 net income by about $42 million. In addition, Hurricane Andrew disrupted electric service as it left a trail of destruction through our service area in late August. Storm reserves and property insurance covered most of the damage to our equipment and poles.

CREATING SHAREHOLDER VALUE



in spite of the weather's effect. Entergy achieved high scores in 1992 financial performance:

• Entergy stock continued its climb to record highs, closing at $33 per share, up from a high of $29⅝ in 1991.

• Annual dividends again rose 20 cents a share, reaching a yearly rate of $1.60. Moreover, for the last three years, Entergy's dividend growth rate has been 10 times the industry average.

• The combination of stock price appreciation and dividend growth gave Entergy shareholders a 1992 total return of 16.3 percent and a five-year (1988-92) average annual return of 38.6 percent (see chart on page 6). Both of these place Entergy's performance in the top 25 percent of U.S. utilities.

• Non-fuel operation and maintenance expenses (exclusive of scheduled nuclear refueling charges) were cut $33.3 million from 1991, an indication of the effectiveness of our cost-cutting efforts.

One of Entergy's most important financial measures is its cash flow from operations. We believe that our ability to grow and expand is directly tied to our ability to generate cash. In the past three years, Entergy has generated $2.8 billion of net cash flow from operations, which has been used to increase common stock dividends, repurchase common stock in the open market, reduce debt, and expand the business to achieve greater growth and profitability.

As you'd expect, we've aligned our business plans and decisions to focus on the key activities that drive cash flow and, ultimately, the value of Entergy stock. During 1992, we developed goals and strategies in the "value driver" areas illustrated by the chart on this page. Meeting these goals should assure Entergy shareholders of top-quartile performance in 1993 and beyond.

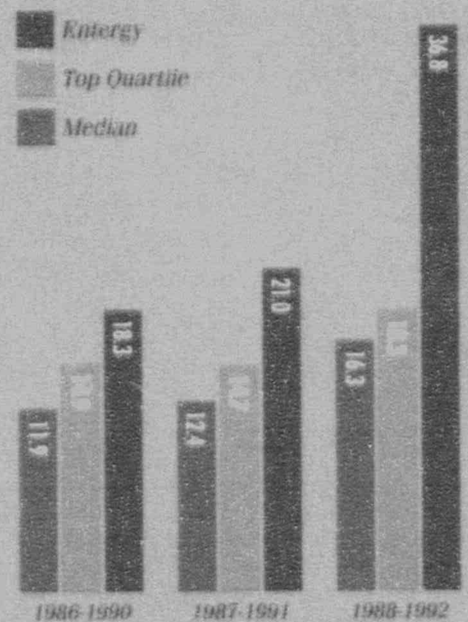
For example, in our core business, we reduced operating and maintenance costs, plus achieved net retirements of approximately $218 million of high-cost debt and preferred stock.

In the area of business expansion, we've made investments in businesses that operate beyond our current service area, are subject to fewer regulatory restrictions, and offer the potential for high financial return.

Our ultimate goal for shareholder value is this: We will produce a total return to shareholders, consisting of growth in market price and dividend income, that is in the top 25 percent of U.S. utilities. And we will measure our performance over consecutive five-year periods.

As the chart in the next column indicates, we have succeeded in achieving high top-quartile returns to shareholders in each of the three most recent five-year periods.

Entergy's dividend, as noted earlier, has grown steadily to its current pay-out ratio of 58 percent. We intend to continue raising the dividend and will have a pay-out ratio



ENTERGY DELIVERS TOP-QUARTILE RETURNS TO SHAREHOLDERS IN PAST THREE, 5-YEAR PERIODS

Percentage returns shown assume dividends are received and reinvested at the end of each calendar year.

that is competitive. However, we expect to build our business by investing in attractive opportunities that offer high returns and growth. We believe this combination will permit us to continue to achieve top-quartile returns for shareholders.

Our strong cash position enabled us to expand in 1992 within our core regulated business and into nonregulated ventures that, together, have positioned Entergy as a major competitor in the worldwide electric energy business. Those investments were as near as the western edge of our service area (our planned Gulf States Utilities merger), and as far as Argentina where, in joint ventures, we became part owner of a seven-unit power plant and a distribution system serving 1.9 million customers.

We also reached into the future of energy management with our investment in First Pacific Networks' PowerView technology, which will enable residential customers to pre-program their home energy use, and with the purchase of Entergy Systems and Service, Inc., which makes us the region's only full-service provider of energy-efficient lighting and related services.

We also increased our investment in the domestic wholesale power market by purchasing an interest in a wholesale generating venture with Enron Power Corporation.

Much has been written about the poor job some utilities have done in their expansion efforts. We understand the folly of diversifying into businesses about which we know little. Let me assure you: We are not making that mistake.

Our expansion reflects the commitment made in our vision statement (displayed on the opening page of this letter) to "become a successful competitor in the evolving electric energy business." We will limit our expansion to ventures within and closely related to our core business, as the acquisitions we have made demonstrate.

ENERGY POLIC

Some of the steps Entergy took in 1992 and those planned for the future were made possible by the new legislation contained in the Energy Policy Act of 1992. Our people were an important resource to those in Congress who led the passage of this milestone legislation, which changes the structure of the electric utility industry, along with federal policies governing the generation and sale of electric power. We consider the legislation a victory for Entergy and our many constituents. The following are a few key provisions of the legislation from Entergy's perspective.

• Generation: Revises the Public Utility Holding Company Act of 1935 to establish Exempt Wholesale Generators, which may be owned by an independent generator, or by a utility or utility holding company, such as Entergy. An EWG that sells electricity in bulk-power markets is not subject to PUHCA regulation.

• Transmission: Allows the Federal Energy Regulatory Commission to order utilities to wheel wholesale power, much as Entergy has advocated, while prohibiting FERC from ordering electric utilities to engage in retail wheeling.

• Foreign ownership: Permits Entergy and other electric utility holding companies, registered under PUHCA, to acquire and maintain financial interests in offshore utilities, like other electric utility systems.

• Licensing reform: Adopted the industry-supported standard to streamline the process for licensing nuclear generating plants.

The future Entergy has been preparing for arrived in 1992, and we began to take our place in it. The Energy Policy Act freed us from many of the confines of the traditional utility industry, and we're taking every advantage of that new freedom by exercising an entrepreneurial zeal in creating value for our shareholders and services for our customers.

We're also defining performance aggressively and asking that investors judge us according to the standards we outline in this report. Ultimately, we're staking our reputation on our approach and programs, which we refer to as "the new way to look at electricity."

Sincerely,

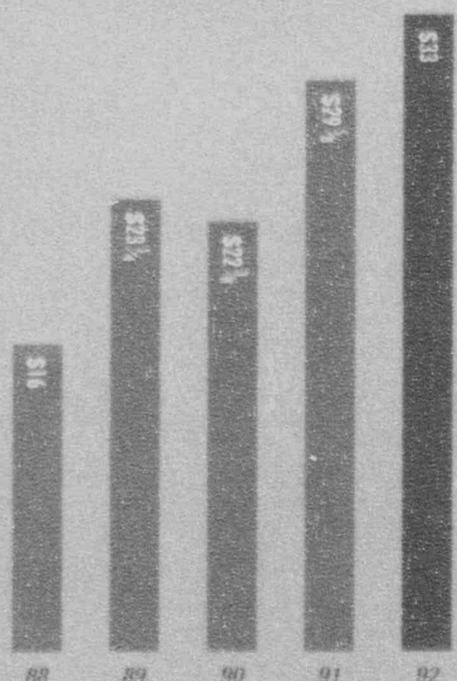
Edwin Lupberger
Chairman and CEO
March 19, 1993

Edwin Lupberger, 56, Entergy chairman and CEO, New Orleans. Elected chairman in 1985, after having joined Entergy in 1979 as vice president of finance. Previously an executive with two other electric utilities. Chairs the Board's Executive committee.

FOCUS

ENTERGY'S GOVERNMENTAL AFFAIRS REPRESENTATIVES HENRY BROWN JR. AND JANA OAK[illegible] REVIEW ELEMENTS OF THE ENERGY POLICY ACT OF 1992 WITH LOUISIANA U.S. SENATOR J. BENNETT JOHNSTON, CENTER, CHAIRMAN OF THE SENATE ENERGY COMMITTEE AND SPONSOR OF THE ENERGY LEGISLATION

REVIEW OF OPERATIONS



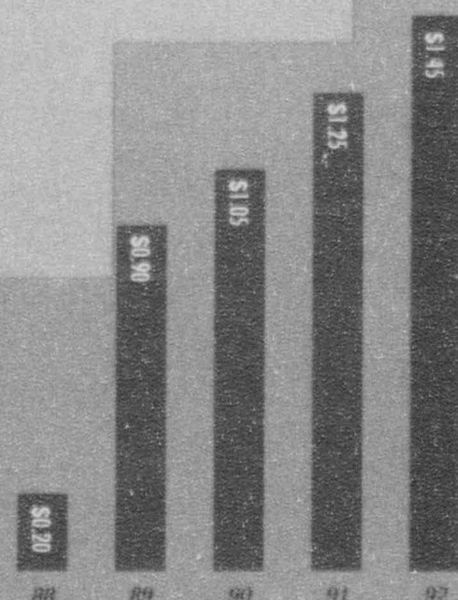
CLOSING PRICE OF COMMON STOCK AT YEAR END

As our Chairman has said, Entergy "stepped out" in 1992, taking many significant steps to expand its earnings and growth potential. We stepped out because we recognized that business as usual won't be good enough to take us where we want to go: to continued top-quartile return for shareholders.

And we did it because we recognize that the electric utility industry is becoming more competitive. It is going to get more efficient, more innovative, more customer oriented, and more technology driven. All of which means that the successful energy companies of the future will be the competitive leaders. The urgency with which we responded to the coming changes spurred a year of remarkable progress.

In 1992, Entergy focused further on what it will take to be one of the industry's competitive leaders and began acting on that information. We concentrated on the elements that drive our financial performance in two key areas: the core business and business expansion. Within these two areas, teams were assembled to focus on "driving value" from the core business through operational improvements and financial engineering, and from business expansion in both regulated and nonregulated ventures. The steps charted by these teams will boost operating performance and help us achieve competitive superiority.

In 1992, Entergy also continued benchmarking studies aimed at determining how its three core functional organizations – Energy Supply, Transmission, Distribution,



DIVIDENDS PAID PER SHARE

"The combination of stock price appreciation and dividend growth gave Entergy shareholders a 1992 total return of 16.3 percent and a five-year (1988-92) average annual return of 38.6 percent. Both of these place Entergy's performance in the top 25 percent of U.S. utilities."

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and Customer Service; and Entergy Business Support – rank in comparison to peer group utilities.

After determining how we compared against peer companies in each area, we made a commitment to achieve operations and maintenance cost performance within the top 25 percent of peer group utilities in all functional areas. In some areas, our performance already is top quartile; in areas where it is not, there are schedules for achieving this standard, against which performance will be tracked annually.

IMPROVE CORE BUSINESS

In 1992, we achieved a $33.3 million reduction in nonfuel operation and maintenance costs (exclusive of scheduled nuclear refueling charges), even with the effect of inflation. Some programs contributing to this significant cost reduction, such as Entergy's restructuring along functional lines, were begun as early as 1989. The restructuring was fine-tuned in 1992, through further consolidation into our three core functions, plus Entergy Enterprises. This step, which resulted in about 400 fewer personnel, fewer layers of management, and greater Systemwide efficiency, was only one of the year's accomplishments in terms of the cost-reduction value driver.

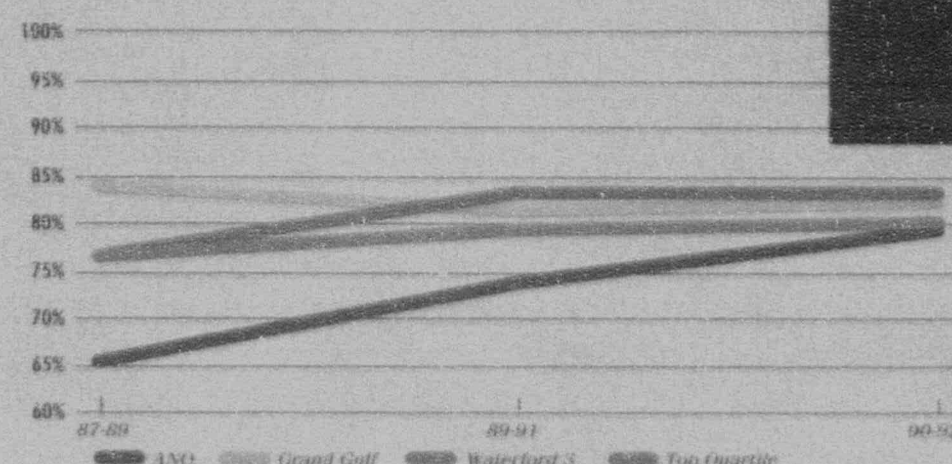
Entergy's performance improved in each functional area in 1992, and the outlook is for continued improvement, with top-quartile ranking being achieved in all areas.

Energy Supply, our generating organization, includes operation of our fossil and hydro plants, and of our nuclear plants.

Our fossil and hydro plants already rank in the industry's top quartile in terms of overall efficiency. Our goal is to remain in this top competitive grouping and improve our standing within it.

The nuclear generation component of Energy Supply was formed in 1990 through consolidation of Entergy's four nuclear plants, and programs for achieving excellence – including benchmarking performance against other plants – are ongoing. The consolidation alone is credited with saving $48.7 million in 1991, the first full year of operations, and this amount is expected to grow annually.

The nuclear group is on the verge of achieving overall top-quartile performance. In terms of capacity factor, a key measure of generating efficiency, the Grand Gulf and



NUCLEAR PLANT CAPACITY-FACTOR UTILIZATION, COMPARED TO TOP-QUARTILE PERFORMANCE

ARKANSAS NUCLEAR ONE, UNIT 2, COMPLETED ITS FALL REFUELING IN 45 DAYS — THE SHORTEST REFUELING OUTAGE IN THE PLANT'S HISTORY. THE TEAM BEHIND THE EFFORT, WHICH INCLUDED, FROM LEFT, MIKE BOURGEOIS, MIKE HARRIS, TOM MOSBY, AND SAM CECIL, WAS RECOGNIZED WITH A CHAIRMAN'S AWARD.

Waterford 3 plants currently rank in the top quartile, and Arkansas Nuclear One, Units 1 and 2, approaches this standard, following steady improvement.

Also, each of Entergy's four nuclear units has demonstrated high rankings and consistent improvement over the past three years in the seven areas of plant and site operation measured by the NRC's Systematic Assessment of Licensee Performance.

Nuclear's goal is to achieve overall top-quartile performance by 1995 by further controlling operation and maintenance expenses, while continuing its strong regulatory and safety performance.

Entergy's TDCS performance currently ranks in the second quartile, but cost-reduction programs in place should move it into the top quartile in the near future. Costs were reduced in 1992, largely by following through on efficiency programs (such as consolidating business offices and related clerical functions) begun in 1991. Response centers, where customers call in for information or assistance, also were centralized.

Administrative and General Office performance offers Entergy's greatest opportunity for cost reduction. Through functional consolidation of these activities into the Entergy Business Support group, we are aggressively eliminating redundancies and duplicative activities, and pursuing other programs that will move EBS into top-quartile standing.

As noted earlier, significant progress was made in 1992 in cutting operation and maintenance costs, and much of this came from the EBS area.

Jerry L. Maulden, 56, group president, system executive – transmission, distribution, and customer service, Little Rock. Also chairman and CEO of Entergy's four operating companies. Joined the Entergy System in 1965.

REVENUES

IMPROVE CORE BUSINESS

INCREASE REVENUES

The other side of the operational equation is revenues. Here we must compensate for our service area's generally slow-growing economy. To do so, we have taken some aggressive steps, consistent with our Least Cost Integrated Resource Plan, to maximize sales. These include new programs for our key industrial, commercial, and residential markets, which will result in more efficient use of our existing generating resources.

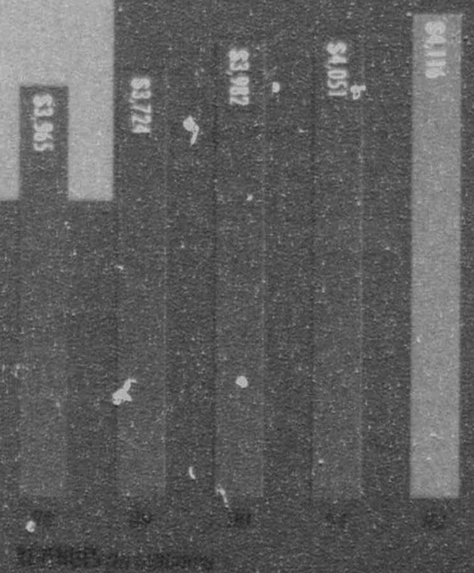
In the more robust industrial segment, we're focusing on improving customer efficiency and helping our customers respond to changing environmental regulations. Many new electrotechnologies offer state-of-the-art solutions to our industrial customers' environmental compliance challenges. Account managers work with industrial customers in finding customized solutions to their energy needs in other areas, as well.

In the commercial area, which has tended to lag with the region's economy, we're boosting sales by demonstrating the value of new, more efficient electric technologies for end-uses such as space heating, water heating, and cooking. Entergy also offers new technology solutions in commercial lighting, refrigeration, and air conditioning. Besides saving money, Entergy account managers can help customers solve environmental problems such as chloro-fluorocarbon (CFC) reduction and disposal.

In the residential area, which is picking up in activity, Entergy also focuses programs on expanding customer awareness of electric technologies for water heating, space heating, and air conditioning. We're promoting efficient electric technologies in new residential construction, increasing owner comfort at lower cost. Off-peak security lighting is another electricity growth market.

Further, our merger with Gulf States Utilities, when approved, will add new commercial and industrial base, along with growing residential communities, to our service area.

Entergy remains committed to the economic development of the entire service region, including that being added with GSU. The company sponsors programs to improve education, expand home and small business ownership, support local industries, promote the region to outside investors, and keep industrial rates competitive.



"We believe that our ability to grow and expand is directly tied to our ability to generate cash. In the past three years Entergy has generated $2.8 billion of net cash flow from operations, which has been used to increase common stock dividends, repurchase common stock in the open market, reduce debt, and expand the business to achieve greater growth and profitability."

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CAPTURING FUTURE REVENUES THROUGH LEAST COST PLANNING

Least Cost Integrated Resource Planning is the collaborative means by which we, our customers, and our regulators are preparing together to meet future energy needs. The process' intended goal is to minimize the cost of electricity to consumers while ensuring a continued fair return to investors.

The 20-year Least Cost plan filed in each of our regulatory jurisdictions in 1992 is designed to identify the lowest reasonable cost of providing energy to meet customer needs. Entergy has identified cost-effective programs that will save customers money in both the short and long term. These programs, however, will require an investment by Entergy and its retail operating subsidiaries in demand-side resources, as well as in new supply-side resources. Recovery of this investment in demand-side programs would be approved in connection with the Least Cost plan.

While Entergy has not studied GSU for application of Least Cost planning, we anticipate that similar programs would also be cost-effective for GSU customers.

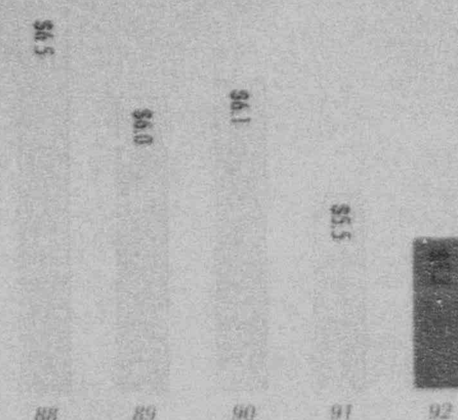
JOEL FERGUSON, CENTER LEFT, AND RICK KNIGHT, OF ENTERGY'S INVESTMENT RECOVERY UNIT, TURNED EIGHT RETIRED DIESEL GENERATORS IN THIBODAUX, LOUISIANA, INTO CASH — $1.2 MILLION — BY FINDING A BUYER FOR THEM. HAD THEY BEEN SOLD FOR SCRAP METAL, THEY WOULD HAVE BROUGHT ONLY $75,000.

IMPROVE CORE BUSINESS

FINANCIAL ENGINEERING REDUCES COSTS

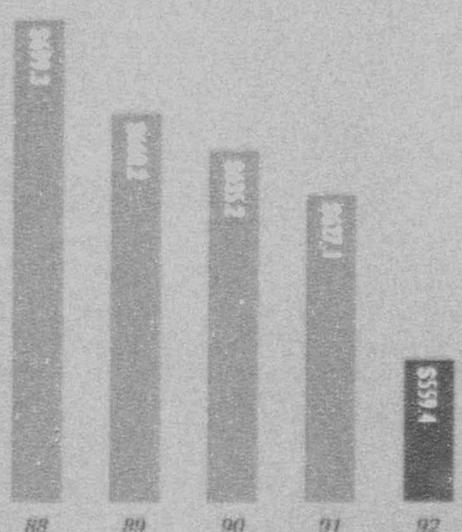
The other component of improving the core business is in the financial arena. Here our strategies are to reduce debt service, increase the shareholder dividend, and boost earnings per share through stock repurchase.

Our improved financial health and strong cash flow enabled us to achieve an $800 million net reduction in long-term debt obligations between January 1, 1991, and year-end 1992.



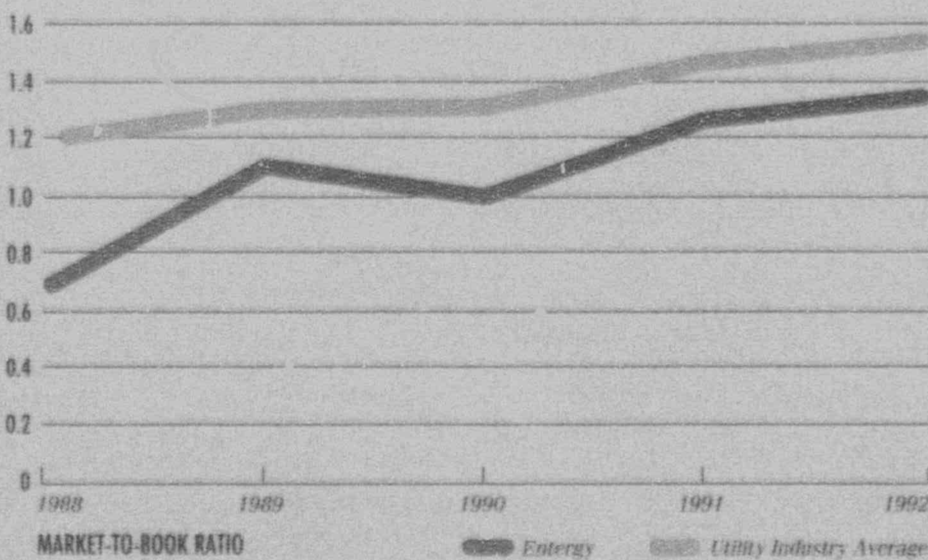
OUTSTANDING DEBT
(In billions)

Moreover, through our "financial engineering" program, we reduced interest expense by more than $67 million in 1992. All of this helped further our goal of achieving the



INTEREST EXPENSE
(In millions)

financial profile securities rating agencies give to strong financial performers.



MARKET-TO-BOOK RATIO

In 1992, Entergy repurchased nearly 3.7 million shares of its common stock and has now received SEC authorization to purchase up to 27 million additional shares through year-end 1994. Due to the fewer shares outstanding, the 1992 repurchases had the effect of improving 1992 earnings by 3 cents per share.

A total of 29.4 million shares has been repurchased since initiation of the program in November 1989, at an average price of $22.06. This compares with Entergy's closing 1992 market price of $33, a price that is undervalued when compared to the utility industry's average for market-to-book ratios. Entergy will continue to repurchase shares as long as its shares are undervalued in the market.

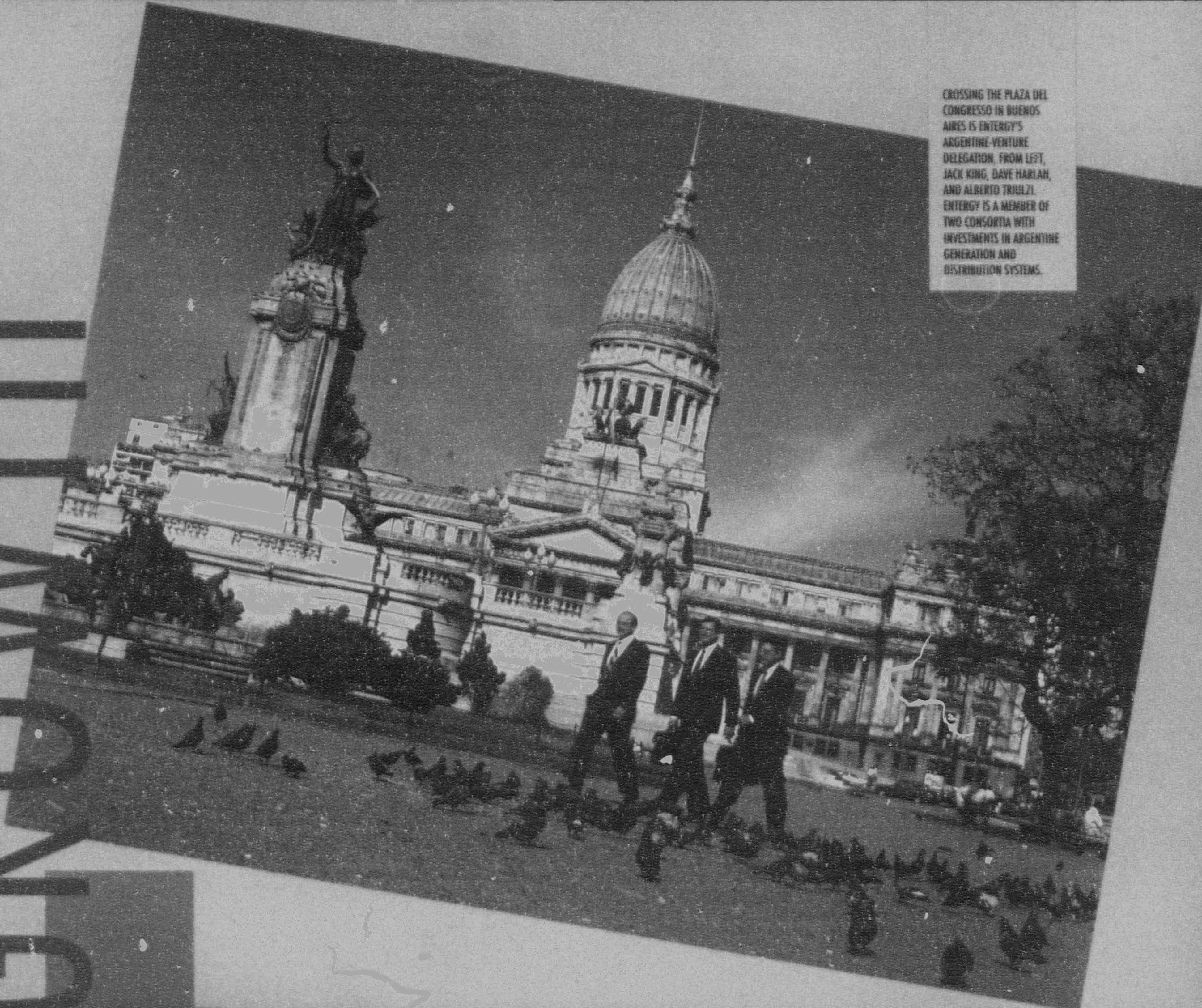
EXPAND THE BUSINESS

The second driver of shareholder wealth is business expansion. Our strategy is to seek opportunities for growth only in closely related electric energy applications, where we can leverage our expertise and develop synergies with our existing business.

We have divided our approach to expansion into two categories: regulated business opportunities, such as the proposed merger with Gulf States Utilities; and non[illegible] businesses, such as our developm[illegible] of the demand-side energy management business with First Pacific Networks' "PowerView."

Jerry D. Jackson, 48, executive vice president – finance and external affairs, and secretary, New Orleans. Holds the same position, plus serves as a director for Entergy's four operating companies. Also president, chief administrative officer and director of Entergy Services. Joined Entergy in 1987. Previously an attorney in private practice.

GROWTH



CROSSING THE PLAZA DEL CONGRESSO IN BUENOS AIRES IS ENTERGY'S ARGENTINE-VENTURE DELEGATION, FROM LEFT, JACK KING, DAVE HARLAN, AND ALBERTO TRIULZI. ENTERGY IS A MEMBER OF TWO CONSORTIA WITH INVESTMENTS IN ARGENTINE GENERATION AND DISTRIBUTION SYSTEMS.

EXPAND THE BUSINESS

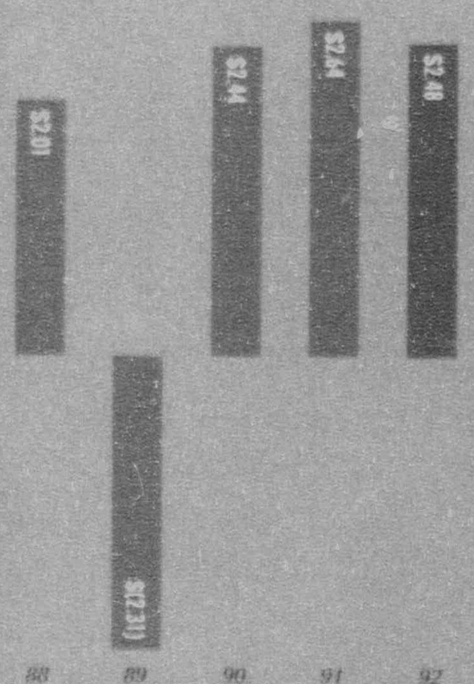
Our primary expansion in our core retail electricity business is the proposed merger with Gulf States Utilities. When approved, this combination will strengthen our competitive position and improve earnings from our regulated business, contributing to our goal of continued top-quartile returns to shareholders.

More specifically, the merger will expand our customer base to more than 2.3 million retail customers, will add new and more rapidly growing territory to our service region, will expand our generating capacity with plants similar to our own, will improve the reach and reliability of our transmission system, and will offer the opportunity for greater operating efficiencies and economies of scale within our retail distribution business.

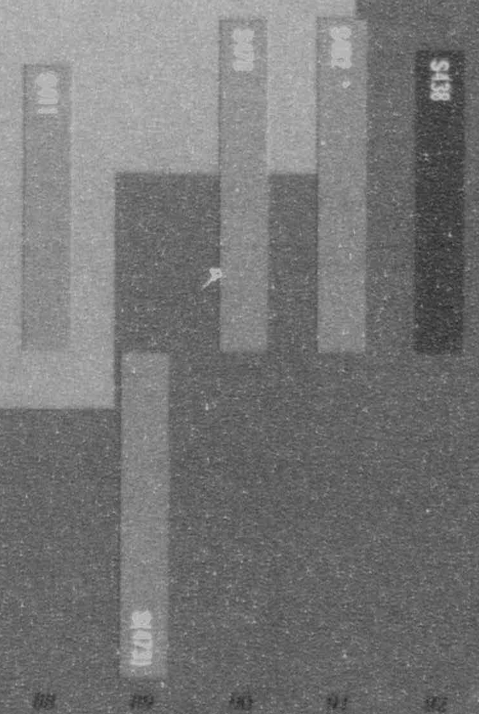
These benefits will be shared with shareholders and customers. The pass-through of fuel savings and lower unit costs due to greater economies of scale offer operational benefits to the Entergy System and its customers. Shareholders will benefit initially from an improvement in cost and revenue performance. Longer term, the merger will improve our operating efficiency and already strong cash flow position, increasing resources for dividend growth, stock repurchases, debt retirement, and additional business expansion.

Simply put, the merger with Gulf States Utilities will make Entergy one of the nation's larger electricity providers, with greater ability to serve customers, reward shareholders, and shape the future of our industry.

Entergy and GSU shareholders approved the merger proposal in separate special shareholder meetings



EARNINGS (LOSS) PER SHARE



NET INCOME (LOSS)
(In millions)

"Overall, 1992 was a year of remarkable accomplishment and financial progress, even though mild weather depressed sales of electricity, revenues, and net income. Compared with the National Weather Service's 20-year 'norm,' the region's milder spring, summer, and fall temperatures had the effect of reducing 1992 net income by about $42 million."

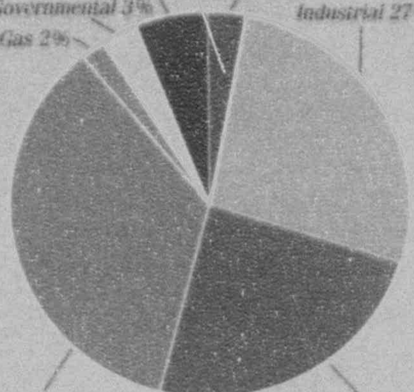
Chairman's Letter
Page 1

held on December 17, 1992. The Louisiana Public Service Commission is expected to complete deliberations this spring, and a decision from the Public Utilities Commission of Texas is expected to follow. The merger must also be approved by the Federal Energy Regulatory Commission and the Securities and Exchange Commission. The Nuclear Regulatory Commission must approve the transfer of the operating license for GSU's River Bend Nuclear Station. Anticipating receipt of the needed approvals toward the end of 1993, we already have begun working with management at GSU to begin the transition to a single company as soon as all authorizations are granted.

EXPAND THE BUSINESS

Our nonregulated business activities will be managed by Entergy Enterprises, Inc. (formerly Electec), a subsidiary formed for the sole purpose of developing opportunities outside the regulated retail market. These opportunities include meeting the growing demand for wholesale electricity – a market we participate in through Entergy Power, Inc., an independent power producer created in 1990.

SOURCES OF REVENUE 1992



Entergy Power markets capacity and energy on the wholesale market, with 809 MW of coal- and gas-fired generating capacity. Since its creation, the company has obtained contracts to provide 100 MW of capacity and energy to Oglethorpe Power Corporation for a 10-year period that began on July 1, 1992, and to provide 36 MW of capacity and energy to Northeast Texas Electric Cooperative for a 25-year period that began February 1, 1993. In addition, Entergy Power sells electricity on the spot market.

In 1992, Entergy Power generated $6 million in revenues from capacity sales to non-affiliates. We consider this a fraction of the company's potential and are aggressively marketing Entergy Power's capacity and energy. Although, as expected, it continued to operate at a loss in 1992, Entergy Power should become a positive contributor to corporate revenues in the mid-1990s as competitors' contracts with potential Entergy customers expire and the market expands.

In 1992, we added a new component to our wholesale power capabilities by investing in a 250-MW gas-fired, combined-cycle independent power plant in Richmond, Virginia, which is jointly owned and operated by Enron Power Corporation, a leading worldwide developer of independent power projects. The plant has a 25-year contract to sell all of its capacity to the Virginia Electric Power Company.

Entergy's interest in the plant will be held by a new subsidiary created as an exempt wholesale generator (EWG) under the provisions of the Energy Policy Act of 1992. This company, Entergy Power Development Corporation, has formed a second EWG, Entergy Richmond Power Corporation, for the direct ownership

ENTERGY CHAIRMAN AND CEO EDWIN LUPBERGER, RIGHT, CONFERS WITH JOSEPH L. DONNELLY, CHAIRMAN AND CEO OF GULF STATES UTILITIES, IN RESPONDING TO A QUESTION AT A NEWS CONFERENCE FOLLOWING SHAREHOLDER APPROVAL OF THE PROPOSED ENTERGY-GSU MERGER.

of the interest in the Richmond facility. Our independent risk analysis, technical review, and financial evaluation indicate that the facility should generate a return on Entergy's $13 million investment that exceeds what we would expect from our core regulated business. We believe that opportunities to produce and sell electricity to the wholesale market will be an increasingly important part of our business for the foreseeable future.

Along with the rest of the country, Entergy is becoming attuned to possibilities south of the border. In 1992, Entergy, as a member of two consortia, was successful in bids to become majority owners and operators of a combined 1,260-MW fossil-fueled electric generating facility in Buenos Aires, Argentina, and to own and operate the southern portion of the city's distribution system, serving 1.9 million customers. Entergy paid $11 million and $58 million for its respective initial purchases of shares in the consortia's ownership of the electric generating facility and distribution system.

These Argentine investments offer unique opportunites for growth and high returns. The electric generating facility consists of seven units and represents 8 percent of Argentina's installed capacity. Substantial improvement in plant performance is anticipated from a planned refurbishing of the units and the application of techniques learned from operating our own fossil plants.

Similarly, operations of Buenos Aires' distribution system also can be improved, especially in the areas of billing and collections procedures; assignment of personnel; and maintenance planning and execution. Marketing will be emphasized to better capitalize on the city's growing electricity consumption.

Gerald D. McInvale, 49, senior vice president and chief financial officer, New Orleans. Joined Entergy in 1991. Previously held executive positions with a major consumer products firm. Also a director of System Fuels and Entergy Power, and senior vice president and CFO of Entergy Enterprises and Entergy Power.

VALUE

THERESA SHEZBIE, LEFT, COOKS A FAMILY DINNER TO CELEBRATE HER NEW STATUS AS A NEW ORLEANS HOME OWNER. ENTERGY ASSISTED SHEZBIE THROUGH "OPEN DOOR," A HOME OWNERSHIP AND COUNSELING PROGRAM THAT HELPS LOW- TO MODERATE-INCOME FAMILIES PURCHASE THEIR FIRST HOMES. IT IS ONE OF A VARIETY OF PROGRAMS ENTERGY PROMOTES FOR THE ECONOMIC AND SOCIAL WELL-BEING OF ITS SERVICE AREA.

Entergy was attracted to the opportunity in Argentina by the country's annual growth in electricity consumption of about 5 percent, compared to a 1½ to 2 percent growth rate in our own service territory. There we have an opportunity, working with our consortia partners, to apply our expertise to a project that offers better rewards for shareholders, without increasing risks or rates for existing customers.

Some of the most promising possibilities for expansion lie not in the supply side of the electricity business, but the demand side. These we are developing through our investment in Entergy Systems and Service, Inc., an energy-efficient lighting and service company, and PowerView, our energy management application of First Pacific Networks' technology.

At the end of 1992, the SEC granted approval and Entergy purchased the company it has named Entergy Systems and Service from its parent company, Systems and Service International (SASI), along with a 9.95 percent equity interest in its parent company and a seat on SASI's board of directors. In return, Entergy agreed to secure a loan to the parent company to fund research and development efforts. In all, Entergy's initial investment totaled approximately $11 million.

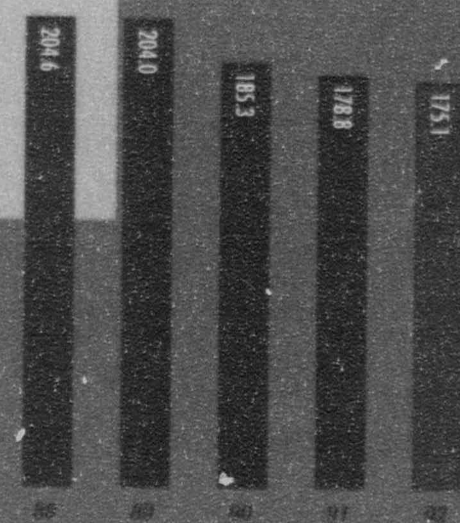
With headquarters in Memphis, Entergy Systems and Service now has a second office in Nashville and a third in Atlanta to better serve its growing customer base.

The company, which installs and services energy-efficient lighting to commercial and industrial customers, will eventually expand its services to include other energy management technologies. With 450 customers and 1992 sales of $5 million, it is the only full-service energy-efficient lighting company in the Entergy service area, and one of the few competitors in the energy conservation market.

"In 1992, Entergy repurchased nearly 3.7 million shares of its common stock and has now received SEC authorization to purchase up to 27 million additional shares through year-end 1994. Due to the fewer shares outstanding, the 1992 repurchases had the effect of improving 1992 earnings by 3 cents per share.

"A total of 29.4 million shares has been repurchased since initiation of the program in November 1989 . . ."

Review of Operations
Page 15



COMMON SHARES OUTSTANDING AT YEAR END
(In millions)

At present, Entergy Systems and Service will focus its efforts in the Southern and Western states of Arkansas, Louisiana, Mississippi, Tennessee, Missouri, Oklahoma, and Texas, but may eventually expand as demand warrants. Nineteen ninety-three will be the first full year of operation for this new subsidiary, and expectations are that it will be profitable from "day one."

'SMART TECHNOLOGY' LICENSED

The purchase of Entergy Systems and Service is consistent with Entergy's regional Least Cost Integrated Resource Planning efforts, as is our development of PowerView, another demand-side management technology. A fiber optic-linked "smart technology" that enables customers to program their energy use, PowerView also will give consumers the capability of verifying the amount of energy being used at any given time.

Presently installed in pilot homes in the Little Rock area, PowerView is in the demonstration stages, but already, the demonstration is paying off. One study indicated that residential customers could cut their energy bills about 20 percent by taking advantage of "time-of-use" rates and PowerView-type technology.

Developed by First Pacific Networks, in which we own a 9.95 percent interest and the license for all utility applications worldwide, PowerView is the first, and lowest-priced, energy management application of its type. Plus, energy management is only the beginning of PowerView's potential.

The switching technology in PowerView, combined with fiber optic telecommunications, could easily make PowerView the control center for all kinds of telecommunications.

ENTERGY AND ITS LP&L/NOPSI SUBSIDIARY HELP CUSTOMERS BECOME MORE EFFICIENT USERS OF ELECTRICITY THROUGH "IN TOUCH" DEMONSTRATION PROGRAMS, CONDUCTED AT SHOPPING MALLS.

information, and entertainment. Savings from the more efficient management of home energy use alone would justify the initial expense of PowerView's installation, and once the technology is installed, the customer would then be capable of receiving cable and premium television, long-distance telephone service, home Ticketmaster, electronic shopping, fax, data, and other services through a single network. The possibilities are nearly endless.

And the expense? Building and fueling a new peak load generating plant can cost $1,400 per home. At present, it is projected that PowerView will cost Entergy less than $1,000 per household. Deployment of PowerView within the Entergy service area is targeted to begin in 1994.

In short, PowerView is in the vanguard of new energy-efficient technologies that will become standard by the year 2000. Entergy owns the license for the lowest-cost application of this technology, and is in the forefront of efforts to bring the product to commercial availability.

ENTERGY CREWS WERE QUICK TO RESTORE SERVICE AFTER HURRICANE ANDREW STRUCK LOUISIANA AND MISSISSIPPI IN LATE AUGUST OF 1992, KNOCKING OUT POWER TO 260,000 SYSTEM CUSTOMERS.

Entergy has invested about $300 million in nonregulated business ventures through early 1993. Our commitment to this promising area will continue, with investments reaching about $1 billion by the mid- to late-1990s. We expect to see significant earnings contributions from these investments.

In 1992, Entergy stepped out on its chosen path, harnessing all aspects of the business to support its established goals. That path is a broad and well-developed strategy for improving the existing business and expanding in ways that will reward shareholders.

Entergy Director W. Frank Blount, 54, CEO of Australian and Overseas Telecommunications Corporation, Sydney, Australia. Joined the Entergy Board in 1987; serves on the Finance and Personnel committees.

CONSOLIDATED BALANCE SHEETS – ASSETS

December 31,
(In thousands)

		1992	1991
UTILITY PLANT (NOTE 1):	Electric	**$13,645,919**	$13,374,588
	Electric plant under leases (Note 9)	**662,400**	662,150
	Property under capital leases – electric	**68,834**	75,270
	Natural gas	**110,399**	104,960
	Construction work in progress	**309,361**	305,916
	Nuclear fuel under capital leases	**233,616**	265,358
	Nuclear fuel	**20,683**	24,778
	Total	**15,051,212**	14,813,020
	Less – accumulated depreciation and amortization	**4,315,268**	4,000,967
	Utility plant – net	**10,735,944**	10,812,053
OTHER PROPERTY AND INVESTMENTS		**205,168**	152,472
CURRENT ASSETS:	Cash and cash equivalents (Note 1):		
	Cash	**6,975**	2,387
	Temporary cash investments – at cost, which approximates market	**372,817**	454,960
	Total cash and cash equivalents	**379,792**	457,347
	Other temporary investments – at cost, which approximates market	**17,012**	131,663
	Special deposits	**18,739**	12,945
	Notes receivable	**22,478**	22,641
	Accounts receivable:		
	Customer (less allowance for doubtful accounts of $6.2 million in 1992 and $8.1 million in 1991)	**194,980**	181,370
	Other	**43,006**	38,772
	Accrued unbilled revenues (Note 1)	**57,716**	53,547
	Fuel inventory – at average cost (Note 4)	**85,595**	105,603
	Materials and supplies – at average cost	**287,407**	274,398
	Rate deferrals (Note 2)	**186,391**	120,218
	Prepayments and other	**74,168**	79,623
	Total	**1,367,284**	1,478,127
DEFERRED DEBITS:	Rate deferrals (Note 2)	**1,485,598**	1,652,513
	Other (Note 8)	**445,543**	287,937
	Total	**1,931,141**	1,940,450
	TOTAL	**$14,239,537**	$14,383,102

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS – CAPITALIZATION AND LIABILITIES

December 31,
(In thousands)

		1992	1991
CAPITALIZATION:	Common stock, $5 par value, authorized 500,000,000 shares; issued and outstanding 175,137,392 shares in 1992 and 178,809,292 shares in 1991 (Note 5)	$ 875,687	$ 894,046
	Paid-in capital	1,341,077	1,370,527
	Retained earnings (Note 7)	2,062,188	1,943,298
	Less – treasury stock (1,943 shares) (Note 5)	54	–
	Total common shareholders' equity	4,278,898	4,207,871
	Subsidiaries' preferred stock, net of premium and expense (Note 5):		
	Without sinking fund	408,959	391,958
	With sinking fund	296,113	298,332
	Long-term debt (Note 6 and 9)	5,149,344	5,282,906
	Total	10,133,314	10,181,067
OTHER NONCURRENT LIABILITIES:	Obligations under capital leases (Note 9)	177,112	210,035
	Other	52,842	61,713
	Total	229,954	271,748
CURRENT LIABILITIES:	Currently maturing long-term debt (Note 6)	133,305	230,808
	Notes payable (Note 4)	667	667
	Accounts payable	313,054	367,613
	Customer deposits	100,996	94,565
	Taxes accrued	517,295	497,420
	Accumulated deferred income taxes (Note 3)	43,265	19,955
	Interest accrued	152,136	162,981
	Preferred stock dividends declared	15,172	15,756
	Gas contract settlements – liability to customers (Note 8)	55,998	56,403
	Deferred revenue – gas supplier judgment proceeds	42,256	38,724
	Deferred fuel cost	16,128	24,873
	Obligations under capital leases (Note 9)	157,448	166,036
	Other	90,149	92,209
	Total	1,637,869	1,768,010
DEFERRED CREDITS:	Accumulated deferred income taxes (Note 3)	1,564,576	1,515,805
	Accumulated deferred investment tax credits (Note 3)	212,754	195,404
	Gas contract settlement – liability to customers (Note 8)	–	56,111
	Deferred revenue – gas supplier judgment proceeds (Note 2)	14,846	57,023
	Other (Note 8)	446,224	337,934
	Total	2,238,400	2,162,277
COMMITMENTS AND CONTINGENCIES (NOTES 2 AND 8)			
	TOTAL	$14,239,537	$14,383,102

See Notes to Consolidated Financial Statements.

Entergy Director John A. Cooper Jr., 54, chairman of Cooper Communities, Inc., a recreation and retirement community development, Bella Vista, Ark. Joined the Entergy Board in 1985; serves on the Audit (chairman), Executive and Finance committees.

STATEMENTS OF CONSOLIDATED CASH FLOWS

For the Years Ended December 31,
(In thousands)

		1992	1991	1990
OPERATING ACTIVITIES:	Net income	**\$ 437,637**	\$ 482,032	\$ 478,318
	Noncash items included in net income:			
	Change in rate deferrals (Note 2)	**100,742**	(15,972)	(27,542)
	Depreciation and decommissioning	**424,958**	398,864	392,895
	Deferred income taxes and investment tax credits	**118,562**	194,830	252,823
	Allowance for equity funds used during construction	**(7,355)**	(7,921)	(5,199)
	Amortization of deferred revenues	**(38,646)**	(36,310)	(33,865)
	Provisions for estimated losses (Note 1)	**(4,644)**	8,759	12,962
	Deferred interest related to Waterford 3 lease obligation	**517**	488	23,791
	Gain on disposition of property	**(19,612)**	–	–
	Changes in working capital:			
	Receivables	**(19,150)**	5,655	(15,950)
	Fuel inventory	**20,008**	(37,917)	2,626
	Accounts payable	**(54,559)**	1,302	26,811
	Other working capital accounts	**(3,398)**	54,209	(10,620)
	Refunds to customers – gas contract settlement (Note 8)	**(56,066)**	(56,098)	(55,979)
	Change in decommissioning trust	**(20,896)**	(23,193)	(22,375)
	Other	**(47,390)**	(7,137)	6,149
	Net cash flow provided by operating activities	**\$ 830,708**	\$ 961,591	\$1,024,845
INVESTING ACTIVITIES:	Construction expenditures	**\$(426,777)**	\$(396,564)	\$ (400,465)
	Allowance for equity funds used during construction	**7,355**	7,921	5,199
	Nuclear fuel expenditures	**(26,121)**	(33,1[illegible])	(50,155)
	Decrease (increase) in other temporary investments	**114,651**	150,580	(282,243)
	Proceeds from sale of Missouri properties	**67,985**	–	–
	Increase in nonregulated/nonutility investments	**(35,189)**	(10,878)	–
	Other property expenditures	**(12,068)**	(42,523)	(3,080)
	Other	**551**	616	7,296
	Net cash flow used by investing activities	**\$(309,613)**	\$(324,016)	\$ (723,448)

STATEMENTS OF CONSOLID \TED CASH FLOWS

For the Years Ended Decem'er 31,
(In thousands)

		1992	1991	1990
FINANCING ACTIVITIES:	Proceeds from issuance of:			
	First mortgage bonds	**$ 637,114**	–	$ 414,520
	General and refunding mortgage bonds	**65,000**	–	30,000
	Preferred stock	**120,999**	$ 133,175	–
	Bank notes and other long-term debt (Note 9)	**48,067**	68,514	25,768
	Proceeds from sale and leaseback of nuclear fuel	**28,094**	14,552	48,607
	Retirement of:			
	First mortgage bonds	**(1,009,320)**	(665,384)	(384,826)
	Bank notes and other long-term debt	**(17,412)**	(7,442)	(5,584)
	Common stock	**(105,673)**	(161,640)	(369,140)
	Redemption of preferred stock	**(109,369)**	(85,500)	(40,586)
	Common stock dividends paid	**(256,117)**	(228,816)	(205,793)
	Other	**(33)**	(272)	29
	Net cash flow used by financing activities	**$ (598,650)**	$ (932,813)	$ (487,005)
	Net decrease in cash and cash equivalents	**$ (77,555)**	$ (295,238)	$ (185,608)
	Cash and cash equivalents at beginning of period	**$ 457,347**	$ 752,585	$ 938,193
	Cash and cash equivalents at end of period	**$ 379,792**	$ 457,347	$ 752,585
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
	Cash paid during the period for:			
	Interest (net of amount capitalized)	**$ 570,199**	$ 646,872	$ 659,415
	Income taxes	**$ 125,079**	$ 68,278	$ 62,864
	Noncash investing and financing activities:			
	Capital lease obligations incurred	**$ 75,040**	$ 46,703	$ 69,615

See Notes to Consolidated Financial Statements.

Entergy Director Brooke H. Duncan, 69, president and CEO of Jno. Worner Hardware, Inc., an architectural hardware distributor, New Orleans, La. An Entergy director since 1983; serves on the Audit committee.

LIQUIDITY AND FINANCIAL CONDITION

OVERVIEW

As detailed in the Statements of Consolidated Cash Flows, the Entergy System's cash requirements in 1992, including retirement of high-cost debt and repurchase of common stock, were primarily satisfied with internally generated funds and cash on hand, supplemented by issuances of debt and preferred stock. In 1992, available cash was also used to expand into nonregulated markets.

OPERATING ACTIVITIES

Net cash flow from operations totaled $830.7 million in 1992. While there were no significant nonrecurring items, various factors contributed to our cash position at year end. In particular, as previously deferred costs are recovered, collections under Grand Gulf 1 rate phase-in plans exceed the current cash requirements for Grand Gulf 1-related costs. In the income statement, these revenue collections are offset by the amortization of previously deferred costs, therefore, there is no effect on net income.

INVESTING ACTIVITIES

Cash was used primarily for construction expenditures related to existing plants. Cash was also used for investments in nonregulated and nonutility businesses. Nonregulated investments included an approximate $11 million investment in a generating facility in Argentina by Entergy S.A. In addition, Entergy invested $12.5 million in an independent power plant in Virginia, through its exempt wholesale generator subsidiary, Entergy Power Development Corporation and Entergy Power Development Corporation's exempt wholesale generator subsidiary, Entergy Richmond Power Corporation. Investments in nonutility businesses included an approximate $5.5 million investment by Entergy Enterprises through Entergy Systems and Service, Inc., in a lighting efficiency services company. Entergy Enterprises also invested approximately $6.2 million in First Pacific Networks, Inc. (FPN), a company that develops energy management and other technology applications. Entergy continues to seek investment opportunities in nonregulated and nonutility businesses. See Note 8, incorporated herein by reference, for additional information.

AP&L's sale of retail properties in Missouri and the maturity and/or sale of temporary investments also provided cash for the System.

FINANCING ACTIVITIES

In 1992, Entergy's primary financing activities included the retirement of long-term debt, the repurchase of common stock, and the redemption of preferred stock. The retirements were in part refinanced by other low-cost debt and preferred stock.

CAPITAL AND REFINANCING REQUIREMENTS AND CAPITAL RESOURCES

See Note 8, incorporated herein by reference, for information on the System's capital and refinancing requirements for 1993 through 1995.

Certain agreements and restrictions limit the amount of mortgage bonds and preferred stock that can be issued by the System operating companies and System Energy. Based on the most restrictive applicable tests as of December 31, 1992, and an assumed annual interest or dividend rate of 9%, the System operating companies could have issued bonds or preferred stock in the following amounts, respectively: AP&L – $250 million and $378 million; LP&L – $538 million and $576 million; MP&L – $277 million and $200 million; and NOPSI – $88 million and $95 million. System Energy could also have issued $280 million of bonds, but its charter does not presently provide for the issuance of preferred stock.

The System operating companies and System Energy have authorization for short-term borrowings. See Note 4, incorporated herein by reference, for additional information.

Entergy has SEC authorization to repurchase shares of its outstanding common stock. Market conditions and board authorization determine the amount of repurchases. As of December 31, 1992, Entergy had repurchased and retired (returned to authorized but unissued status) 29,443,700 shares of its common stock. In addition, 1,943 shares were repurchased in 1992 and accounted for as treasury stock. Entergy has requested SEC authorization for a $300 million bank line of credit, the proceeds of which are expected to be used for common stock repurchases and other optional activities (including strategic acquisitions discussed below under "Significant Factors and Known Trends"). See Notes 4 and 5, incorporated herein by reference, for additional information.

Entergy's current primary capital requirements are to periodically invest in, or make loans to, its subsidiaries. AP&L, LP&L, and MP&L have regulatory approval to issue and sell up to $100 million, $50 million, and $25 million, respectively, of common stock to Entergy through December 31, 1993. Additional investments in Entergy Power, Entergy S.A., Entergy Argentina, S.A., Entergy Systems and Service, Inc., and FPN are also authorized for Entergy. Entergy expects to meet these requirements in 1993-1995, and its cash requirements in connection with the Gulf States merger with internally generated funds and cash on hand. Entergy receives funds through dividend payments from its subsidiaries. During 1992, these common stock dividend payments totaled $487.9 million. Certain restrictions may limit the amount of these distributions. Entergy paid $256.1 million of dividends on its common stock in 1992.

STATEMENTS OF CONSOLIDATED RETAINED EARNINGS AND PAID-IN CAPITAL

For the Years Ended December 31,

(In thousands)	1992	1991	1990
RETAINED EARNINGS, JANUARY 1	**$1,943,298**	$1,775,000	$1,636,254
Add:			
Net income	**437,637**	482,032	478,318
Total	**2,380,935**	2,257,032	2,114,572
Deduct:			
Dividends declared on common stock	**255,479**	228,555	206,167
Capital stock and other expenses	**4,081**	5,170	1,443
Common stock retirements (Note 5)	**59,187**	80,009	131,962
Total	**318,747**	313,734	339,572
RETAINED EARNINGS, DECEMBER 31 (NOTE 7)	**$2,062,188**	$1,943,298	$1,775,000
PAID-IN CAPITAL, JANUARY 1	**$1,370,527**	$1,419,883	$1,563,313
Add:			
Gain (loss) on reacquisition of preferred stock	**(1,323)**	35	75
Deduct:			
Common stock retirements (Note 5)	**28,127**	49,391	143,505
PAID-IN CAPITAL, DECEMBER 31	**$1,341,077**	$1,370,527	$1,419,883

See Notes to Consolidated Financial Statements.

Entergy Director
Lucie J. Fjeldstad, 49,
Vice president and general manager, Multimedia, IBM Corporation; Stamford, Conn.
Joined the Entergy Board in 1992; serves on the Audit and Finance committees.

STATEMENTS OF CONSOLIDATED INCOME

For the Years Ended December 31,
(In thousands)

		1992	1991	1990
OPERATING REVENUES:	Electric	**$4,043,555**	$3,974,478	$3,894,119
	Natural gas	**72,944**	76,951	87,943
	Total	**4,116,499**	4,051,429	3,982,062
OPERATING EXPENSES:	Operation:			
	Fuel for electric generation and fuel-related expenses	**759,470**	735,986	808,214
	Purchased power	**228,679**	205,131	155,570
	Gas purchased for resale	**43,212**	49,986	61,718
	Other	**870,194**	896,447	827,577
	Maintenance	**301,836**	282,821	277,732
	Depreciation and decommissioning	**424,958**	398,864	392,895
	Taxes other than income taxes	**197,895**	184,247	178,810
	Income taxes (Note 3)	**264,160**	247,008	261,145
	Rate deferrals: (Note 2)			
	Rate deferrals	**(24,176)**	(56,681)	(140,365)
	Amortization of rate deferrals	**145,764**	133,838	107,407
	Deferral of previously incurred Grand Gulf 1-related costs	**–**	(90,000)	–
	Income taxes – (credit) (Note 3)	**(54,079)**	(3,248)	4,274
	Total	**3,157,913**	2,984,399	2,934,977
OPERATING INCOME		**958,586**	1,067,030	1,047,085
OTHER INCOME:	Allowance for equity funds used during construction	**7,355**	7,921	5,199
	Miscellaneous – net	**135,475**	122,697	168,464
	Income taxes – (debit) (Note 3)	**(46,382)**	(33,391)	(49,855)
	Total	**96,448**	97,227	123,808
INTEREST AND OTHER CHARGES:	Interest on long-term debt	**529,668**	599,797	612,064
	Other interest – net	**29,686**	27,245	23,151
	Allowance for borrowed funds used during construction	**(5,094)**	(7,392)	(5,426)
	Preferred dividend requirements of subsidiaries	**63,137**	62,575	62,786
	Total	**617,397**	682,225	692,575
NET INCOME		**$ 437,637**	$ 482,032	$ 478,318
EARNINGS PER AVERAGE COMMON SHARE		**$ 2.48**	$ 2.64	$ 2.44
DIVIDENDS DECLARED PER COMMON SHARE (NOTE 7)		**$ 1.45**	$ 1.25	$ 1.05
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (NOTE 5)		**176,573,778**	182,665,303	195,876,850

See Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS

NET INCOME

Consolidated net income decreased in 1992 due primarily to reduced retail sales resulting from mild summer and winter temperatures in our service area. This decrease was partially offset by lower nonfuel operation and maintenance expenses (excluding nuclear refueling outage expenses of $87.9 million in 1992 and $61.8 million in 1991) and lower net interest expense. In addition, 1992 net income includes $19.6 million from the gain on the sale of AP&L's retail properties in Missouri. Significant factors affecting results of operations and causing variances between the years 1992 and 1991, and 1991 and 1990 are discussed under "Revenues and Sales," "Expenses," and "Other," below.

Consolidated net income increased slightly in 1991 due to two significant offsetting, nonrecurring events. The positive net income effect of the 1991 NOPSI Settlement of approximately $48.6 million was largely offset by the net income effect of approximately $30 million related to the FERC Complaint Case settlement, and by a reduction in consolidated interest income.

REVENUES AND SALES

See "11-Year Summary," incorporated herein by reference, following the notes, for information on operating revenues by source and kilowatt-hour (KWH) sales.

Electric operating revenues were higher in 1992 due primarily to an increase in fuel adjustment revenues and collections of previously deferred Grand Gulf 1 costs, neither of which affects net income. The increase in fuel adjustment revenues was due to heavier reliance on gas-fired plants at a time when natural gas prices were very high. The plants were brought on line because of scheduled refueling outages at our nuclear units. Partially offsetting these higher revenues were decreased retail sales resulting from mild temperatures. The collection of previously deferred costs contributed to higher 1991 revenues along with increased retail energy sales in 1991.

EXPENSES

Nonfuel operation and maintenance expenses, excluding nuclear refueling outage expenses, decreased in 1992, reflecting our significant improvements in controlling costs. In 1991, nonfuel operation and maintenance expenses increased as a result of the FERC Complaint Case settlement. As a result of aggressive refinancing and debt reduction activities, interest expense also decreased in 1992.

Purchased power and fuel expense increased in 1992 as a result of the refueling outages at our nuclear units. In addition to the increased fossil generation discussed above, additional power was purchased from outside utilities in 1992 and 1991. Rate deferrals-net decreased in 1992 and 1991 due to the amortization of previously deferred Grand Gulf 1 costs. As of October 1992, no additional amounts were or will be deferred.

Total income taxes decreased in 1991 due primarily to increased amortization of investment tax credits and decreased pretax book income.

OTHER

Miscellaneous other income-net increased in 1992 due to the pretax gain of approximately $33.7 million from the sale of AP&L's retail properties in Missouri, and decreased in 1991 due to the one-time charges related to the FERC Complaint Case settlement and decreased interest income.

SIGNIFICANT FACTORS AND KNOWN TRENDS

THE ENERGY POLICY ACT OF 1992

The Energy Policy Act of 1992 (Energy Act), signed into law in October 1992, will have a significant impact on our industry. This act will increase competition and afford us the opportunity, and the risks, associated with an open and more competitive market environment. The Energy Act reforms the Public Utility Holding Company Act of 1935 (Holding Company Act) and encourages competition in the wholesale energy market. The Energy Act creates a new class of energy providers known as exempt wholesale generators (EWGs). EWGs will be able to compete in the wholesale market without the constraints of certain regulation. We intend to compete in this market through our independent power subsidiary, Entergy Power Development Corporation. The Energy Act also gives FERC the authority to order investor-owned utilities to provide transmission access to or for other utilities, including EWGs.

The Energy Act has other provisions that will continue to change the way utilities have traditionally operated. The Energy Act amended the Holding Company Act to allow utilities to own and operate overseas generation, transmission, and distribution facilities. For information on Entergy's investment in generation and distribution facilities in Argentina, see "Management's Financial Discussion and Analysis – Liquidity and Financial Condition – Investing Activities" and Note 8, incorporated herein by reference.

LEAST COST PLANNING

In December 1992, the System operating companies filed a Least Cost Integrated Resource Plan (Plan) with each of its four retail regulators. The Plan includes demand-side measures such as customer energy conservation and shifting electrical usage to off-peak periods. Supply-side measures generally include greater efficiency of power plants through the reconfiguration or addition of equipment. These measures are designed to delay the building of any new power plants by the System for the next 20 years. Without implementing such measures, new electric generating capacity would be needed as early as 1999. Under the Plan, which is subject to regulatory approval, customers would see a slight increase in rates while the initial measures are implemented. Once the programs go into effect, it is anticipated that a reduction in customer bills will result. It is Entergy's intent, with the exception of MP&L, that all Plan-related costs, exclusive of supply-side costs, would be recovered through rate riders. Such rate riders would remain in effect until the next rate filing, when base rates would be adjusted. MP&L will request approval of appropriate cost recovery mechanisms after the Plan has been approved by the Mississippi Public Service Commission. Following implementation, savings will be generated from lower System costs than would have otherwise been necessary. The System estimates that over the next 20 years, the Plan would reduce revenue requirements by approximately $600 million on a net present value basis. Least cost planning enables Entergy, along with its customers and regulators, to prepare to meet our future energy needs.

Entergy Director Kaneaster Hodges Jr., 54, attorney, Newport, Ark. An Entergy director since 1984; serves on the Finance and Public Affairs committees.

RETAIL AND WHOLESALE RATE ISSUES

To enhance our competitive position, our System operating companies are not currently planning to file for general changes in retail rates in 1993 (with the exception of minor increases under the least cost plan). The System is aggressively following a cost reduction program to avoid potential earnings erosions that might result from this policy. See "Corporate Reorganization" below. To avoid rate increases in the longer term, the Entergy System plans to take advantage of opportunities available through least cost planning, as discussed above.

In 1992, FERC approved, with certain modifications, the proposal of the System operating companies and Entergy Power to sell wholesale power at market-based rates and to provide to electric utilities "open access" to the System's transmission system (subject to certain requirements). Various intervenors in the proceeding filed petitions for review with the United States Court of Appeals for the District of Columbia Circuit. FERC's order, once it takes effect, will increase marketing opportunities for the Entergy System, but will also expose the System to the risk of loss of load or reduced revenues due to competition with alternative suppliers.

See Note 2, incorporated herein by reference, for information with respect to a decision issued by FERC that, if implemented, would require System Energy to write off and not recover in rates approximately $95 million of Grand Gulf 1 costs.

CLEAN AIR ACT AMENDMENTS

The Clean Air Act Amendments of 1990 (Act), among other things, place limits on emissions of sulfur dioxide and nitrogen oxide from fossil-fueled generating plants. Utilities must comply with the first phase by 1995 and with the second phase by 2000. Based on current evaluations of our existing facilities, we believe that no additional equipment will be required to control sulfur dioxide emissions to comply with the Act. We may be required to install emission controls at our four coal units and to install continuous emission monitoring systems at some or all of our fossil-fueled units to control nitrogen oxide emissions. We currently estimate that total capital costs of approximately $19.1 million could be required to comply with this and other provisions of the Act.

ENTERGY-GULF STATES UTILITIES COMPANY MERGER

Entergy and Gulf States have entered into a Reorganization Agreement for their proposed merger. At separate meetings in December 1992, Entergy and Gulf States common stockholders approved the proposed merger. Completion of the merger is subject to various conditions, including receipt of all necessary regulatory approvals. The merger would make Entergy one of the country's larger retail electric utilities, and offer opportunities for greater operating efficiencies and economies of scale. Entergy will pay Gulf States stockholders the equivalent of $20 for each share of Gulf States common stock. The maximum amount of cash payable by Entergy to Gulf States stockholders is $250 million, with the balance of the $2.28 billion acquisition to be paid in shares of stock of the new company formed in the merger. If terminated under certain circumstances, Entergy would pay termination fees and expenses of up to $75 million to Gulf States. Entergy is working toward obtaining all necessary approvals by year-end 1993, but there is no assurance that they will be obtained on satisfactory terms. Following consummation of the transaction, it is possible that common stockholders may experience some dilution in earnings in the short term. Entergy believes, however, that the merger will be beneficial to common stockholders over the longer term, both in terms of strategic benefits, and the economies and efficiencies expected to be produced. See Note 8, incorporated herein by reference, for additional information on the proposed merger.

STRATEGIC ACQUISITIONS

Entergy continues to seek new opportunities to expand its electric energy business, including expansion into related nonutility businesses. Entergy expects to invest approximately $100 million per year, up to $300 million over the next three years, in nonregulated business opportunities. Entergy may finance any such expansion with either cash on hand and/or notes to banks or other securities. Further, shareholder and/or regulatory approvals may be required for such acquisitions to take place.

CORPORATE REORGANIZATION

We are continuing to reorganize our corporate structure and streamline our operations in order to bring Entergy's administrative and general costs in line with top-performing electric utilities. In addition, we are also implementing more stringent budgeting practices to contain costs.

ACCOUNTING ISSUES

See Note 10, incorporated herein by reference, for information on postretirement benefits other than pensions (SFAS No. 106) and postemployment benefits (SFAS No. 112). See Note 3, incorporated herein by reference, for information on accounting for income taxes (SFAS No. 109).

SUMMARY

The Entergy System's future financial condition will be affected by many opportunities and challenges. Our proposed merger with Gulf States will make Entergy one of the larger retail electric utility companies and offer opportunities for greater operating efficiencies and economies of scale. In addition, our continuing investment in nonregulated and nonutility businesses will help us diversify and expand. Our positioning related to the provisions of the Energy Policy Act of 1992 will also enable Entergy to aggressively and effectively compete in the evolving electric energy industry.

Entergy's Least Cost Integrated Resource Plan will help us to plan and work with our customers and regulators to meet future energy needs. In addition, Entergy will continue to streamline operations and contain costs in an effort to bring Entergy in line with top-performing electric utilities.

REPORT OF MANAGEMENT

The management of Entergy Corporation has prepared and is responsible for the financial statements and related financial information included herein. The financial statements are based on generally accepted accounting principles. Financial information included elsewhere in this report is consistent with the financial statements.

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

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

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

EDWIN LUPBERGER
Chairman and Chief Executive Officer

GERALD D. MCINVALE
Senior Vice President and Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF ENTERGY CORPORATION

We have audited the accompanying consolidated balance sheets of Entergy Corporation and subsidiaries as of December 31, 1992 and 1991, and the related statements of consolidated income, retained earnings and paid-in capital, and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Entergy Corporation and subsidiaries at December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992 in conformity with generally accepted accounting principles.

Deloitte & Touche

DELOITTE & TOUCHE
New Orleans, Louisiana
February 12, 1993

AUDIT COMMITTEE CHAIRMAN'S LETTER

The Entergy Corporation Board of Directors' Audit Committee is comprised of seven directors who are not officers of Entergy Corporation: John A. Cooper, Jr. (Chairman), Brooke H. Duncan, Lucie J. Fjeldstad, James R. Nichols, H. Duke Shackelford, John N. Palmer, and Dr. Walter Washington. The committee held three meetings during 1992.

The Audit Committee oversees Entergy's financial reporting process on behalf of Entergy's Board of Directors. In fulfilling its responsibility, the committee recommended to the board, subject to stockholder approval, the selection of Entergy's independent public accountants (Deloitte & Touche). Also, the committee oversees and coordinates the activities and policies of the subsidiary companies' audit committees.

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

JOHN A. COOPER, JR.
Chairman, Audit Committee

Entergy Director Robert v.d. Luft, 57, senior vice president, Du Pont Chemicals, E.I. Du Pont de Nemours and Company, West Chester, Penn. Became an Entergy director in 1992; serves on the Personnel and Public Affairs committees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of Entergy and its subsidiaries: AP&L, LP&L, MP&L, NOPSI, System Energy, Entergy Operations, Entergy Power, Entergy Power Development Corporation, Entergy Richmond Power Corporation, Entergy Services, System Fuels, Entergy Enterprises, Entergy Systems and Service, Inc., and Entergy S.A. All significant intercompany transactions have been eliminated. Entergy's utility subsidiaries maintain accounts in accordance with FERC and other regulatory guidelines. Certain previously reported amounts have been reclassified to conform to current classifications.

REVENUES AND FUEL COSTS

Three of the System operating companies record revenues when billed to their customers, with no accrual for energy delivered but not yet billed. LP&L, however, accrues revenue for the nonfuel portion of estimated revenues for energy delivered since the latest billings.

The System operating companies' rate schedules include fuel adjustment clauses that allow either current recovery or deferrals of fuel costs until such costs are reflected in the related revenues.

UTILITY PLANT

Utility plant is stated at original cost, with additions to utility plant recorded at cost. The original cost of utility plant retired or removed, plus the applicable removal costs, less salvage, is charged to accumulated depreciation. Maintenance, repairs, and minor replacement costs are charged to operating expenses.

Allowance for funds used during construction (AFUDC) represents the approximate net composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction. Although AFUDC increases utility plant and represents current earnings, it is only realized in cash through depreciation provisions included in rates. The System operating companies' effective composite rates for AFUDC were 9.3%, 9.1%, and 8.7% for 1992, 1991, and 1990, respectively.

Utility plant includes the portions of Grand Gulf 1 and Waterford 3 that were sold and are currently under lease. For financial reporting purposes, these sale and leaseback transactions are required to be reflected as financing transactions in Entergy's Consolidated Financial Statements.

Depreciation is computed on the straight-line basis at rates based on the estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximated 3.0% in 1992 and 1991, and 3.1% in 1990.

Substantially all of the utility plant is subject to liens of the subsidiaries' mortgage bond indentures.

INCOME TAXES

Entergy and its subsidiaries file a consolidated federal income tax return. Income taxes are allocated to the System companies in proportion to their contribution to consolidated taxable income. Securities and Exchange Commission (SEC) regulations require that no System company pay more taxes than it would have had a separate income tax return been filed. Deferred income taxes include differences between book and taxable income to the extent permitted for ratemaking purposes. Investment tax credits are deferred and amortized based upon the average useful life of the related property in accordance with rate treatment.

OTHER NONCURRENT LIABILITIES

The System operating companies record provisions for uninsured property risks and claims for injuries and damages through charges to operation expenses on an accrual basis. Provisions for these accruals, classified as other noncurrent liabilities, have been allowed for ratemaking purposes.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Consolidated Cash Flows, Entergy considers all unrestricted highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

FAIR VALUE DISCLOSURES

SFAS No. 107, which is effective for fiscal years ending after December 15, 1992, requires disclosure of the fair value of all significant financial instruments. The estimated fair value amounts have been determined by Entergy, using available market information and appropriate valuation methodologies. However, considerable judgment is required in developing the estimates of fair value. Therefore, our estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. In addition, gains or losses realized on financial instruments would generally be reflected in future rates and not accrue to the benefit of stockholders.

Entergy considers the carrying amounts of financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments. In addition, Entergy does not presently expect that performance of its obligations will be required in connection with certain off-balance sheet commitments and guarantees considered financial instruments. Due to this factor, and because of the related party nature of these commitments and guarantees, determination of fair value is not considered practicable. See Notes 5, 6, and 8 for additional fair value disclosure.

NOTE 2. RATE AND REGULATORY MATTERS

FERC AUDIT

In December 1990, FERC Division of Audits issued a report for System Energy for the years 1986 through 1988. The report recommended that System Energy (1) write off, and not recover in rates, approximately $95 million of Grand Gulf 1 costs included in utility plant related to certain System income tax allocation procedures alleged to be inconsistent with FERC's accounting requirements, and (2) compute refunds for the years 1987 to date to correct for resulting overcollections from the System operating companies.

In August 1992, FERC issued an opinion and order (August 4 Order) affirming an initial decision by a FERC administrative law judge (ALJ) which found that System Energy overstated its Grand Gulf 1 utility plant account by approximately $95 million as indicated in FERC's report. The order required System Energy to make adjusting accounting entries and refunds, with interest, to the System operating companies within 90 days from the date of the order. System Energy filed a request for rehearing, and in October 1992, FERC issued an order allowing additional time for its consideration of the request. In addition, it deferred System Energy's refund obligation until 30 days after FERC issues an order on rehearing.

If the August 4 Order is implemented, System Energy would need the consent of certain banks to temporarily waive the fixed charge coverage covenants in the letters of credit and reimbursement agreement related to the Grand Gulf 1 sale and leaseback transaction (see Notes 6 and 9). Absent a waiver, System Energy's failure to perform this covenant could cause a draw under the letters of credit and/or early termination of the letters of credit. If the letters of credit were not replaced in a timely manner, a default or early termination of System Energy's leases could result.

Assuming the System operating companies are required to refund or credit to their customers all of the System Energy refund (except for those portions attributable to AP&L's and LP&L's retained share of Grand Gulf 1 costs), implementation of the August 4 Order would result in a reduction in Entergy's consolidated net income of approximately $136.3 million, as of December 31, 1992. However, this reduction could be partially offset by: (1) the write-off by the System operating companies of unamortized balances of corresponding deferred credits (approximately $72.1 million as of December 31, 1992), and (2) any recovery from ratepayers of deferred credits that have been previously amortized and passed on to ratepayers (approximately $19.3 million as of December 31, 1992). The amount of such recovery would depend on each System operating company's associated retail rate treatment. System Energy believes that its consolidated income tax accounting procedures and related rate treatment are in compliance with SEC and FERC requirements and is vigorously contesting this issue. The ultimate resolution of this matter cannot be predicted.

LEAST COST PLANNING

In December 1992, the System operating companies filed a Least Cost Integrated Resource Plan (Plan) with each of its four retail regulators. The Plan includes demand-side measures such as customer energy conservation and shifting electrical usage to off-peak periods. Supply-side measures generally include greater efficiency of power plants through the reconfiguration or addition of equipment. These measures are designed to delay the building of any new power plants by the System for the next 20 years. Without implementing such measures, new electric generating capacity would be needed as early as 1999. Under the Plan, which is subject to regulatory approval, customers would see a slight increase in rates while the initial measures are implemented. Once the programs go into effect, it is anticipated that a reduction in customer bills will result. It is Entergy's intent, with the exception of MP&L, that all Plan-related costs, exclusive of supply-side costs, would be recovered through rate riders. Such rate riders would remain in effect until the next rate filing, when base rates would be adjusted. MP&L will request approval of appropriate cost recovery mechanisms after the Plan has been approved by the Mississippi Public Service Commission. Following implementation, savings will be generated from lower System costs than would have otherwise been necessary. The System estimates that over the next 20 years, the Plan would reduce revenue requirements by approximately $600 million on a net present value basis. Least cost planning enables Entergy, along with its customers and regulators, to prepare to meet our future energy needs.

ENTERGY POWER

Entergy and AP&L filed applications in 1989 with the SEC, FERC, Arkansas Public Service Commission, and Public Service Commission of Missouri for the approval of the formation of Entergy Power and Entergy Power's acquisition of AP&L's interests in Independence 2 and Ritchie 2. All approvals were obtained, and the transfers to Entergy Power were completed in 1990. However, the SEC order was appealed, and a portion of the order was reversed and remanded to the SEC by the United States Court of Appeals for the District of Columbia Circuit in July 1992 for further consideration of the effect of the transfers on the System's future costs of replacement generating capacity and fuel.

Entergy Director Adm. Kinnaird R. McKee, 63, U.S. Navy (ret.), former director of Navy Nuclear Propulsion, Oxford, Md. Joined the Entergy Board in 1990; serves on the Personnel committee.

In August 1990, the City of New Orleans, Louisiana, filed a complaint with FERC against Entergy, the System operating companies, and System Energy. The complaint requested that FERC investigate certain issues related to the transfer of Independence 2 and Ritchie 2 from AP&L to Entergy Power and its effect upon the System operating companies and their ratepayers. In March 1991, FERC issued an order for the investigation of whether overall billings under the System Agreement would increase as a result of the transfer of the two units to Entergy Power and, if so, whether those higher charges reflect prudently incurred costs. It further provided that rates charged under the System Agreement after the transfer of the two units be subject to refund, effective October 1990. Through December 31, 1992, substantially all energy from these units has been available to AP&L, and to date, no refunds are likely to result from the transfer.

In May 1992, an ALJ issued an initial decision concluding that there was sufficient evidence to demonstrate that overall billings will increase. In October 1992, an ALJ ruled in favor of Entergy, the System operating companies, and System Energy and found that the transfer of the two units was prudent. After the parties have had an opportunity to file briefs, FERC will issue a final decision.

RATE DEFERRALS

The System operating companies have various rate moderation or phase-in plans that reduced the immediate effect of Grand Gulf 1 and Waterford 3 costs on ratepayers. Under these plans, certain costs are either retained permanently (and not recovered from ratepayers), deferred in early years and collected in later years, or recovered currently from customers. These plans vary in the proportions of costs each company retains, defers, or recovers and in the length of the deferral/recovery periods. Only those costs retained permanently and not recovered through rates or through sales to third parties result in a reduction of net income. In most cases, the carrying charges associated with unamortized deferrals are recovered currently from customers.

AP&L's permanently retained share of Grand Gulf 1 costs (stated as a percentage of System Energy's 90% owned and leased share of Grand Gulf 1) ranges from 5.67% in 1989 to 7.92% in 1994 and all succeeding years of the unit's commercial operation. In the event AP&L is not able to sell its retained share to third parties, it may sell such energy to its retail customers at a price equal to its avoided energy cost, which is currently less than AP&L's cost of such energy. LP&L permanently absorbs 18% of its 14% (approximately 2.52%) FERC-allocated share of Grand Gulf 1-related costs. LP&L is able to recover through the fuel adjustment clause 4.6 cents per KWH (currently 2.55 cents per KWH through May 1994) for the energy related to its retained portion of these costs. Alternatively, LP&L may sell such energy to nonaffiliated parties at prices above the fuel adjustment clause recovery amount, subject to Louisiana Public Service Commission (LPSC) approval. For the year ended December 31, 1992, System Energy's billings to AP&L and LP&L for Grand Gulf 1-related costs totaled approximately $260.4 million and $101.3 million, respectively.

NOPSI PRUDENCE SETTLEMENT AND FINALIZED PHASE-IN PLAN

The 1991 NOPSI Settlement provided for a finalized phase-in plan for the increased recovery of NOPSI's Grand Gulf 1-related costs over a 10-year period and for a five-year base rate freeze (subject to certain exceptions) with respect to non-Grand Gulf 1 electric rates. In 1991, NOPSI recorded on its balance sheet a $90 million deferred asset of previously incurred but unrecovered Grand Gulf 1-related costs, with a corresponding pretax gain on the income statement. This gain increased 1991 consolidated net income by $48.6 million after taxes.

FERC COMPLAINT CASE SETTLEMENT

In September 1991, FERC approved a settlement among the System companies and various state and local regulatory authorities which, (1) required credits from System Energy to the System operating companies of approximately $48 million, (2) increased System Energy's decommissioning collections, and (3) reduced the allowed rate of return on common equity under the System Agreement and for System Energy from 14% to 13%. As a result of the settlement, 1991 consolidated net income was reduced by approximately $30 million.

NOTE 3. INCOME TAXES

Income tax expense consists of the following:
For the Years Ended December 31,
(In thousands)

		1992	1991	1990
CURRENT:	Federal	**$ 99,898**	$ 64,111	$ 35,000
	State	**23,596**	13,158	35,231
	Total	**123,494**	77,269	70,231
DEFERRED – NET:	Reclassification due to net operating loss carryforwards	**35,969**	(22,516)	112,729
	Rate deferrals – net	**(54,079)**	(3,248)	4,274
	Gas contracts settlement	**15,180**	15,342	13,325
	Liberalized depreciation	**107,976**	116,266	109,056
	Unbilled revenue	**(18,902)**	6,633	(4,901)
	Alternative minimum tax	**6,577**	16,019	(58,578)
	Bond retirement costs	**11,496**	(1,256)	(3,170)
	Nuclear refueling and maintenance	**9,740**	484	(8,881)
	Other	**(1,595)**	(6,465)	(2,616)
	Total	**112,362**	121,259	161,238
INVESTMENT TAX CREDIT ADJUSTMENTS – NET		**20,607**	78,623	83,805
	Recorded income tax expense	**$256,463**	$277,151	$315,274
CHARGED TO OPERATIONS		**$210,081**	$243,760	$265,419
CHARGED TO OTHER INCOME		**46,382**	33,391	49,855
	Recorded income tax expense	**256,463**	277,151	315,274
INCOME TAXES APPLIED AGAINST THE DEBT COMPONENT OF AFUDC		**696**	886	751
	Total income taxes	**$257,159**	$278,037	$316,025

Unused investment tax credits at December 31, 1992, amounted to $221.1 million after the 35% reduction required by the Tax Reform Act of 1986. These credits may be applied against federal income tax liabilities and, if not utilized, will expire in 1998 through 2005. The alternative minimum tax (AMT) credit at December 31, 1992, was $98.2 million. This AMT credit can be carried forward indefinitely and will reduce the System's federal income tax liability in the future.

In February 1992, the Financial Accounting Standards Board (FASB) issued SFAS No. 109, "Accounting for Income Taxes," which is generally effective for fiscal years beginning after December 15, 1992. The new standard requires that deferred income taxes be recorded for all temporary differences and carryforwards, and that deferred tax balances be based on enacted tax laws at rates that are expected to be in effect when the temporary differences reverse. The new standard was adopted by the System effective January 1, 1993. As a result of the adoption of SFAS No. 109, 1993 consolidated net income will be reduced by $10.2 million, assets will be increased by $1,468.0 million, and liabilities will be increased by $1,478.2 million. This adjustment includes deferred income tax liabilities and related regulatory assets recorded for cumulative income tax timing differences, which will be recovered through rates when the timing differences reverse.

Entergy Director James R. Nichols, 54, partner of Nichols and Pratt, family trustees, Boston. Joined the Entergy Board in 1986; serves on the Personnel (chairman), Audit and Executive committees.

Total income taxes differ from the amount computed by applying the statutory Federal rate to income before taxes. The reasons for the difference are:

For the Years Ended December 31,
(Dollars in thousands)

	1992		1991		1990	
	AMOUNT	% OF PRE-TAX INCOME	AMOUNT	% OF PRE-TAX INCOME	AMOUNT	% OF PRE-TAX INCOME
COMPUTED AT STATUTORY RATE	**$257,461**	**34.0**	$279,395	34.0	$291,169	34.0
INCREASES (REDUCTIONS) IN TAX RESULTING FROM: Amortization of excess deferred income taxes	**(6,537)**	**(0.9)**	(7,318)	(0.9)	(5,304)	(0.6)
State income taxes net of federal income tax effect	**26,057**	**3.5**	23,741	2.9	28,696	3.4
Amortization of investment tax credit	**(26,885)**	**(3.6)**	(22,470)	(2.7)	(16,655)	(1.9)
Depreciation	**4,527**	**0.6**	5,693	0.7	8,090	0.9
Other – net	**1,840**	**0.3**	(1,890)	(0.2)	9,278	1.0
RECORDED INCOME TAX EXPENSE	**256,463**	**33.9**	277,151	33.8	315,274	36.8
INCOME TAXES APPLIED AGAINST THE DEBT COMPONENT OF AFUDC	**696**	**0.1**	886	0.1	751	0.1
Total income taxes	**$257,159**	**34.0**	$278,037	33.9	$316,025	36.9

NOTE 4. LINES OF CREDIT AND RELATED BORROWINGS

The SEC has authorized the System operating companies and System Energy to effect short-term borrowings up to an aggregate of $518 million, subject to increase to as much as $908 million (subject to individual authorizations for each company), after further SEC approval. These authorizations are effective through November 30, 1994. As of December 31, 1992, AP&L, LP&L, and MP&L had unused lines of credit for short-term borrowings of $147 million from banks within their service territory. In addition, the System operating companies, System Energy, Entergy Operations, Entergy Services, and System Fuels can borrow from each other and from Entergy through the System money pool, an intra-System borrowing arrangement designed to reduce the System's dependence on external short-term borrowings. Short-term borrowings by MP&L and NOPSI are limited by the terms of their respective G & R Bond indentures to amounts not exceeding the greater of 10% of capitalization or 50% of Grand Gulf 1 rate deferrals available to support the issuance of G & R Bonds.

Entergy has requested SEC approval for a $300 million bank line of credit. System Fuels has financing agreements totaling $65 million. These are restricted as to use, and are secured by fuel inventories and certain accounts receivable from the sales of these inventories. Entergy Services, Entergy Operations, Entergy Power, and Entergy Systems and Service, Inc., have authorization for borrowings from Entergy of $90 million, $15 million, $250 million, and $100 million, respectively. As of December 31, 1992, Entergy Power had $185.1 million of borrowings outstanding under these arrangements.

NOTE 5. PREFERRED AND COMMON STOCK

The number of shares and dollar value of the System operating companies' preferred stock was:

As of December 31, (Dollars in thousands)		Shares Authorized and Outstanding		Total Dollar Value		Call Price per Share as of December 31,
		1992	1991	1992	1991	1992[2]
WITHOUT SINKING FUND:	Cumulative, $100 par value					
	4.16% – 5.56% Series	1,070,106	1,070,106	$107,011	$107,011	$102.50 to $107.00
	6.08% – 8.56% Series	1,380,000	1,180,000	138,000	118,000	$102.80 to $103.78
	9.16% – 11.48% Series	75,000	445,000	7,500	44,500	$104.06
	Cumulative, $25 par value					
	8.00% – 9.68% Series	3,880,000	2,400,000	97,000	60,000	$ 26.56
	10.40% Series	–	600,000	–	15,000	–
	Cumulative, $0.01 par value					
	$2.40 Series[1]	2,000,000	2,000,000	20	20	
	$1.96 Series[1]	600,000	–	6	–	
	Premium	–	–	65,512	51,362	
	Issuance/discount expense	–	–	(6,090)	(3,935)	
	Total without sinking fund			$408,959	$391,958	
WITH SINKING FUND:	Cumulative, $100 par value					
	7.00% – 9.76% Series	1,835,000	1,454,940	$183,500	$145,494	$104.37 to $106.75
	10.60% – 12.00% Series	137,700	207,700	13,770	20,770	$104.09 to $109.00
	15.44% – 16.16% Series	79,495	109,495	7,950	10,950	$107.72 to $112.12
	Cumulative, $25 par value					
	9.92% – 12.64% Series	2,931,666	3,551,666	73,291	88,791	$ 26.34 to $ 27.37
	13.12% – 15.20% Series	1,021,537	1,696,697	25,538	42,418	$ 26.64 to $ 28.22
	Premium	–	–	338	401	
	Issuance/discount expense	–	–	(8,274)	(10,492)	
	Total with sinking fund			$296,113	$298,332	

(1) The involuntary liquidation value equals $25 per share.
(2) Certain series are not redeemable as of December 31, 1992.

The total carrying amount of the System operating companies' preferred stock was approximately $705 million as of December 31, 1992. The fair value, determined using bid prices reported by dealer markets and by a nationally recognized investment banking firm, was estimated to be $701 million as of December 31, 1992. See Note 1 for additional information on disclosure of fair value of financial instruments.

As of December 31, 1992, the System operating companies had 4,581,500, 13,518,915, and 12,400,000 shares of cumulative, $100, $25, and $0.01 par value preferred stock, respectively, that were authorized but unissued.

Entergy Director John V. Palmer, 58, chairman and CEO of Mobile Telecommunication Technologies Corp., Jackson, Miss. Joined the Entergy Board in 1992; serves on the Audit and Public Affairs committees.

Changes in the preferred stock of the System operating companies, with and without sinking fund, during the last three years were:

		NUMBER OF SHARES		
		1992	1991	1990
PREFERRED STOCK ISSUANCES:	$100 Par Value			
	7.00% Series	**500,000**	–	–
	8.00% Series	–	350,000	–
	8.36% Series	**200,000**	–	–
	$25 Par Value			
	8.00% Series	**1,480,000**	–	–
	9.68% Series	–	2,000,000	–
	$0.01 Par Value			
	$1.96 Series	**600,000**	–	–
	$2.40 Series	–	2,000,000	–
PREFERRED STOCK RETIREMENTS:	$100 Par Value			
	8.52% Series	**(49,940)**	(10,060)	(15,000)
	9.00% Series	**(70,000)**	(70,000)	–
	9.44% Series	**(300,000)**	–	–
	9.52% Series	**(70,000)**	–	–
	10.60% Series	**(20,000)**	(20,000)	(10,000)
	11.04% Series	**(40,000)**	(40,000)	(20,000)
	11.48% Series	–	(350,000)	–
	12.00% Series	**(10,000)**	(10,000)	(10,000)
	15.44% Series	**(15,000)**	(15,000)	(15,000)
	16.16% Series	**(15,000)**	(15,000)	(15,000)
	$25 Par Value			
	9.92% Series	**(80,000)**	(80,000)	(66,433)
	10.40% Series	**(600,000)**	–	–
	10.72% Series	**(240,000)**	(240,000)	(240,000)
	12.64% Series	**(300,000)**	(300,000)	(300,000)
	13.12% Series	**(160,000)**	(160,000)	(160,000)
	13.28% Series	**(200,000)**	(200,000)	(200,000)
	14.72% Series	**(200,000)**	(200,000)	(200,000)
	15.20% Series	**(115,160)**	(120,000)	(120,000)

Cash sinking fund requirements for the next five years for preferred stock outstanding as of December 31, 1992, are (in millions): 1993 – $37.3; 1994 – $37.3; 1995 – $31.5; 1996 – $23.0; and 1997 – $22.0.

Entergy has SEC authorization to repurchase, through December 31, 1994, up to 27.1 million shares of its outstanding common stock, either on the open market or through negotiated purchases or tender offers. Stock repurchases are made from time to time depending upon market conditions and authorization of the Entergy board. From the inception of the program in December 1989 through December 31, 1992, Entergy had repurchased and retired (returned to authorized but unissued status) 29,443,700 shares of its common stock at an aggregate cost of $649.7 million. Of this amount, 3,671,900 shares, 6,447,900 shares, and 18,734,400 shares, respectively, were repurchased and retired in 1992, 1991, and 1990. In addition, 1,943 shares of common stock repurchased during 1992 were accounted for as treasury stock at a cost of $54,263 (using the average cost method).

The Stock Plan for Outside Directors (Directors Plan) and the Equity Ownership Plan of Entergy Corporation and Subsidiaries (Equity Plan) were approved by Entergy shareholders and adopted during 1991, and amendments to the Equity Plan were approved and adopted in 1992. Entergy has SEC authorization to acquire, through December 31, 1994, up to 3,000,000 shares of its common stock to be held as treasury shares, and to be reissued to meet the requirements of these (and certain other) stock benefit plans.

The Directors Plan awards nonemployee directors a portion of their compensation in the form of a fixed number of shares of Entergy common stock. During 1991 and 1992 7,000 shares and 14,904 shares, respectively, were awarded under the Directors Plan.

The Equity Plan grants stock options, restricted shares, and equity awards to key employees of the System companies. The costs of awards are charged to income over the period of the grant or restricted period, as appropriate. Amounts charged to compensation expense in 1992 were immaterial. Stock options, which comprise 50% of the shares targeted for distribution under the Equity Plan, are granted at exercise prices not less than market value on the date of grant. The options are generally exercisable no less than six months or more than 10 years after the date of grant. No options were granted in 1991. During 1992, nonstatutory stock options, with an exercise price of $29.625 per share, were granted for 50,000 shares of Entergy common stock. Options to purchase 5,000 shares were exercised during 1992. As of December 31, 1992, options to purchase 45,000 shares were outstanding, all of which were currently exercisable at $29.625 per share.

NOTE 6. LONG-TERM DEBT

The long-term debt of Entergy's subsidiaries at December 31, 1992 and 1991 was as follows:

(In thousands)		1992	1991
FIRST MORTGAGE BONDS		**$2,883,266**	$3,213,021
GENERAL AND REFUNDING BONDS – due 1993-1997, 5.95%–14.95%		**383,600**	318,600
OTHER:	Long-term obligation – Department of Energy (Note 8)	**97,959**	94,453
	Municipal revenue bonds – due serially through 2004, 2.75% – 8%, and other future obligations	**590**	14,449
	Pollution control revenue bonds and installment purchase contracts*:		
	Due serially through 2014, 6.4%–10%	**54,460**	55,890
	Due 1995-2022, 6-1/8%–12-1/2%	**1,023,716**	979,367
	Purchase obligations under inventory supply agreement	**21,737**	23,649
	Grand Gulf 1 lease obligations 9.86% (Note 9)	**500,000**	500,000
	Waterford 3 lease obligations 8.76% (Note 9)	**353,600**	353,600
	Total other	**2,052,062**	2,021,408
UNAMORTIZED PREMIUM AND DISCOUNT – NET:		**(35,779)**	(39,315)
	Total long-term debt	**5,283,149**	5,513,714
	Less – amount due within one year	**133,805**	230,808
	Long-term debt excluding amount due within one year	**$5,149,344**	$5,282,906

* *Certain series of pollution control revenue bonds and installment purchase contracts are secured by first mortgage bonds.*

The fair value of certain of Entergy's long-term debt as of December 31, 1992, was estimated to be (in millions) $3,028.4 for first mortgage bonds, $411.2 for general and refunding bonds, $878.6 for pollution control revenue bonds, $343.5 for installment purchase contracts, and $0.6 for other future obligations. Fair values were determined using bid prices reported by dealer markets and by nationally recognized investment banking firms. See Note 1 for additional information on disclosure of fair value of financial instruments.

Entergy Director Robert D. Pugh, 64; chairman of Portland Gin Company, agricultural and agri-business in Portland, Ark. Entergy Board member since 1977; serves on the Finance (chairman) and Executive committees.

The outstanding first mortgage bonds of Entergy's subsidiaries as of December 31, 1992, were:

(In thousands)

MATURITY	4-1/8% – 5-7/8%	6% – 8-7/8%	9% – 11-7/8%	12% – 14%	TOTAL
1993	$ 15,000				$ 15,000
1994	25,000			$200,000	225,000
1995	45,000	$105,000	$ 75,000		225,000
1996	108,250	11,160	275,000		394,410
1997	58,000	18,000			76,000
1998-2007		864,287	319,700		1,183,987
2008-2017			175,319		175,319
2018-2021		115,000	473,550		588,550
Total first mortgage bonds					$2,883,266

For the years 1993, 1994, 1995, 1996, and 1997, Entergy's subsidiaries have long-term debt maturities and cash sinking fund requirements in the aggregate of (in millions) $148.1, $341.7, $328.1, $468.2, and $176.1, respectively. In addition, other sinking fund requirements will be satisfied by cash or by certification of property additions at the rate of 167% of such requirements. The amounts associated with this provision total approximately $11.4 million for each of the years 1993 through 1997.

NOTE 7. DIVIDEND RESTRICTIONS

Various agreements relating to the long-term debt and preferred stock of Entergy's subsidiaries restrict the payment of cash dividends or other distributions on their common stock. In addition to these restrictions, the Public Utility Holding Company Act of 1935 prohibits Entergy's subsidiaries from making loans or advances to Entergy. As of December 31, 1992, Entergy's subsidiaries had restricted common equity of approximately $3,372.1 million, including $630.3 million of restricted retained earnings, which were unavailable for distribution to Entergy.

NOTE 8. COMMITMENTS AND CONTINGENCIES

ENTERGY – GULF STATES MERGER

Entergy and Gulf States have entered into a Reorganization Agreement for their proposed merger. At separate meetings in December 1992, Entergy and Gulf States common stockholders approved the proposed merger. Completion of the merger is subject to various conditions, including receipt of all necessary regulatory approvals. The merger would make Entergy one of the country's larger retail electric utilities, and offer opportunities for greater operating efficiencies and economies of scale. Entergy will pay Gulf States stockholders the equivalent of $20 for each share of Gulf States common stock. The maximum amount of cash payable by Entergy to Gulf States stockholders is $250 million, with the balance of the $2.28 billion acquisition to be paid in shares of stock of the new holding company formed in the merger. If terminated under certain circumstances, Entergy would pay termination fees and expenses of up to $75 million to Gulf States.

Entergy and Gulf States have filed joint applications with the LPSC and the Public Utility Commission of Texas (PUCT) requesting authorization to combine their systems. In addition, certain System companies and Gulf States have made joint filings with FERC and the SEC requesting approvals for proposed transactions relating to the merger. Various interventions have been filed in the four proceedings. The LPSC hearings commenced in October 1992 and a final decision is expected in the first half of 1993. The PUCT has scheduled hearings to begin in March 1993. In January 1993, FERC approved an expedited hearing schedule and an initial decision is expected no later than August 1993. Entergy is working toward obtaining all necessary approvals by year-end 1993, but there is no assurance that they will be obtained on satisfactory terms.

NONREGULATED INVESTMENTS

Entergy expects to invest approximately $100 million per year, up to $300 million over the next three years, in nonregulated business opportunities. This is in addition to

approximately $58 million invested in electric distribution facilities in Argentina in January 1993, originally anticipated to close during 1992.

CAPITAL REQUIREMENTS AND FINANCING

Construction expenditures (excluding nuclear fuel) for the years 1993, 1994, and 1995 are estimated to total $455.8 million, $435.8 million, and $420.6 million, respectively. The System will also require $924.3 million during the period 1993-1995 to meet long-term debt maturities and cash sinking fund requirements. The System plans to meet the above requirements primarily with internally generated funds and cash on hand, supplemented by the issuance of debt or preferred stock. Certain System companies may also proceed with the acquisition of all or a portion of certain outstanding series of high-cost debt and preferred stock.

CAPITAL FUNDS AGREEMENT

Entergy has agreed to arrange for or supply to System Energy sufficient amounts of capital to (1) maintain System Energy's equity capital at not less than 35% of System Energy's total capitalization (excluding short-term debt), and (2) continue commercial operation of Grand Gulf 1 and enable System Energy to pay its borrowings. In addition, under supplements to the Capital Funds Agreement assigning System Energy's rights as security for specific debt of System Energy, Entergy has agreed to make cash capital contributions to enable System Energy to make payments on such debt when due.

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

LONG-TERM CONTRACTS

The Entergy System has several long-term contracts to purchase natural gas and low-sulfur coal for use at its generating units. LP&L has a long-term agreement through the year 2031 to purchase energy generated by a hydroelectric facility. If the maximum percentage (94%) of the energy is made available to LP&L, current production projections would require estimated payments of approximately $47.0 million per year through 1996, $54.0 million in 1997, and a total of $3.5 billion for the years 1998 through 2031. LP&L recovers the cost of purchased energy through its fuel adjustment clause.

NUCLEAR INSURANCE

The Price-Anderson Act limits public liability for a single nuclear incident to approximately $7.81 billion, as of December 31, 1992. The System has protection for this liability through a combination of private insurance (currently $200 million) and an industry assessment program. Under the assessment program, the maximum amount the System would be required to pay for each nuclear incident would be $66.15 million per reactor, payable at a rate of $10 million per licensed reactor per incident per year. As a co-licensee of Grand Gulf 1 with System Energy, South Mississippi Electric Power Association (SMEPA) would share in this obligation. The System has four licensed reactors. In addition, the System participates in a private insurance program which provides coverage for worker tort claims filed for bodily injury caused by radiation exposure. The program provides for a maximum assessment of approximately $12.5 million for the System's four nuclear units, in the event losses exceed accumulated reserve funds.

AP&L, LP&L, and System Energy are also members of certain insurance programs that provide coverage for property damage, including decontamination expense, to members' nuclear generating plants. As of December 31, 1992, AP&L, LP&L, and System Energy each were insured against such losses up to $2.59 billion, with a $350 million sublimit for premature decommissioning coverage for each nuclear unit, except with a $325.5 million sublimit for ANO 1. In addition, AP&L, LP&L, MP&L, and NOPSI are members of an insurance program that covers certain replacement power and business interruption costs incurred due to prolonged nuclear unit outages. Under the property damage and replacement power/business interruption insurance programs, these System companies could be subject to assessments if losses exceed the accumulated funds available to the insurers. As of December 31, 1992, the maximum amounts of such possible assessments were: AP&L – $18.98 million; LP&L – $22.35 million; MP&L – $0.64 million; NOPSI – $0.35 million; and System Energy – $21.70 million. Under its agreement with System Energy, SMEPA would share in System Energy's obligation.

The amount of property insurance carried by the System exceeds the NRC's minimum requirement for nuclear power plant licensees of $1.06 billion per site. NRC regulations provide that the proceeds of this insurance must be used, first, to place and maintain the reactor in a safe and stable condition and, second, to complete decontamination operations. Only after proceeds are dedicated for such use

Entergy Director H. Duke Shackelford, 66, a planter and president of Shackelford Company, Inc., Bonita, La. Joined the Entergy Board in 1981; serves on the Audit and Public Affairs committees.

and regulatory approval is secured, would any remaining proceeds be made available for the benefit of plant owners or their creditors.

SPENT NUCLEAR FUEL AND DECOMMISSIONING COSTS

The System operating companies provide for estimated future disposal costs for spent nuclear fuel in accordance with the Nuclear Waste Policy Act of 1982. The affected System companies entered into contracts with the Department of Energy, whereby the DOE will furnish disposal service at a cost of one mill per net KWH generated and sold after April 7, 1983, plus a one-time fee for generation prior to that date. AP&L, the only System company that generated electricity with nuclear fuel prior to that date, elected to pay the one-time fee, plus accrued interest, and has recorded a liability as of December 31, 1992, of approximately $98.0 million. The fees payable to the DOE may be adjusted in the future to assure full recovery. The System considers all costs incurred or to be incurred, except accrued interest, for the disposal of spent nuclear fuel to be proper components of nuclear fuel expense, and provisions to recover such costs have been or will be made in applications to regulatory authorities.

Due to delays of the DOE's repository program for the acceptance of spent nuclear fuel, it is uncertain when shipments of spent fuel from the System's nuclear units will commence. In the meantime, the affected companies are responsible for spent fuel storage. Current on-site spent fuel storage capacity at ANO, Waterford 3, and Grand Gulf 1 is estimated to be sufficient until 1995, 2001, and 2004, respectively. Thereafter, the affected companies will provide additional storage. The cost of providing the additional on-site spent fuel storage capability required at ANO, Waterford 3, and Grand Gulf 1 is approximately $5.0 million to $10.0 million (in 1992 dollars) per unit. In addition, approximately $3.0 million to $5.0 million (in 1992 dollars) per unit will be required every two to three years subsequent to 1995 for ANO and every four to five years subsequent to 2001 and 2004 for Waterford 3 and Grand Gulf 1, respectively, until the DOE's repository begins accepting such units' spent fuel.

Decommissioning costs for ANO, Waterford 3, and Grand Gulf 1 were estimated to be approximately $600 million (based on an update made in 1992 to the original decommissioning cost study), $203.0 million (based on an update made in 1988 to the original decommissioning cost study), and $248.7 million (based on a 1989 decommissioning cost study), respectively. LP&L is authorized to recover through rates amounts that, when added to estimated investment income, should be sufficient to meet the above estimated decommissioning costs for Waterford 3. However, System Energy and AP&L are currently recovering in rates amounts sufficient to fund $198.0 million (in 1989 dollars) and $399.4 million (in 1992 dollars), respectively, of their decommissioning costs. AP&L, LP&L, and System Energy review and update estimated decommissioning costs, and applications will be made to the appropriate regulatory authorities to reflect in rates any future change in projected decommissioning costs. The amounts recovered in rates are deposited in external trust funds, with a market value of $138.5 million as of December 31, 1992.

The Energy Policy Act of 1992 has a provision that assesses domestic nuclear utilities with fees for the decontamination and decommissioning of DOE's past uranium enrichment operations. The decontamination and decommissioning assessments will be used to set up a fund into which contributions from utilities and the federal government will be placed. AP&L's, LP&L's, and System Energy's annual assessments, which will be adjusted annually for inflation, are approximately $4.2 million, $0.5 million, and $1.1 million (in 1992 dollars), respectively, for approximately 15 years. The cumulative liability of $87.5 million was recorded at December 31, 1992, as a deferred credit. The legislation requires that regulators treat these assessments as costs of fuel when paid. The cumulative liability is offset in the consolidated financial statements by an equal regulatory asset, recorded as a deferred debit.

SETTLEMENT AGREEMENT WITH GAS SUPPLIER

A 1982 settlement agreement between LP&L and a gas supplier resulted in the payment to LP&L of $1.087 billion in cash and a guaranty of savings of at least $585.0 million in certain gas acquisition costs between 1982 and 1996. In 1983, the LPSC ordered LP&L to refund the settlement proceeds to customers over the period 1983-1993. As of December 31, 1992, the remaining liability to customers was approximately $56.0 million.

ANO MATTERS

In 1990, in response to an NRC report, AP&L implemented a comprehensive action plan for ANO designed to correct certain management, organizational, and technical problems, and to improve the long-term operational effectiveness and safety of the units. This action plan will be largely completed in 1993 and will result in specific operating expenditures for 1993 of approximately $3.6 million.

On March 9, 1992, Entergy Operations shut down ANO 2 due to indications of leaks in certain steam generator tubes. Entergy Operations performed inspections of selected portions of the tubing in each of the unit's two steam generators, and the leaks were identified and repaired. After repairs at ANO 2 were completed, the unit was returned to service on May 3, 1992. During a refueling outage in September 1992, a comprehensive inspection of all steam generator tubing was made and necessary repairs were made. The operations and power output of the unit have not been adversely affected by these repairs. Further comprehensive steam generator tube inspections will be conducted during a 20-day mid-cycle outage scheduled to begin April 30, 1993.

NOTE 9. LEASES

GENERAL

As of December 31, 1992, the System had capital leases and noncancelable operating leases (excluding nuclear fuel leases and the sale and leaseback transactions discussed below) with minimum lease payments as follows:

(In thousands)	CAPITAL LEASES	OPERATING LEASES
1993	$ 20,730	$ 30,120
1994	20,534	26,912
1995	20,635	19,551
1996	16,641	17,925
1997	12,251	12,646
Years thereafter	78,932	57,438
Minimum lease payments	169,723	$164,592
Less: amount representing interest	70,984	
Present value of net minimum lease payments	$ 98,739	

Rental expense for capital and operating leases (excluding nuclear fuel leases and the sale and leaseback transactions) amounted to approximately $75.5 million, $73.8 million, and $81.3 million in 1992, 1991, and 1990, respectively.

NUCLEAR FUEL LEASES

AP&L, LP&L, and System Energy have arrangements to lease nuclear fuel in an aggregate amount up to $420 million. The lessors finance their acquisitions of nuclear fuel through credit agreements and the issuance of notes. If a lessor cannot arrange financing upon maturity of its borrowings, the lessee must purchase nuclear fuel in an amount sufficient to enable the lessor to retire such borrowings.

Lease payments are based on nuclear fuel use. Nuclear fuel lease expense, including interest, of $158.4 million, $185.6 million, and $199.9 million was charged to operations in 1992, 1991, and 1990, respectively.

SALE AND LEASEBACK TRANSACTIONS

In 1988 and 1989, System Energy and LP&L, respectively, sold and leased back portions of their ownership interests in Grand Gulf 1 and Waterford 3, for 26-1/2- and 28-year lease terms, respectively. Both companies have options to terminate the leases, to repurchase the sold interests, or to renew the leases at the end of their terms.

Under System Energy's sale and leaseback arrangement, letters of credit are required to be maintained to secure certain amounts payable, for the benefit of equity investors, by System Energy under the leases. The letters of credit currently maintained are effective until January 1994. It is expected that the letters of credit will either be renewed, extended or replaced prior to expiration.

If LP&L does not exercise its option to repurchase the lease interests in Waterford 3 in September 1994, LP&L will be required to provide collateral to secure the equity portion of certain of its obligations under the lease. This collateral would be either a letter of credit or a new series of first mortgage bonds issued by LP&L.

As of December 31, 1992, System Energy and LP&L had future minimum lease payments (reflecting implicit rates of 9.86% and 8.76%, respectively) as follows:

(In thousands)	SYSTEM ENERGY	LP&L
1993	$ 49,333	$ 32,568
1994	51,295	32,568
1995	52,247	32,569
1996	52,247	35,165
1997	52,247	39,805
Years thereafter	1,091,379	768,189
Total	$1,348,748	$940,864

NOTE 10. POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

PENSION PLANS

The System companies have various postretirement benefit plans covering substantially all of their employees. The pension plans are noncontributory and provide pension benefits based on employees' credited service and average compensation, generally during the last five years before retirement. Entergy and its subsidiaries fund pension costs in accordance with contribution guidelines established by the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code of 1986, as amended. The assets of the plans consist primarily of common and preferred stocks, fixed income securities, interest in a money market fund, and insurance contracts.

Entergy Director Wm. Clifford Smith, 57, president of T. Baker Smith & Son, Inc., a civil engineering and land survey consulting firm in Houma, La. Joined the Entergy Board in 1983; serves on the Public Affairs committee.

Total 1992, 1991, and 1990 pension cost of Entergy and its subsidiaries, including amounts capitalized, included the following components:

For the Years Ended December 31, (In thousands)	1992	1991	1990
Service cost – benefits earned during the period	**$ 18,784**	$ 16,393	$ 19,482
Interest cost on projected benefit obligation	**50,225**	44,367	40,117
Actual return on plan assets	**(43,772)**	(120,705)	2,858
Net amortization and deferral	**(8,243)**	70,760	(52,978)
Other	–	2,888	–
Net pension cost	**$ 16,994**	$ 13,703	$ 9,479

The funded status of Entergy's various pension plans at December 31, 1992 and 1991, was as follows:

(In thousands)	1992	1991
Actuarial present value of accumulated pension plan benefits:		
Vested	**$554,422**	$494,331
Nonvested	**3,652**	39,549
Accumulated benefit obligation	**$558,074**	$533,880
Plan assets at fair value	**$647,413**	$637,395
Projected benefit obligation	**671,782**	620,033
Plan assets in excess of (less than) projected benefit obligation	**(24,369)**	17,362
Unrecognized prior service cost	**21,335**	22,750
Unrecognized transition asset	**(68,914)**	(76,266)
Unrecognized net gain	**(8,222)**	(31,522)
Accrued pension liability	**$ (80,170)**	$ (67,676)

The significant actuarial assumptions used in computing the information above were as follows:

	1992	1991	1990
Weighted average discount rate	**8.25%**	8.25%	8.75%
Weighted average rate of increase in future compensation levels	**5.6%**	5.6%	5.6%
Expected long-term rate of return on plan assets	**8.5%**	8.5%	8.5%

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

OTHER POSTRETIREMENT BENEFITS

The System companies also provide certain health care and life insurance benefits for retired employees. Substantially all employees may become eligible for these benefits if they reach retirement age while still working for the System companies. The cost of providing these benefits, recorded on a cash basis, to retirees in 1992 was approximately $13 million. Prior to 1992, the cost of providing these benefits for retirees was not separable from the cost of providing benefits for active employees. The total cost of providing these benefits, recorded on a cash basis, and the number of active employees and retirees for 1991 and 1990 is presented in the following table:

	1991	1990
Total cost of health care and life insurance *(In thousands)*	$49,473	$42,547
Number of active employees	12,391	13,403
Number of retirees	3,877	3,709

Effective January 1, 1993, Entergy must implement SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The new standard requires a change from a cash method to an accrual method in accounting for these benefits. At January 1, 1993, the actuarially determined accumulated postretirement benefit obligation earned by retirees and active employees was estimated to be approximately $241.4 million. This obligation will be amortized over a 20-year period beginning in 1993. Adoption of this new standard is expected to increase the System's annual expense associated with these benefits by approximately $23.5 million, including the effects of the amortization of the transition obligation.

The System operating companies are currently seeking approval, in their respective regulatory jurisdictions, to implement the appropriate accounting requirements relating to SFAS No. 106 for ratemaking purposes. At this time, it is anticipated that AP&L and MP&L will be permitted to defer as a regulatory asset the increased annual expense, approximating $10.3 million, associated with these benefits. Deferral as a regulatory asset in other jurisdictions is not anticipated at this time.

POSTEMPLOYMENT BENEFITS

In November 1992, the FASB issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits," which is effective for fiscal years beginning after December 15, 1993. The new standard requires a change from a cash method to an accrual method in accounting for benefits paid to employees after employment, but before retirement, when certain conditions exist. The impact of this new standard has not been fully determined.

NOTE 11. QUARTERLY FINANCIAL DATA (UNAUDITED)

The business of the System is subject to seasonal fluctuations, with the peak period occurring during the third quarter. Consolidated operating results for the four quarters of 1992 and 1991 were:

(In thousands, except per share amounts)		OPERATING REVENUES	OPERATING INCOME	NET INCOME	EARNINGS PER SHARE
1992:	**First Quarter** (1)	**$ 916,467**	**$211,679**	**$ 95,277**	**$ 0.54**
	Second Quarter	**$ 958,121**	**$220,141**	**$ 82,102**	**$ 0.46**
	Third Quarter	**$1,237,894**	**$340,361**	**$204,578**	**$ 1.16**
	Fourth Quarter	**$1,004,017**	**$186,405**	**$ 55,680**	**$ 0.32**
1991:	First Quarter	$ 892,986	$ 228,554	$ 85,456	$ 0.46
	Second Quarter (2)	$ 981,356	$ 231,776	$ 81,929	$ 0.45
	Third Quarter	$ 1,255,114	$ 349,144	$ 203,355	$ 1.12
	Fourth Quarter (3)	$ 921,973	$ 257,556	$ 111,292	$ 0.61

(1) The first quarter of 1992 reflects a nonrecurring increase in net income of $19.6 million, net of tax, and a $0.11 increase in earnings per share, due to the AP&L sale of retail properties in Missouri.

(2) The second quarter of 1991 reflects a nonrecurring decrease in net income of $24.8 million, net of tax, and a $0.14 decrease in earnings per share, due to the FERC Complaint Case settlement (see Note 2).

(3) The fourth quarter of 1991 reflects a nonrecurring increase in operating income and net income of $48.6 million, net of tax, and a $0.27 increase in earnings per share, due to the 1991 NOPSI Settlement (see Note 2).

Entergy Director Dr. Walter Washington, 69, president of Alcorn State University, Lorman, Miss. Joined the Entergy Board in 1977; serves on the Public Affairs (chairman), Audit, and Executive committees.

11-YEAR SUMMARY

(Dollars in thousands except per share amounts)

		1992	1991	1990
SELECTED FINANCIAL DATA:	Operating revenues	**$ 4,116,499**	$ 4,051,429	$ 3,982,062
	Net income (loss)	**$ 437,637**	$ 482,032	$ 478,318
	Earnings (loss) per share	**$ 2.48**	$ 2.64	$ 2.44
	Dividends declared per share	**$ 1.45**	$ 1.25	$ 1.05
	Book value per share, year-end	**$ 24.43**	$ 23.53	$ 22.25
	Common shares outstanding:			
	At year end	**175,137**	178,809	185,257
	Weighted average	**176,574**	182,665	195,877
	Market price per share:			
	High	**$ 33.375**	$ 29.750	$ 23.625
	Low	**$ 26.125**	$ 22.000	$ 18.000
	Close, year-end	**$ 33.000**	$ 29.625	$ 22.375
	Total assets	**$14,239,537**	$14,383,102	$14,831,394
	Long-term obligations	**$ 5,622,569**	$ 5,791,273	$ 6,383,252
	Capitalization:			
	Preferred stock (including premium and issuance expense):			
	Without sinking fund	**$ 408,959**	$ 391,958	$ 330,967
	With sinking fund	**296,113**	298,332	311,230
	Long-term debt (excluding currently maturing debt)	**5,149,344**	5,282,906	5,765,885
	Common stock and paid-in capital	**2,216,764**	2,264,573	2,346,169
	Retained earnings	**2,062,188**	1,943,298	1,775,000
	Less – treasury stock	**54**	–	–
	Total capitalization	**$10,133,314**	$10,181,067	$10,529,251
	Net cash flow:			
	Cash from operations	**$ 830,708**	$ 961,591	$ 1,024,845
	Construction expenditures	**426,777**	396,564	400,465
	Net	**$ 403,931**	$ 565,027	$ 624,380
	Change in cash	**$ (77,555)**	$ (295,238)	$ (185,608)
	Cash at end of period	**$ 379,792**	$ 457,347	$ 752,585
ELECTRIC REVENUES:	Residential	**$ 1,440,360**	$ 1,463,281	$ 1,449,768
	Commercial	**1,007,420**	996,619	988,409
	Industrial	**1,097,023**	1,068,802	1,051,796
	Governmental	**127,753**	128,762	124,597
	Total retail	**3,672,556**	3,657,464	3,614,570
	Sales for resale	**252,288**	220,347	212,504
	Other	**118,711**	96,667	67,045
	Total	**$ 4,043,555**	$ 3,974,478	$ 3,894,119
ENERGY SALES: *(millions of KWH)*	Residential	**17,549**	18,329	18,174
	Commercial	**12,928**	13,164	12,977
	Industrial	**23,610**	23,466	22,795
	Governmental	**1,839**	1,903	1,831
	Total retail	**55,926**	56,862	55,777
	Sales for resale	**7,979**	7,346	6,292
	Total	**63,905**	64,208	62,069

1989	1988	1987	1986	1985	1984	1983	1982
$ 3,724,004	$ 3,565,405	$ 3,454,820	$ 3,485,912	$ 3,238,459	$ 3,146,035	$ 2,909,657	$ 2,846,264
$ (472,585)	$ 411,028	$ 356,604	$ 454,465	$ 215,598	$ 508,437	$ 378,050	$ 310,595
$ (2.31)	$ 2.01	$ 1.74	$ 2.22	$ 1.08	$ 2.86	$ 2.46	$ 2.33
$ 0.90	$ 0.20	$ –	$ –	$ 0.89	$ 1.75	$ 1.71	$ 1.67
$ 20.68	$ 23.96	$ 22.13	$ 20.39	$ 18.19	$ 18.36	$ 18.07	$ 17.81
203,992	204,581	204,581	204,581	204,581	189,167	166,082	139,334
204,526	204,581	204,581	204,581	199,496	178,084	153,383	133,193
$ 23.250	$ 16.125	$ 16.250	$ 15.000	$ 15.250	$ 14.750	$ 16.750	$ 15.750
$ 15.500	$ 8.500	$ 7.750	$ 10.500	$ 8.125	$ 9.250	$ 13.000	$ 12.250
$ 23.250	$ 16.000	$ 8.250	$ 13.125	$ 10.625	$ 13.750	$ 13.375	$ 14.875
$14,715,241	$15,941,816	$15,156,832	$14,090,431	$13,390,015	$12,565,546	$11,107,166	$10,364,653
$ 6,697,282	$ 6,911,265	$ 6,686,936	$ 6,632,418	$ 6,292,355	$ 6,503,137	$ 5,617,645	$ 4,946,792
$ 330,967	$ 330,967	$ 330,967	$ 330,967	$ 330,967	$ 330,967	$ 330,967	$ 330,967
350,363	462,965	496,405	508,165	467,293	476,928	429,601	354,957
5,991,084	6,187,442	5,945,054	5,983,029	5,680,590	5,865,304	5,032,175	4,429,447
2,583,271	2,590,686	2,588,371	2,588,794	2,590,771	2,381,407	2,101,563	1,691,429
1,636,254	2,310,242	1,939,757	1,583,402	1,130,995	1,090,839	899,979	790,487
–	–	–	–	–	–	–	–
$10,891,939	$11,882,302	$11,300,554	$10,994,357	$10,200,616	$10,145,445	$ 8,794,285	$ 7,597,287
$ 700,700	$ 904,162	$ 394,790	$ 445,491	$ 530,078	$ 726,725	$ 26,998	$ 908,263
363,788	338,091	351,227	335,289	876,473	1,298,858	1,453,662	1,393,399
$ 336,912	$ 566,071	$ 43,563	$ 109,902	$ (346,395)	$ (572,133)	$(1,426,664)	$ (485,136)
$ (443,751)	$ 782,049	$ 44,805	$ 14,980	$ 92,814	$ 435,324	$ (290,193)	$ 250,538
$ 938,193	$ 1,381,944	$ 599,895	$ 555,090	$ 540,110	$ 447,296	$ 11,972	$ 302,165
$ 1,331,154	$ 1,285,472	$ 1,239,877	$ 1,228,556	$ 1,083,865	$ 1,034,940	$ 958,540	$ 926,645
930,345	877,029	814,586	799,256	702,318	660,337	590,380	566,656
1,021,456	956,165	938,541	936,573	965,688	1,022,873	931,369	954,195
121,912	121,983	121,234	118,360	111,922	115,755	108,805	107,791
3,404,867	3,240,649	3,114,238	3,082,745	2,863,793	2,833,905	2,589,094	[illegible]
177,014	185,255	181,411	220,076	171,039	90,397	90,720	95,959
51,756	47,648	31,468	36,311	50,045	35,268	36,515	22,326
$ 3,633,637	$ 3,473,552	$ 3,327,117	$ 3,339,132	$ 3,084,877	$ 2,959,570	$ 2,716,329	$ 2,673,572
17,245	17,155	17,053	17,118	16,748	16,069	15,465	15,596
12,533	12,192	11,693	11,539	11,235	10,516	9,776	9,620
22,396	21,282	20,615	19,460	21,206	22,494	21,084	22,092
1,833	1,946	2,050	2,016	2,043	2,059	2,025	2,045
54,007	52,575	51,411	50,133	51,232	51,138	48,350	49,353
4,857	5,496	6,220	7,674	5,031	1,852	2,072	2,103
58,864	58,071	57,631	57,807	56,263	52,990	50,422	51,456

DEFINITION OF TERMS

Certain terms used in Management's Financial Discussion and Analysis, Financial Statements, and Notes to Consolidated Financial Statements are defined below; other terms are defined in Management's Financial Discussion and Analysis and Notes to Consolidated Financial Statements.

ANO	Arkansas Nuclear One Steam Electric Generating Station
ANO 1	Unit No. 1 of ANO
ANO 2	Unit No. 2 of ANO
AP&L	Arkansas Power & Light Company
Capital Funds Agreement	Agreement, dated as of June 21, 1974, as amended, between System Energy and Entergy Corporation, and the assignments thereof
Entergy	Entergy Corporation
Entergy Enterprises	Entergy Enterprises, Inc. (formerly Electec, Inc.)
Entergy Operations	Entergy Operations, Inc., a subsidiary of Entergy that has operating responsibility for Grand Gulf 1, Waterford 3, and ANO
Entergy Power	Entergy Power, Inc., a subsidiary of Entergy that markets capacity and energy from certain generating facilities to other parties, principally non-affiliates, for resale
Entergy S.A.	Entergy S.A., a subsidiary of Entergy that participated in a consortium with other investors to acquire an interest in a steam electric generating facility in Argentina
Entergy Services	Entergy Services, Inc.
Entergy System or System	Entergy and its various direct and indirect subsidiaries
FERC	Federal Energy Regulatory Commission
FERC Complaint Case settlement	Settlement, effective May 21, 1991, whereby System Energy credited approximately $47.6 million in the aggregate (including interest) against its June 1991 bills to the System operating companies for capacity and energy from Grand Gulf 1
G&R Bonds	General and Refunding Mortgage Bonds issued and issuable by MP&L and NOPSI
Grand Gulf 1	Unit No. 1 of the Grand Gulf Steam Electric Generating Station
Grand Gulf 2	Unit No. 2 of the Grand Gulf Steam Electric Generating Station
Independence 2	Unit No. 2 of the Independence Steam Electric Generating Station
LP&L	Louisiana Power & Light Company
MP&L	Mississippi Power & Light Company
1991 NOPSI Settlement	Agreement, retroactive to October 4, 1991, among NOPSI, the New Orleans City Council and the Alliance for Affordable Energy, Inc. and others that settled certain Grand Gulf 1 prudence issues and pending litigation related to the resolution (including the Determinations and Order referred to therein) adopted by the New Orleans City Council on February 4, 1988, disallowing NOPSI's recovery of $135 million of previously deferred Grand Gulf 1-related costs
NOPSI	New Orleans Public Service Inc.
NRC	Nuclear Regulatory Commission
Reorganization Agreement	Agreement and Plan of Reorganization, dated as of June 5, 1992, between Entergy and Gulf States
Ritchie 2	Unit No. 2 of the R. E. Ritchie Steam Electric Generating Station
SFAS	Statement of Financial Accounting Standards promulgated by the Financial Accounting Standards Board
System Energy	System Energy Resources, Inc.
System Fuels	System Fuels, Inc.
System operating companies	AP&L, LP&L, MP&L, and NOPSI, collectively
System or Entergy System	Entergy and its various direct and indirect subsidiaries
Waterford 3	Unit No. 3 of the Waterford Steam Electric Generating Station

ENTERGY CORPORATION DIRECTORS AND OFFICERS

DIRECTORS

W. Frank Blount
Chief Executive Officer of Australian and Overseas Telecommunications Corporation
Sydney, Australia

John A. Cooper Jr.
Chairman of Cooper Communities, Inc.
Bella Vista, Arkansas

Brooke H. Duncan
President and Chief Executive Officer of Jno. Worner Hardware, Inc.
New Orleans, Louisiana

Lucie J. Fjeldstad
Vice President and General Manager of Multimedia, IBM Corporation
Stamford, Connecticut

Kaneaster Hodges Jr.
Attorney
Newport, Arkansas

Robert v.d.Luft
Senior Vice President of Du Pont Chemicals, E.I. du Pont de Nemours and Company
West Chester, Pennsylvania

Edwin Lupberger
Chairman and CEO of Entergy Corporation
New Orleans, Louisiana

Adm. Kinnaird R. McKee
U.S. Navy (Ret.)
Former Director of Navy Nuclear Propulsion
Oxford, Maryland

James R. Nichols
Partner of Nichols & Pratt
Boston, Massachusetts

John N. Palmer
Chairman and Chief Executive Officer of Mobile Telecommunication Technologies Corp.
Jackson, Mississippi

Robert D. Pugh
Chairman of Portland Gin Company
Portland, Arkansas

H. Duke Shackelford
President of Shackelford Company, Inc.
Bonita, Louisiana

Wm. Clifford Smith
President of T. Baker Smith & Son, Inc.
Houma, Louisiana

Dr. Walter Washington
President of Alcorn State University
Lorman, Mississippi

OFFICERS

Edwin Lupberger
Chairman and CEO

James M. Cain
Vice Chairman

Jerry L. Maulden
Group President, System Executive – Transmission, Distribution, and Customer Service

Jerry D. Jackson
Executive Vice President – Finance and External Affairs; Secretary

Donald Hunter
Senior Vice President

Jack L. King
Senior Vice President

Gerald D. McInvale
Senior Vice President and Chief Financial Officer

Michael G. Thompson
Senior Vice President and Chief Legal Officer

S.M. Henry Brown Jr.
Vice President – Federal Governmental Affairs

Charles L. Kelly
Vice President – Corporate Communications and Public Relations

Lee W. Randall
Vice President and Chief Accounting Officer

Glenn E. Harder
Treasurer

Christopher T. Screen
Assistant Secretary

INVESTOR INFORMATION

ANNUAL MEETING

The 1993 Annual Meeting of Shareholders will be held Friday, May 14, at the Arkansas Arts Center, Little Rock. The meeting will begin at 10 a.m. (CDT).

DIVIDEND PAYMENTS

The entire amount of dividends paid during 1992 is taxable as ordinary income. The board of directors declares dividends quarterly and sets the record and payment dates. Subject to board discretion, those dates for 1993 are:

DECLARATION DATE	RECORD DATE	PAYMENT DATE
January 29	February 11	March 1
March 12	May 7	June 1
July 30	August 13	September 1
October 21	November 5	December 1

INVESTOR INFORMATION

Security analysts and representatives of financial institutions may contact Stuart Ball at 504-569-4817 regarding information on Entergy's financial and operating performance.

For additional assistance, information, or copies of Entergy's 10-K and 10-Q reports filed with the Securities and Exchange Commission, call 1-800-292-9960 or write to: Entergy Corporation, Investor Relations, P.O. Box 61005, New Orleans, LA 70161.

QUARTERLY DIVIDENDS PAID

(In cents per share)

QUARTER	1993	1992	1991	1990	1989
1	40	35	30	25	20
2		35	30	25	20
3		35	30	25	25
4		40	35	30	25

COMMON STOCK INFORMATION

At year-end 1992 there were 69,074 shareholders of record. Shareholders who purchase stock and hold it with a broker are listed in the broker's name, or "street name." There were approximately 95,000 street name accounts at year end. About 64 percent of Entergy's common stock is held by institutional investors, with the balance held by individuals.

Entergy common stock is traded principally on the New York Stock Exchange, but is also traded on the Midwest and Pacific exchanges. The ticker symbol is "ETR." Entergy is one of the stocks comprising the following indices: S&P 500, S&P 100, S&P Utility Index, and NYSE composite index.

The quarterly closing price for the past four years has been:

QUARTER	1992	1991	1990	1989
1	$27\frac{3}{8}$	$24\frac{1}{2}$	$20\frac{3}{4}$	$17\frac{1}{8}$
2	$28\frac{1}{4}$	$23\frac{3}{4}$	$19\frac{7}{8}$	$19\frac{1}{4}$
3	$31\frac{7}{8}$	26	$19\frac{1}{4}$	$22\frac{5}{8}$
4	33	$29\frac{5}{8}$	$22\frac{3}{8}$	$23\frac{1}{4}$

SHAREHOLDER ACCOUNT INFORMATION

Mellon Securities Trust Company is Entergy's transfer agent, registrar, dividend disbursing agent, and dividend reinvestment agent. Shareholders of record should direct correspondence and written inquiries concerning account information to the following addresses:

- **CHANGE OF ADDRESS**
- **CONSOLIDATION OF ACCOUNTS**
  Mellon Securities Trust Company
  File Maintenance
  P.O. Box 240
  Pittsburgh, PA 15230

- **STOCK TRANSFER**
  Mellon Securities Trust Company
  Stock Transfer Department
  P.O. Box 469
  Washington Bridge Station
  New York, NY 10033

- **CHECKS NOT RECEIVED OR LOST**
- **DIRECT DEPOSIT OF DIVIDENDS**
  Mellon Securities Trust Company
  Stockholder Relations
  P.O. Box 305
  Pittsburgh, PA 15230

- **LOST STOCK CERTIFICATES**
  Mellon Securities Trust Company
  P.O. Box 467
  Washington Bridge Station
  New York, NY 10033

- **DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN**
  Mellon Securities Trust Company
  Dividend Reinvestment Services
  P.O. Box 750
  Pittsburgh, PA 15230

- **TAX INFORMATION**
  Mellon Securities Trust Company
  P.O. Box 464
  Washington Bridge Station
  New York, NY 10033

Telephone inquiries may be made by calling Mellon at 1-800-333-4368.

DIVIDEND REINVESTMENT PLAN

Entergy Corporation offers an automatic Dividend Reinvestment Plan that provides shareholders of record a convenient and economical way of investing cash dividends and optional cash payments in additional shares of Entergy common stock. The plan is administered by Mellon Securities Trust Company. Twenty-five percent of Entergy's shareholders of record were participating in the plan at year-end 1992. To enroll or obtain more information, call Mellon at 1-800-333-4368, or write to the appropriate address.

ELIMINATING DUPLICATE MAILINGS

Duplicate mailings result when there are two or more shareholders residing at the same address or when, because of slightly different registrations, a single shareholder has more than one account. To consolidate your accounts, write to: Mellon's File Maintenance Department, P.O. Box 240, Pittsburgh, PA 15230.

PUBLIC POLICY NEWSLETTER

Entergy encourages its shareholders to take an active role in the legislative and public policy issues that affect the company and the electric energy industry. Copies of *The Entergy Constituent*, Entergy's newsletter on those issues, may be obtained by writing to: *The Entergy Constituent*, Entergy Corporation, P.O. Box 61000, New Orleans, LA 70161.