

The IRC statutory deadline for furnishing 2009 information returns, including Form 1099-DIV, to recipients was February 1st, 2010. Corporate dividends are taxable to shareholders to the extent of the issuing corporation's earnings and profits (E&P), which is an amount determined with reference to the corporation's federal income tax return. Until its E&P can be accurately calculated, a corporation must report its dividends as fully taxable to its shareholders. Entergy Corporation reported its 2009 common stock dividends to you on an initial Form 1099-DIV at the beginning of January 2010. As required by law, these dividends were reported as fully taxable at that time.

The calculation of E&P for a corporation such as Entergy Corporation, that uses a calendar year reporting period, cannot be completed until after December 31st. For a corporation the size of Entergy Corporation, this is a complex and time-consuming task. Sometimes the taxable status of distributions change once the process is completed. This is the case for Entergy Corporation for 2009. In order to cause as little disruption to its shareholders as possible, Entergy Corporation quickly sent out corrected Form 1099s to its investors within the time frame in which they could reasonably expect to receive all of their tax information reporting forms (i.e., by the February 1st deadline). This corrected Form 1099 indicated that all of Entergy Corporation's 2009 distributions were non-dividend distributions.

Non-dividend distributions are not considered taxable income to the recipient. Non-dividend distributions represent a return of a portion of your investment and reduce the basis in your Entergy Corporation stock. In the event that the return of capital reduces your basis below zero, the excess would be taxable as a capital gain. You should consult your tax advisor in determining your net tax basis in Entergy Corporation stock after the nontaxable distribution.