

ENTERGY CORP /DE/
Form DEF 14A
March 19, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

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- Definitive Proxy Statement
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Entergy Corporation

(Name of Registrant as Specified In Its Charter)
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L) Date Filed:

Entergy Corporation
639 Loyola Avenue
New Orleans, LA 70113

Notice of Annual Meeting of Shareholders

New Orleans, Louisiana
March 19, 2007

To the Shareholders of ENTERGY CORPORATION:

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

Date: Friday, May 4, 2007

Time: 10:00 am

Place: The Woodlands Conference Center
2301 North Millbend Drive
The Woodlands, Texas 77380-1360

MATTERS TO BE VOTED ON

1. Election of directors

2. Ratification of selection of Deloitte & Touche LLP as independent registered public accountants for 2007
3. Shareholder Proposal Relating to Political Contribution Policy
4. Shareholder Proposal Relating to Limitations on Management Compensation

/s/ Robert D. Sloan

Robert D. Sloan
Executive Vice President, General Counsel & Secretary

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PROXY

STATEMENT

We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of Directors of Entergy Corporation for our 2007 Annual Meeting of Shareholders and for any adjournment or postponement of the meeting ("Annual Meeting"). In this proxy statement, we refer to Entergy Corporation as "Entergy," "the Company," "we," "our" or "us."

We are holding the Annual Meeting at The Woodlands Conference Center 2301 North Millbend Drive, The Woodlands, Texas, at 10:00 a.m. We intend to mail this proxy statement and a proxy card to shareholders starting on or about March 19, 2007.

INFORMATION ABOUT THE ANNUAL MEETING

Who is entitled to vote at the Annual Meeting?

Holders of our common stock at the close of business on March 6, 2007 can vote their shares at the Annual Meeting. On that date, we had 198,188,849 common shares outstanding and entitled to vote. Each common share is entitled to one vote on each matter properly brought before the meeting.

Do I need a ticket to attend the Annual Meeting?

No. If you are a shareholder of record, you need only present a form of personal identification to be admitted to the meeting. If your shares are held beneficially in the name of a bank, broker or other holder of record, you must present proof of stock ownership, such as a bank or brokerage account statement, together with a form of personal identification to be admitted to the meeting. If your shares are held in an employee savings plan, you must present your employee identification badge.

What is the difference between owning shares as a shareholder of record and as a beneficial owner?

You may own common shares in one of the following ways:

- directly in your name as the shareholder of record;
- indirectly through a broker, bank or other holder of record in "street name;" or
- indirectly in one of the Company's qualified employee savings plans ("Savings Plans").

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us, to give your voting instructions by telephone or by the Internet, or to vote in person at the meeting. If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As a holder in street name, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruction form that accompanies your proxy materials. If your shares are held in one of the Savings Plans, see "How do I vote shares held under the Savings Plan?" below.

How do I vote?

Your vote is important

. We encourage you to vote promptly. Internet and telephone voting is available through 11:59 p.m. Eastern Time on Tuesday, May 1, 2007 for shares held in Savings Plans and through 11:59 p.m. Eastern Time on Thursday, May 3, 2007 for all other shares. You may vote in one of the following ways:

By Telephone

. If you are located in the United States or Canada, you can vote your shares by calling the toll-free telephone number on your proxy card or in the instructions that accompany your proxy materials. You may vote by telephone 24 hours a day. If you vote by telephone, you do not need to return your proxy card or your voting instruction form.

By Internet

. You can also vote your shares by the Internet. Your proxy card indicates the Web site you may access for Internet voting. You may vote by the Internet 24 hours a day. As with telephone voting, you will be able to confirm that the system has properly recorded your votes. If you hold your shares in street name, please follow the Internet voting instructions that accompany your proxy materials. If you vote by the Internet, you do not need to return your proxy card or your voting instruction form.

By Mail

. If you are a holder of record, you can vote by marking, dating, and signing your proxy card and returning it by mail in the enclosed postage-paid envelope. If you hold your shares in street name, please complete and mail the voting instruction card.

At the Annual Meeting. If you hold your shares in street name, you must obtain a proxy, executed in your favor, from the holder of record if you wish to vote these shares at the meeting.

All shares that have been properly voted and not revoked will be voted at the meeting. If you sign and return your proxy card without any voting instructions, your shares will be voted as the Board of Directors recommends.

What if I change my mind after I vote my shares?

If you are a shareholder of record, you can revoke your proxy before it is exercised by:

- written notice to the Secretary of the Company;
- timely delivery of a valid, later-dated proxy or a later-dated vote by telephone or on the Internet; or
- voting by ballot at the Annual Meeting.

If you hold your shares in street name, you may submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the previous question.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

How do I vote shares held under the Savings Plans?

If you participate in one of the Company's Savings Plans, your proxy card includes the number of shares credited to your account under that plan as of the record date. To allow sufficient time for the trustee to vote, the trustee must receive your voting instructions by 11:59 p.m. Eastern Time, on Tuesday, May 1, 2007. If the trustee does not receive your instructions by that date, the trustee will vote your shares in the same proportion of votes that the trustee receives from the other participants who did vote, except as may be otherwise required by law.

Is my vote confidential?

We maintain the confidentiality of the votes of individual shareholders. We do not disclose these votes to any member of management, unless we must disclose them for legal reasons. However, if a shareholder writes a comment on the proxy card, we will forward the comment to management. In reviewing the comment, management may learn how the shareholder voted. In addition, the Inspectors of Election and selected employees of our independent tabulating agent may have access to individual votes in the normal course of counting and verifying the vote.

What are the voting requirements to elect directors and approve each of the proposals discussed in this Proxy Statement?

Quorum.

We will have a quorum and will be able to conduct the business of the Annual Meeting if the holders of a majority of the votes that shareholders are entitled to cast are present at the meeting, either in person or by proxy. Abstentions and "broker non-votes" (see below) are counted as present and entitled to vote for purposes of determining a quorum.

Votes Required for Proposals.

To elect directors and adopt the other proposals, the following proportion of votes is required:

- **Directors.**
In the election of directors, each director will be elected by the vote of the majority of votes cast with respect to that director nominee. A majority of votes cast means that the number of votes cast "FOR" a nominee's election must exceed the number of votes cast "AGAINST" such nominee's election. A director who fails to receive a majority FOR vote will be required to tender his or her resignation to the Board of Directors for consideration. For additional information, see the "Corporate Governance - Corporate Governance Principles and Practices - Majority Voting in Director Elections."
- **Independent Registered Public Accountants.**

To ratify the selection of our independent registered public accountants, we must receive the affirmative vote of a majority of the votes cast.

• **Shareholder Proposals**

. To adopt the shareholder proposals, we must receive the affirmative vote of a majority of the votes cast. A vote to ABSTAIN will have the effect of a vote AGAINST the proposal.

Could other matters be decided at the Annual Meeting?

As of the date of this Proxy Statement, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement. If other matters are properly presented at the Annual Meeting for consideration, the Proxy Committee appointed by the Board of Directors (the persons named in your proxy card if you are a shareholder of record) will have the discretion to vote on those matters for you.

What happens if I do not submit voting instructions to my broker?

If a proposal is routine (see below), a broker or other entity holding shares for an owner in street name may vote for the proposal without receiving voting instructions from the owner. If a proposal is not routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker or other entity is unable to vote on a proposal because the proposal is not routine and the owner does not provide any instructions. For purposes of our Annual Meeting, we understand that the proposals relating to the election of directors and the ratification of the selection of our independent registered public accountants will be treated as routine items, but that each of the shareholder proposals will not be deemed routine items.

Who will pay for the cost of the proxy solicitation?

We will pay the expenses of soliciting proxies. Our directors, officers or employees may solicit proxies for us in person, or by telephone, facsimile or electronic transmission. We have hired Morrow & Co. to help us distribute and solicit proxies. We will pay Morrow \$13,000, plus expenses for these services.

CORPORATE GOVERNANCE

Board of Directors

As of March 19, 2007, there were 12 members of the Board of Directors:

Maureen S. Bateman	Alexis M. Herman	James R. Nichols
W. Frank Blount	Donald C. Hintz	William A. Percy, II
Simon D. deBree	J. Wayne Leonard	W. J. "Billy" Tauzin
	Chairman and Chief Executive Officer	
Gary W. Edwards	Stuart L. Levenick	Steven V. Wilkinson
Presiding Director		

The Board provides oversight with respect to our overall performance, strategic direction and key corporate policies. It approves major initiatives, advises on key financial and business objectives, and monitors progress with respect to these matters. Members of the Board are kept informed of our business by various reports and documents provided to them on a regular basis, including operating and financial reports made at Board and Committee meetings by the

Chairman and Chief Executive Officer and other officers. The Board has six standing committees: Audit, Corporate Governance, Personnel, Finance, Nuclear and Executive. The charters of the Audit, Personnel and Corporate Governance Committees are available on the Company's Investor Relations website at http://www.entergy.com/investor_relations/corporate_governance.aspx and in print to any shareholder who requests them from the Secretary of the Company.

The Board met ten times in 2006. Each incumbent, non-employee member of the Board attended at least 85% of the total number of meetings of the Board and the committees on which he or she served. We encourage, but do not require, our Board members to attend annual meetings of shareholders. All of our Board members attended our 2006 Annual Meeting of Shareholders, other than Mr. Claiborne P. Deming, a former director who resigned effective as of the date of the annual meeting.

Director Independence

A director is independent if the Board affirmatively determines that he or she has no material relationship with the Company and otherwise satisfies the independence requirements of the New York Stock Exchange ("NYSE"). A director is "independent" under the NYSE listing standards if the Board affirmatively determines that the director has no material relationship with us directly or as a partner, shareholder or officer of an organization that has a relationship with us. According to the independence standards established under the NYSE listing standards, a director is not independent if:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company.
- The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- The director or an immediate family member is a current partner of a firm that is our internal or external auditor, the director is a current employee of such a firm, the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice, or the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such firm and personally worked on our audit within that time.
- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee.
- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues.

The Board of Directors has reviewed each of its non-employee members to determine compliance with the independence standards established under the NYSE listing standards, which the Board of Directors has affirmatively adopted. In addition, the Board of Directors reviewed other relationships between individual Board members and the Company and its subsidiaries. The Board specifically considered the following relationships as part of its independence determination:

- Mr. Percy's service as the non-compensated, non-executive Chairman of Enterprise Corporation of the Delta, a non-profit corporation. Enterprise Corporation of the Delta makes development loans in Arkansas, Louisiana and Mississippi. In 2006, certain of our subsidiary corporations contributed \$8,500 to this non-profit corporation.

- Mr. Hintz, a former executive officer of the Company, retired from the Company in April 2004. At the time of his retirement, Mr. Hintz entered into a consulting agreement with a subsidiary of the Company. In 2006, Mr. Hintz received no payment for services under this consulting agreement.

Based on the foregoing, the Board affirmatively determined that each of the following non-employee directors (other than Mr. Hintz) is independent within the meaning of the rules of the NYSE: Messrs. Blount, deBree, Edwards, Levenick, Nichols, Percy, Tauzin and Wilkinson and Ms. Bateman and Ms. Herman.

In addition, the Board reviewed the independence of Mr. Luft, who resigned as director in December 2006, and the independence of Mr. Deming and Ms. Murphy, who resigned from the Board as of the date of the 2006 Annual Meeting, and found that Messrs. Deming and Luft and Ms. Murphy were also independent within the meaning of the rules of the NYSE.

Board Committees

Audit Committee

. The Board has established an audit committee for the purpose of overseeing our accounting and financial reporting processes and the audits of our financial statements. In addition, the Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to, among other things:

- our compliance with legal and regulatory requirements, including our disclosure controls and procedures;
- the independent registered public accounting firm's qualifications and independence; and
- the performance of our internal audit function and independent registered public accounting firm.

The Board has adopted an Audit Committee Charter, a copy of which is available at http://www.entergy.com/investor_relations/corporate_governance.aspx and in print to any shareholder who requests it from the Secretary of the Company. For information about the Audit Committee's policy regarding independent auditor service, see "Entergy Audit Committee Guidelines for Pre-Approval of Independent Auditor Services" on page 50 of this Proxy Statement.

The Audit Committee consists of four directors, each of whom the Board has determined has no material relationship with us and is otherwise independent under the rules of the NYSE. In addition, all Audit Committee members must meet the heightened standards for independence for audit committee members imposed by the Securities Exchange Commission ("SEC") and the NYSE. Under those heightened standards, a director may not serve on the Audit Committee if the director (i) has received any consulting, advisory, or other compensatory fees from us (other than in his or her capacity as a director) or (ii) is our affiliate or the affiliate of any of our subsidiaries.

Each member of our Audit Committee satisfies this heightened standard. No director may serve as a member of the Audit Committee if that director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of that director to effectively serve on the Audit Committee. All Audit Committee members must be financially literate, and at least one member must have accounting or related financial management expertise.

The members of the Audit Committee are:

Steven V. Wilkinson (Chair)
Simon D. deBree
Stuart L. Levenick
James R. Nichols

The Board has determined that Mr. Wilkinson, the Chair of the Audit Committee, is an audit committee financial expert, as such term is defined by the rules of the SEC. During 2006, the Audit Committee met thirteen times.

Corporate Governance Committee.

The Board has established the Corporate Governance Committee, which is responsible, among other things, for:

- developing policies and practices relating to corporate governance and reviewing compliance with the Company's Corporate Governance Guidelines;
- recommending the director nominees for approval by the Board and the shareholders; and
- establishing and implementing self-evaluation procedures for the Board and its committees.

The Board has adopted a Corporate Governance Committee Charter, a copy of which is available at http://www.entergy.com/investor_relations/corporate_governance.aspx and in print to any shareholder who requests it from the Secretary of the Company.

The Corporate Governance Committee consists of four directors, each of whom the Board has determined has no material relationship with us and is otherwise independent under the rules of the NYSE. The members of the Corporate Governance Committee are:

Alexis M. Herman (Chair)
Gary W. Edwards
William A. Percy, II
W. J. "Billy" Tauzin

During 2006, the Corporate Governance Committee met eight times.

Personnel Committee

. The Board has established a Personnel Committee which is responsible for, among other things:

- reviewing and approving compensation policies and programs for our executive officers, including any employment agreement with an executive officer;
- evaluating the performance of our Chairman and Chief Executive Officer; and
- reporting, at least annually, to the Board on succession planning, including succession planning for the Chief Executive Officer.

The Personnel Committee's charter is posted at http://www.entergy.com/investor_relations/corporate_governance.aspx and in print to any shareholder who requests it from the Secretary of the Company.

The Personnel Committee consists of five directors, each of whom the Board has determined has no material relationship with us and is otherwise independent under the rules of the NYSE. The members of the Personnel Committee are:

Maureen S. Bateman (Chair)
W. Frank Blount
Gary W. Edwards
Alexis M. Herman
W.J. "Billy" Tauzin

During 2006, the Personnel Committee met seven times. In addition, the Personnel Committee met jointly with the Finance Committee one time in 2006.

The Personnel Committee Report is set forth on page 24 of this proxy statement, immediately following the "Compensation Discussion & Analysis" section.

In performing its responsibilities, the Personnel Committee has adopted the following policies:

Policy on Delegation of Equity Grant Authority

. The Personnel Committee has authorized the delegation of its authority to grant stock options under Company plans to the Chairman and Chief Executive Officer of the Company and to the Senior Vice President of Human Resources subject to the following conditions:

- No grant may exceed an aggregate value of \$1 million per grantee;
- All awards must be issued in accordance with the terms of Company plans, including the requirement that all options be issued for an exercise price not less than the fair market value of the stock on date the option is granted;
- No awards may be granted to any executive officer of the Company (as defined under Section 16 of the Securities Exchange Act of 1934); and
- The Personnel Committee must be advised on at least a quarterly basis of the grants made under the exercise of this delegated authority.

Policy on Retention of Independent Compensation Consultants.

In October 2006, the Personnel Committee approved the retention of Towers Perrin as compensation consultants to the Committee. Under the terms of its engagement, Towers Perrin reports directly to the Personnel Committee, which has the right to retain or dismiss the consultant without the consent of the Company's management. In considering the appointment of Towers Perrin, the Personnel Committee took into account the general consulting services Towers Perrin provides to the Company's management with respect to non-executive compensation matters. After considering the nature and scope of these engagements (and the fee arrangements involved), the Personnel Committee determined that the engagements did not create a conflict of interest. However, to avoid the appearance of any future potential conflict of interest, Towers Perrin has agreed to consult with the Personnel Committee prior to accepting any other material engagements from the Company or its affiliates.

The Personnel Committee requested that Towers Perrin engage in a study of employee benefit and other compensation arrangements, particularly those which are relevant to our executive management, and advise whether any changes would be recommended to ensure that our compensation arrangements with our executives are appropriate. The Personnel Committee requested that this study include comparisons of our existing compensation arrangements to those of other comparable firms in our industry. During the Personnel Committee's review of the Chairman and Chief Executive Officer's and other management's compensation levels, the Personnel Committee considered the advice of Towers Perrin; however, the Personnel Committee was responsible for determining the form and amount of our compensation programs.

Finance Committee.

The Board has established the Finance Committee, which is responsible, among other things for:

- reviewing and making recommendations to the Board regarding our financial policies, strategies, and decisions;
- reviewing our investing activities; and

- reviewing and making recommendations to the Board with respect to significant investments.

The Finance Committee consists of five directors. The members of the Finance Committee are:

Simon D. deBree (Chair)
Maureen S. Bateman
Donald C. Hintz
Stuart L. Levenick
James R. Nichols

During 2006, the Finance Committee met seven times. In addition, the Finance Committee met jointly with the Personnel Committee one time.

Nuclear Committee.

The Board has established the Nuclear Committee, which is responsible, among other things, for:

- providing non-management oversight and review of all the Company's nuclear generating plants;
- focusing on safety, operating performance, operating costs, staffing and training; and
- consulting with management concerning internal and external nuclear-related issues.

The Nuclear Committee consists of four directors. The members of the Nuclear Committee are:

Donald C. Hintz (Chair)
W. Frank Blount
William A. Percy, II
Steven V. Wilkinson

During 2006, the Nuclear Committee met nine times.

Executive Committee

. The Board has established the Executive Committee, which is authorized to act for the Board on matters other than those matters specifically reserved by Delaware law to the entire Board. The members of the Executive Committee are:

J. Wayne Leonard (Chair)
Simon D. deBree
Gary W. Edwards
Donald C. Hintz

During 2006, the Executive Committee met two times.

Corporate Governance Principles and Practices

Corporate Charters and Ethics Policies

. Our Corporate Governance Guidelines, certificate of incorporation, bylaws and Board committee charters form the framework of our corporate governance. In addition, we have adopted a Code of Business Conduct and Ethics for the members of our Board of Directors, a Code of Business Conduct and Ethics for our employees and a Code of Integrity, which sets forth the ethical responsibilities of our employees, officers and representatives.

Our Corporate Governance Guidelines, the charters of our Audit, Personnel and Corporate Governance Committees, and our ethics guidelines, including any amendments, are available at http://www.entergy.com/investor_relations/corporate_governance.aspx and in print to any shareholder who requests it from the Secretary of the Company.

Board Independence

. Our Corporate Governance Guidelines state that the Board of Directors should be comprised of a substantial majority of non-employee directors and a majority of independent directors. Under our Corporate Governance Guidelines, no director qualifies as independent unless the Board of Directors affirmatively determines that the director has no material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In addition, the Board of Directors applies the independence tests specified in the rules of the NYSE. For additional information, see "Corporate Governance - Director Independence."

Executive Meetings of the Board of Directors.

The non-management directors meet in executive session (separate from management) at least four times a year. In addition, if non-management directors include directors who are not independent, the independent directors meet in executive session at least once a year.

Presiding Director.

The Board of Directors appoints the Chairman of the Board and the Chief Executive Officer. When the roles of Chairman of the Board and the Chief Executive Officer are combined, the Board of Directors appoints from among its independent members a Presiding Director. The Presiding Director is recommended by the Corporate Governance Committee and appointed by a majority of the independent members of the Board of Directors. The Presiding Director, subject to his or her annual election to the Board of Directors, serves for a term of three years. The Company's Presiding Director currently is Gary W. Edwards.

Under our Corporate Governance Guidelines, the Presiding Director has the following responsibilities:

- Presides at executive sessions of independent directors as well as all meetings of the Board at which the Chairman of the Board and Chief Executive Officer is not present;
- Serves as liaison with Chairman of the Board and Chief Executive Officer when requested by the independent directors;
- Reviews and advises on Board meeting agendas (and consults with the Chairman of the Board and Chief Executive Officer on the preparation of agendas);
- May call meetings of the independent directors;
- Provides feedback from the Board to the Chairman of the Board and the Chief Executive Officer following each executive session of independent directors and, together with the Chair of the Personnel Committee, provides the Chairman of the Board and Chief Executive Officer with an annual performance review; and
- Such additional responsibilities as the Board of Directors may assign, and the Presiding Director may accept.

Board Evaluation Process.

The Board conducts a self-evaluation process at least annually to determine whether it and its committees are functioning effectively.

Mandatory Resignation upon Change in Professional Circumstances.

Under our Corporate Governance Guidelines, non-employee directors should submit their resignations when they change employment or the major responsibilities they held when they joined the Board. Based on the recommendation of the Corporate Governance Committee, the Board reviews the appropriateness of the director's nomination for re-election to the Board under these circumstances.

Mandatory Director Retirement and Term Limits.

Under our Corporate Governance Guidelines, directors may not be nominated by the Board for re-election after they have reached the age of 72, unless specifically recommended to serve beyond the age of 72 by the Corporate Governance Committee and approved by the Board of Directors. The Company does not have term limits for its directors. Instead, our Board addresses the suitability for continued service as a director upon the expiration of each director's term.

Succession Planning for the Chief Executive Officer.

The Personnel Committee reports on at least an annual basis to the Board on succession planning. Our succession planning is intended to include appropriate contingencies for the unexpected retirement or incapacity of the Chief Executive Officer.

Director Orientation and Continuing Education

. The Corporate Governance Committee specifies the desired components of new director orientation and makes periodic recommendations concerning the continuing education of all Board members.

Director Stock Ownership Guidelines

. The Board of Directors believes that the alignment of directors' interests with those of shareholders is strengthened when Board members are also shareholders. The Board of Directors therefore requires that directors, within three years of being first elected, own shares or units of Entergy common stock having a market value of at least four times their annual cash retainer.

Executive Officer Stock Retention Policy Following Exercise of Options.

The Personnel Committee has adopted stock retention guidelines applicable to the Company's executive officers. The guidelines provide, among other things, that, if an executive officer exercises any stock option granted on or after January 1, 2003, the officer must retain at least 75 percent of the after tax net profit in Entergy common stock until the earlier of 60 months from the date at which the option is exercised or the termination of full-time employment with the Company.

Majority Voting in Director Elections

. In January 2007, our Board of Directors approved an amendment to the Company's Bylaws to require each director to be elected by a majority of the votes cast with respect to such director in uncontested elections (the number of shares voted "for" a director must exceed the number of votes cast "against" that director). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Under our Corporate Governance Guidelines, in an uncontested election of directors, any nominee who receives a greater number of votes "against" his or her election than votes "for" his or her election, will, within five days following the certification of the shareholder vote, tender his or her written resignation to the Chairman of the Board

for consideration by the Corporate Governance Committee. The Corporate Governance Committee will then consider such tendered resignation and, within 45 days following the date of the shareholders' meeting at which the election occurred, make a recommendation to the Board concerning the acceptance or rejection of such resignation. In determining its recommendation to the Board, the Committee will consider all factors deemed relevant by its members including, without limitation, the stated reason or reasons why shareholders who cast "withhold" votes for the director did so, the qualifications of the director (including, among other things, whether the director serves on the Audit Committee as an "Audit Committee Financial Expert" and whether there are one or more other directors qualified, eligible and available to serve on the Audit Committee in such capacity), and whether the director's resignation from the Board would be in the best interests of the Company and its shareholders. The Corporate Governance Committee also will consider a range of possible alternatives concerning the director's tendered resignation as its members deem appropriate, including, without limitation, acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and to cure the underlying reasons reasonably believed by the Corporate Governance Committee to have resulted substantially in the "against" votes.

The Board will take formal action on the Corporate Governance Committee's recommendation no later than 90 days following the date of the shareholders' meeting at which the election occurred. In considering the Corporate Governance Committee's recommendation, the Board will consider the information, factors and alternatives considered by the Corporate Governance Committee and such additional information, factors and alternatives as the Board deems relevant. Within four business days after the Board's decision on the Corporate Governance Committee's recommendation, the Company will publicly disclose, in a Current Report on Form 8-K filed with the SEC, the Board's decision, together with an explanation of the process by which the decision was made and, if applicable, the Board's reason or reasons for rejecting the tendered resignation.

Shareholder Approval of Future Severance Agreements.

In March 2004, the Board adopted a policy that precludes the Company and its subsidiaries from entering into employment or severance agreements that provide severance benefits to executive officers in excess of 2.99 times the sum of the annual base salary and bonus unless the agreement has been approved by the Company's shareholders.

SHAREHOLDER COMMUNICATION POLICY

We believe that communication between the Board of Directors and its shareholders is an important part of the corporate governance process. The independent members of the Board of Directors of the Company have adopted the following shareholder communication policy:

Shareholders may communicate with the Board or individual directors, including non-management directors, by writing to them in care of the Presiding Director at the address set forth below:

c/o Presiding Director Entergy Corporation
639 Loyola Avenue
P.O. Box 61000
New Orleans, LA 70161
E-mail: etrbod@entergy.com

The following types of communications will not be forwarded to the directors:

- Junk mail and mass mailings
- Service complaints
- Service inquiries
- New service suggestions
- Resumes and other forms of job inquiries

- Surveys
- Business solicitations and advertisements
- Requests for donations and sponsorships

Except as provided above, the Secretary forwards communications sent in accordance with the above instructions to the Board or to any individual director(s) to whom the communication is directed unless the communication is threatening, illegal or similarly inappropriate. The Secretary periodically advises the Presiding Director of significant communications received from shareholders and other interested parties.

NOMINATION OF DIRECTORS

The Corporate Governance Committee has not established any specific, minimum qualifications that must be met by director candidates or identified any specific qualities or skills that it believes our directors must possess. The Corporate Governance Committee takes a wide range of factors into account in evaluating the suitability of director candidates, including general understanding of marketing, finance and other disciplines relevant to the success of a publicly-traded company in today's business environment, understanding of our business, education and professional background, and reputation for integrity.

The Corporate Governance Committee does not have any single method for identifying director candidates but will consider candidates suggested by a wide range of sources.

The Corporate Governance Committee will consider director candidates recommended by our shareholders. Shareholders wishing to recommend a candidate to the Corporate Governance Committee should do so by submitting the recommendation in writing to our Secretary at 639 Loyola Avenue, P.O. Box 61000, New Orleans, LA 70161, and they will be forwarded to the Corporate Governance Committee members for their consideration.

Any recommendation should include:

- the number of shares of the Company held by the shareholder;
- the name and address of the candidate;
- a brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements set forth above; and
- the candidate's signed consent to serve as a director if elected and to be named in the Proxy Statement.

Once the Corporate Governance Committee receives the recommendation, it may request additional information from the candidate about the candidate's independence, qualifications and other information that would assist the Corporate Governance Committee in evaluating the candidate, as well as certain information that must be disclosed about the candidate in our Proxy Statement, if nominated. The Corporate Governance Committee will apply the same standards in considering director candidates recommended by shareholders as it applies to other candidates.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and any persons owning more than ten percent of Entergy's common stock, to file with the SEC and NYSE initial reports of beneficial ownership and certain changes in that beneficial ownership, with respect to the equity securities of Entergy. We prepare and file these reports on behalf of our directors and executive officers. During 2006, all reports were timely filed.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this section, we discuss the compensation awarded to, earned by or paid to our Chief Executive Officer ("CEO"), our Chief Financial Officer ("CFO"), and our three other most highly compensated executive officers other than the CEO and CFO (collectively referred to as our "Named Executive Officers") for 2006. The purpose of this section is to provide you with material information necessary to understand our compensation policies for our Named Executive Officers. You should read this section in combination with the more detailed compensation tables and other data presented elsewhere in this Proxy Statement.

The Personnel Committee of the Board of Directors ("Personnel Committee" or "Committee"), which is comprised entirely of independent directors, has overall responsibility for approving the compensation program for our Named Executive Officers. In discharging its duties, our Personnel Committee retains an independent compensation consultant to assist it, among other things, in evaluating different compensation programs and developing market data to assess our compensation programs. With respect to compensation decisions for individual Named Executive Officers (other than the CEO), our Personnel Committee also may solicit recommendations from our CEO. For additional information, see "Corporate Governance - Personnel Committee" on page 8 of this Proxy Statement.

Objectives of our Executive Compensation Program

We have designed the compensation program for our Named Executive Officers to attract, retain, motivate and reward executives who can contribute to our long-term success and thereby build value for our shareholders. We have organized our program along the following principles.

- **The greatest part of the compensation of our Named Executive Officers should be in the form of "at risk" performance-based compensation.**

We have designed our compensation programs to ensure that a significant percentage of the total compensation of our Named Executive Officers is contingent on achievement of performance goals that drive total shareholder return and result in increases in our common stock price. For example, each of our annual cash bonus and our long-term performance unit programs pay out only if we achieve pre-established performance goals. Assuming achievement of these performance goals at target level, approximately 80% of the annual target total compensation (excluding non-qualified supplemental retirement income) of our CEO is represented by performance-based compensation and the remaining 20% is represented by base salary. For the other Named Executive Officers, assuming achievement of performance goals at the target levels, approximately 65% of the annual target total compensation (excluding non-qualified supplemental retirement income) is represented by performance-based compensation and the remaining 35% by base salary.

- **A substantial portion of our Named Executive Officers' compensation should be delivered in the form of equity awards.**

To align the economic interests of our Named Executive Officers with our shareholders, we believe that a substantial portion of their total compensation should be in the form of equity-based awards. Equity awards are typically granted in the form of stock options with a three-year vesting schedule and performance units with a three-year performance cycle. Although stock options are generally subject only to time-based vesting, performance units pay out only if we achieve specified performance targets, and the amount of payout varies based on the level of performance achieved.

- **Our compensation programs should enable us to attract, retain and motivate executive talent by offering compensation packages that are competitive but fair.**

It is in our shareholders' best interests that we attract and retain talented executives by offering compensation packages that are competitive but fair. Our Personnel Committee has sought to develop compensation programs that deliver total target compensation at approximately the 50th percentile of the market. To develop a competitive compensation program, the Personnel Committee on a regular basis reviews base salary and other compensation market data from

two sources:

1. Surveys that track compensation data for executive officers who perform similar roles and responsibilities in corporations with comparable annual revenues. In general, the Committee compares the compensation of our Named Executive Officers to the compensation of their peers in general industry and/or energy services companies.
2. Compensation data derived from proxy statements for companies in our industry. Prior to 2006, the Committee used those companies in the Standard & Poor's Electric Utility Index (the "SPELEC") for this purpose. Starting in 2006, the Committee has used the companies that comprise the Philadelphia Utilities Index for compensation data. The companies in the Philadelphia Utilities Index (collectively, the "Industry Peer Group Companies") are:

AES Corporation	FirstEnergy Corporation
Ameren Corporation	FPL Group Inc.
American Electric Power Co. Inc.	Northeast Utilities
CenterPoint Energy Inc.	PG&E Corporation
Consolidated Edison Inc.	Progress Energy Inc.
Dominion Resources Inc.	Public Service Enterprise Group Inc.
DTE Energy Company	Southern Company
Duke Energy Corporation	TXU Corporation
Edison International	XCEL Energy
Exelon Corporation	

While individual Named Executive Officers may have target compensation packages above or below the 50th percentile based on unique knowledge, skills, performance and responsibilities, the Committee considers its objectives to have been met if our executive officers, considered as a group, are eligible for and receive a target compensation package within the range of 90 - 110% of market 50th percentile as defined by reference to the above sources. In 2006, the subgroup of our executive officers comprising the Named Executive Officers also fell within this range.

Elements of the Compensation Program

This section describes the elements of our compensation program for our Named Executive Officers, together with a discussion of various matters relating to these items, including why the Personnel Committee chose to include these items as compensation elements.

• **Cash Compensation**

Base Salary.

The Personnel Committee reviews and approves the base salaries for all of our Named Executive Officers. Base salary is included in our Named Executive Officer compensation package as the Personnel Committee believes it is appropriate that some portion of the compensation that is provided to these officers be provided in a form that is a fixed cash amount. Also, base salary remains the most common form of payment throughout all industries. Its use ensures a competitive compensation package to our Named Executive Officers.

The Committee determines whether to award Named Executive Officers annual merit increases in base salary based on its assessment of Company, business unit and individual performance. The Committee also considers market data and internal pay equity in evaluating merit recommendations. As part of this process, the Committee solicits the recommendations of the CEO with respect to the Named Executive Officers (other than the CEO).

In 2006, after taking into account the market data and other factors described above, the Committee approved merit-based salary increases for our Named Executive Officers in amounts ranging from zero to five percent. In general these merit-based increases were consistent with the merit increase percentages approved with respect to Named Executive Officers in the last two years (excluding adjustments in salaries related to promotions or other changes in job responsibilities). In the case of our CEO, the increases in base salary during each of the past three years were: 4.4% (2006), 3.0% (2005) and 3.8% (2004).

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Incentive Plans

Performance-based incentives are included in the Named Executive Officers' compensation packages because they permit the Personnel Committee to encourage our Named Executive Officers, in any particular year, to pursue objectives consistent with the overall goals and strategic direction that the Board has set for our Company. Annual incentive plans are commonly used by companies in a variety of industry sectors to compensate their executive officers.

Our Named Executive Officers participate in, a performance-based cash bonus plan known as the Executive Annual Incentive Plan ("EAIP"). The plan, which operates on a calendar year basis, uses a performance metric known as the Entergy Achievement Multiplier ("EAM") to determine funding level for a particular calendar year. For the 2006 EAIP, we calculated EAM based in equal part on our earnings per share ("EPS") and operating cash flow ("OCF"). The Committee selected these performance measures because (i) EPS and OCF have both a correlative and causal relationship to shareholder value performance, (ii) EPS and OCF targets are aligned with externally-communicated goals and (iii) EPS and OCF results are readily available in earnings releases and SEC filings. In addition, these measures are commonly used by other companies, including the Industry Peer Group Companies, as components of their incentive programs. The Personnel Committee evaluates the performance measures used for the EAIP on an annual basis. The Committee sets performance targets at minimum, target and maximum achievement levels. Approximately two-thirds of the Industry Peer Group Companies use EPS as an incentive measure and one-third use some type of cash flow measure.

The Committee sets the target achievement levels under the EAIP based on their review of EPS and OCF objectives established in our financial plan, which is reviewed and discussed quarterly with the Board of Directors. The Committee sets minimum and maximum achievement levels under the EAIP at approximately 10% below and 10% above target achievement levels. Payouts for performance between minimum and target achievement levels and between target and maximum levels are calculated using straight line interpolation. In general, the Committee seeks to establish target achievement levels such that the relative difficulty of achieving the target level is consistent from year to year. Over the past five years ending in 2006, the average EAM, representing EPS and OCF results, was 140% of target. This result reflects the strong performance of the Company during this period.

At the end of each annual performance cycle, our management reviews with the Personnel Committee actual against targeted performance, including any unusual events that occurred during the performance cycle. For example, actual performance may result in the EAM being measured at 105% of target. This is referred to as the multiplier for purposes of funding the incentive pool for officers. For the Named Executive Officers, a Management Effectiveness factor is applied to increase the annual funding multiplier by 25%, and the Committee then may exercise negative discretion in determining the actual incentive awards for those individuals.

In December 2005, the Committee established executives' target awards under the EAIP for 2006. The target award for our CEO was set at 100% of base salary and the target awards for our other Named Executive Officers were set at 70% of their respective base salaries. In setting these target awards, the Personnel Committee considered several factors, including:

- Analysis provided by the Committee's independent compensation consultant as to compensation practices at the Industry Peer Group Companies;
- Competitiveness of the Company's compensation plans and their ability to attract and retain top executive talent;
- Target bonus levels in the market for comparable positions;
- The desire to ensure that a substantial portion of total compensation is performance-based; and
- The relative importance, in any given year, of the short-term performance goals established pursuant to the EAIP.

In January 2007, after reviewing EPS and OCF results against the performance objectives established for 2006, the Personnel Committee certified the EAM at 189% of target. This resulted in an EAIP payment to the CEO equal to 189% of his base salary (100% target multiplied by 189%) and 132% of the base salary of the other Named Executive Officers (70% multiplied by 189%). Pursuant to the operation of the EAIP, the Management Effectiveness factor increased the EAM percentage by 25% with respect to the funding of incentive awards for the Named Executive Officers; however, the Committee exercised its negative discretion to eliminate this increase and applied the EAM of 189% to the awards for those individuals.

In fixing the amount of the EAIP payouts for fiscal 2006, the Committee noted that the Company's EPS and OCF results were reflective of overall performance results that, in the judgment of the Committee, were among the best in the Company's history. Among other things, the Committee noted the following significant management achievements in 2006:

- Our delivery of total shareholder return of 38 percent relative to the 20 percent returned by the Philadelphia Utility Index;
- Our successful advocacy of securitization legislation to preserve affordable rates for customers and our work in establishing storm reserves to lower future risks for both our customers and our shareholders;
- Our success in maintaining business continuity during the eight months when the Company was compelled to evacuate the City of New Orleans;
- Our successful transition of business operations back to our corporate headquarters and the establishment of various primary offices, reflecting the execution of a strategy to mitigate the risk of future business interruption while meeting the needs of our employees;
- Our success in operating our nuclear plants, including setting new records for total output at both our Southern and Northern nuclear plants;
- Our execution of an agreement to purchase a 798-megawatt Palisades nuclear plant, continuing the impressive profitable growth in our nuclear business;
- Our continued work in issuing requests for proposals for long-term and limited/intermediate-term resources under our utility resource supply plan in order to drive down prices for our customers and to maintain superior reliability;
- Our second five-year commitment to voluntarily stabilize our carbon dioxide emissions at 20 percent below year 2000 levels from 2006 to 2010, after successfully completing our first commitment with emission levels that were 23 percent lower than our target;
- Our efforts to educate and influence communities to adopt environmentally smart building standards to lower future utility bills for our customers and reduce emissions;
- Our efforts in support of wetland restoration to reduce flooding risks from future storms in New Orleans and other communities along the Gulf Coast;
- Our employees' achievement of the safest year in the history of the Company;

- Our receipt of two Edison Electric Institute ("EEI") Awards for outstanding storm restoration efforts (8th consecutive year of EEI recognition); and
- Our being named for the fifth consecutive year to the Dow Jones Sustainability Index - World, an index that tracks the performance of companies that lead their field in terms of corporate sustainability on a global basis. This year we were the only company in the U.S. electricity sector to be so honored.

In reviewing Mr. Leonard's overall compensation, the Committee took special note of the performance of the Company under Mr. Leonard's direction and leadership. In particular, the Committee noted that the total shareholder return of the Company measured over the eight-year period since Mr. Leonard's appointment as CEO of the Company in January 1999 exceeded all of our Industry Peer Group Companies as well as all other U.S. utility companies.

• **Nuclear Retention Plan**

One of our Named Executive Officers, Mr. Gary J. Taylor, serves as our Executive Vice President and Chief Nuclear Officer. In that capacity, he participates in a special retention program for managers with special expertise in the nuclear industry. The program covers a four-year period which commenced in 2005. Subject to their continued employment with the Company, participants in the program are eligible to receive a special cash bonus consisting of three payments, each consisting of an amount from 15% to 25% of such participant's then base salary, at the end of 2007, 2008 and 2009. In the case of Mr. Taylor, the special cash bonus is fixed at 25% of his base salary.

Equity Compensation

Our long-term equity incentive programs are intended to reward the Named Executive Officers for achievement of shareholder value creation over the long-term. In our long-term incentive programs, we primarily use a mix of performance units and stock options in order to accomplish different objectives. Performance units reward the Named Executive Officers on the basis of total shareholder return ("TSR"), which is a measure of stock appreciation and dividend payments relative to the Industry Peer Group Companies. Options provide a direct incentive for growing the price of our common stock.

In addition, we occasionally award restricted units for retention purposes or to offset forfeited compensation in order to attract officers and managers from other companies.

Each of the performance units and stock options granted to our Named Executive Officers in 2006 were awarded under our Amended and Restated 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries ("EOP" or "equity ownership plan"). At our annual meeting in 2006, our shareholders approved the 2007 Equity Ownership and Long Term Cash Incentive Plan of Entergy Corporation and Subsidiaries, which became effective as of January 1, 2007 (the "2007 Plan"). Awards made in 2007 and beyond will be issued under the 2007 Plan.

• **Performance Unit Program**

In 2006, we issued performance unit awards to our Named Executive Officers under our Performance Unit Program ("PUP") established under our equity ownership plan. The PUP is structured to reward Named Executive Officers only if, and to the extent that, performance goals set by the Personnel Committee are met. The PUP provides a minimum, target and maximum achievement level. We measure performance by assessing Entergy's TSR relative to the TSR of the Industry Peer Group Companies. The Personnel Committee chose TSR as a measure of performance because it assesses the Company's shareholder value creation relative to other electric utilities. Minimum, target and maximum performance levels are determined by reference to the quartile ranking of Entergy's TSR against the TSR of the Industry Peer Group Companies. Prior to 2006, this peer group was the SPELEC. However, beginning with the 2006-2008 performance period, we identified the Philadelphia Utilities Index as the peer group for TSR performance because the companies represented in this index more closely approximate us in terms of size and scale and because the companies comprising the SPELEC had been reduced by 50%, which resulted in a pool of companies insufficient

for comparative purposes. Subject to achievement of the PUP performance levels, the Personnel Committee issued the following target amounts for the 2006-2008 performance cycle: 33,500 performance units for our CEO and 6,000 performance units for each of the other Named Executive Officers. The range of payouts under the program is shown below.

Quartiles:	4	3	2	1
Performance Levels:	Zero	Minimum	Target	Maximum
TSR Ranges:	25 th percentile and below	25 th to 50 th percentiles	50 th to 75 th percentiles	75 th percentile and above
Payouts:	No Payout	Interpolate between Minimum and Target (10% to 100% of Target)	Interpolate between Target and Maximum (100% to 250% of Target)	Maximum Payout (250% of Target)

The Personnel Committee sets payout opportunities for the PUP each year. In determining payout opportunities, the Committee considers several factors, including:

- The advice of the Committee's independent compensation consultant regarding compensation practices at the Industry Peer Group Companies;
- Competitiveness of the Company's compensation plans and their ability to attract and retain top executive talent;
- Target long-term compensation values in the market for similar jobs;
- The desire to ensure, as described above, that a substantial portion of total compensation is performance-based;
- The relative importance, in any given year, of the long-term performance goals established pursuant to the PUP; and
- The Committee's assessment of other elements of compensation provided to the Named Executive Officer.

In January 2007, the Personnel Committee determined the actual number of performance units to be paid to PUP participants for the 2004-2006 performance cycle. The target payouts for the 2004-2006 performance period, which targets were established by the Committee in January of 2004, were:

- 34,100 performance units for the Chief Executive Officer; and
- 6,600 performance units for each of the other Named Executive Officers.

The range of potential payout on these performance unit awards was from 0% to 250% of target opportunity, with performance measured, in a manner similar to that described above for the 2006-2008 cycle, on the basis of relative TSR. In January 2007, the Committee assessed the Company's performance for the 2004-2006 performance period. As noted above, the SPELEC was chosen as the peer group for purposes of determining the Company's relative performance for the 2004-2006 period. Based on the advice of its independent compensation consultant, the Committee compared the Company's TSR against the TSR of the companies that comprised the SPELEC at the time the Board first approved its use for that period (i.e., the first day of the 2004-2006 performance period), to ensure a pool of companies sufficient for comparative purposes. On that basis, the Committee concluded that the Company had achieved the performance targets for the 2004-2006 performance cycle, resulting in a payment of 150% of target. In accordance with the terms of the PUP, each performance unit was then automatically converted into cash at the rate of \$92.32 per unit, the closing price of our Company's common stock on the last trading day of the performance cycle

(December 29, 2006), plus dividend equivalents accrued over the three-year performance cycle.

- **Stock Options**

The Personnel Committee considers several factors in determining the amount of stock options it will grant under our equity ownership plan to our Named Executive Officers, including:

- Prevailing market practice in stock option grants;
- The targeted long-term value created by the use of stock options;
- The number of participants eligible for stock options, and the resulting "burn rate" (i.e., the number of stock options authorized divided by the total number of shares outstanding) to assess the potential dilutive effect; and
- Individual performance.

For stock option awards, the Committee's assessment of individual performance of each Named Executive Officer is the most important factor in determining the amount of the awards. For information regarding stock options awarded in 2006 to each of the Named Executive Officers, see the 2006 Grants of Plan-Based Awards table on page 26 of this Proxy Statement.

Under our equity ownership plan, all options must have an exercise price equal to the closing fair market value of Company common stock on the date of grant. In addition, we have adopted a policy requiring that, if an executive officer (including a Named Executive Officer) exercises any stock option granted on or after January 1, 2003, the officer must retain at least 75% of the after-tax net profit from such stock option exercise in the form of Company common stock until the earlier of 60 months from the date on which the option is exercised or the termination of the executive officer's full-time employment.

We have not adopted a formal policy regarding the granting of options at times when the Company is in possession of material non-public information. However, we generally grant options to Named Executive Officers only during the month of January in connection with our annual executive compensation decisions. On occasion, we may grant options to newly hired employees or existing employees for retention or other limited purposes.

- **Restricted Units**

Restricted units granted under the equity ownership plan ("RUs") represent phantom shares of Company common stock. We occasionally grant RUs to newly-hired Named Executive Officers for retention purposes or to offset forfeited compensation from a previous employer or to existing employees for retention or other limited purposes. If all conditions of the grant are satisfied, restrictions on the RUs lift at the end of the restricted period, and a cash equivalent value of the RUs is paid. The settlement price is equal to the number of RUs multiplied by the closing price of Company common stock on the date restrictions lift. RUs are not entitled to dividends or voting rights. RUs are generally time-based awards for which restrictions lift, subject to continued employment, over a two- to five-year period.

In 2006, recognizing that Mr. Leonard is already entitled under his retention agreement to supplemental benefits upon any separation from the Company other than termination for cause, the Personnel Committee granted 100,000 RUs to Mr. Leonard based on its determination that his continued service to the Company was essential to the completion of the Company's strategic plan, including its recovery from storm damages suffered in 2005 and the expansion of its business operations. Prior to recommending to the Board that it approve the grant, the Committee consulted with its independent compensation consultant to confirm that the grant was consistent with market practice. Restrictions on the RUs granted to Mr. Leonard will expire over 36 months from the date of grant, with restrictions on 50% of the RUs expiring in August, 2008 and restrictions on the remaining RUs expiring in August 2009.

No other Named Executive Officers received restricted units during 2006.

Benefits, Perquisites, Agreements and Post-Termination Plans

• **Pension Plan, Pension Equalization Plan and System Executive Retirement Plan**

The Named Executive Officers participate in a Company-sponsored pension plan ("Pension Plan") that covers a broad group of employees. This Pension Plan is a funded, tax-qualified, noncontributory defined benefit pension plan. Benefits under the Pension Plan are based upon an employee's years of plan participation and the employee's average monthly rate of earnings (generally defined to include salary and eligible bonus, other than EAIP bonus) for the highest consecutive 60 months during the 120 months preceding termination of employment ("FAME"), and are payable after separation in the form of an annuity. The amount of annual earnings that may be considered in calculating benefits under the Pension Plan is limited by federal law.

Benefits under the Pension Plan are calculated as an annuity equal to 1.5% of the participant's FAME multiplied by years of benefit service. Years of benefit service under the Pension Plan formula cannot exceed 40. Contributions to the Pension Plan are made entirely by the employer and are paid into a trust fund from which the benefits of participants will be paid.

The Company sponsors a Pension Equalization Plan ("PEP"), which is available to a select group of management and highly compensated employees, including the Named Executive Officers. The PEP is a nonqualified unfunded plan that provides out of the employer's general assets an amount substantially equal to the difference between the amount that would have been payable under the Pension Plan, in the absence of legislation limiting pension benefits and earnings that may be considered in calculating pension benefits, and the amount actually payable under the Pension Plan. The PEP also takes into account as earnings any EAIP bonus awards.

The Company also sponsors a System Executive Retirement Plan ("SERP") available to the Company's approximately 50 officers, including the Named Executive Officers. Participation in the SERP requires individual approval by the plan administrator or its delegate. The SERP is designed to offer a replacement income ratio in the range (based on management level and total years of service) of 55% to 65% of a Named Executive Officer's Final Three-Year Average Annual Compensation (i.e., generally one-third of the sum of the participant's base salary and EAIP bonus for the three years during the last 10 years preceding termination of employment in which such sum is the highest). The SERP recognizes a maximum of 30 years of service for purposes of calculating a participant's benefit. The value of the SERP benefit is offset by the value of the Pension Plan benefit and any PEP benefit payable, and also typically offset by any prior employer pension benefit available to the executive. While the SERP has a replacement ratio schedule from one year of service to the maximum of 30 years of service, the table below offers a sample ratio at 20 and 30 years of service.

Years of Service	CEO	Executives at Management Level 3 & above - includes the remaining 4 Named Executive Officers	Executives at Management Level 4
20 Years	55.0%	50.0%	45.0%
30 years	65.0%	60.0%	55.0%

Mr. Leonard's retention agreement (as further discussed below) provides that, in lieu of his participation in the PEP and the SERP, upon the termination of his employment (unless such termination is for Cause, as defined in the agreement), he will be entitled to receive a benefit equal to 60% of his final three-year average compensation (as defined under the SERP) calculated as a single life annuity and available in a lump sum. This benefit will be reduced by other benefits to which he is entitled from the Company-sponsored Pension Plan or prior employer plans.

The Committee believes that the Pension Plan, PEP and SERP are an important part of our Named Executive Officers' compensation program. These plans are important in the recruitment of top talent in the competitive market, as these types of supplemental plans are typically found in companies of similar size to the Company. These plans serve a critically important role in the retention of our senior executives, as benefits from these plans increase for each year that these executives remain employed by us. The plans thereby encourage our most senior executives to remain employed by us and continue their work on behalf of our shareholders.

We have agreed to provide service credit to all of our Named Executive Officers (other than Mr. Leonard and Mr. Savoff, our Executive Vice President, Operations) under either the PEP or the SERP. We typically offer these service credit benefits when we recruit mid-level or senior executives from other companies. By offering these executives "credited service," we are able to compete more effectively to hire these employees by mitigating the potential loss of their pension benefits resulting from accepting employment with our Company.

See the Pension Benefits table on page 30 of this Proxy Statement for additional information regarding the operation of the plans described under this caption.

- **Savings Plan**

The Named Executive Officers are eligible to participate in a Company-sponsored Savings Plan that covers a broad group of employees. This is a tax-qualified retirement savings plan, wherein total combined before-tax and after-tax contributions may not exceed 30 percent of a participant's base salary up to certain contribution limits defined by law. In addition, under the Savings Plan, the participant's employer matches an amount equal to seventy cents for each dollar contributed by participating employees, including the Named Executive Officers, on the first six percent of their earnings for that pay period. We maintain the Savings Plan for our employees, including our Named Executive Officers, because we wish to encourage our employees to save some percentage of their cash compensation for their eventual retirement. The Savings Plan permits employees to make such savings in a manner that is relatively tax efficient. This type of savings plan is also a critical element in attracting and retaining talent in a competitive market.

- **Health & Welfare Benefits**

The Named Executive Officers are eligible to participate in a group of health and welfare benefits available to a broad group of employees. These benefits include medical, dental and vision coverage, life and accidental death & disability insurance and long-term disability insurance. Eligibility, coverage levels, potential employee contributions and other plan design features are the same for the Named Executive Officers as for the broad employee population.

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Executive Deferred Compensation

Within limitations prescribed by law as well as the plan document, the Named Executive Officers are eligible to defer up to 100% of the following payments into the Company-sponsored Executive Deferred Compensation Plan ("EDCP"):

- Base Salary (less deductions and withholdings)
- EAIP Bonus
- PUP Awards

Within limitations prescribed by law as well as the plan document, the Named Executive Officers also are eligible to defer up to 100% of the following payments into our equity ownership plan:

- EAIP Bonus
- PUP Awards

Additionally, Named Executive Officers may also have deferred account balances under a frozen defined contribution restoration plan.

All deferral amounts represent an unfunded liability of the employer. Depending on the type of compensation deferred and the employee's choice of deemed investment options, the executive may elect deemed investment under the equity ownership plan in Company common stock or under the EDCP in one or more of several investment options offered under the Savings Plan. Within the EDCP, the Named Executive Officer may move funds from one deemed investment option to another. The Named Executive Officer does not have the ability to withdraw funds except within the terms provided in such officer's deferral election.

The employer does not "match" amounts that are deferred by employees pursuant to the EDCP or equity ownership plan. With the exception of allowing for the deferral of federal and state taxes, the Company provides no additional benefit to the Named Executive Officer for deferring any of the above payments. The investment options available to the Named Executive Officers are the same investment options that are available to all participants. Deferred amounts are credited with earnings or losses based on the rate of return of deemed investment options or Company common stock, as selected by the participants.

We provide this benefit because the Committee believes it is standard market practice to permit officers to defer the cash portion of their compensation. The EDCP and equity ownership plan permit them to do this while also receiving gains or losses on deemed investments, as described above. We believe that provision of this benefit is important as a retention and recruitment tool as many, if not all, of the companies with which we compete for executive talent provide a similar arrangement to their senior employees.

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Perquisites

Perquisites are not a material part of our compensation program. We do not provide our Named Executive Officers with company cars, drivers, apartments or other benefits not generally available to our other employees. In 2006, we offered to our Named Executive Officers limited benefits such as the following (none of which individually exceeded \$25,000): financial counseling and mandatory physical exams. For security and business convenience reasons, we permit the CEO to use our corporate aircraft at Company expense for personal use. However, in 2006, he did not make use of this benefit. Our other Named Executive Officers may use corporate aircraft for personal travel subject to the approval of our CEO. The Personnel Committee reviews all perquisites, including the use of corporate aircraft, on an annual basis. For additional information regarding perquisites, see the "All Other Compensation" column in the Summary Compensation table on page 25 of this Proxy Statement.

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Retention Agreements

We have entered into retention agreements with our CEO, CFO and our Group President, Utility Operations, Mr. Richard J. Smith. In general, these agreements provide for "change in control" payments and other benefits if the employment of any of these officers is terminated for a qualifying event or circumstance, such as being terminated without "Cause" or leaving employment for "Good Reason" (as defined in the agreements). In addition, we have established System Energy Continuity Plans under which each of our other Named Executive Officers is entitled to receive "change of control" payments and benefits if such officer's employment is involuntarily terminated for similar qualifying events or circumstances. For additional information regarding these arrangements, including a quantification of the benefits that each of our Named Executive Officers would have received if our payment obligations under these arrangements had been triggered as of December 31, 2006, see "Potential Payments upon Termination or Change in Control" on page 33 of this Proxy Statement.

The Committee believes that these retention and transitional compensation arrangements are an important part of overall compensation for our Named Executive Officers. The Committee believes that these arrangements will help to secure the continued employment and dedication of our Named Executive Officers, notwithstanding any concern that they might have at such time regarding their own continued employment, prior to or following a change in control. The Committee also believes that these arrangements are important as a recruitment and retention device, as all or nearly all of the companies with which we compete for executive talent have similar arrangements in place for their senior employees.

Tax Considerations

Section 162(m) of the Internal Revenue Code limits the tax deductibility by a publicly held corporation of compensation in excess of \$1 million paid to the chief executive officer or any other of its four most highly compensated executive officers, unless that compensation is "performance-based compensation" as defined by the Code. The Personnel Committee considers deductibility under Section 162(m) as it structures the compensation packages that are provided to its Named Executive Officers. However, the Personnel Committee and the Board believe that it is in the best interest of the Company that the Personnel Committee retains the flexibility and discretion to make compensation awards, whether or not deductible. This flexibility is necessary to foster achievement of performance goals established by the Personnel Committee as well as other corporate goals that the Committee deems important to the Company's success, such as encouraging employee retention and rewarding achievement.

PERSONNEL COMMITTEE REPORT

The Personnel Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Personnel Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

The Personnel Committee

Maureen S. Bateman, Chair
W. Frank Blount
Gary W. Edwards
Alexis M. Herman
W. J. "Billy" Tauzin

EXECUTIVE COMPENSATION TABLES

Summary Compensation

The following table summarizes the total compensation paid or earned by each of the Named Executive Officers for the fiscal year ended December 31, 2006.

The Company has not entered into any employment agreements with any of the Named Executive Officers (other than the retention agreements described in "Potential Payments upon Termination or Change in Control"). For additional information regarding the material terms of the awards reported in the following tables, including a general description of the formula or criteria to be applied in determining the amounts payable, see "Compensation Discussion

and Analysis."

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (2)	Non-Equity Incentive Plan Compensation (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4)	All Other Compensation (5)(6)	Total
J. Wayne Leonard Chairman of the Board and Chief Executive Officer	2006	\$1,168,577	-	\$7,429,048	\$1,622,682	\$2,235,870	\$2,250,100	\$55,663	\$14,761,940
Leo P. Denault Executive Vice President and Chief Financial Officer	2006	\$538,493	-	\$1,059,332	\$344,099	\$722,358	\$1,212,300	\$35,565	\$3,912,147
Mark T. Savoff Executive Vice President, Operations	2006	\$510,000	-	\$1,084,755	\$222,001	\$674,730	\$136,000	\$39,861	\$2,667,347